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REPORT

OF THE

CANADIAN PACIFIC RAILWAY

ROYAL COMMISSION

VOLUME II

EVIDENCE



OTTAWA

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MINUTES OF EVIDENCE.

VOLUME II.

OTTAWA, Tuesday, 9th November, 1880. TRUDEAU.

TOUSSAINT TRUDEAU's examination continued :

By the Chairman :—

**Building Engi-
neers' Houses—
Contract 32 A.**

14048. Are you prepared now with evidence concerning contract 32 A ?—Yes.

14049. What is the subject of the contract ?—Building eight houses between Sunshine Creek and English River.

14050. Have you the contract ?—Yes ; I produce it. (Exhibit No. 161.)

14051. Was this work let by public competition ?—Yes.

Let by public
competi.tion.

14052. Have you a copy of the advertisement and any report upon the different tenders ?—Tenders were invited by handbills by the engineer in charge of that locality. This is a report by Mr. Marcus Smith on the whole subject. (Exhibit No. 162.)

14053. Some of the correspondence attached to the documents which you have just produced shows that it was not intended by the Department, in the first place, that this contract should be let entirely upon the responsibility of Mr. Hazlewood, the District Engineer : will you explain how it occurred ?—You will find in the report by Mr. Marcus Smith, dated 11th June, 1877, that when on the spot he was informed by Mr. Hazlewood that the letters requesting him to send the tenders, and plans and specifications, having been written after the close of navigation on the lakes, he did not receive any of them until after he had awarded the contract, which he did to the firm who sent him the lowest tender.

Hazlewood had
awarded contract
before he received
letter telling him
to send tender to
Department.

14054. As I understand it, if that letter had been received in due course by him it would have countermanded in effect the previous communication from the Engineer-in-Chief : is that the correct understanding ? If you will look at the letter from Mr. Fleming, of May 6th, it will remind you of the matter ; or do you understand that the letter from Mr. Fleming also required that the papers should be submitted to the head office before concluding the matter ?—Mr. Fleming's letter does not say anything about referring the tenders to Ottawa.

14055. Please read Mr. Fleming's letter ?—

"SAMUEL HAZLEWOOD, Esq.,

"With regard to the erection of engineers' houses on the line of the Pacific Railway, the Department authorizes the erection of the structures required, under the contract which the engineer in charge will make, taking care to have the agreement on the most favourable terms possible to the Government, and to forward a copy of the contract in each case to the head office."

Letter of Fleming
on which Hazle-
wood was author-
ized to conclude
agreement.

14056. Do you understand that it was upon that letter Mr. Hazlewood proceeded to conclude the agreement ?—Yes.

Building Engineers' Houses—Contract 34 A.

Second instructions did not reach Hazlewood until contracts based on first had been concluded.

Smith advised that only four houses be built.

Everything settled.

Stations where houses were put up: (1) Buda.

- (2) Nordland.
- (3) Linkoping.
- (4) Port Savanne.

\$17,730 amount paid.

Not usual for works to be let on the authority of Chief Engineer.

14057. But, in the meantime, instructions of a different character had been forwarded to him, which instructions did not reach him before the contract was concluded: is that the nature of the matter?—Yes.

14058. There is no complaint that Mr. Hazlewood acted improperly or without due care?—No; there is no complaint.

14059. Has there been any dissatisfaction with the substance of the agreement—I mean as to price paid or as to terms?—No.

14060. Has the contract been entirely fulfilled?—No.

14061. Why not?—Mr. Marcus Smith, the acting Chief Engineer, advised that only four of the houses be finished, the four others were not built.

14062. Has there been any claim on the part of the contractor because of the suspension of the work in that way?—No; everything is settled.

14063. Was there any complaint against the character of the work as done on those which were finished?—I have nothing before me to show that. I do not think there was.

14064. Do you remember the names of the stations at which the buildings were put up?—Buda.

14065. Was that a log or a frame building?—I cannot answer that without referring to the engineer's estimate.

14066. What is the next station?—Nordland.

14067. What is the next?—Linkoping.

14068. What is the next?—Port Savanne.

14069. According to the terms of the contract, as I understand it, the whole prices of those station houses of frame, which is more expensive than log, with the platform added, would be about \$11,000. In Mr. Fleming's report of 1880, under the heading of "Amount paid" appears a sum of \$17,730 opposite this contract: what is the explanation?—I must refer to the engineer's estimate before I can give an explanation of this item.

14070. Was it usual that contracts of this character should be made by the engineer directly or by the Secretary, or some one in the Department itself?—If the work had been more accessible it would have been made by the Department itself and not by the engineer.

14071. I do not mean the resident engineer, I mean the Engineer-in-Chief, because I see from this correspondence that the only direction to Mr. Hazlewood proceeded from Mr. Fleming?—It was not usual for works to be given on letters from the Chief Engineer, but you will notice, in Mr. Fleming's letter to Mr. Hazlewood, Mr. Fleming says: "The Department authorizes the erection."

14072. Have you any record of a communication to that effect from the Department to the engineer?—I have not found any.

14073. Will you please ascertain if there is such a document?—Yes.

14074. Was there at any time any question raised that this contract was not let to the lowest tenderer: no difficulty on this subject?—Not that I am aware of.

14075. Is there any other matter connected with this contract which you think proper to explain in your evidence?—No.

14076. What is the next contract on which you are ready to give evidence? Have you the papers connected with the transportation of rails from Fort William to Emerson of which you spoke yesterday when explaining contract 34?—Yes; I produce it. (Exhibit No. 16')

Transportation
of rails—
Fort William
to Emerson.
Part of Con-
tract No. 34.

14077. The beginning of this transaction appears to be a telegram, is that as you understand it?—Yes.

14078. Read it?—

To Mr. HENRY BEATTY:

"What price per ton will you charge for moving say 1,000 tons of rails from Fort William to Emerson."

Braun's telegram
to Beatty asking
rate for trans-
porting 1,000 tons
of steel rails.

"F. BRAUN."

14079. What is the date?—It is dated 26th September, 1878.

14080. What was the next communication on the subject?—It was letter from Mr. Beatty to Mr. Braun.

14081. Read it?—

"In reply to your telegram of yesterday, I beg to say I will transport 1,000 tons of rails, more or less, from Fort William to Emerson for \$18 per gross ton. This rate includes all charges for loading, unloading, piling, wharfage, harbour dues, storage and insurance. This rate may seem out of proportion to the price you are paying from Kingston, but if you will consider a special steamer will have to be sent to do this work, and that she will return light from Duluth to Fort William, and also that the usual rate of freight to St. Boniface and Emerson are the same, you will readily see that it will not much more than cover expenses.

Beatty to Braun
saying \$18 per
ton.

(Signed) "H. BEATTY."

The letter is dated 29th December, 1878.

14082. This letter appears to be written at Ottawa?—Yes; it is dated Ottawa.

14083. In support of his proposition, he points out that it will be necessary to send a special steamer for this work: had the Department such information on that subject as would enable them to consider whether or not a special steamer would be required?—I find no record of that.

14084. Do you mean record in writing?—Yes.

14085. Have you any record in your memory?—I do not recollect.

14086. Do you recollect anything of the other circumstances which he urges, such as the necessity of returning light from Duluth to Fort William, and that the freights to St. Boniface and Emerson were the same? These are all circumstances which he seems to think that the Department would be aware of: do you remember anything on the subject, or whether it was discussed with you?—Those points were probably discussed between the Minister and Mr. Fleming, but I was not present.

14087. Then you do not state that as a fact but as a probability?—Yes, only.

14088. In this transaction it appears that the distance over which the transportation took place was very much shorter than in contract No. 34; in that contract the transportation was from Kingston to St. Boniface; in this case it commenced at Fort William and ended at Emerson: do you know any other reason, besides those mentioned in Mr. Beatty's letter, why the same prices should be paid for this short distance as for the long one?—No.

Knows no reason
other than those
mentioned in
Beatty's letter
why the same
price should be
paid from Fort
William to Em-
erson as was paid
from Kingston to
St. Boniface.

**Transportation
of Rails—
Fort William
to Emerson.**

14089. This correspondence appears to have taken place between the Department and Mr. Henry Beatty on his own account, and not on account of any company: is that right?—It is signed Henry Beatty, simply.

Does not know why contract is described as part of contract 34.

14090. Do you know why it is described as part of contract No. 34, which was with the North-West Transportation Co.—I mean in the printed report of 1879?—I do not.

Contract made by authority of Minister.

14091. Can you say by what authority the agreement was finally made?—By the authority of the Minister.

14092. Do you know how the acceptance of the offer was communicated; in the two papers which you have read there is no evidence of that?—I see that the Department has written a letter to Mr. Beatty which I have not got. I shall produce it.

14093. In contract 34 where the price is the same from Kingston to St. Boniface as that given in this agreement from Fort William to Emerson, was a similar labour performed in respect to the freight as in this case: I mean such things as loading, unloading, piling, and other items of that kind?—Yes.

\$27,864 paid Beatty.

14094. What was the total amount paid to Mr. Beatty for this work, in round numbers?—About \$27,864.

14095. Was there anything further in connection with this agreement with Mr. Beatty which you think requires explanation?—No.

14096. What is the next contract which we have not investigated, or can you go back to any of those which have been omitted?—Yes; I can go back.

Contract No. 18.

14097. Can you take up the Red River Transportation Co.'s contract, No. 18?—Yes.

14098. That was transportation for which, as I understand, the Department had two offers, one from Fuller & Milne and the other from N. W. Kittson: can you say what quantities were actually carried by the contractors—the Red River Transportation Co.?—I produce a statement prepared by the engineers. (Exhibit No. 164.)

14099. This statement has been prepared for your information since you gave evidence on this subject?—Yes.

14100. I suppose the correctness of this statement is not within your own personal knowledge?—No.

15,822 tons of 2,000 lbs. to ton moved.

14101. According to the information from the engineering branch of your Department, will you say how many tons altogether were moved under this contract?—15,822 tons of 2,000 lbs. each.

14102. From what point?—From Duluth.

14103. Was the whole quantity moved to one point or distributed at different points?—It was distributed at different points.

12,525 tons at St. Boniface, 2,378 tons at nine miles north of Winnipeg, 918 tons at Selkirk.

14104. Will you please name the respective points and quantities?—12,525 tons at St. Boniface, 2,378 tons at Pritchard's.

14105. Where is Pritchard's?—About nine miles north of Winnipeg; and 918 tons at Selkirk.

14106. Was all this quantity destined for Selkirk: was not the object of this contract to get all the rails if possible to Selkirk?—The letters

Transportation
of Rails—
Contract No. 19.

which form the contract state that the materials are to be taken from Duluth to Winnipeg, or any point on the Red River between Pembina and Winnipeg.

14107. At present I am not pointing my question to the substance of the contract, but to the object of the Department: was not that object the removal of most of those rails as far north as the crossing of Red River at Selkirk, if possible?—I find that about 9,000 short tons would be required for the Pembina Branch, and the balance would be used on the main line. 9,000 short tons required for Pembina Branch; the rest would be required as far north as Selkirk.

14108. When you say the Pembina Branch, do you mean the branch both north and south of St. Boniface?—In the estimate of 9,000 tons I do.

14109. Assuming for the present that it would be desirable to leave the whole of that 9,000 tons at St. Boniface, then the remainder of this quantity would be required as far north as Selkirk would it not?—Yes.

14110. Now, as to the quantity which was desired to be left at St. Boniface, will you please compare the offers of Fuller & Milne and the offer of Kittson, which latter was accepted, and say which was the more favourable for the Government?—The offer by Fuller & Milne is the most favourable. Fuller & Milne's offer more favourable by \$13,500 than that accepted.

14111. By what amount, as to particular quantity so required at St. Boniface?—By about \$13,500 American currency.

14112. That advantage to the Government is based upon the assumption that Fuller offered to transport only the short ton at his price?—Yes.

14113. It would increase if his offer was to transport the long ton?—Yes. Advantage of Fuller & Milne's offer increased if it be assumed they tendered to carry the long ton.

14114. In his offer the first sentence alludes to the advertisement for tenders to transport rails to Fort William or Duluth: do you know whether that advertisement specified particularly that the ton alluded to was the long ton or the short ton?—It did not specify.

14115. Do you know whether the general custom of the trade in this country would lead an outsider to understand that the moving of rails from Montreal inland would allude to the short ton or to the long ton?—I do not.

14116. Then, as to the balance of these rails mentioned in contract 18, which would be in round numbers about 7,000 tons, was the object of this transaction to get those rails to Selkirk if possible, as you understand it?—Yes. The object of contract to get 7,000 tons to Selkirk.

14117. Did he get them to Selkirk?—No.

14118. Why not?—I understood it was because of the low state of the water over the St. Andrew's Rapids. Reasons why they were not got there.

14119. And do you understand that that fact relieved Mr. Kittson of the necessity of taking them to Selkirk by his contract?—Yes.

14120. Was Mr. Fuller's tender on the same subject qualified by any condition of that sort?—It was not. Fuller & Milne's tender not qualified by any condition as to depth of water.

14121. Do you know any reason why Mr. Fuller's offer, being unqualified by such a condition, was refused, while Mr. Kittson's being qualified, was accepted; the price as I understand it being the same for Knows no reason why Fuller & Milne's offer was refused.

**Transportation
of Rails—
Contract No. 18.**

the whole distance to Selkirk, in your estimation, because you think they both relate to the short ton?—No.

14122. Have you the original offer of Mr. Fuller?—Yes; I produce it. (Exhibit No. 165.)

14123. Have you Mr. Kittson's original offer?—It is already produced.

14124. Of these rails which these contractors undertook to transport to Selkirk, I believe a quantity of 918 tons was delivered there: is that correct?—Yes.

6,000 tons of rails which should have been taken to Selkirk afterwards conveyed there by rail by Government.

14125. As to the balance of that quantity, and which would be some 6,000 tons, were they finally transported to Selkirk by the Government?—Yes.

14126. By what means?—By railway.

14127. Was there any railway in existence at the time of this contract with the Red River Transportation Co.?—No.

Necessity of transporting those rails hastened the building of the Pembina Branch North.

14128. Had the necessity of transporting those rails afterwards from Winnipeg to Selkirk anything to do with the hastening of the building of this railway?—In a measure. The particulars are given in a report of Mr. Fleming's, dated 19th April, 1877. I produce it.

14129. Does Mr. Fleming state an alternative method of getting those rails to Selkirk instead of hastening the building of the railway?—Mr. Fleming says that he has an offer from Mr. Kittson to forward these rails for \$2.13 per ton of 2,240 lbs., provided his offer be at once accepted, as the whole work will require to be done within the next five or six weeks.

\$11,500 additional expense if Government had not transported them by rail.

14130. Then what do you understand the additional expense would have been to the Government if they had transported them by some other means instead of hastening the building of the railway, and still assuming the quantity to be that which you mentioned, namely 7,000 tons, less the 918 then at Selkirk?—\$11,500.

14131. Was it to save that expense, as well as a larger expense if the quantities should be increased, that the bargain was made with Mr. Whitehead to complete this Pembina Branch without any tenders; do you remember that that bargain with him was made by a telegram from Mr. Braun, that he should get certain prices on one or two items, and all the rest according to contract 15 prices?—This question was reported upon to Council on the 28th April, 1877, and I produce a copy of the Order-in-Council.

Fleming estimates expense to be avoided at \$30,000.

14132. Upon looking at the report of Mr. Fleming, dated April 19th, 1877, I find this language: "The cost of transporting these rails from Winnipeg to Selkirk, including the handling from the river's edge to the side of the track, would probably be nearly \$3 per ton, which would come to over \$30,000," and he proceeds to suggest that it would be wise to save that expenditure by immediately putting this branch under agreement for construction; that would involve the transportation of a larger quantity than you have named; and in the same report he suggests the necessity of having about 11,000 tons at Selkirk and not 7,000 tons as we originally assumed to be the basis: would this immediate necessity have been avoided if Fuller's offer had been accepted and carried out to transport those rails to Selkirk at \$15 a

ton, American currency, as far as you can judge?—Not necessarily if accepted.

14133. I added "and carried out?"—If it had been carried out it would.

14134. Had the probability of its not being carried out anything to do with your decision in not accepting it?—I have already stated that I was not present when the decision was arrived at.

14135. You think not?—No.

14136. Please say whose writing is this on the back of Kittson's offer: "Agree with these people for 5,000 tons. April 30th, 1875?"—That is my writing.

14137. Don't you think you decided to accept that offer?—I think that these letters were simply confirming an agreement, probably arrived at in an interview between the Minister and Mr. Hill, referred to in these letters.

14138. From this memorandum when do you understand that there was a decision by either the Minister or his Deputy to make a contract with Kittson?—On the 30th April, 1875.

30th April, 1875,
decided to make
a contract with
Kittson.

14139. Can you explain then the necessity of getting the report of May 5th, 1875, from the Engineer-in-Chief, upon the rejected offer of Fuller & Milne?—It is probable that in April, 1875, the intention of the Minister was that Kittson should carry 5,000 tons of rails. The season was very far advanced. He was aware that rails could only be passed over the rapids during high water, and he probably thought that Kittson was the proprietor of the only boats upon the river, and it is very probable that he decided to offer these people 5,000 tons, or to agree with these people for 5,000 tons, and then it is also probable that Mr. Fleming's letter meant—

Witness's explanation of apparently conflicting facts.

14140. Of May 5th, you mean?—Yes, of May 5th; meant that Fuller & Milne's offer should be considered in connection with the further carriage of rails beyond the 5,000 tons.

14141. Do you know why it was that Fuller & Milne had not the opportunity of carrying the first 5,000 tons?—I do not.

14142. Don't you understand that the offer was made before Kittson's, although reported upon formally by Mr. Fleming afterwards: look at the dates of the two and explain it?—Mr. Kittson's letter, in which he alludes to an interview between Mr. Hill and the Minister during a recent visit at Ottawa, is dated St. Paul, April 21st. I conclude from that that the interview between Mr. Hill and the Minister must have been a week or ten days before the 21st of April. Now, Mr. Fuller's letter is dated Hamilton, April 16th, and it was received in the Department on the 19th, so that it is most probable that the arrangement was arrived at before the receipt of Fuller & Milne's letter.

Thinks, owing to an interview with the Minister, the Department was prevented from receiving the better offer and which arrived earlier than the offer of Kittson.

14143. Do you mean in some conversation between Mr. Hill and the Minister?—Yes; I gather that from the letters.

14144. And do you think that in some interview of that kind an arrangement was made by which the Department should afterwards be precluded from accepting the best formal offer made in writing to them: is that what you mean to convey?—I only know what is contained in the letters.

**Transportation
of Rails—
Contract No. 18.**

14145. I thought you were suggesting something that was not contained in the letters; that an arrangement had been made a certain time beforehand and which would be binding on the Department?—I shall read Mr. Kittson's letter, dated St. Paul, April 21st:

"To the Hon. ALEXANDER MACKENZIE,
"Minister of Public Works, Ottawa.

"SIR,—In accordance with your wish expressed to our Mr. Hill during his recent visit to Ottawa, I now desire to put in writing the offer made by him to transport railway iron, chairs and spikes from Duluth to a point in Manitoba. With reference to the improvements in the rapids, mentioned in my offer, I beg leave to state that from information I have received I am of the opinion that it could be improved at a very small cost to the Government.

"N. W. KITTSOON."

14146. Do you mean that because the Minister had expressed a wish to Mr. Hill that he should make an offer, that that should preclude the Minister or the Department from accepting the offer that was best to the Government when they should both arrive?—I do not mean to say that.

14147. Then can you say after they both arrived, and after you had accepted the higher offer, what the necessity was to ask Mr. Fleming to report upon the rejected offer, on the 5th of May?—The reference to Mr. Fleming was made on the 23rd of April.

Fleming's written report did not affect the decision to accept Kittson's offer. Report 5th May, decision 30th April.

14148. Then his report did not in any way affect the decision as to the acceptance of the Kittson offer, because his report was made on the 5th of May, your recorded decision is on the 30th of April?—His written report did not. I have no knowledge how far he may have made a verbal report.

When the decision to accept Kittson's offer made Fuller & Milne's more favourable offer had arrived.

14149. Is there any doubt about this: that on the 30th April, when you recorded the decision to accept the Kittson offer, that you had already received the Fuller offer as well as the Kittson offer?—No.

Amount of losses against Fuller & Milne's offer \$15,000.

14150. Upon these two items of transportation—first of all the quantity of 9,000 tons to Winnipeg or St. Boniface, and afterwards the balance of the quantity to Selkirk—what do you make the aggregate of the loss: you have given them separately, I think, please take the aggregate; I mean as against the offer of Fuller & Milne as interpreted by the Department as to the long ton or the short ton, stating the amounts in American currency if you like?—It is about \$15,000.

14151. That is without taking into account the damage or cost—if there was any—occasioned by hastening the North Pembina Branch for the purpose of transporting the rest, is it not?—Yes; if there was any.

14152. Do you know whether, in this transaction with Kittson, the Government assumed the outlay connected with bonding the rails, or any duties payable because of their passing through American territory?—There were no duties; but bonding charges were assumed by the Government.

14153. Do you know whether those charges were any more than would have been assumed if you had accepted the Fuller offer?—I do not.

14154. Then the consideration of that item, in your opinion, did not weigh in deciding which of those tenders to accept?—No.

14155. Is there anything further about this contract which you would like to explain in your evidence, which I have omitted?—I do not know of anything just now.

OTTAWA, Wednesday, 10th November, 1880.

TOUSSAINT TRUDEAU's examination continued :

By the Chairman :—

14156. You were to furnish us with some papers mentioned in your previous evidence: have you any of them ready now to put in?—Yes.

14157. Have you a copy of contract 42 with Fraser and others, and the substitution of new contractors?—Yes; I produce it. (Exhibit No. 166.) **Contract No. 42.**

14158. Have you a copy of contract 26, with James Isbester?—Yes; I produce it. (Exhibit No. 167.) **Contract No. 26.**

RUFUS STEPHENSON, called and sworn :

STEPHENSON

By the Chairman :—

**Contract No. 15.
Alleged improper influence.**

14159. Where do you live?—In Chatham, Ontario.

14160. Are you a Member of the House of Commons of Canada?—I am. **A Member of Parliament.**

14161. Have you been personally interested in any of the transactions connected with the Canadian Pacific Railway?—Not in the slightest degree. **In no way interested in transactions connected with Canadian Pacific Railway.**

14162. Were you upon the Committee of Public Accounts at the time that Mr. Whitehead's contract was investigated?—I was. **A member of Committee on Public Accounts when Whitehead's contract was investigated.**

14163. Do you remember about the period?—It was last Session, I think—some time in 1879.

14164. You mean the Session before last?—It was up both Sessions, in 1879 and 1880.

14165. I wish to speak at present of the session of 1879?—Yes.

14166. Are you aware of any advantage being offered to any one on that Committee for the purpose of dealing with the subjects before them in a way different from what they would otherwise deal with them?—I am not; nor have I ever been approached, directly or indirectly, by Mr. Whitehead or any of the other contractors on the line. **Aware of no unworthy attempts to influence the Committee individually or collectively.**

14167. Are you aware that any person received any benefit upon the understanding that they would be able to influence the Committee, or any of them?—I am not.

14168. Are you aware of any person receiving any benefit, or payment, or promise from any contractor, or any one interested in any contract, upon the understanding that influence would be used with any Member of Parliament?—I am not. **Aware of no person receiving any benefit from any contractor.**

14169. Are you aware that Mr. Mackintosh received any money upon any such understanding from any contractor?—I am not.

14170. Are you aware that he led any Member of Parliament to think that he had done so, and that it would be a favour to him to deal with this matter differently from the manner, in which it would be otherwise dealt with?—I am not.

Contract No. 15.**Alleged improper influence.**

Never conversed with Whitehead while matter was before Committee

14171. Have you ever had any conversation with Mr. Whitehead upon the subject, while the matter was before the Committee?—I never had any conversation with him about contracts in my life.

14172. Had you any conversation with any one on his behalf?—With no one.

14173. Did you lead any Member of Parliament, or any one of that Committee, to understand that it would be to the advantage of Parliament, or any one else, if they dealt with the matter favourably to Mr. Whitehead?—I never did.

14174. Do these answers apply to last Session as well as to the former one?—Yes.

Aware of no arrangement by which any one in Department obtained any advantage.

14175. Are you aware of any arrangements by which any one in any of the Departments obtained any advantage in consequence of favours granted to Whitehead or to any other contractor?—I am not.

14176. Do you know whether any other Member of Parliament, on the Public Accounts Committee or otherwise, has been led to understand that such an advantage would be gained by favouring Mr. Whitehead or any other contractor?—I am not aware of anything of the kind.

14177. Is there any other matter connected with the Canadian Pacific Railway which you think it proper to give by way of evidence, either in explanation of what you have already said or otherwise?—There is not.

14178. Have you anything further to add on the subject?—Nothing.

TRUDEAU.

TOUSSAINT TRUDEAU's examination continued:

By the Chairman :—

14179. Have you a copy of contract No. 19, with Mr. Moses Chevette?—Yes; I produce it. (Exhibit No. 163.)

14180. Have you a copy of contract No. 59?—Yes; I produce it. (Exhibit No. 169.)

14181. Have you a copy of contract No. 21, with Patrick Kenny?—Yes; I produce it. (Exhibit No. 170.)

14182. Have you a copy of contract No. 48, with John Ryan?—Yes; I produce it. (Exhibit No. 171.)

14183. Have you a copy of the agreement between John Shields and Alexander Shields respecting his interest in contract No. 42?—Yes; I produce it. (Exhibit No. 172.)

14184. Have you a copy of contract No. 20?—Yes; I produce it. (Exhibit No. 173.)

Engine House at Selkirk—Contract No. 40.

14185. Have you now any papers connected with contract No. 40, so as to proceed with the evidence upon the subject?—Yes.

14186. What is the subject of the contract?—The construction of the engine house at Selkirk.

14187. Have you the contract or a copy of it?—Yes; I produce it. (Exhibit No. 174.)

Engine House
at Selkirk—
Contract No. 40.

14188. Was this work let by public competition?—Yes.

Let by public
competition.

14189. Have you a copy of the advertisement or any report upon the tenders?—Yes; I produce it. (Exhibit No. 175.)

14190. I see a change in writing on the printed copy of the advertisement, from 20th of June, 1878, to the 13th of July, 1878, apparently: do you know how it was mentioned in the one published?—According to the writing it was published.

14191. You mean on the 13th of July tenders were received?—Yes.

Tenders received
13th July.

14192. From this report it appears that Gouin & O'Meara are the lowest tenderers?—Yes.

Gouin & O'Meara
lowest tenders.

14193. Was the contract let upon the basis of that tender?—Yes; the only difference being that the name of O'Meara was left out and Murphy & Upper was substituted.

Murphy & Upper
substituted for
O'Meara.

14194. But the basis as to price was the same?—Yes; it was the same.

14195. I see that the main item in the contract is a lump sum for the whole work \$30,500, and apparently there are some other items upon which extras may be charged for which prices are given: do you know whether extras were charged?—To answer that question I shall have to refer to the final estimate prepared by the engineer.

14196. Do you know whether the work has been finished and taken off the contractors' hands?—Yes; it has been taken off their hands.

Work finished.

14197. Do you know whether there has been any dispute upon the subject between the Department and contractors?—There has been no dispute.

14198. Has the work performed been satisfactory, as far as you know?—Yes.

14199. Has there been any complaints upon the part of any of the tenderers who did not receive the contract?—Not that I am aware of.

14200. You are not able to state at present the total amount paid on this work?—Not at present.

14201. Do you know by what authority this work was undertaken: was it an Order-in-Council or an order of the Minister?—By Order-in-Council. I produce it. (Exhibit No. 176.)

Work under-
taken under
authority of
Order-in-Council.

14202. Is there any other matter connected with this contract which you wish to explain in your evidence?—No.

14203. Have you any of the papers now connected with contract 39 so as to proceed with some evidence?—Yes.

14204. What is the subject of that contract?—It was the transportation of rails from Esquimalt and Nanaimo to Yale, British Columbia.

Transportation
of Rails, B.C.—
Contract No. 39.

14205. Was the work let by public competition?—Yes.

Let by public
competition.

14206. What is the first direction from the Department upon the subject which you can find?—It is a telegram from the Secretary to Mr. Robson, of Victoria, to advertise for tenders for the removal of steel rails to Yale.

Braun telegraphs
Robson of Vic-
toria, to advertise
for tenders for
removing steel
rails to Yale.

**Transportation
of Rails, B. C.—
Contract No. 39.**
June 12th, 1878.

14207. At what date is that direction?—On the 12th June, 1878.

14208. Do you know the authority to Mr. Braun for this step?—I find no record of that.

14209. Do you know whether it had been settled by the Department at that time that the rails would be required at or near Yale?—It was then pretty well understood in the Department that the Burrard Inlet would be recommended favourably to Council.

Order-in-Council
13th July, 1878.

14210. Was an Order-in-Council on that subject passed then or near that time?—A report to Council was made on the 11th July and an Order was passed on the 13th July, 1878, which I produce. (Exhibit No. 177.)

14211. Have you a copy of the advertisement for this work, or any report upon the tenders?—A copy of the advertisement will be found at page 6 of Return 43 F, to an Order of the House of Commons, dated 20th February, 1879.

14212. The same Return contains a report by Mr. Robson upon the result of these tenders: do you know of any other report besides that which appears here?—There are no other reports from Mr. Robson besides this contained in the printed documents.

Letter from
Robson June 19th,
1878, suggesting
that the time for
delivery of rails
should be extend-
ed as likely to
result in lower
offers.

14213. In this Return appears a letter from Mr. Robson dated 19th of June, 1878, suggesting that if the time for the delivery of rails should be extended beyond the 1st of November, which was the day advertised, it would probably result in lower offers for transportation, because the existing facilities were limited, and he named the latter part of the following summer as the end of the time during which the transportation might take place: do you know whether that matter was considered by the Department and any decision arrived at?—I find no record of it.

14214. Do you remember whether there was any understanding between the officers of the Department that it was necessary to have the rails at the point indicated as early as November, the time advertised, or was it an open question?—I do not remember.

14215. Was the contract fulfilled?—No.

Work stopped on
the 31st October.

14216. I see that the work was stopped at the time named in the contract, the day before the 1st of November: do you remember whether it was because the time was up, or because it became apparent that the rails were not all wanted at Yale so early?—The words of the Secretary in his instructions to Mr. Robson to stop are these: "Notify John Irving to stop moving rails, and other railway materia's, from Vancouver Island, Longley, or other points, after the 31st instant, when the contract expires."

Rails not requir-
ed at Yale so
early.

14217. I noticed these words, but I did not think they conveyed the information which I have asked for?—About this time it was not thought that the rails would be required at Yale so early.

14218. Is there any claim made against the Government by the contractor in consequence of this stoppage of the works?—Yes.

Contract restored
to contractor:
Irving.

14219. Has the claim been settled?—The claim has been settled by the restoring of the contract to Mr. Irving.

14220. And no amount has been directly paid by the Government which would involve a loss by the stoppage?—No.

**Transportation
of Rails, B.C.—
Contract No. 39.**

14221. Can you give me the quantity of rails which were moved before the stoppage of the work in round numbers?—About 3,500 tons.

14222. Was this part of the quantity which had been conveyed there by Anderson, Anderson & Co.?—Yes.

14223. Do you know whether any other quantity had been conveyed at that time, except by Anderson, Anderson & Co.?—There had been none.

14224. Do you know whether this transportation was paid for by the short ton or the long ton?—By the short ton. Work paid for by short ton.

14225. Do you know whether all the tenders were based upon the long ton, or was it an open question to be settled afterwards by negotiation?—I have not got the original tenders.

14226. Have you had them in your Department?—No; they were retained in British Columbia.

14227. Have you a copy of the agreement with Irving?—Yes; I produce it. (Exhibit No. 178).

14228. Attached to the written part of this document I notice two printed papers, one headed specifications and the other appearing to be a blank printed contract which is afterwards filled up, concerning this transaction, and in this last mentioned blank the words "per ton of 2,000 lbs." are inserted originally and printed, does that help you to say whether the tenders were all based upon that item at that weight?—I cannot say, for, as I have already stated, I have not the original tender.

14229. Do you know whether these printed forms were made in British Columbia or Ontario?—My impression is that they were made at British Columbia.

14230. Do you know whether they were made upon any drafts furnished from your Department?—I do not think they were.

14231. Do you remember whether the subject of the weight of the ton was considered in any way before instructions were given to Robson to procure tenders, or was it left entirely to him to ask for tenders upon such conditions as he thought proper, as far as that weight is concerned?—There is nothing on the subject contained in the instructions to Robson by the Secretary of the Department, and I have no further knowledge on the subject. Nothing to show whether the subject of weight of ton was considered or not.

14232. Was there anything further about this contract which you think requires explanation?—No.

14233. What is the next contract which we have not investigated?—Contract 5^o, it is for the supply of railway spikes; the contract is with Miller Bros. & Mitchell, it is dated 4th September, 1879. **Railway
Spikes—
Contract No. 50.**

14234. Was it let by public competition?—Yes. Let by public competition.

14235. Have you a copy of the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 179.)

14236. Was the contract made upon the lowest tender?—Yes. Contract based on lowest tender.

14237. The advertisement names no place for the delivery; how was that arranged: was it mentioned in the specifications furnished to

**Railway
Spikes—**

Contract No. 50.

tenderers?—It was mentioned in the form of tender supplied to tenderers.

14238. The tenders call for the supply of bolts and nuts as well as for railway spikes, and in the tenders different prices were named for those different articles: was the contract with one person for the whole or with different persons for portions, according to the lowest prices of each?—The spikes were given to one firm and the bolts and nuts to another.

14239. In each instance to the lowest tender?—Yes.

14240. Have you the original tender of the successful parties for the spikes?—Yes; I produce it. (Exhibit No. 180.)

**Spikes tested
before accepted.**

14241. Were these spikes submitted to any test as to their sufficiency before being accepted?—Yes.

14242. By whom?—By Mr. Touby.

14243. Has the contract for the delivery of the spikes been fulfilled?—Yes.

14244. Satisfactorily?—Yes.

14245. Has there been any dispute upon the subject?—No.

14246. Is there anything further connected with this spike contract which you wish to explain?—No.

**Fish-Plates,
Bolts and
Nuts—**

Contract No. 51.

14247. Is the next contract also based upon this advertisement?—Yes, it is; contract No. 51 is for the supply of fish-plates, bolts, and nuts. The contract was entered into with the Dominion Bolt Co. and is dated the 8th September, 1879.

14248. Is this matter also embraced in the report which you have produced?—Yes.

**Contract based on
lowest tender.**

14249. Is this contract with the parties who made the lowest tender for bolts?—Yes.

14250. Have you the tender which was successful?—Yes; I produce it. (Exhibit No. 181.)

**Tested before
accepted.**

14251. Were these articles submitted to any examination by Mr. Touby, or any one else on the part of the Government?—Yes, they were by Mr. Touby.

14252. And the result was satisfactory?—Yes.

14253. Has this contract 51 been completed?—Yes.

14254. Has there been any dispute upon the subject?—No.

**Articles supplied
were of Canadian
manufacture.**

14255. Were the articles of Dominion manufacture or English?—They were of Canadian manufacture.

14256. Have you the agreement itself of contract No. 51?—I produce it. (Exhibit No. 182.)

14257. Have you the original contract No. 50?—Yes; I produce it. (Exhibit No. 183.)

14258. Is there anything else in connection with either of these contracts which you wish to explain?—No.

Tendering—
Contract No. 15.

A. P. MACDONALD, sworn and examined :

By the Chairman :—

14259. Where do you live?—I live now in Toronto.

14260. What is your occupation?—My occupation has been a contractor. In business as contractor for forty years.

14261. For what period have you been so occupied?—About forty years.

14262. Have you had any connection with any of the transactions of the Canadian Pacific Railway, either as tenderer or contractor?—I have tendered for pretty much all the work that has been advertised, that tenders have been received for, except one piece I believe.

14263. Do you remember which was the first work in which either your tender was accepted, or you thought it ought to have been accepted?—On section 15. Tendered for section 15.

14264. Were you offered the work on this contract in accordance with your tender?—Well, the work in May, 1876, they received tenders on. I was entitled, I think, to the work at that time; but they did not come to my tender. The Commissioner or Minister thought best to advertise again. That was in May, 1876, I think. In October, 1876, the work was advertised for again, and section 15 was declared to Robert Kane, of Montreal, and myself—sections 15 and 14. October, 1876, section 15, given to Robert Kane and witness.

14265. Do you mean that the contract was awarded to you for those two sections?—Yes, for those two sections. The advertisement stated for the tying, track-laying, and ballasting of section 14, and section 15 as well, and the completion of grading of section 15.

14266. Was that the second time tenders were asked for, or the third time?—That was the third time. The third time tenders had been asked for.

14267. Then upon the last occasion of tenders being invited, the contract was awarded to you and Mr. Kane?—Yes.

14268. And you did not take the contract, did you?—Well, we were anxious to take the contract, and anxious to go into contract for it; but there was obstacles thrown in the way, because the time was extended to the contractors for 14—for the completion of section 14. In our calculations— We made calculations that section 14 could be made available to complete, at least, two-thirds of section 15—to bring men, labour, and supplies, &c., into the work—and in our letter to the Minister we asked that a date should be put to the completion of contract 14 before we would sign the contract for 15, and that he refused to do. Reasons why he did not take contract. Minister refused to fix a date for completing contract 14 before the signing of contract 15.

14269. Had that condition been mentioned in the advertisement for tenders, or in the particulars given to tenderers?—Yes; the advertisement for tenders led us all to believe that section 14 would be completed according to the contract that was made with the contractors at first, but the time between the letting and going into contract was extended.

14270. Will you look at this advertisement (Exhibit No. 45) dated August 1st, 1876, and say if that is the advertisement on which you made the tender on the last occasion?—Yes, that is the one; that is the very identical one, Sir.

**Tendering—
Contract No. 15.**

Fleming gave tenderer to understand that contract 14 would be complete within a given time.

14271. This states that for plans, specifications, approximate quantities, forms of tenders, and other information, application is to be made to the office of the Engineer-in-Chief; was it upon any of these items of information that you were led to believe that contract 14 would be finished within a particular time: there is nothing in the advertisement about it?—No, the advertisement does not state the time; but the engineers—that is, Mr. Fleming, in his Department—gave us to understand that the work would be completed with that year's extension.

14272. Do you mean that that was some verbal statement?—Yes, in conversation. That is all the information given me in the Department.

Extension of time in regard to contract 14 appeared to be kept in the dark.

14273. It was not contained in any of the documents issued by the Department?—No, I did not see it in any document issued by the Department; but it took me some time to find out that the time for the completion of section 14 was extended. It appeared to be kept in the dark that the time for the completion of section 14 was extended.

14274. Do you mean that you made application to any one connected with the Department to ascertain that information, and was refused that information?—I made an application to see Mr. Mackenzie, but Mr. Mackenzie would not receive me; he sent word out that I should see Mr. Trudeau. When I saw Mr. Trudeau I put that question to him, in regard to the completion of section 14. Mr. Trudeau retired and went back to Mr. Mackenzie's office, and came out and said that they would not submit to any date being put to the completion of section 14.

14275. Had you been led to believe, at any time before that, that the Government would put such a condition as that in the contract?—Why, certainly. Whoever would sign a contract without the conditions of the date of finishing section 14, when he made his calculations on 14, because the advertisement itself leads a man to believe that you are going to get possession of 14, as well as 15, to do the work.

14276. What portion of the advertisement?—The whole advertisement itself leads you to understand that that work is to be carried on simultaneously. The tone of the whole advertisement is that you are to finish 14 and 15, and the work to be carried on at the same time.

14277. There is nothing, as I understand you, in the form of specifications or conditions of contracts which were to be furnished to tenderers on this subject?—No, I do not think there is. I would not be positive of it; but I think that I looked very closely into the matter, because I looked upon it, as I stated to you, that I thought section 14 could be made available to complete two-thirds of section 15.

14278. You found afterwards that that was not the intention of the Department?—I do not know whether that was the intention or not, but I found out that they would not do it.

14279. That they would not agree to it?—That they would not agree to do it.

14280. Then you exercised your option not to enter into the contract without that agreement?—I declined to enter into a contract without there was a date put to the completion of section 14 by Sifton, Ward & Co.

14281. That was the sole reason for your tender not obtaining the contract, so far as you know?—That is as far as I know, excepting, as I believe, there was a strong inclination that I would not get any work.

On witness's impression that section 14 would be made available to construct the greater portion of section 15, the Government refused to act.

Refused to enter into contract for section 15 unless a date was fixed on which Sifton, Ward & Co. would have completed section 14.

Tendering—
Contract No. 15.

There were obstacles thrown in my way not to get any work—not that work alone, but others.

14282. What others?—Well, I tried to get hold of the Pembina Branch through another gentleman, but I could not get it. I have not been successful during a certain time. Failed to get contract for Pembina Branch.

14283. Do you mean you have not been successful in making the lowest tender?—I think I have made several lower tenders, if they had only come to the light of day.

14284. Do you mean that any of your tenders have been withheld?—No; I think some of my tenders have been overlooked, not so much on this work as on the Welland Canal.

14285. We are only enquiring into the Pacific Railway matters?—Yes.

14286. I understand the substance of this evidence about section 15 to be this: that because the Government would not insert a condition in the contract, beyond what had been mentioned in the specifications and advertisement, you declined to fulfil the tender, is that correct?—Well, I think the advertisement carried out my view in that: that section 14 was to be made available to finish section 15. If it was not, why was the completion of section 14 added to section 15? There must have been some object in it to combine them both together. Thinks advertisement conveyed the impression that contract 14 would be completed so as to be made available for construction of contract 15.

14287. Assuming that it was necessary to lay the track on 14 before finishing 15, do you mean to say that any particular time was specified during which, or at which, 14 should be finished?—No; there was no particular time specified.

14288. Then is it not the mention of the particular time which was the stumbling block in your case?—Yes; that was the main point, no doubt, because I did not want to bind myself to finish section 15 before section 14 would be done. But my own opinion is, provided I would agree to sign the contract without that date, I don't think I would get it.

14289. You did not try?—No, I did not try to sign the contract; but my partner was anxious to sign the contract without that point being put in, and I would not submit to it knowing the position I would occupy.

14290. Then you never put the Government to the test?—No, not I.

14291. Did Mr. Kane?—I do not know.

14292. Then what you have said is only surmise?—It is by the looks, feelings, talk and conversation, and the way I was treated at the time.

14293. You did not put it to the test by offering to do so, either you or Mr. Kane?—No; I did not. I do not know what Mr. Kane did.

14294. I understand that you mean, by your evidence so far, to say that it was necessary for any contractor, in order to finish 15 to be able to go over the rails on 14, and it was therefore necessary that the time for finishing 14 should be limited, and because they did not limit it therefore you would not execute the contract?—No; I do not understand it that way.

14295. Please explain it?—I explain it that I considered that, in my place, I was entitled to being put into section 14 for the completion, because it is given in as a combined work, as one piece of work, and if I Witness's view of what occurred.

**Tendering—
Contract No. 15.**

was detained and delayed for the want of 14 I could not finish 15 at as earlier a date. Other contractors might think that section 14 was not necessary for them to do it; but in my position I looked upon it, and for the benefit of the country and of the Government, that section 14 should be completed at an early date, so that the cost of section 15 would be less.

What witness gave Government to understand.

14296. I understand from the documents published that you wished the Government to insert a condition to this effect: either that 14 should be finished in a limited time, or that you should be paid damages which might occur because of its not being finished if an extra expense was involved in completing the work on 15?—No; what I gave the Government to understand at the time was this: that I was willing to submit to the one year extension that they would give to the contractors on 14. They gave them one year's extension over their original contract. I was willing to submit to that and take one year, provided the Government would say that if it was not done at the end of the extended time that they should pay me for the trouble I should have in getting men and material to the work; but if it was completed at that time there was no charge and I asked no favours.

Witness's proposition in effect that Government should undertake that contract 14 should be finished by a particular time or pay expenses consequent on delay after the time specified.

14297. The effect of your proposition was that the Government should undertake that 14 should be finished by a particular time or pay you damages, was it not?—Pay; not damages.

14298. Well, expenses, which would be damages to them?—Yes; pay expenses of men, tools and materials for the work.

14299. That would be damages to the Government would it not?—Yes.

14300. And they declined to enter into that arrangement?—Yes; I asked them to put a date to it defining the date for the completion of it, but they declined to do that.

Hearsay.

14301. Is there anything else connected with the letting of the contract on section 15 which you can explain, or upon which you have knowledge?—Only from hearsay; I know nothing particularly about it only from hearsay.

14302. Was it from the persons who got the contract?—It was from the parties who sold out the contract.

14303. Do you mean Sutton & Thompson?—No; from Mr. Charlton.

Charlton got two persons to put up \$20,000 for him, but failed to put up the rest of the security.

14304. Was what he said in connection with this matter?—It was: stating what proposition he had made, and what he had done, how he got men in New York to come up here and put up \$20,000 for him to go into contracting, and so on. He got two gentlemen from New York that I knew very well. They came over here to put up \$20,000 in security, and Charlton was to put up the rest in land, and so on; but he failed to do so.

14305. Do you mean that Charlton told you these matters you are describing?—Yes.

Met Senator McDonald in Montreal, and made him a proposition. But he told witness of the arrangement made at Prescott with Charlton.

14 06. Well?—Then Senator McDonald came on ^{and} met him in Montreal and made him a proposition, and he said he went up with him as far as Prescott; there they met Mr. Whitehead and consummated the arrangement.

14307. Mr. Whitehead has said that upon that occasion Charlton got \$20,000, and that Sutton, or Sutton & Thompson, then or about that time, got \$10,000 for withdrawing from their tenders: was it to the same effect that Charlton informed you?—He did not tell me how much he got—how much money he had received.

14308. Is what I have mentioned at all inconsistent with what Charlton has said?—Yes, Thompson told me himself; or—not Thompson—Sutton told me himself—

14309. I am asking you whether it is inconsistent with what I have described?—No; it is not inconsistent with what Whitehead has said.

14310. Is there any other matter connected with this contract of which you have knowledge?—No; there is nothing except what has been conversation among outsiders, and that does not amount to anything.

14311. That would not be material. If it is a statement by any person, who himself had any part in the transaction, we will hear it. What is the next matter connected with the Pacific Railway in which you have been interested?—The next matter was in regard to the Pembina Branch. The Pembina Branch was let. I did not tender for that. I don't think, myself; but it was let to Mr. Kavanagh, and Mr. Kavanagh's son came down to Montreal and came to see me, but I sent him to Mr. Falardeau. Falardeau and myself met together and we agreed to take hold of a piece of the work with him. Mr. Falardeau was to put up the money and to come up with Mr. Kavanagh here and sign the contract. My name was not to be used in the matter, because I did not think it would be of any benefit to us to have my name in the office at that time. So they came up here. This is Mr. Falardeau's conversation with him. I was not present.—

14312. I think that would hardly be admissible if you were not present at all, it would hardly be safe to rely upon that?—I was not present. Mr. Falardeau told me about it, because I was connected with him at the time in the transaction.

14313. Was your name mentioned in the tender?—No.

14314. Mr. Kavanagh mentioned his own name?—Mr. Kavanagh mentioned his own name, and it was declared to him alone, I believe.

14315. Then this arrangement at Montreal was a proposition amongst yourselves to add other names?—This conversation in Montreal was between Falardeau, Kavanagh and myself.

14316. It was a proposition to add other names, was it not?—Yes; Falardeau's name was to be added in the contract with Kavanagh's, and he was to put up the money security, &c., and join in the contract.

14317. The Government declined to permit that addition to the firm, as far as you understand it?—The way I understood about it was this: that Falardeau came up here with the money—

14318. I don't want to know the details, but the result of it was that the proposition was not acceded to?—No; the Government declined to take him.

14319. I can hardly take the particulars unless you yourself were here; Mr. Kavanagh has already told us the particulars, having taken part in it himself. His story was that he had tendered in his own

**Tendering—
Contract No. 15.**

Charlton did not tell witness how much money he got, but what Charlton said was not inconsistent with Whitehead's evidence that \$20,000 had been given to Charlton.

**Pemb. Branch.
Tendering—
Contract No. 33.**

Kavanagh went to witness who sent him to Falardeau.

Falardeau's name was to be added to contract and to put up the money.

The Government declined to let Falardeau go into the firm.

Pemb. Branch.**Tendering—****Contract No. 33.**

name, and he proposed afterwards to the Department to add another new name—this gentlemen whom you have mentioned—but the Department objected to it and that matter dropped; is there anything different from that that you know of?—Yes; a little different. The way I understand it—and I believe I am correct—I believe there was a paper, a protest, served upon Mr. Mackenzie on the transaction at the time, by Mr. Falardeau, in writing, black and white, defending himself.

Falardeau defended himself.

14320. Was there anything different from this feature of the case?—Yes; a little different.

14321. That the Government declined to permit Mr. Kavanagh to add a new name to his tender?—Mr. Falardeau when he came here to see Mr. Mackenzie said to Mr. Trudeau—

14322. I cannot take from you as evidence the history of what took place in your absence?—Then why should you ask me the question whether there was any difference?

14323. I asked you whether you knew anything different?—No; I have told you from the beginning that I do not know anything except what he told me himself—what Falardeau told me.

14324. Then whatever you do know in this instance is from some other person's account?—It is from Falardeau.

**Tendering—
Contracts Nos.
60 and 62, B.C.**

14325. What is the next transaction in which you were interested?—The next transaction was in regard to the British Columbia work.

14326. Which section was that?—Sections A and C—1 and 3.

14327. Where you connected with other persons?—Yes.

Lowest on sections A and C.

14328. Was the tender on either of those sections, of your firm, the lowest as far as you know?—We were the lowest on sections A and C, as far as I know.

14329. Did you get the offer of the contract on these two?—Yes.

Got contract.

14330. Did you take it?—We did.

14331. Was the contract to the same persons who tendered?—Yes.

14332. And signed by them?—The contract was not signed by them, but the work was declared for the same parties that tendered for it, and at the same tender.

Government sanctioned transfer of contracts to others.

14333. How did it happen that the contract was not to the same persons that tendered?—Because there were arrangements made with other parties to take the work and proceed with the work, and the Government sanctioned the change, and the change was made.

14334. On pages 130 and 131 of the Blue Book of 1880, there appears a tender signed by Duncan McDonald, H. McFarlane, A. P. Macdonald, S. M. Loss, A. Charlebois, John Sullivan, P. McRae, William McRae, L. T. Mallette: is this the tender to which you have alluded, do you think?—Yes, that is the same one.

Contract finally given to Onderdonk.

14335. To whom was the contract finally given?—The contract was finally given to Andrew Onderdonk.

14336. This tender is only for one of the sections, is it not?—It is for the whole work.

14337. This one that was awarded to you?—No; the one that was awarded to us was A and C—sections 1 and 3.

Tendering—
Contracts Nos.
60-63, B.

14338. How many sections did you understand the work in British Columbia to be divided into?—Four sections.

14339. Who was the successful tenderer for A?—For A, Duncan McDonald, A. P. Macdonald, and so on.

Duncan Mc Donald and A. P. Macdonald successful tenderers for contract 60 (A).

14340. That is the firm you have just mentioned?—Yes.

14341. Who was the successful tenderer for B?—Goodwin, Smith & Ripley, and Purcell & Ryan.

14342. And who for C?—Duncan McDonald, A. P. Macdonald, and so on.

Ditto for contract 62 (C).

14343. And for D?—And for D, Mr. Kavanagh.

14344. Was it by the consent of your firm that Onderdonk got the contract for both A and C?—Yes.

14345. Did your firm derive any advantage by the transfer?—Yes.

14346. Without wishing to know how the advantage was divided among yourselves, which was entirely a private matter, I wish to ask what the whole value of the assignment was supposed to be, for these two contracts—or two sections?—It was \$100,000.

\$10,000 paid for assignment of contracts.

14347. And was the transfer made upon that basis, that Onderdonk was to pay that?—Yes.

14348. Did he pay any more than that, do you know, for the two?—Not that I know of.

14349. In your experience in contracting, do you know whether it is possible for a person undertaking a large amount of work, such as this, to pay something for the smaller portions of it, so as to have them combined, and still save as much, or make just as much as he would if he had had them separately at the original prices?—Yes; my object in forming that company was to take the whole work, knowing from past experience that the whole work can be done by one company 15 or 20 per cent. less than it can be done by dividing it into four sections, especially in such a wild country as that. It would not make so much difference here in a settled country, but in a country like that location is everything.

One contractor having the whole work could do it 15 or 20 per cent. less than several contractors could accomplish it in sections.

14350. Is more machinery required in proportion to the mileage?—Yes, and plant to supply the piece of work with—plant and hauling that there the distance it has to be hauled. The work divided into four sections could never be done at that price.

More machinery required where work is divided.

14351. Is that opinion as to the advantage of getting a larger work in one contract derived from your experience as a contractor, or is it a new idea?—It is from my experience as a contractor.

14352. Do you know whether similar opinions are entertained by other contractors of experience?—I do not know, but I think so, because I have positive evidence that in large contracts, men who take larger pieces of work can do it much less than by dividing it up, because the controlling power is in one head—one institution.

Men who take large works can work cheaper than small contractors.

14353. Is there any other advantage than this—of plant?—Yes, there is a great advantage in plant, because you can move it from one section, or one cut, to another.

**Tendering—
Contracts Nos.
60-63, B.C.**

Labourers more easily controlled when the work not cut up.

System of letting contracts.

14354. Is there any other material advantage besides this of plant that is as to hiring of men, or any other item?—Yes, you can control the men much better than by dividing up.

14355. Would it be an advantage not to have competition for labourers?—It would, certainly; because any man who would have section 4 need not import a labourer, because he could make sections 1, 2 and 3 import, and he could get them from there by giving five or six cents more a day, and need not import a man; either one of these sections, could be a thorn in the side of the rest. But the system of letting and asking money is wrong—corrupt from beginning to end.

14356. Asking money for what?—Putting up money with tenders, the putting up 5 per cent.

How the system works.

14357. What is there wrong about it?—In the first place you have to put up—supposing you get a piece of work worth \$50,000 or \$100,000—if you put up 5 per cent. on \$100,000, that is probably all the means the contractor had to commence his work on. It makes him poor at once. He has to go into debt to get his plant and tools and supplies. Then another thing is, the moment the system was adopted it made the Board of Works a broker's office—nothing more nor less than a broker's office. They ask you to put up \$5,000, \$10,000, \$20,000 or \$30,000 with your tender. You put it up, and the consequence is you do everything in your power to find out where your tender is. You offer inducements to clerks to do things that they would not do on no consideration; you offer them bribes to get at things that are dangerous. We know at one time a Minister of the Crown had to force open a door to get papers. You take a clerk that gets \$1,000 a year salary, and offer him \$2,000 to get certain information in his office, and there is a temptation for him to break a lock to get it. Under the old system he did not have this, and it relieves the Government of any responsibility as to the decision, as they will give it to the lowest tender, and the consequence is it goes into the hands of capitalists, and they can obtain more favours, &c., than the ordinary contractor could. And we know that for the works that have been let, since this system has been adopted, of putting up 5 per cent. in money with the tender, they have cost at least 25 or 30 per cent. more than they did before. It may not appear so on the bulk sum on the start, but before the work is completed they have cost the country 30 per cent. more than they did before under the old system.

Compelling Government to give contracts to lowest tenderer relieves them of all responsibility.

Contracts cost more by 25 or 30 per cent.

At present temptations held out to clerks to give information.

14358. Did you say under the present system that temptations are offered to clerks to afford information?—Yes, to afford information.

14359. Do you think the country has been damaged by that?—I do.

14360. How?—Well, because there has been talk about corruption and everything of that kind, that makes the people begin to think that everybody connected with the Department of Public Works, and everywhere else, is corrupt.

14361. Are you aware of any instance where the public interest has suffered on that account?—No, I have not; except from conversation and what I have read in the newspapers.

Witness never asked a clerk to give him information but others have boasted of doing this.

14362. Are you aware of any person in any of the Departments giving any information to any one person that the public could not get?—No, because I never asked one in my life, and I would not; but there is other men who have done so and boasted of doing it.

System of letting contracts.

14363. Who has boasted of having done it?—I could not tell you, there are lots.

14364. Name one in connection with the Pacific Railway?—I cannot tell.

14365. Do you mean that you do not know?—I could not name you any person who did it; it's generally in conversation that one gets information from such a source and such a source.

14366. It is as to persons who have said in conversation that I am asking you: name one who has mentioned it?—It is generally conversation at times of lettings.

14367. Name one person who has said that he got such an advantage?—I cannot name you any person, Sir.

14368. You have mentioned that a Minister of the Crown got some information in a peculiar way, was that in connection with the Canadian Pacific Railway?—No, no.

14369. We are only entitled to enquire about the Pacific Railway, so I will not ask you anything further upon that particular matter: are you aware of any person getting information which would assist them in their tenders, connected with the Pacific Railway, from some one in the Department?—Only from hearsay. I know nothing myself; nothing Sir, only from hearsay.

14370. Has it been hearsay from the person in the Department implicated?—No, no, no.

14371. Had you no assistance in making any of those tenders?—Never, Sir. Had no assistance from Department in making tenders.

14372. Had you any means of knowing when you put in your tender whether it was lower than any other tender that was put in?—No; not from any one inside the Department, but I had outside the Department. Contractors came to my room, many of them, and told me their bids and tried to compare bids with me and all those things. That is one way information came to me—men coming voluntarily to my room and comparing bids with each other up to the time of closing tenders. Contractors compare bids.

14373. I was asking you up to the time you put in the tender?—No, after.

14374. I was not asking you about the time after putting in their tenders?—That is the time they get the information, after the tenders are in.

14375. I am asking you whether, up to the time of your putting in the tender, you received any information from any one connected with the Department, either Minister, or assistant, or any clerk, as to the fact that your tender was lower in some items than some other tender?—No; and I would not rely upon any man's opinion on that. Got no information prior to putting in his tender.

14376. I am asking you now whether you got the opinion, not whether you relied upon it?—I never got the opinion, because under this system the 5 per cent.—putting up the money—if the Government choose they can throw a man off that they do not wish.

14377. You mean unless he puts up his 5 per cent.?—Yes; but supposing there is a great many tenders in, and in a great many cases

System of letting contracts.

Present system of tendering leads to tenders being put in for the purpose of being sold.

—but I presume something of the kind has happened—where the moment tenders are opened the work is declared to some one. For instance, the tenders are in and a gentleman goes up to find out where his tender is; he is very anxious to find out whether a man is above or below him, because he puts in his tender for the purpose of selling. There are very few works that have been done by the successful tenderers under this system, but what have been for sale and bartered away since this system has been adopted. Very few persons have gone on and done the work—it is bargain and sale.

14378. Please explain: do you mean that this system of bargain and sale may not exist where the securities are in the shape of bonds as well as where it is in the shape of money deposit?—No.

The way successful tenderers are sometimes prevented from putting up money.

14379. Why not?—The reason is this: the tenders, for instance: a piece of work is awarded to me, or anybody. The moment that piece of work is awarded, the prices are generally known. Then the contractors spread it around that that man cannot put up his money; that he is too low: "I was \$100,000 above him and he cannot do that work." He goes to his friend, who is going to put up the money, and he says: "don't you do it he is too low," consequently they balk him and he cannot do it.

14380. That is under the present system?—Yes.

The old system.

14381. Could not the same thing happen if it was under the other system of security by bond?—No.

14382. Why not?—Because a bond given for public works is only given to show the standing and reputation of the man—of the contractor—because no bond has ever been enforced to my knowledge on public works.

Present system relieves Government of responsibility.

14383. How does it show the standing and reputation of the man, if it is understood not to be enforced?—It is to show the respectability of the securities. Then the Government, under the old system, was responsible for the letting, because the tenders were taken to the Council and opened there, and they made their choice of men to give that work to, and then they were responsible to the House for their decision; but under this system they will say: "We will let it to the lowest tender who has put up his money." They relieve themselves in this way of the responsibility; and the consequence is, that the works actually done under this, when you come to open the books, are 30 per cent. higher than works done under the old system.

14384. Have I understood you properly to say that this system of security by bond instead of by money deposit would not lead to the sale of contracts?—Yes.

14385. I have not understood what reason you have given for this if you have given one?—Well, because it is not known—the bulk sums. They make up their tenders now and put up the bulk sum, and contractors get to work and compare their bulk sums.

Collusion among contractors.

14386. What has that to do with the system of security—the knowing by the contractors of each other's tenders?—It has to do this: because here is \$-0,000, for instance, above me, or \$50,000 above me. He finds that out. His tender shows it. Then he may come to me and say "Drop this and come up to me."

System of letting contracts.

14387. Cannot the contractors tell each other this under the bond system of security as well as under the money deposit system?—No, they cannot; because the Government makes the choice of the contractor.

14388. That is not because of the difference in the system of security?—There is a difference between the security. Now a man makes money out of it. In the other case he could not make money out of it. They did not put up any money whatever in the other case.

14389. I have not been able to follow you in your reasoning: I shall have to ask you to explain again what you mean by saying that the bargain and sale of the contract could not take place under the bond system of security as well as under the cash system of security?—It can; but not to the same extent as it does now. Explains.

14390. Why can it not to the same extent as it does now: is it because contractors cannot tell each other?—No; because under the other system the contractors take the tenders into the Department—there is no putting up only the names of the securities—then the contract is awarded and that is the end of it. If any other man comes to me to get work from me or to buy it out, the consequence is I can take him in with me; but under the old system they never allowed the original contractor's name to disappear. Under the old system the original contractors' name never allowed to disappear.

14391. That is a new difficulty; that has nothing to do with the system of security: there is another regulation, which you say existed formerly, that they would not allow the name of the contractor to change?—No.

14392. You seem to be comparing the old system with the new, but I do not understand the reasoning; one of the difficulties you say is: if a man enters into a contract, when he puts up the security he has no money to go on with?—Yes.

14393. And you think that the result is that the contracts go into the hands of capitalists?—Yes. Tendency to throw contracts into the hands of capitalists.

14394. Do you think it a bad thing that contractors for public works should be capitalists?—Not that it goes into the hands of capitalists, but into the hands of men who do not understand the work, and it is not in the hands of contractors as a rule. You take the amount of work that has been let in the country for the last six, or seven, or eight years, and it has been in the hands of men—very good men, no doubt, all of them good men—but you take the bulk sum that the work was let at, and take the money that they have received for the completion of that work in the final estimate, and it is 30 per cent. higher than such work was done before for. Not an evil that work should fall into hands of capitalists, but into the hands of capitalists who know nothing about work.

14395. I think I understand now what I have not been able to see before, but I will ask you if this is what you mean: do you mean that where persons tendering had to find sureties, that these sureties would not give their names unless it was to persons accustomed to doing that kind of work, and it would not be sufficient to find money only, but a recommendation from some responsible person that they were fit to perform the contract?—Yes; that is it. Present more costly than the former system.

14396. It is not only a money calculation but a capability of performing the work: is that what you mean?—That is about the pith of it. That is one of the benefits of the old system. Old system ensured capacity on part of contractor.

System of letting contracts.

14397. And you think one of the evils of the present system is letting to any one tenderer without any recommendation as to his being a suitable person, so long as he can find enough money to put up the 5 per cent. ?—That is all.

The present system with its large deposit impoverishes contractor and forces him to sell his interests to capitalists.

14398. And his object is not to fulfil the contract but to sell his standing ?—Yes, to sell his position. In our general railroad work and canal work, when the Government pays the monthly estimate, which they do, there is not a great deal of capital required, as a rule. Actually, the sum of money that a man put up with his tender of \$500,000 or \$1,000,000—if there is \$1,000,000 worth of work, he puts up \$50,000. That \$50,000 is ample to carry on his work. If he be allowed to give other security—individual security—that \$50,000 would be ample to plant his work, ordinary work; but the moment he puts up his \$50,000 he has to go into the hands of capitalists to get it or to go to the bank and get it, and it impoverishes him at once. The consequence is he has to dispose of his interest at once to men of standing and influence who can furnish the capital necessary to go on with the work.

14399. Is there any other matter connected with the Pacific Railway upon which you have information and can give evidence ?—Not as I know of, Sir, now.

Tendering—Contracts Nos. 60 and 62, B. C.

No portion of money paid by Onderdonk to witness's firm went outside firm.

14400. Do you know whether any portion of the consideration paid by Onderdonk for these two contracts was given to any person outside of your firm for any service ?—I am certain there was none given as far as we are concerned: but of the rest I could not speak for.

14401. I am only speaking of your firm, whether they set apart any proportion of this amount for any services of any one else ?—No; not a farthing, Sir. I think we were all old enough to do our own business.

Alleged improper influence.

14402. Are you aware of any arrangement by which any one in any of the Departments obtained any advantage in consequence of favours to any contractor on the Pacific Railway, or any tenderer ?—I am not aware of anything of the kind—nothing in the world. I never spoke to any member of the Department in any shape. Whenever I wanted anything to do I went to the Minister himself.

No Member of Parliament to witness's knowledge gained any advantage in connection with contracts.

14403. Are you aware of any Member of Parliament gaining any advantage by any influence in favour of any contractor or any tenderer ?—No; I do not.

14404. Is there any other matter connected with the Pacific Railway on which you could give evidence, thinking we ought to receive it ?—Not as I know of.

System of letting contracts. Letting contracts by bulk sum not correct in principle.

14405. Have you ever considered the relative advantage to the public of tenders made by bulk sum or by prices applied to estimated quantities ?—Yes; I have considered that pretty seriously, and very often too. I look upon the bulk sum as not a correct principle to let work upon—upon the bulk sum.

14406. Do you think it of more advantage to the public that it should be let on estimated quantities and a schedule of prices ?—By the schedule of prices, I do, Sir.

14407. What is your reason for favouring that practice ?—My reason is this: that it is impossible for any engineer to find out what is in the bowels of the earth, any more than for a contractor, and if you

System of letting contracts.

go upon the bulk sum and you come across material that was never anticipated, then litigation commences, difficulty commences; but if you have a schedule of prices for all classes of material that you may come in connection with, then it does away with it all.

14408. You think it is fairer to offer a schedule of quantities which may fluctuate, according as the material may be found, in the execution of the work?—Certainly.

Best system schedule of quantities with prices for each item.

14409. And that these quantities should be applied to prices offered for each item?—Yes.

14410. Do I understand that you think, upon the whole, that that is the most advantageous system for the public?—I think it is, because taking the canal works which have not been let on bulk sum—it has all been let on schedule of prices—and it has all been done economically and very satisfactorily to the public: because no man will do work, if he is a sensible man, if he puts out a dollar and brings back only fifty cents, he will squirm out of it in some way or other; it is human nature.

14411. How does he manage about his monthly estimates, if he squirms out of it?—Monthly estimates: if he does not get them he stops. Location has everything to do with the contract. The location of the work, and where it is has everything to do with the contract and with the price. The great evil now that contractors have to contend with, men who have worked hard and made a reputation in the country, is those Blue Books. They make bogus contractors all over the country that do not amount to anything: they are straw men. They take and open that book (pointing to a Blue Book) and see somebody else's tender there for a piece of work, and see that they did that piece of work for that price, although the same work may be worth 30 per cent. more. Under this system here for the last seven years there has been more contractors than there has been in the last forty years in Canada.

Blue Books a great evil in that they make bogus contractors possible.

In past seven years more contractors in Canada than in forty years before

14412. Has there not been more contract letting during that period?—Well, yes; there has been more contracts let for the last five years than there has been in the same period of time previously.

More contracts let.

14413. Then it cannot be a matter of surprise that there are more contractors?—No; but there are more people in the country too.

14414. Then you think that this system of letting public works is a mistaken one?—It is wrong, and it is no benefit to the community at all.

14415. Do you think any one else suffers by it excepting contractors?—The man that bids on it suffers.

14416. They are contractors?—They are the men who go into it blindfold, and they suffer.

14417. You think it makes an unhealthy competition on contracts?—Yes; they do not do it in any other country. They tried it on this principle in the United States, and they had to go back to the old system taking engineer's estimates and letting it to practical men.

Present system creates unhealthy competition among contractors.

14418. You think the old way is the best?—I think so.

14419. Is there anything further that you think you can give information upon connected with the Pacific Railway?—No.

**Building Engi-
neers' Houses—
Contract 3 & A.**

OTTAWA, Thursday, 11th November, 1880.

TOUSSAINT TRUDEAU's examination continued:

By the Chairman:—

Explanation as to **excess of price over that contracted for \$17,000 instead of \$12,000.** 14420. Are you prepared now to explain the expenditure on contract 32 A with LeMay & Blair: it appears to be over \$17,000, while the contract price of the four houses, stated to be built in the contract, was said to be between \$11,000 and \$12,000?—Yes; the abstract of the final estimate is: the erection of four houses and platforms, \$11,299.50; materials burnt at Upsala and Carlstadt, \$1,393.62; materials delivered, \$4,221.54; provisions and camp equipage, \$393.82; labour upon Upsala stations, \$400.97; watching fires at Nordland, \$21—total, \$17,730.45.

14421. You have paid for materials burned: can you explain that item?—The materials delivered were for the construction of four houses which were never finished. A portion of the material was burned by bush fires, consequent upon the operation of the Department in building the road, and it was thought just that the Department should pay for these materials.

14422. These materials which were burned form no part of the next item which you charge as materials delivered, I suppose: you distinguish between the materials burnt and those delivered?—Yes.

14423. Then is it not probable that the materials burned never were delivered but were burned in the hands of the contractor?—The engineer's certificate does not give that information.

Order not to proceed beyond the erection of four houses made after the fire.

14424. Do you know whether the decision not to proceed with this work beyond the four houses erected was arrived at after or before the fire?—I see, from the report signed by Mr. Marcus Smith, dated June 11th, 1877, that he reports the fire of Upsala, and that he recommends that the erection of four houses should be stopped; and as it was on this report the decision was arrived at, I conclude that the order to stop was after the fire.

Payment for materials burnt, &c., made on certificate of Marcus Smith.

14425. Was there any dispute between the contractor and the Department as to the payment for these materials, or was the payment for them taken as a matter of course in consequence of the discontinuance of the work?—The payment was made on the certificate of Mr. Marcus Smith, who was charged with the settlement of the claim.

14426. Have you the original report or a copy of it which you can produce?—No; but I can produce a copy of it.

Ground on which Marcus Smith recommended not to build the four remaining houses stated in his report.

14427. Do you know whether the Department had, before the report of Mr. Smith, in June 1877, considered the expediency of delaying the building of these houses on account of the danger of fire, or was it alone because he recommended it that they were stopped?—It was because Mr. Marcus Smith, who had just recently visited the place, recommended it.

14428. And do you consider this change in the policy of the Department on that subject to be due principally to his personal visit?—It is due to his report.

14429. And what was the report due to?—It was due to information he obtained.

14430. How did he get the information do you think: in other words, have you any doubt that this policy was due to his personal inspection

Building Engi-
neers' Houses—
Contract 33 A.

of the ground and surrounding circumstances?—I have no reason to doubt it.

14431. Will you read that portion of his report of which you appear to have a copy which touches this particular matter—I mean the discontinuance of the building?—Mr. Marcus Smith says :

"I am more than doubtful if it would be good policy or economy to erect those houses so long before the line will be open for public traffic. It was thought that by erecting these at once it would save the expenses of building butts for the accommodation of the engineering staff during the construction ; but we see that they are liable to be destroyed by fire, that they will only be occupied for a year or so during the construction of the line, and will be vacated as the engineers move on with the work. Then comes the expense of some one to take care of them, and it would probably be found, even after the line was open for traffic, that some of those houses would not be required for years as station-houses, for in the rough country between Savanne and Rat Portage there is very little land fit for settlement."

Marcus Smith's
report.

14432. Before this report I understand that four houses of the eight had been either completed or nearly completed: is that correct, and that the report recommends only the discontinuance of four out of the eight?—Yes.

14433. Had any of those four, which had been built or nearly built, been destroyed by fire before this report?—One of the houses at Buda was destroyed before this report of Mr. Marcus Smith was written.

One house des-
troyed by fire
before Smith's
report.

14434. Is there any other matter connected with this contract which you think it necessary to explain?—I produce a copy of Mr. Smith's report, dated 11th of June, 1877. (Exhibit No. 184.)

14435. Is there anything further?—No.

14436. At the time of your previous evidence concerning this contract, the question arose as to the authority which Mr. Fleming had for directing Mr. Hazlewood to enter into the contract: have you any explanation of that now: it appeared to have been done by a letter from Mr. Fleming to Mr. Hazlewood who was then in Ottawa?—I think there is a letter from the Department to Mr. Fleming on the subject, but I have not got it before me.

14437. Will you endeavour to produce it as well as any report upon which it was founded?—Yes.

14438. Have you now a copy to produce of the contract No. 38 with Ingalls?—Yes; I produce it. (Exhibit No. 185.)

14439. Referring to contract No. 40, on which you were not able to give complete evidence yesterday, can you say now what expenditure was incurred on account of extras, or rather for work provided for in the contract, but not in the lump sum mentioned?—The additional works were 180 cubic yards of earth, at 25 cts; ten cubic yards of rock at \$1.50; 117 cubic yards of masonry at \$5; and 467 lineal yards of drain at \$5; these were the prices named in the contract. The extra work proper was "charge for increasing diameter of turn-table to fifty feet, \$200; charge for removing turn-table from Selkirk to Emerson, \$105."

Contract No. 40.
Expenditure in-
curred for extras.

14440. Is there anything further about this contract which you think requires explanation?—No.

14441. Referring to contract 34 can you now produce the letter from the Department to Mr. Beatty accepting his offer?—Yes; I produce it. (Exhibit 186.)

**Transportation
of Rails—
Contract No. 52.**

Let by competi-
tion.

Tenders called
for by circular.

No circulars sent
to Beatty who
before circular
were sent out had
made an offer
and who got the
contract.

Prices quoted by
tenderers \$6 and
\$6.03.

Smith & Keigh-
ley handed over
their tender to
Henry Beatty.

14442. What is the next contract, in point of time, which we have not investigated?—Contract No. 52, for the transportation of rails from Montreal to Fort William. The contract was made with the North-West Transportation Co., and is dated 30th September, 1879.

14443. Was the work let by public competition?—Yes.

14444. Have you any copy of the advertisement or a report upon the tenders?—The tenders were called by circular. There was no advertisement.

14445. Have you a list of the firms to whom the circular was addressed?—Yes. The circular was addressed to Calvin & Breck, Folger Bros., Holcomb & Stewart, Butters & Co., Cooper, Fairman & Co., Thomas Kimling, James Swift, Thomas Dawson, D. McPhie, G. E. Jacques & Co., and Smith & Keighley.

14446. Do these comprise all the steamboat owners or agents known to the Department who would be likely to take the work?—Yes.

14447. Was there not another—the one who got the contract?—Mr. Beatty, the Manager of the North-West Transportation Co., had sent in an offer on the 3rd September, 1879.

14448. Then no circular was sent to him?—No.

14449. Did you treat his offer, made before the sending of the circulars, as a tender competing with the rest?—Yes.

14450. Have you a copy of the circular or any report upon the substance of it?—Yes; I produce a copy of the circular. (Exhibit No. 187.)

14451. Can you state the persons from whom you received any offer, including the previous offer of Mr. Beatty?—Yes; they are given in a report by Mr. Sandford Fleming dated 25th September, 1879.

14452. Can you produce the report?—Yes; I produce it. (Exhibit No. 188.)

14453. Read it?—“Including the harbour dues at Montreal the offers were from Calvin & Breck, \$6.03; from Smith & Keighley, \$6; North-West Transportation Co., \$6; Folger Bros., \$5.03 per ton.”

14454. Do you understand that these were all the offers upon the subject which were submitted to the Department?—Yes.

14455. This report appears to show that Smith & Keighley, of Toronto, offered to take these rails at the same price as the tender which got the contract?—Yes.

14456. Was there any reason for selecting one in preference to the other, or was it by arrangement among themselves that the contract was arrived at?—On the 29th September, 1879, Smith & Keighley telegraphed to the Department:

“If you favour us with contract for transport of steel rails and fastenings, Montreal to Fort William, kindly make contract to Henry Beatty, as he has made arrangements with the Grand Trunk for the prompt transport, and we carry half quantity. Will this be agreeable to you?”

14457. Is the Henry Beatty named here the gentleman who represents the North-West Transportation Co.?—He is the manager of that company.

14458. Then are we to understand that this contract was made in obedience to this telegram from the parties who made the offer at the same rate?—Yes.

14459. Was there any formal contract upon this subject beyond what is contained in those letters, and acceptance of the offer?—No. The acceptance by the Department is dated 30th September, 1879.

14460. To whom is it addressed?—To Henry Beatty, Manager of the North-West Transportation Co.

14461. Is this expenditure for part of the work which Mr. Ryan undertook to perform under contract 48—the first 100 miles west of Winnipeg?—No. It is for Fort William.

14462. Have you a copy of the letter from Mr. Beatty accepting the terms?—Yes; I produce it. (Exhibit No. 189.)

14463. Has the work under this contract been performed?—Yes.

14464. Paid for without dispute?—Yes.

Work performed and paid for.

14465. Is there any other matter connected with it that requires explanation?—I do not think of any at this moment.

14466. What is the next contract?—Contract No. 37. It is with Heney, Charlebois & Flood, for the construction of the Georgian Bay Branch, extending from South River, near Lake Nipissing, to Cantin's Bay on French River.

Railway Construction—Contract No 37.

14467. Was this work submitted to public competition?—Yes.

14468. Have you a copy of the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 190.)

14469. This schedule is apparently for tenders form A: is there any schedule for any other tenders?—Yes, form B; I produce it. (Exhibit No. 191.)

14470. Have you a copy of the specifications furnished to persons tendering?—I have not got a loose copy of the specifications, but there is one attached to the contract for the execution of the work. I produce the contract. (Exhibit No. 192.)

14471. Was the undertaking of this work authorized by Order-in-Council, or by the Minister alone?—By Order-in-Council dated the 2nd of September, 1878. I produce a copy of it. (Exhibit No. 193.)

Work authorized by Order-in-Council.

14472. What was the principal distinction between form A and form B, proposed for the tenders?—Form A was a subsidy per mile, and form B was by a schedule of quantities in the ordinary form.

14473. On which form was the contract completed?—On the form B—the schedule of quantities.

Work let on schedule of quantities to lowest tenderer.

14474. Then the policy of letting the work upon the basis of the subsidy was not carried out?—No.

14475. Was the contract let on the basis of the lowest tender?—Yes.

14476. Who made that tender: have you got it here?—The tender was signed by Robert McGreevy and John Heney. I produce it. (Exhibit No. 194.)

14477. The time named in the advertisement for receiving tenders was the 29th June, 1878: when were they opened?—They were opened on the 29th of June.

14478. Was there any written report upon the subject by the officers who superintended the opening?—I now produce the original upon which the former Exhibit (191) was based. (Exhibit No. 195.)

**Railway Con-
struction—
Contract No. 37.**

14479. This appears to be a schedule signed by Mr. Page, Mr. Smellie, and Mr. Braun, but I see no report upon the subject beyond the names and figures: was there any report, as far as you know?—
No.

Lowest tender accepted without discussion or report.

14480. Do you mean that the lowest tender was accepted as a matter of course, without any further investigation or discussion?—Yes.

14481. Is there any record to show now when these different tenders for this work were received in the office?—I find that the envelopes in which the tenders were received have not been preserved, and there is no record.

System of recording receipt of tenders.

14482. Has it been the system in your Department to keep any record of the time of the receipt of the different tenders for works, beyond the envelopes—I mean in any book?—No.

Tenders received by Secretary.

14483. Nor of the person who receives each tender?—The tenders are all received by the Secretary.

Laches of clerks as to connecting envelope with tender.

14484. It does not appear to have been the general practice to preserve the envelopes, because in most of those tenders which have been submitted for our inspection, the envelopes are not attached: have you any understanding in the Department upon that subject as to whether they should be preserved always or not?—My instructions to the clerks putting up those tenders, and booking them, are to preserve the envelopes, but I find it has not always been strictly carried out. Sometimes they appear to be missing.

14485. Has this omission come to your knowledge only lately, or have you been aware of it for some time past—that the practice was not carried out?—I have never made any special investigation into the matter.

A great many tenders without envelopes appended.

14486. In the progress of this investigation you have noticed, I suppose, that a great many are not accompanied by the envelopes?—Yes.

14487. Is that the first time that this omission to any extent came to your knowledge?—I have noticed it before.

14488. Has it been corrected since you first noticed it, or has it continued not corrected?—I cannot answer that question without further enquiry.

14489. Do you remember whether you took pains when it first came to your knowledge to give more positive instructions on the subject, or did you still permit it to go on as it had been going on?—I cannot recollect.

14490. Do you consider it a matter of any consequence that these envelopes should be preserved?—Not very important.

14491. Do you mean that it is not important to keep a record of the time of receiving the different tenders, in your opinion?—It would be important to keep a record of any tender which came in after the tenders were opened, or after the date mentioned in the advertisement, but before that I do not think it is important.

Thinks it is better the envelopes coming with tenders should be preserved.

14492. If a difference of opinion should arise on that subject after the time of receiving tenders, do you not think it would be important to have some record to settle the question: or have you taken for granted that such a question might not arise?—I think it is better that the envelopes should be preserved.

**System of re-
cording receipt
of tenders.**

14493. Have you ever known of any complaint on the part of any person whose tender had been rejected, that the successful tender had been put in later than the hour named for receiving the tenders?—No.

14494. Have you any reason to think that there ever was any cause for such a complaint?—No; I am quite certain there was no reason.

Quite certain that no successful tender came after time for receiving tenders.

14495. I suppose you mean that you feel certain of this, because you have perfect confidence in the officer whose duty it is to receive them?—It is because I am generally present, when in Ottawa, when tenders are opened, therefore I can speak with great confidence on that matter. In this particular case here I appear to have been absent from Ottawa, the tenders were, therefore, opened in the presence of other people.

14496. You will understand that I am not speaking of the time of opening tenders, because that would give no indication of the time of receiving them—the mere fact of opening them—but I understand that you have perfect confidence in the officer whose duty it is to receive them, and that, therefore, you are certain that none were received after the time; but if you were not present it would not be from your own knowledge, but from your confidence in that officer, is that so?—Yes.

14497. You, yourself, as I understand, have no personal knowledge of the actual time of the receipt of different tenders?—No.

No knowledge of the actual time of the receipt of any tender.

14498. Therefore it is not from your own positive knowledge that you have come to this conclusion?—No.

14499. Are you able to describe the system of preserving those different tenders from the time that they reach the hand of the Secretary until they are opened, or would it be better for us to enquire of the Secretary himself—I mean particularly as to the custody of the documents between the time of receiving them and the time of opening?—It would probably be better to enquire of the Secretary.

As to system of taking custody of the various tenders suggests that Secretary should be examined.

14500. Has the work under this contract been performed?—No.

**Railway Construction—
Contract No. 37.**
Work not performed.

14501. Are you able to say upon what engineering information, as to quantities, the work was undertaken?—I cannot do so without consulting the engineer.

14502. Was the stoppage of the work authorized by Order-in-Council?—Yes. On the 25th of July, 1879, an Order-in-Council was passed authorizing the Department to notify the contractor that the work would be stopped; and on the 14th of August, 1879, an Order-in-Council was passed annulling the contract, both of which I produce. (Exhibits Nos. 196 and 197.)

Work stopped by Order-in-Council.

14503. Has there been any dispute between the Government and the contractor on the subject of this stoppage?—The contractor has presented a claim which is now under consideration.

Contractors claim in consequence of stoppage is under consideration.

14504. What is the amount of his claim?—I have not got the claim with me.

14505. Are you able to explain the policy of the Government which led to the stoppage of this work?—No.

14506. The contract in this matter appears to be made with persons different from those who signed the tender, will you explain how they came to be the contractors instead of the persons who tendered?—On the 19th of July, 1878, Mr. Heney filed in the Department a letter written by Mr. McGreevy, asking to withdraw from the tender, and on

Contract in name other than those appended to tender.
McGreevy asked to withdraw from the tender.

**Railway Construction—
Contract No. 37.**

Heney asked to have Alphonse Charlebois and Flood's names substituted.

the 1st of August, Mr. Heney wrote to the Department, asking that the names of Mr. Alphonse Charlebois and Mr. Thomas Flood be substituted for that of Robert McGreevy. This course was approved of by the Order in-Council dated the 2nd of September, 1878, already filed.

14507. By the correspondence printed in the Return to an Address of the House of Commons of the 16th February, 1880, it appears that Ripley, Smith & Co. are making a claim against the Government upon the ground that this work has been stopped: have those parties been recognized as persons dealing with the Government—I mean Ripley, Smith & Co.?—No.

14508. Is there any other matter connected with this contract which you think proper to explain?—No.

**Iron Bridge—
Contract No. 56.**

14509. What is the next contract which we can take up now?—It is contract No. 56, with the Kellogg Bridge Co. It is for furnishing and erecting of the iron superstructure of the bridge over Rat River.

14510. What is the amount involved in round numbers?—It is about \$1,400.

14511. How was the work authorized?—Mr. Sandford Fleming, in a report dated November 24th, 1879, stated the facts of the case, and this was approved by the Minister

14512. Was the work let by public competition?—It was advertised.

14513. Have you any report upon the tenders?—The report is already in your hands. It is attached to the paper which I have produced. (Exhibit No. 198.)

Work let to lowest tenderer.

14514. Was the work let to the lowest tenderer?—Yes.

14515. Was it much lower than other tenders?—Yes; much lower.

Work not completed.

14516. Has it been completed?—No; it is not completed.

14517. Why not?—I cannot state that without enquiring of the engineer. The work has not been completed. Further information can be obtained from the engineer of the office.

**Railway Frogs—
Contract No. 57.**

14518. What is the next contract?—Contract No. 57, with the Truro Patent Frog Co., for the supply of 120 patent adjustable railway frogs, with signal frame and switch gear.

No public competition.

14519. Was there public competition for the work?—No.

14520. How was the agreement arrived at?—The circumstances of the case are fully explained by Mr. Sandford Fleming in a report dated 11th November, 1879, which I produce. (Exhibit No. 199.)

14521. I see that this report states that frogs and switch gear were required to be used at Fort William, and that what had been previously obtained from another maker had cost: frogs, \$30 each, and bars and switch gear, \$56.50 each; and that these contractors offering to supply them at a less price, the Minister approved of the order to the present contractors; was there any further discussion upon the subject than what appears to be mentioned in this report, or do you know of any other reason for the matter being carried out as mentioned?—I do not know of any other reason.

Acceptance of work confirmed by Order-in-Council.

14522. Have you any further correspondence on the subject which you can produce?—I produce the Order in-Council confirming the

**Railway Frogs—
Contract No. 57.**

acceptance. (Exhibit No. 200.) I produce also copy of the correspondence on the subject. (Exhibit No. 201.)

14523. What was the amount altogether involved?—About \$12,000.

14524. Has the contract been fulfilled?—Yes.

14525. Has there been any dispute upon the subject?—No.

14526. Is there anything further on this matter which you can explain?—No.

OTTAWA, Friday, 12th November, 1880.

TOUSSAINT TRUDEAU's examination continued:

By the Chairman:—

14527. Are you prepared to take up contract 53?—It is for the supply of 30,000 tons of steel rails with a proportionate quantity of steel fish-plates, and bolts, and nuts, delivered at Montreal. The contract is with the Barrow Hæmatite Steel Co., Limited.

**Purchase of
rails—
Contracts Nos.
53 and 55.**

30,000 tons of steel
rails.

14528. What is the date?—The date of the contract is the 30th August 1879.

14529. Was this work offered to public competition?—Yes.

**Work offered to
public competi-
tion.**

14530. In what way?—By public advertisement.

14531. Where?—In England.

14532. Have you a copy of the advertisement?—I have; and I produce it. (Exhibit No. 202.)

14533. What authority was there for procuring these rails?—The authority of an Order-in-Council dated 13th June, 1879.

**Rails procured on
authority of
Order-in-Council.**

14534. Had there been any report from the engineer upon the subject before this order?—Yes, there was a report by Mr. Sandford Fleming, Chief Engineer on the line, dated June 7th, 1879.

14535. What is the substance of this report?—The substance of this report was the recommendation to purchase 30,000 tons of rails, one-third to be delivered on the 1st of October, 1879; one-third on the 1st June, 1880; one-third on the 1st of October, 1880.

**Fleming recom-
mends purchase.**

14536. Can you produce this report and recommendation?—I produce Mr. Fleming's report, also the Order-in-Council. (Exhibit Nos. 203 and 204.)

14537. Do you know why these rails were purchased to be delivered at Montreal instead of in England; I think the same course was followed in the previous purchase for those rails which were coming to this part of the Dominion?—It was thought that the people making the rails could find cheaper means of conveyance from their respective ports.

14538. How many tenders were received offering delivery at Montreal?—Seventeen.

14539. You mean for rails?—For rails, bolts and nuts.

14540. What was the price in the lowest tender for rails, and who made it?—The lowest tender for delivery at Montreal was from John Wallace & Co.

**Lowest tender
for delivery at
Montreal from
John Wallace
& Co.**

**Purchase of
Rails—
Contracts Nos.
53 and 55.**

14541. At what rate?—Delivered on the 1st October, 1879, £4 15s.; for the delivery on the 1st June, 1880, £4 17s. 6d.; for delivery on the 1st October, 1880, £4 17s. 6d.

Other tenderers and their prices from £4 17s. 6d. to £5 5s.

14542. Who made the next lowest tender, giving similar particulars?—The second lowest is from the Barrow Steel Co. for delivery on the 1st October, 1879, £4 17s. 6d.; for delivery on 1st June, 1880, £5; for delivery on 1st October, 1880, £5 2s. 6d. The third lowest is from Guest & Co. for delivery on the 1st October, 1879, £4 17s. 6d.; on the 1st June, 1880, £5; on the 1st October, 1880, £5 5s.; and the fourth is the West Cumberland Co. for delivery on the 1st October, 1879, £4 19s., and for delivery on the 1st June, 1880, £5 2s.

14543. Did they make no offer for delivery in October, 1880?—There is no price named in their tender.

14544. Are the tenders offered by the other parties less advantageous to the Government than these four which you have named on the subject of rails?—Yes.

14545. I see that the next two contracts which were completed after 53 are also upon the subject of rails, did they arise out of this same lot of tenders?—Yes.

14546. Contracts seem then to have been made with three out of four of these tenderers?—Yes.

Wallace & Co.'s tender accepted but they refused to sign contract.

14547. But no contract with Wallace the lowest tenderer; can you explain the reason for it?—Messrs. Wallace & Co. are not manufacturers of rails; their tender was accepted, but they refused to sign the contract. I produce a report by Mr. Fleming dated the 1st October, 1879, explaining the circumstances of the case up to the date of his report, and the Order-in Council dated 6th January, 1880, ordering that the suit commenced against Wallace & Co. be discontinued. (Exhibits Nos. 205 and 206.)

Contracts awarded in England where Government represented by Sir Leonard Tilley and Sir Charles Tupper.

14548. Was the awarding of those contracts decided in Canada, or in England?—In England.

14549. And who were there representing the Government?—Sir Leonard Tilley and Sir Charles Tupper.

14550. Was the Chief Engineer there also?—Yes.

14551. Have you any original or copies of the correspondence with Wallace & Co., upon the subject of this offer of theirs, and the refusal to execute the contract?—Yes; I produce it. (Exhibit No. 207.)

Of 45,000 tons 34,000 for application to Canadian Pacific Railway.

14552. What was the whole quantity of rails covered by these three contracts?—45,000 tons, but there were 11,000 tons intended for the Intercolonial Railway. The quantity to be applied to the Canadian Pacific Railway was 34,000 tons.

14553. At the time of asking for tenders was a quantity so large as that recommended to be obtained?—In Mr. Fleming's report the quantity is stated at 30,000 tons for the Canadian Pacific Railway.

Quantities increased by negotiations subsequent to tender.

14554. Was the offer of the Barrow Co., which appears to be the lowest originally, for the quantity which they afterwards contracted to supply, or was it increased by subsequent negotiations?—It was increased by subsequent negotiations.

Purchase of
Rails—
Contracts Nos.
53 and 55.

14555. What was the quantity which they originally wanted to supply?—15,000 tons.

14556. Was the supplying of the increased quantity awarded to them before the next contract was offered to Guest & Co.?—The Barrow Co. was informed, on the 25th July, that the Minister accepted their offer for 15,000 tons, but they were asked whether they could deliver any more at the same price in that same year. The same acceptance for 10,000 tons was sent to Guest & Co. on the same day.

14557. You mean a similar acceptance?—Yes; a similar acceptance.

14558. Then it must have been by subsequent negotiations that the quantity to be supplied by the Barrow Co. was increased from 15,000 tons to 30,000 tons as the report upon the contract shows it to have been: can you say when that negotiation commenced for the increased supply?—On the 30th July, 1879, a letter was received from the Barrow Co. or their agent stating that they were willing to enter into a contract for 30,000 tons.

30th July, 1879, the Barrow Co. express their willingness to enter into a contract for 30,000 tons.

14559. At the price of their lowest tender, or was there any change in the price for this increased quantity?—At the same price. They say "double the contract on the same terms and prices as those already accepted by you."

14560. To whom was this addressed?—To Mr. Sandford Fleming.

14561. Was this a voluntary offer on their part, or was it in answer to some proposition on the part of the Government: is that shown in the correspondence?—In the first communication dated 25th July, already referred to, Mr. Fleming, on behalf of the Minister, says: "Can you deliver more at same price this year?"

25th July, Fleming on behalf of Minister asked Barrow Co. if they could supply more rails at same price that year.

14562. Then this offer of the company appears to be a qualified answer to that question: is that as you understand it?—Yes.

14563. Can you say when it was decided to accept this offer for the increased quantity?—It was accepted by letter to the Barrow Steel Co. dated 30th July, 1879.

14564. That was the day following their offer?—No; it was the same day as they offered.

14565. From what place was the Barrow Co.'s offer?—The letter written by the Barrow Co. on the 30th July, does not appear to be dated from any particular place; other letters written on behalf of the company are dated Clarges Street, Piccadilly, London.

14566. Do these contracts cover any other materials than the rails?—Yes; fish-plates and bolts and nuts.

Fish-plates, bolts and nuts covered by contracts as well as rails.

14567. Did the offer to supply these articles rank in the same way, as to prices, as the offers to supply rails?—Not precisely; but very nearly.

14568. Is the offer for these materials, irrespective of rails, more favourable to the Government than the offers which were accepted?—The offers for fish-plates should not be separated from the offers for rails. The fish-plates must be made to fit the rails.

Fish plates should come from the firm supplying rails.

14569. And are they always supplied by the same contractor who supplies the rails?—Yes.

14570. Then bolts are sometimes contracted for separately, are they?—Sometimes.

**Purchase of
Nails—
Contracts Nos.
53 and 55.**

14571. As to bolts: can you say whether the price for them, offered by any tender which was not accepted, is lower than the prices for bolts in the tenders which were accepted, to an extent which would vary the relative rank of the tenders as a whole, both for rails and plates and bolts?—No, I cannot answer at this moment, but I shall get a statement prepared.

14572. Was there any claim for any extras on any of these contracts, such as packages or any other item of that kind?—There was a small claim made by the Barrow Co. in connection with the packing and oiling of the bolts. The case is reported on by Mr. Fleming and explained in the report dated the 12th of January, 1880.

14573. What was the amount of this claim in round numbers?—About £300 sterling.

14574. Were these cases of a different character from those which had been previously used in the transportation of articles of a similar kind?—In his report, Mr. Fleming says that in the conditions attached to the face of the tender, prepared by him in Ottawa, clause 16 sets forth: "That the bolts and nuts must be done up in such parcels and such manner as will secure them against loss in transportation;" and in the specification which was subsequently prepared, when he was in London, the following words were inserted defining the manner necessary to secure them against loss in transportation, namely, "that the bolts and nuts are to be heated and dipped to prevent rust; and packed in strong, iron-bound cases, each to contain not over two cwt." The Barrow Co. claim that the customary method of packing bolts and nuts is in coarse bags. The claim was considered and allowed.

14575. Do you know whether this practice, claimed to be the common one, had been the one formerly adopted—I mean of transporting these articles in bags?—For short distances; but Mr. Fleming says in his experience a great loss results from this mode, because the bags become torn in handling and the contents drop out.

14576. Then Mr. Fleming reports that this is a proper claim to be allowed, as I understand you?—Yes.

14577. Have these contracts been fulfilled—53, 54 and 55?—Contract No. 53 is not completed; but 54 and 55 are completed.

14578. Is there any dispute upon the subject of contract 53?—No.

14579. Is there any other matter connected with either of these rail contracts which you wish to explain?—No.

14580. Is there anything further on the subject which you consider ought to be investigated?—No; but I put in contracts. (Exhibits Nos. 202, 209, 210.)

Claim £300 by Barrow Co. in connection with packing and oiling bolts.
Claim allowed.

Contract 53 not completed.
Contracts 54 and 55 completed.

REYNOLDS. THOMAS REYNOLDS, sworn and examined:

**Purchase of
Rails.**

By the Chairman:—

14581. Where do you live?—In London, England.

14582. Have you had any connection with any of the transactions of the Canadian Pacific Railway?—Yes, I have.

14583. Which was the first?—I think the first was in 1874, when I came out for the Ebbw Vale Steel and Iron Co., of South Wales.

**Purchase of
Rails.**

14584. On page 9 of a Return to an Order of the House of Commons, dated 2nd March, 1876, appears, a copy of a letter signed Thomas Reynolds jun. ; will you please look at it and say if it is from you?—Yes.

14585. This seems to be an offer made by you on behalf of two separate companies?—Yes: the Ebbw Vale and the Aberdare companies.

14586. Each for 5,000 tons of steel rails and necessary fish-plates and bolts and nuts; the price from the first named company is apparently £11 sterling and from the second named company £11 5s.: do you remember whether the offer of either of these companies was accepted?—The first, the Ebbw Vale, was accepted, but not the Aberdare.

14587. You were in Ottawa at this time?—Yes.

14588. Do you remember whether there was any offer on the part of any one connected with the Government to increase this quantity of 5,000 tons at the price of your tender?—I was asked if the Ebbw Vale Co. would increase their quantity of 5,000 tons, and I cabled to England, but they refused.

2nd March, 1876, made offer on behalf of Ebbw Vale and Aberdare Co.'s, 5,000 tons severally at £11 or £11 5s.

Ebbw Vale Co. refused to double their order.

14589. Do you remember if there was any correspondence on the subject, or was this a verbal communication to you?—Verbally, I think.

14590. Do you remember by whom?—I am not quite sure, but I think it was through Mr. Fleming. I am not quite sure of it.

14591. No transaction was completed on account of the Aberdare Co.?—None whatever.

14592. Did you return to England shortly after this letter?—Yes.

14593. What is your occupation?—Civil engineer.

14594. Are you connected with the sale of iron materials?—Iron and steel, and everything in connection with railways and engineering works.

Witness's occupation: Civil Engineer.

14595. Have you been in England most of the time since this transaction?—Entirely, excepting the month or so which I take to come out, as a rule, to Canada for a holiday in the winter.

14596. Have you kept yourself well acquainted with the fluctuations of the market for these materials?—Yes; our business, of course, forced us to do so, because we were continually in the market.

14597. Do you know what the tendency of the market was in the fall of 1874 and the beginning of 1875?—Downwards.

Tendency of market in fall of 1874 and beginning of 1875, downwards.

14598. Was there a marked difference in the price or only slight?—It fell away gradually and steadily.

14599. Would this fluctuation affect the prices of nuts and bolts as well as of rails?—Yes.

14600. To the same extent proportionately?—Very nearly, I should say.

14601. Compared with the market of November, 1874, what would you say was the state of the market in March, 1875, for nuts and bolts?—It was weaker.

In March, 1875, market weaker than in 1874.

**Purchase of
Rails.**

Since 1874 markets have fallen steadily up to July, 1879, when they touched bottom.

Rose violently after July, 1879.

Prices paid under above contracts the lowest ever paid.

Comparison of prices of rails from November, 1874 to March, 1875, with subsequent prices shows that they were lower between March, 1875 and July, 1879.

Rails thought to have touched bottom in November, 1874.

14602. Do you mean that the prices were lower?—Prices were, I should think, a couple of pounds a ton lower—possibly more.

14603. Could you describe, in a general way, the changes in the markets from year to year since then; of course I do not mean with precision at all, but the main tendency?—Since 1874, the fall of 1874, I think the markets have fallen steadily until last summer.

14604. Have they risen since that?—Last summer about July they touched the bottom: not the summer of this year, but last July twelve months.

14605. You mean July of 1879?—Yes, July of 1879 they touched their bottom—from June to July, 1879, I should think—after which they rose very violently until the end of January this year, 1880, or the middle of February, 1880. They then took a very rapid fall until July of this year, 1880, when prices again rose until the beginning of September; then there was a slight weakening between that and the present time, but only a matter of five shillings or so.

14606. Did you take any part in the transactions which resulted in contracts last year with the Barrow Hæmatite Steel Co., and Guest & Co., and the West Cumberland Iron and Steel Co.?—Not as far as enquiring for tenders or anything of that sort.

14607. In what capacity?—As inspecting engineer.

14608. How do the prices given at that time compare with the prices given either before or after?—They were about the lowest prices that I think have ever been entered into for steel rails, either before or since, of that weight and quality.

14609. Did you inspect them?—I did.

14610. Were they satisfactory in every respect?—In every respect.

14611. How do the prices of the season from November, 1874, to March, 1875, compare with the subsequent prices of rails?—They have been lower since. Last spring they rose, after the violent rise which took place after July, 1879, to about the same price or very nearly so as they were at in the fall of 1874. That is speaking roughly.

14612. Could you speak as to the price of rails between November, 1874, and January, 1875: were they likely to be got by the Government in January, 1875, as low or lower than in January, 1874?—As low, but the fall may not have been sufficient; was not enough for me to remember it. There may have been a slight fall but no rise; they weakened from November, but I cannot say to what extent by January.

14613. Do you know what the general expectation or understanding in the iron trade was as to the future—I mean what was it during the season I have mentioned, during 1874 and 1875?—In the markets in November, 1874, we thought rails had fallen as low as they could possibly be, and that was their feeling for some time afterwards. They did not think they could make rails at such low prices, certainly not as low as they did afterwards make them—that is, steel rails.

14614. In November, 1874, would it therefore be considered a good time to purchase?—Yes.

14615. Was then the feeling of the trade that the price would be firmer afterwards?—Yes; and manufacturers.

**Purchase of
Rails.**

14616. Could you say about what time that confidence became weakened and there was a disposition to part with them at lower rates?—I fancy it grew gradually as they were forced to fill their books with orders.

Weakening of
confidence.

14617. From about what time would it begin to grow weaker?—Well, I think that as the market fell they considered all the time that it was seeing the lowest price. I do not think they ever expected to get much lower prices than at the time we are judging of.

14618. Then you think the price fell gradually until the summer of 1879?—Yes; just now you asked me if I had anything to do with the purchase, last summer, of 45,000 tons. I had not except as inspecting engineer. It was previous to that I had.

14619. I was aware of it, and I was coming to that in a short time; but first I shall ask if there is anything more which you can explain in the shape of information as to the general market or tendency of markets between November, 1874, and this time?—I do not think more than I have already mentioned.

14620. Can you name any publication that would give the general tendency of the changes in the market of rails and nuts and bolts?—As to papers?

14621. In any shape—papers, or pamphlets, or books, which are considered authoritative by the trade—I do not mean as to the exact prices, but as to the tendency?—There is the paper called *Iron, The Engineer, Engineering*, and the *Iron and Coal Trade Review*, I think all have notices of the market, but whether some of these were in existence in 1874 I cannot say. *Engineering* and *The Engineer* were.

Journals of
authority in iron
trade: *Iron, The
Engineer, Engi-
neering, Iron and
Coal Trade Re-
view.*

14622. Are there any similar publications in the United States upon such subjects, which are considered authorities?—Yes, I think so; but I cannot give the names. I fancy they follow the market more closely than we do.

14623. As a rule, is there a sympathy between the English and American markets?—Yes.

A sympathy be-
tween English
and American
markets.

14624. Then do you think that the American publications would give us information upon that subject as to the general tendency of the rise or fall?—I think very likely.

14625. Have you seen these American publications at different times?—Yes.

14626. Do you know whether they quote English prices as well as American prices?—That I do not know; but I think some of them do.

14627. Had you any further connection with the transactions of 1874 to 1875, beyond what you have described, for this one contract with the Ebbw Vale Co.?—No.

14628. What is the next transaction in which you took any part?—In 1879.

14629. On whose behalf were you acting in that?—I received a cable from Mr. Fleming.

In 1879, Fleming
cabled him to re-
ceive tenders for
5,000 tons.

14630. To what effect?—To obtain tenders for 5,000 tons.

14631. Did that result in any contract?—Yes; 5,000 tons were purchased.

**Purchase of
rails.**

14632. From what company?—Three: the Eblw Vale Co, the West Cumberland Co., and I think, the Barrow Co.

14633. Please look at this correspondence as furnished to us by Mr. Trudeau from the Department of Railways, and if it refreshes your memory describe the transaction as well as you can?—Yes; those are the cables that passed. (Exhibit No. 159)

14634. I understand that competition in this transaction was not invited by advertisement?—No.

Witness selected firms to whom circulars should be addressed.

14635. Did you select the firms to whom circulars were addressed?—Yes.

14636. Was it done on your responsibility and at your discretion?—Entirely.

14637. How were you guided in deciding to whom they should be addressed?—I sent the tenders or enquiries to all the makers who were likely to be able to make delivery within any time required, and who made the rails of the weight required.

14638. Did you omit any who were dealing in rails of the required quality?—I do not think so.

The mode of inviting competition by circular the best.

14639. Can you say whether it would be possible to have got any better offers by any other mode of inviting competition than the one adopted?—No; I think the one adopted was the best.

14640. Do you think it was better than publishing an advertisement in the newspapers?—Yes; because an advertisement simply helps to stiffen the market. If the enquiry goes to all those who are likely to offer at all you save that, and at the time you get the same answer you would if you advertised.

14641. Have you had transactions in the supplying of rails in addition to those with the Canadian Government?—Yes; I am continually. We are in the market all the time, and when we know makers are so full that they cannot compete for deliveries required we do not write to them.

14642. When you say full do you mean full of orders?—Full of orders, or unwilling to quote for such deliveries.

Some makers will not quote more than a short time ahead of delivery.

14643. When you speak of unwillingness to quote for particular deliveries do you mean deliveries at particular times?—Yes; some makers will not quote more than a certain time ahead. If you ask for delivery six or eight months ahead, they will, perhaps, refuse; and if we know they are refusing such deliveries we do not enquire from them, when that is wanted others are full for immediate delivery, and therefore when such delivery is wanted we omit them.

14644. How could you tell whether they were full for delivery at a particular time?—By their answers to us and answers to other enquiries.

14645. On behalf of other purchasers do you mean?—On behalf of other purchasers.

Lowest offer accepted.

14646. In this transaction of 1879, do you remember whether the lowest offer was accepted?—The lowest offer was accepted for the delivery required. I do not remember what the prices were at the present moment, but the lowest offer was accepted.

**Purchase of
Rails.**

14647. The West Cumberland Co. appear not to have taken the whole quantity required, but only 2,000 tons: do you remember why that was?—Because they could not deliver more than that quantity in the time required.

14648. Do we understand that they did not offer to supply more than 2,000 tons?—That I cannot say without seeing the correspondence, because they may have taken the balance after the three others were taken, and I fancy theirs was the same price, and one could not deliver all; consequently the others got the balance, but I do not know which was started with. One of the makers at the price could not take all, consequently he got what he could fill, and the others got the balance at the same price divided between them.

14649. Please look at this parcel of correspondence (Exhibit No. 159) and say if that is the original correspondence on the subject in which you took part?—Yes, it is.

14650. This was transmitted by you to the Department?—It was.

14651. This appears to show that the West Cumberland Iron and Steel Co. took the first contract at £4 19s. per ton; and that the balance of the 5,000 tons—that is about 3,000 tons—was about equally divided between the other two contractors at £5 a ton; is that your recollection?—Yes.

West Cumberland Iron and Steel Co., took first contract at £4 19s. and the balance of 5,000 tons or 3,000 tons were divided among two contractors at £5 a ton.

14652. Is there anything to be explained beyond what appears in this correspondence?—No; I think not.

14653. Have you taken part in any other transaction on account of the Canadian Pacific Railway?—No; I do not think so.

14654. Is there anything further connected with the Canadian Pacific Railway upon which you can give us information?—I do not think there is.

OTTAWA, Tuesday, 16th November, 1880.

JAMES GOODWIN, sworn and examined:

GOODWIN.

By the Chairman:—

Tendering—
Contracts Nos.
41 and 42.

14655. Have you been interested in any transactions connected with the Canadian Pacific Railway?—I tendered for sections A and B this side of Winnipeg.

14656. You mean the Pembina Branch?—No; the Thunder Bay Branch, sections A and B.

14657. Did you tender for both sections A and B?—Yes.

Tendered for
sections A and B.

14658. And also for the united section called C?—No; there was one section A and B advertised at that time, if I recollect right.

14659. Do you know whether yours was the lowest tender for either of those sections?—No; it was not.

Was not lowest
tenderer.

14660. Were you interested in any way in the contracts for either of those sections?—No; my tender was not accepted.

14661. Did you become interested afterwards in any of the contracts?—No.

Tendering—
contracts Nos.
41 and 42.

Asked to go in
with Andrews,
Jones & Co.

14662. Was there any complaint on your part that the contract was improperly awarded?—No; not at all.

14663. Is there anything further about your connection with either of those sections which requires explanation?—No; I was asked by some parties to go in with Andrews, Jones & Co. The Honourable Mr. Macdougall spoke to me and wanted me to go in with them, and I told him I would consider it. He said the time was up and the Government would not wait. I think this was upon a Saturday night or Sunday morning. We had some talk about it on Saturday night, and on Sunday morning he came down to my place and I studied it up, and said I would go up and ascertain whether the Minister would not wait a couple of days. We talked the matter over and he finally agreed to wait two days longer—I think until the afternoon of Tuesday—I would not be very positive, but I think he was to wait until the afternoon of Tuesday. Either Monday evening or Tuesday morning I made up my mind I would not go into it. It required a large amount of money. I recollect going up to his office and went into the Private Secretary's office, and he was either engaged or had gone to Council, but I wrote a note stating that I would have nothing to do with the matter that the Honourable Mr. Macdougall and I were talking about; that is all I know about it.

Wrote to Minister that he would have nothing to do with it.

14664. Do you remember whether that withdrawal was on a Monday or a Tuesday?—I am disposed to think it was Tuesday, but I will not swear positively, I know it was Monday evening that I wrote the note anyhow.

14665. Then had you made up your mind on Monday evening that it was not a transaction that you cared to go into?—Yes; I thought it my duty to write immediately over to the Minister, or see him.

14666. Had you any further connection with that transaction?—No; nothing at all.

14667. Had you any connection at all with the other sections which was tendered for about the same time as section A?—A and B I now speak of.

Tendered for the
whole of sections
A and B himself.

14668. Yes; but Andrews, Jones & Co. had no chance of giving you an interest in section A, it was only section B that was awarded to them?—I disremember that, I believe you are right though. I am not able to swear now whether they had section A or B. I know I tendered for the whole of that section, A and B, myself,

14669. For it as a combined section or separately?—Separately; separate tenders.

14670. Do I understand you to say that you are not able at present to decide whether you had an opportunity of going in on both of those sections afterwards, or only on section B?—If Andrews, Jones & Co. did not tender for section A, of course I could not go in with them for it.

Hon. Wm. Macdougall wanted him to go in with Andrews, Jones & Co. on Contract No. 42.

14671. It may be they tendered for it; but as far as we know at present we have no information that it was ever awarded to them?—Whatever was awarded to them Mr. Macdougall wanted me to go in with them on.

14672. Then is this your recollection that whatever contract was awarded to them, Mr. Macdougall, on their behalf, proposed to you that you should join them on that same contract?—Yes.

Tendering—
Contracts Nos.
41 and 42.

14673. And do you say that on Monday, some time, you decided that you would not go in?—Yes; I decided I would not go in, and wrote to the Minister accordingly.

14674. If you had decided to go in would you immediately have been enabled to raise the necessary security if it was decided?—I think I could raise all that was required.

If he had decided to go in with Andrews, Jones & Co. could have raised required security.

14675. Was it proposed that you should raise the money?—I did not say one word as to what I would raise or would not raise; there was not a word said about what I would raise. I don't know the members of Andrews, Jones & Co.'s firm, to my knowledge I never seen them.

14676. Then you had no communication at all with them, it was only with Mr. Macdougall on their behalf?—Only with Mr. Macdougall on their behalf.

Never communicated directly with Andrews, Jones & Co.

14677. Do you remember whether Mr. Macdougall said he was authorized to make such a proposition, or whether it was only a proposition to be carried on further between him and Andrews, Jones & Co., in case the opportunity should be offered as to the extension of time?—He did not say he was authorized, Judge, at all.

14678. He did not say it?—He did not, he only said: "Will you, will you."

14679. Then did you understand that this proposition had come through any authorized channel, from the firm of Andrews, Jones & Co., to you?—I had reason to believe that Mr. Macdougall and them were acquainted, and he simply asked me if I would join in. He did not tell me he was authorized to make any offer, or anything of the kind.

Hon. Wm. Macdougall simply asked him if he would join them.

14680. Did you ever discuss this matter afterwards with any member of that firm?—Not a soul, not one. I would not know one of them if they walked in here to-day.

14681. Do you know Col. Smith of New York?—Oh, very well.

14682. Did you not discuss it with him?—Not a word. I never heard him say a word about it.

Never discussed the matter with Col. Smith.

14683. Had you any complaint to make about section A not being awarded to you?—Well, I think, Judge, that I tendered in a bulk sum; but I am under the impression that my tender in the bulk sum was lower than the tenders according to schedule rates, and I think I did—I don't know, I don't think I did to the Minister—I think I said something to him, but I do not know.

Put in a bulk sum.

14684. Is it your impression now, that besides tendering for A alone and for B alone, that you made one tender to cover both?—I think so, in a bulk sum you know. I said section A so much, and section B so much, to the best of my recollection; but, of course, I put in a bulk sum for section A and section B separately, and so much for section A, and so much for section B. I also put in a tender according to the advertisement. I could not find fault, Judge, you know according to the advertisement in the papers, because they advertised for a schedule of prices. They did not advertise for a bulk sum, so I could not find fault.

Also tendered by schedule.

Had no reason to find fault.

14685. Then you put in no tender for the whole of this distance, about 185 miles?—Yes; I put in a tender for that.

**Tendering—
Contract Nos.
41 and 42.**

Thinks he was as low as Andrews, Jones & Co. on the bulk sum.

14686. But I mean you did not put it in according to the specifications which the Government required?—I put in two tenders, one for a bulk sum and another according to the advertised schedule of prices.

14687. Well, it was on the bulk sum that you think you were lowest?—I think—I am not quite sure—but I think so according to the quantities. I think I was as low as Andrews, Jones & Co.

14688. Did you claim that you were as low for the whole combined distance on the bulk sum as Andrews, Jones & Co.'s offer and Marks & Conmee's offer together?—I do not know about that, Judge.

14689. Without knowing anything about their offer, how did you come to the conclusion that you were lower?—I heard them talking about it afterwards. I did not get any information from the office, but according to the quantities given, Judge, and then, according to my bulk sum, I think I was a little lower. I will not swear positively, but I think my clerk said I was; but then the bulk sum was not according to the advertisement in the papers.

14690. Upon the schedule of quantities and prices did you consider that you were entitled to any contract?—No; they were below me.

Not entitled to contract.

14691. Then, according to the specification and the manner of putting in tenders prescribed by the Government, you did not claim that you were entitled to any contract?—No; I did not claim it.

Declined to go in with Andrews, Jones & Co. in Contract 42 because their prices were too low, and because they were strangers.

14692. Could you explain the reasons why you came to the conclusion that if you had a chance to go in with Andrews, Jones & Co. on section B, you thought it was not advisable to do so?—First, I think, in looking over their tender they had not prices enough in my own opinion, and the next they were strangers to me and I did not like to go in with them. I believe on Monday—that was the day I saw the Minister—that they had not prices enough for that contract.

**Contracts Nos.
60--63, B.C.**

Tendered for sections A, B, C and D in British Columbia.

14693. What was the next transaction in which you were interested?—Well, I tendered for A, B, C and D, in British Columbia.

14694. As to section A, do you know who were the successful tenderers?—A. P. Macdonald and others.

Not entitled to contract for section A.

14695. Did you claim that you were entitled to that contract?—No, I did not.

14696. Have you anything to complain of in the manner in which that contract was awarded, or of the decision on it?—Not a word, Judge; not a word of complaint to make. I think the lowest tender got it in every case.

Makes no claim as to section C.

14697. As to section C, do you know who got that?—I think the same party that got section A.

Nor regarding section D.

15698. Have you anything to complain of concerning the awarding of that contract?—No, Judge, I have not; nor section D either.

14699. Do you know who were the successful parties on section D?—Mr. Kavanagh, I think.

14700. You also tendered for that?—Yes; I tendered for the whole of it.

14701. You have nothing to complain of?—No; not a word, Judge.

14702. You have no reason to think that the contract should have been awarded to you instead of them?—No.

**Tendering—
Contract No. 61,
B.C.**

**Section B awarded to witness,
Hugh Ryan and
Col. Smith.**

14703. On which section did you become a contractor?—Section B; myself, Hugh Ryan and Col. Smith. I don't know whether Ryan signed as Purcell & Ryan; but I think it was Purcell & Ryan and Goodwin & Smith.

14704. You said you were the lowest tenderer on section B?—Yes.

14705. And that the contract was awarded to you?—Yes.

14706. P. Purcell, of Williamstown; Hugh Ryan, of Perth; James Goodwin, of Ottawa; James N. Smith, of Brooklyn, New York?—Yes; those are the firm.

14707. Is there any other person interested in that firm?—No other. I do not know whether Ripley was interested with Smith; he did not sign Smith & Ripley, but only J. N. Smith.

14708. Was there any other person as far as you believe?—No; not as far as I know.

14709. Do you remember about the amount of your tender in this case?—No, Judge, I do not; I forget now.

14710. The Blue Book published in 1880 upon this subject, gives the amount of your tender in this case at \$2,573,640: do you know whether that is about the sum?—I think so. Amount of tender
\$2,573,640.

14711. Have you any reason to think that that is not correct?—I have no reason to think that it is not correct.

14712. Did you execute the contract?—No; I sold out my interest. Sold interest to
Onderdonk.

14713. Was that before the contract was executed?—Well, I think—upon my word I think we executed the contract at the time. I think so, because the Government would not agree—would not acknowledge Onderdonk for some time after.

14714. Was it finally arranged that he should become the contractor instead of you and your firm?—Yes, oh yes. Onderdonk became contractor
at the same
prices.

14715. At the same prices that you were to get?—Oh, the same prices, yes.

14716. In fact he bought your position?—He just gave us so much for our position.

14717. Did you give him your position without any consideration?—Oh, no; I got one-third of \$100,000, less \$1,500.

14718. I do not think it is necessary for us to know how you divided the amount between yourselves, but am I to understand that the contract was parted with upon this basis: that it was worth \$100,000?—Yes, \$100,000, that is it. \$100,000 paid by
Onderdonk to
witness's firm.

14719. And you got such a share of that as was agreed upon among yourselves?—Yes.

14720. You have spoken of a reduction of \$1,500: was that intended, or if not that, any other part of the \$100,000, to go to any outsider for giving you any information or assistance in your tenders?—No; it was one of the members of the firm who considered that we sold too cheap, and kicked over the traces, and would not sign. I told him to fix it up any way. I was not well at the time, and I said: "Fix it up any way, Smith;" and Smith wanted to go away, you know, and I said: "Give him so much."

**Tendering—
Contract No. 61,
B.C.**

14721. I do not want to go into that unless there was something paid for improper assistance?—No; Hugh Ryan got it.

Government re-
fused for some
time to acknow-
ledge Onderdonk.

14722. After this arrangement with Onderdonk, was it finally concluded that the Government should accept him as the contractor and release you?—The Government did not for some time. Well, they were a little uneasy about it, and it was some time before the Government released me, and Hugh Ryan and Smith.

14723. Do you remember whether any influence was brought to bear on the Government to induce them to consent to the arrangement?—No, not a bit; not a bit as far as I know.

14724. Do you know any Member of Parliament who got any advantage by their consenting?—No; not a soul. The only influence I got was myself. I knew the parties in the United States wanted to get the contract in their own names, and I spoke to the Government about it, as I knew they had \$600,000 up at the time.

14725. Do you mean the Onderdonk party?—Yes.

No Member of
Parliament nor
any one connect-
ed with any De-
partment got any
advantage in
consequence of
the transaction.

14726. Are you aware of any person connected with the Govern- ment—I do not mean Members of Parliament, for I have already asked you about them; but in any such office as clerk, or secretary, or other person in the Departments—getting any advantage in consequence of this transaction of selling out?—Not a shilling, to my knowledge; and I swear positively that they did not get a shilling, and they could not well get it without my knowing it.

14727. Who made up the tenders for this successful offer?—I gave the figures to my clerk and other friends, and I said: "These are my figures." Ryan showed his figures, and Col. Smith showed his figures, and out of these we made the tender.

14728. And among yourselves you arranged about the prices?—Yes.

14729. Have you been accustomed to contracting on large works for the Government?—Oh, for thirty years, Judge.

14730. You live in Ottawa?—Yes, I live in Ottawa.

Never got any
information from
any person con-
nected with the
Department.

14731. Besides the opinion of your own firm, or members of it, did you get any suggestion from any person connected with any of the Departments, as to prices?—Oh no, not at all; there was none of their opinions as good as my own, you know. Never; not at that time, or any other time.

14732. They might, perhaps, have a better opinion than you as to what other people had stated about prices, that they might communicate to you: do you not know if there was anything of that kind?—They did not, and never did.

14733. Have you ever received any information from any person connected with any of the offices in the Railway Department, as to other people's prices or tenders?—Not a syllable, directly or indirectly.

14734. Has any Member of Parliament, directly or indirectly, obtained any advantage in consequence of this arrangement with you?—Not a shilling.

14735. Is there any other transaction connected with the Pacific Railway in which you have had any interest?—No; none at all.

Tendering—
Contract No. 61,
B. C.

14736. Is there any further evidence upon matters of the Pacific Railway upon which you can give us information?—No, no more; no more, Judge.

14737. Do you know of any person else who has obtained any advantage in any of the contracts or tenders upon the Pacific Railway, through any officers of the Department, either Ministers, Members, or clerks?—I do not know, Judge, any at all; I do not see what information they could give them.

Knows of no case where a clerk or Member of Parliament has given anybody special information.

14738. Have you any opinion as to the advantage or disadvantage of carrying on the four contracts in British Columbia by one person instead of by four separate individuals?—One can carry them on cheaper, Judge; I should not wonder, but they can carry them on may be 10 per cent. cheaper.

Advantage of concentrating large work in a single management.

One contractor can carry on the four contracts 10 per cent. cheaper than four separate contractors could do.

14739. For what reason?—You have got to go to nearly as much expense to carry on one section as to carry on the whole. Of course you will want more machinery for the whole, but not much; not much difference. Mr. Keefer knows that. Oh, no; I would say certainly for my part, I think I would save 10 per cent. on the whole by having the whole of the contracts. There are a great many things might clash—a hundred things might happen.

14740. Then, do you mean that the advantage which Onderdonk has gained, by having them altogether, will more than balance the amount he has paid to other persons in order to get the whole contract?—That is hard to say how it will turn out. I am not sorry for being out of it anyhow, but he certainly can do it cheaper by having the whole of it.

14741. Could he do the whole four, do you think, cheaper than four separate individuals could do it, by a sum as much as \$200,000 or \$300,000?—Most decidedly. I think it is better to him than \$200,000 at least; in other words, I think it will cost \$200,000 or \$300,000 less by one man doing it than by four.

Onderdonk's having the four contracts is a saving in the management of the four of \$200,000.

14742. Is there any other matter connected with the working of such contracts which you can give us information upon?—No, Judge, there is not; I do not know anything about it.

14743. Upon the system of letting contracts perhaps your experience might be useful: could you give us some information on that subject as to the best modes in the public interest, because if you know the contractor's side you may probably know the other side?—Judging by the Intercolonial Railway, I think it is better if the Government had contractors that they could rely upon to finish their work. It would cost the Government less, as you will see on the Intercolonial Railway.

System of letting contracts.

Better for the public the contractor should be men the Government could rely on.

14744. Do you mean that the ability and standing of the men as contractors ought to be considered as well as the prices?—Yes; because in the end the Government has got to pay the price.

14745. Have you ever given your attention to the advantage or disadvantage of letting work upon estimated quantities and a schedule of prices?—I scarcely understand that.

14746. Well, against a bulk sum, that is one system. You know that jobs are sometimes let by bulk sum, and at other times they are let at estimated quantities, the engineers placing them, knowing pretty well what quantities will be taken of the different kinds of material; then

System of letting contracts.

Better to have tenders by schedule of prices than by bulk sum.

tenders are invited, based on that estimate, asking for offers to fix the prices for each kind of material—that is what I mean by estimated quantities and a schedule of prices: have you ever considered which of those systems would be more advantageous to the country?—I think the schedule of prices would be most advantageous to the Government and all parties, because you must make a very accurate survey to tender by the bulk sum, and it is very difficult to do that on railway work.

14747. Have you considered whether it would make any material difference to the public interest, whether those quantities should be estimated closely, or only in a very loose way?—If you work at the schedule of prices it does not matter so much; of course it is measured according as the work progresses. According as the work goes on the engineers measure it very accurately.

14748. Is there any other subject connected with contracting and the interest of the two parties—I mean the public on the one side and the contractor on the other—which you can give us any information upon?—I do not know as I can, Judge. I think if the Government would choose a party that was thoroughly responsible, and that their engineers approved of, I think it would be better than to give it to parties who fail, and do not do the work.

14749. You think the ability to put up the deposit is not always a safe means of judging?—No, it is not; as a general thing in the end the Government pays for it.

14750. Is there anything further connected with the Pacific Railway upon which you can give us evidence?—Not a word that I know of, Judge.

HAGGART.

JOHN HAGGART, M. P., sworn and examined :

**Contract No. 15.
Alleged Improper
Influence.**

By the Chairman :—

14751. Where do you live?—At the town of Perth.

14752. Are you a Member of the House of Commons?—Yes.

Never had an interest directly or indirectly in a contract.

14753. Have you had any personal interest in any of the transactions of the Canadian Pacific Railway?—I never had, or in any other contract with the Government, directly or indirectly.

14754. Have you been interested in any offer that was made, tenders or anything of that sort?—Never.

On Committee of Public Accounts in 1879 and 1880.

14755. Were you on the Committee of Public Accounts either in 1879 or 1880?—I was on the Committee of Public Accounts both years.

14756. Do you remember that in the year 1879 a matter connected with Whitehead's contract, or what is known as section 15, was before the Committee for consideration?—I moved the appointment of the Select Committee to enquire into that matter.

14757. Had you been taking an active part in investigating the subject?—Yes, previously.

Object of moving for Committee of Enquiry.

14758. Was there any particular matter connected with it which you were anxious to investigate, or was it for general information upon the subject?—I saw, from the returns of quantities furnished to the House,

that there had been a large change in the character of the work; the quantities of some kinds of work had largely increased, and it was for the purpose of finding out what was the reason of the change.

14759. Was that a substitution of earth embankment for trestle that you allude to principally?—Earth embankment for trestle work principally.

**Contract No. 15.
Alleged improve-
ment influence.**

Found that substitution of earth work for trestle had a marked effect on the price.

14760. I suppose you found that that had a very marked effect upon the total expenditure?—Yes.

14761. And was it with a view of ascertaining the particulars of that expenditure, or the mode in which it had been authorized, that you were directing your mind to?—I was informed previously that it was impossible for the contractor to do the trestle work for the prices which he had received, that he had large prices for doing the earth work, and that the earth work was substituted for trestle work. I received the information from different parties to that effect, and that there had been a change in the gradients of the road which would result greatly to the benefit of the contractor, and it was to enquire into the reason of those changes that I took the action I did.

14762. Do you mean, in other words, whether his interest had been considered more than the public interest?—Yes, exactly.

14763. Did you see Mr. Whitehead during that investigation before the Committee?—I saw him before the Committee.

14764. Did you have any conversation with him, except before the Committee?—I had none.

Had no conversation with Whitehead except before the Committee.

14765. Had you any communication from him directly or indirectly?—Never until afterwards. I went up on the train with him to his work and had a conversation with him on the train.

14766. After what?—After the House had rose

14767. Then before the Committee's action had ended you had no communication with him?—No, never. I never had a conversation with Whitehead.

14768. He informed us in giving evidence in Winnipeg that he was led to understand that the contract might be taken out of his hands on account of your action, and might be let again?—Yes.

14769. And that he had certain dealings upon the basis of that understanding?—Yes.

14770. Did you know whether he had any reason to think that—I mean did you know about that time?—No, not about that time. I learned afterwards from Mr. Whitehead's son—that is the first knowledge that I had upon the subject—that Mr. Whitehead was annoyed. I met Mackintosh once in the street, and he said Mr. Whitehead was very much annoyed at my action in reference to the matter, and he told me he said I had no ill-feeling against him, and it would be all right. Afterwards I saw Mr. Whitehead's son, and he told me that Mackintosh had been threatening the old man with me; that I was following him, and that he had got large sums of money from him in consequence.

First learned from Whitehead's son that Whitehead was annoyed.

Heard the same from Mackintosh.

Again heard that Whitehead had been threatened with witness as one determined to follow him.

14771. That information you say reached you after the action of the Committee had ended?—Oh, yes; long afterwards.

Contract No. 15.**Alleged improper influence.**

Such intimations had no effect on action of Committee.

14772. Had that anything to do with the action of the Committee?
—It could not have.

14773. Had you any such idea as that in your mind?—I had no such an idea. I had no feeling against Mr. Whitehead at all in the matter; none whatever.

14774. At the time Mr. Mackintosh spoke to you as you say, in the street or somewhere upon the subject, did he lead you to understand that it would be to his advantage if you would deal more gently with Mr. Whitehead than you would otherwise do?—He never mentioned the subject to me at all.

14775. Without mentioning the subject, did he from his conduct or allusions?—No; I think I had four or five parties along with me when I had the conversation with him.

The Committee over before the conversation with Mackintosh took place.

14776. Did you not part with Mr. Mackintosh, impressed within your own mind at that time with the idea that it would be to his advantage if you dealt more gently with Mr. Whitehead than you otherwise would deal with him?—You remember, Mr. Chairman, the House had rose; the Committee had reported before I spoke to Mackintosh at all.

14777. That I have not understood yet; that is new information?—The House had rose and the Committee had reported before I remember of having a conversation at all with Mr. Mackintosh.

Remembers no such conversation at lunch as Mackintosh referred to.

14778. Mr. Mackintosh does not give the evidence exactly in that direction?—Yes; I have read his evidence, but I do not remember having such a conversation as he refers to at all at lunch.

14779. He led us to understand that it was while the Committee was sitting, and while Whitehead knew that these questions were being pressed by you, that he met you at lunch and had the conversation?—I do not remember ever having such a conversation with him.

Never parted from Mackintosh with the impression that it would be to Mackintosh's advantage if he were to assist Whitehead.

14780. Do you remember ever parting from Mackintosh after a conversation, or after a meeting, with the impression on your mind that it would be to Mackintosh's advantage for you to assist Whitehead in any way?—Never.

14781. Or to withhold your pressure upon the investigation?—I never had any conversation with him until after the investigation was all over, that I remember of.

14782. I understand your evidence to be to that effect, but I am returning more than once to the subject because possibly when I mention Mackintosh's evidence it may refresh your memory?—Yes, yes.

14783. That is why I take the liberty of repeating the question?—Yes, yes.

No conversation with Mackintosh until after the House had risen.

14784. Now do you say that at no time during that Session of 1879 were you led to understand that Mackintosh would be benefited by your dealing more leniently with Mr. Whitehead than you otherwise would?—I never remember having a conversation with Mackintosh at all on the subject until afterwards.

The conversation with Whitehead's son also after the Session of 1879.

14785. When was the conversation with Charles Whitehead: was it after the Session of 1879?—Yes; after the Session of 1879.

14786. Were you also on that Public Accounts Committee in 1880?—Yes, in 1880.

**Contract No. 15.
Alleged improper influence.**

14787. That was after the conversation with Charles Whitehead, the Session of 1880?—Yes; it was after the conversation. I do not think it was after the conversation I had with Mr. Whitehead that I learned of Mr. Mackintosh receiving the money.

14788. That is what I mean: now which do you say, that you heard from Whitehead before or after the Session of 1880 that Mackintosh had got notes from his father?—I think it was this summer that I learned that. Summer of 1880, first learned that Mackintosh had received money.

14789. Did you press the investigation in 1880 about the Whitehead contract?—I do not think it came up at all. Whitehead's contract not before Committee in 1880

14790. That was not one of the matters before the Committee in 1880?—No.

14791. And has your dealing with this subject at any time been affected either on the Committee or as a Member, or as an individual, by the impression that Mackintosh was being benefitted by gifts or promises or advances from Whitehead?—None whatever.

14792. Are you aware of any person in any of the Departments of the Government being benefitted by any transactions with others connected with the Pacific Railway?—No. Has heard of no Member of Parliament or person connected with the Departments receiving money improperly except Chapeau.

14793. Either as Minister, Member or clerk or secretary?—No; nothing that I have heard of, except Mr. Chapeau's matter.

14794. Do you know of anything, as far as he is concerned, beyond what has appeared in the papers arising out of the evidence before this Commission?—Nothing.

14795. Have you any other information which you could give us by way of evidence concerning the transactions of the Pacific Railway or any of them?—Well, I am pretty thoroughly acquainted with the whole of the transaction, I should say, in reference to it between Winnipeg; and the letting of the contracts, the manner in which they were awarded and everything of that kind, I know everything pretty generally about it.

14796. Is that knowledge which you have derived from investigating the records of the Department?—Partly so, and partly from conversations from Ministers and other things that way.

14797. Was there any particular conversation that you think you could enlighten us upon?—Well, no; nothing particular.

14798. Have you heard any Minister say anything about the letting of those contracts, about which there have been rumours of improprieties?—I have had conversations with them on the subject. There are charges of improprieties in reference to the letting of contract B. I have had conversations with Ministers on the subject. Contract No. 42,

14799. In any of those conversations have you been led to the impression that private interests were at any time considered rather than public interests?—No, none. I may explain especially the principal charge of impropriety was with reference to section B. There was one party—I may be mistaken in the names, but it strikes me Morse & Co. were the lowest tenderers; the contract was awarded to them. Morse & Co. the lowest tenderers.

14800. That appears to be correct?—Yes; and that Andrews, Jones & Co. were the next, and Fraser & Pitblado were next. Morse & Co. failed to put up the whole of their securities; the contract was then

Contract No. 15.**Alleged improper influence.**

Alleged that sufficient time was not allowed Andrews, Jones & Co. to put up securities.

awarded to Andrews, Jones & Co., and the allegation was made that there was not sufficient time allowed them to put up their securities. I have had conversations on that subject, if I remember rightly, with different Ministers, and the reason assigned by them for not giving it out to Andrew, Jones & Co. and passing it to Fraser & Pitblado—

On enquiry found that the Department was justified in its course.

14801. Have you learned anything which leads you to think that any private interest was improperly considered?—No; I have not. From all I have learned from their conversations they were perfectly justified in doing it. The reason assigned for the passing of Morse's contract was that the sureties were not put up. The reason that Andrews, Jones & Co. were not awarded the contract, and the short time being allowed, as I understood from them, was that the engineer reported to the Minister of Public Works that the time was getting late and that the work would be delayed a year if the sureties were not put up. Another reason that it was not given to them was that they put up no security; that the security that they had put up at all was the security that the lower tender, Morse & Co., as I understood it, had left in the hands of the Government; and it was transferred from them to the other party which would be, in their opinion, very wrong for the Government to allow or connive at—that is to allow a lower contractor to drop out and allow his security to go to another. That was one of the reasons, and that they did not put up their security. Something to that effect the conversations were.

It was pointed out that the money put up by Andrews, Jones & Co. was the security of Morse & Co., and that the reason was passing away and despatch was necessary.

14802. I do not know whether you have noticed that in the Blue Book of 1880 there is a Report of the Committee of the Privy Council, approved of the 5th of March, 1879, as to the awarding of this contract?—No; I never read it that I remember of. (After looking at the book): I never read it before. I understood from conversations with Ministers, if I remember rightly, that Morse & Co. failed to put up their security, and that was one of the reasons why their tender was dropped; that Andrews, Jones & Co. failed to put up their securities, and that was one of the reasons why theirs was dropped, and that the security that they had put up was the money that Morse & Co. had put up as security was transferred to Andrews, Jones & Co.; that the time was getting late, and that there was only ten days allowed them of some short time, because if the contract was not awarded the work would be delayed nearly a year, from the report of the engineer. It was something to that effect was the reason assigned by the Ministers.

14803. This reason which you have mentioned, namely, that what money was put up in support of Jones & Co.'s offer was really put up by Morse & Co., who had made the lower tender, appears for the first time to have been given by any Minister in this evidence of conversation which you are now giving?—Yes; I understood so in conversation.

14804. Can you say which of the Ministers gave you that as one of the reasons?—If my memory serves me rightly it was the Minister of Railways.

14805. Was it during the Session of 1880?—Well, I don't remember; I think so.

14806. One of the successful parties, J. J. McDonald, mentioned that same reason as one which probably influenced the minds of the Ministers, but it does not appear anywhere in the records, either in a report of the Privy Council, or any other resolution or minute?—Yes.

Contract No. 15.
Alleged improper influence.

14807. Do you know whether any one else was present when that was mentioned as a reason, besides the Minister of Railways and yourself?—I should think there was some one else present. These were all private conversations that I had with them on the matter—just casually talking over it. I had been up over the work and seen it, and had conversations with them on the matter.

14808. You were not interested in the work individually?—I am not interested individually in any contract or sub-contract with the Government, nor never was. Not interested in any contract or sub-contract.

14809. Then was your going over the work for public business?—It was partly for amusement for myself. I was going up to Manitoba, and at the request of one of my own constituents, who is one of the contractors himself, he asked me to take a look at the work for him.

14810. Is there any other matter upon which you can give us information connected in any way with the transactions of the Pacific Railway?—I do not know. There is nothing particular that I can give you. I am pretty well acquainted, as I told you before, with the whole of the work that is going on there; and if there is anything that would strike you—

14811. Everything that has struck me I have asked you about; I am in hopes that you, having given a good deal of attention to it, might be able to suggest some subject?—No, nothing particular. As to my idea of the location, the gradients and curvature, and everything else of that kind, the plan of constructing it, and all that, I might give opinions; but not being a scientific person they would not have much force.

14812. If there is any particular point of that kind to which you would like to draw our attention, so that we might ask professional men upon the subject, we would be very glad to know it; but at present I do not know that it would be very wise to ask persons who are not professional men, in what respect their opinion differs from that of the engineers?—I would like particularly to mention, while I am before this Commission, that I see a charge made in one of the Winnipeg papers that I was connected with Ryan in his contract, that he was losing by his contract, and through my influence with Sir Charles Tupper I got the contract cancelled. I never had, as I said before, any interest whatever with Mr. Ryan, or any other contractor. Contract No. 48.
Never had any interest with Ryan.

By Mr. Keefer:—

14813. Which Ryan?—John Ryan. I was not aware but what he was going on to complete his work when I was up there, and the first mention I had of the contract being cancelled was seeing it in the public press. I wish also to state, as emphatically as I can—because there have been insinuations in some of the papers, especially a paper published in my own county, that I was connected in some way or other with these matters—that I am in no way connected and have no interest in any contract or sub-contract; that I have never received a cent from any contractor or any other person for any services in connection with the Pacific Railway, or any other matter, as a Member of Parliament; that I know of no one that has, unless from the statements of Mr. Whitehead and Mr. Chapleau—no one that has had or ever has received anything. First heard of Ryan's contract being cancelled through the public press. —

Contracts Nos.
15 and 42.

Alleged improper influence.

Witness's knowledge respecting Chapleau's demand and Mackintosh receiving money.

By the Chairman :—

14814. When you say from their statement, do you mean from the statement as appears from the evidence before us?—I was aware that Chapleau had made a demand before I saw it in evidence before you, and I was aware of Mackintosh receiving those notes from Whitehead's statement and from a conversation with himself afterwards, after I saw Whitehead. Perhaps I had better mention the whole matter in connection with it, how I came to know it. I was walking up the street with Whitehead in Ottawa, and he asked me if I knew Mackintosh. I said that I did. Said he: "I would like very much to see that man." Said I: "I will introduce you to him if we see him." After some further conversation he told me that he had received large sums of money from his father. He mentioned it—I think the sums mentioned in the papers are correct. I asked him if he was certain about it. "Oh, yes, I am certain," said he, "about that, because when I was managing the business up there I paid a couple of the drafts myself;" and Mr. Bain, his solicitor, was there at the time, and he told me that he was going to get Mr. Bain to make Mackintosh deliver up the notes to him. Afterwards I had a conversation with Mr. Mackintosh, and stated to him in reference to what Whitehead had been saying. He stated that it was all nonsense as to the amount; that he had received a small sum for the purpose of assisting him in his paper, and after further conversation another time with him, I said: "That seems a large amount to receive as assistance for the newspaper;" and then he told me he was a partner of Whitehead's. Mr. Chapleau, I understood, from some of the contractors in section B, had made a demand upon them for some money that had been promised him by John J. McDonald before the evidence was given.

Conversation with Mackintosh as to his relations with Whitehead.

14815. Is there anything else which you wish to explain?—Nothing else.

14816. Is there any other matter which you consider it your duty to call our attention to, either for investigation now while you are here, or investigation by calling others?—Not that I remember of.

OTTAWA, Wednesday, 17th November 1880.

J KAVANAGH

JOSEPH KAVANAGH, sworn and examined :

Tendering—
Contract No. 63,
B.C.

By the Chairman :—

14817. Where do you live?—In Ottawa.

14818. Have you had any interest in any transaction connected with the Canadian Pacific Railway?—Yes, Sir.

14819. What was the first?—I do not hardly understand the question.

Tendered for section D, British Columbia.

14820. What was the first transaction in which you had any interest, I mean first in point of time?—Section D, of British Columbia.

14821. You had no interest in any other of the works before that time?—No, Sir.

14822. What interest had you in that: were you one of the parties who made the tender?—Yes, Sir.

Tendering—
Contract No. 63,
B.C.

14823. Who were interested in the tender besides yourself?—Francis Kavanagh, Michael Kavanagh, and my father, Timothy Kavanagh.

14824. Do you remember whose names appeared on the tender?—I do.

14825. Whose?—Timothy Kavanagh and Michael Kavanagh.

14826. Were they your father and brother?—Father and son.

14827. Your father and your son?—No; my father and my brother.

14828. Do you remember how you arrived at the prices which were used in making this tender?—I was not present when the figures were made up.

No knowledge of how figures in tender were made up.

14829. Do you know who took the principal part in making them up?—I do not.

14830. Do you know where they were made up?—I do not.

14831. Were you in Ottawa at the time?—I was not.

14832. Was it understood before the tender was put in that you were to be interested in the transaction?—Yes, Sir.

14833. Did you understand before the tender was put in that some others of the firm had the authority to use such prices as they thought proper?—No.

14834. Then, was it understood that you were to revise the prices before it was put in?—No.

14835. Upon what terms then were you interested in the tender before it was put in?—The terms were that my father and my brothers were tendering for the contract.

Father and brothers of witness could use what prices they liked and bind him.

14836. Had they the privilege of using any prices they liked and binding you?—Yes, Sir.

14837. Then although those prices were arrived at by some of the firm in your absence, you considered yourself bound by them?—Yes.

14838. Was there any understanding or arrangement to that effect before the prices were put in?—No, Sir.

14839. Where were you at the time that this tender was made up and put in?—In Winnipeg.

14840. Are you aware whether any information was obtained from any person connected with any of the Departments, by other members of your firm, as to the prices which should be attached to those tenders?—I am not.

14841. Have you any reason to think that any such assistance was given to any one connected with this tender?—No, Sir.

14842. Did you come back to Ottawa soon after the tender was put in?—About ten days.

14843. Was the contract awarded to your firm?—Yes, Sir.

14844. Do you remember about the amount of your tender?—I do.

14845. How much was it?—\$1,800,500.

Amount of tender
\$1,800,500.

14846. Was it the lowest tender, as you understood?—I believe so.

14847. After the contract was awarded did you execute it?—No, Sir.

**Tendering—
Contract No. 63,
B.C.**

Sold out to Onderdonk.

14848. Why not?—We sold out the contract to Mr. Onderdonk.

14849. When the tender was put in by your firm had you any serious intention of carrying on the work, if you should get the contract?—Yes, Sir.

14850. Had arrangements been made among yourselves by which you would be able to carry it on?—Not before the tender went in.

14851. After the tender went in did you make such arrangements?—No; I did not.

14852. What arrangements were made then, or do you know anything about that?—I do.

Arrangement for going on in case contract fell to witness's firm.

14853. What was the nature of the arrangements?—The arrangement was that there was a person to advance security for me for a certain length of time; at the expiration of that time if I did not redeem the security, the contract fell to him.

14854. Was that any person connected with the Government in any way?—No, Sir.

14855. Or any Department?—No, Sir.

Neither Member of Parliament nor any one connected with Department had any connection with contract.

14856. Or any Member of Parliament?—No, Sir.

14857. Had any person in Parliament or connected with any of the Departments any chance of being connected with your contract at any time?—No, Sir.

14858. Did you put up the deposit required with your tender?—Yes, Sir.

14859. What was the amount of that?—\$5,000.

14860. Did you put up the further deposit required at the time you were awarded the contract?—No, Sir.

14861. Then, before the contract was actually awarded, your firm had made no arrangements for capital enough to carry it on?—No, Sir.

14862. Would your firm have had capital enough to carry it on without outside assistance?—No, Sir.

Price paid for interest \$15,000 clear.

14863. What was the amount of the consideration paid for the assignment by your firm of the contract?—\$15,000 and our own cheque back.

14864. Then you got \$15,000 clear?—\$15,000 clear.

14865. Mr. Onderdonk was the assignee, was he not?—I could not say.

14866. With whom did you make this arrangement by which you got this \$15,000 and your cheque back?—Mr. Onderdonk.

14867. Was it to Mr. Onderdonk that you assigned the contract?—Yes, Sir.

14868. Who had the authority to arrange the price which Mr. Onderdonk was to pay?—I had.

Witness sole negotiator with Onderdonk.

14869. Did the others of the firm leave it to you entirely?—Yes, Sir.

14870. Did you yourself take part in the negotiation with Onderdonk?—Yes.

14871. Was there any person else assisting you?—No, Sir.

14872. Did any person get any portion of this \$15,000 besides your firm—I mean any person connected with any of the Departments, or Government, or Parliament?—No, Sir.

**Tendering—
Contract No. 63,
B.C.**

**No reason to
believe that in-
formation was
got from any one
in Department.**

14873. Have you any reason to believe that any information came from any of the Departments which assisted in making up the prices of this tender?—No, Sir.

14874. Have you been accustomed to contracting?—No, Sir.

14875. You have had no experience of that sort of business which would enable you to give an opinion of the different kinds of contracts or carrying them out?—No, Sir.

14876. Was there any person else besides the four persons you have named, interested in the result of this transaction?—No, Sir.

14877. Did you say whether any person else was present during the negotiations between yourself and Onderdonk about the price?—I think my brother was; my memory does not serve me rightly.

14878. Do you remember any person else who was not of your firm?—Present?

14879. Present?—No; my memory does not serve me.

14880. I think I asked you before if any person else took part in the negotiations between yourself and Onderdonk and you said no?—No.

14881. I am asking you now whether any person else was present who took no part in the negotiations?—No, Sir.

14882. Is there any other explanation which you wish to give concerning this transaction?—There is not.

14883. Are you aware of any other matter connected with the Canadian Pacific Railway upon which you can give evidence?—No, Sir.

14884. Were you interested in any way in the tender made by your father for completing the Pembina Branch?—No, Sir.

JOHN H. MULHOLLAND, sworn and examined:

MULHOLLAND.

By the Chairman:—

**Telegraph—
Construction.
Contract No. 1.**

14885. Where do you live?—In Winnipeg, Manitoba.

14886. How long have you lived there?—I have lived there since the fall of 1874.

14887. Do you say you still reside there?—Yes.

14888. Have you had any connection with any of the contracts of the Canadian Pacific Railway, either in the construction of road or telegraph?—I was foreman for Mr. Whitehead in 1874 for about three months, and the next winter I was foreman for a sub-contractor under Sifton & Glass, and had charge of the camp, cutting out the line.

**January 7th, 1875,
sub-contractor
cutting out line.**

14889. You mean the telegraph line?—Yes, I started there in January.

14890. That would be January, 1875?—Yes.

14891. What was your duty?—I had charge of the camp for some of them on the telegraph line, and we cut the line out—the timber out—clearing I suppose you call it.

**Telegraph—
Construction.
Contract No. 1.**

14892. Do you mean you had charge of the chopping party?—Yes; and I had charge of the camp generally. I had two foremen under me, and I looked after the supplies, and had charge of moving and running the camp generally.

14893. Over what extent of country did that party operate?—About 80 miles from Selkirk that season this party worked.

14894. Was that the first work that was done on the telegraph contract as you understood?—That was the first work, commenced in December, but I did not go with them in the beginning of the work.

14895. How long did you remain under employment with Sifton, Glass & Co.?—In connection with that party I returned in April to Winnipeg, and was not doing anything until the 1st of June, and I engaged with Mr. Sifton for a year to go back on the same work.

During first winter line cut nine miles in Narrows of Manitoba Lake and wire put up from Winnipeg to Selkirk.

14896. During that first winter what progress was made upon the contract?—The line was cut nine miles further in the Narrows of Manitoba Lake—cut out full width. That would be 116 miles from Selkirk, and the wire was put up from Winnipeg to Selkirk.

14897. While you had charge of it the first season?—Not under my charge. The wire was put up before I went on to the work from Winnipeg to Selkirk. Sullivan had charge of three parties, and he was a sub-contractor. He had three different parties on the line between the Narrows and Selkirk, and the party that was at the Narrows did nine miles on the west side of the Narrows and then came back and worked towards Winnipeg again—towards Selkirk.

14898. You are speaking now of the first winter's work?—Yes.

14899. Was Sullivan a sub-contractor?—Yes.

14900. What had he to do?—He had the benefit of certain prices from Sifton & Glass to cut the line out and burn the timber?

14901. Had he the putting up of the poles and the wires?—No he had not that contract.

14902. It was only the clearing of the line?—Clearing.

14903. Were any poles put up during that first winter?—None but between Winnipeg and Selkirk.

14904. Then you know nothing of the manner in which the line was constructed during that first winter?—There was no construction only that piece—that was only twenty or twenty-one miles.

14905. You say you went back under a year's engagement, commencing about June, 1875?—Yes.

14906. What duties did you undertake then?—Putting up the wire—putting in the poles and putting the wire on them.

No poles put up save between Winnipeg and Selkirk.

Witness in charge from Selkirk to the Narrows.

14907. Had you charge of the whole of that work, or was your party a subordinate one?—I had charge from Selkirk to the Narrows of Lake Manitoba.

14908. How many men under you?—About twenty-four; there would be sometimes less and sometimes more.

14909. Was it part of your work to get out the poles, or had they been already got out by contract?—I had to get out about fifty miles of them the winter before under Sullivan.

Telegraph—
Construction.
Contract No. 1.

14910. They had been got out on the spot that was cleared?—Yes; the intervals I filled up on my way back to Winnipeg, in the spring of 1875.

14911. Besides the clearing, then, you had to procure and save the poles ready for the line?—We did save them; where ever there were good poles we did save them.

14912. What sort of poles would you call good poles?—We were instructed to take them out according to the engineer's instructions.

14913. Do you remember what the instructions were?—I think they were to be twenty-two feet long and four inches at the top end—I am not very sure about it, but I think that is it, at the little end four inches. Instructions as to quality and size of poles.

14914. Do you mean that nothing under twenty-two feet long was cut for poles?—That is what I cut were that long. I think all the poles were that length. There was a contract let from Shoal Lake to Selkirk that was taken out that winter by another party, a sub that would be.

14915. Who was he?—Sullivan let the contract to some farmer who lived near the line. They got out the poles and delivered them.

14916. You saw those poles?—Yes; I put them up next spring.

14917. What sort of poles were they?—They were good poles.

14918. Were they all twenty-two feet long?—Yes.

14919. Do you mean that you did not use in the construction of that line, between Winnipeg and that point that you name west of the Narrows, any poles shorter than twenty-two feet?—No; we did not. I did not put up the line further than the Narrows; that was done by a man named Wynne.

14920. Do you say that as far as the Narrows the poles were all of the height required by the specifications?—Yes.

14921. What about the thickness?—They were all good poles that we got. All good poles.

14922. You mean good as to size?—I think they were all up to the specification. We had no object in doing anything else.

14923. Is that the reason you think they were all up to the specification, because you had no object in doing anything else?—I made it an object to have them so, I was in charge of it.

14924. Did the specifications name any particular kinds of wood?—I never saw them, I only got my instructions from Mr. Sifton.

14925. Did your instructions name any particular kind of wood?—He told us to put up any kind of poles that we could get. If we could get tamarack and spruce we were to use it, and if we could not we were to use poplar. Told to put up any kind of wood they could get, tamarack if possible; if not poplar.

14926. You say that if you got tamarack or spruce you were to put it in?—Yes, wherever we could get them.

14927. You mean that they were to be put in in preference to any other kind of wood?—Yes.

14928.—Did you get them to any extent in that country?—Not to any extent; I don't think we got any.

**Telegraph—
Construction.
Contract No. 1.**

The wood used :
white poplar.

Work completed
excepting gap at
Dog Lake and the
Narrows.

As far as Shoal
Lake good agri-
cultural country.

Only in two
places was there
difficulty in get-
ting earth deep
enough for poles.

Found earth
enough in
muskegs.

Always struck
bottom and
braced poles.

14929. Then what kind of wood did you use?—Poplar—white poplar.

14930. Did you complete the construction, as far as the poles were concerned and the wires, up to that point (the Narrows) during the season of 1875?—No; I left a gap at Dog Lake and the Narrows, itself not completed.

14931. And with the exception of these gaps?—I had it all complete except those two places.

14932. What sort of country was it between those two points?—The country as far as Shoal Lake is a very handsome country, and a good agricultural country, but it is heavily timbered—about one-third of it.

14933. Do you mean one-third between Selkirk and Shoal Lake?—Yes. I suppose there would be sixty cords on an acre of that in some places that we cut through it.

14934. Of poplar?—Of poplar—large poplar, sometimes two feet across the stump. There was about seven miles of a belt of timber that way.

14935. There was no difficulty in getting earth deep enough to make a good footing for your poles?—In two places there was, but then it was only about a pole in a place. We had to pick down into the loose rock with the crowbars—we always had crowbars for that purpose—and planted the poles and then braced them. It is a ridge of loose rock and it comes up to the surface.

14936. Where was that?—I think it must be about ten miles from Shoal Lake.

14937. East or west?—In one place it is east of Shoal Lake, and another place the same thing occurred I think; but it was only in one or two poles.

14938. Did you come through any muskegs east of the Narrows?—Yes; but we did not have any difficulty. I drove a cart across them all with the wire—distributed the wire off the cart, with an ox.

14939. Did you find earth enough there for your poles?—Yes.

14940. Did you get them down deep enough?—Yes; we put them to the bottom sometimes—that left the poles a little short where they were got out just twenty-two feet long; but not so short that they would allow the wire to touch the ground.

14941. Do you mean that over these muskegs the poles would sink down so deep?—In some places they would go eight feet through the surface of the muskeg, and would leave fourteen or sixteen feet of the pole.

14942. Over those spots which were swampy did you get a firm foundation for the poles?—We always struck a hard bottom, and we braced the poles with good braces and fastened them. We always cut a little nick in the pole for the brace, made the brace to fit it nicely, and nailed it with a five inch spike pressed nail.

14943. What would those braces be made of?—Poplar.

14944. You say you struck hard bottom: did you dig into that hard bottom at all?—No; we could only judge of that by the way the pole would strike it.

14945. What was above that?—It seemed to be mud.

Telegraph—
Construction.
Contract No. 1.

14946. Then you did not dig through those places at all?—No, it would go down, it would only be probably in two or three poles at a time. The bottom of the swamps seemed to be undulating at times and only deep in places, but none of it was so deep that there were only a very few poles in the muskegs that would go down deeper than was necessary, according to the specifications.

14947. I am trying to find out now the kind of hold that you gave to these poles in the earth, whether it was only in mud or in some firm earth that would require digging over the muskegs: did you put them down in the mud until you came to a hard bottom, and then leave them, or did you dig into the hard spot below?—We put the pole into the hole we dug, and they would sink to hard bottom themselves.

14948. Did you put them into some holes that you dug?—Yes.

14949. You dug into the mud: is that what you mean?—Yes; Dug into mud, but there was generally sod on the top.

14950. Then below the sod it would be soft oozing mud?—After you would go down into the deep places it would be very soft in the bottom, so soft that the poles would sink down themselves.

14951. Do you mean without resistance, or had you to drive them down?—We had not to drive them. The poles would find the bottom. In the soft places the pole would find the bottom by its own weight.

14952. Of its own weight?—Yes.

14953. And when it struck the hard bottom you left it in that shape?—Yes. There was one swamp the men used to break through, it was so brittle, for about half a mile.

14954. You mean the surface was brittle?—Yes; but it was only about three feet deep. It was like a floating bog, and they found gravel and stone at the bottom very hard where they broke through.

14955. As to this soft spot do you say you would put the pole through the floating surface and far enough down until the end of it struck the hard bottom?—Yes.

14956. And if this floating surface moved it would displace the pole?—It would not move because it was a sod from one side of the marsh to the other. It was floated in that way, that it seemed to be water under it. It was supposed to be the source of the Jack Fish Creek, this moving cold spring.

14957. What time of the year did you put up those poles?—I started the 8th of July. Putting up poles from 8th July until 10th October

14958. How long did you continue?—To about the 10th of October.

14959. Were the poles put over this distance during that season of the year with the exception of those two gaps you have named?—Yes.

14960. They were not put in during winter then?—No.

14961. We have been led to understand from some of the witnesses, that some of those poles were altogether insufficiently supported, for the reason they were put down in winter time through the ice?—I did other work beside this, which they probably had reference to, at Mossy River. The engineer came over this while I was on it—while I was near the Narrows—Mr. Middleton, and he was very well pleased with it. He said it was very satisfactory work.

Telegraph—
Construction.
Contract No. 1.

14962. That was before October, 1875?—It was about the 1st of October. I was only about ten days there afterwards; and I had letters from Mr. Sifton saying that the reports in Mr. Rowan's office were very satisfactory.

All the poles up
before ice came
on.

14963. Speaking of this section that you have been describing—I mean as far west as the Narrows—do you say that none of those poles were put up through the ice?—None of them through the ice. Of course it was in the summer season.

14964. Then any evidence to that effect is not correct?—Not in regard to that; because it was done before the ice came in the fall.

14965. Did you afterwards take any part in putting up the poles over those gaps which you had at first omitted?—I did at the Narrows.

14966. When was that?—I did at Dog Lake too. That was in the spring of 1876.

14967. Then you continued your engagement, did you, as long as that with Mr. Sifton?—No; it was before the year ran out. My year expired the 1st of June, 1876.

14968. When putting them up over those gaps did you put them up through ice?—No; I put them up after the ice was gone out.

Ice goes away
earlier in Nar-
rows than in the
Lake.

14969. In the spring of 1876?—The ice goes away in those places earlier than it does in the lake. There seems to be a current through the Narrows that cuts the ice away about a month earlier.

Poles put up
through ice by
other persons.

14970. It was not through the ice that you put up these poles either at Dog Lake, or through the Narrows?—No; they were put up by another party; though I saw them there when I came down.

14971. Did you not have the charge of putting them up there in the first place?—Not of those that were put up there in the first place.

Put them up after
they had been
swept away by
ice.

14972. I understood you to say that you did afterwards put up those poles?—Yes; after they were swept out by the ice.

14973. Not when they were first constructed?—No.

14974. Did you find afterwards that they had been put up in the ice and had been swept away with it?—I was there when they were swept away. When I came down—I moved from Mossy River to the Narrows in April.

14975. Did you find that they had been put up in the ice?—Yes; I saw them there before the ice moved.

14976. Had they been sufficiently put up?—They were put up according to Mr. Rowan's instructions.

14977. You heard him give the instructions?—No.

14978. You saw them in writing?—I think I did, I would not be positive. I saw the man and I asked him what authority he had for putting them up by driving piles and fastening the poles on with iron strips. He said they had had instructions from Mr. Rowan, and had been made an allowance for that.

14979. Do you know how far these piles had been driven into the bottom below the water?—I think they were driven until they struck the rock.

Telegraph—
Construction—
Contract No. 1.

14980. Do you know how far that would be through the mud, or the earth, or whatever was there?—I did know then, but I could not tell you now. It would not be very far I think. The rock—the loose rock—crops out all round that country.

14981. That is what I am trying to discover, whether there was anything to drive them into above the rock; for, of course, if they were only driven through the mud until they touched the rock the ice would displace them?—I do not consider they were driven far enough down; at any rate the poles would not stand it as the ice would break them.

Poles not driven far enough down and would not stand the ice.

14982. At any rate the construction was not sufficient?—That was not good construction.

14983. You say that after they were swept away you put them up again?—I provided a line but not in the same place.

14984. You went round those waters?—I went a mile to the north and crossed on to Rapid Island, on the west side of the Narrows.

14985. Did you go around this water stretch and get a better foundation for the poles?—Yes, we didn't put any in the water. We put some in the swamp, but it was like the usual swamp and they were braced well. Of course the poles were put down a long depth. There was not very much to do. We had only to chisel out the ice, and there was not any frost in the ground below. We chiselled out the holes in the swamps—the ice and water frozen on the top.

Chiselled out ice.

14986. Then did you remove the earth with spade or shovel?—We removed it with a shovel.

14987. How deep?—Four feet.

Removed earth four feet deep.

14988. Would you count in water in that four feet—I mean the water between the surface of the muskeg and before you struck the earth?—Six feet. Yes, but there was a good deal of water in the holes. The water would come in after we would dig the hole.

14989. You do not understand me: you say you went down four feet?—Yes.

14990. I am trying to ascertain whether you went down four feet from the surface of the ice or four feet from the surface of the earth when you struck it?—I did not go through any ice except on the frozen surface of the muskeg. It was water and land together I may say.

14991. Did you count that water and land together as part of the four feet?—Yes; because the grass was growing on top of it.

In measuring the four feet counted water and earth together.

14992. Was that material anything like solid earth or was it mud, or almost liquid?—We found good bottom for both the braces and the pole. It was not the same as the shaking bogs. It was firmer, and had a good bottom.

14993. The worst roads in the world have good bottoms when you get down to them; I am not speaking of the bottom?—It was stiff clay after you got down, probably in some places two feet, you would find very stiff clay.

14994. I am asking you now if this material over the top which you begin to count as your four feet at this particular place was liquid, or half liquid, or solid earth?—There was grass growing on it.

**Telegraph—
Construction.
Contract No. 1.**

14995. Do you think it was liquid or solid?—I would not consider it liquid by any means. It was firm enough for grass to grow on it, and I consider it land.

14996. I am not asking you whether you consider it land: you have before described a place where you said that on the top it was floating, and after you got below it was liquid?—This was merely a marsh on the shore of the lake, differing altogether from the shaking places and kept wet by the tides and winds from the lake.

14997. When you were digging holes for your purpose would it fill up or leave firm sides for the poles to go down into?—We had to fill in the clay just as usual.

14998. Would they fill up before you put in the poles, or would they stand without?—No; it would not fill up. It was a firm hole and clean.

Put poles in and braced them over Dog Lake.

14999. As to Dog Lake, what do you say about your placing poles on that stretch: you went to the south side did you not?—No; we put the poles in and braced them up.

15000. Over Dog Lake?—Yes; the first time we put them in a little too early. There was some ice in and it tore them down. Then I put them up again with long braces after the ice went out.

15001. What time of the year was that?—That was just before I left the line in May.

15002. How deep is that place?—Six feet; it is not deep.

15003. Do you mean six feet of water alone, or water and mud?—Of water.

Below about six feet of water earth.

15004. Then below that six feet of water what material would there be?—It is usually earth.

15005. Did you find out what material it was—did you remove any of it?—We did not move it; we could not get at it. I suppose it was like the prairie outside of it, when it was under the lake.

Fixed poles by sharpening point and letting it take as good a hold as possible.

15006. How did you fasten the poles in that material?—Only by sharpening them, and letting them take as good a hold as they could in the bottom.

15007. Then would you apply any pressure to make the poles go down deeper than they would of their own weight?—We could not apply much pressure.

15008. Did you? That is the question I am asking you. Not could you, but did you?—No; we could not. This was only a temporary line, supposed to be; because the other had been knocked out, and I did this to provide, in the meantime, for getting the wire to work.

Not considered a permanent construction.

15009. That was not considered to be a permanent construction?—No; I would not recommend it myself, and I did not.

15010. Did you see that that temporary line, which you say had been put up, was afterwards removed and a more permanent one established?—I did not. I left the 1st of June.

15011. Did you take any part in the construction of the line under Sifton after that?—I did not.

15012. Have you been over the line since that—over the portion that you constructed, or any other portion, so as to obtain a knowledge

Telegraph—
Construction—
Contract No. 1.

of the way in which it was finished?—I was not over since, but before that I was over all the line, 100 miles, from the Narrows west as far as Duck Mountain.

15013. You mean Porcupine Mountain?—I call it Duck Mountain.

15014. Touchwood Hills?—Duck Mountain is what we always call it.

By Mr. Keefer :—

15015. That is Northcote?—No. I was not as far as Northcote.

By the Chairman :—

15016. How was the line constructed between the Narrows and Northcote, or Duck Mountain, as you call it?—I saw Mr. Wynne building the line. He constructed forty miles of it, and he was doing it according to his instructions.

15017. Do you know what his instructions were?—The same as mine.

15018. Did you see them?—No, I did not.

15019. Then you do not know that they were the same as yours. Tell us what you saw?—I saw the poles were the same as I had got out, and the holes were dug as well as my own four feet down in his work. I saw this at different times as I passed up and down the line, and I made a note of it, because I was doing the same kind of work.

Line constructed
in other parts as
witness had done
his part.

15020. Did you see that he was digging the holes to the depth of four feet?—Yes.

15021. The wire had not been put up at the time you came along?—He was putting up the wire as he went along.

15022. Did you see the men at work?—Yes; occasionally as I passed. In the first place I said I thought it was four feet we had to dig them—I mean according to my instructions.

15023. I am not asking you what your instructions were, because it gives us no information about what was done. I am asking you what you saw on the ground with your own eyes?—I cannot say positively that it was four feet, but they were put down as deep as they had to be put down.

Could not swear
the poles were
put down four
feet deep.

15024. How do you know that without knowing what had to be done?—I knew it at the time.

15025. Did you see the instructions?—I knew what my instructions were.

15026. Did you know what his instructions were?—Only that they were the same as my own; he was doing the same as I was doing, and I had done my own according to Mr. Sifton's instructions, that the specifications called for.

15027. Have you any information to give us about what you saw yourself on the ground, without referring to some instructions that were given to him?—What were given to me I can give you.

15028. To tell us what were given to you does not help us: can you tell what sort of poles you saw there?—Yes.

15029. What sort of poles?—Good poles, just as good as I got.

15030. What wood were they made of principally?—They were all poplar, I did not see any others.

Poles principally
of poplar

Telegraph
Construction
Contract No. 1.

15031. Over that portion which you have been describing west of the Narrows were there many water stretches?—There were none except one very close to the Narrows. Mr. Wynne did not put them up there. I put them up the next spring in the same way as the others by sharpening the poles, putting them down and bracing them.

15032. Without any artificial pressure but just the weight of the poles?—Exactly.

Crane River
Swamp.

15033. Were there any swamps upon that section of Wynne's?—There was one very bad swamp, the poles went down a good piece, it was about a mile long, that is the Crane River Swamp.

15034. Do you know how the poles were fastened through that?—They were distributed and I put them up.

15035. How did you arrange them?—I put them up in the usual way. We put them down as far as we possibly could put them, and they would sink some; after that they would go down through the depth of hole we dug.

15036. Would they be sharpened?—I am not sure about that.

15037. Do you remember whether the bottom was considered soft enough to be easily penetrated by the foot of the pole, without being sharpened?—There were some poles that would go further than others. I could not say that there were some poles that would go down further than the holes we dug in the muskeg.

15038. Was it the usual practice to dig holes in the muskeg?—Yes, we never did it in any other way; we always dug a hole.

When hole made
water would run
in; the muskeg
would stand.

15039. And was the material liquid enough sometimes to fill up those holes, or were they left with distinct, well shaped sides?—Nothing would ever run in but water. The muskeg would always stand. It is a kind of a gluey nature.

15040. Did you pass over that section of Wynne's at any time afterwards to see whether these poles had stood well, the following year, for instance?—No, Sir.

15041. Have you any knowledge of your own as to the manner in which those poles stood, beyond one year after they were put up?—Nothing only from hearsay.

15042. Was J. L. Conners employed upon this work at any time while you were there?—He was not.

15043. Do you know him?—I know him; yes.

15044. Do you know, of your own knowledge, anything about his connection with this work?—Nothing; only from conversation with him.

15045. What did he say about it?—He said that he had charge of the repairs from Duck Mountain. I think he said to Shoal Lake, or from Shoal Lake to Duck Mountain. Shoal Lake is about forty-five miles from Selkirk.

Conners' descrip-
tion of the way
poles put up
through Dog
Lake correct.

15046. He describes the poles as being put up through Dog Lake, as I understand it, upon light tripods fastened by wire, is that the description of the work which you have put up there?—I think it is; it must be that he has reference to.

Telegraph-
Construction-
Contract No. 12.

15047. Have you had any experience as to the working of the lines in winter in this respect, that the wire when it falls upon the ice will permit of circuit, but in summer in the water it will not: is that correct?—Yes; we had no difficulty in the spring of the year as long as it was frosty weather. I had an operator there with me in the spring of 1876.

15048. Have you any knowledge of the ordinary life of a poplar pole?—Yes; from observing them between Winnipeg and Selkirk. I know that they were renewed after being up three years between Winnipeg and Selkirk. I supplied some of them.

Life of poplar
pole, three years.

15049. You mean that they had to be removed, that a pole after three years would not be useful?—They were beginning to fall after three years.

15050. Over this section of country which you have described as far west as Duck Mountain, can you say whether spruce or tamarack poles, or either of them, could be had within reasonable distances by drawing them?—We put up a great many spruce and tamarack from Mossy River to Duck Mountain, very little of any other timber between those two points. It is called Dauphin River on some of the maps, it runs from Dauphin Lake to Winnipegosis Lake, sixty-three miles from the Narrows of Lake Manitoba.

Many spruce and
tamarack poles
put up from
Mossy River to
Duck Mountain.

15051. About what distance do you say it is from Mossy River to Duck Mountain?—I put it up forty miles west, and we put on very little of any timber but spruce and tamarack; we found them easily, except in a couple of places where we had a difficulty in getting them, and we did not put them in.

From Mossy
River to Duck
Mountain forty
miles.

15052. Is this Mossy River the water between Dauphin Lake and Winnipegosis?—Yes.

15053. How was it east of that, from there to Selkirk, I think you said that was all poplar?—All poplar.

15054. And from this point westward as far as Northcote, near Duck Mountain, you say that was all either tamarack or spruce?—All but a few poles.

15055. Which is the better of the two, tamarack or spruce?—Tamarack.

Tamarack better
than spruce.

15056. How much of the tamarack did you use in that section?—I could not say, I think we had more spruce than tamarack.

Used more spruce
than tamarack.

15057. Much more?—Yes; I think that we did not find a great deal of tamarack.

15058. Then, when you mention tamarack and spruce together, as having been used to a great extent, you mean that very little of it was tamarack?—I do not think there was much, I am not very sure now.

Not much
tamarack used.

15059. Tamarack is a very much better wood than spruce, is it not?—Yes, I think so.

15060. The life of it I believe is two or three times as long?—I have seen tamarack used twenty years and still have a very hard core in it.

Tamarack lives
more than twenty
years.

15061. What is the ordinary life of spruce?—I could not say, I have not had much experience of it.

**Telegraph—
Construction.
Contract No. 1.**

15062. Is spruce very much better than poplar?—It is said to be much better by the people there.

15063. On this line from Mossy River east to Selkirk, are you able to say whether tamarack could have been obtained by drawing it a reasonable distance?—I think I am. I never could find out that there was any tamarack anywhere within fifty miles of it; even at that distance it could not be had. Mr. McLeod, the engineer, came over the line while I was building at Mossy River. I forget his first name, but he is one of the engineers on the Pacific Railway; he came over to inspect it.

15064. Is there any other matter within your knowledge about the manner in which this line has been constructed or maintained, upon the Sifton contract, which you can give us by way of evidence?—I do not know of any just now. Mr. McLeod reported very favourably to me. He said he was very well satisfied at the way I was doing the work at that time, when I asked him.

15065. Did any of your line—I mean the line which you put up over the swamps—give way before you completed it, so as to require replacing?—It did not. I was ill, or I would not have left the line at the time. I had a very severe winter. I think I could have kept it in repair if I had been there.

Dog Lake, fresh water; Shoal Lake, alkaline.

15066. Do you remember whether the waters about Shoal Lake or Dog Lake were fresh, or salt, or alkaline?—Dog Lake is fresh, Shoal Lake is alkaline. The south winds of the Manitoba Lake flood the Dog Creek, and the water spreads over the country about fifteen miles from Dog Creek.

15067. Is there any other matter connected with the Canadian Pacific Railway upon which you can give us information?—I do not know of any.

15068. Is there any further explanation which you wish to give of the evidence that has been already given?—Not that I can think of just now.

SUTTON.

R. T. SUTTON, sworn and examined :

**Telegraph—
Tendering.
Contract No. 4.**

By the Chairman :—

15069. Where do you live?—At Brantford.

15070. Have you had any connection with any transactions on the Canadian Pacific Railway?—Yes.

15071. Which was the first?—The telegraph from Fort William to Fort Garry.

Fort William to Fort Garry.

15072. This work was let by public competition, was it not?—Yes.

15073. Did you make a tender?—I did.

15074. In your own name?—In the name of Sutton & Thirkell.

15075. What Thirkell was that?—Thirkell, of Victoria—he was at that time; he is not in Canada now.

15076. R. J. Thirkell?—No; W. J. He used to be in the drug business in Lindsay.

Let by public competition.

Telegraph—
Tendering.
Contract No. 4.

15077. Look at Exhibit No. 12, and say if that was the tender that was made by you and Thirkell?—Yes, it was one of them. (Looking at the document): That is not the one that I referred to, though, Judge.

15078. This is not the one?—No; the one I referred to is from Thunder Bay to Fort Garry; that is the only one I have had.

15079. That is attached to the paper which you have been looking at (handing the paper again to witness)?—Yes; this is added to it.

15080. Is that the tender upon which your contract was awarded?—Yes, Sir.

15081. Was Thirkell interested jointly with you in it?—No; he was assisting me in it that was all, and he went away from the country, so I took up the tender myself.

Thirkell left country and witness took up the tender himself.

15082. Had he left before the matter was finally arranged?—Oh, yes.

15083. So that you alone were in this country at the time that the contract was awarded, is that what you mean?—Yes, Sir.

15084. Have you had any communication from him since confirming you as sole proprietor?—No.

15085. Was it taken as a matter of course when he left that you would be the sole proprietor?—Certainly.

15086. Was there any arrangement between you and the Department by which the Government agreed to his being dropped out of the transaction and you remaining sole proprietor?—No; there was not. I had nothing at all to do with the Government about the matter. That contract was not carried out. It was Sutton & Thompson's contract that was carried out, and I resigned on that. If you will take the notes on that you will see that I threw it up altogether and took up the Sutton & Thompson contract.

Not Sutton & Thirkell but Sutton & Thompson's tender that was acted on.

15087. How did you communicate to the Government that this one was abandoned?—I done that through Oliver and Davidson; they were the ones that got the contract.

Abandonment of the Sutton & Thirkell tender effected through Oliver and Davidson who got the contract.

15088. Did you know how information was given to the Government that Sutton & Thirkell would not carry out their tender?—Only from sending in a letter in which I refused to carry it out.

15089. Did you send in such a letter?—Yes.

15090. In your own name?—Yes.

15091. Did you yourself forward it?—No; I gave it to Mr. Oliver.

15092. Then you do not know whether it ever reached the Government?—I do not know anything about that. I could not tell you any more than that I handed it to them.

Witness gave letter refusing to carry out tender of Sutton & Thirkell to Oliver.

15093. To whom did you give that letter?—To Mr. Oliver; Oliver, Davidson & Co.

15094. Was it to Oliver or Davidson?—They were both together; but I think I handed it to Mr. Oliver.

Handed this letter to Oliver at the same time as he agreed to sell out the Sutton & Thompson interest to Oliver, Davidson & Co.

15095. And that was a communication addressed to the Government to the effect that Sutton & Thirkell would not complete their tender?—Exactly. That is about the substance of it.

**Telegraph—
Tendering.
Contract No. 4.**

Had meanwhile
learned from
Oliver and David-
son that Sutton &
Thompson were
the next lowest
tenderers to Sut-
ton & Thirtkell.

15096. Was that after you had arranged with Oliver, Davidson & Co. to sell out to them?—Yes; it was at the same time.

15097. Up to the time that you communicated that information to the Government that Sutton & Thirtkell would not carry out their tender, had you been informed that Sutton & Thompson were the next lowest tenderers?—I think I was.

15098. From whom did you get the information?—I think it was from Oliver and Davidson.

15099. Had you had any direct communication from the Government to that effect?—No; up to that time the only communication I had was with Mr. Braun.

15100. At the time that you and Oliver, Davidson & Co., or some one on their behalf, first met together for the purpose of negotiating this transaction, had you been informed that the next lowest tender was that of Sutton & Thompson?—I am not sure, but I think not. I am not sure. It is some time ago; but I think not.

Approached
Oliver and David-
son on the Sutton
& Thirtkell
tender.

15101. You think that you approached them with the view of selling the contract without knowing that Sutton & Thompson was the next lowest after Sutton & Thirtkell?—Yes; I think it was on the Sutton & Thirtkell affair I approached them.

15102. When you approached them on the Sutton & Thirtkell affair it was with a view of disposing of your own interest?—No; it was with the view of their going in with me.

15103. Do you mean as joint contractors?—Yes. I was to take an interest in with them, and I did all through.

15104. Yes; but what you did afterwards was in consequence of a different transaction: I mean on your approach?—No. My arrangement on the start was to take an interest in the contract with them, and I did do so.

15105. But that arrangement on the start was proposed to be upon the basis of the Sutton & Thirtkell tender?—Precisely.

The offer on the
Sutton & Thirt-
kell basis
accepted.

15106. Do you know whether your offer to give them an interest in the Sutton & Thirtkell tender was at once accepted by them, or was the negotiation delayed?—I think it was accepted there.

15107. Where was it?—In Toronto.

15108. Had you appointed a meeting at Toronto?—No; I had Judge McMahon with me before that, and through family matters he had to retire, and I had only three days to pick up somebody else, and I met Mr. Oliver and closed the matter with him.

15109. Do you mean that you met him accidentally in Toronto?—I did meet him accidentally, but I came down for the purpose of getting a partner.

15110. But not that particular partner?—No.

15111. Well, when you arranged, as you say you did, at the first interview with Mr. Oliver that he was to take an interest with you in the Sutton & Thirtkell contract, was any one else besides Mr. Oliver to be interested?—Yes; Mr. Davidson was there.

15112. Was he present?—Yes.

Telegraph—
Tendering.
Contract No. 4.

15113. Any one else?—No; we just met them in Toronto.

15114. Well, at that interview was it closed that Oliver and Davidson were each to become interested in your tender in the name of Sutton & Thirkell?—Yes, I think so. It was closed as far as the verbal arrangement was concerned.

At first interview agreed that Oliver and Davidson were to be interested in the Sutton & Thirkell tender.

15115. I mean the understanding between you, was it finally decided?—Yes.

Witness retained one-fourth interest.

15116. What interest did you retain?—One-fourth.

15117. Did you know how long after that it was before any formal documents were drawn up, either between you or between this new firm and the Government upon the subject?—I think it was immediately they came down, I think either that same night or the next. It was almost immediately at any rate. We came down to Ottawa on the matter because there was only three days to close it up, if my memory serves me right.

Immediately witness, Oliver and Davidson went to Ottawa.

15118. Did you come down with them?—Yes.

15119. And Mr. Oliver?—Yes.

15120. And Mr. Davidson?—Yes.

15121. Who did you see upon the subject?—Nobody. I did not go near the Department at all.

Witness did not go near the Department.

15122. Who drew up the document between you three partners?—That was done by Mr. Braun afterwards; we only just made a verbal agreement at that time.

15123. Then your verbal agreement was reduced to writing after the transaction was carried out with the Government?—No; I do not think that it was. I think that the arrangement was—I think we came down to see if it could be held over a few days, to get things in shape. Then that was closed up, but I could not tell you whether our agreement was closed at that time, before or after we signed with the Government. I could not tell from memory.

15124. Was it closed between yourself and Oliver and Davidson, on the one part, and the Government on the other, while you were here in Ottawa?—No; I think not. I think it was in the fall of 1874, and it was the spring of 1875 before the contract was signed.

These negotiations in fall of 1874.

Spring of 1875 before contract signed.

15125. Was the arrangement between this new firm and the Government settled verbally while you were here at Ottawa?—I think it must have been, because we went back after the arrangement to get things in shape. There had to be securities put up and some stocks; money had to be put up afterwards before the contract could be signed.

15126. Do you know who was acting upon the part of the Government in so arranging the matter here at Ottawa?—No.

15127. Were you not present?—No.

15128. Who took charge of it then on your behalf?—I took charge of it myself, when I was here.

15129. But you were not present, you say?—No, not with the Government; there was no necessity for it, they made arrangements with the Government what stock they had to put up, and when the contract should be signed. It was unnecessary for me to be present.

**Telegraph—
Tendering.
Contract No. 4.**

Oliver and Davidson made all arrangements with Government.

15130. Then who did take part in the negotiation with the Government upon what was necessary?—I do not know of any one but Oliver and Davidson; they went up together.

15131. Went up together where?—To the Department.

15132. What time of the year would that be?—(Looking at a letter which he took from his pocket): That must have been in December, I think, Sir.

15133. When you left Ottawa did Oliver and Davidson accompany you?—Yes.

Oliver and Davidson went in with witness on the Sutton & Thirkell tender.

15134. And was it understood, when you left Ottawa, that the arrangement had been accepted by the Government?—Oh, yes; I do not think there was any doubt about it as far as that was concerned. The only question was as to whether the security would come up, otherwise the Government were satisfied that the work would be carried out.

But at Ottawa it was arranged that the Sutton & Thirkell tender should be laid aside and the Sutton & Thompson tender taken.

15135. And this was the arrangement: that these two parties should go in with you upon the Sutton & Thirkell contract?—That was the arrangement I made in the first place; but I think down here the arrangement was changed I am not sure where it was changed, but that the Sutton & Thirkell tender should be set aside and the Sutton & Thompson one taken.

15136. Did you take any part in the negotiations with the Government by which the new tender of Sutton & Thompson was to be substituted for the old one of Sutton & Thirkell?—None whatever.

15137. Do you know who did take part in that arrangement?—I do not.

15138. When you came down here, I understood you to say that you all came down prepared to carry out the Sutton & Thirkell arrangement?—No, you misunderstood me. I did not say that I came down to make arrangements to carry it out.

15139. I mean willing to carry it out?—Yes; this had been left in abeyance for some time.

15140. Had you come down to make arrangements to carry out the Sutton & Thirkell tender?—I am not sure that it was changed before that.

15141. But up to that time—the time of your reaching Ottawa—there was no refusal upon your part to carry out the Sutton & Thirkell tender, was there?—I think not; I think it was not before that; I am not sure about the date of that correspondence; it should have been with the Department because I did not keep it.

No doubt but that they all went to Ottawa to carry out the Sutton & Thirkell tender.

15142. Have you any doubt about this, that you all came to Ottawa with the view of carrying out the Sutton & Thirkell tender?—I think not; I think that is correct.

15143. That you did come for that purpose?—Yes.

15144. And you say you are not certain as to the time that a different arrangement was arrived at; that was that the Sutton & Thompson tender should be adopted instead of the Sutton & Thirkell tender?—I could not say.

15145. Can you say whether that new arrangement was adopted without your being present?—I am not sure it was.

Telegraph—
Tendering.
Contract No. 4.

15146. But was it brought about by the negotiations of Oliver and Davidson, or some of them?—I cannot tell you that. That I do not know.

15147. But it is a matter in which you were pecuniarily interested; do you not know who acted on your behalf in bringing it about?—They were acting in their own interest.

15148. But they were acting in yours too, because you had the one-fourth interest in the contract?—That was all the same to me; I did not have anything to do with it myself; I took it all in.

15149. You understood that it was the higher tender that was adopted?—Yes. The higher tender adopted.

15150. And you had a part in the higher tender as well as this one?—Yes.

15151. When you came down to Ottawa, had you any knowledge of this: whether the Sutton & Thirtkell tender was next below the Sutton & Thompson tender?—I cannot tell you that.

15152. Did you know whether there was any intervening tender between those two or not?—I could not tell you from memory whether I knew it coming down that time or not. It is some time ago.

15153. Did you say that Davidson was here at Ottawa upon that occasion, all the time that you were here?—Yes.

15154. Did you take any part in any negotiations with the persons who had made lower tenders than you had?—No. Witness took no part with any persons who had made lower tender than he.

15155. Waddle & Smith, for instance, or any of those people?—No.

15156. Was your first bargain with Oliver, Davidson & Co., that you should retain one-quarter interest in the contract?—I think that was it all the way through; there was no change in it.

15157. Was there not some change in it afterwards?—No.

15158. Did they not give you a sum to pay Thompson?—Yes, but that had nothing to do with the contract; that was part of the arrangement. Oliver and Davidson gave witness a sum to pay Thompson which was charged to the firm.

15159. I am asking if that was not part of the arrangement?—That was included in the quarter interest.

15160. Did you not get a quarter interest besides this sum of money?—No; the arrangement was that that was a charge against the works.

15161. They advanced so much money to you out of your share?—No, out of the general fund; it was to be a charge on the works.

15162. So that besides giving you a quarter, the new firm stood the payment for the purpose of getting rid of Thompson's interest?—No; it was charged on the works, and part of it had to come out of my one-quarter interest.

15163. That was against the funds of the firm, was it not?—Yes.

15164. What amount was given to him?—I do not remember exactly what the amount was.

15165. Was it \$800?—I think the expenses and all connected with it was \$800—the sum of \$800 was paid out of the firm; it was not all paid to Thompson. \$800 paid out of firm, but not all given to Thompson.

Telegraph—
Tendering.
Contract No. 4.

15166. What was it paid for?—There were other expenses attached to it.

Witness made an arrangement with Thompson and paid other expenses with balance.

15167. What other expenses?—Expenses travelling back and forward. I was to take \$800 out of the firm to pay Thompson off. I made my own arrangement with Thompson, and paid other expenses I had with it.

Thompson only helping witness.

15168. Was Thompson a partner with you in the Sutton & Thompson tender to the full extent of one-half, or was he only helping you?—That is all.

15169. His name was added merely to give strength to the firm, was it not?—That is all.

Not a full partner

15170. But between yourselves he was not a full member?—No, decidedly not.

15171. And out of this money which the new firm—yourself and Oliver; Davidson & Co.—advanced, you say you satisfied him for his helping you?—I satisfied him and took an assignment of it. He is a man I have known for twenty years. I frequently got his name and paid him for it, that is all.

15172. Then the real arrangement between you and him was that he was to help you as far as he could to get the contract, but he was not to continue a partner and get a half interest in the results?—We have always had an arrangement of that kind. I have used his name and paid him for it all along.

Used Thompson's name and paid him for it.

15173. Then you have used his name for your own object, with the intention of paying him for it: is that what you mean?—That is what I mean exactly.

15174. Then this tender in the name of Sutton & Thompson was really intended at the time to be for your own benefit, excepting that little payment to him?—Yes.

Under Sutton & Thompson's tender \$590 for wooded sections

15175. What was your tender for the wooded portion of section No. 5?—No. 5 was \$590 for the wooded section.

15176. Is that the section for which you got the contract?—Yes.

\$435 for prairie.

15177. What is your offer for the prairie portion?—It shows here: "Prairie, \$435."

15178. In this arrangement with Thirtkell, was it not understood originally that Thirtkell was to help you pretty much in the same way that Thompson was to help you?—Yes; I had no other arrangement with him until he left the country.

Thirtkell was precisely in the same position as Thompson.

15179. I am speaking now of the substantial understanding between you and him; was it not to this effect: that he should allow you the use of his name for your own purpose, and really for your own benefit principally?—Yes, I always paid him for anything of that kind. I considered I was under an obligation to pay him for anything he had done.

Not intended that Thirtkell should be a permanent partner.

15180. It was not intended in this arrangement with you that he should be a permanent partner?—No.

15181. So that when you assumed the sole proprietorship of the Sutton & Thirtkell offer, it was in accordance with the substance of your understanding with Thirtkell?—Decidedly.

15182. Now what was your offer under the name of Sutton & Thirkell, for the wooded portion of section 5?—It shows there, \$530 (pointing to tender).

Telegraph—
Tendering.
Contract No. 4.
Sutton & Thirkell tender \$530 for wooded and \$275 for prairie.

15183. And for the prairie portion?—\$275.

15184. Did you know that section 5 had been awarded to another person, at one time, before you got information that the Thirkell tender would be accepted?—Yes, I had. I think I understood at the time that there was another party had the contract, and I had almost forgotten all about it until he dropped out, for I had supposed the thing was closed until I got a telegram from Mr. Braun.

Had understood that contract was let to another tenderer.

15185. Do you remember now whether it was before you left Ottawa upon that occasion when Oliver, Davidson & Co. came with you, that you learned that you were getting the contract upon the Sutton & Thompson tender, and not upon the Sutton & Thirkell tender?—I do not; I could not tell you where I first got that communication.

15186. Was there any change in the terms between you and the firm in consequence of this higher tender being the basis of the contract with the Government, instead of the lower one?—No.

Witness retained one-fourth interest under Sutton & Thompson, as he had under the Sutton & Thirkell agreement.

15187. You still retained the same interest, a quarter?—Yes.

15188. Then you had an interest in that contract all the time?—Yes.

15189. Have the matters of the firm been closed respecting that contract?—I think it is not quite closed up yet between the Government and us.

Thinks contract not quite closed up with Government, but as between members of firm, witness let the others carry it on and he received his one-fourth interest.

15190. But between yourselves?—Yes; we have arranged between ourselves. Mr. Oliver carried it all the way through. I did not touch it. The arrangement was that I should let them carry it through, and they were to furnish me with accounts as to what was done.

15191. Do you mean that you were to get your share in the profits?—Yes.

15192. But you were to take no active part in the management?—No; not at all.

15193. Do you remember your partners telling you who this arrangement was made with at Ottawa, that it was to be on the Sutton & Thompson tender?—No; I do not.

Does not remember his partners telling him with whom they made the arrangement that the work was to be let on the Sutton & Thompson tender.

15194. Did you not discuss that between yourselves?—No; I should not have asked them any question if they said it was arranged.

15195. But sometimes partners have such confidence that they tell without being asked?—I don't remember any such conversation about it.

15196. But I understand you to say that they arranged it and you took no part in it?—They arranged, but I took no part whatever in it.

15197. The only part you took was in the profits?—Yes.

15198. Do you know the difference between these two tenders—the Thirkell tender and the Thompson tender?—I see there is a difference, but I never figured up.

Government paid a higher price for the works under the Sutton & Thompson than they would have done under the Sutton & Thirkell agreement.

15199. You understand, I suppose, that by the substitution of the Thompson tender for the Thirkell the Government paid a considerably higher price?—Well, yes; I think it is a little better contract.

**Telegraph—
Tendering.
Contract No. 4.**
The tender acted
on was not the
best for the
public.

15200. Do you mean a better contract for the public?—No.
15201. Do the public gain anything by it?—No; I don't think so.
15202. Is there any other matter connected with that telegraph contract that you wish to explain?—None that I know of.
15203. Is there any other matter connected with it upon which you can give us further information than you have given?—No; not that I know of.

15204. Where does Mr. Davidson live now?—In Toronto, I suppose.

15205. He lived there at that time?—Yes.

15206. And was he a contractor at that time?—He was a lumber merchant at that time and contractor.

15207. Where does Mr. Oliver live?—He lives in Ingersoll and is very sick. He has not been well for some time.

15208. He has not been considered able to transact business or to have a very good recollection for some months past?—No.

Oliver not fit to
be called as a
witness.

15209. Do you think if he were called as a witness, that he would be able to give us satisfactory information?—No; I do not.

15210. Mr. P. J. Brown was a partner of Oliver & Davidson's?—Yes.

15211. Then Oliver, Davidson & Brown had three-fourths of this contract and you had one-fourth?—Oliver, Davidson, Brown & Wells were the firm.

15212. Where does Wells live?—He is in Ingersoll.

15213. Among them they had three-fourths, and you had one-fourth?—Yes.

15214. They had the management?—Yes; the sole management of it.

**Tendering—
Contract No. 15.**

15215. Is there any other transaction of the Canadian Pacific Railway in which you have been interested?—Section 15.

15216. That work was let by public competition, was it not?—Yes.

15217. Were you interested in one of the tenders?—Yes.

15218. I think it was advertised more than once, do you remember whether you tendered upon each occasion?—I think I did, but I am not sure as to that.

15219. The work was awarded upon the last invitation of tenders, was it not?—Yes.

15220. Upon that occasion did you tender?—I did.

Tendered in
name of Sutton
Thompson.

15221. In what name?—Sutton & Thompson.

15222. Was that the same Thompson who was connected with you in the other matter?—Yes.

Thompson not a
partner but only
helping witness.

15223. And was it upon a similar arrangement, namely, that he was helping you for your own benefit?—Yes.

15224. Was he, by your understanding, to be permanently interested as a partner?—No.

15225. His name was added for your assistance only?—Yes.

15226. Was there any understanding between yourselves that he should be compensated for it?—Yes; before I made any arrangement

Tendering—
Contract No. 15.

with Mr. Whitehead I settled with him and took an assignment from him.

15227. Were you aware that other firms had been awarded the contract, one after another, before you got it?—I was.

15228. Which was the first firm to whom it was awarded?—I really forget now, but I know there were other firms.

15229. Some of the reports upon the subject show that Macdonald & Kane were interested in the contract : did you have any arrangement of any sort with them upon the subject?—None whatever.

15230. Directly or indirectly?—No.

15231. Then next came Martin & Charlton; did you have any arrangement with them?—None whatever. Knows nothing about the payment of money to Charlton.

15232. Directly or indirectly?—If you say indirectly, Mr. Whitehead's evidence would show that he bought them out, but I know nothing about the transaction in any shape.

15233. If he bought them out, was it on your account in any way?—No, none whatever; I knew nothing about it at all.

15234. I suppose you were selling at that time, you were not buying, were you?—Yes, I was selling at that time. Witness was selling at that time himself.

15235. But the contract was not made between you and the Government—that is between you alone and the Government?—No.

15236. Had you parted with your interest in the contract before it was signed and executed?—At the same time, just about the same time.

15237. Did you not arrange with Mr. Whitehead that he should be the sole proprietor before the contract was executed?—Decidedly.

15238. Do you remember whether the application to have Whitehead's name inserted in the contract was made as if you were still interested, although you had actually parted with your interest?—I do not know I am sure; I really do not think I have got your question.

15239. Well, I will explain more fully to you. The application made to the Government by Whitehead was that his name should be introduced into the contract as if you and Thompson were still interested, and he only had a part of it?—Well, it did so appear; and I signed in the assignment from Thompson. I assigned for Thompson and myself with the understanding that our names should be removed from it.

15240. Then the contract with the Government, although it contained the names of yourself and Thompson, was not in accordance with the arrangement between yourself and Whitehead?—No, it was in accordance for the time being; it was to remain there for, I think, three months and the sureties—my sureties too. The signature of Sutton & Thompson to contract not in accordance with the real understanding with Whitehead, namely: that Sutton & Thompson were to have nothing to do with the contract.

15241. But the substantial arrangement between you and Whitehead was that you were to have no part in the contract?—Decidedly.

15242. Neither profit nor loss?—No.

15243. And if your names remained, was it upon the assurance, on his part, that they should be removed in a short time?—Yes; I had an agreement with him that they should be removed. Witness had an agreement with Whitehead that the names of Sutton & Thompson should disappear at an early day.

15244. Have you that agreement with you?—No; I have not.

**Tendering—
Contract No. 15.**

15245. Have you some letter with you?—No; I have not. I took some memorandum about the date of the contract, that is all. To make sure I had to go over to the office this morning to see the book.

15246. Do you know whether any understanding had been arrived at between Whitehead and the Government that your names could be removed within any definite period?—I did not know what the arrangement was.

Took Whitehead's promise and Senator McDonald's guarantee.

15247. Did you take his promise for that?—I took his promise and a guarantee.

15248. By whom?—By Mr. McDonald.

15249. Do you mean Senator McDonald?—I do.

15250. His brother-in-law?—Yes.

15251. Have you that understanding still?—I had; but Mr. Braun wrote me that the names were removed, so there was no longer any object in keeping it.

15252. Then what did you do with that agreement?—I do not know. I am not sure but I destroyed it; I have not seen it since, because it was no use.

15253. Was Charlton present at the time that the payment was made to you by Whitehead, or by McDonald for him?—No.

15254. Where was it made?—Payment was made to me in Brantford.

15255. You had your lawyer with you at the time, had you not?—Yes.

15256. And who were there on the other side?—I do not remember all who were there.

Senator McDonald and Whitehead present when witness was paid \$10,000 for his interest.

15257. I mean upon the Whitehead and McDonald side?—None but the two, I think, Sir.

15258. What was the amount?—\$10,000.

15259. Was there anything further to be given to you afterwards?—No.

15260. Was that the full consideration?—That was the full consideration for everything, expenses and everything.

15261. And from that time had you any interest in the profits or losses of the contract?—Not a cent.

Witness settled with Thompson.

15262. Was Thompson a party to that arrangement?—Yes; before they made this arrangement I bought out Thompson and settled with him, and then made my arrangement with the others, and took the risk and responsibility.

15263. Do you remember whether Thompson was present at the time it was closed?—No; he was not.

15264. Do you remember whether he signed the contract with the Government afterwards?—No; I had a power of attorney to sign for him. Just after I bought him out I took power to sign his name.

15265. You took a power from him which authorized you to sign his name with the Government?—Exactly.

15266. And after that you executed it, I understand, on his behalf?—Yes.

Tendering—
Contract No. 15.

15267. Or rather in his name?—Yes.

15268. Since that time have you, by any new arrangement, been interested in the results—the profits or losses—of the contract?—Not a cent.

15269. That ended your connection with it completely in substance?—Yes.

15270. On the 27th November, 1876, a letter in one of the Blue Books appears over your name—Sutton & Thompson—addressed to the Minister of Public Works, stating that you had been informed that Green & Co., by some means, had discovered an error or omission in your tender about rip-rap?—Yes. Error about rip-rap.

15271. Do you know by what means they discovered that error?—No.

15272. Did you ever ascertain?—No.

15273. Did you ever try to ascertain?—No, I did not.

15274. Who were Green & Co?—They were a firm in New York.

15275. Had they any agent there that you know of?—No.

15276. How were you aware that they had discovered that error?—I think I got that information through Whitehead.

15277. Do you remember telegraphing, in January, 1877, to Mr. Braun, that there was no truth whatever in the statement that you or any one on your behalf paid Charlton & Co., or Charlton individually, any sum of money for withdrawing their tender on this section?—I do; I remember it now that you read it, but I did not remember it before. January 7th, 1877 telegraphed Braun that there was no truth in the assertion that he or any one on his behalf paid Charlton a sum of money for withdrawing their tender.

15278. Do you remember sending such a telegram?—I think I did.

15279. That was true?—That is true, every word of it.

15280. It was not you who were paying Charlton, or any one on your behalf?—I did not know that Charlton was receiving anything from Whitehead except on rumour, and that is no knowledge.

15281. In a Return addressed to the House of Commons in the year 1877, on the subject of the awarding of this contract for section 15, at page 34 appears a letter from your firm, dated Brantford, 16th October 1876, in these words:

“Hon. ALEXANDER MACKENZIE,
“Minister of Public Works, Ottawa.

“Sir,—In the event of our tender for the construction of section 15 of the Canadian Pacific Railway being accepted, we desire to have associated with us, in the contract, Mr. Joseph Whitehead, of Clinton, contractor.”

—Yes; that was sent.

15282. At that time, your desire to have him associated with you in the contract was not because you were to be associated with him in the work or profits, but for the object which you have already described, was it not?—That is all.

15283. Was it merely for the purpose of your name remaining there, the substance of the agreement being that he alone was interested?—Decidedly.

When, in 1876, witness wrote to Hon. A. Mackenzie that his firm desired to have Joseph Whitehead associated with them, the object was to set out to him.

**Tendering—
Contract No. 15.**

Senator McDon-
ald put up a
cheque for \$80,000
and witness's
personal sureties
went on bond,

Whitehead & Mc-
Donald agreeing
to replace them.

In the negotia-
tions Senator
McDonald "took
the financial
part."

Witness a con-
tractor.

15284. Did you take any part in the furnishing of the securities which were put up by Senator McDonald afterwards?—At that time, no. I put up my own sureties at the time. I had to put them in and furnish securities, but he put up \$80,000 of a cheque. I saw the cheque when he put it in.

15285. That relieved securities?—No; that was the first thing he did. Then I had to have my personal sureties go on the bond for three months, and they agreed to replace them.

15286. Who was it suggested the propriety of the names of Sutton & Thompson remaining on the contract, although the understanding was really that Whitehead alone was to be interested?—I could not tell you; but Mr. Whitehead requested me to let it be done, and I could not see any objection, as I was safe.

15287. Was that suggestion made at the time of the payment of the money at Brantford?—No, it was before that. It was when they made their arrangements on the subject.

15288. Who were present when you made your arrangement, before the payment of the money at Brantford?—I do not remember who was there.

15289. Where was it?—I had a dozen meetings with him before I made arrangements with him.

15290. With whom?—McDonald and Whitehead.

15291. Where were they then?—I met him in Toronto, and I met him here, and I met him in Brantford. Whitehead was here several times.

15292. What part did McDonald take in the negotiations?—I think he took the financial part, principally.

15293. Did he take any part in the negotiations with you, as to the price which should be paid?—Yes, when he was paying it; that's all. It was he who paid it. Whitehead made this arrangement.

15294. Did he take any part in bargaining as to the price that should be paid?—No; he did not. Now I understand your question.

15295. Have you ever had any experience in actual work under contracts?—Yes.

15296. What sort of contracts?—Railroads.

15297. How much experience?—I have been at it, off and on, for about eighteen years.

15298. Have you been a contractor?—Yes.

15299. Were these works in this country?—Yes; some of them.

15300. Then your business, connected with contracts, has not been altogether selling them, but sometimes carrying them out?—Yes.

15301. What was the amount of the contracts which you carried out?—I have had several contracts.

15302. Were they large or small?—Moderate sized contracts.

15303. In arriving at the prices upon the tender which you put in in this case, were you assisted by any person connected with any of the Departments?—No.

Tendering—
Contract No. 15.

15304. Were these other contracts that you speak of with the Government or with private railway companies?—With private railway companies.

15305. Were these arrangements proposed by Whitehead or McDonald to you before you knew that the contract would be awarded to you?—Decidedly.

Whitehead & McDonald proposed to buy him out before he knew he would be awarded the contract.

15306. At the time that the proposition was made to buy you out, do you say that you, yourself, had not any information that your tender was next lowest to Charlton's?—No; at the time that this was made, Charlton was expected every hour to put up his money. I had no idea that he would have to step out; and I had no idea that he would have stepped out, but that he would have carried out his arrangement according to the public press, from day to day.

15307. But up to that time, when you closed with Whitehead, you were not informed that your tender was next to Charlton's?—No; I did not know where it stood at that time until Whitehead was buying me out.

Until Whitehead was buying him out did not know that his tender stood next to Charlton's.

15308. Whitehead knew better than you did, did he?—He must have. I supposed that Charlton had the contract. He stayed here three months—I think it was three months.

Supposed Charlton had the contract.

15309. Did you say that Senator McDonald was present at any of the times when Whitehead was discussing with you the price that you were to get?—No; I think not. I think McDonald was only there in making the agreement. I think the price and preliminaries were arranged between Whitehead and myself. I do not think McDonald was there.

15310. Did you ever have any conversation with Mr. Whitehead in which he led you to understand how he was aware of your rank among the tenders?—No; he did not. I do not remember. He knew where they stood, that is all I knew of it; at least, he told me that.

Whitehead knew how the tenders stood.

15311. Have you ever been called as a witness before any of the Committees of Parliament on this subject?—No.

15312. Is there any other matter connected with this contract 15 which you wish to explain?—No; nothing I can remember of.

15313. Is there any information which you can give us on the subject by way of evidence?—No.

15314. Is there any other matter connected with the Pacific Railway in which you have been interested?—No.

15315. Or upon which you can give us information?—No other matter upon which I can give information that I know of.

15316. Had you examined the territory covered by section 15, before you tendered?—No; but I had a party that went over it for me.

Before tendering for section 15, got a person to go over the ground.

15317. And did he give you information upon the nature of the ground and material to be worked?—Yes.

15318. Did that information help you in arriving at prices?—Decidedly.

15319. Is there anything further?—Nothing more that I know of.

**Transportation
of Rails—
Contract No. 28.**

TOUSSAINT TRUDEAU'S examination continued:

By the Chairman:—

15320. When you were giving evidence on a former occasion we got an idea that the contract called No. 28 in Mr. Fleming's report of 1880 was, in fact, a continuation of contract No. 18: is that correct, or was it an entirely new proposition and agreement?—The agreement may be considered a new one.

First document
Kittson's letter
offering to per-
form the work.

15321. What is the commencement of the negotiations upon which contract 28 is based?—The earliest document I find is a letter from Mr. Kittson, General Manager of the Red River Transportation Co., dated 19th April, 1876, offering to perform the work.

Rails carried at
same price as
under contract
18, but additional
price for carriage
of rolling stock,
&c.

15322. Is that work similar to what had been performed under contract 18?—It was for the carriage of rails, and at the same time the price per ton, as named in contract 18; but it contained an additional price for the carriage of rolling stock and other articles.

15323. Is the transportation between the same points as in contract 18: I believe they both start from Duluth?—Yes.

15324. The point of delivery in this proposition of Mr. Kittson's, if north of St. Andrew's Rapids, is not to be reached excepting upon certain conditions named in his letter: are those conditions the same as the conditions named in contract 18?—No; not exactly.

15325. Does the letter upon which contract 28 is based allude to the price named in contract 18; or does it mention the price without any reference to contract 18?—The letter of 1876 mentions the price without reference to the letter of 1875.

15326. Was the work to be done under the new proposition of 1876 recommended by the engineer?—Yes; by letter dated 13th May, 1876, from Mr. Fleming.

15327. What is the date of Mr. Kittson's letter offering to do the work?—The 19th of April.

Kittson proposed
to do the work
before the Chief
Engineer recom-
mended its being
done.

15328. Do you know how it is that Kittson proposed to do this work for the Government before the Engineer-in-Chief recommended it to be done?—There is no record of any communication with Mr. Kittson, and I do not know of any.

Work similar to
that Fuller &
Milne offered to
do by their letter
of April, 1875.

15329. This work in contract 28 is similar, is it not, to the work which Fuller & Milne offered to do by their letter of April, 1875?—Yes.

Fuller & Milne
were not written
to nor was there
any competition.

15330. Do you know whether they were written to, or whether any competition was invited in 1876, before this work was awarded to Kittson?—They were not written to.

15331. Was there any other competition that you know of as to this 1876 work?—No.

15332. Do you know about the amount, in round numbers, involved in this contract of 1876?—No. It is all included in the amounts returned on contract 18, already given to the Commission.

15333. As I understand contract 18, given in 1875, in the month of May, was to carry 5,000 tons at \$15 per ton American currency, which would be about \$75,000: now the whole amount apparently involved in 18, in Mr. Fleming's report of

**Transportation
of Rails—
Contract No. 28.**

1880, which, as you say, includes the expenditure on contract 28, amounts to \$218,550 : do you think that the difference between this \$75,000 (American currency) and the whole amount I have named, is the result of this contract 28?—Yes.

15334. Are you able to say now at what rate (Canadian money) you paid per ton under these contracts—I mean what discount was taken off on account of its being payable in American currency; or, if not, can you furnish us with the particulars at a later day?—I can give them at another time.

15335. Is there anything further about this contract 28 which you think it necessary to explain?—No, not at this moment.

15336. What is the next contract on which you are prepared?—Contract No. 43, with Joseph Upper & Co., dated March 12th, 1879, for equipping and working the Pembina Branch of the Canadian Pacific Railway, between Selkirk and Emerson.

**Operating
Railway—
Contract No. 43.**

Joseph Upper
& Co.

Equipping and
working Pem-
bina branch
between Selkirk
and Emerson.

15337. Was that work let by public competition?—No.

15338. How was the arrangement arrived at: what was the beginning of the negotiation?—In 1879, during the construction of the Pembina Branch, it was thought desirable that the railway should be used, and as the Department had no rolling stock on the works, it was thought desirable to work the line by contract, and the Chief Engineer pointed out that the same men who were building the line and ballasting it were the only persons who could, with any degree of safety, work the line. It was under those considerations that the contract was given to Upper & Co.

Reasons why con-
tract was given
to Upper & Co.

15339. Were they invited to name their best terms, or did the Government make a proposition to them, in the first instance?—The first written document I find is a letter from Joseph Upper, dated the 27th February, 1879, offering to perform the service.

15340. Was it submitted to the Engineer-in-Chief for his report upon the terms?—Yes, Mr. Fleming reported on the 3rd March, 1879.

15341. Was the decision upon the transaction by the Minister, or by Order-in-Council?—It was by Order-in-Council, dated 13th March, 1879.

Work authorized
by Order-in-
Council.

15342. At what time was the contract dated?—The date of the contract is 12th March, 1879.

15343. Has the equipment and working of the branch been carried on under the contract?—Yes.

15344. Up to what time?—Up to the 10th February, 1880.

15345. Why was it not carried on longer than that?—Because it was cancelled by Order-in-Council, dated 28th January, 1880, to take effect on the 10th February, 1880.

Contract cancel-
led by Order-in-
Council, February
1880.

15346. Was this Order-in-Council based, as far as you know, upon any report of the Engineer-in-Chief upon the subject?—I shall enquire.

15347. Is there a dispute now existing between the Government and the contractors upon the subject?—Yes, there are certain accounts which are not yet adjusted.

15348. Is it the Government which is making a claim against the contractors, or is it the other way?—The contractors state that they have a claim against the Government.

Contractors
make a claim.

**Operating
Railway—
Contract No. 43.**

15349. This contract arose out of a previous agreement between the Government and some parties working this road, did it not?—It was more a contemplated agreement, which was not executed. It was an agreement not executed.

15350. With whom was that contemplated arrangement?—It was with George Stephen, representing a controlling interest in the St. Paul and Pacific Railway Co.

15351. Was that contemplated arrangement reduced to writing?—Yes.

15352. Can you produce it, or a copy of it?—Yes; I produce it. (Exhibit No. 211.)

15353. Has there been any claim on account of this contemplated arrangement not having been fulfilled—I mean by or against this St. Paul and Pacific Railway Co.?—No.

Claim of contractor still under consideration of Department.

15354. In what state is the matter relating to the dispute between the Government and these contractors, Murphy & Upper: has it been referred to any person, or is it under consideration?—The matter is yet under the consideration of the Department.

15355. Have you the correspondence which led to the agreement: the reports, or any of them, and the Order-in-Council, which you can now produce, and the agreement itself, or a copy of it?—Yes; I produce them. (Exhibits Nos. 212—217.)

15356. Is there anything further relating to this contract which requires explanation at present?—No.

OTTAWA, Thursday, 18th November, 1880.

MORSE.

G. D. MORSE, sworn and examined:

**Tendering—
Contract No. 43.**

By the Chairman:—

15357. Where do you live?—In Toronto.

15358. What is your occupation?—Cattle exporter.

15359. Have you been interested in any of the transactions of the Canadian Pacific Railway?—I was.

15360. What was the first transaction in which you were interested?—I tendered with some others for sections A and B of the Pacific Railway.

Tendered for sections A and B near Cross Lake.

15361. There were sections A and B in British Columbia and sections A and B near Cross Lake, which of these was it?—It was at Cross Lake.

Marpole, Nicholson & Thompson interested with him.

15362. Was there any other person interested with you in the tender?—Yes: Mr. Marpole, Mr. Nicholson and Mr. Thompson.

15363. What Mr. Marpole is that?—Mr. Marpole, of Barrie.

15364. Is he here?—This gentleman here.

15365. What Mr. Nicholson?—Mr. Frank Nicholson, of Toronto.

15366. What Mr. Thompson?—Mr. Thompson, of Toronto—A. J. Thompson, of Toronto.

Tendering—
Contract No. 42.

15367. This Exhibit No. 70 appears to be the original tender made by your firm, please look at it: is Mr. Thompson's name mentioned as one of the persons tendering?—He is only mentioned here as security, I guess. That is the tender.

15368. That is the same Thompson who was interested as a partner?—Yes, Sir.

15369. Was any other person interested as a partner whose name does not appear?—No, not in this.

15370. Not at the time of tendering?—No, Sir.

15371. Did you understand that your tender was the lowest for this work on section B?—Yes, Sir.

15372. Was the contract awarded to you?—It was the lowest on section B and A, and it was not awarded to us.

Tender lowest for work on sections A and B.

15373. Not awarded to you on section B?—On section B; they divided C, and gave us section B, the worst half, which we did not require.

C was divided into sections A and B, and B given to witness and his partners, which they refused, regarding it as the worse section.

15374. At present I am asking you whether it was awarded to you on section B?—It was latterly.

15375. Was it awarded to some person else before it was awarded to you?—No; not to my knowledge.

15376. Then the first awarding of the contract on section B, was to you as I understand?—Yes; but we did not tender for it alone, we tendered for A and B together.

15377. Do you say that you made no separate tender for section B?—No, we did not.

15378. Look at this exhibit and say whether that is a separate tender for B?—If you could divide it I suppose it reads in that way.

15379. Do you mean that you made the tender in some way that it does not read?—I mean to say we put in a tender for A and B, and taking A from B left C, that was what we understood.

15380. Don't you think that you are mistaken and that C contained the whole distance, and that taking A from C left B?—Yes, that is it; I was mistaken. That is correct.

15381. I propose to ask you some questions about one section alone, if you can disconnect them in your mind?—It is so long since that I have paid any attention to it, and I have no notes of anything connected with it.

15382. Did you make a separate tender for section B?—I do not understand that we did at all.

15383. Then do you mean that you never wished to have a contract for section B alone?—No.

15384. You mean you did not wish for the contract for section B alone?—No, Sir.

15385. But was not the contract on section B awarded to you by itself?—Yes, it was; but we declined to accept it.

15386. Did you mention any grounds for declining to accept it?—The grounds were that we thought they had taken the best portion from our contract—from our tender—and we did not wish to take the worst portion of it at the lowest price.

**Tendering—
Contract No. 42.**

Offered to take section B without section A being attached.

15387. Do you understand that in this tender, which has been shown to you, you make an offer to take the work on section B without any condition that it shall be attached to section A?—Yes; I think that is what it is.

15388. You say that in this offer there is no condition of that kind that you shall also get section A?—That is what we expected to get.

15389. I am asking you now whether in this document which you or your firm signed, you offer to take section B without section A being attached to it?—Yes; it seems like it to me.

15390. Then in substance you withdrew because the Government would not accede to another condition, that is that section A should be attached to the work?—Yes.

15391. Do you know when you put in this tender for section B alone whether you made any deposit on this tender alone by way of security that you would fulfil your tender?—I know we made a deposit on both of them, but whether we made a deposit on the whole or part, at once I do not remember.

15392. Was your deposit returned to you?—Yes.

15393. Then as far as section B was concerned I understand your evidence to be this, that you declined to take section B alone?—Yes, Sir.

Withdrew from offer.

15394. And withdrew from your offer to do so?—Yes.

15395. There is some correspondence substantially to that effect in the Blue Book published in 1880, please look at page 17: I wish to ask you whether that correspondence is in substance what you understand to have taken place at that time?—Yes, Sir.

Contract No. 41.

15396. Do you know whether you tendered for section A, that is further east than this last mentioned section—I mean did you tender for it by itself?—We did tender for it.

Tendered for section A by itself.

15397. You understand that section A is not the whole section, it is not the westerly part of the whole section, but the easterly part of the whole section, do you say you tendered for that by itself?—Yes; the easterly part

Amount of tender \$2,335,037.

15398. Do you remember the amount of your tender?—I think I have it here, \$2,335,037.

15399. Was that for finishing it in 1881 or 1882?—It was three years. I think it was. I am not certain about that now.

15400. In what name did you make that tender?—In the same as the other was.

Marks & Conmee tendered for section A at \$2,203,896 to finish in 1882, and \$2,300,196 to finish in 1881.

15401. From the return made in this Blue Book of 1880 it appears that the firm of Marks & Conmee tendered to build section A, of which we are now speaking, for \$2,203,896, to finish it in 1882, or \$2,300,196, to finish it July, 1881: your tender was higher than either of those it seems?—I did not understand that our tender was higher than theirs at the time, of course.

15402. You understand that \$2,335,000 is higher than \$2,300,000?—Yes; that is all correct there.

Morse & Co. lower tenderers therefore than witness's firm.

15403. If the sums I have named there are the proper sums mentioned in the tenders, they are lower than your tender for section A?—Yes.

Tendering—
Contract No. 41.

15404. You say you did not understand at the time that the tender of Marks & Conmee was lower than yours?—No; I understood ours was the lowest tender there was.

15405. From whom did you understand that?—From Mr. Shields; and Mr. P. G. Close came down, and they informed us at the hotel that that was the case, that ours was the lowest tender.

But Shields & Close (mistakenly) told witness and his partners that theirs was the lowest tender.

15406. Were Mr. Shields and Mr. Close interested with you in any way about this matter?—No, Sir.

15407. Was either of them interested with you in the tender for Section B?—No, Sir.

15408. Had they made any arrangements with you as to becoming your surety or either of them?—No; they had not made any arrangements to become security for us.

Contract No. 42.

15409. Did either of them make any arrangement of that kind?—No.

15410. Were negotiations upon that subject going on between you and either of those gentlemen?—There was at the latter part of the matter.

15411. At the latter part of what matter?—When the contract was awarded to Andrews, Jones & Co.

When contract was awarded to Andrews, Jones & Co. negotiations with Close to be security commenced.

15412. Was that the first time that you and Mr. Close had been negotiating for his being surety for you?—Yes; that is the first time about his becoming surety for us.

15413. What negotiations had been going on before that upon the subject of either of those contracts?—Well, the understanding was that Mr. Shields and Mr. Close could get us the contract if we were not more than \$100,000 higher than anybody else, and in lieu of that we were—they wanted us—to give them 3 per cent. on the gross amount which we refused to do, but we offered them 2 per cent.

Negotiations with Close & Shields concerning both sections A and B.

15414. Concerning which contract was this negotiation?—The both of them, both A and B.

15415. Was that in the combined form know as section C?—Yes, Sir.

15416. You did make a tender for the whole distance under the name of C, did you not?—Yes; that is what I understood it was put in for.

15417. Was it for the combined section C then that this negotiation was going on between you and your firm on the one part, and Shields and Close on the other part?—Yes.

15418. The proposition, as I understand you, from them was that they were to endeavour to get you the contract for the whole section C, and that if they succeeded they asked 3 per cent. upon the whole sum or 3 per cent. of the profits?—No; on the gross amount.

15419. And you offered them 2 per cent.?—Yes.

15420. Did the negotiations all through on that account?—Yes; they did fall through.

15421. Was there any further negotiation between you and either of those men upon the subject of either of those contracts?—No; not when we were separate, that is after we joined Andrews, Jones & Co. in their tender.

Tendering—
Contracts Nos.
41 and 42 (C).

15422. For the present we will not touch that subject. I wish to ascertain first of all about your own firm's interest?—There was nothing further.

Amount of tender
for both sections
\$5,937,732.

15423. Speaking now of your tender for the whole line, or under form C, do you remember the amount of your tender?—I think I have it here—\$5,937,732.

15424. Did you make two distinct tenders?—I thought all the time that it was in one tender, but perhaps it was in two.

15425. Did you understand, when you were informed by Mr. Shields and Mr. Close that your offer was the lowest on both, that it was this offer for the combined section which was the lowest?—Yes.

15426. You do not mean that you understood that your tenders were the lowest upon each of the separate sections?—No; I understood it was the lowest tender.

Understood that
tender was lowest
on combined
sections.

15427. On the combined section?—Yes.

15428. Did you understand at that time that, although your offer was the lowest for the combined section, the lowest offers for the separate sections when added together would be at a smaller sum than you had offered to do the combined section for?—I did not, Sir.

15429. Did you understand the contrary to that, or did you hear anything about it?—I understood nothing about it; nothing more than that our tender together was the lowest tender.

15430. For the whole section?—Yes.

Did not know
that the two
lowest tenders for
the separate sections
to finish in
1881 amounted to
less than his
firm's tender for
the sections
combined.

15431. Did you not understand from some one, either connected with the Department or otherwise, that the two lowest tenders at the highest rate, namely, for finishing it in July, 1881, upon the two separate tenders, when added together amounted to a smaller sum than you offered to do the combined section for?—No, I did not.

Lowest offer for
section A to finish
in 1881, \$2,300,196;
and for section B,
\$3,467,506, making
\$5,767,702, against
the offer of wit-
ness's firm of
\$5,937,732.

15432. The Blue Book of 1880 upon this subject shows that for section A, the easterly part, the lowest offer of Marks & Conmee, to finish it at the earliest period and at the most expensive price, was \$2,300,196; and that for section B, at the highest price, to finish at the earliest time, the lowest offer was \$3,467,506, those two together making \$5,767,702: now, you say your offer for the combined sections would be \$5,937,732?—That is right.

15433. Now, if these were the lowest figures for the separate sections and at the highest price—because they were to be finished at the earliest time—then the aggregate of these prices you understand to be some \$160,000 less than your combined offer, do you not?—I do.

15434. Then you do not understand, and, as I take your evidence, never did understand, that the offers for the separate sections together were higher than your offer for the combined sections?—No, Sir.

15435. Can you understand or explain now why in addition to making your offer for the combined sections, under form C, you made the separate offer for section B, if you did not intend to take it alone under any circumstances?—Well, if we made it of course we made it; that is all about it. There is nothing further to be looked at.

15436. Not to be looked at, but there is something further to be explained?—If we made them separate I suppose we made them

Tendering -
Contract No. 42.

separate; but I supposed we made them altogether. It is so long since that I do not remember these things. After I got through with it I thought I would turn my attention to something else.

15437. Although you do not remember it, perhaps your memory is refreshed on looking at the documents, and I ask you why you made a separate offer for section B if it was not your intention to take it alone?—I cannot explain it I assure you, because I do not remember it.

Cannot explain why they made a separate offer for section B, although his recollection is that they did not intend to take it.

15438. After you declined to fulfil your tender for section B was it proposed that you should be interested in section B; the same section, at a higher price?—Yes.

Having declined to be interested in section B it was proposed that they should be interested in it at a higher price.

15439. What was the nature of this negotiation, and with whom was it made?—With Andrews, Jones & Co.

15440. What was the substance of the negotiation?—We made an arrangement with them, if we would give up our section B—our contract—that if they got it we was to join in partners with them, and they were to have one-half, and we were to have one-half.

Arrangement to give up their tender for section B, and to join with Andrews, Jones & Co., and take half.

15441. Then that was made, as I understand it, before you decided to withdraw from section B alone?—Yes.

15442. Now, can you explain your reason for withdrawing from section B?—Well, it was because we thought as we put in for the two, and we thought we was the lowest on both, that if we could not have our choice we would not take the harder part and at the smaller price.

15443. But before you carried it into effect by withdrawing, as I understand, you made an arrangement with the higher tenderer that you should be interested in his higher price?—Yes.

15444. And after making that arrangement you decided to withdraw from section B?—Yes.

15445. To what extent were you to be interested with Andrews, Jones & Co., if they succeeded in getting the contract?—One-half.

15446. Did you understand at that time that their tender was the next highest to yours?—Yes.

Understood that Andrew, Jones & Co.'s tender was next to theirs.

15447. How did you understand that?—Well, just from common conversation that was going about.

15448. Was it known at that time, or generally understood among the persons who had been tendering, that there was no intervening tender between you and them?—Yes; that is what we all understood, that there was no tender between theirs and ours.

15449. Then you thought it safe to throw up your tender for section B if they were to get the next highest price?—Yes.

15450. With whom did you make that arrangement?—With a Mr. Jones and Mr. Smith.

Made arrangement with Jones & Smith.

15451. Was Mr. Smith present at the time that arrangement was made?—Yes; and a document was drawn up to that effect.

15452. Where was that?—Down at the Windsor House.

15453. In Ottawa?—Yes.

15454. Mr. N. F. Jones and Col. Smith of New York?—Yes.

15455. Were they both present?—Yes.

**Tendering—
Contract No. 42.**

15456. Was any one else present on behalf of that firm?—No.

15457. Who were present on behalf of your firm?—Myself, Mr. Marpole, Mr. Nicholson, and I fancy Mr. Thompson was there; I am not certain.

15458. Have you that document?—No, Sir.

15459. Was the substance of that arrangement with your firm, that the firm of Morse, Nicholson & Co. should be interested in the Andrews, Jones & Co.'s contract to the extent of one-half?—Yes; one-half.

15460. Irrespective of the number of individuals; for instance if your firm was to have a larger number of individuals than their firm, you were not therefore to have a larger interest?—No.

15461. But each firm had one-half?—That is right.

Agreement drawn up and completed before they withdrew from their position of lowest tenderer.

15462. And this arrangement was completed before you formally withdrew from your previous or lower tender?—Yes; we had a little agreement drawn up first, and then we had one very fully drawn up after—after we understood we had got the contract.

15463. After having made that arrangement with the New York firm of Andrews, Jones & Co., did you remain in Ottawa looking after the interest of the joint firm?—No, I did not; I went home that evening.

15464. Did any one else remain in Ottawa?—Yes; Mr. Nicholson did.

15465. And the New York firm, or the members of it who had been here, also went away I suppose?—Yes; that evening.

Nicholson represented joint firm at Ottawa.

15466. And who remained in Ottawa looking after the interest of the joint firm?—Mr. Nicholson.

15467. Did Mr. Marpole remain with him?—No; he went home with me.

15468. No person but Mr. Nicholson?—That is all.

15469. Do you know whether there was any arrangement at that time, that Mr. Nicholson, or any one else here in Ottawa, would have the right to use the name or sign the name of the whole firm of Andrews, Jones & Co., in negotiations with the Government?—No; I should think not.

15470. Will you look at this letter dated March 5th, and say if you know whose handwriting it is?—I do not know whose handwriting this is.

15471. Will you look at this letter dated March 3rd, and say if you know whose handwriting it is?—I do not know the handwriting at all.

15472. Look at this letter dated March 1st, and say if you know whose handwriting it is?—No, I do not.

Immediately on completing arrangement with Andrews, Jones & Co., received intimation that contract had been awarded them.

15473. Do you know how long it was after you had completed this arrangement with Andrews, Jones & Co., to share with them, before you received the intimation that the contract had been awarded to them?—I think it was the same afternoon; it was a very short time, I know.

15474. Do you know what day of the week, or what day of the month it was?—I think it was on a Thursday; I could not say what day of the month.

**Tendering—
Contract No. 42.**

15475. At that time Col. Smith and Mr. Jones were still in Ottawa, I suppose?—They were; but they left that evening for New York.

At that time Jones and Col. Smith at Ottawa. They left immediately for New York.

15476. But I mean at the time that they were first informed that the contract had been awarded?—Yes.

15477. And they left the same evening?—The same evening as I did.

15478. Do you know whether, on that same day, any one on behalf of the firm of Andrews, Jones & Co. wrote to the Department asking for an extension of time?—I could not say; I fancy that Mr. Jones did, but I am not sure.

Thinks Jones wrote to Department asking for extension of time.

15479. Do you know whether any arrangement was made that the answer to that application—if there should be an answer—could be opened by the member of the firm who had been left, Mr. Nicholson?—No; I do not think so.

15480. Do you know of any arrangement by which the answer to that application could be opened by some person here at Ottawa?—No, Sir.

15481. Do you know whether the Government was asked to direct their answer to any particular place or person here, for Andrews, Jones & Co.?—No; for I am not perfectly assured that there was a letter written to them, asking them to do so.

15482. When you were informed that the contract had been awarded to Andrews, Jones & Co., were you also informed of the time during which they had the opportunity of putting up the deposit?—Yes; I think it was either three or four days—three days, I think it was.

Three days given to put up the money.

15483. Do you know of any steps being taken, either by the old members of the firm of Andrews, Jones & Co., or by those new members of your firm, to put up the deposit within the time mentioned?—Yes; they went home for that purpose, to put up \$100,000, and we went home for the same purpose to Toronto.

The Toronto and New York men went home to find money to put up.

15484. When you say they, do you mean the New York men?—Yes.

15485. When you say we, do you mean the Toronto men?—Yes.

15486. What was done?—We put our money up, and on a Saturday morning, I think it was, or Friday night, we got a telegram from this Mr. Smith, that they had declined going into the arrangement.

The Toronto men put their money up, but on Saturday morning received telegram from Smith that the New York men declined to go in, whereupon witness put up \$50,000 more.

15487. Was that on Friday or Saturday?—I think it was Friday evening; I put up \$50,000 more then.

15488. How much had you put up before that Friday evening?—\$100,000.

15489. Do you think you had put up \$100,000 before that Friday evening?—Yes.

15490. And after this, do you think you put up another \$50,000?—I do not think anything about it, I know I put up \$50,000, and would have put up another \$50,000, but I had got word up from Ottawa that our time had run out.

15491. Did the putting up of this deposit, which you speak of, occur in Toronto?—Yes.

Tendering—
Contract No. 49.

15492. Through your efforts?—Yes.

15493. Were you looking after that part of the business?—I was—that is, Mr. Marpole and I were looking after it.

15494. With what bank did you make the first deposit?—The Bank of Montreal.

15495. Who was the manager of that?—Mr. Yarker.

15496. Have you the telegram you received from Andrews, Jones & Co.?—No; I destroyed everything in connection with it myself.

Saturday at four or six o'clock the limit of the time, before which time witness thinks he had deposited \$150,000.

15497. Do you know what day was mentioned as the limit of the time during which a deposit could be put up?—I think it was on Saturday at four o'clock—either four or six o'clock. I think it was Saturday.

15498. And how much do you think you had deposited before that time?—\$150,000.

First deposit, 1st March, \$48,950.

15499. In this Blue Book to which I have before alluded, at page 21, appears a copy of a telegram from Mr. Yarker in these words "Ottawa, 1st March, 1879," that being as I understand it, the date of receipt here in Ottawa :

" To the Hon. RECEIVER GENERAL :

" A deposit of \$48,950 has been made by A. L. Thompson for your credit, account contract section B Pacific Railway."

Do you think that is the first deposit that was made?—Yes.

15500. That was made by Mr. A. L. Thompson?—Mr. A. J. Thompson.

15501. That is the first deposit to which you have alluded?—Yes.

3rd March (two days after witness thinks it was made) second deposit \$48,950.

15502. Now the next deposit which appears to be mentioned in this Blue Book is communicated by Mr. Yarker in the same way, and is dated on the 3rd March, that is two days after the time you think it was deposited, and it is in these words :

" Hon. RECEIVER GENERAL.

" A deposit of \$48,950 has been made by G. D. Morse for your credit account, contract section B, Pacific Railway.—ANDREWS, JONES & Co."

That is dated as being received in Ottawa, on the 3rd of March?—Yes.

15503. Have you any receipt or any evidence to show that this sum was deposited before that time?—No.

15504. Because according to your recollection that was also deposited on the 1st March?—I have nothing to show that it was deposited either on the 1st or 3rd.

The third deposit not sent in as word came it was too late.

15505. But you did state a little while ago, that you had \$150,000 deposited on the 1st of March?—The other \$50,000 was not sent forward, because they sent word that it was too late.

15506. What do you say about the second \$50,000, was it deposited actually on the 1st of March, or two days afterwards?—I would not say it was on the 1st of March, or two days afterwards, but I know it was deposited within the time—that deposit was.

15507. Is it your recollection now that you had deposited as much as \$100,000 before the time named by the Government had expired?—Yes.

15508. And do you say you have no receipt, or other evidence of that, so as to show the exact time?—No, not one.

Tendering—
Contract No. 42.

15509. Why do you think now that it was on the 1st of March, or before the time named by the Government had expired?—I could not say it was on the 1st of March. I do not remember having said it was the 1st of March.

15510. Or before the time named by the Government had expired? —Because, after I got this money put up, I got a telegram from Mr. Smith that he had declined—Mr. Smith and Mr. Jones—and then we had not time to get the balance of the money up to secure the matter, and I completely gave it up for some few hours. My partners came back to me and wanted me to try again and get the money up, and I made the attempt, but did not get through with it. The time was too short.

As to whether \$100,000 of the deposit was put up in time, i.e. on the 1st of March.

15511. Assuming for the present that your recollection is correct, as to the fact of your depositing the money—the second \$50,000—within the time named by the Government, that is to say the 1st of March: are you aware whether the fact of that deposit was communicated to the Government by yourself or any one on your behalf?—It was, by Mr. Yarker.

15512. Well, in the same Blue Book, at page 22, appears a letter in these words:

“BANK OF MONTREAL, TORONTO, 3rd March 1879.

“SIR,—I have the honour, at the request of Mr. G. D. Morse, to enclose our deposit receipt \$48,950, which confirms my telegram of this date. In the event of your not using the receipt, I have to request you to return it to me.

“I have the honour to be, Sir,

“Your obedient servant,

“GEORGE W. YARKER.

“To the Hon. Receiver General,
“Ottawa.”

Letter from Manager, Bank of Montreal, confirming telegram of the 3rd of March.

In that he mentions the fact he had telegraphed on the 3rd of March, which is two days after the time named as the limit by the Government: are you aware that before that any communication had been made to the Government of this fact of the deposit by you?—No.

Not aware that any notice previous to the telegram of the 3rd March ever sent to Government.

15513. Have you any means now, beyond what appears in this Blue Book, of showing when the Government were informed of the fact of that deposit of the second \$50,000?—I have none whatever.

15514. In this arrangement between your Toronto firm and the New York firm known as Andrews, Jones & Co, was any person to become interested besides the persons whose names you have given?—No, Sir.

15515. Was Mr. F. Shanly at any time interested?—Yes, he was with our party in Toronto.

F. Shanly interested with the Toronto firm.

15516. Then you were mistaken in saying that no person else was interested?—Yes; he was to become interested at Toronto but there was nothing fixed.

15517. Do you know of any arrangement by which Andrews or Jones, or any member of that firm, agreed that Mr. Shanly should be interested in their tender?—It was not in their tender at all, it was on our behalf. They had nothing to do with our share of it, I do not suppose, and there was nothing definite about Mr. Shanly's. He was merely to become an engineer on the staff.

15518. Was he to be interested in the partnership as a partner?—No, Sir; at least I did not understand it as such, for there was very little spoken about it.

Tendering—
Contract No. 42.

15519. You say you were about prepared to deposit the third \$50,000 when you got some telegram?—That it was too late.

15520. From whom did you get that telegram?—The Minister of Public Works.

On 5th March, notified that contract was awarded to Fraser, Grant & Pitblado.

15521. There is a copy of a telegram on the 25th page of that same Blue Book in these words :

“ G. D. MORSE, Esq., Toronto.

“ OTTAWA, 5th March, 7.30 p.m., 1879.

“ Council to day awarded section B to Messrs. Fraser, Grant & Pitblado.

“ CHARLES TUPPER.”

Is that the substance of the telegram that you received?—Yes.

15522. Now that appeared to be on the 5th March, four days after the time named?—Yes.

This telegram received before they were prepared to put up the third \$50,000.

15523. That must have been before you were prepared to put up the third \$50,000?—Yes; if that is the case it must be so.

15524. I understood you to say, in the earlier part of your evidence, that you had put up about \$150,000 within the time named by the Government?—Yes, I suppose it was; but I am wrong, as it was \$100,000 up and \$50,000 ready to go up.

15525. The fact of this \$100,000 being up at the time would depend upon your recollection being correct as against Mr. Yarker's letter, because he names the 3rd and not the 1st?—I do not recollect the date the contract was awarded to Jones, nor do I remember how many days we had to put the money up.

15526. Do you remember what day of the week it was which ended the time limited by Government?—I fancy it was on Saturday, but what date I could not tell you.

15527. That agrees with the story in the Blue Book?—Yes.

As to whether the second \$50,000 was deposited in time, i.e., on the 1st of March.

15528. The 1st of March was on the Saturday: now do you say that you deposited that second \$50,000 with Mr. Yarker in Toronto, on the Saturday?—No; I deposited it with the Imperial Bank.

15529. By the notice of it you say it came through Mr. Yarker?—No, not from the Imperial Bank; the first was deposited by Mr. Thompson.

15530. In the Montreal Bank?—Yes; and the second was deposited by myself, and the third I had ready in the Imperial Bank.

15531. Now let us go back to the second deposit, you say you made that yourself?—Yes.

15532. With whom did you make that deposit?—With Mr. Yarker; the second \$50,000 I mean. Do you mean that or the one Mr. Thompson deposited?

15533. The second \$50,000 by any one?—Mr. Thompson's was deposited first and mine second.

15534. Let us speak of yours: with whom did you deposit it?—With Mr. Yarker.

15535. I thought you said it was with the Imperial Bank?—No; I am not speaking of the third \$50,000.

Tendering -
Contract No. 42.

15536. Then as to the second, you deposited that with Mr. Yarker?
—Yes.

15537. Do you say that was deposited on the Saturday?—I think it was deposited either on Friday night or Saturday morning, I do not know which.

15538. Was that deposited the same day as you deposited the first \$50,000?—I think the first was deposited either Thursday or Friday, I do not know which; that was Mr. Thompson's deposit.

15539. The first telegram on the subject of any deposit made by Mr. A. J. Thompson was from Mr. Yarker, according to the Blue Book, and it was received in Ottawa in the afternoon of the 1st of March: now do you know whether the second deposit made by yourself and not by Mr. Thompson was made on the same day?—I think it was made on the very same day; I am not positive on the matter.

15540. Did you take any steps to communicate the fact of that deposit, or indeed of the first beyond what Mr. Yarker did?—No.

15541. Did you leave the communication of the fact of the deposit entirely in his hands?—Yes.

Left communication of deposit in hands of Yarker

15542. Have you any writing or letter on this subject which you can produce?—No.

15543. Either connected with the arrangement between you and Andrews, Jones & Co., or the negotiations with the Government?—No; I have not a scrap of paper in connection with that.

15544. Are you aware that any others of your firm have any such papers?—No.

15545. After making those deposits which you have described, did you take any further part in the negotiations on the subject?—No.

15546. Do you know whether any members of your firm or any one of them did?—I fancy that Mr. Nicholson did; I am not sure.

15547. Is he here?—I think he is in the town: in this city.

15548. Did Mr. Shields or Mr. Close, when they were speaking to you about your tender—the lowest tender on the combined section C—tell you how they were informed that yours was the lowest tender, or did either of them?—No, Sir; not that I remember.

15549. Did you say that one of your reasons for withdrawing your separate offer for section B—I mean the firm of Morse, Nicholson & Co., alone—was that you understood your prices were too low?—No; we never understood that at all.

Never understood that prices intended for section B were too low

15550. In your letter on page 17 of the Blue Book of 1880 you say that in view of the decided opinions of the engineer of the Department, that your prices for rock work on section B are below the actual cost, and that therefore you have concluded to withdraw so much of your tender as relates to section B: now, did you get any such information as that from the engineer of the Department?—I could not say. The party who wrote that letter could answer that better than I could.

15551. Who wrote that letter?—I suppose it was Mr. Nicholson; he was the man who was conducting the whole matter here, and that is the reason why I know very little about this matter.

**Tendering—
Contract No. 43.**

Marpole a railway man and Nicholson a contractor.

15552. Had any member of your firm been previously engaged upon contracts on railways?—Mr. Marpole had been a railway man, I suppose, all his life, and Mr. Nicholson has been engaged in contracts all his life.

Witness not a contractor.

15553. Have you been yourself?—No; I have not.

15554. And you would not be able to give any information about the ordinary mode of working contracts and so on?—No; not the slightest.

**Contracts Nos.
41 and 42 (C).**

15555. When I was asking you before about your tender for the combined section C, I had not the original document; it is here now, and I will show it to you: is that the tender which you made for section C?—Yes.

15556. Is the amount which you have named the correct amount?—There are two different numbers.

Tender for the two sections A and B to finish in 1883, \$5,699,645; to finish in 1882, \$5,937,670.

15557. Read distinctly please the separate amounts for which you offered to do the work, finishing it at the different times named?—One is to finish it in 1883 for \$5,699,645, and the other is to be finished in 1882 for \$5,937,670.

15558. You speak of those dates as the respective times at which each was to be finished at the respective prices, but an earlier date, I believe, was named to finish it so far as to permit of the passage of trains, which was one year earlier than each of those dates?—I think it was. That would be in 1881 and 1882, respectively, ready for the passage of trains only.

15559. Is there any other matter connected with this section B or section C, which you wish to say, either by way of explanation or in addition to what you have already said?—No; I have nothing further to say about it.

15560. Is there any other matter connected with the Canadian Pacific Railway upon which you can give us material information?—No; I am not posted enough to give you anything further than what I have told you.

Contract No. 43.
Witness and his partners men of means.

15561. Were the members of your firm, Morse, Nicholson & Co., men of capital?—I had a little capital myself, and I think we were both pretty well fixed.

15562. Do you think there was strength enough to carry on the business?—I think so; otherwise we would not have undertaken it.

15563. And some of the members had been accustomed to works of this kind?—Yes; two of them. The other two was not.

15564. Did you take part in the negotiations with Mr. Close as to his being one of the sureties?—No, Sir.

Negotiation with Close as to being security.

15565. Who negotiated that with him?—Oh, that was just at the very last day; the only negotiation we had was with regard to his becoming surety.

15566. Where was that negotiation?—In Toronto.

15567. Who took part in it?—I did, and Mr. Marpole. I could have had the security from another party, but he seemed to be anxious to go my security for a small amount. It was only for \$10,000, and he wished me to wait a few minutes, and that few minutes turned out to be three or four hours, and then it was too late for the

Tendering—
Contract No. 49.

bank. Then he came back and said if I would sign this paper to give him 2 per cent. on the whole—2 per cent. I think it was—on the gross amount of section B, that he would become my security; otherwise he would not. So that was the end of his friendship and mine.

15568. Was Mr. Shields with him in that?—No. Mr. Close went up from his own office; we were remaining in his office at the time; and he asked me to wait two or three minutes. He went out, and I supposed he would be back every minute, and he went up to Shields' office and remained there until it was too late.

15569. Was that, as you understood it, the last day upon which you could put up the money upon the Government terms?—This was on the Saturday, I think. I am almost certain it was on Saturday. It might possibly be on the Monday.

15570. But he was leading you to understand that he might possibly help you in the amount of security required until the last hour was up?—Until the last moment; yes. If this was Monday, I understood from Mr. Nicholson if I had got the security up I would have been in time—that was my partner—if it was Monday. You say I am two or three days out, because I remember giving it up two or three times on account of the short time, and he telegraphed up from here for me to go on and get the security, as there would be no trouble getting the contract if I had the money.

Nicholson telegraphed there would be no difficulty in getting the contract if they had the money up.

15571. Who telegraphed you that?—Mr. Nicholson.

15572. I understand you to say now that you are not quite sure whether you made these deposits within the time which was originally named by the Government, or within the time which you thought afterwards Mr. Nicholson had informed you would be sufficient?—Both of these deposits was in the time.

15573. In the time named by the Government?—Yes.

15574. And you were preparing this third deposit in consequence of Nicholson's communication that the time might be extended?—Yes. If Jones and Smith had gone on we would not have had any trouble at all. I just want to say that I made a mistake respecting Mr. Shanly. I said he was not a partner; but I find I made a mistake.

By Mr. Keefer :—

15575. He was to have been a partner?—Yes. He was to have \$10,000 out of the profits, and we were to pay him \$5,000 a year, that was it; and I wish to state that I never received a cent on account of the Pacific Railway and that I never paid one.

F. Shanly was to have been a partner with \$10,000 out of the profits, and \$5,000 a year.

By the Chairman :—

15576. Do you mean that you never paid for any information derived from any person connected with any of the Departments?—No; not one fraction.

Never paid money for any information.

15577. Or any assistance of that kind?—No; not a cent.

15578. Did I understand you correctly when I supposed you said, that after you got information from New York that Andrews, Jones & Co. would not go into the transaction, that you proceeded to put up, or to prepare for putting up, some of the deposit which they were to have provided?—Yes; that is the last \$50,000 that I was telling you about; that was their money that they ought to have put up.

Tendering—
Contract No. 42.

15579. Why did you think that you had an opportunity of putting up their part of the deposit?—Because, as I told you, Mr. Nicholson was here, and he sent me word to put the money up, and that we would get the contract.

15580. I understood that you and Mr. Nicholson were both present when you arranged the terms of this matter with Mr. Smith and Mr. Jones?—So we were.

15581. Well, in that arrangement, was it understood that when they failed to put up the deposit required from the New York branch of the firm that you were to become interested in the whole of the contract?—I could not say. It will show itself in the writing.

15582. Where is the writing?—I could not tell you; but it is likely Mr. Nicholson can tell you all about it. I did not keep track of it; but he was here.

15583. You are aware that Mr. Nicholson has the writing?—I do not know that he has it; but he knows where it is. I do not think he has it.

15584. But did you not know, when you proceeded to put up the balance of the deposit which the New York branch had failed to put up, that it was on the understanding that you should take their interest in the whole of the contract?—I understood it from my own partner, Mr. Nicholson, but nobody else.

When New York branch of firm backed out believed that his firm stood to get the whole contract.

15585. Then you believed, in consequence of the failure of the New York branch of the firm, your old firm became interested in the whole of the contract?—Yes.

15586. In fact that you stepped into their position?—Yes.

Necessary therefore to put up \$200,000.

15587. And in order to secure the advantages of the position, it was necessary for you to put up the whole of the deposit, not only the first half, which you originally proposed, but the whole amount?—Yes; the \$200,000.

15588. And by doing that you would then become the sole proprietor of the tender and the contract on it for section B?—Yes.

15589. Is that understanding in accordance with what you considered took place when you and Mr. Nicholson, and Colonel Smith, and Mr. Jones, were all present negotiating on the subject?—Yes.

15590. Is there anything further which you would like to explain?—Nothing further that I can think of at all.

15591. Do you remember whether, at this negotiation between yourself and Mr. Nicholson, and Colonel Smith, and Mr. Jones, there was any understanding that if they failed to put up their half, and you, in consequence, became entitled to the whole of the contract, that they should, nominally, be still the contractors in entering into any agreement with the Government?—No; they were not.

15592. Were these details not discussed?—I do not think so.

Contracts Nos.
41 42 43 44

RICHARD MARPOLE, sworn and examined :

By the Chairman :—

15593. Where do you live?—At Barrie.

15594. What is your occupation?—A railway man.

15595. Do you mean contracting for railways?—No, not contracting, running chiefly—at present as agent.

15596. Have you had any experience in contracting or constructing?—Not in this country, I haven't.

15597. In any other country?—I was connected with a contracting firm in England.

15598. Have you been long in this country?—About eight years.

15599. Were you one of the firm of Morse, Nicholson & Marpole?—
Yes; that is my name connected with them.

15600. You were one of the firm tendering for sections A and B?
—Yes.

15601. Had you any interest in any transactions of the Pacific Railway before that time?—Nothing before.

15602. Who composed the firm?—G. D. Morse, Frank Nicholson, A. J. Thompson and myself, at that time.

15603. And afterwards?—Mr. Shanly; Mr. Thomas Watts was understood to have an interest with us.

15604. Were not these two last named gentlemen interested originally when you tendered for the two sections?—Mr. Watts was, but not in any capacity, and not to any extent.

15605. His interest was undefined?—Undefined.

15606. There was an understanding that he was to have some sort of interest?—Yes, some sort of interest; he figured up the tenders.

15607. Do you mean that he attached the prices?—Well no; I assisted him in attaching the prices, but he made out the tender as it was put into the Department. It is his handwriting that you have there.

15608. You mean this tender for section B?—Yes; that is Mr. Watts' writing.

15609. His name does not appear on this tender: he was not an acknowledged partner at that time?—He was not acknowledged, of course.

15610. You were present to-day when Mr. Morse was giving his evidence?—I was.

15611. The Mr. Thompson you name is the same Thompson who appears as one of the sureties?—Yes; A. J. Thompson, of Toronto.

15612. What is that first name before Thompson's, as one of the sureties?—P. G. Close.

15613. Is that the Mr. Close mentioned by Mr. Morse?—That is the same Close.

15614. Then, in addition to the arrangement of putting up the money about the time that the Government period was expiring, he had been originally one of your sureties upon the tenders?—Exactly, yes.

Member of firm of Morse, Nicholson & Marpole, and tendered for sections A and B.

Original firm Morse, Nicholson, Thompson & witness.

F. Shanly and Thomas Watts to have an interest.

Close originally one of the sureties.

**Tendering—
Contracts Nos.
41 and 42.**

15615. Did you take any part in arranging with him to become one of these sureties?—No further than what Mr. Morse has told you; I was present at the first interview that I am aware of between Mr. Morse and Mr. Clcse.

15616. Was that at the time the period named by the Government was expiring?—No; that is before we put in the tender at all. Mr. Morse was under a misapprehension there.

**Negotiations
with Clcse.**

15617. Then, according to your recollection, there was some arrangement with Mr. Clcse about being a surety before the time that Mr. Morse describes?—I cannot say exactly that he was to become a surety, but I was present the day that same subject was brought up, as to his receiving 2 per cent. on the gross amount of section B; but I understood the matter had been discussed before between Morse, Nicholson, Clcse and Shields. I do not live in Toronto, and I was only present at that one interview.

15618. Was that interview before the Government had named any time for the putting up of the deposit?—It was before the tender was put in.

15619. Mr. Clcse was present on that occasion?—Mr. Clcse and Mr. Shields were both present.

**Negotiations
with Clcse &
Shields.**

15620. What was the understanding on that occasion when Mr. Shields and Mr. Clcse were present, besides other members of your firm?—They asked us to sign an agreement giving 3 per cent. on the gross amount of section B, and we declined it. Afterwards, on consultation, they agreed to give him 2 per cent.—Morse did.

15621. You agreed to offer them 2 per cent.?—We agreed to offer them 2 per cent.

15622. Was that offered?—Yes; it was offered.

15623. And accepted?—Yes; and accepted.

15624. Then they agreed to become sureties upon the understanding that they were to get 2 per cent.?—Excuse me, I do not know anything at all about the surety as far as Mr. Clcse was concerned, but I understand that to be the matter, that he would not become surety unless a *quid pro quo* was made in some form.

15625. Were you present at any interview with Mr. Clcse and Mr. Shields, when it was arranged that either of them was to be a surety upon any condition whatever?—The question of suretyship was not discussed when I was present, but the agreement was drawn up for all that.

**Agreement with
Clcse & Shields.**

15626. There is a written agreement?—There is a written agreement.

15627. Who has that?—That is more that I really can tell you, but Mr. Nicholson has a copy.

15628. When did you see it last?—I have not seen it since I was in Ottawa, nearly two years ago. I have taken no interest in the matter since.

15629. Do you say that your understanding is that that agreement referred not only to being a surety but to having an interest in return for their influence in getting the contract?—I understood that to be the matter.

Tendering—
Contracts Nos.
41 and 42.

15630. Did you understand it to refer to Mr. Close and Mr. Shields, or only to one of them?—Mr. Close and Mr. Shields.

15631. That they would be able to influence some person—the Government or some one on behalf of the Government—to procure this contract for Mr. Morse?—I fully understood that when the agreement was signed.

15632. In return for that influence they were to get 2 or 3 per cent. on the gross amount?—They were to get 2, decidedly. Shields and Close to get 2 per cent.

15633. And that agreement was reduced to writing?—It was reduced to writing; yes.

15634. Did you see that agreement yourself?—I signed it as one with Morse and Nicholson.

15635. Was it also signed by Close or Shields?—It was dictated by Shields and signed by Close, but not by Shields. Agreement signed by Close not by Shields.

15636. You were present when Shields dictated it?—I was present when Shields dictated the whole substance of it.

15637. Do you remember whether Shields appeared as a party in that document, or whether Close was nominally the only one of them a party in it?—Close was the whole party mentioned, Shields took care to keep himself out of it.

15638. Was not your firm mentioned?—I am speaking of Shields.

15639. I am asking you whether Close was the only person mentioned on that side of the bargain?—No; Shields was mentioned in the first negotiation we had.

15640. But in the writing was Close alone mentioned as the party who was to procure the contract for you, and get the 2 per cent.?—Close alone.

15641. And the other side of the bargain was made by your firm, as a whole?—As a whole. The two parties to the bargain: Close and witness's firm.

15642. Was the bargain mentioned contained in that writing carried out?—It was not carried out, we never got section B.

15643. It fell through?—It fell through, of course, when we rejected the offer of the Government.

15644. Then no claim upon either side of the bargain against the other side has arisen?—No claim at all has arisen. No claim has arisen on agreement as the contract was not taken.

15645. I see the name of Mr. Walker Morley, of Toronto, as one of the sureties to this tender: was there any bargain with him of any kind?—No bargain whatever, he was simply a surety.

15646. Did you understand which portions of this work you tendered for—I mean your firm?—Yes, I think I did.

15647. How did you understand it?—We tendered for section B by itself, and also sent in a tender for section C, which embraced both sections east and west. Tendered for section B separately, also for both sections A and B under the Title C.

15648. That is both A and B?—Both A and B.

15649. Did you understand that your tender for section B was a conditional one that you should also get with it section A, or drop it?—Oh, no; we never understood anything of the kind.

Tendering—
Contracts Nos.
41 and 42.

Morse not correct
in describing the
tender for
section B as
conditional.

Understood early
that the work
was not to be let
as section C.

First official in-
formation which
reached firm was
the announce-
ment that section
B had been
awarded them.

Relative position
of tenders known
all over Ottawa.

Shields knew the
position of the
tenders the same
night it was
broached on the
street.

Thinks the facts
regarding the
tenders were
known through

15650. You were present to-day when Mr. Morse said he thought that was understood at the beginning?—Yes; I was present when Mr. Morse made that statement.

15651. Was he correct about that?—He is not correct; of course his mistake is a likely one, under the circumstances.

15652. Then your understanding is that, at the beginning, you made two distinct tenders: one for the whole distance which is called C, and the other tender for the westerly portion called B?—Yes.

15653. And that the portion called B was not subject in any way to any condition that you must necessarily get section A with it?—It was not on the face of it.

15654. I suppose you understood early that the letting of the whole work in the shape of the tender C was not to be carried out?—We understood that very early; yes.

15655. What was the first intimation you had upon the subject of your tenders from the Government?—The first intimation I am aware of, from official sources, was the awarding of section B to us; anything else was mere rumour carried through Shields and Close.

15656. Were Shields and Close in Ottawa at the time the awarding of this contract was going on?—They were here some weeks before, and I fancy they were here some three weeks afterwards.

15657. They gave considerable attention to the matter?—Yes; they gave considerable attention to the matter.

15658. I suppose, before you got the official intimation that the contract was awarded to you, you had some idea about the relative position of the tenders?—It seemed to be pretty generally known all over the city how they stood.

15659. Where did you first get any information on that subject?—From Mr. Shields.

15660. Did he tell you how they ranked?—Well, he merely told us so far as our own tender is concerned; I understood him to say we were the lowest for section B and lowest for the whole.

15661. Did he state to you how he got that information?—Well, he professed all along to be in close communication with the Department, the first interview I had with him. That was the night before the tenders were put in; I was only here some two days.

15662. How long after you first heard from Mr. Shields of the rank of the tenders did you get the official communication upon the subject?—I should fancy it was fully a week. Mr. Shields, if I remember aright, had it the same night the thing was broached on the streets.

15663. Do you mean the same night that the tenders were opened?—That same evening the matter was discussed on the streets.

15664. And was the information which was to be had publicly upon the streets correct information?—It turned out to be so afterwards.

15665. Was it upon the same day that you say Mr. Shields told you?—That same evening.

15666. Was it after the information could be got upon the streets that Mr. Shields told you, or did you hear from him before the information could be got on the streets?—I would not like to charge my mind

with that; but I fancy the thing was known through the Russell House before he spoke to me, to the best of my recollection.

15667. Have you any reason for any opinion as to the manner in which this information was communicated from persons in the Department in the Russell House or on the streets?—I have not at all.

15668. Do you remember the day of the month or the day of the week up to which tenders were to be received?—I think it was up to the 30th of January they were to be received, to the best of my recollection.

15669. And was it on the 30th of January that this information could be had upon the streets, or in the Russell House?—It was the night of the day we put in our tenders, whatever day that was.

15670. In a paper printed by order of Parliament in 1879, relating to those two sections, on the first page appears a report from the Engineer-in-Chief, dated February 1st, 1879, in which he says that these tenders were opened at two o'clock in the afternoon of the 30th January, 1879, in the presence of Mr. Trudeau, the Deputy Minister, Mr. Marcus Smith and Mr. Braun and himself—Mr. Fleming: have you any reason to think that any information which you describe as having been circulated as early as the evening of that day—I mean the 30th of January—came from any of these parties?—I have no reason whatever to believe it. We accepted Mr. Shields' story as being true, of course.

15671. Then what was Mr. Shields' story?—That our tenders were the lowest for section B and for the whole.

15672. But he did not state to you how he received that information?—No; he did not volunteer any statement of the kind.

Tendering—
Contracts Nos.
41 and 42.

the Russell House
before Shields
spoke to him.

The night of the
day the tenders
had been put in
their relations
known on the
streets.

Accepted as correct
Shields' account
that their tender
was the lowest for
section B and for
the whole.

WILLIAM McRAE, sworn and examined :

McRAE.

By the Chairman :—

15673. Where do you live?—Lockport, New York.

15674. What is your occupation?—Contractor on public works.

15675. Have you been long engaged on such business?—Yes, for a great many years—over thirty years.

15676. Have you been interested, or are you interested in any works connected with the Canadian Pacific Railway?—I am not now, Sir. I was interested in one contract for a short time.

15677. Which was that?—I think it was sections B and C of the Canadian Pacific Railway.

15678. In British Columbia?—In British Columbia. Yes.

15679. Did you become interested at the time that Mr. Onderdonk became interested?—I became disinterested when he came in. I was one of the parties that sold out to him.

15680. With which of the original tenderers were you interested?—I was with A. P. Macdonald, Duncan McDonald, L. M. Loss—my partner. There were ten of us altogether.

Contracts Nos.
60 and 62, B. C.

Had been inter-
ested in a con-
tract for B and C
(really A and B)
British Columbia.

**Tendering—
Contracts Nos.
60 and 62, B.C.**

15681. Did you take any part in making up the tenders originally?
—Yes.

Tenders made up in the Windsor Hotel, Montreal. 15682. Where were you at that time?—At Montreal. We all met at Montreal at the Windsor Hotel.

15683. You did not become one of the actual contractors then, you parted with your interest before the contract was signed, as I understand?—Yes.

15684. You disposed of your position to Mr. Onderdonk?—Yes, before the contract was signed.

15685. In making up the tenders had you any information from any one connected with any of the Departments here as to the expediency of putting down particular prices, or as to the prices attached to other persons tenders?—Not any, Sir; no.

No assistance from any Member of Parliament or any one connected with Government or employed in the Departments

15686. Had you any assistance of any kind, directly or indirectly, from any person connected with the Government or Parliament, or any of the Departments, upon that subject?—Not any, Sir. We made our tender in Montreal before we came up here, several days before we came up. I had no acquaintance with any members of the Departments.

Contract assigned to Onderdonk for \$100,000.

15687. We do not wish to enquire into the way in which your firm divided among themselves any consideration that was paid for this transfer to Mr. Onderdonk, but we wish to know upon what values, as a basis, the whole contract was assigned?—\$100,000.

\$10,000 each.

15688. Was any portion of that \$100,000 to be given to any person outside of the contract, for any assistance of any sort?—I could not speak for the others; there was none of mine. I got mine in a draft on the Bank of Montreal, and I went down there and got it cashed and took it home with me. What the others did I do not know. But I did not learn of any. I think they all got their money, \$10,000 apiece. There was ten of us; and I do not think there was any of it paid out to anybody, except our expenses coming up here.

15689. Is there any other matter connected with the tender for this section, or for the disposing of your interest to Onderdonk, from which you can give us information?—I cannot think of anything, Sir, at all; any more than after we were notified that we were the lowest tenderers on two sections we learned—I did not myself, I did not speak to Onderdonk at the time—but I learned from some members of our firm that Onderdonk wished to buy out our interest in the work, and he offered a less amount than \$100,000 in the first place, but finally he came up to \$100,000, and on that basis we all agreed to sell. Some of us hung out at first, but finally we all agreed to come in at \$100,000.

One contractor doing a large work can do it cheaper than three or four contractors can do the same work divided into sections.

15690. Have you given your consideration to the subject of letting contracts in small portions, or in large portions, so as to be able to give any information as to which is the least expensive to the contractor; for instance, in this matter, do you know whether it was likely that Onderdonk, by having all the sections together, could save as much expenditure as the bonuses he paid to all the contractors whose position he bought?—That would be my experience, that he could. If we had received all the work I do not think we would have sold out; but he having a section between us, or some other party having a section between us, we were not so anxious to go there as we would if we had

succeeded in getting the whole work; and he represented to us, and I do not know but what it is true, that he could do the work cheaper than us, having been acquainted with railway work on the Pacific slope, and knowing how to manage the Chinese labourers, that he could make money out of it when we could not. I think that is the main talk I had with him after we had sold out to him, when we were talking of the large amount of money that he had given us; he thought it was more than it was worth to us, but he could get it out of the contract, knowing the work in that country and having facilities for doing it, and great wealth.

15691. Irrespective of his peculiar advantages can you offer any opinion on this question, whether one man, having the whole four sections, could probably do the work at less expense than four individuals having the four separate sections?—My judgment is that he could.

15692. Could you say to what extent, or what percentage, or nearly? —I could not safely say that, but I know that there would be a great advantage in it, for various reasons.

15693. Did you visit the ground yourself before making any tender? —No, Sir, I did not; some of our company were over the ground before.

15694. Is there any other matter about those particular sections, or any other matter connected with the Pacific Railway, upon which you can give us information?—There is nothing that I can think of, Sir. I am willing to answer any questions that you ask me, but I cannot think of anything, and I do not know of anything.

15695. You say that you could not name with accuracy the saving that would be effected by one man having the whole work rather than four men having it in separate portions: could you give us anything like an idea of the percentage, or something near it?—I might make an approximate guess at it—merely a guess—and that would depend some on the situation. Altogether I should think it would be a difference of about 5 per cent.

15696. Is there anything further upon which you can inform us on those subjects that you know of?—Nothing that I know of, unless you draw my attention to something. I do not know what you want really, and I know so little—

15697. We hardly know ourselves, for we are depending a good deal upon the witnesses telling us what we have to learn: is there anything else that you think of?—No; there is nothing.

R. T. SUTTON's examination continued:

By the Chairman:—

15698. Could you state more definitely than you did, when you were last giving your evidence, the time at which you came to Ottawa, together with Oliver and Davidson, intending to carry out the Sutton & Thirkell tender?—Well, I think I stated yesterday that it was the 17th or 18th, and I am almost positive that is the date; it is in the neighbourhood of the 17th or 18th.

**Tendering—
Contracts Nos.
60 and 62, B.C.**

Onderdonk's
view of the trans-
action.

The Concentra-
tion of work in
hand of one con-
tractor would
save 5 per cent.

SUTTON.

**Telegraph—
Tendering.
Contract No. 4.**

On the 17th or
18th of December,
1874, came to Ot-
tawa with Oliver
and Davidson.

Telegraph—
Tendering.
Contract No. 4.

15699. Was it shortly after Judge McMahon telegraphed in your behalf to the Government that he wanted a day or two, or a short time, to put up the deposit?—It was immediately after that, at least two or three days. I think you will find Mr. Braun's telegram to me giving me my short notice to carry it out.

15700. In one of the Returns prepared for the House of Commons, a telegram from Thomas B. McMahon appears dated 9th December 1874, in these words :

Telegram from
Judge McMahon.

"I fell on Monday afternoon and sprained my ankle, but the doctor says I can go out to-morrow. Will leave to-morrow by afternoon train for Ottawa."
And that is directed to Mr. Braun, the Secretary?—Yes; I am almost sure it is about the date I gave you.

15701. I will also mention some other dates and communications which will perhaps make you even more certain. I wish you to give us the best information you can?—Thank you.

15702. On December 12th appears a telegram to Sutton & Thirkell, Brantford, from Mr. Braun, Secretary, in these words :

Telegram from
Braun to Sutton
& Thirkell.

"Unless you come between this and Wednesday next, Minister will pass to next tender."
—That is the telegram I referred to.

15703. Then, on 16th of December, 1874, a telegram appears to have come from you, in your own name, to Mr. Braun, Secretary, in these words :

Telegram from
Sutton to Braun,
16th December,
1874.

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

You said yesterday that in consequence of one of the persons being associated with you not being able to come forward, you went to Toronto to look up some person in his place?—Yes.

15704. And that having found another person you came on to Ottawa?—Yes.

Almost certain it
was on 18th Dec-
ember, 1874, he
visited Ottawa
with Oliver and
Davidson.

15705. Can you say now, in view of those circumstances, with accuracy, the time that you visited Ottawa, in company with Mr. Oliver and Mr. Davidson?—I cannot give you any better information than I have, and I am almost sure it was on the 18th.

15706. At what hotel did you put up?—I think it was at the Daniel's Hotel.

15707. Did Mr. Oliver and Mr. Davidson put up there at the same time?—I think so, at Daniel's Hotel—the Windsor.

15708. How long did they remain here?—I do not think we stayed longer than one day, I think we left the same night.

15709. There appears to be no document among the records of the Department assigning your interest to Oliver, Davidson & Co. : do you know whether there was any such document, or anything of that sort?—I think not. We first went into partnership together in the arrangement. Mr. Oliver was to carry it on, and I was to hold my interest.

Oliver the princi-
pal man to
arrange with
Government.

15710. Then with whom did you leave it to arrange with the Govern-
ment to get the contract?—With Oliver and Davidson. Mr. Oliver
was the principal man in it.

Telegraph—
Tendering.
Contract No. 4.

15711. He arranged whatever had to be done on that subject?—Yes; and I do not know but I signed an agreement. I am not sure as to that; but if it is, it has slipped my memory. I do not know but that I signed such papers, as it was in the interest of the parties to sign, because they asked me to sign them.

15712. Is there anything further that occurs to you as being proper to mention?—Nothing that I know of.

RICHARD MARPOLE's examination continued:

MARPOLE.

Tendering—
Contracts Nos.
41 and 42.

15713. *Witness*:—I might add, Mr. Chairman, from my knowledge of Mr. Shields as to his veracity, I do not think he was in possession of any decided information, except what he gathered round the hotels, and such as I had got myself before I met him.

By the Chairman:—

15714. Do you mean to lead us to understand that although he represented that he had some advantage in the shape of information, which others had not, that you do not believe he had any such advantage?—I came to that conclusion after I met him the second time.

Believes that Shields had no advantage in shape of information which others had not.

15715. Do you remember about what time you, being away from Ottawa, were first officially informed that the Government had awarded you the contract on section B, or were you aware of it from some other source at the time that you were so officially informed?—I was advised direct by Mr. Braun by wire.

First informed that his firm had received contract by telegram from Braun.

15716. Were you aware at that time?—I was at Barrie. I returned to Ottawa two days after the tenders were in.

15717. Had you made any arrangement by which you, individually, should be advised in case your firm should be awarded the contract?—No, I had not.

15718. Do you know how it happened that you had a communication of that kind?—Well, I understand that Mr. Braun enquired for Mr. Nicholson as to where Morse was. Morse was in Toronto and I was in Barrie, so that all the members of the firm received the intimation.

15719. Do you remember the date?—I really could not charge my mind, but I fancy the 18th of February to the best of my recollection.

15720. In the Blue Book of 1880 upon the subject, the first communication to that effect appears to be dated the 20th of February, if you will look at it, page 17?—That would be the correct one. That would be the date of my message that came to me from Toronto afterwards. It was the 18th or 20th. I have seen the Toronto one, but I never saw the one that was delivered at Ottawa.

15721. Did you take any part in discussing the matter with other members of your firm before you gave the formal intimation to the Minister of Public Works that you withdrew your tender and declined to enter into the contract?—We had several conversations as to the tender, or as to the opinion of the engineers that we were too low, generally expressed by all the contractors; and I might add that the figures that were in were none of mine, nor were they put in with my sanction either. Properly the tender for section B—the figures that

Before withdraw-
ing discussed
prices fully.

**Tendering—
Contracts Nos.
41 and 42.**

were brought to Ottawa—were considered higher than those. I have them with me—the very sheet.

Actual figures
filled in by Watts.

15722. Who was it took it upon themselves to alter these figures?—Mr. Watts filled them in, but so far as I can learn it was at the instigation of Mr. Shields who appears to have been mentor in the whole transaction.

15723. Where does Mr. Watts live?—In Winnipeg, at present—Mr. Thomas Watts.

15724. He was one of the partners?—He was, in an undefined way, as I said before.

15725. Who else of your firm was down here at the time the figures were finally put to the tenders?—Mr. Nicholson and Mr. Watts were here and Mr. McCormick, but he was not a partner; he was interested with us in a sense.

15726. Had the tenders been signed in blank so that other figures could be added to them?—Yes; the tenders came up here in blank, signed. I brought the figures with me here, and I have them here with me now.

Witness had
desired to have
other figures put
in tender which
would have
amounted to
\$4,022,158.80.

15727. What would be the result of the figures which you thought were the proper ones if put in the tender?—If you will allow me I will produce them. They would be \$4,022,158.80. That is the original as it was done in Toronto.

15728. Will you produce the original document in which those figures appear?—That is it with the figures on it as they were done in Toronto. They were actually figured from it as you see on the back. (Exhibit No. 218.)

These figures are
for completion by
1883.

15729. These figures which you have named are only intended to apply to one column of the schedule, that is for the completion by the 1st of July 1883, and ready for the passage of through trains by the 1st of July 1882?—Yes; that is the only one we intended putting in at the time.

Conjectures that
Shields led them
to tender under
both columns of
schedule.

Shields advised
them to lower
their contract.

15730. Have you ever understood why it happened that in Ottawa your firm decided otherwise, and made their tender for both columns, that is to be furnished one year earlier than the time which you had decided to apply for?—My impression is that it was from the representations made by that man Shields. I was told so repeatedly. In fact, I was present one night when he came there and advised us to put it down.

15731. Where was that?—At the Windsor Hotel.

15732. In Ottawa?—In Ottawa; the night before the tenders went in.

15733. What reason did he give you for advising you to alter the figures and put it in in this way?—His chief reason was that the agreement we had with Close would be all right, even supposing we were very much lower than any one else; that in the working of it we would have advantages which he never described to me, but which were considered by Mr. Nicholson as sufficient.

15734. He led you to understand that he would bring influence to bear by which you could get advantages over other tenderers?—Yes, in construction.

Tendering—
Contract No. 42.

15735. And in addition to construction also in the acceptance of tenders?—Yes; also in the acceptance of tenders.

15736. Did he explain to you how this was to be accomplished?—Not to me.

15737. Do you know whether he explained it to any of your firm?—I believe he did to Mr. Nicholson.

15738. Has Mr. Nicholson told you so?—He told me nothing to the point. He never defined it as I wish he had done.

15739. Do you know from what engineers the information came that your prices were too low?—Before we were awarded the contract?

15740. Yes?—Some of our engineers had an interview with Mr. Shanly (referred to in the Blue Book) before we were awarded the contract at all; so, of course, the thing would be openly discussed there, and the opinion of engineers would be very easily got.

15741. But Mr. Shanly was not one of the engineers in the Department?—No.

18742. In your letter you say that the view of the engineers of the Department was that your prices were low for rock work?—Exactly.

15743. Which engineers of the Department?—Mr. Fleming and Mr. Marcus Smith. I think the Blue Book contains a reference to that; or rather Mr. Fleming's first paper in this connection. That is the one, Mr. Chairman (handing in a printed return).

Fleming and Marcus Smith had said their prices were too low.

15744. On page 11 of the paper printed in 1879, by order of Parliament, Mr. Fleming alludes to the extreme lowness of the rates in your tender?—Exactly.

15745. Besides this allusion in this report, had you ascertained that he had given the same information to any person on your behalf?—Except from what took place, and the conversation he had with our engineers.

15746. This letter which appears on page 11 is a report by Mr. Fleming to the Minister of Public Works: it does not follow that that opinion would be expressed to other people?—No; but then, of course, in the questions that were put to the engineers they had no doubt in their own mind that they considered the figures too low, both Mr. Smith and Mr. Fleming.

15747. Then you think that the engineers acting on your behalf in conversations with Mr. Fleming came to the opinion that he thought they were too low?—Yes.

The engineers of Morse & Co. gathered from Fleming's conversation that prices were too low.

15748. Then is that what you alluded to in your letter of the 25th, when you declined to go on with the work?—That is what we alluded to.

15749. Was this letter of the 25th of February, declining to go on with the work, written with your concurrence?—I wrote it myself.

15750. Where were you at that time?—I came to Ottawa expressly to withdraw.

15751. For that time did this letter end your interest in section B as a party interested?—No; it did not. If I remember aright that letter was not put in until the following day.

**Tendering—
Contract No. 42.**

Before declining contract an arrangement had been made with Andrews, Jones & Co. to join in their tender which was higher

15752. Before putting in the letter, I suppose you mean to the Department?—To the Department.

15753. Had you some understanding with Andrews, Jones & Co. upon the subject of being interested in their tender?—We had on the night of the 25th—the night I arrived in Ottawa.

15754. Who took part in those negotiations?—Nicholson, Morse, Thompson, myself and Mr. Jones and Col. Smith.

15755. What was the substance of that arrangement?—That we were to join in in their tender, which was a higher one.

It was \$448,436 higher.

15756. Do you know about how much higher: do you remember the amount?—I make it \$448,436.

15757. Then, before withdrawing formally from your own lower tender, you had agreed to become interested in the higher tender to the extent of \$448,000 and over?—Yes, we had.

Witness's firm to have had a half interest.

15758. To what extent were you to be interested?—To one-half.

15759. When I say you, I mean your firm, is that what you mean?—Yes.

15760. The number of persons composing each branch of the firm made no difference in the whole proportion; you were to get one-half, the Toronto branch and the New York branch one-half?—Yes.

15761. You have mentioned particularly as a reason for withdrawing from your lower tender that the rock prices were very low?—Too low.

Andrews, Jones & Co.'s price for rock (including borrowing as well as excavation) 36 or 38 cts. higher than Morse & Co.'s.

15762. Do you know how much higher this other tender which you agreed to take was as to the rock price?—Taking the borrowing as well as the excavation proper, I think it was somewhere about 36 or 38 cents.

15763. Difference?—Yes, that is the average rock borrowing and actual excavation. I have not figured it up, but to my mind it will run that way.

15764. Then, on that one item alone there would be a large difference in the aggregate?—A very large difference.

Written agreement.

15765. Was the agreement by which these two firms were to be combined reduced to writing?—Yes; it was reduced to writing that very night.

15766. Have you a copy of the writing?—I have not. In fact I made a copy myself, but I never saw it since it passed out of my hands into Mr. Nicholson's.

15767. Who dictated that agreement?—Col. Smith was there, and Mr. Morse. It was all discussed between us.

Arranged that in the event of Andrews, Jones & Co. not putting up their share of deposit the whole contract should belong to witness's firm.

15768. It was signed upon that occasion; but after that was it reduced to a more formal agreement?—It was reduced to a more formal one afterwards, and we also bound Mr. Jones that in the event of his not putting up their deposit the whole contract would be ours. In fact it was equivalent to an assignment.

15769. Do you mean this: that if the New York branch failed to put up their share, which was half the deposit, that the Toronto branch should become the sole proprietors of the contract, and might put up the whole of the deposit and own the whole contract?—That was

fully understood when we left here; that was the full intent of the agreement.

Tendering—
Contract No. 42.

15770. Was there any arrangement made at that time as to this event happening: whether then the New York firm should lend you their name to complete the contract with the Government or not?—No. Mr. Jones and Col. Smith were very sanguine; but as they were Americans, we thought we should bind them before we parted, having no hold otherwise.

From 25th February (one day before declining contract under their own tender) witness's firm interested to one-half in a higher tender with the chance of being interested solely.

15771. Then from that evening of the 25th February, which, as I understand you, was the day before you notified the Department that you would not accept your own tender, you became interested to the extent of one-half in Andrews, Jones & Co.'s tender, with the chance of being interested to the whole extent?—Yes, to the whole extent.

On the 26th learned that contract had been awarded to Andrews, Jones & Co.

15772. How soon after that evening of the 25th of February did you learn that the contract was awarded to Andrews, Jones & Co?—It was on the 26th. I received intimation just immediately after our withdrawal went in—the same evening.

15773. On page 18 of the Blue Book of 1880, appears a letter signed by the Minister: please look at it, and say if that is the substance of the notification to you, or rather to the firm of Andrews, Jones & Co.?—Yes; that is the substance of what I saw in the Windsor Hotel, in Col. Smith's hands.

15774. Can you describe shortly what was done by the different members of the new combined firm after getting that notice?—As to security?

15775. Anything that you think proper to describe?—I left here in company with Mr. Morse and went to Toronto and assisted him there in getting up our portion of the security.

15776. Did both leave the same evening?—Yes.

15777. Do you know whether the New York branch of the combined firm also left?—They left the same evening as we did—I should say Mr. Morse, Mr. Thompson and myself.

15778. Then you proceeded to Toronto to procure the deposit, I suppose, as quickly as you could?—As quickly as possible.

Proceeded to get security as quick as possible.

15779. At that time of leaving your object was, I suppose, to get one-half of the whole deposit?—Col. Smith was so sanguine, and Mr. Jones, that we never expected to receive any more than one-half of the whole contract.

15780. Were you aware before leaving for Toronto, on the 26th, that a letter was written from Andrews, Jones & Co. asking for an extension of time?—Yes; I was aware of that the same evening, before Mr. Jones left for New York, that a letter was written by Mr. Jones, as he considered the time was too short after their arrival in New York.

15781. Did you understand, before Col. Smith and Mr. Jones left on the evening of the 26th, as a matter of fact, that no person had ever agreed to put up their share of the deposit, and that it depended upon the report which they would personally make whether a decision would be made by any one to help them to the deposit?—You mean their portion?

15782. Their half?—When they left here the full understanding was that they would put it up. There was no question at all as to their ability to do so.

When Jones & Smith left Ottawa understood they would put up their security.

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Col. Smith's evidence that the putting up of the New York firm's half of the security depended on the decision of some one to whom Col. Smith was to report, contrary to the understanding between witness's firm and Smith and Jones.

15783. Col. Smith in his evidence says that at the time that he left, it had never been decided by any one in New York who was able to put up the money, that it would be put up, but that that decision would depend upon the report which he would personally make when he arrived in New York, and upon that report some person would decide whether he would furnish the deposit for their part of it, was that contrary to your understanding?—Very contrary.

15784. You supposed at that time, that there was no doubt upon the subject, that it had been previously arranged?—We thought it had been previously arranged.

15785. Without conditions?—Without conditions, as Mr. Smith came over for the purpose of putting up that deposit.

15786. Were you aware that Andrews & Jones had written two days before that, to the Secretary of the Department, that they were prepared to put up their 5 per cent. deposit immediately and commence operations at once?—No; I was not aware of it until I saw it in the Blue Book.

Understood that Nicholson was to take charge of any communication from the Department regarding the contract.

15787. Do you know whether any arrangement was made as to the answer of the Government upon the application for the extension of time, being left at any hotel or other place for Andrews, Jones & Co.?—I understood that Nicholson was to take charge of any communication. Looking at the assignment that we had from Mr. Jones—I should say conditional assignment.

15788. Did Mr. Nicholson remain behind you in Ottawa?—He remained behind here for several days.

Time for putting up security Saturday afternoon, and witness on hearing that American firm had failed to put up their half gave the matter up.

15789. Can you say now how soon after your leaving for Toronto you became aware that the Government declined to extend the time?—The time was up on Saturday at four o'clock to the best of my recollection, and I left Toronto on that Saturday afternoon, when I heard that the American element had not come forward. In fact I gave the thing up, I was not in Toronto then until the Tuesday following, so that anything that occurred in the meantime was without my knowledge.

15790. What time on that Saturday did you leave Toronto?—I think it was three o'clock when I left Mr. Morse.

15791. Did you see Mr. Morse shortly before you left?—I left him then somewhere near the Bank of Montreal. The train leaves very near there.

On the morning of Saturday, Thompson had put up \$50,000 and Morse was negotiating with Yarker for another \$50,000.

15792. Were you aware how much had been deposited on account of your firm up to the time that you left Toronto?—In the morning of that Saturday Mr. Thompson had \$50,000 or close to that, and Mr. Morse was negotiating when I left for another \$50,000 with Mr. Yarker, of the Bank of Montreal. This was on Saturday and after banking hours, so that any notification from Mr. Yarker would not reach here until Monday, I should say, the 3rd.

15793. Did you understand before you left, about three o'clock on Saturday afternoon, that anything more than one deposit of \$50,000 had been made on account of this contract?—There was only one when I left, but the other was fully arranged for.

15794. Do you mean arranged for between Mr. Morse and some of his friends, or arranged for between him and the banker?—Between

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Contract No 42.

him and the banker as I understood it. I was not present with him with Mr. Yarker in the last two hours in Toronto.

15795. I understand you to say that you gathered from Mr. Morse's account of it that he had arranged with the banker to secure the second deposit of \$50,000, but you did not understand that from the banker himself?—No; I never had any conversation with Mr. Yarker.

15796. Did you know whether there was an arrangement as to communicating the fact of that second deposit to the Government, made for that day?—I did not, for the reason I explained, that I had given the thing up from the moment I discovered that the American element had dropped out, and returned home.

15797. Do you mean that you did not think it was likely that the balance of the deposit would be secured?—No, I did not think that; but I did not think that the balance of the security could be secured on Saturday, and it struck me that the Government would not grant any extension to us, who were supposed to have no connection with Andrews, Jones & Co.

15798. Do you mean to say that from the fact of Andrews, Jones & Co. no longer appearing as a firm interested in the contract that it was not likely that the Government would award it to your firm—Morse, Nicholson & Co.?—That they would not grant any further extension or any further favour.

15799. Do you say you took this view because Andrews, Jones & Co. were no longer interested under their own name?—Exactly.

15800. Why do you think that the effect of that firm dropping out of it, in name, would affect your chance?—Well, I presumed that the Government would not very likely agree that the lower tender should be interested with the higher one, particularly in a matter of that kind. When Mr. Morse received an intimation from Mr. Nicholson that the Government would not grant Andrews, Jones & Co. any extension, it struck me that they would not give it to us, when they would not give it to the original tenderers.

15801. When do you say you next saw Morse, or learned anything further about the matter?—I saw Morse on the Tuesday following; we received an intimation from Ottawa, whether authorized or not I do not pretend to say.

15802. From Mr. Nicholson?—From Mr. Nicholson, that if we put up the money before four o'clock on Wednesday, there would be a chance. If I remember aright it was Tuesday night I arrived in Toronto. I then discovered that Mr. Thompson had gone on to Ottawa, which lessened our chances of making the necessary deposit.

15803. Do you mean that you counted upon his assistance in Toronto as being more effectual than in Ottawa?—Exactly, for the second deposit; that he should do what he had done before—that is, raise \$50,000, and Morse and myself would look after the other.

15804. Do you know whether any further deposit was actually made on that Wednesday?—No; but it was arranged for with the Imperial Bank on the Wednesday night solely through Mr. Morse. But Sir Charles Tupper telegraphed Mr. Morse that the Council had awarded the contract to Fraser, Grant & Pitblado, and the matter was dropped. I think you have a copy of the message there, Mr. Chairman.

Witness did not think balance of security could be put up on Saturday, and thought it unlikely that the Government would give his firm as the representatives of Andrews, Jones & Co. an extension of time.

When the Government would not extend time for original tenderer, witness thought they would hardly extend it for a lower tenderer who had joined in with the higher.

Nicholson telegraphed that if money put up before four o'clock on Wednesday there would be a chance of getting contract.

Deposit not arranged for until Wednesday night meanwhile telegram announced that the Council had given contract to others.

**Tendering—
Contract No. 42.**

15805. You will find on page 25 a message from the Minister to G. B. Morse, and it is dated on the 5th of March?—I rather think it would be on Wednesday to the best of my recollection.

15806. Did you say that was the day upon which you had been led to understand from Mr. Nicholson that it was possible for you to make the deposit and still have a chance for the contract?—That was the day—on Wednesday.

15807. But the deposit had not been made before the telegram was received?—That was in answer to Mr. Shanly's message to Sir Charles Tupper, asking him to direct his answer to Mr. Morse. Wednesday was the 5th.

The third deposit of \$50,000 never actually made.

15808. Then, as I understand you, the third deposit of \$50,000 never was actually made to the credit of the Government?—No, it never was actually made. It was arranged for, as Mr. Shanly says in his message.

15809. Mr. Shanly's message, as I understand it, is that this deposit will be made the next morning, which would be the 6th?—"Will be ready to complete the required deposit."

15810. That would be on the morning of the 6th?—Yes.

F Shanly interested.

15811. Had Mr. Shanly become interested by some arrangement with your firm?—Yes.

F. Shanly to have had \$10,000 out of profits and \$5,000 a year.

15812. Is your recollection the same as Mr. Morse's, that he was to have \$10,000 of the profits besides \$5,000 a year?—\$10,000 out of the profits, not as a bonus; the figures were submitted to him for his approval, and he fully concurred in the opinion of Toronto friends, that it was safe, and he decided to go in with us.

15813. If there were profits he was to get \$10,000 out of them, and at all events \$5,000 a year?—Yes; \$10,000 out of the profits, and at all events \$5,000 a year.

15814. This arrangement with Mr. Shanly was made, I suppose, entirely with your Toronto branch of the firm?—Entirely with the Toronto branch.

15815. You supposed, did you, at that time, that under your previous arrangement with Mr. Jones and Mr. Smith, in Ottawa, you had become interested in the whole of the contract, and you could deal with any portion of it as you thought proper?—Exactly.

15816. That is, provided the extension of time was granted by the Government?—Yes, if the extension was granted.

15817. Can you produce the letter of the Secretary of the Department acknowledging the notification that you declined to enter into the contract?—Yes; I produce it. (Exhibit No. 219.) You will observe, Mr. Chairman, that he has the 25th on that, which shows that our letter did not reach him until the 26th.

Took no further steps to obtain contract after receiving Minister's telegram on the 5th.

15818. Then did you take any further steps towards procuring this contract after you got that notification of the 5th of March, from the Minister?—No, I did nothing further; in fact I returned home that same Wednesday night.

15819. Had you acquired any personal knowledge of the work on the ground, before you made the tender?—No, I never was there, but Mr. Watts had been all over section B.

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Contract No. 42.

15820. What was Mr. Watts' occupation?—I could not tell you, but I think he was in the Government service at the time that he went over the ground.

15 21. Do you remember in what capacity he was in the Government service?—No.

15822. Is there any further information about this contract B which you can give us?—No; nothing further, except to say, as Mr. Morse has said, that we received nothing and gave nothing to anybody, and that the mishap that occurred to us is perhaps more through our own fault than anything else.

Witness's firm neither received nor gave money to any one.

15823. Is there any other matter connected with the Canadian Pacific Railway upon which you can give us information?—No; I have tendered two or three times since, and that is all.

15824. Have you any complaint to make upon any of the tenders at any time not being accepted?—No; they never were the lowest, so that I could not make any just complaint.

No complaint to make.

15825. Is it upon the British Columbia sections that you have tendered since?—No; it was on the first 100 miles west of Winnipeg, and on the second 100.

Contract No. 48.

15826. And in either instance were you the lowest tenderer in your opinion?—No.

15827. Is there anything further?—No.

ANDREW McCORMICK, sworn and examined :

McCORMICK.

By the Chairman :—

Contract No. 42.

15828. Where do you live?—Toronto.

15829. What is your occupation?—Builder.

15830. Have you had any experience in railway works of any kind?—No, Sir; I have been working on them. I never had any job of my own.

15831. Have you had any interest in any of the transactions on the Canadian Pacific Railway?—There was nothing definite settled on between the firm and myself.

15832. Were you present to-day when Mr. Marpole and Mr. Morse gave their evidence?—I was.

15833. In what way were you to be interested?—I was to get a position on the road, something concerning my own business, on salary, and, I suppose, some part of the profits if there had been any; there was nothing definite settled, but there was some understanding to that effect.

Witness had an undefined interest in Morse & Co.'s tender.

15834. With whom was this understanding made?—With Mr. Morse and Mr. Marpole and Mr. Nicholson—verbally.

15835. Was it decided what proportion you should have of the profits?—No.

15836. Was it decided in what shape you should be interested, whether as a person employed, or as a partner?—I understood I was

Thinks he was to have got part of the profits.

**Tendering—
Contract No. 42.**

To have been paid for his services besides. to go in partly as a partner like, to get part of the profits, besides being paid for my services.

15837. Did you take any part in making up the tender?—No; I was by when they were making it up, and had some little to say in it.

15838. Do you mean the one Mr. Watts made up?—Yes.

15839. Were you in Ottawa?—Yes.

15840. Was it made up in Ottawa?—It was made up in Ottawa, in the Windsor Hotel.

15841. Did you take any part in the bargaining with Andrews, Jones & Co.?—None, Sir. I was not there at that time; only what I heard, that is all I know about it.

Had no right to decide whether contract should be taken or not.

15842. Had you any right to decide whether any contract should be taken or not upon any of these tenders?—No; my name was not mentioned on the tenders.

15843. But by the understanding between you and those other gentlemen, Mr. Marpole, Mr. Morse and Mr. Nicholson?—I had a voice in it.

15844. But was it agreed between you all that you had any right to decide whether any contract would be taken at all, or not?—No; I suppose not. My name was not mentioned on the tender; of course they could sell, or do as they liked without me.

Present at negotiations with Shields and Close.

15845. Can you give us some information upon the subject of these negotiations or bargains?—I was by when Mr. Shields and Mr. Close made this suggestion: that if they gave them 3 per cent. on the gross amount they could secure the contract, and have the job in their own pocket, then it would be their own fault for losing it. Three per cent. on the gross amount, and besides the supplies. Groceries is their own line of business, I think. I was by when Shields and, I think, Close and Boulton was by with this document. They had this document. I did not read it, but I heard it read—to that effect—that they wanted 3 per cent. on the gross amount of the whole contract.

Boulton present who said he would leave the hotel.

15846. What part was Mr. Boulton taking in the matter?—I do not know whether he done it in his profession, but he was by, and he and Nicholson had some words, and he got up and said: "He would leave the hotel if he was to be insulted that way."

15847. Who said he would leave the hotel?—Mr. Boulton.

15848. What did you hear Mr. Boulton say on the subject?—I heard them reading this paper over, wanting this before they would secure the contract for them—Nicholson and Marpole.

15849. What did you hear from Mr. Boulton?—I heard him say he would leave the hotel, the same as if some insult had been offered to him.

15850. Did you hear him say he had been insulted?—No; I could not say. I was not paying particular attention at the time.

Boulton made no proposition regarding the bargain.

15851. Did Mr. Boulton make any proposition as to the terms of this bargain which was proposed?—I do not think they did; they did not at that time in my hearing.

15852. You say they did nothing: I am asking you about Mr. Boulton?—No; nothing in my hearing.

Tendering—
Contract No. 48.

15853. Did you understand my question?—Yes. “Did Mr. Boulton make any suggestion to them as to what he was getting or anything,” and I said: “Nothing in my hearing.”

15854. That was not my question: about what Mr. Boulton was getting. I am asking you whether he made any suggestion as to what any person should get?—Nothing more than what was on this paper he had; whether he wrote it himself or not I do not know.

15855. Do you mean that he made any suggestion before he read the paper, or was it in only reading the paper?—He had the paper in his hand reading it.

15856. Did Mr. Boulton appear to you, as a looker-on, to be taking any part in this matter on his own account?—No; perhaps he might be in his profession, for all I know, as a lawyer.

15857. Of course he might be: I am asking you whether he appeared to you, as a looker-on, to take any part in this transaction on his own account—on his own behalf?—He seemed to be the party who held the paper in his hand reading it.

15858. Well, knowing as you do that he was reading it, did he appear to you, as a looker-on, to be taking any part in this bargain on his own behalf?—I do not know whether he was there on Shields and Close's behalf, or he was acting as a lawyer. I could not say.

15859. Did you not hear the paper read?—Yes; but I did not understand it.

15860. Were you not sober at the time?—I was sober. I never was drunk in my life; but I did not pay much heed to it.

15861. Were you paying any heed to what was going on?—Not after I heard what it was.

15862. While you were hearing what it was, did you pay heed?—Yes; I heard that it was to give them 3 per cent. on the gross amount.

15863. To give whom?—Those parties that were buying—Close and Shields.

15864. Then don't you know now, when you say Close and Shields, whether any proposition was made by Mr. Boulton on his own behalf?—No, I do not.

15865. Did you hear any proposition made on his own behalf?—No; all I heard was that he threatened he would leave the hotel if he was to be insulted, but what the insult was I could not say.

15866. Have you ever seen a copy of this document since?—Never since.

15867. Have you any means of knowing what were the contents of the document, except your memory?—In fact, I never bothered any more about it.

15868. Do you mean to say you never bothered any more about it?—No, I never did.

15869. Was the document signed upon that occasion?—No, it was not.

**Tendering—
Contract No. 42.**

Parties parted without coming to an understanding.

15870. Then did the parties part from each other without coming to any understanding?—I believe they did. Morse and Nicholson said they would not be a party to it, and I advised them not to myself.

15871. Had this paper been prepared before you went there, or was it prepared while you were there?—No, they brought it prepared.

15872. Who brought it?—I think Mr. Boulton and Mr. Shields and Mr. Close. I do not know whether it was prepared at the Russell House or not, but they came to the hotel where we were staying, at the Windsor, with it.

15873. Had you heard before that meeting at the hotel that night anything of this subject, either as to the preparation of the paper, or as to the substance of the agreement?—No.

15874. That was the first and the only occasion upon which you heard them talking about it?—Oh, I heard talk among themselves that these men were to have some interest, but I did not know what before that.

15875. Among whom was that talk?—Among Marpole, Nicholson and Morse, that Close and Shields were to have some interest for their influence for trying to secure them the job. I do not know exactly what it was, but at that time when they thought that they were the lowest tender I suppose they wanted to get it signed and made satisfactory, that such would be the case.

15876. Do you know whether that paper was afterwards signed?—I do not think it was, Sir.

Never saw any paper connected with this contract signed.

15877. You never saw any paper signed concerning this subject?—No, I did not.

Nicholson told witness to go and notify Sir Charles Tupper that they would not take section B without section A, but that they would take A alone.

15878. Is there any other matter connected with that transaction which you can explain?—There is about the letting of the contracts. Mr. Nicholson told me to go over and see Dr. Tupper and notify him verbally that we would not accept one section without the both; but if they were going to divide it we would take A, and also they were notified by the solicitor. The firm never intended to take one part.

15879. Who was it told you to notify Dr. Tupper?—Mr. Nicholson.

15880. And did you do as you were told?—Yes, I saw Dr. Tupper and Sir John Macdonald.

Gave the notification but received no answer.

15881. And what did you notify them?—I notified them that the firm would be satisfied if they were going to divide it, and to take A; but that they would not take B without A, verbally.

15882. Did they answer you?—Well, I could not say; one way I suppose they spoke to me, but not officially.

15883. Did they answer you upon this subject, whether you could get A?—No; they did not.

15884. Where were they when you notified them?—Dr. Tupper was in his office, in this building over here, and Sir John was in his office in the other building.

15885. Do you know what time that was?—I think it was in the forenoon.

15886. Do you know what time of the week or month?—I could not say.

Telegraph—
Contract No. 42.

15887. Do you know what month it was?—I think the contract was let some time in February, and it was some time in January, it was.

This notification made some time in January.

15888. You think it was some time in January that you notified Sir Charles Tupper and Sir John Macdonald?—Yes.

15889. And you say you went to notify Sir Charles Tupper and Sir John Macdonald at the request of Mr. Nicholson?—Yes.

15890. And to the effect that you have mentioned, that they would take A if they wanted to divide the sections, but they would not take B?—Yes.

15891. Do you know why he thought it was proper to send you with a verbal message instead of sending it in writing?—I do not know, but I suppose they thought that we were pretty well acquainted.

15892. Who were pretty well acquainted?—Sir John, Dr. Tupper and myself. I told them after that I thought it would be better to notify them by letter.

15893. Did you understand that he, Nicholson, thought that the effect of your being pretty well acquainted with those gentlemen, would enable you to convey the fact, that the Nicholson firm did not mean to take B, better than if they had notified them in writing?—Yes; I suppose so.

Reasons why he thinks Nicholson sent notification through him instead of writing.

15894. He thought they would understand it better, because you were pretty well acquainted?—Yes.

15895. Do you know whether it was suggested that that perhaps would be a good plan to get A, because you were pretty well acquainted?—No; I did not suppose it would.

15896. Do you know of any other proposition made on the part of Nicholson & Co. to get section A, except in this conversation of yours?—No.

15897. Was nothing more said in this interview between you and those Ministers, except what you have described?—Nothing more to my knowledge.

Nothing happened in his interview with Ministers save that he gave them notice of the withdrawal of Morse & Co. from section B.

15898. I suppose you do not know whether they got section A, do you?—I do not think they did.

15899. Do you know whether that conversation at the hotel, when Mr. Boulton was present, was before Col. Smith went to New York?—Oh, yes; it was before ever there was any of their names mentioned in the firm.

Conversation at which Boulton was present took place before Col. Smith went to New York.

15900. Was it before the tender was put in?—No; I think it was after the tender was in. Shields and Close came down and told them that they were the lowest tender, for the whole, I think it was.

15901. Then it would be after the date for receiving the tenders?—Yes.

15902. Did you ever see that document since, that was read over that night?—I did not to my knowledge.

15903. Is there anything further about this negotiation or bargain, or anything connected with sections A or B, that you can tell us?—Not that I am aware of.

**Tendering—
Contract No. 42.**

15904. Is there any other matter connected with the Pacific Railway upon which you can give us information?—No; I never bothered about any of them since.

15905. Did you say that Mr. Marpole was present at that meeting?—I believe he was, to the best of my knowledge, in the hotel.

MARPOLE. RICHARD MARPOLE'S examination continued:

**Contracts Nos.
41 and 42.**

By the Chairman :—

15906. Have you heard the evidence of the last witness?—Yes.

15907. Were you present at that meeting when Mr. Close, Mr. Shields and Mr. Boulton were there?—Yes, I was.

The proposed arrangement with Close & Shields.

15908. Will you describe what the arrangement was which was proposed to be entered into then?—It simply relates to that agreement that Mr. Morse referred to in his evidence as an agreement made in Toronto covering the tender for the whole of C. I must explain to you, Mr. Chairman, the agreement in Toronto related to C only when it was discovered that we were the lowest for section B, or previous, they wanted us to alter the agreement to cover the whole section.

Understood that Boulton simply drew out agreement.

15909. Will you explain what part Mr. Boulton took in that matter?—I fancy, from what I understood from Mr. Shields, Mr. Boulton simply drew out the agreement. A new agreement would, of course, have to be drawn out. As far as I can learn, he took no further part than that. They would require a witness at the Windsor, Mr Morse declining, and Mr. Nicholson and Mr. Boulton had some words about it, but I do not remember exactly what was the tenor of it.

Boulton made no proposition on his own behalf.

15910. Was any proposition made by Mr. Boulton on his own behalf?—No, never; he said very little, except he stood there with the agreement. Mr. Shields did all the talking as he has always done.

15911. Was there any other proposition at any time, to your knowledge, either upon that occasion or any other, to the effect that Mr. Boulton should be interested in any way in this transaction?—Not to my knowledge.

15912. Or that the result of them should benefit him?—Not to my knowledge. I never spoke to Mr. Boulton until then concerning the contracts.

Not aware of any benefit to a Member of Parliament or officer of the Department.

15913. Are you aware of any offer in any shape, directly or indirectly, by which any Member of Parliament, or any officer of any of the Departments could be interested in this contract or in any other contract of the Pacific Railway?—No; not at all.

15914. Or in any tender?—No; nor in any tender.

15915. Is there anything else that occurs to you which ought to be explained?—Simply that I have heard Mr. McCormick's answers, and I fancy his visit to Sir Charles took place after the tenders were in, and not in January as he states. Of course, that is the only correction I have to make.

15916. Is there anything further that you wish to state?—Nothing further.

OTTAWA, Friday, 19th November, 1880.

Tendering—
Contracts Nos.
41 and 42.

FRANK NICHOLSON, sworn and examined :

By the Chairman :—

15917. Where do you live ?—In Toronto.

15918. What is your occupation ?—Contractor.

Contractor.

15919. In what kind of work ?—General road making, sewer building and bridge building, &c.

15920. Have you had any experience in railway matters ?—I never had any experience in railway matters, but the work is similar.

15921. Have you been interested in any transactions on the Canadian Pacific Railway ?—Yes.

15922. Which was the earliest ?—Sections A and B.

15923. East of Red River ?—From English River to Keewatin.

15924. How were you interested in that ?—I was interested with Messrs. Morse, Marpole and Thompson, in the contract for the two sections taken together, forming section C.

Member of the
firm of Morse,
Nicholson &
Marpole.

15925. Did your firm tender for all the sections ?—Yes.

15926. A and B and C ?—A and B—no; let me see—B and C, and then we notified the Department to the effect that B taken from C was our tender for A. The prices were the same, but the amount of B deducted from C the amount remaining would be our price for A.

Tendered for B
and C, and notified
Department
that the amount
tendered for B
taken from the
amount tendered
for C would be
their tender for A.

15927. What way did you notify them of that ?—I think it was by letter.

15928. Was it after you had put in the tender that you sent that letter ?—Yes.

15929. Was it after the time for receiving tenders which had been named in the advertisement ?—Yes.

15930. So that before the time named as the last day on which tenders would be received, you had not made any tender for it ?—A alone? We did not think it necessary.

Made no tender
for A separately.

15931. I am not at present asking your reasons, but I want to know the fact decidedly ?—No; we did not.

15932. Will you look at this tender for the whole distance called C, and say if that is the tender to which you refer ?—Yes; that is the tender. (Exhibit No. 220.)

15933. Was the firm which tendered for the whole section C, composed of the same members as the firm that tendered for section B ?—The same.

15934. And who were partners in that firm, by arrangement among yourselves, besides the three mentioned in the tender: Morse, Nicholson and Marpole ?—A. J. Thompson.

15935. Was any one else a partner ?—No one else.

15936. Where were the tenders made up: I mean the figures finally put to them ?—At Ottawa.

15937. Were the tenders signed in blank and the figures added afterwards ?—The sureties, I think, signed in blank.

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Sureties and the tenderers signed in Toronto, the figures not being filed in.

15938. Did not the members of the firm?—I could not say positively. They may have done so, because I recollect we knew that we could not get the sureties here, so that we had the sureties sign in Toronto. We might have signed in Toronto.

15939. Do you remember whether the figures for the prices had been arranged at Toronto at a higher rate than the figures that were finally put in?—Yes.

15940. Does that help you to say now, whether the figures were left blank and they were put in here afterwards, when it was signed by the firm?—I think they were.

Marpole's estimate of prices higher than those finally adopted.

15941. Was Mr. Marpole's idea of the price considerably higher than the figures that were finally adopted?—Yes.

15942. Then, have you any doubt that the figures as adopted were put in after Mr. Marpole signed the tender?—Oh, I think Mr. Marpole was aware of the alteration in the figures.

15943. Aware when?—At Ottawa.

15944. Was he at Ottawa when the tender was put in?—Yes.

15945. Did he take part in the final adoption of prices?—He was here. I cannot say whether he took part or not. Well, I should say he did. We were all present with the exception of Mr. Morse, I think, and Mr. Thompson.

Tender for section C on long time, \$5,699,645; on short, \$5,937,870

15946. Can you remember the amount of the gross sum at which you tendered for the whole section C?—Yes, I can. (Looking at a paper): On the long time, \$5,699,645.

15947. And at the short time?—\$5,937,870.

15948. Can you give the figures at which you tendered for section B?—Alone?

For section B alone \$3,364,274 long time; \$3,467,506 short time.

15949. Alone?—\$3,364,274 for the long time.

15950. And for the short time?—\$3,467,506.

15951. In tendering for section B alone, did you understand that you tendered with any condition, or unconditionally?—In what respect?

15952. As to whether some other section might or might not be added to it?—Yes; we fully expected, in tendering for section B, that our tender for the whole would be favoured, and that we would have both sections if our tender was lowest.

15953. But besides the tender for section C, you did make an offer for B alone?—Yes.

15954. In making that offer for B alone, did you attach any condition to it, or did you understand that it was a conditional tender, and not an absolute tender for section B?—I do not understand you.

Tender for section B (contract 42) wholly unconditional.

15955. Well, it turns out that after tendering for B and being offered it, you declined to take it?—We made no conditions with the Government whatever.

15956. It was an unconditional tender for section B?—Yes.

15957. Were you at Ottawa at the time the tenders were opened?—I was.

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Contract No. 12.

15958. Did you understand that they were opened the same day that they were to be received: the last day for receipt?—Yes.

15959. Were you informed of the rank of the different tenders on that day?—I was. I was informed at four o'clock that our tender for the whole was the lowest.

Tenders opened last day received, and at four o'clock witness heard from Shields that their tender was lowest on the whole section.

15960. Who gave you that information?—I think it was John Shields, now of the firm of Manning, McDonald, Shields & Co.

15961. Was any one else present when he gave you the information?—I think Mr. Boulton was present.

15962. Any one else?—I do not recollect.

15963. Was any other of your firm present do you think?—No; I think not. I might say now that Mr. Watts was to have an interest in the firm; but that interest had never been arranged. He may have been present on that occasion.

15964. Besides the information that you were the lowest on the whole section did you get any information as to your rank on section B?—Yes; we were informed that we were lowest on section B.

Also heard that they were the lowest for section B.

15965. Did you learn how Mr. Shields had got the information?—Well, he said he had got it from the Department.

15966. Which one in the Department?—I do not know, he did not say.

15967. Did he name any one?—No.

15968. How soon after that did you get a formal communication to the effect that the contract was awarded to you on section B?—About two or three weeks; I think it would be probably the 20th of February.

On 20th February formally notified that contract for section A awarded his firm.

15969. A letter appears in the Blue Book addressed to your firm by Mr. Braun, the Secretary, dated on the 20th February?—I think that was the letter. Yes, I have got the letter.

15970. Have you it here?—I think I have it here with my papers. I did not bring it up. I sent for those papers yesterday, it is at the hotel.

15971. Is your recollection that this is the substance of the letter you got?—Yes; that is correct.

15972. Did you accept the contract upon that tender?—No.

15973. Did you communicate formally with the Department that you declined to accept the contract on that tender?—Yes.

15974. In writing?—Yes.

15975. Before that communication to the Department to that effect, did you enter into any other arrangement with Andrews, Jones & Co.?—Not definitely before that, we had talked the matter over.

15976. Do you remember whether you sent the notification to the Department the same day on which it was written?—Yes, I think we did.

15977. Who took part in the negotiations with Andrews, Jones & Co. as to the interest which you were to have in their tender?—Mr. Morse, Mr. Thompson, Mr. Marpole, Col. Smith, of New York, and myself.

15978. And Mr. Jones?—And Mr. Jones.

**Tendering—
Contract No. 42.**

Agreement made with Andrews, Jones & Co. previously to notifying Department that they declined section B under their own tender.

15979. Where was that?—At the Windsor House, Ottawa.

15980. Well, although it was not reduced to writing you came to an understanding about it, did you not?—Previous to our refusing the contract for B?

15981. Previous to your notification to the Department?—Yes.

15982. What was the substance of that arrangement with your firm?—That each party would find half the security, and take equal parts in the contract.

15983. When you say each party, do you mean each firm?—Yes, each firm.

15984. So that the members in each firm would not alter the proportionate interest of the firm?—No.

15985. The New York branch had one half, and the Toronto branch had the other half of the whole contract?—Exactly.

15986. That understanding was arrived at, although not reduced to writing, before you notified the Department that you would not accept the contract on section B, was it not?—Yes.

15987. How long after that arrangement did you send a notification to the Department that you declined section B contract?—Immediately after receiving notice that the contract would be awarded, provided we furnished the security.

15988. You mean after the 20th of February?—Yes, within a day or two; I could not be positive.

15989. How soon after you arrived at the understanding with Andrews, Jones & Co. did you notify the Department that you declined to accept the contract on your own tender?—Well, it was about the same time—within a day or so.

15990. How soon after that was the understanding with Andrews, Jones & Co. reduced to writing?—Well, probably within a day.

15991. Have you the writing?—Yes, I have got it.

15992. Will you produce it?—I do. (Exhibit No. 221.) All these papers will be returned to me, of course.

15993. Unless something turns upon the genuineness of the signatures, which is not likely, a copy will answer our purpose as well as the originals, and after keeping them some time we will return them, perhaps not immediately to-day, but we have no intention of depriving you of the final possession of them. Read the agreement?—

Agreement between Andrews, Jones & Co., and Morse & Co., of the 26th February, 1879.

“Memorandum of agreement made this 26th day of February, A. D. 1879, between Andrews, Jones & Co. of the one part, and Morse & Co. of the other part:—Whereas, the said Andrews, Jones & Co. have been awarded the contract for the construction of section B of the Pacific Railway of Canada, and whereas, under an agreement between the said parties, bearing date the 24th of February instant, one-half interest in the said contract was to be assigned to Morse & Co. as soon as the same should be awarded by the Department of Public Works. Now, this agreement witnesseth that the said Andrews, Jones & Co. have assigned (for good and valuable consideration and in pursuance of the said last-mentioned agreement of the 24th instant) and hereby do assign and convey to the said Morse & Co. one-half part and interest in the said contract with the Department of Public Works: and they hereby agree with the said Morse & Co. to make and execute, within ten days after the said contract is executed by the Department, a more formal and effectual transfer of the one-half interest therein to the said Morse & Co., and will enter into proper articles of co-partnership with the said parties for the performance of the said contract, pursuant to the terms of the said agreement of the 24th instant. And it is hereby agreed, by and

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Contract No. 12.

between the said parties, that each of them, that is to say, the said Andrews, Jones & Co. of the one part, and Morse & Co. of the other part, shall, within the time required by the Department of Public Works, deposit with the Receiver-General of Canada the 5 per cent. in respect of their interest in the said contract—that is to say, the said Andrews, Jones & Co. will deposit \$100,000 and Morse & Co. \$100,000, or so much thereof respectively as may be demanded by the Department.

“Signed, sealed and executed by the said firms in our presence this 26th day of February, A.D., 1879.

“ANDREWS, JONES & CO.
“G. D. MORSE & CO.

“SAMUEL E. St. O. CHAPLEAU.”

15994. This refers to a previous agreement dated 24th of February; that was a written agreement, was it not?—I have no recollection of that, still there may have been such an agreement in existence.

15995. If there was one it was intended to show this understanding which you had previously described, was it not: that in the event of the contract being awarded this should be the arrangement which is embodied here?—Yes.

15996. Can you produce this previous agreement of the 24th of February?—I cannot. Cannot produce agreement of the 24th February.

15997. If there is such an agreement, do you know who has it?—I do not.

15998. Was there any further understanding upon the subject, beside what is contained in this written document?—There was an understanding that Col. Smith, of New York, was to be the manager for Andrews, Jones & Co. He was to take the leading part for the New York part of the firm. Col. Smith was to be manager for Andrews, Jones & Co.

15999. Was there any other understanding upon the subject of the New York branch failing to put up their share of the deposit, as to what would become of that one-half?—We were to have the whole work. If New York firm failed to put up their half of security witness's firm to have the whole work.

16000. There was an understanding between you to that effect?—Yes.

16001. Was that reduced to writing?—I think it was.

16002. Do you know where that writing is?—I do not; I do not recollect.

16003. Then do we understand that the substance of all the understandings together was this: that if the contract should be awarded to Andrews, Jones & Co., upon your failing to take it upon your tender, that then it should be for the benefit of the two firms combined—the New York branch and the Toronto branch—supposing each put up their share of the deposit; but in the event of the New York branch failing to put up their share of the deposit, then you should be the sole firm interested in the contract?—Exactly, that was the understanding.

16004. Did that event happen: did the New York branch fail to put up their security?—They failed to put up their security.

16005. Then do you understand, in pursuance of this agreement which you have described, that the interest in the whole contract became the property of the Toronto firm, Morse, Nicholson & Co.?—It did. New York firm failing to put up security in virtue of above agreement the interest in the whole contract became the property of Morse & Co.

16006. And you understand that this would be the result of the previous agreement, not that it was transferred to you by written

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document at the moment, but because of the New York branch failing to put up their deposit?—Yes.

16007. Was there any formal assignment from them to you of their interest in the tender?—Not excepting by telegram.

Telegram notified failure to put up security, and handed all the New York firm's interest over to Morse & Co.

16008. Did the telegram contain a formal assignment of their interest, or only a notification of the fact?—A notification of the fact, and saying that their interest would be transferred to us provided we made the necessary deposit.

16009. Have you that telegram or a copy of it?—I think I have.

16010. Will you produce it?—I produce it. (Exhibit No. 222.)

16011. Read it?—

“NEW YORK, 28th February, 1879.

“Hon. Wm. MACDOUGALL, Russell House.

“Evident hostile attitude fatal to project with friends here forces us to withdraw. Use our rights as if all were held by friends there and they will be fully transferred. Particulars in letter.

“N. F. JONES.”

16012. Was this communication in accordance with a previous understanding with that New York branch, that they should notify you to this effect if they failed to put up the deposit?—They were quite positive that there would be no failure on their part, but still it was so arranged that in case of failure that this should be done, that their rights should be transferred to us.

16013. Was there any formal document, as far as you know, which afterwards transferred their interest to your firm?—No.

16014. Did you communicate the substance of this telegram, or of the arrangement between you and the New York branch, to the Government?—I did.

16015. In what way?—Personally, and I think by letter.

16016. To whom?—To the Minister of Public Works at that time.

16017. Who was he?—Sir Charles Tupper.

16018. Where did you see him?—At his office.

16019. Do you know at what time this happened?—I could not be positive.

16020. Where were you when this telegram was received in Canada?—I was here, at Ottawa.

16021. Did the substance of it become known to you on the same day on which it was dated?—I think so.

16022. Does that help you to say when you saw the Minister of Public Works?—Well, it may have been the next day after the receipt of this telegram. I think probably it was too late that evening.

16023. The next day after this was the last day named by the Government for the receipt of the deposit, was it not?—Yes.

16024. Do you say that you communicated this position of yours, as the holder of the whole of the rights of Andrews, Jones & Co., by writing as well as by verbal communication?—Not as a whole. It was as Andrews, Jones & Co.; that is the way I communicated it, as Andrews, Jones & Co.

Communicated substance of arrangement to Sir Charles Tupper, but did not let him know they had obtained the whole rights of Andrews, Jones & Co.

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16025. What I meant to ask you—I am not sure whether my question covered it—was this : whether, when you became by the arrangement with Andrews, Jones & Co. the sole proprietors, you communicated that circumstance to the Government ; that you had become the sole proprietors ?—No.

Did not communicate to Government the fact that they had become sole proprietors of Andrews, Jones & Co.'s tender, but said there was some difficulty in the New York portion of firm raising security and asked for extension of time.

16026. Did you withhold that from them ?—I communicated the fact that there was some difficulty in the New York party raising the security, and asked for an extension.

16027. Did you do that entirely in the name of Andrews, Jones & Co. ?—Yes.

16028. Then did you withhold from the Government the fact that you had become the proprietors of the contract by virtue of the circumstances which had happened ?—We did not communicate that fact to them.

Withheld from Government that fact that they had become the proprietors of Andrews, Jones & Co.'s tender.

16029. Then you withheld it ?—We withheld it.

16030. Do you know the difference in the figures of the whole sum mentioned in your tender for this work and the whole sum mentioned in Andrews, Jones & Co.'s tender ?—I do not know the exact amount ; somewhere about \$400,000.

\$448,436 difference between Morse & Co.'s tender and Andrews, Jones & Co.'s tender.

16031. It was given yesterday as \$448,436 or thereabouts ?—That is about it as near as I can remember.

16032. Do you remember when the members of the New York branch left Ottawa ?—The exact date would be about the 24th February, or thereabout.

16033. I will mention the date of the letter, which will perhaps refresh your memory. It was on the 26th February, 1879, that Andrews, Jones & Co. had notice that the contract was awarded to them ?—It would be on that day, I think, they left.

16034. You think they left on the evening of the 26th ?—Yes ; I think so.

16035. After the 26th of February, and up to the time that the contract was finally awarded to Fraser & Grant, do you know whether any one of the original firm of Andrews, Jones & Co. was in Ottawa ; either Col. Smith or N. F. Jones, for instance ?—I do not.

Neither Col. Smith nor N. F. Jones in Ottawa between the 26th February, when contract awarded them, and the 5th of March, when contract given to Fraser & Grant.

16036. Did you see any of them ?—I did not.

16037. Were you here yourself ?—I was.

16038. Do you think that if either of them had been here you would have met them ?—I think so.

16039. A letter is dated on the 1st of March, and signed by Andrews, Jones & Co. (Exhibit No. 223), please look at it and say if you know who wrote it ?—(After looking at the letter) : I cannot say.

16040. Do you know any person who would be authorized to use the name of that firm, and who was in Ottawa on the 1st of March ?—I do not know, except their sureties. They had one surety here.

16041. Who was he ?—I think Mr. Heney was one of the sureties, and there may have been other parties authorized that I am not aware of.

16042. Do you know whether Mr. Heney took any active part in the matter after they had left for New York ?—I am not aware of it.

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16043. Did you write any letter in the name of Andrews, Jones & Co.?—I may have done so.

16044. Look at this one, dated March 3rd, and say if you know whose writing that is (Exhibit No. 224)?—I do not know.

16045. Here is another letter, dated 5th of March, and signed Andrews, Jones & Co., please say if you know whose handwriting it is?—That is mine.

16046. Had you any authority, on the 5th of March, to use the name of Andrews, Jones & Co.?—It was decided when they left that I was to use it in any communication with the Government.

Does not know if any one except himself was authorized to use the style of the firm of Andrews, Jones & Co.

16047. Then you do know that there was some person authorized to use their name besides Mr. Heney, if he was authorized?—There was, myself. Outside of myself I do not know of any, although there may have been others.

16048. Read your letter?—

“ OTTAWA, March 5th, 1879.

“ SIR,—We have the honour to inform you that the balance of the 5 per cent. required to be deposited to the credit of the Receiver-General on our tender for section B, Pacific Railway, has this day been provided for through our agents at Toronto, of which you will receive notice through a bank in Ottawa before the day closes.

“ We have the honour, Sir, to be,

“ Your obedient servants,

“ ANDREWS, JONES & CO.

“ To the Hon. The Minister of Public Works.”

Letter dated 5th March, from witness informing Minister that the balance of security had been provided and Minister would be officially notified of this before the day closed.

16049. Do you know now whether that fact which you state there was as you stated it, that the amount had been provided through a bank in Toronto?—The \$100,000?

Balance not arranged for when this letter was written.

16050. The balance of the 5 per cent.?—I am not aware that it was arranged for at this date.

16051. Then when you wrote that letter you were not sure that the fact was as there stated?—I was informed by telegram that such was the case.

16052. I have understood from Mr. Morse that he was to make arrangements, but that the arrangements had not been completed for that purpose, and in consequence of the telegram from the Department of that same date, he did not proceed to make an arrangement with any bank?—Well, I think that they had proceeded to make arrangements up to the time that they received the telegram from the Minister of Public Works that the contract had been awarded to Fraser, Grant & Pitblado.

Minister's telegram announcing that contract given to Fraser & Co. dated 5th March, 7.30 p.m.

16053. This telegram which Mr. Morse alludes to was dated Wednesday, the 5th of March, at 7:30 p.m., and I understood Mr. Morse to say that after the receipt of that telegram he ceased to make arrangements, and that those arrangements were made with the view of the deposit being completed the next morning: on the 6th?—Yes.

16054. Now, you write your letter on the 5th, and say that the arrangement has been completed?—I had written this letter on the strength of the letter received from Toronto.

16055. But you had no other knowledge of it?—No other knowledge.

Witness's letter saying balance was arranged for not correct.

16056. So if Mr. Morse had not completed his arrangement on the 5th, then this letter of March the 5th from you is not correct?—It would not be. (Exhibit No. 225.)

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16057. Are you aware of any further negotiations, or notice, or communication of any kind, between your firm and the Department after the 6th March?—There may have been other communications. I think one of our firm, that is Mr. Thompson, communicated with Sir John Macdonald in reference to the matter.

16058. In writing?—I think so; yes.

16059. Have you any copy of that?—I have not. I suppose Mr. Thompson would have it.

16060. That, I understand, was after the 5th March, was it?—Yes.

16061. Are you aware of any communication or notice upon the subject, between your firm, or any of them, and the Department, except what we have alluded to now in evidence?—Not at present; I have not.

16062. Is there any other evidence which you can give upon the subject of your dealings with the Government about this section B contract?—In what respect?

16063. I do not know; I am asking to see if there is in any respect?—Not directly with the Government. We had some dealings with Mr. Close and Mr. Shields, of Toronto.

16064. Please describe those dealings?—We had an agreement that we were to give them a certain percentage on the gross amount of the contract for influence that they were to use with the Government on our behalf. Agreement with Close and Shields to give them a certain percentage.

16065. When was this agreement made?—I think it was made on the 30th of January, or thereabouts.

16066. Was that the day named for the last receipt of tenders?—No; it would not be on that day. It would be, probably, on the 23rd or 24th of January.

16067. Something like a week before that?—Yes.

16068. Who took part in those negotiations?—Mr. Morse, Mr. Marpole, myself, P. J. Close, and John Shields. Parties to negotiations: Morse, Marpole, witness, Close and Shields, in Close's store, Toronto.

16069. Where was it that you had the interview?—In Mr. Close's store in Toronto.

16070. Was that reduced to writing?—Yes.

16071. Have you the writing?—I have a copy of it.

16072. Will you produce it?—Yes. (Exhibit No. 226.)

16073. Please read it?—

"This agreement made this 22nd day of January, 1879, between G. D. Morse, of the City of Toronto, in the County of York, contractor; R. Marpole, of the Town of Barrie, in the County of Simcoe, contractor; G. F. Thompson, of the said City of Toronto, contractor; and Frank Nicholson, of the said City of Toronto, merchant, of the first part, and Patrick George Close, of the said City of Toronto, merchant, of the second part: Agreement.
Date 22nd
January, 1879.
Morse, Marpole,
Thompson,
Nicholson, parties
of the first part;
Close party of
second part.

"Whereas, the said parties of the first part are tendering for the construction of section B of the Canadian Pacific Railway, and have requested the said party of the second part to assist them in obtaining the said contract for construction, and to waive and abandon all efforts to obtain the said contract on his own behalf, which, in consideration as after-mentioned, the said party of the second part has agreed to: Close agrees not
to seek to get con-
tract for section
B for himself.

"Now, therefore, this agreement witnesseth that the said party of the second part do exert his utmost and his all legitimate endeavours to procure for the said parties of the first part the contract for the said section, and act in their behalf for this special

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And to act as broker to aid Morse & Co. to get contract.

Morse & Co. to pay Close 2 per cent. brokerage on the amount of the contract.

This brokerage to be a first charge upon the monthly payments made to contractors.

This agreement to bind the assignees of Morse & Co. should they assign.

Close to have preference in supplying goods to contractor.

purpose as their agent or broker, and abandon all application for the said contract upon his own personal behalf or upon the behalf of any person or persons other than the said parties of the first part; and provided that the said parties of the first part or any of them obtain the said contract, or any portion or part thereof, then it is also agreed and understood as follows, that is to say: the said parties of the first part covenant to pay to the said party of the second part, as brokerage or commission, in relation to the contract, an amount equal to 2 per cent. of the amount of the said contract to be paid to the said party of the second part from time to time upon the amounts paid to the said parties of the first part under and by virtue of the said contract, and at the times when such amounts are paid to the said parties of the first part; but it is understood that the first three monthly payments under such contract shall be paid to and received by the said parties of the first part, free and clear of any deduction by or payment to the said party of the second part; nevertheless that the said brokerage or commission upon the said first three monthly payments shall be charged against and payable out of the fourth monthly payment along with the said brokerage upon the said fourth monthly payment to the said party of the second part:

“It is also agreed that the said brokerage be the first charge or lien upon the amounts so paid from time to time to the said parties of the first part save as aforesaid. And the parties of the first part do grant and assign the said 2 per cent. unto the said party of the second part, and authorize and direct the Government of Canada, or whomsoever pays the amount of the said contract to the said parties of the first part, to pay the said brokerage to the said party of the second part:

“It is also agreed that this covenant and grant and assignment shall be binding upon the amount coming from time to time under the said contract to the said parties of the first part whether the said parties of the first part keep the said contract or assign the same. And that this assignment is considered as being made under the statute to render *choses in action* assignable.

“It is also agreed that the party of the second part shall have the preference of supplying to the parties of the first part such goods as they may from time to time require in relation to the said contract, that is to say, if the said party of the second part offers to supply said goods of as good quality and for as low prices as can be obtained, then the said parties of the first part shall be bound to purchase the same from him.

“In witness whereof the said parties have set their names and seals the day and year first above written.

“Signed, sealed and delivered
in the presence of
“JOHN A. PATERSON.”

(Signed) “G. D. MORSE,
“R. MARPOLE,
“A. J. THOMPSON, G.D.M.
“FRANK NICHOLSON,
“P. J. CLOSE”

16074. Where was this agreement signed?—In Mr. Paterson's office.

16075. Toronto?—Yes.

16076. Did you understand, at the time of making this agreement, that Mr. Close was tendering, or about to tender, on his own behalf for this work?—No.

16077. Did you understand that he had any interest in any of the tenders which were being made in any other persons names?—No.

16078. In the recital at the beginning of the agreement it is suggested that he was about to make, or was making, some effort to obtain the contract on his own behalf?—I have never heard of it.

16079. It is written in this document: did you not read the document before it was signed?—I did read the document; but previous to the agreement I had never heard of such a thing.

16080. Then this written agreement did not express what you had previously understood to be the reason for the bargain?—Certainly not.

16081. What did you previously understand to be the reason for the bargain, or the reason why you should pay him something?—We called on him for a letter of recommendation, supposing at the time that he had considerable influence with the Government—

Called on Close for a letter of recommendation

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16082. Is that Mr. Close?—Mr. P. J. Close. He then said that he would give us such a letter to Sir Charles Tupper and Sir John Macdonald; but that, in order to make the thing sure, he would introduce a friend that would put the contract past a doubt, if we could secure his influence with his—Mr. John Shields. Then, he stated that the Government had been under great obligation to Shields and himself, and he thought that if we could secure Shields' interest with his own that our chances would be good, and it was in consideration of that that this agreement was given.

Close suggests
Shields' name.

16083. Then you believed his representations in that matter, did you?—Well, we supposed that there was something in it.

16084. Were you led to understand by what he said that you would be able to get the contract, whether your tender was the lowest or not?—Yes; he intimated—both intimated such a thing.

16085. That without your tender being the lowest you would be able to get the contract, through their influence?—Yes; they said that if there was not too much difference that any firm with whom Shields was associated would be sure to get the contract.

Led to believe
that they could
get contract even
though their tender
not the
lowest.

16086. You say if the difference was not too much. Was a limit put to it beyond which they could not effect it?—I think they mentioned \$50,000 or £60,000; or, perhaps, up to \$100,000.

16087. You were led to believe that the Government would lose that much rather than that their friends should not get the contract?—We were led to believe that they had sufficient influence with the Government to obtain the contract for us, provided there was not more than that much difference in the price.

16088. Then that was the real reason for your agreeing to give them this percentage?—That is the real reason.

16089. The reason mentioned here is not the true reason (pointing to the document)?—No; it is not the true reason. I might say that although Shields' name is not mentioned he was present at the time and dictated this agreement.

Consideration
mentioned in
agreement not
the real consider-
ation.

16090. You mean although his name was not mentioned in the writing?—Yes.

16091. Then it was understood that Close was really acting for himself and for Shields together?—Yes; for himself and Shields.

16092. But in the name of Close alone?—Exactly.

16093. Was there any verbal understanding, or any other understanding, except what is expressed in this writing, as to any other interest you might obtain through any other tender but your own?—Yes.

16094. What was that?—Not through any other tender but to the agreement. All the further conversation that took place referred to section A as well as section B. This only covers the contract for section B.

16095. But there was a similar understanding in reference to section A, was there—verbal?—Well, no; not verbal. Before leaving Toronto, but after coming to Ottawa—I might say previous to leaving Toronto—we received a circular from the Engineer-in-Chief stating that the

Contract No. 41.

**Tendering—
Contract No. 41.**

Government would favour a tender for the whole work rather than a part, and after coming to Ottawa we decided to tender for the whole work, and when Shields and Close found that our tender for the whole work was the lowest they made a demand for a similar amount on section A as we had agreed to pay on section B.

Shields and Close proposed another similar agreement to cover section A.

16096. Then, in other words, they claimed that this agreement should apply substantially to the whole of section C, which combined A and B, as well as it applied to section B alone?—No; they wanted us to execute a further agreement covering section A.

16097. Well, that would, in effect, make the agreement apply to the whole section C?—Oh, yes.

16098. Had you any understanding with them as to any percentage or any benefit being given to them in case you should obtain an interest in anybody else's tender or contract?—None, as far as I am concerned.

16099. Are you aware that it was made with any other member of your firm, so as to apply to any other work but that of your own tender, either section A or B, or both of them?—I am not aware of it.

16100. Did this agreement between your firm and Close take effect?—No; it never took effect.

16101. Why not?—Because we did not receive the contract.

Mr. Boulton present at one interview.

16102. One or two of your firm mentioned an interview at some hotel in Ottawa, when Mr. Boulton was present, and when some such agreement as this was spoken of: can you describe the circumstance?—That would have reference to this same demand made for a further agreement covering section A. I think on the evening of the 30th, on the day the tenders were opened, Shields and Boulton called on me at the Windsor House and asked for such an agreement. I told them then that I was acting for the rest of my partners, and I could not agree to anything of that kind until such time as I communicated with them. I notified them by telegram, and they came down next morning. That was when Boulton and Shields called on me at the Windsor.

Subject discussed—a new agreement relating to section A.

16103. Then that interview was had upon the subject of the new agreement to be applied to section A only, and like that which applied to this previous agreement for section B?—Yes.

16104. Who was present at the interview?—Mr. Morse, Mr. Marpole, and I think Mr. Watts was present; Mr. McCormick, Mr. Shields, Mr. Close, Mr. Boulton and myself.

Watts among those present.

16105. Was that the Mr. Watts who was interested with you?—Yes.

16106. Did you describe his interest before?—Yes; his interest was not defined.

16107. He was to have some benefit from the contract, but it was not clearly settled?—He was a practical man; he was an engineer.

16108. What was his occupation up to that time?—He had been engineer of the Credit Valley Railway.

Watts had been engineer on Canadian Pacific Railway.

16109. Was he connected with any Department?—He had been on the Canadian Pacific Railway, I think, in the capacity of an engineer previous to his joining us.

**Tendering—
Contract No. 41.**

16110. His connection with it had ceased at the time you speak of?
—Yes; his connection with the Pacific Railway.

16111. At that interview at the Windsor—I think you said at the Windsor—was it suggested that any one else should be interested in the benefits of this proposed agreement in addition to Close and Shields?—No.

16112. Was Mr. Boulton to have any interest, as far as you know?
—Well, not that I am aware of.

No suggestion that Boulton was to have an interest.

16113. Did he propose upon that occasion to take any interest in the matter himself personally?—Well, I was not aware up to that time that Mr. Boulton had any interest; but when these gentlemen called on us at the Windsor House, Mr. Close and Mr. Shields came into the room and, of course, we refused to execute a further agreement, stating at the same time that we thought they were very well paid, but in case the undertaking proved profitable that we would be willing to do what was fair. Then Mr. Boulton came in. He was outside the door in the other room. Then some words took place. I think he insisted on the agreement being signed, or something to that effect; and I said to him that I was not aware at that time that he had anything to do with this thing, that I thought I was dealing with Shields and Close. I forget the exact words that he used: but he said he had been interesting himself on our behalf, and that he did not wish to be treated in that manner. I think I said he had perhaps better wait outside until he was called, or something of that kind; that I was not aware that he was interested in the concern. That was the reply I made. I cannot recollect the exact words.

Boulton insisted on the signing of agreement, this witness resented.

16114. I understand you to say that he alleged at that time that he had been interesting himself on your behalf?—Yes.

16115. Is that what you mean when you say that he had been interested?—Yes.

16116. Was there any suggestion made by him that he was interested in it pecuniarily himself?—No.

16117. Was that arrangement ever carried out, as to section A, the percentage going to these people, Close and Shields, or did you refuse to sign it?—I refused to sign it on that occasion. I think there was an arrangement at a later date.

At a late period arrangement agreed to and signed.

16118. Reduced to writing?—Yes.

16119. Have you that writing or a copy of it?—I think I have.

16120. Will you produce it?—I produce it. (Exhibit No. 227.)

16121. Read it?—

"This agreement, made the 31st day of January, in the year of our Lord 1879, between George D. Morse, A. F. Thompson, and F. Nicholson, of the City of Toronto, and Richard Marpole, of the Town of Barrie, contractors, of the first part, and P. G. Close, of the City of Toronto, merchant, of the second part:—Whereas the said parties entered into an agreement bearing date the 22nd day of January, A.D. 1879, respecting the tendering for and doing the work of section B of the Canadian Pacific Railway, and whereas it has been thought desirable to tender also for the work of section A of the said railway, and also to tender for both the sections together, now this agreement witnesseth that the said parties agree that in case they, the said parties of the first part, should obtain the contract for either the said section A, or the two together, that then all the provisions and stipulations contained in the said recited agreement shall extend to and

Agreement. Morse & Co. of the first part; Close of second.

Provisions the same as section B agreement and to relate to section A or to sections A and B combined.

**Tendering—
Contract No. 41.**

Save that brokerage would be one per cent. instead of 2 per cent.

include the contract for said section A or the two together, as if said section A had been originally included in the said agreement of the 22nd of January, 1879, excepting only that the brokerage or commission which shall be paid to the said party of the second part in respect of the amount received on account of said section A shall be only one per cent. instead of 2 per cent. And this agreement shall be binding on the heirs, executors and administrators of the said parties. Witness our hands the day and year first above written.

" G. D. MORSE, per his Attorney,
F. NICHOLSON,
" A. J. THOMPSON,
" F. NICHOLSON,
" R. MARPOLE,
" P. G. CLOSE.

" Signed in presence of
" THOMAS WATTS."

16122. Where was this agreement signed?—At Ottawa.

16123. What place in Ottawa?—The Windsor House.

16124. This is the original agreement is it not: it is not a copy?—No; that is the original.

Watts prepared second agreement

16125. Do you know who prepared it?—I think it was Mr. Watts.

Contract No. 42.

16126. Do you know who prepared the former agreement as to section B—I mean the percentage on it?—It was Mr. Paterson, Mr. Shields' solicitor.

16127. In Toronto?—Yes.

16128. Do you know who prepared the first agreement between your firm and Andrews, Jones & Co.?—I cannot say.

16129. Do you remember whether it was written upon the occasion upon which it was signed, or was it prepared before?—I do not.

16130. Did this last agreement, as to percentage on section A, take effect?—No; it never took effect.

16131. Why not?—Because at that time we considered that the contract for the whole work would be awarded to us, but it was not; that was the reason.

No Member of Parliament nor any person connected with Departments to have benefitted pecuniarily.

16132. Was there any understanding, as far as you know, that any Member of Parliament should be pecuniarily interested in the result of any of those transactions?—Not as far as I am aware of.

16133. Are you aware, or have you reason to believe, that any information was obtained through any Member of Parliament, or through any person in the employ of any Department, which affected this transaction?—Only from what Mr. Shields and Mr. Close said.

Close and Shields professed to have special information.

16134. And was that to the effect that they would be able to influence Members or Ministers in the way you have described?—Yes; they pretended to be on very intimate terms with several Members and some Ministers, and pretended to say that they could get almost any information that they wanted. This was what they told me; of course I do not know it to be a fact.

16135. Did they mention any particular Minister or Ministers?—Oh, yes; they mentioned Sir Charles Tupper, Mr. Pope, Mr. McDonald, Minister of Justice, and I think Mr. Haggart, M.P., that they could get information through them.

Tendering—
Contracts Nos.
41 and 42.

16136. Any others: Members?—They may have mentioned some others.

16137. Do you remember any others mentioned by them?—Well, perhaps Mr. Boulton. I do not remember of any other, excepting those.

16138. Did they mention any officers in any of the Departments from whom they could get information?—No.

16139. No officer?—Not that I recollect now. Of course it is so long ago that I have not taken any particular interest in the matter since.

16140. I understand you to say substantially that it was because they promised to exercise this influence to obtain this advantage for you in this way that you agreed to give them the percentage?—Yes.

16141. And that the agreement did not take effect because the tender was not accepted either for section A or B?—Yes.

16142. Are you aware whether it had been at any time arranged by any member of your firm, or by any member of Andrews, Jones & Co.'s firm, that any officer in any Department was to be pecuniarily interested in the results of any of those transactions?—I think there was a name mentioned at one time, but I cannot say what. That was in Andrews and Jones' company, but I cannot say what was the amount he was to receive.

Chapleau's name mentioned to receive something. Does not know amount.

16143. Who was the person?—Mr. Chapleau, I think.

16144. Was he to be interested, as you understood it, in the result of the contract, or in consequence of something that he was to do?—No; in the result of the contract.

16145. He has himself given evidence to this effect: that it was at one time proposed that he should leave the Department in which he was and take an interest with Andrews, Jones & Co?—Well, he was a particular friend of Col. Smith, and I suppose it was in that way the thing was arranged.

16146. Is what you remember substantially what I have related?—Yes.

16147. And is that what you allude to when you say he might become interested in the result of the contract?—Yes.

16148. You mentioned Mr. Pope as one of the persons who might be influenced by Close and Shields?—I do not know that he would be influenced, but he was one of the men they mentioned as a particular friend.

16149. Which Mr. Pope was that?—I think it was the Minister of Agriculture.

16150. The original figures in your tender upon Section B were reduced at the suggestion of some person, you said?—Yes.

Original figures in tender B reduced at suggestion of Shields.

16151. At whose suggestion was that?—At the suggestion of Mr. Shields.

16152. What reason did he give you for reducing the figures?—So that we would be sure not to miss the contract.

16153. Did he lead you to understand then that the amount of the contract was a material question?—No; he said it did not matter very much. It could be made up in other ways, that is by getting favour-

**Tendering—
Contract No. 42.**

able engineers, and the Government furnishing rails for construction purposes, and so forth, that the difference could be made up in that way.

Suggested that even if prices were low it could be made up by getting favourable engineers.

16154. Was it then that even if your prices were too low to make a profit upon them you could afterwards arrange with the Government officers to get a profit in another way?—He did not mention Government officers, but he mentioned by getting favourable engineers, which he claimed to be able to do.

16155. But as to the acceptance of the tender by the Government, I understand you to say now that it was suggested that it was desirable to have the figures low enough?—Yes.

Suggesting that tender should be low and that the contract could be got whether tender lowest or not inconsistent.

16156. Is that consistent with the other idea, that you could get the contract whether your figures were low enough or not?—It does not seem consistent.

16157. Did you believe both of those propositions?—Well, towards the last I had not much faith in anything he did say.

16158. Why not?—Because I found that he was working for other parties as well as ourselves, at least I was told that he was.

16159. What do you mean: that he was giving his best help to some other firm as well as yours?—Yes.

16160. Did he undertake to get each one the contract?—I suppose; I do not know for a fact, but I was told so.

16161. And is it because you found that he was helping some other person that you lost your faith in his statements: is that the only reason?—Well, I consider that he did not act in accordance with the agreement, according to his word.

Shields did not prove able to get for Morse & Co. any position to which they had not a right.

16162. Did you ascertain at any time that he was able to get for you a position, or any rank, or any favour which you were not entitled to as a matter of right?—No.

16163. Have you any further papers or letters relating to any of those transactions in your possession?—I may have, but I have not got them here.

16164. Could you state what they are?—I could not, till I put my hands on them. It is almost two years since the thing occurred, and they are scattered around, and I may not have anything of any importance.

16165. Is there anything further which you think ought to be made known to us, in order to enable us to understand the different bearings of these negotiations on the transactions?—Nothing that I am aware of.

16166. Is there any other evidence that you wish to give, either by way of explanation or in addition to what you have already said?—No; I think not.

16164. I am not sure that I asked you before, but at all events I will ask you now: did Mr. Shields or Mr. Close at any time name to you any officer in the Department through whom either of them expected to get any advantage in the shape of information?—No.

16168. Or in any other shape: either information or documents, or any other benefit?—No.

Tendering—
Contract No. 42.

16169. Is there anything further which you would wish to say on the subject?—No.

16170. Have you been interested in any other transaction of the Canadian Pacific Railway?—Yes.

Contracts Nos.
48 and 66.

16171. Which other?—I have tendered with others for the first 100 and second 100 miles west of Winnipeg, and for some canal work.

Tendered for first
and second 100
miles west of
Red River.

16172. Have you any idea as to whether you were the lowest tenderer upon those railway works, or either of them?—No; we were not the lowest tender.

Not the lowest
tenderer and did
not receive con-
tract.

16173. Have you any complaint to make on account of the manner in which the contract was awarded in either of those cases?—No; not that I am aware of.

16174. Is there anything that you know of, which would lead you to think that the contract was not awarded properly?—Not that I am aware of.

16175. Is there anything further upon either of these works which you consider it proper to state by way of evidence?—No.

16176. Have you been interested in any other matter connected with the Pacific Railway?—Nothing further than what I have stated.

16177. Is there anything further which you wish to say by way of evidence?—Nothing that I can think of.

[At the request of the Hon. Wm. Macdougall, who was present, the examination of this witness was continued as follows]:—

16178. In what capacity did you understand the Hon. Mr. Macdougall to be connected in the receipt of this telegram which you have produced?—Well, Mr. Joseph Macdougall, of Toronto, acted as solicitor for George D. Morse, and I consider that the Hon. Wm. Macdougall acted in Joseph Macdougall's interest here. I might say that Joseph Macdougall is Mr. Morse's solicitor.

Contract No. 42.
Capacity in
which Hon. Wm.
Macdougall acted
in relation to
Andrews, Jones &
Co. and Morse
& Co.

16179. Then who engaged Hon. William Macdougall to take any part in this matter, as far as you know?—He was not engaged that I know of.

16180. You are aware that he received this telegram from N. F. Jones?—Yes.

16181. Have you any idea that in doing so he acted in any other way except as a professional man—a lawyer?—I have not.

Acted as a lawyer

16182. Have you at any time had any reason to think that he was interested in any other character, or had any pecuniary benefit from the transactions themselves?—I have not.

16183. Had it ever been suggested that he should have any interest, except as a lawyer?—No.

16184. Has it been suggested in any way that any influence which he might possess as a Member of Parliament should be made use of to his advantage by being paid for it in any way?—It has not.

16185. Has he at any time proposed to use such influence as a Member of Parliament, for the benefit of your firm, or any of them, or of Andrews, Jones & Co., or any of them?—Not that I am aware of.

**Tendering—
Contract No. 42.**

16186. Did you say that you understood that he and some members of the firm of Andrews, Jones & Co. were friendly?—No, I have not said so.

Macdougall acted
as solicitor for
Col. Smith.

16187. Do you know whether, as a matter of fact, he is well acquainted with any of them?—I have heard that he acted as solicitor for Col. Smith, of New York, in some matters connected with the Canadian Pacific Railway.

16188. Is this telegram from the partner of Col. Smith, N. F. Jones?—Yes, the then partner.

16189. Is the substance of this telegram in accordance with what you understood to be the relation between them at that time, as a professional man: this is directed to Hon. Wm. Macdougall by N. F. Jones?—It may be that.

16190. Have you any reason to think it is otherwise?—No; unless as Mr. Morse's solicitor.

16191. Then do you mean that it is either as the solicitor for Mr. Jones, or Mr. Smith, or Mr. Morse?—Yes.

16192. But do you say in no other character than as a lawyer?—No other character as far as my knowledge goes.

16193. Do you know whether Mr. Macdougall was solicitor for Col. Smith at the time of this telegram?—I do not. I do not know it now, only from hearsay.

16194. Was it in connection with the claim arising out of the Georgian Bay Branch that you understand that he was solicitor for Col. Smith?—Yes; so I have heard.

Hon. Wm. Macdougall acted in place of Joseph Macdougall as solicitor for Morse.

16195. Is that how you allude to him as being his solicitor?—Yes. I have said that he acted in the interest of Mr. Joseph Macdougall, of Toronto. Perhaps I might correct that by saying that he acted in his place as solicitor for Mr. Morse.

Macdougall neither asked nor obtained any advantage because of his being a Member of Parliament.

16196. Throughout all those transactions, have you any reason to think that Mr. Macdougall obtained any advantage, or asked for any advantage, in consequence of his being a Member of Parliament?—I have no reason whatever to think so. I might say before closing that our firm, although having offers to sell out, never offered to sell, nor received a cent in any way directly or indirectly, in connection with the Pacific Railway, although our firm was offered by Mr. John Leys, of Toronto, \$50,000 to drop out; but we tendered for the work and expected to carry it out. We wanted the contract and did not entertain the offer.

Firm of Morse & Co. never offered to sell nor received any money.

16197. Do you know for whom he was acting?—I do not; I have asked Mr. John Leys, but he would not disclose the name.

16198. Is there anything further?—Nothing further that I can think of now.

WADDLE.

JOHN WADDLE, sworn and examined:

**Telegraph—
Tendering.
Contract No. 4.**

By the Chairman:—

16199. Where do you live?—At Kingston.

16200. What is your occupation?—Contractor.

16201. On what kind of work?—Different kinds of works. Building.

Telegraph—
Tendering.
Contract No. 4.

16202. Have you had any interest in any contracts on railway works or telegraph lines?—I have tendered for the telegraph line on the Pacific Railway. I have built telegraphs—a great many miles of it—previous to that, but not for the Government.

16203. Have you been interested in any of the tenders or works of the Canadian Pacific Railway?—I tendered on behalf of myself.

16204. For what work?—The whole of the sections 1, 2, 3, 4, 5 and 6. My tender is in the Department, I suppose, some place yet. I and George Smith were in the tender, and I bought him out afterwards; I made him sign off.

Tendered for all
the sections.

16205. When your tender was made was it on your own account or on account of a firm?—I made it out principally myself, and then he was used to being in the bush, and I took him in as a partner. He signed the tender with me. He had no further interest further than at the rate of \$4 a day.

Smith no interest
in contract save
\$4 a day as a
practical man.

16206. Look at this document (Exhibit No. 4) and say whether that is the tender to which you refer?—That is the document, Sir.

16207. Was the contract on either of these sections under this tender awarded to you?—No. 5, Sir. I got notice of No. 5, and I got notice of No. 6 also, afterwards.

16208. Have you the notice which you got on No. 5?—Yes, I think so.

16209. Can you produce it?—Yes. (Exhibit No. 228.)

16210. Did you come to Ottawa in obedience to this telegram?—Yes.

16211. And what took place between you and the Government?—I came to Ottawa a day or two afterwards to see Mr. Mackenzie the Premier, and he was not in Ottawa. He had left and gone to Montreal or some place. I saw Mr. Scott then. Mr. Scott was acting in his place while he was away.

Went to Ottawa
and saw acting
Minister Scott.

16212. Which Mr. Scott?—The Hon. Mr. Scott. I think he was in the Senate then.

16213. Did you see some one?—Yes, I saw him of course. He spoke first about the amount of the security, the amount of the bond, and talked about \$20,000.

16214. Did he not first speak of the section that you were going to get?—It was No. 5 tender that I was to get.

16215. Was section 5 for the whole telegraph from one side of the continent to the other?—Section 5 only from Thunder Bay, or Prince Arthur's Landing as they call it, to Winnipeg. It is the same section as Oliver and Davidson got afterwards.

16216. Do you say that you were notified that you were to have that contract?—Yes, Sir.

16217. Have you that notification?—That is the telegram I got to come down.

16218. Where is that notification?—Is that not it?

16219. No, it is not; this contains these words: "Could you immediately come to Ottawa about your tender for Pacific Railway Telegraph. Answer."—Yes, that was the section that was awarded to me.

**Telegraph—
Tendering.
Contract No. 4.**

16220. There is nothing about section 5 here: how did you get information about that?—Mr. Scott and Mr. Trudeau told me. He was the Deputy Minister at the time.

Trudeau told him section 5 was awarded to him.

16221. What did he tell you?—He told me that section 5 was awarded to me and Smith.

Hon. A. Mackenzie told witness he was satisfied with \$10,000 as security.

16222. What else?—He wanted to know if I was prepared to enter into the contract. I said it would take some time to look up the amount of the security. Mr. Scott said it would be \$20,000. I said: "The Government has laid down a schedule of 5 per cent., and I am not satisfied with that \$20,000." I said I would be satisfied with the 5 per cent. "Well," said he, "you will let it stand until Mr. Mackenzie comes home. I will not take any active part until Mr. Mackenzie returns." About the week following Mr. Mackenzie came home, and I wrote him a letter stating the amount that I considered he was entitled to. Five per cent. would come to \$8,500 on the tender, but I was willing to make it \$10,000 and say no more about it. The day after I sent the letter, I saw Mr. Mackenzie coming from one wing to another, and he told me he was satisfied with \$10,000, and arranged on the amount it would be—

16223. Have you this letter which you wrote to Mr. Mackenzie?—I produce the letter which I wrote. (Exhibit No. 229.)

Contract signed by two sureties and security sent to Ottawa.

16224. Proceed.—Then when I arranged on the amount of the security, the party that was going in with me on the contract—there was one or two of us at the time—I was to give a mortgage as security. The party that was to value the property was appointed by Mr. Mackenzie. His solicitor and architect in Kingston was to go and value it, and then was to report to the lawyer, Mr. Brittain, and Mr. Brittain approved of the security to the contract, and I came down again and showed the certificate to Mr. Mackenzie, and he said it was all right. I stayed here until the contract was drawn out, and took it up to get it signed in Kingston. It was signed by the two sureties, and the mortgage was registered and sent down to Ottawa. I came down and left it behind me in Mr. Brittain's hands for that purpose; so I came down here the next day to the Deputy Minister of Justice's Department.

Agreed to take in a nephew of A. M. Smith's and give him one-third provided he put up all the security

16225. Who was that: Mr. Lash?—No, Bernard was his name—Sir John's brother-in-law. He was Deputy Minister then and he got it, and he said that there was a previous mortgage on it, and that had to be released. Well, in the certificate it also showed that it was quite sufficient for the security, independent of the mortgage, but to have it removed. Then the Government did not sign the contract and I went away, and Mr. Mackenzie told me I would have time to have it removed, or get other security, whichever I liked. Then I went up to Toronto and I arranged with A. M. Smith, of Toronto, and took in his nephew or some relation with me, and made him pay, and he was to make the necessary deposit with the Government and do away with this mortgage altogether, and I was to give him one-third of the contract, and he was to give all the security which was required, which papers I have got here to show.

16226. Have you any written communication to show that you were awarded the contract for section 5 of this telegraph line?—Well, now, I don't think it mentions section 5, but I was looking after the latter. I think it mentions in the telegraph that I would see a letter, and I

Telegraph -
Tendering.
Contract No. 4.

was looking about it, but I could not find it. These papers, I think, have been mislaid. I ought to have the letter, but the contract will show—it is in the Department some place—that No. 5 is mentioned in the contract, and it is in the Department some place, signed.

16227. Did you get some other section awarded to you afterwards? —Yes. There is a letter from Mr. Fleming notifying me that I was the lowest for No. 6, and that the Government was prepared to go on with it—that I was the lowest, that I might hold myself in readiness to go on with it, and I will produce that directly. Here is a letter dated August 12th, showing section 5 (Exhibit No. 230), and here is the letter showing section 6. It was wrote to Dr. St. Jean by Mr. Fleming, and I got a copy of it from Dr. St. Jean. He was friendly to me at the time, and he was acting for me in my absence.

Informed by Fleming that his was the lowest tender for section 6.

16228. Were you ever awarded any contract for any section of the telegraph line except section 5?—No, Sir.

16229. That was the only section upon which you had a chance of fulfilling your tender?—Yes; that is correct.

16230. Do you know what reason was given at last for not letting you have the contract for that section?—I never found out any reason, and they kept me here for three weeks after I came down, when Mr. Mackenzie spoke about not taking the mortgage as satisfactory, and giving me time to go and get any security I required. Here is the agreement I entered into in Toronto. (Exhibit No 231.)

Never found out why he was not awarded contract for section 5.

16231. This is an agreement between yourself and Robert D. Perry, is it not?—Yes.

16232. The Government is not a party to this agreement?—No; but you see I have produced that to show you the reason how the thing came.

16233. How what thing came?—How that document came. Of course, I took Perry in, you know, he gave us A. M. Smith, of Toronto, as security to me for \$30,000 to carry out the contract, and I had half of it in that document, and he makes a deposit with the Government of \$10,000, and he wants Mackenzie to transfer the contract to him—the son did any way.

16234. I do not want to investigate, at present, your arrangement with Perry: I want to know what took place between you and the Government?—Perry and I both came down on the 6th or 7th of the month of December, 1874, after the date of that document, and Mr. Mackenzie said, says he: "You were so long I have notified another party, but he is not likely to take it up;" and, said he, "wait, and if he does not sign the contract you can have it."

Hon. A. Mackenzie told him he delayed so long in getting security that another party was notified

16235. Can you tell me whether you ever got a notice from the Government that your time was up, and that you no longer had any chance to get contract 5?—In writing or verbally I never got one. It was quite to the contrary.

16236. Did you ever get any notice that unless you finished putting up your security by a certain time that the Government would pass over your tender and go to the next man?—No; that is what I asked Mr. Mackenzie why he didn't notify me when he found out I had signed it, and give me a chance before he gave it away; and he told me that was his own business.

Telegraph—
Tendering.
Contract No. 4.

16237. In putting up your security did you not understand that it was necessary that Mrs. Sellick, or some person of that name, should release the claim upon the property offered as security?—It was Mrs. Sellick's property, but there was a mortgage on it, and he wanted that released or a cash deposit.

Security.

16238. Then you understood that it was necessary to get that release before your security was perfect?—Yes.

16239. Did you get that release?—No; that was not done, but this other was done in lieu of it.

16240. What other was done?—This agreement was entered into between Perry and I, and I got a letter of credit for \$10,000 with A. M. Smith, of Toronto.

16241. Who got the letter of credit?—Mr. Perry took it back to Toronto. Mr. Mackenzie had it in his hand and kept a copy of it, and he had nothing to do but to send it down to him when the contract was signed.

16242. Who had nothing to do but to send it down?—If the Government signed the contract the money would have been deposited.

16243. You expected that the Government would have signed the contract before you deposited the money?—No, I didn't think they would; but they would give me some satisfaction that they would do it. I didn't want them even to do it, but to say yes instead of putting off and putting off from day to day.

16244. Did you not get information at that interview with Mr. Mackenzie that he had already awarded the contract to somebody else?—No; nor I didn't for months afterwards, and I never knew until it was fetched up in Parliament that it was. When I was here and when it was fetched up that the contract was signed on the 9th of February—and he kept me here for three weeks waiting day after day to have it signed, and promising—

16245. Did Mr. Mackenzie give you any reason, at the time that you showed him that letter of credit, why you could not get the contract?—No.

16246. Did he lead you to understand that you might get it?—Yes.

Hon. A. Mackenzie told him Sutton & Co. might not take the contract up,

16247. What did he say?—He said that those parties—Sutton—would not likely take it up, and I should likely get it, it would be the first chance; he told me so most distinctly more than once.

16248. Did he tell you they had the chance of taking it up?—They came here and went away again.

16249. Then he told you that before that day he had given Sutton the chance of taking it up?—Yes.

Interview with A. Mackenzie on the 6th or 7th of December, 1874.

16250. Can you name the day upon which you had that interview with Mr. Mackenzie?—It was either the 6th or 7th day of December, 1874.

On the 20th November, Sutton & Thirtkell were notified that they could have contract.

16251. The official documents show that on the 20th of November, 1874, Mr. Braun, the Secretary of the Department, had notified Sutton & Thirtkell that they might have the contract: can you now understand why it was that in December, Mr. Mackenzie could not say positively that you should have it?—I don't know, because they never let me

Telegraph—
Tendering,
Contract No. 4.

know what negotiations they were going on with. He said that they were not likely to take it up, and Mr. Braun also told me that it was not likely they would take it up and I had better stop, and I remained until the day before Sir John's election in Kingston—until the night of the 27th or 28th of December.

16252. This proposition which you say you made about the 7th of December?—Yes.

16253. Was made only verbally to Mr. Mackenzie?—Mr. Perry and I were together.

16254. But it was made verbally, was it?—Yes; and he produced the letter of credit to him.

16255. Was that in writing?—The letter of credit was in writing.

16256. Was the notice to the Government in writing?—Yes; he got a copy of the letter.

16257. Who wrote the notice or the letter to the Government that you were ready to do the work?—I copied it myself—that is the letter of credit. Notice to Government that he was ready to do the work.

16258. I am not asking about the letter of credit, I am asking about this notice to them that you were ready to do the work?—I didn't give them notice, I told them that I was ready. I told Mr. Braun, and he told me to go to Mr. Mackenzie, and I went to Mr. Mackenzie. The only notice they ever got in writing was when the House sat to fetch it up. Kirkpatrick advised me to give them notice when I asked him what was best to do. I asked him to fetch it up in the House, and then there was notice given to them. I believe the contract was signed then, but it was after that they were served with the notice.

16259. If the contract for this section had been offered as early as November 20th to Sutton & Thirtkell, you can understand why the Government could not give it to you in December?—I could understand it, but I never did understand it, because I didn't know it.

16260. You can understand it now?—Yes; but I didn't know it then, because Mr. Mackenzie let it to me. The day was appointed on which all the contracts should be signed.

16261. That was on the former occasion when you were to have the security ready in Kingston?—No; on the Friday before the election in Kingston. That would be about the 25th of the month.

16262. What month?—No; it was after Christmas.

16263. What month?—December. A day or two after Christmas Dr. St. Jean and I went up to Mr. Mackenzie, and he told us to come on Saturday, and, said he: "I will let you know what day you will have the contract signed." We went up on Saturday, and, said he: "As there is only half a day the clerks will be out at one o'clock, and come on Monday." On Monday Dr. St. Jean and I went up again, and he was gone to Montreal, or some place else. Of course I was interested in Kingston a little and I left. I told Mr. Braun: "I would go to Kingston but I would be back in a few days." I went to Kingston and voted, of course, and when I came back I could not get the contract. He put me off and put me off, and told me to go to Mr. Trudeau and find out all I wanted. I saw Mr. Trudeau, and he said he could do nothing about it, and said I would have to see Mr. Mackenzie, On the Saturday Hon. A. Mackenzie told witness to come on Monday to learn about signing contract.

Witness left for Kingston to vote.

When he got back to Ottawa could not get contract.

**Telegraph—
Tendering.
Contract No. 4.**

and they kept me paddling backwards and forwards two or three weeks that way, and I could find out nothing about it.

16264. Before you made this arrangement with Perry in December had you understood that you had failed to put up your security in Kingston?—No; because I had got time to commence in the spring. Mr. Mackenzie and the Minister of Justice told me I would have two or three months if I wanted it.

16265. Did they tell you that in writing?—No, in their own office; and the work was not to commence until spring.

16266. Did you know before November the 20th that you had failed to put up the security in Kingston which you had tried to put up?—No.

16267. Did you not know that Mrs. Sellick had refused to release her land?—No; she didn't refuse to release it.

16268. Didn't she telegraph to the Department that she had withdrawn her security?—I did not know anything at all about it.

16269. Do you know now?—I know since, by report.

16270. Has she told you?—She never told me. She left the city shortly after and went away; but I did not care at the time because I was negotiating and had this partly done when she done that.

Failed to put up his Kingston security.

16271. Do you understand now that you had failed to put up the Kingston security that you started to put up?—Yes; that failed, no doubt.

16272. And it was after that failure that the Department awarded it to Sutton & Thirkell, on November 20th, was it not?—According to the accounts which I saw since fetching it up in the House, but I did not know it before it was forced out of them in February—the latter part of February, for they still held out that the contract was mine.

Never informed that unless he put up his security he would not be able to get contract.

16273. Were you ever informed, either in writing or by word of mouth by any one, that unless you put up your security within a given time you would not be able to get the contract?—I neither got it verbally or any other way, and that is what I found fault with; and I spoke to two or three Members of Parliament to see if they could not find out what the reason was I did not get notice. I never got it one way or the other, because here is telegrams to me wanting me to sell out the contract before I had it a week.

Glass offered witness \$10,000 for his contract and to put up deposit.

16274. Telegrams from whom?—From Glass, of London. He came to Kingston and offered me \$10,000 for it, and he would make up all the necessary deposit and would go to Ottawa and have the contract.

16275. Will you produce the telegram?—Yes, there is the telegram to meet him at such a place, but there is no price in any of them. (Exhibit No. 232.)

16276. Where did he see you and make this offer?—At the City Hotel, Kingston. He wanted me to meet him, and I told him if he wanted to do anything to come to Kingston.

Refused offer.

16277. And did you refuse to sell out your interest to him?—I refused to sell out until I would see Mackenzie, and I told him there was more than that in it, and I did not want to let it go.

Telegraph—
Tendering.
Contract No. 4.

16278. Was that on section 5?—That was section 5, Sir. His offer was made to me in the presence of witnesses. There were a lot of other gentlemen there.

16279. Have you seen any account of these notices in print after they were returned to the House?—Which notice, Sir?

16280. Any of the notices concerning this matter; you say it was brought up in the House?—Yes.

16281. Did you ever see anything about it in print?—I could not be positive about it. I got a circular from the Senate, and when I got that circular, as far as the print is concerned, it showed where Sutton and the Minister was communicating at the same time that he was corresponding with me.

16282. But the communications that were going on with you at that time were not in writing were they?—No; I was there every day—sometimes twice.

16283. It was those conversations which you have spoken of that you call corresponding with you?—Yes.

16284. And you say that at the same time that was going on the printed papers show that they were communicating with those people in Brantford?—Yes; and I didn't know a hap'orth about it until Senator Aikins sent this paper down to me. I never knew it until that came to me.

While verbally communicating with witness, Department communicating with Sutton & Co., of Brantford.

ALFRED BOULTBEE, sworn and examined:

By the Chairman:—

16285. Where do you live?—Toronto.

16286. Are you a Member of the House of Commons?—Yes.

16287. Have you had any interest in any of the transactions of the Canadian Pacific Railway?—None whatever.

16288. Have you taken any part in any of the transactions in which others were interested?—I came here before some of the tenders—I forget what they were called, sections A and B, I think, Canadian Pacific Railway—were awarded last year, or last spring I think it was, before they were opened for tender. I came here with Mr. Shields.

16289. In what capacity did you act with Mr. Shields?—Well, I came as it were as his solicitor, though I was making no charge against him for doing so. I was under some obligation to him—considerable obligations, in fact, when he asked me to come down. He said he was going to tender with some others parties.

No interest whatever in any Canadian Pacific Railway transaction.

Came to Ottawa as solicitor to Shields who was going to tender.

16290. Are you a practising solicitor?—Yes.

16291. Were you present with him at any of his negotiations with other parties in connection with that section B matter?—Yes, I was.

16292. Who else were present?—Well, that I really could hardly tell you now. I was present at a great many meetings he had with other parties that he was proposing to take an interest with or that were proposing to him to take an interest. They extended over some weeks. I was present at one transaction (which was referred to

Present at an interview between Shields and the Morse & Co. firm.

**Tendering—
Contracts Nos.
41 and 42.**

in evidence) which brought me here to-day, where I met, I think, a Mr. Morse and a Mr. Nicholson and a Mr. Marpole. Well, I am not sure whether any others were present or not, but these four were.

16293. Mr. Thompson?—I think not; no.

16294. Mr. Watts?—Well, I think a man named Watts was there, but I would not be clear on that. I think he was an engineer. I do not know but that he was going to do engineering work for them. I am not sure as to that.

16295. What part did you take in that interview?—I went down with Mr. Shields to meet these gentlemen at the hotel they were at—I think it was the Windsor Hotel they were at—to settle the terms of a memorandum of agreement that they were going to enter into if they got the contract.

**Thinks he wrote
memorandum of
agreement.**

16296. Was there any written agreement?—Yes there was a written memorandum of agreement drawn. I am not sure, but I think Mr. Shields and I had it with us when we went there. I am not perfectly sure whether I prepared it, or whether he had previously prepared it, or had it prepared. I rather think I wrote it.

16297. From whom did you get the particulars from which that was drawn?—From Mr. Shields.

**They all quarrelled
and disputed
and witness left.**

16298. Was that document executed at the time of this interview?—When we went there at first we found that it did not contain what they thought were the terms at all. They all quarrelled and disputed and I left. That is all I had to do with it.

16299. Did you appear there on account of any interest you had yourself in the transaction?—No, not the slightest.

16300. Was it suggested there, or at any other time, that in that transaction you should have some personal interest, or pecuniary interest?—Not the slightest; there never was such a suggestion made at all. There was no conversation which took place, except as to the terms of this agreement. It grew to angry words directly. It did not last long; they were widely divergent and did not agree at all in fact. That was the whole of it. Mr. Shields said they had, and they said they had not; it got into that shape and I came away.

16301. Were you present at the previous interview when the terms of this previous agreement were discussed?—No; I did not know anything about it at all. I was told by Mr. Shields it was settled, and either he gave me a memorandum or I drew it. I rather think I drew it. It came in the shape of a memorandum from Mr. Shields, and I drew it.

**Prepared a mem-
orandum of
agreement be-
tween Shields
and Fraser, Man-
ning & Co.**

16302. Did you take part, as his attorney or otherwise, in any other negotiations about this matter with these same people, or with others?—No; I did with others, but not the same people. Well, we may perhaps have discussed it with other people. There were twenty or thirty such discussions took place on parties proposing to take the contract. Some were willing to go in with Mr. Shields, and Mr. Shields was willing to go in with others, and so on. I do not recollect anything definite except with Fraser, Manning & Co. I drew a memorandum between them once that they should go in together.

16303. Had you at any time any pecuniary interest in this section B, or section A, or section C?—None whatever, neither in those nor in any others.

**Tendering—
Contracts Nos.
41 and 42.**

Never had any pecuniary interest in this or any other Canadian Pacific Railway contract.

16304. Had you any other transaction connected with the Canadian Pacific Railway?—No; not in any shape connected with it, in any possible way, and no arrangement or agreement that I made with anybody took effect. In these large arrangements, as soon as they agreed, they broke promptly. Nothing was carried out that I had anything to do with.

Nothing carried out that witness had anything to do with.

16305. Was it proposed at any time that you should have yourself an interest in any transaction connected with the Pacific Railway?—No.

Alleged improper influence.

16306. Was it proposed that any person connected with any of the Departments should have any interest in any of these transactions?—I never heard such a thing suggested myself.

16307. Are you aware of any Member of Parliament being interested in the pecuniary results of any of these transactions?—Not one.

16308. Or obtaining any benefit for any advantage given to any person?—No; I do not know of any advantage, either directly or indirectly, given to any Member of Parliament, or myself.

Aware of no benefit conferred on any Member of Parliament or on any person to influence any Member of Parliament;

16309. Are you aware of any benefit or advantage given to any person for influencing any Member of Parliament?—No.

16310. Are you aware of any person in any of the Departments getting any advantage or interest out of any contract?—No; I never met a member or person belonging to any of the Departments; never saw one in connection with these transactions.

Nor any officer of the Department.

16311. Are you aware of any proposition made to any of those parties in connection with those contracts by which any official of the Departments should get any benefit arising out of them?—Never heard of it, and never knew it myself.

16312. Are you aware of any person obtaining any advantage from any person in any of the Departments over the general public?—No.

16313. I mean in connection with the Canadian Pacific Railway?—I never heard a suggestion of any kind thrown out, except that it was suggested it was possible to obtain information of the height of the tenders—that it could be found out who was highest or who was lowest, &c. Then I heard the same men announce within a few days that this turned out to be impossible—that it could not be discovered.

Heard that the relative positions of tenders could be found out.

Heard afterwards that this was impossible.

16314. Do I understand you to say that you heard that such information could be obtained from some particular person?—I heard it talked of by persons desiring to get the contract. They were discussing their tenders—not discussing the amount, but discussing being tenderers. I heard it suggested there were means of finding out how the tenders stood. I recollect hearing that discussed.

16315. Did they define the means in any way?—No; and I may say that I told Sir Charles Tupper that I heard it, and he said he thought they would find it a little difficult to get any information of this kind; and I fancy they did, at least he gave me to understand it would be quite impossible, that it could not be reached in any way.

Told Sir Charles Tupper that he had heard that information regarding position of tender could be had; Minister said it was impossible.

16316. Have you any reason to believe that any advantage was obtained by any person over the general public?—I don't believe there

Contract No. 42.
Alleged impro-
per influence.

Sir Charles Tupper told witness that not only could no special information be had but that the contracts would be given in a thoroughly business-like manner.

was ; I had every reason to believe the contrary. I may say that I was friendly to Mr. Shields and was anxious that he should get an interest in the contract if he could. He had been of great assistance to me, and I would have been glad to have been of any assistance to him in the matter. It became quite evident to me, being here a fortnight, that it was perfectly impossible for any person to get advantage from the discussion that was going on by men who knew far better than I did—the contractors. I remember, when I mentioned to Sir Charles Tupper the assertion that was made when these tenders were in, that it could be understood how they stood, he not only negatived the matter but gave me to understand that it would be done in the most business-like manner possible, and could not be done in any other way.

16317. Is there any other matter connected with either of these sections, A or B, on which you can give us information?—No; I know nothing of it since, in the slightest.

16318. Is there any other matter connected with the Canadian Pacific Railway on which you can give us evidence?—No; I never had anything to do with it in any shape since.

Merely acted as solicitor to see that the arrangement was put in proper shape.

16319. Is there anything further you wish to say?—No; only I saw that the witness McCormick tried to put forward in a suggestive sort of way that the inference might be drawn I had an interest in it. I wish to say that I simply acted for Mr. Shields, and seeing that any arrangement he had was put in proper shape.

16320. Is there anything further you wish to say?—Nothing farther I wish to say.

WADDLE

JOHN WADDLE's examination continued :

Telegraph-
Tendering.
Contract No. 4.

By the Chairman :—

16321. Is the letter which you have produced from Mr. Fleming to yourself dated August 12th, 1874, the first communication to you that your offer for section 5 would be accepted?—Yes, that is.

16322. What did you do on receiving this letter: did you write to the Government saying that you would carry out your tender or did you go down to Ottawa?—I went to Ottawa, and I might correct my statement by saying that I went to Ottawa before receiving that letter, because that letter was posted, but the letter had not arrived in Kingston when I left. When I returned from Ottawa I got it.

16323. How long did you stop in Ottawa on that occasion?—I went away that same afternoon.

16324. Did you see anybody here?—I saw nobody but Mr. Scott and Mr. Trudeau and the Secretary.

Security.

16325. Did you get any information from them?—Mr. Scott told me the contract was mine, but he wanted \$20,000, and he said: "Leave it there until until Mr. Mackenzie comes home."

16326. Then did you write your letter which you have already described—I mean the one dated 24th August, offering to give \$10,000 security?—That was when I came back again and offered security. That was on the return of Mr. Mackenzie I came down here.

Telegraph—
Tendering.
Contract No. 4.

16327. Do you remember that shortly after that letter you telegraphed that on account of some death you would not be able to leave for Ottawa?—Yes; he told me the contract was ready for me, that it was something new to them, this section. By the circulars that were sent out each man was to make a tender with a specification attached to his tender. I had been so much connected with the telegraph that I wrote one and so I came down. I telegraphed in consequence of death I could not come down.

16328. Did you not get, in answer to that telegram, a telegram from Mr. Braun, the Secretary, that what was wanted was Mr. Britton's approval of your security?—Yes, I got a telegram to that effect.

16329. From that time, which was the 27th August, until the time that you say you came down early in December, did you ever have any official communication or information connected with the Government on this subject?—I could not say what time I came down with the contract. I left the contract drawn up and signed with the sureties on it with Mr. Britton.

16330. But you understood that would not be carried out unless your security was accepted, your Kingston security, in which Mrs. Sellick had something to do?—Yes.

16331. Your signing the contract would not be enough unless your security was right; you understood that?—I understood perfectly well that they had the amount of security in her mortgage independent of the mortgage that was there.

16332. But did you not understand that it should be not only satisfactory to your mind, but should be also declared satisfactory to the mind of the person who had been appointed to decide?—I was satisfied, and Mr. Britton was satisfied with it too; but he said he would report upon it, and let the Government do as they liked. He gave me a certificate, but I lost it, certifying to Mr. Mackenzie that the security was good; that it was over and above the amount required.

16333. Did you not come down after you had found that the security was not approved of, and propose verbally that to make it good to the Government you would permit them to retain \$10,000 out of your first estimates?—There were two ways of doing it, and that was one of my proposals.

16334. To whom did you make that proposal?—It was to Mr. Mackenzie.

16335. Was that accepted?—The answer was, I had time enough to get it arranged, either to take up the mortgage or get new security. In consequence of doing that I went to Toronto and arranged with Mr. A. M. Smith, of Toronto. Mr. A. M. Smith was going to deposit the money with the Government.

16336. After that when did you next communicate with the Government to say you were ready to put up your security?—I could not state the day of the month. The 7th of December, when I came down, I wrote to Mr. Mackenzie—what time I could not say, but previous to that—that I would be down shortly with the necessary security.

16337. Have you got a copy of that letter?—No.

16338. Because no such letter appears in this report to Parliament?—No; I see there is no sign of the letter of credit either in that report.

Telegraph—
Tendering.
Contract No. 4.

16339. Did you hand in this letter which you have last spoken of notifying him that you were ready with your security, or did you send it by mail?—I sent it by mail from Toronto.

16340. But you have no copy of it?—No. I think it was written in Mr. Cooper's office, and I posted it.

16341. There is no such letter in this report to Parliament: are you sure you sent such a letter?—I am quite sure I posted it; quite sure.

16342. About what time would that be?—It may have been two weeks previous to coming down with the Perry contract.

16343. And that was about the 6th or 7th of December, was it?—The time he came down was about the 6th or 7th.

16344. So the mailing of that letter would be about two weeks before.—Yes, about a fortnight.

16345. Did you get any answer to that letter which you say you sent about a fortnight before the 6th or 7th of December?—I got no answer from the Government. I got a telegram from Dr. St. Jean, the Member for Ottawa.

16346. Can you produce that?—No, Sir. I was down at his house to see about some papers but he was not in.

St. Jean acting
for witness when
absent from
Ottawa, and told
him Hon. A.
Mackenzie had
got his letter.

16347. How would he be able to get any answer from Mr. Mackenzie to a letter from you to Mr. Mackenzie?—Well, I will tell you, Sir. He was acting for me when I was away from here. He was communicating with me; anything that happened he would let me know; and he called upon him, and he said that Mr. Mackenzie had got my letter, and when I came down no doubt I would have the contract settled. After that we had to go back and forward, Dr. St. Jean and myself, from day to day for weeks after I came here—from the 6th to the 28th.

16348. You mean from the 6th to the 28th of December?—Yes; long after this letter he was still promising it would be executed, and all I wanted was him to say what to do and it would be done, and I would go up to Toronto and send the funds down.

16349. Do you say that after the 6th of December and up to the 28th of December, Mr. Mackenzie, or some one in the Department, told you that all that was wanted was for you to get your security ready?—He did not say to get the security ready for he knew it was ready.

Told from day to
day that if Sut-
ton & Thirtkell
did not take the
contract it would
be handed over to
witness.

16350. Don't give me the reason, but tell me what he said?—From day to day he told me to wait and see whether Sutton & Thirtkell had executed or not, and if Sutton did not take it, it was to be handed over to me as it was originally.

16351. Was any person present with you when Mr. Mackenzie or any one in the Departments told you that?—The doctor was with me.

16352. What doctor?—Dr. St. Jean; he lives here in Ottawa. He went with me different times himself; he went in the office and I would be in the hall.

16353. Is he here now in Ottawa?—I presume he is in the city. I was at his house this morning, but he was not in.

16354. Was he with you on more than one occasion?—Yes, I suppose more than two dozen times; we would be up every other day.

Telegraph—
Tendering.
Contract No. 4.

16355. Did it never occur to you that it would be a good plan to have some of those communications on paper instead of talking between you and this Member and Mr. Mackenzie?—No; I thought there was some honesty about the thing. I never had official communication with him, only I would go in the morning and send him in. Sometimes he would go and see Mr. Trudeau, and sometimes he would say he would go in the morning. That was the answer he would give, just according as he was busy.

16356. How many times do you think altogether he did see you on this subject?—About a dozen or more inside of these two or three weeks. Dr. St. Jean and I went on a Friday. We saw him that day. We were to come the next day, Saturday, and he would let us know what day the contract would be signed, and I could go and get all the money and send it down to him. On Saturday we went up again, and he told us to let it stand until Monday. I stopped over Sunday, and Monday the doctor and I went up again. At 11 o'clock Mr. Mackenzie was gone away, we heard, to Montreal. I went in and told Mr. Braun that I was going up to Kingston. I said: "I am going up to Kingston to vote." He said: "You had better stop."

Told Braun he was going to Kingston to vote, who told him he had better remain.

16357. Do you not understand you are telling me all this time that Mr. Mackenzie had only to tell you the time the contract would be signed, and at the same time you tell me he said it could not be signed because Sutton & Thirkell had the offer?—He was keeping it back.

16358. You are not consistent in what you say: you said there was nothing to be done but just name the time of signing the contract. Another time you say he told you to wait until Sutton & Thirkell were settled with?—I think you do not understand me. He wanted me to wait until I would see if Thirkell & Sutton would take it.

Hon. A. Mackenzie wanted him to wait to see if Sutton & Thirkell would take contract.

16359. Then there was something besides the contract to be signed?—That was the main point. I was to go there and get the information.

16360. Now didn't he tell you this in substance: that he could not deal with you until he knew whether Sutton & Thirkell would take it; was not that the substance of what he told you?—He could not give me a decided answer.

16361. But he could not give you a decided answer because of Sutton & Thirkell?—He would tell me to come one day after another.

16362. Was not the substance of what he told you, that he could not deal with you until he ascertained whether Sutton & Thirkell would take the contract?—The answer he gave me was that if they did not take it that I should have it.

16363. Didn't he tell you that that had to be found out first: whether Sutton & Thirkell would take it?—I do not know whether he said that, but that would be the substance of it.

16364. Then why do you tell me that all that had to be done was to name the day to sign the contract?—That is what he told me, what I am telling you.

16365. Before naming the day he wanted to know whether he could name a day?—I should think so, but I found out—perhaps he did not tell me that though—from a gentleman who was stopping at the Russell House, that Sutton had thrown it up, and would not have anything to do with it.

Telegraph—
Tendering.
Contract No. 4.

16366. Who did you find that out from?—From a man from Brantford who was there.

16367. Who?—He has moved up from Toronto to Brantford, and he told me Sutton wanted him to go security and he would not.

16368. Can you name him: was it Oliver?—No.

16369. Or Davidson?—No; neither of them.

16370. Was it Brown?—No. Oh, I forget his name.

16371. Thompson?—The name is in my head. He used to keep a large saloon on Yonge Street, Toronto, and sold out, and was living private in Brantford. It was he that told me; at any rate I know Sutton was here, and I went to see him, and did not see him.

Sutton in Ottawa

16372. Then you understood while you were here, and while these conversations were going on with Mr. Mackenzie, that Sutton was here trying to complete his contract, did you not?—He was here.

16373. Trying to get security and do something to complete his contract?—That is what I understood—Mr. Fleming told me he was here himself, and I went to see him, and did not see him. He had gone away the night before.

16374. Had you any other communication with other persons besides those connected with the Government on the subject of this contract—such persons as Sutton or those who got the contract?—Not those that got the contract. I had no conversation with them. I had communication with other men that wanted to find the money for me, and would fork up all the money that was required. I had communication with Mr. Harper, of London.

16375. We do not think it proper to enquire into your private negotiations; we do not choose to enquire into what bargains you made with people about helping you; that has nothing to do with the transaction as far as the public are concerned: the question is, whether you were entitled to any more than you got from the Government. That is what I understand your complaint to be; that you ought to have got something that you did not get: is that right?—That is right.

Nature of witness's complaint.

16376. The preparations you made to get your security would not therefore affect that question. Now, I understand you to say substantially this: that after you got notice that section 5 was awarded to you, you endeavoured to put up security upon real estate in Kingston, and without your being informed by the Minister that any given time would end your opportunity of doing this the contract was offered to other persons, no notice being given to you when the time was over?—That is exactly so.

16377. Then later than that, in December some time, you came down here and offered to put up security in a different shape: you were informed by the Minister that it had been offered to another person, Sutton or to Sutton & Thirkell, and if they failed you were to have an opportunity of getting the contract by putting up different security: is that the meaning of your story?—That is the substance of it.

16378. Is there anything else about the story that you wish to inform us of?—Well, as you remark, there is no use of going into anything to

Telegraph—
Tendering.
Contract No. 4.

show that I did not know anything about it. Mr. Harper, of London, and I, on the strength of going to get No. 6—I was sending up No. 5 to him—he was going to give me \$6,000 in cash and put up the \$10,000 for the Government, and give all necessary securities, wherein I have his letters and telegrams up to February, and that shows I did not know it was given to any one else.

16379. You have already sworn that you did not know it?—In support of that I have these papers.

16380. Assuming that is a fact, that you did not know, is there anything else you wish to inform us of?—Nothing further. I suppose that is all that is necessary, when it is not necessary to go into showing that there were others besides the Perry contract.

16381. We do not care to enquire into the manner in which you prepared yourself to put up the security; the point is whether you were prepared finally at the right time, and if not whether you ought to have had an extension of time?—Yes; I may state, when I come to think of it, that amongst the rest I went to Mr. Cartwright, being a Kingston man, and I felt that perhaps he would give me some information on it, I told him how I was used, and that Mr. Mackenzie would give me no satisfaction. "Well," says he, "why didn't you go to work on your being awarded the contract, and before you got any money the contract would be signed, and according to the act you had the right to go to work on the notification you got, but I will go and see Mr. Mackenzie and you can call to-morrow." He seen Mr. Mackenzie, and Mr. Mackenzie told him if these men didn't take it I would get the contract.

Interview with
Sir R. J. Cart-
wright who told
him he should
have gone to
work.

16382. What men?—Those Brantford men.

16383. That was in December?—Yes.

16384. Were you present when Mr. Mackenzie told Sir Richard Cartwright that?—No; that was Mr. Cartwright's answer to me, and Mr. Cartwright was very angry with me for not going to work.

16385. Perhaps he meant to go to work to get the security?—No; I have gone on with other contracts since then in the same way.

16386. Did you ever get the second opportunity, which you say was promised you, namely, that if Sutton & Thirkell failed to put up their security and take the contract, you should be permitted to do so?—No, Sir, I never got it direct nor indirect.

Never got the
promised oppor-
tunity to put up
the security in
case Sutton &
Thirkell failed to
put up theirs.

16387. If you had got the contract, had you pecuniary assistance or means of your own to enable you to fulfil it?—I have any amount. After two or three found out what contract it was, I had any amount of money at my back. There were half-a-dozen, ready to go in with me after it was settled. I could give them one-third of contract or whatever was reasonable. Mr. A. M. Smith, of Toronto, said: "After you have it fixed and signed I will give you \$20,000, and give it up altogether;" and it was his advice to me to go and sell No. 5 and take No. 6, as soon as the Government was ready to go on with it. At that time we thought the Government were going on with it right away (No. 6). I may also state, too, I went and purchased 200 pairs of blankets in Montreal and tent equipages for 200 men to go to work in the spring, and went to work and got the telegraph spoons to make the holes. I sold the blankets afterwards by auction when I did not get it.

If contract had
been awarded
him he had am-
ple means to go
on with work.

**Telegraph—
Tendering.
Contract No. 4.**

16388. Is there any other matter connected with the Pacific Railway in which you have been interested?—I have tendered for other contracts since then.

16389. What sort of contracts?—I have tendered for those tank-houses, but they did not decide on doing them that way, and it was arranged some other way.

16390. Do you consider that your tender for any of these works has ever been passed over improperly?—Nothing more than I never tendered under the same Government since they fooled me in this. I never tendered with them only once in Kingston, and I tendered there and got the job.

16391. On the Pacific Railway?—No, not on the Pacific Railway.

**Contract No. 3.
Understood that
his tender for
section 4 was the
lowest.**

16392. Is there any further evidence which you can give connected with the Pacific Railway?—Yes; I understood that No. 4 section—that my tender was the lowest as well as No. 5, but I got no notice of it from the Government.

16393. Which was section 4?—Section 4 would be west of Winnipeg, because No. 5 is this side of Fort Garry.

16394. Where was the section you think you tendered lowest for?—No. 4.

16395. Without numbering it can you tell us what part of the world it was in?—It would be going west from Winnipeg up.

16396. Do you know where the section you are speaking of lies?—I cannot remember it now, but I will look it out; it is in the specification—Lac La Hache is the commencement of that.

16397. Where is that?—In British Columbia.

16398. Is that the one you tendered for?—Yes.

16399. Is that the one you are speaking of, the British Columbia section?—Yes.

16400. As to that section the Engineer-in-Chief reported to the Government that your tender was the lowest after that of W. R. McDonald of Yale, and he reported that Mr. McDonald's prices were too low to enable him to complete it with certainty. That is Mr. Fleming's opinion, and then as to your tender he reports that it was not advisable to give to one contractor two different sections, and having given you section 5, he advised the Government not to give you also section 4 in British Columbia; was that the way you understood it?—No, that was not the way I understood it. All I could find out was, I was the lowest tender for it. I never could find out any reason why I did not get it. I could have done it for the amount I tendered for, and done something at it, and handed it over to another.

**Never could find
out why he did
not get contract.**

16401. Is there any other matter connected with the Pacific Railway or telegraph which you wish to explain?—Nothing that I am aware of. I may state I suppose that I notified this Government, as quick as the Ministry was formed, that I was awarded No. 6, and was prepared at any time to put up the security and go on with the contract.

16402. Did they let it to you or any one else?—No; I got a reply from Mr. Braun that they had received my letter. I kept that. Any letters that come I keep them now so that I notify them in time.

**Telegraph-
Tendering.**

16403. Is there anything further you wish to say?—No; there is no use in showing you those transactions in which I got the cash.

16404. I don't know what it is, but I can tell you we don't care to know what your arrangements were for getting the security: have you anything further to say by way of evidence?—Nothing further.

GEORGE CAMPBELL, sworn and examined :

By the Chairman :—

16405. Where do you live?—I live at Windsor.

16406. What is your occupation?—Lumberman, and in the vessel business.

16407. Have you had any active experience in the management of vessels or in freighting vessels?—Yes.

16408. For what period?—For a number of years—twenty years.

16409. Do you know anything about the vessel business on Lake Superior?—Something; yes, Sir. I organized a line that run there, commencing in 1873, I believe.

16410. A line of freight vessels?—Freight and passenger vessels.

16411. Did this line transact business on Lake Superior?—They did.

16412. At what time?—1873 and 1874, I think.

16413. Have you been up on Lake Superior yourself?—I have.

16414. Frequently?—Not very frequently; I was there about two months ago.

16415. Had you any means of knowing during the year 1874 or 1875 of the prices of freight from different points on Lake Superior?—Yes, I had—1874-75?

16416. Yes?—Yes, I had.

16417. What opportunity had you of knowing?—Well, I ran a line there, competing for freight, and took freight, and contracted for it.

16418. What sort of freight?—All sorts of freight.

16419. What sort of vessels were comprised in this line that you speak of?—Two steamers, rated high—A 1 vessels.

16420. About what tonnage?—About 400 tons each.

16421. Did you compete for the transportation of any rails over Lake Superior at any time?—I did not.

16422. Could you say what would be a fair price, if there was competition, for the transportation of rails from Fort William to Duluth in the fall of 1878?—Yes, I think I could.

16423. What would you say would be a fair rate?—I should think a fair rate would be about \$1.50 a ton—a gross ton—that is an iron rail ton. I think I could have got them carried, or could have carried them for that, very easily.

CAMPBELL.

**Transportation
of Rails—
On Lake
Superior.**

For twenty years has had experience in freighting
Organized a line of freight and passage vessels in 1873, which ran on Lake Superior.

Knows how prices for freight ranged in 1874 and 1875.

\$1.50 a gross ton a fair rate for transporting rails from Fort William to Duluth in fall of 1878.

**Transportation
of Rails—
On Lake
Superior.**

A ton of rails amongst carriers understood to be 2,240 lbs.

Rates advanced in 1880; a gross ton carried this year from Kingston to Duluth for \$2.

\$1.50 a fair price in 1880 to carry rails from Fort William to Duluth.

From 1873 to 1879 cheap years.

Windsor and Lake Superior Line carried mails three or four years.

Did the work to satisfaction of Government.

In fall of 1878, the Collingwood Line could have transported rails as

16424. Do you say that, in the absence of any special agreement, a ton of rails is understood in transportation to be a ton of 2,240 lbs?—I always understood it so; that is the rule in the American Marine, and also in all marine service, I think.

16425. Have the rates for the transportation of such material varied very much from year to year, within the last three or four years?—Not since 1874. They have been uniformly very low until this year, they have advanced a little, but not much.

16426. What have been the rates this year?—I think iron could have been taken from the foot of the lakes, at Kingston, up to Duluth, for about \$2 a ton, a gross ton. I think it has been carried for that.

16427. What would be a fair rate in this year of 1880 to carry rails from Fort William to Duluth?—I should think \$1.50 would be an extra good price. It could be easily done for that.

16428. And how would it be in 1879?—It would be a good price then.

16429. How would it be in 1878?—It would be good all those years, because they were dull years.

16430. How far back was it when the price would be higher between those two points?—In 1871 and 1872, freights were higher then. In 1873 there was great depression in the carrying trade. They have all been cheap years.

16431. Does your line transact its business under any corporate name?—The Windsor and Lake Superior Line. I carried the mails for three or four years. I got a trip subsidy for carrying the mails in 1874 and 1875 from the Department here.

16432. Was there any dissatisfaction on the part of the Government with the way you fulfilled your contract?—Not at all. I think we did the work to their entire satisfaction. We carried the last mails on Lake Superior after the other boats had stopped running.

16433. To what part of Lake Superior?—All the way to Duluth from Sarnia.

16434. Stopping at Fort William?—Yes, at Fort William and all the places. We became amalgamated with the Beatty Line, called the North-West Transportation Co.; it was the amalgamation of these two lines that formed the North-West Transportation Co.

16435. When did this amalgamation take place?—I am giving you 1874 and 1875, and I run the boats. I think it was in 1875-1876, or 1876-1877, I think.

16436. Is there any other line doing business over these lakes now besides the North-West Transportation Co.?—There is a line running through, a regular line running through.

16437. Over Lake Superior?—Yes.

16438. What line is that called?—I think it is called the Collingwood and Lake Superior Line; I do not know just the name of it. It is called in common terms the Collingwood Line through Lake Superior.

16439. In the fall of 1878, do you know whether there was any other line besides the North-West Transportation Co. which could trans-

sport rails from Fort William to Duluth?—I suppose the Collingwood Line could have done so.

Transportation
of Goods
on Lake
Superior.

well as the North-
West Transporta-
tion Co.

16440. That line was in existence then?—Yes, and has always been.

16441. Are you aware of any actual transactions at about the rates which you have mentioned—for instance, iron material—being carried somewhere about \$1.50 or \$2 per ton to those two points?—There are no transactions that I could name but the one referring to these two points; but I am taking the distances and time of carrying, making my prices by them. Of course there is only the rails at Fort William to go to Duluth, and there could be no competition there.

There could be no
competition
between Fort
William and
Duluth.

16442. What would be considered a fair day's pay for a boat of the size that would carry say 400 or 500 tons?—I should think \$100 a day would be good pay; they are willing to work for that even this year, and freights have advanced.

\$100 a day good
pay for a boat
capable of carry-
ing 500 tons.

16443. How many days would it take to load and go from Fort William to Duluth and back, supposing there was no return trip?—Six days to load, unload and return.

From Fort
William to
Duluth six days
to load and un-
load and return.

16444. Then, assuming there was no return load at the rate you name, would \$600 be a fair compensation?—Oh, yes; \$100 a day would be very good.

\$600 would be
good pay which
400 tons at \$1.50
would make.

16445. And at 400 tons, that would be \$1.50 a ton?—It would make those very figures.

16446. In stating this day's compensation as a fair one, do you mean for a vessel which would carry 400 tons of iron?—I am speaking of that kind of vessel—400 to 500 tons.

16447. If it carried 500 tons less than \$1.50 would yield a better compensation?—No; I do not think it would. You would have a larger boat, you would have to use more fuel, and there would be a larger investment in it, of course you would expect more a day for a larger boat.

16448. Do you know whether there was any difficulty in that fall of 1878, in getting freight carried?—I do not think it. I am in the business chartering for freight, and I had no difficulty in getting vessels that year.

16449. Do I understand you to say that \$600 would be fair compensation?—I should say so.

16450. Although no return freight was given?—If the boat was loaded lighter it would go quicker. I would be quite willing to charter a boat with all the good prospects of next season at \$100 a day, and it would be quite good pay.

Would be willing
to charter a boat
at \$100 a day for
next season.

16451. Have you any means of knowing the rates of freight inland, from Duluth to Red River for instance?—I have none at all.

16452. About what is the distance from Fort William to Duluth?—It is called 200 miles—204 laid down—about 200 miles in round numbers. It would run twenty hours each way, about twenty-two hours.

Fort William to
Duluth, distance
about 200 miles.

16453. And how long do you say it would take to load and unload a vessel, and go from Fort William and back?—I am giving six days as plenty of time, making allowance for something in weather and in delays.

**Transportation
of Rails—
On Lake
Superior.**

16454. In taking a contract for the transportation of a quantity, such as 1,500 tons, would that be a fair allowance, do you think, or is it too much or too little—I mean six days for the round trip, carrying 400 tons?—I should think that would be good pay.

16455. Would it be a fair allowance for time?—I should think it would be about right. This very thing of time between Fort William and Duluth, is canvassed among sailor men and men having boats, and it is about that. I have had means of knowing what the time is, and I speak readily on that account.

In 1877, 1878 and 1879, rails could have been carried easily at \$2 a ton.

16456. What do you say the work would be worth from Kingston westward to Duluth?—I should say in 1877 and 1878, and even in 1879, it could have been carried very easily for \$2 a ton.

Generally a return freight.

16457. Is there a return freight generally coming eastward?—Yes; they have timber and grain—timber on Lake Superior.

Carried for that this year.

16358. Is that the reason why you think it would be so low?—Yes; and because I understand it has been carried for that this year, and was offered for that last year.

16459. What kind of iron?—Railroad iron. For instance, a vessel going up there for timber would carry about 500 tons—that would be \$1,000. I could have got twenty vessels last year to take it at that rate from Kingston, because they go from Kingston to Lake Superior light for timber at a certain time of the year—July and August—because it is a very desirable kind of freight.

16460. Is it that particular time of the year when you think it would be as low as \$2?—Yes; that is the time the timber is carried.

16461. Later on than August how would it be?—As you know, later in the season all rates harden, and tend upwards.

16462. In September, 1878, an offer was made to the Government to transport 1,000 tons of rails, more or less, from Fort William to Emerson. We have reason to think that the rate from Duluth to Emerson was about \$13.50, Canadian currency: now, assuming that to be the rate from Duluth to Emerson, what would you say to be a fair price to pay for the whole distance from Fort William to Emerson?—Well, there may be something connected with the management of railway freights and loss of interest in collections and something of that kind that I could not speak of. I can give you what the additional freight from Fort William to Duluth would be added to that.

In September, 1878, \$1.50 per ton would have been a fair paying price from Fort William to Duluth.

16463. The loss of interest would not be much where the Government was paymaster. Assuming it to be a Government contract what would be in September, 1878, a fair paying price from Fort William to Duluth?—I think \$1.50 would be a good rate, a very good rate.

16464. Would that include the charges for loading and unloading, piling, wharfage and harbour dues, storage and insurance?—No; simply freight.

16465. Well, add the charges for loading, unloading, piling, wharfage, harbour dues, storage and insurance?—I do not know what they would amount to in dollars and cents. Of course, you must give me an idea of what they are and I will tell you then.

16466. Have you any idea of the value of loading and unloading?—Yes.

**Transportation
of Rails—
On Lake
Superior.**

16467. What would that be on this item of rails?—It is supposed, of course, that in freighting, a boat will use her own machinery and men for loading. The matter of loading does not amount to a great deal—probably \$25 a cargo would load the vessel—the extra labour. \$25 a cargo would load the vessel.

16468. Do you mean loading and unloading?—No; the loading would be about \$25.

16469. For each trip?—Yes; and unloading perhaps a little more, for they would have to pile it far back. I assume, of course, that they would get it within reach of the ship's tackle, well piled and in a proper shape to load.

16470. Would the unloading include piling the rails?—No; it would include piling convenient to the ship, but not to carry it back any great distance. If you were shipping large quantities and had to take a field for it where it would have to be hauled it would not.

16471. Have you any idea of the rate of insurance for such property?—Some idea.

16472. What would the rate of insurance be for rails?—It would be a nominal sum for that distance with a good vessel. Rate of insurance for rails with a good vessel a nominal sum.

16473. What do you call a nominal sum?—Perhaps not an eighth of a cent.

16474. Do you know what rate rails are generally valued at for purposes of insurance?—They are valued at cost. Rails for insurance valued at cost.

16475. Do you know what that would be in September, 1878?—Steel rails?

16476. Yes, steel rails?—I suppose they would cost \$58 to \$60.

16477. Do you know anything about the harbour dues at Duluth?—No; there is nothing of any kind. There is nothing, I think.

16478. Would storage come in as a charge against rails?—I do not think it would. I suppose they would be landed on the railroad's property, unless there was some extraordinary piling or the rails lay very far back. Of course there would be nothing additional, because the boat is supposed to take them off the dock and land them on the dock again. If there is anything additional to that it would be an extra charge on the \$1.50, I should say 20 cts. a ton. 15 or 20 cts. would pay the whole thing—insurance, piling and all I should say. Anything more than taking rails off the dock, conveying them and placing them on dock again, would have to be added to the \$1.50 per ton.
15 or 20 cts. a ton would pay insurance, piling, &c.

16479. Have you an opportunity of judging of the rate for transportation from Montreal westward?—Yes; all the time. From Montreal west.

16480. Do you know whether it is more or less expensive to transport rails from Montreal westward than from Lachine westward, or is there any difference?—Oh, there would be no difference. I should think there would not be any difference of any kind—about the same. No difference between transporting rails west from Montreal and west from Lachine.

16481. About what difference would there be in transporting rails from Montreal to Duluth and from Kingston to Duluth?—It would be about \$1.25 more from Montreal in ordinary times, which would mean the transfer and handling at Kingston. About \$1.25 more from Montreal to Duluth than from Kingston to Duluth.

16482. Do you know whether in September, 1878, or October, 1878, there was any scarcity of vessels to transport rails on Lake Superior?—I don't think there was. I don't think it was known the business was there. If it was known I dare say there would have been vessels to do

**Transportation
of Rails—
From Montreal
west.**

the work. I judge from the fall being a very dull one for work in other places.

16483. Do you mean that that fall it was an object to get freight: that vessel owners were anxious to get freight?—Yes; 1878 was a dull time for freight, and so was 1879.

16484. Don't you think that you are mistaken about the freight from Kingston westward being as low as \$2?—No, I am not; not a bit.

**From Kingston
to Duluth.**

A vessel would go from Kingston to Duluth in eight days.

16485. What time would it take a vessel to go from Kingston to Duluth?—About eighteen days. I am speaking of a sailing vessel—that is the average time. It is the same as going to Chicago. There is no difference in time. Of course, you can get freight to Chicago for \$2 a ton.

16486. Are you speaking of sailing vessels to Duluth?—Yes.

16487. How about propellers?—I should think it might cost a little more.

16488. How much more?—Perhaps 50 cts.

16489. How is it that it costs more to be taken by propellers?—Propellers are not running on that lake for down freights; sailing vessels are. For that reason there is a large amount of light tonnage in the shape of vessels that are not propellers.

16490. Then it would be worth more to take it from Kingston to Duluth than the price you have named?—A little more, not much.

Gives a large price from Fort William to Duluth; reason for this.

16491. I do not quite understand how it is that if the price from Fort William to Duluth would be about \$1.50, that the price from Kingston to Duluth would be only \$2, because the distance is so much greater?—Well, I am giving you a very large price from Fort William, because it is a distant place, and a man would have to send specially there for it, and could not depend upon any down freight. When I mean up from Kingston \$2, I look for return freight, which would lower it considerably.

\$2 from Kingston to Duluth.

16492. That would be equivalent to double, if you had a return load?—Yes. The reason I say \$2.50 is because I have offered to carry iron for that this year.

16493. From Kingston to Duluth?—Yes, by steamers; and I have heard of offers to do it for \$2 by vessels. I have not had it myself, but the steamer I have.

16494. Does this Collingwood Line comprise steam vessels or schooners, or both?—No. Steam vessels altogether. There are no lines of regular traders, sailing vessels, to Lake Superior.

Difficult to get sailing vessels in fall.

In fall of 1880 no difficulty in getting a steamer to take iron from Detroit to Fort William at \$1 a ton.

16495. Would it be difficult to get sailing vessels in the fall?—Yes, very hard in the fall on Lake Superior, although some do. I had freight to go to Fort William this fall, and I had no difficulty in getting a steamer to take it at a freight equal to about \$1 a ton from Detroit for iron.

16496. Freight from Detroit to what point on Lake Superior?—Fort William.

16497. At \$1 a ton?—Equal to \$1 a ton on iron.

16498. Did that include loading and unloading?—It was put on the rail of the vessel and discharged in the same way. The vessels stowed it themselves and delivered it on the dock at Fort William. They would have done it for the same to Duluth. I can give you the name, if you wish, of the boat.

16499. You may name it?—The steam barge "Van Allan."

16500. In these prices which you have named from Kingston westward, do you include the canal tolls or should they be added?—It is assumed that iron taken at Kingston has the Welland Canal tolls paid. Of course freighters taking iron understand that. Sometimes they split it though.

16501. Then the Welland Canal tolls should be added?—The tolls are all supposed to be paid through. That price I have named would be supposing that they were paid.

16502. But if they had to be paid it would be added to the price you have named?—Yes; unless there was a large contract; a line could divide the tolls on a large contract. It is only a small item the Welland Canal tolls. It ought to be added to that price of \$2.

16503. I suppose the prices which you are quoting from Kingston are the summer prices, not the late fall prices?—Summer prices.

16504. As a rule, how much would be added for the fall prices?—That is a very hard matter to say.

16505. It varies from year to year then?—Yes; it is not much navigated in the fall, Lake Superior.

16506. Is iron a more troublesome cargo than most cargoes in rough weather?—No; it is not a bad cargo at all if it is properly stowed.

16507. And no extra price would be added on that account?—No; it is a good cargo for many reasons. It is a good general cargo in case of accident. It is very acceptable freight on that account. I would rather have iron than perishable freights. It is a favourable freight on that account, and it is always carried cheaper on that account. It is not damaged by wet or anything of that kind.

16508. Have you had any interest in any transactions on the Canadian Pacific Railway?—I have not.

16509. Are you able to give us any information upon any of them?—I am not.

16510. Is there anything further which you wish to say in addition to what you have already said upon the subject?—Nothing.

OTTAWA, Thursday, 25th November, 1880.

JOSEPH DAVIDSON, sworn and examined:

By the Chairman:—

16511. Where do you live?—I live in Toronto.

16512. What is your business?—Lumber merchant.

16513. Have you had any connection with any of the transactions on the Canadian Pacific Railway, or with the telegraph connected with it?—With the telegraph line, I have.

**Transportation
of Rails—
From Kingston
to Duluth.**

The vessel stowed the iron and delivered it on dock, and would have carried it to Duluth at \$1 a ton.

Price named above from Kingston to Duluth would suppose Welland Canal tolls paid.

Welland Canal tolls a small item, but should be added to the \$2.

\$2 the price in summer.

Iron an acceptable freight and always carried cheaper.

DAVIDSON.

Telegraph—
Tendering.
Contract No. 4.

**Telegraph—
Tendering.
Contract No. 4.**
Contract to build
a telegraph line
from Lake
Superior to
Winnipeg.

16514. What was the first transaction in which you were interested?
—We had a contract with the Government to build a telegraph from
the head of Lake Superior to near Winnipeg, or about Winnipeg.

16515. Was that the section which was known as section 5 of the
Canadian Pacific Telegraph Line?—I am not certain about the section,
but we had the whole of that part of it to build—from the head of Lake
Superior to Winnipeg.

16516. You mean to Red River?—To Red River, somewhere in that
neighbourhood—about 420 miles, I think.

16517. Was the work let by public competition?—Yes; it was ad-
vertised, I think, by the Government.

16518. Do you mean advertised asking for tenders?—I think so.

16519. Were you one of the parties who tendered?—No; I was not.

**Bought out
Sutton.**

16520. Then how did you become interested?—I am a member, or
used to be a member, of the firm of Oliver, Davidson & Co., and we
bought out Sutton's tender.

**Member of the
Oliver, Davidson
& Co. firm.**

16521. Who, besides yourself, were the members of Oliver, Davidson
& Co.?—Adam Oliver, of Ingersoll; and P. J. Brown, of Ingersoll; and
I think his partner was a silent partner in it.

16522. Who was that?—Mr. Wells.

16523. What is the occupation of Mr. Wells?—He is a barrister.

16524. Where does he live?—In Ingersoll.

16525. With whom did you first have any communication on this
subject?—I think it was with Mr. Sutton.

16526. Where?—Toronto, I think.

16527. Was it by appointment with him, or did he come there to find
you?—I think he came there to find us.

16528. Did any person come with him?—I think not.

**Sutton when his
time for putting
up security was
out went to
Oliver, Davidson
& Co.**

16529. Do you know about the date of that visit of his?—I could not
tell you to give you the exact date; but he could not put up the money
with the Government, and when his time was about out he came to us
and sold us his interest, and we put the money up. I suppose it would
be in 1873, or 1872, or 1874, or somewhere along there.

16530. Do you mean that time had been given to him during which he
could put up the deposit and that time was about expiring and he was
not able to put it up? I think that is what he said to us, that the time
was about expiring—that it hadn't expired, but it was about to expire.

16531. Do you know how much longer he had, after the time he
saw you, during which he could put up the deposit and secure the
contract?—I could not charge my memory as to that positively, but I
think he said the time was nearly out.

**Sutton had tele-
grams notifying
him that it would
be relet if he did
not put up money**

16532. Did he show you any paper on the subject: any letter,
telegram, or other document?—I think he had some papers or tele-
grams from the Government, notifying him that it would be re-let or
something if he did not put up the money. Of course I would not be
positive about that, it is so long ago.

16533. Did you decide to help him—to become interested with him?
—We bought him out, and I think he had a quarter interest.

Telegraph—
Tendering.
Contract No. 4.

16534. You bought out three-quarters of his interest?—Yes; we had the entire management of it. He had nothing to do with the management of it.

16535. Only interested so far as the profits were concerned?—Yes, so far as the profits were concerned; I would not be positive, but I am almost sure he had.

16536. Were the terms to that effect arranged at Toronto, at the first meeting between you and him?—Oliver & Sutton and I were together the three of us, and we talked the matter over and then we came down to Ottawa. Oliver, Sutton and witness having met at Toronto went down to Ottawa.

16537. Before you left Toronto, I am asking you whether you and Oliver and Sutton had come to any arrangement by which Sutton was to retain one-fourth and you were to have three-fourths of this contract?—I think there was something of that kind arranged, provided we got the contract from the Government. Arranged that Sutton was to have one-fourth.

16538. As far as your firm and Sutton was concerned, did you arrange the basis of this matter before you left Toronto to go to Ottawa?—I think, if I remember right, that Sutton had some other parties that were interested with him, I forget the name, and it was arranged I think so far, provided that the party that was interested with Mr. Sutton would be satisfied with the arrangement he was making with us. I think he had somebody to consult if I remember right. I would know the name if it was mentioned over to me.

16539. Thirtkell?—I think it was Thompson was the name, up near Brantford somewhere; but there was nothing reduced to writing at that time.

16540. Was there any difference of opinion between you and Sutton at the time you met in Toronto, or were all the terms agreeable to you provided that certain conditions were fulfilled?—I do not remember of any disagreement. I think it was all arranged verbally. I think so—at least the basis of it. There may have been some of the details afterwards arranged.

16541. How long after that first meeting in Toronto was it that you came to Ottawa?—I think it was immediately almost—I think so—within a few days.

16542. Where did you put up at Ottawa?—We put up—I think it was at the Marlborough House. I think I came down with Oliver, and I remember him saying that he didn't like the Russell House, and he said he would go to the Marlborough House.

16543. Do you mean the Daniel's House: the Windsor?—Yes, that is it; I think so. I am not much acquainted with the hotels here and I do not remember exactly the name.

16544. Do you know what time it was you arrived in Ottawa on that occasion?—No; I could not tell you. I have no date of it.

16545. Do you know where the Windsor House is now: the same hotel that you stopped at?—It was a block or two this way from the Russell House, and down a few blocks this way.

16546. Do you think if you saw your name in the register you could tell at which hotel you stopped and what the date was?—I think so.

Telegraph—
Tendering.
Contract No. 4.

16547. *The Chairman*:—Then we will give you time to go and examine the register and we will wait until your return.

[Witness here left the room and on his return his examination was continued.]

By the Chairman :—

16548. Have you been to this hotel?—Yes.

16549. Have you found the register?—Yes.

16550. Do you know now upon what day you came to Ottawa on that occasion?—Yes.

16551. What is the date?—The 19th of December, 1874.

16552. Who came with you on this matter?—Mr. Oliver.

16553. And Mr. Sutton?—I think he did. I would not be sure; but the book would show I presume. I think we all came together.

16554. Didn't you look in the register to see?—I did not. You didn't ask me about that.

Arrived in
Ottawa on 19th
December, 1874.

Oliver and Sutton
with him.

16555. Do you think he was with you on that occasion?—I think he was. I am almost sure he was, but I would not swear positively.

16556. Have you any letter or any paper connected with this matter in your possession or control?—No.

16557. Did you get any paper from Sutton upon the subject?—I have somewheres amongst my own papers the contract between Sutton and Oliver, Davidson & Co. I have that, that is all.

16558. Did you not think it necessary to bring that with you?—Well, I never thought of it; but I can tell you what is in it mostly.

16559. Do you know the date of it?—No, I do not; but it would be somewheres not far from this date I presume.

Arrangements
with Sutton closed
up immediately
after arriving
in Ottawa.

16560. Knowing the date of your visit to Ottawa, can you tell us what was the date of that contract?—I should say I presume it would be about the same time, because I know it was closed up to within a short time of when it was talked of.

16561. Give us your own measure of the time. I do not know what you mean by that expression: a short time?—I mean from the time that we first broached it, it was a very short time to the time we closed it up with the Government.

16562. Will you swear as to what was the date of the agreement?—I will not swear positively.

16563. As near as you can?—Sometime within a month or three or four weeks of this date afterwards.

16564. When you say this date, do you mean the 19th of December?—Yes. You know he came down with us, and when we arranged with the Government, I presume, naturally, our contract with him would follow immediately afterwards. That is all I base it on, but it is easy ascertaining that. Mr. Brown has a copy of it, and I have a copy of it among my own papers.

16565. That does not make it so easy for us to ascertain the date, because they are a long way off: did you have no written agreement before you came to Ottawa?—No; not a thing, to my knowledge.

Telegraph—
Tendering.
Contract No. 4.

16566. Did Sutton sign any sort of paper upon the subject before you came down to Ottawa, as far as you know?—Not that I am aware of. Mr. Oliver and he might have done some business, of course, without my knowing it. Oliver was rather the acting man of the firm. Of course he consulted me on everything he done in reference to it, but he used to have the management.

Oliver the acting
man of the firm.

16567. If he consulted you did he ever tell you that he had any document signed by Sutton before he came to Ottawa?—No; the document, if I remember right, was drawn up in Brantford by a friend of Sutton's—a big, fleshy fellow—I don't just remember his name, but he came with Sutton. As far as I can remember, I would not swear positively, it was done in Toronto almost immediately after this date, to the best of my recollection.

16568. I understood you to say that when you arranged in Toronto to come down here and get a share in this contract in which Sutton was interested, that he led you to believe the time was nearly up which the Government had named for his depositing his security?—That was what I understood from him.

16569. Did you go to Ottawa before that time was altogether up?—I think it was that day.

16570. Why do you think that : what do you remember upon the subject?—I think we would not have come if the time was up and there was no prospect of getting it.

16571. Did you see any one in the Department which had charge of this matter, when you came to Ottawa?—Yes.

16572. Who did you see?—Sandford Fleming.

Saw S. Fleming.

16573. Where did you see him?—In his office.

16574. Who were present?—Oliver was present and myself.

16575. Who else?—I don't remember any one else.

16576. Did you discuss the matter with Mr. Fleming in the presence of Mr. Oliver?—I think the matter was talked over.

16577. What do you think was said?—Well, I don't know hardly what was said then; we just talked the matter over about the telegraph line—about the price and so on. I think we told him that we were thinking of buying out Sutton.

16578. Did you think that Mr. Fleming was the proper person to discuss that matter with : did you think that he represented the Government in dealing with this contract or with this tender?—I didn't give it a thought at all.

16579. Well, did he discuss the matter as if he had that right?—We talked the matter over, and I think he said that it was a very rough country to build a telegraph through, and that was about all. There was nothing very much said one way or the other.

16580. Were you aware, before Mr. Fleming told you, that it was a pretty rough country to build a telegraph in?—Oh, yes; quite aware.

16581. Then did he give you any new information on the subject?—Well, I had been up there myself and I know that country pretty well. Knows the country pretty well.

**Telegraph—
Tendering—
Contract No. 4.**

16582. Did Mr. Fleming give you any new information upon the subject of this tender or this contract?—No; I don't know as he did particularly. I can't remember.

16583. Then it was not from Mr. Fleming that you obtained any information?—No; only that it was a rough country.

Fleming told them that the Government always fell back on the lowest tender; Sutton was the lowest; witness's firm bought him out.

16584. I am speaking now about the arrangement with the Government for the building of it: did you get any information from Mr. Fleming on that subject as to your position or Sutton's position?—I think that he said, if I remember right, that the Government always fell back on the lowest tender, or something to that effect—that Sutton's tender was the lowest, and we just simply bought his tender out.

16585. Have you been in business long?—I have been in business twenty-seven or twenty-eight years.

16586. What sort of business?—I have been in the lumber business for the last twenty-four or twenty-five years.

16587. Have you been the managing man in that firm in the lumber business, or have you some person else who acts as manager?—I have a large business of my own in Toronto.

Manages a large lumber business himself.

16588. Do you manage it yourself?—I manage it with four men and book-keepers. Yes, I manage it myself.

16589. You understand the ordinary bearings of a business transaction?—Yes.

16590. Then please tell me what you learned from Mr. Fleming about the ordinary bearings of this transaction?—I think he said there was a good many mires or swamps, that it would be difficult to build.

16591. That would not give you the right to get the contract in preference to any other person?—I do not think we did.

16592. I am speaking about that part of the matter, as to what your chance was for getting the contract: please relate what you understood about that in your interview with Mr. Fleming?—I understood when we bought Sutton out that we stepped into his shoes.

16593. Did you not go to Mr. Fleming to learn something about your position: that is to say what your position would be if you got Sutton's rights?—I don't hardly understand the question, Judge.

(To Shorthand Writer):—

16594. Repeat my question, Mr. Holland. (Question repeated.)—I cannot say that we did.

16595. Please tell me what you know about that subject before you went to see Mr. Fleming?—Well, I saw the advertisement; I knew the distance of the road we had to build, and I knew something about the country, having a large interest up there previous to that—having been up there, and taking all my own knowledge and what I had seen of the blank forms to be filled up for the tender I had made up my mind perhaps we might be safe in taking this contract.

16696. You thought you would be safe in taking it?—Yes.

16597. Did you think you were safe in getting it?—We are never sure of a contract until we get it.

Telegraph—
Tendering.
Contract No. 4.

16598. Then tell me what you knew on that subject—about your probability of getting it before you saw Mr. Fleming?—Why, I supposed that if the lowest tenderer assigned the contract to me I would stand a good chance of getting it from the Government.

16599. Then that depended upon this, as you say now, whether what you were getting from Sutton was the position of lowest tenderer at that time?—That is what I understood; yes.

16600. Now how did you learn that that was the lowest tender at that time?—I learned that from Sutton.

16601. How did he convince you of that?—I think, if I remember right—of course it is a long time ago, and I have no minutes of it—I am only speaking from memory, and I want to speak the truth as far as I can—I think he said the tender that was the lowest had failed to put up the security, and hence the Government had written to him—the Minister had—that he was the next lowest, and asked him to put up the security.

Sutton told him that the lowest tenderer had failed to put up security.

16602. Did he mention the name of the tender below his?—I don't know.

16603. Was it Waddle's?—I don't remember.

16604. Were you satisfied from what Sutton told you that his position was what he said it was?—I had no reason to doubt his word.

16605. Did you doubt it?—I cannot say we did.

16606. Did you pay him the money upon what he said without knowing?—I didn't pay him anything further.

16607. Did you enter into an agreement with him to get a three-quarter's interest, and that he was to retain one-quarter interest in the contract only, on the information he gave you?—That was verbally, only on consideration that we got the contract from the Government.

16608. Then what steps did you take to find out whether you were going to get the contract from the Government?—Then we came down here and he came with us, I think.

16609. Then what happened?—Well, then we went to Sandford Fleming, I think.

16610. Then what did Sandford Fleming tell you upon this matter to which I have directed your attention?—We talked the matter over, and then we went home, and I think Mr. Oliver had some communications from Mr. Fleming. I am not sure about that though, I didn't see them.

Thinks Oliver had had some communication with Fleming.

16611. Do you say now that you got any information in any of those conversations from Mr. Fleming which led you to understand whether you were going to get the contract or not?—I did not understand that the letting of the contract was in Mr. Fleming's hands at all to give to us. I didn't suppose it was.

16612. Whose hands did you suppose it was in?—I supposed it was in the hands of the Government.

16613. Who represented the Government?—I suppose Mr. Mackenzie did.

Telegraph—
Tendering.
Contract No. 4.

16614. Did you take any steps to find out from the person who represented the Government, what your chances were to get the contract?—No; I did no such thing.

16615. You came down to Ottawa for that purpose?—Yes.

16616. And you saw Mr. Fleming and got no information from him?—I did not say that, I said we talked the matter over.

16617. What information did you get?—I think he told us the character of the country and showed us the form of the tenders.

16618. You know that is no answer to my question?—I am trying to answer it as far as I can.

Oliver had an
interview with
Hon. A. Macken-
zie.

16619. I am not asking you about the character of the country, but as to what information you got with the view of finding out whether you could get the contract whatever the character of the country might be. Now you say you came down to Ottawa to get information on that subject, you had a talk with Mr. Fleming, who, you tell us, told you nothing, and you say you did not see Mr. Mackenzie, or any other person representing the Government, and you went home: did you go home without getting any information on that subject?—I think Mr. Oliver had an interview with Mr. Mackenzie. I may say that I feel pretty sure he had.

16620. Have you any doubt of it?—That he saw Mr. Mackenzie?

16621. Yes?—Very little doubt about it.

16622. Have you any doubt that the matter of this contract was talked over between him and Mr. Mackenzie?—I cannot say what was talked over privately between them.

16623. Do you mean to say that your partner never told you what he and Mr. Mackenzie talked over on this subject?—I would not like to say that.

16624. Will you tell us what he did say to you on the subject?—What Mr. Oliver told me what Mr. Mackenzie said to him?

16625. Yes; about your business—the firm's business in relation to this contract?—I do not think that he gave Mr. Oliver any encouragement the first time that we came down. Mr. Oliver had to go back again on the same business.

16626. How long after?—I could not say.

16627. Were you not watching the transaction to know whether you were going to have an interest in it?—Certainly I was; I was looking after it. It would be natural to do that.

16628. Then it being natural for you to do it, did you look after it, so as to know what time he came down to get further information?—I am not positively sure whether he did come down, but I think he did.

16629. Who else did you see besides Mr. Fleming on this subject?—Not anybody.

16630. Did you not see Mr. Braun?—Mr. who?

16631. Mr. Braun, the Secretary of the Department?—I do not know him at all.

16632. Did you see any other secretary or person in that Department?—I am very little acquainted with any of the officials.

Telegraph—
Tendering.
Contract No. 4.

16633. Being very little acquainted might not prevent your seeing some person and speaking to some person on the subject?—I don't remember seeing any other person but Mr. Fleming on the subject.

16634. Did you speak to any Member of Parliament on the subject?—No, not a word.

16635. With whom did you understand it was finally arranged that you should have the contract: was it with Mr. Fleming, or Mr. Mackenzie, or Mr. Braun, or any other person, or was this arrangement made by yourself or by your partner?—It was with my consent, I suppose. Of course I agreed to what Mr. Oliver was doing, and I presume that he got it from the Government on the assignment of Sutton's contract.

16636. With whom did you understand it was arranged that he was to get the contract?—I should presume from the Government.

16637. Who is he: what is his name?—There is a good many members in the Government.

16638. Will you tell me on your oath who it was that you understood arranged with your firm that you should have this contract?—I should suppose naturally from the consent of Mr. Mackenzie.

Supposes Oliver
arranged with
Hon. A. Macken-
zie.

16639. Why would you suppose so?—Because he was Minister of Public Works, was he not?

16640. Have you no other reason for supposing so?—No other reason at all.

16641. Did you never see any communication on the subject in writing?—Between Mr. Mackenzie and Mr. Oliver?

16642. Any one?—No, not that I remember of, except there might be letters between Sutton and us—between Oliver and Sutton.

16643. Did you ever see any writing which led you to understand with whom this arrangement was made on the part of the Government?—No, never.

16644. Then what is your understanding on that subject: with whom did you say the arrangement was made, as far as you know?—The contract entered into?

16645. The arrangement made that you should have the contract?—I should suppose it would be by the solicitor of the Government here.

16646. You think he has the power to decide who is to have the contract?—No, I do not think anything of the kind, but he has to draw up the agreement.

16647. I am not asking you who drew up the agreement, because before there is an agreement made there must be an arrangement between at least two minds that there shall be an agreement: now I am asking you whose minds were those two minds which arranged for this agreement?—Mr. Oliver did that part of the business, but I am not sure about that.

16648. Do you mean that at the time you came to Ottawa you left without being informed whether any person, on the part of the Government, had said anything on the subject of your getting the contract?—I may say this: that when we came to the city here on the 19th of December, 1874, the thing was not finally arranged. We did not know whether we was going to get it or not.

Telegraph—
Tendering.
Contract No. 4.

16649. That is what I am asking you, if it was arranged before you came to Ottawa?—No; it was not arranged while we were at Ottawa.

16650. Do you say then that you left Ottawa without knowing whether any person on the part of the Government had said anything upon the subject as to whether you should get the contract or not?—I think Mr. Oliver had a talk with Mr. Mackenzie in reference to it.

16651. What makes you think so?—It would be very natural for him to do so when he came down on that subject.

16652. Is that the only reason you had?—I suppose he might have told me so.

16653. What makes you think he told you so?—Because it would be a very natural thing for him to do.

16654. It would not be a very natural thing for him to do if he had not talked with Mr. Mackenzie, would it?—No; I presume he would tell me he had it.

Oliver said he had
talked with Hon.
A. Mackenzie.

16655. Which way did he tell you as to his having had a talk with some one on the subject: did he tell you he had talked with some one, or that he had not talked with any one on that subject?—I think he said that he had talked with Mr. Mackenzie on it, if I remember right.

16656. Is this the first time that you have come to this conclusion on the subject: that he did tell you that he had a talk with Mr. Mackenzie?—It is natural that he should do so.

16657. Did he tell you that he had a talk with Mr. Mackenzie?—I don't remember. It is a long time ago.

16658. Do you remember that he did?—I cannot, it is too long ago.

When they first
came to Ottawa
did not get the
contract.

16659. Seeing that you took the trouble to go from your home to Ottawa to ascertain whether you had any chance to get this contract, it does not seem reasonable to think that you learned nothing on the subject; in fact it is unreasonable to suppose that you did not hear something about it?—I remember when we came the first time it was not finally settled—that we didn't get the contract.

16660. Can you tell me what negotiations took place afterwards which led to the settlement in the other direction that you did get it?—With whom?

16661. With any one?—With Sutton?

On a second visit
contract given to
Oliver, Davidson
& Co.

16662. With any one?—I think that after a short period after the first visit here that the thing was arranged with Sutton verbally, and then I think Mr. Oliver came here to Ottawa, and I think the contract was given to us the second visit. That is as near as I can remember.

16663. You say that during your visit you now remember that it was not arranged that you should get it?—It was not finally arranged.

16664. Was it arranged in any way that you should get it?—I think the writings would show that. I think the contract that I have would show the time between the 19th and the time that we got it.

16665. I am not speaking of the writings. I am speaking of the arrangements in other people's minds, because you have stated that you have done business for some years and understand the ordinary bearings of a business transaction, that before there are writings there are minds that make the agreements first—the minds of men?—It is an

Telegraph—
Tendering—
Contract No. 4.

ordinary thing. I don't see how we could make an agreement without that.

16666. Now you say that when you came to Ottawa there was no mind on the part of the Government that had agreed that you should get the contract, and you went away without knowing that you were to get it?—Yes.

16667. Will you tell me what negotiations led to some mind on the part of the Government coming to a different conclusion on that matter, namely, that you should get the contract?—As I told you before, Mr. Oliver was the acting partner of the concern. He spent most of his time up there giving his time exclusively to it, and I simply spent my money and carried on my own business in Toronto, and he carried on the details of this contract. Oliver acting partner.

16668. That was before the contract was signed?—Yes.

16669. Did you pay him a salary before this was arranged?—He had a salary from the company at that time, and had previously to that.

16670. Can you tell me what negotiations led to the decision upon the part of the Government that you were to get this contract, and with whom these negotiations took place?—I was not present, but I presume it was Mr. Fleming and the solicitor and Mr. Mackenzie.

16671. You still speak of the solicitor: do you think he was present when the parties made up their minds as to what they were going to agree to?—I don't know as far as that is concerned.

16672. Why do you mention the solicitor?—Because I presume he drew up the agreement.

16673. I am not asking you about drawing up the agreement; I have endeavoured to have you separate that part of the matter from the preliminary matters involving the agreement in people's minds; I have only asked you for the present about the agreement in people's minds, and why bring up the name of the solicitor?—I cannot say that we had any business at all with the solicitor in that light.

16674. Why do you bring in Mr. Fleming's name as the person who would take part in a preliminary agreement?—I should suppose, from the nature of his office, that he would probably advise Mr. Mackenzie.

16675. Did you ever hear from any one that he had done so on this occasion?—No; he might have done it for all I know.

16676. Then do you mention his name because he might have done it for all you know: is that your only reason for mentioning his name?—I should suppose Mr. Fleming was giving the Government an estimate of all these works before the contracts were advertised for; it would come under the nature of his office.

16677. Do you think that is what I am asking you about?—I thought that was what you were asking me about.

16678. Well, I will endeavour to make it plainer to you: you say that you and Mr. Oliver left the city of Ottawa without being informed as to whether you were certain to get the contract?—Positively; that we didn't know positively that we were going to get it at that time. Witness and Oliver left Ottawa without knowing they were going to get contract.

16679. Had you any reason to think that you would be likely to get it?—I thought the thing was looking that way.

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16680. What part of it was looking that way?—That we would get it.

16681. What about it looking that way?—Because the other man had no money to put up the deposit and we had the money.

16682. You knew that before you came to Ottawa?—Yes.

Knew they could
not get contract
without consent
of Government.

16683. Then what did you come to Ottawa for: you knew in Toronto that he had not the money?—We knew we could not get the contract without the consent of the Government.

16684. Well, knowing that, you came to Ottawa to find out whether you would get the contract?—I presume it was.

16385. Don't you know it was?—I would almost swear positively it was.

16686. Have you any doubt that is what you came for?—No; I have not, in my own mind.

16687. Do you know whether you learned anything upon that subject after you left Ottawa the first time: whether you would get the contract or not?—I think, if I recollect right, Mr. Fleming had said that he wished the Government could let it to some responsible parties; that he didn't want to be bothered with men who had no money, to give them trouble. I think there was something of that kind.

Thinks he heard
Mr. Fleming say
he would recom-
mend that they
should get con-
tract but would
not swear posi-
tively.

16688. Did you hear him say that?—Yes; I think I did. I think I heard him say that he would recommend that we should get it. I would not swear positively.

16689. Was that at one of those interviews that you speak of?—That was the first time we came down on this date.

16690. Then you did learn on this first visit that the engineer was going to recommend that you should get the contract?—I think so; I would not be sure.

16691. Did you learn anything else which made you think it probable that you would get the contract?—No; I did not. I know we didn't get it at that time.

The next thing
known was—they
had contract.

16692. Then did you learn something afterwards which made you think it more likely that you would get it, made it more sure in fact?—Well, I think the next thing we knew about it we had it.

16693. Don't you know anything that happened between the time that Mr. Fleming said he would recommend it and the time you got it?—No; I think Mr. Oliver came himself after that and got the contract.

16694. Did you learn before Mr. Oliver came down that second time, that it was promised to him that he should have the contract, and that he came down for the purpose of closing it?—It seems to me that he did have something from some of the officers telling him to come down, or he would not have come down I suppose. I didn't see anything.

16695. Was it a telegram or a letter?—I could not tell you that.

16696. And do you know nothing more about the manner in which it was arranged between you and the Government than you have already told us?—No; I didn't learn the first visit, and the next time, when Mr. Oliver came down, I think he had the contract, then I knew all about it, because the contract specified it.

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16697. Did he bring back the contract?—I think he did, but I will not be sure.

16698. Did he sign for you as well as on his own part?—I think he signed for us. He might have brought it up and I signed it above.

16699. Did you help to put up the security before you signed the contract?—Yes. Helped to put up security.

16700. Where were you when you put up that security?—In Toronto.

16701. Then?—I suppose we would know then.

16702. Was not that before he came down to get the contract?—That we put up the security?

16703. Yes?—I could not say, but I think it would be.

16704. Don't you remember, as a matter of fact, that you did put up the security before you got the contract?—Certainly; and I know how we put it up.

16705. How did you put it up?—In Federal Bank stock, \$10,000.

16706. Was not that done before you came down the last time to get the contract: didn't you take part in putting up that security?—I put my \$3,333.33½ in it. \$10,000 put up of which witness's share was \$3,333.33½.

16707. Did you do that before he came down a second time to get the contract?—I am not sure.

16708. At the time you did that, whatever time it was, were you not then led to believe, more strongly than upon the first visit, that you were going to get the contract?—I should say that the office would show that. You would have the date of the contract, and the date of the money being put up, and not ask me to swear to a thing that happened six or seven years ago, when I haven't the particulars.

16709. The office has not been able to give us those particulars, and I am asking you for them?—I could give them to you when I go home. I have the particulars there, and I am trying to tell you the honest truth.

16710. I am asking you whether, when you took part in putting up the security, you had a stronger reason to believe that you were going to get the contract than you had when you first came down with Mr. Oliver here?—Most assuredly we had, because we would not have put the money up if we hadn't. When putting up security had a stronger reason for believing they would get contract than when they made first visit to Ottawa.

16711. Now can you remember in what shape that information had reached you which induced you to have that stronger belief?—If I remember rightly, Mr. Oliver got some information from Ottawa here that we were to have the contract, and to put up the securities. That is my conviction, but, of course, I do not state it positively; but it runs in my mind that way.

16712. Can you not remember more particularly than that from whom that communication came?—No, I didn't see it. Mr. Oliver lived in Ingersoll, and I live in Toronto.

16713. Have you talked this matter over lately with any person who was then connected with the Government?—Lately?

16714. Yes?—Mr. Oliver has been very sick the last couple of years.

16715. He was not connected with the Government then?—I think he was in the Local House then.

**Telegraph—
Tendering,
Contract No. 4.**

Has not lately talked over this matter with any one who was Member of the Dominion Government in 1874.

16716. It was not the Local Government that let the contract?—He was as well then as I am.

16717. I am asking you whether you have lately talked over this matter with some gentleman who was, in December, 1874, connected with the Dominion Government?—No.

16718. With Mr. Fleming, or Mr. Braun, or Mr. Trudeau, or any person?—No; I have not seen any of those gentlemen. The last time I saw Mr. Fleming he was giving his lecture before the institute some years ago.

16719. Have you not endeavoured to refresh your mind by conversation with some person on the subject lately?—No; it did not interest me.

16720. After you were subpoenaed, it might interest you to tell all you knew about it?—I did not know what you wanted me for.

16721. Do you mean that when you were subpoenaed to tell all the facts you knew about the Pacific Railway that you did not think that this particular contract was going to be investigated?—I supposed it was to be a general review of the evidence taken in 1876 or 1877 before the Senate.

16722. Did you not understand, before you left home, that you were likely to be questioned about this telegraph contract?—I supposed I would, because I saw Mr. Brown's evidence in a paper, taken in Winnipeg.

Felt no interest in refreshing his memory when subpoenaed.

16723. Then did it not interest you when you were subpoenaed, so as to prepare yourself to be able to give full information?—No, it didn't interest me; because I had sold out my interest.

16724. You think that a person can only be interested when he makes money: could not a person be interested in telling the truth?—Yes; and I think I am telling the truth. I always calculate to tell the truth, Judge.

16725. Were you not interested in that direction?—Yes; I suppose I would be.

16726. Supposing you would be, I am asking you whether you had any conversation with anybody to refresh your memory, so as to be better able to do so?—No.

16727. Did you look at any papers?—Yes; I looked at the report before the Senate.

16728. Did you look at any papers or any information about the telegraph contract?—I see the papers every day.

16729. The papers that you have in your pocket?—No; the *Globe* and *Mail*, and other papers.

When subpoenaed only read over his evidence before Senate Committee.

16730. I am speaking of other papers besides the *Mail* and *Globe*—papers that are written by people, papers between you and Sutton, for instance?—No; I didn't read them over. I read over my own evidence before the Senate Committee, and some of the others.

16731. Mr. Oliver, your partner, I understand, is very ill, too ill to give evidence, is he?—Oh, yes; the doctor says it is softening of the brain, and he has to have some person to take care of him.

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16732. Would he not likely be able to remember, so as to give satisfactory evidence now?—No; you could not do anything with him at all. I think the last few lines I had from him he was going to some water cure, and he has to have somebody to take care of him.

16733. Did you ever understand, at any stage of these negotiations, that the contract which was first offered to Sutton was not the same contract which you afterwards got, that the first one was a contract offered to Sutton & Thirkell, and the one you got was Sutton & Thompson's?—The one we got was Sutton & Thompson's. I don't know anything about Sutton & Thirkell's contract.

Knows nothing
about Sutton &
Thirkell's tender

16734. There never was one: I am asking you about the offer of one?—I don't know anything about it.

16735. Did you never hear that Sutton & Thirkell were the parties when Sutton went to Toronto to offer you the contract, and Thompson was not in it?—I don't know. I don't remember anything about it.

Does not re-
member.

16736. When he came to Toronto to offer you a share in the matter which the Government proposed to give him, did he want to put up the security in the name of Sutton & Thirkell, or was it in the name of Sutton & Thompson?—I always understood it was Sutton & Thompson. I did not know anything about the other. It might have been you know, I could not say.

16737. Did Sutton state to you when he came to Toronto the reason why he had failed in getting up his security?—He said that he hadn't the money.

16738. Did he say that some person else had not been able to do what was expected of him?—I don't remember.

16739. Did he mention the name of Mr. McMahon?—I could not say, he may have done so.

16740. Was Mr. Oliver in Toronto at that time?—Yes; he was with me. The first time I ever saw Sutton was that time when he came and wanted to sell us that contract. I never saw him before that time.

16741. Now it happens that a firm called Sutton & Thirkell had made a tender which the Government proposed to accept, but they did not put up the security; and it happened that a higher tender was made by a firm called Sutton & Thompson: I want to know if you first learned that there was no tender between those two so as to enable Sutton & Thompson to get the contract if Sutton & Thirkell failed to put up their security?—I suppose it would be about that date.

16742. About what date?—The 19th of December, 1874.

16743. How did you learn it then?—Because that was the first time we learned of it, and we came almost immediately to Ottawa next day.

16744. How did you learn that there was no intervening tender, so that the dropping out of the Sutton & Thirkell tender would put Sutton & Thompson next in order?—How did I learn that?

16745. Yes?—I haven't said I learned it at all. I have heard lots of rumours, but I didn't know anything about it; as I told you before, I was not the acting partner in these affairs.

16746. You might have learned?—I might, and I might forget.

Might learn and
forget.

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Tendering.
Contract No. 4.**

16747. I am not asking you what you have forgotten ; I am asking you only to swear to what you know ?—I have heard rumours of one or two contracts, and they failed to put up the security, and they kept going back on the next lowest tender.

16748. If you had taken the Sutton & Thirkell contract, which was the only one which Sutton had any interest in when you started from Toronto, you would have got it nearly \$30,000 less than if you had taken the Sutton & Thompson contract ?—I never knew what others was. I never heard.

16749. I am endeavouring to ascertain from you when it was that you found out that by dropping the Sutton & Thirkell tender you could get the Sutton & Thompson one ?—I didn't know that the Sutton & Thirkell one was in the way. I never saw Thirkell.

16750. You might have heard without seeing him ?—I might have heard rumours that there was one or two that failed to put up the security. That was not my business, I suppose. It was my business only when I bought out Sutton.

Cannot tell how Sutton & Thompson's tender was substituted for Sutton & Thirkell's.

16751. At the time that Mr. Sutton met you in Toronto and proposed to take you in as a partner, or to sell out a share in the matter, he had no interest and no chance in getting the Sutton & Thompson contract ; the position of the matter was changed before the contract was actually signed, and I wish to ascertain from you, as a party interested, if you can tell us how that matter was brought about and with whom ?—I cannot tell you.

16752. Do you remember what the gross sum was that Sutton first offered you a share in—I mean the gross sum of the contract price ?—What we had for building the whole line from the Government ?

16753. What he offered you a share in when he came and talked to you in Toronto ?—Well, there was two or three little things in connection with it : in the way of maintenance, and keeping in repairs, and so on, that I think came in afterwards.

16754. Can you tell us the amount that he proposed you to share in there ?—Sutton never was a partner with us in the world.

16755. Didn't he get one-fourth of the profits ?—He was to get one-fourth of the profits, but he had no say in the matter.

16756. Not in the management, but he had in the receipts ?—If there was any. We did not know whether there would be any ; but he had no controlling interest.

16757. Whatever the position was which he proposed to sell to you, please state what your recollection is as to the gross amount that was to be paid by the Government for the whole matter ?—For furnishing the whole line ?

Something between \$242,000 and \$246,000 the whole amount got.

16758. Yes ?—Somewhere between \$242,000 and \$246,000 was the whole amount that we got.

16759. I am not asking you what you got afterwards, I am asking you what Sutton proposed to sell to you ?—It would be something less, because we had a lot for maintaining and repairing and other things.

16760. Can you tell me about the gross sum which Sutton named to you as the contract price for the work in which he was willing to give

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you a share?—I cannot tell you that. It will be easy to ascertain that from the papers here.

16761. I want to get it from your memory. You will understand that those papers do not tell all that took place between you and Sutton in Toronto: I am asking you what took place between you and Sutton in Toronto?—What was said between us and Sutton?

16762. Yes, as to the amount which the Government was going to pay him?—I do not remember.

16763. Are you aware that by the arrangement that was finally closed with the Government you got a higher price than the price which was first talked of between you and Sutton in Toronto?—I think we did. Thinks they got a higher price than was first talked of between them and Sutton in Toronto.

16764. Can you say about how much?—I cannot remember.

16765. Is it in the neighbourhood of \$30,000?—I could not say that. I do not know, because there was something to do to it afterwards, that is, in the way of maintaining and keeping up the poles, and offices, and so on—so much a mile.

16766. Are you aware that the contract which was finally made with the Government was a more favourable one to the contractors than the one which Sutton first of all proposed to you to take a share in?—I could not say. It was taking out the preliminaries, the working of the line, keeping up the offices, putting in operators, and so on.

16767. Are you aware that the contract as it was first signed with the Government, between your firm and the Government, was a more favourable one to the contractors than the one which was at first proposed to be made between the Sutton firm and the Government?—You mean the Sutton firm and the Thompson firm?

16768. Yes?—No; I am not aware. It might be though.

16769. Then do you mean that you are not able to say now what the gross amount of the contract was which Sutton offered a share in in Toronto before you came down?—Not without referring to the papers—the contracts—because I have not charged my mind with it at all. I have sold out my interest to them nearly two years ago, and I haven't bothered myself with it in any shape or form.

16770. Did Mr. Oliver ever tell you that he had any communication upon this subject with Mr. Mackenzie?—I think he has told me.

16771. Did he ever tell you that he had any communication on the subject with Mr. Buckingham?—I don't remember that he ever did. Mr. Brown would be more likely to have communication with Mr. Buckingham, because they were personal friends. I don't think Mr. Buckingham and Mr. Oliver were friends at all. I don't know that he was.

Oliver told him he had a communication regarding the contract with Hon. A. Mackenzie.

16772. Did he ever tell you that he had any personal communication with Mr. Trudeau?—No.

16773. Or Mr. Braun?—No.

16774. Is there any other matter connected with this telegraph contract, which I have omitted to ask you, which you can inform us upon?—In what light?

16775. Any?—I don't know of any in particular.

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Tendering.
Contract No. 4.**

16776. Is there any other matter connected with the Canadian Pacific Railway in which you have been interested?—Oh, yes.

16777. What is the next?—The terminus and right of way at Fort William.

16778. Is that the matter which has been investigated by evidence under oath before some Parliamentary Committee?—Yes.

16779. Is there any besides that?—I don't know of any. They got a good part of the land from me for the terminus.

16780. I do not propose to take up that subject at present, but I wish to know if there is any other matter which has not been investigated by any Parliamentary Committee, in which you have been interested?—No; I think it has been pretty fully investigated—everything that I was connected with.

16781. Do you say there is no other matter?—Not that I can think of at the present moment. There might be.

BOWIE.

ALEXANDER BOWIE, sworn and examined:

**Tendering—
Contract No. 41**

By the Chairman :—

16782. Where do you live?—At Ottawa.

16783. What is your occupation?—Forwarder, and captain of a steamer.

16784. Have you had any interest in any of the transactions connected with the Canadian Pacific Railway?—I have had some interest.

16785. Which was the first transaction in which you have had an interest?—In section A.

16786. What interest had you in that?—I was one of the outside parties interested.

16787. Interested with whom?—With Charlebois and Shanly.

16788. Were you one of the sureties, or did your name appear in the tender?—I think my name did not appear in the tender; I think I was one of the sureties.

16789. You say section A: do you mean section A between Lake Superior and Red River, or in British Columbia?—In Thunder Bay district—118 miles, I think.

16790. Was your tender among the lowest?—It was the second lowest.

16791. Mr. Mallett's name appears also as one of the sureties; was he one of the parties interested?—He was one of the parties.

16792. Do you mean that he was to have a share in the contract?—Yes; he was to have a share in the contract.

16793. Were you present when the tender was made up and the prices fixed?—I was present when the tender was finally completed.

16794. Where was that?—In town here.

16795. Do you remember where?—I think it was at the Russell House.

Interested with
Charlebois & Co.
in section A.

One of the
sureties.

Tendering—
Contract No. 41.

16796. Who else were present?—Mr. Charlebois and myself.

16797. Any one else?—No; it had been signed previously by Mr. Mallett before we came here.

16798. Had it been signed before that by Mr. Charlebois and Mr. Shanly?—Mr. Charlebois signed for himself, he was the contractor with Shanly.

16799. Did he sign the names of both members of the firm?—I do not know that he did sign Mr. Shanly's name. I know he signed his own name.

16800. Do you say that you took a part in making up the prices to be attached to this tender?—I did not.

16801. Who did that?—Mr. Charlebois.

16802. What is his business?—A contractor.

16803. Of some experience?—I presume so; he was then completing a large contract on the Lachine Canal.

16804. Is it your recollection that he alone fixed upon the prices?—I am not prepared to answer that.

16805. Then you were not present when the prices were being calculated and arrived at?—No; I was not. That was done in Montreal. Was not present when prices were calculated.

16806. Does Mr. Charlebois live in Montreal?—He lives in Montreal.

16807. Was that done before you saw the tender at the time you speak of?—It was.

16808. And were you willing to abide by whatever prices on tenders they arranged without your seeing them yourself?—I was.

16809. Did you communicate with him at all upon the subject of prices before he fixed them?—No.

16810. Did you talk with him upon the subject?—We had numbers of conversations upon the subject.

16811. Did you suggest any figures to him?—I have forgotten if I did, but I think not, because the tender was made out when he came to Ottawa.

16812. But before that did you not suggest figures to him?—No.

Suggested no figures to Charlebois.

16813. Then do you say that you took no part in exercising your own judgment as to the prices to be attached to the different quantities of the work?—I read them over before I signed the tender and was perfectly satisfied.

16814. Was your part then only that of approving what other persons had done, and not taking any part in arriving at them originally?—Judging from what I said, it must have been, of course.

16815. I wish to make it plain in the evidence beyond any doubt whichever way you choose to say: is that what you mean that you took no part in arriving at the prices?—I took no part in arriving at the prices. Took no part in arriving at prices

16816. Have you any reason to think that you were entitled to the contract on your tender?—We were not the lowest.

16817. Is there any reason why you think you were entitled to it?—No.

**Tendering—
Contract No. 41.**

16818. You have nothing to complain of on that ground?—Nothing to complain of.

16819. Do you know of anything connected with the successful tenderers offer, as to how they arrived at their prices?—No; I do not.

16820. Have you any interest in the matter with them?—No; not at all.

Does not know of any information being given by persons connected with the Departments.

16821. Do you know of their receiving any information from any person connected with any of the Government Departments?—No; I do not at all.

16822. Is there any other matter connected with that contract, section A, which you can explain?—Nothing.

Contract No. 66.

Tendered with friends for second 100 miles west of Red River.

16823. What is the next matter in which you were interested?—I think I tendered with friends for the second 100 miles.

16824. Is that the contract known as the Bowie & McNaughton contract?—Yes.

16825. That is contract No. 66 for the second 100 miles west of Red River?—Yes; west of Red River.

16826. How were you interested in that tender?—Well, as I was in the other. I was an outside party.

16827. The persons signing the tender are George Bowie and Mr. McNaughton: do you say that at the time of the tender being put in there was an understanding that you were to be interested jointly with them?—Yes.

16828. To what extent?—Well, there were four of us—one-fourth.

16829. Who was the other person?—G. S. McTavish.

16830. Had you had before that any experience in contracting or in railway works?—Being the son of a contractor I have heard a great deal of discussions about railroads all my life, and was with my father for some years.

16831. On railway work?—On railway works, and also on canals.

16832. Mr. McTavish had no experience in that sort of work?—No.

16833. Had Mr. McNaughton?—I do not know I am sure.

16834. What is his business?—Forwarder.

16835. Is George Bowie your brother?—Yes.

16836. Had he any experience in contracting?—He has been contracting all his life.

16837. Then he would have a good knowledge of such matters?—Yes.

16838. Would his prices be more likely to be correct than those the four gentlemen would name?—I do not know that his judgment would be any better than mine.

16839. I think you said that he had more experience?—I do not know that his judgment would be better than mine.

Witness and McNaughton made out tender.

16840. Who was selected among you four to arrive at the prices in the matter?—I think I made out the tender with Mr. McNaughton.

16841. And where was that?—In Ottawa.

Tendering—
Contract No. 66.

16842. Where was your brother George then?—He was in Montreal. He sent his form of tender filled with his figures, but we altered it to ours; made different changes where we thought proper.

16843. Did you use the tender which he sent up, or did you get an entirely new one to fill up?—An entirely new one.

16844. Then, in the first place, he exercised his judgment as to prices?—Yes; in the first place.

16845. He being in Montreal?—Yes.

16846. And he forwarded to you the tender, according to his judgment, to be put in on the part of the firm?—Yes.

16847. And when it reached you here you decided that it was too high, I suppose, and lowered your prices, or did you decide that it was too low?—Some points too high and some points too low in our judgment.

Witness and McNaughton thought the prices of George Bowie too high in some and too low in other cases.

16848. As to the total, was the alteration made by you in Ottawa higher or lower than what he had offered?—Lower.

16849. Do you remember about how much lower?—I do not; I have forgotten it.

16850. Do you remember in what particulars your judgment as to those figures differed from his judgment?—I think in the grading, principally, and in the lumber, I think, I am not sure; I think those were the two.

16851. When you say the grading, you mean the excavation of earth work?—Yes.

16852. Do you remember what difference you made per yard?—I have really forgotten, not over a cent I think.

16853. Do you say you do not remember the difference in the totals?—I do not remember them.

Does not remember the difference in the totals.

16854. Could you tell about the difference?—No, because his was never added up, and I could not possibly tell the difference when I never added up his amounts after the extension had been made.

16855. Do you say his was never extended?—No it never was extended.

16856. Did you not know the result of his tender in the aggregate before you altered yours?—No; it was not necessary.

16857. It might have been necessary?—Well, we didn't think so.

16858. It might have been necessary if you wanted to know how it bore upon the whole amount?—Oh, no, it was not necessary, we knew exactly the difference; that is, our reduced rate was so much lower than his it was not necessary to extend his when we were not going to tender at his prices.

16859. Where do you say this altered tender was prepared?—In Ottawa.

16860. What part of Ottawa?—In my house.

16861. Do you remember who were present?—McNaughton and myself.

16862. Any one else?—No; I do not think it—no stranger.

**Tendering—
Contract No. 66.**

16863. Was Mr. Chapleau there?—No.

Had many general but no special conversations with Chapleau on the subject of public works.

16864. Had you no conversation with him upon the subject of this tender before it was put in?—Oh, I have had as a public officer, not otherwise.

16865. Upon this particular offer for works of Bowie & McNaughton's tender?—We have had a conversation as we have had many conversations on all works, but never anything private or special.

16866. Where were you when you had that conversation with him on the subject of this tender?—I think I must have been in the Russell House.

16867. What was the nature of the conversation?—Oh, general.

16868. What was the general nature of it: please describe how you would converse with him about this tender you were putting in?—Well, I cannot remember what our conversation was, we were speaking of this contract as well as other contracts.

16869. It was just before the putting in of this tender, was it not?—Oh, no; it must have been ten days before.

Spoke with Chapleau of this contract as well as other contracts.

16870. What was the nature of the conversation about this tender?—About that, among others, we were speaking about the general character of the country.

16871. What was his position in the Department at that time?—At that time I do not think he was in the Public Works Department. I think he was. I do not know I am sure, I have forgotten.

16872. On the 9th of April, 1880?—I think he was in the Public Works Department then.

16873. Had you a conversation with him after you received the tender from Montreal that your brother forwarded?—Nothing about the prices.

Character of conversation with Chapleau.

16874. Had you spoken about prices with Chapleau?—Very possibly from the fact that I had mentioned—now I remember—I mentioned that my father had built the Caughnawaga Railway at 12½ cts. per yard (7½ d. in those days) and that he had made a large amount of money out of it. I remember that perfectly well.

16875. How did that bear upon this matter?—I thought that the lay of the country was something similar, soft sandy soil—loamy.

16876. Was this after your brother had sent up the tender?—No, before.

16877. Did you ever tell any person that you and Chapleau had discussed this question of prices before you had put in your tender?—I do not remember.

May have told George McTavish that he and Chapleau had discussed the question of prices.

16878. Did you ever tell George McTavish so?—I may possibly have done so.

16879. Why do you think it is possible that you did so?—Because I just related the reason why. I must have been speaking to him about prices when I told him about what had been done.

16880. Did you ever tell him that the tender which your brother sent was altered in the gross amount in consequence of talks, or a talk between you and Chapleau?—If I did so I have forgotten.

Tendering—
Contract No. 66.

16881. Do you say it is probable or improbable?—It is very hard to say whether it is probable or improbable when I have forgotten the transaction. Mr. McTavish and I had a good many discussions on it before the tender went in.

16882. Before the tender went in?—Not as to prices; we had a good many discussions before we formed the partnership to go into the contract.

16883. Were these discussions with a view to getting him to go in?—No; it was he who proposed.

16884. He proposed?—Certainly.

16885. To whom?—To me.

16886. Where was he when he proposed that to you?—At the Windsor Hotel in Montreal.

16887. Was your brother George there?—No.

16888. Was it proposed to go in with you alone, at that time, or with your brother?—With me alone.

16889. And was the tender to be made in his name or in yours?—In neither: in the name of Bowie & McNaughton.

16890. Then at that time it was intended that you and Mr. McTavish alone would be interested?—No; we were to take them in afterwards if we got the contract. We were then to form a partnership of four.

16891. At the time Mr. McTavish talked to you that was discussed?—Yes, that was discussed.

16892. Was that after the deposit had been put up?—No; previously.

16893. Did you mention to him any reason why you would be likely to be the successful tenderers?—No; that would be impossible. Of course not.

16894. Did you mention to him the name of any person in Ottawa who would be likely to help you in putting in the lowest tender?—I have forgotten our conversations, we had so many.

16895. Do you think you mentioned any person's name on that occasion connected with the Department?—Not that I remember of. I may have.

16896. If you did mention any, can you say whose name you did mention?—I could not possibly do that, because I don't remember.

16897. Do you remember who had the next highest tender above yours?—Nicholson & Marpole; \$10,000 was, I think, between us.

16898. Was that spoken of as a Barrie firm?—As the Barrie firm; yes.

16899. Do you know whether the alteration of the tender which came from your brother from Montreal would have been higher than this Barrie tender?—Really I could not answer that question, not having gone into the details.

16900. The principal difference, as I understand, was one cent a yard in George Bowie's offer?—I think it would. I would not be positive.

McTavish proposed to go in with witness and his partners.

Does not remember mentioning name of any person in Ottawa likely to help him in putting in the lowest tender.

Nicholson & Marpole's \$10,000 higher than Bowie & McNaughton's.

**Tendering—
Contract No. 66.**

16901. Have you that tender which your brother George sent?—No; I destroyed that long ago. It was of no further use.

16902. Do you remember any other item in which a material change was made?—I think it was on the lumber. I have forgotten now the difference; it was on the lumber. By the figures at that one cent they would be above the other tender. I don't know what the other tender was.

\$9,000 or \$10,000 difference between the tender prepared by Geo. Bowie and that subsequently put in.

16903. I thought you were suggesting it would be above?—I think it was \$9,000, or \$10,000 difference between the two.

16904. The difference, according to Mr. Fleming's report upon the subject (Exhibit 82) is \$16,011?—At one cent on \$1,600,000 would make it \$16,000.

16905. It is 1,630,000 yards?—That would be \$16,300.

16906. Now do you understand that the effect of this alteration of yours was to put the tender of your firm just below the tender of Nicholson, Marpole & Co.'s?—I do not know anything about Marpole's tender in the first place.

16907. But do you not see that now?—We would be about the same. I see it is 1,630,000 yards, that makes \$16,300.

Effect of changes to make tender \$289 lower than Marpole's tender.

16908. The effect of that is to make the Bowie & McNaughton tender \$289 below the Marpole tender. Then there was an additional alteration you say in lumber?—Yes.

16909. At all events this change from your brother's figures which you made in Ottawa here, had just the effect of putting your tender below any other?—Yes.

16910. Otherwise it would have been higher than Marpole's?—Oh, yes, it would be by the change in the lumber.

No knowledge of amount of Marpole's tender before putting in their own.

16911. Had you any reason to know about the amount of the Marpole tender before you put in your own?—No.

16912. Did no person make any suggestion to you upon this subject?—No; in fact, I didn't know them.

Forgotten if he mentioned to George McTavish that he had an impression how much George Bowie's tender should be reduced in order to be successful.

16913. That would not prevent some person else from telling you what the amount of his tender was. Do you think that you told any one that you had some impression about how much George Bowie's tender ought to be reduced in order to make it successful?—No.

16914. Did you not mention something of that kind to Mr. George McTavish?—I have forgotten it if I did.

16915. Did you afterwards dispose of your interest in this matter to some one?—I did.

Witness disposed of his interest to George Bowie & George McTavish.

16916. To whom?—To Bowie and McTavish.

16917. That is your brother George and George McTavish?—Yes.

16918. How much did you receive?—I have not received anything yet.

Witness refuses to say how much he received for his interest.

16919. How much was the note for?—Well, that is a private matter between Bowie and McTavish, and myself. That has nothing to do with the Government.

16920. The public may have some interest in it?—They have no interest in my private business.

Tendering—
Contract No. 66.

16921. Was any portion of the money that you received for disbursements?—I have said I have not yet received any.

16922. Well, when they pay you?—They have not paid me yet.

16923. Was it understood between you that any portion of it would be for disbursement?—I decline to answer any question relative to my private affairs.

16924. Did you not claim, in settlement with George McTavish, that you had disbursed sums for information which you had received?—For information which I had received?

Never claimed in making bargain with George McTavish that he had disbursed sums for information received.

16925. Yes?—No, never.

16926. Did you not lead him to understand that your tender was successful, because of the alteration made in it, which alteration was based upon information got from somebody in some of the Departments?—No, never.

16927. Did you not lead him to understand that the amount for which he gave you the note, was partly to cover disbursements upon such a subject?—The subject of information?

16928. Yes; or assistance from some of the Departments?—No, never.

16929. The arrangement between the members of your firm are not of public interest, unless they involve some such subject as I have been speaking of, and I wish to question you again upon that matter, because it has been reported to us that the claim paid to you was based partly upon such a consideration. I wish to give you an opportunity to explain fully?—There never was, that I remember of, any such conversation with McTavish or Bowie with reference to having paid any person, or given any remuneration whatever to any officer of the Civil Service, for I never gave them a cent, and never expect to.

16930. Do you say that you did not base your claim against George McTavish upon moneys paid for some assistance either from members of the Government or persons connected with the Department?—I beg to state distinctly that no Minister of the Crown, or Member of Parliament, or any Civil Servant, ever gave me any information, or received from me any remuneration for any contract which I was connected with on the Canadian Pacific Railway.

16931. Did you state that you had disbursed anything on such a subject?—I have already stated exactly what I mean.

16932. I am not sure whether you have stated it: I am asking to ascertain whether you have at any time stated to George McTavish, or any one else, that you disbursed sums of money for such assistance or information?—I never said so to McTavish or any person else that I know of to my knowledge.

Never to his knowledge stated to any one that he had disbursed money in order to get the contract.

16933. Did you continue interested in this tender up to the time that the contract was signed?—Yes.

16934. Then your disposal of your interest to Bowie and McTavish was actually after the contract was executed?—After the contract was executed.

16935. Was the deposit required by Government put up by the other members of the firm, by Bowie, McTavish or McNaughton?—No; it was put up by Bowie and McTavish.

Deposit put up by Bowie and McTavish.

**Tendering—
Contract No 66.**

16936. You put up no part yourself?—No; I offered to put up my share. Have you reference to the first deposit of \$5,000, because the first deposit was a cheque of G. S. McTavish—the first deposit of \$5,000?

First deposit of \$5,000 a cheque of George McTavish the rest was real estate in Montreal.

16937. Not entirely: I mean all the deposit which was required before the contract was signed?—The first deposit that was required, \$5,000, was a cheque of McTavish's. The other, you mean the part of the security now held by Government, was put up by real estate in Montreal.

Cheque of \$17,500 payable to witness's order put up at time of signing contract.

16938. But at the time of the contract being signed do you know what security was put up by the contractors?—There was a cheque of G. S. McTavish and a cheque of a friend of mine payable to my order of \$17,500, making the total amount \$22,500.

16939. Do you mean that cheque of the friend of yours was put up on your behalf?—Well, I don't know on whose behalf it was put up. The cheque was payable to my order—McTavish and mine I suppose.

16940. Do you say it was McTavish's cheque?—No, it was not his cheque; the first was his cheque.

16941. I mean the second one?—No, it was not his cheque; a friend of his.

16942. Do you mean that the deposit which was put up at that time, was put up altogether by Bowie and McNaughton, or did you take part in furnishing that security?—I stated that I got a cheque for \$17,500 and gave it to the Department as a security for the amount.

16943. Do you mean that you got it on your own behalf?—Well, it was payable to my order, and it was on my behalf.

Donald A. Smith gave the cheque.

16944. Not necessarily. It might have been as a friend of McTavish's, and might have been payable to your order because McTavish was away?—Well, place it to the credit of whoever you please, it was a cheque given by Mr. Smith; it is in the papers there. Donald A. Smith gave the cheque.

16945. What I am endeavouring to ascertain is whether you continued to be interested in the contract, in this far, that you put up security on your own behalf, or whether you were acting as an agent for G. McTavish and he furnished it all?—I don't know whether he did or not.

Witness furnished no security.

16946. Did you furnish the security?—If you put it that way, I did not furnish any security.

16947. Then whatever security you put up was irrespective of your estate or your funds?—Yes.

16948. What was the next transaction in which you were interested connected with the Canadian Pacific Railway?—Nothing further that I know of than that security with Whitehead, if that is what you have reference to.

Signing Bond—
Contract No. 15.

16949. I had not reference to any particular thing, I wanted you to state what was the next transaction in which you were interested?—That is all.

One of Whitehead's sureties.

16950. Do you mean that you were one of the sureties on Whitehead's tender?—No, one of his sureties for that \$70,000, or whatever the amount was—the drawback.

**Signing Bond—
Contract No. 15.**

16951. That was a bond in which you and Mackintosh joined, was it?—Yes.

16952. For what object?—I have really forgotten it. If you have the paper there I can tell you.

16953. Do you remember the circumstance which led to you giving such a bond?—It is some time ago; I have forgotten the whole transaction; it was a mere matter of form; there was nothing very binding in the matter.

16954. From whom did you understand it was only a matter of form?—Both Whitehead and Mackintosh—both of them.

Both Whitehead and Mackintosh told him it was a mere matter of form.

16955. Are they the only persons whom you saw on the subject?—They are the only persons who ever spoke of it that I know of.

16956. Had you any conversation in any of the Departments with any of the Ministers or clerks?—No, never.

16957. Do you happen to know whether any member of that Barrie firm of whom you spoke was in Ottawa at the time their tender was put in—Marpole, Oliver & Co?—Marpole, Nicholson were the firm.

**Tendering—
Contract No. 66.**

16958. It is the Barrie tender I speak of?—Nicholson & Marpole.

16959. Was either of them here in Ottawa at the time the tender was put in?—I think Nicholson was here; I have heard so; I did not know him.

16960. Do you remember from whom you heard that he was here?—I think I heard at the Windsor Hotel.

16961. That is where he was; but from whom did you hear that he was here?—Oh, I do not know; I have forgotten; there were so many contractors here at the time. They were speaking of one another.

Does not know who told him, Nicholson was in Ottawa.

16962. But he being the one with whom you were actually competing?—I was not aware of that fact. I did not know I was competing with him any more than I knew I was competing with Charlebois & Co. or any other tenderer.

16963. Afterwards you became aware of it when the tenders were opened; then the circumstance would become fixed in your mind that you knew he was in Ottawa?—After the tenders were opened I heard that he was the next tenderer to me.

16964. Did you hear that he was in Ottawa at the time the tenders were put in?—No; I did not.

**Signing Bond—
Contract No. 15.**

16965. Returning to this matter of Whitehead's, do you say that you do not remember the reason why it was requisite to put in such a bond as you signed?—I remembered at the time, but I have really forgotten it. I considered at the time it was a matter of form. I did not consider it was a matter involving \$70,000.

Considered signing Whitehead's bond a matter of form.

16966. Did you get any benefit for signing that security?—No.

16967. No direct or indirect advantage?—No, none.

16968. Were you promised any?—No.

16969. Did you take any part in getting that money from the Government for Whitehead besides signing the bond—I mean did you have conversation with any of the Ministers or Members on the subject?—No; I did not.

**Signing Bond—
Contract No. 15.**

No understand-
ing that White-
head should pay
anything for
having influence
used in his behalf.

**Alleged impro-
per influence.**

Not aware of any
ground for believ-
ing that any
Member of Parli-
ament or Civil
Service employe
received any
money, or was
otherwise benef-
itted inconnec-
tion with con-
tracts.

16970. Or any other person?—No; I did not.

16971. Was there any understanding between you and Mr. Mackintosh, or between you and Mr. Whitehead, that Mr. Whitehead should pay something for having any influence used with any member of the Government on the subject?—No; I never had any conversation of the kind.

16972. Are you aware of any instance where any Minister of the Crown or any Member of Parliament has been benefitted or promised any benefit for favouring any person in connection with these contracts or tenders?—No; I have no knowledge whatever—no personal knowledge.

16973. You say personal knowledge, do you mean you have any other sort of knowledge?—Well, general newspaper rumours. There has been so much said of Mackintosh.

16974. I am not alluding to any rumours or surmises, but anything which would amount to knowledge?—No; nothing.

16975. Are you not aware of any circumstances—actual circumstances—which would lead you to believe that some Member of Parliament has been benefitted or promised some benefit in consequence of his favouring some of these contractors?—Nothing further than rumours. Nothing but what the public press says.

16976. I was asking you about your knowledge of some actual circumstances which would lead you to believe that: are you aware of any actual fact?—Not that I remember of.

16977. Have you seen any writing which would lead you to that belief—any document, I mean?—No; I have seen the newspapers.

16978. Putting that altogether out of the question—of course I am not asking for that as a basis of evidence—I am asking whether you have seen any document, or any writing, or whether you know of any fact which leads you to believe that any Member of Parliament has been benefitted or promised any benefit for favouring any contractor or any tenderer?—No; I have not. I have never seen any such paper and know of none.

16979. Do you know of any fact apart from papers?—No; I do not.

16980. Are you aware of any member of the Civil Service being benefitted by any arrangement in connection with any of these contracts or tenders for any work on the Pacific Railway?—No; I am not.

16981. Are you aware of any member of the Civil Service being benefitted or promised any benefit on account of any transaction of the Pacific Railway?—No.

16982. Is there any other matter connected with the Canadian Pacific Railway which you can explain by way of evidence?—Not that I know of.

TRUDEAU.

**Transportation
of Rails—
Contracts Nos.
18 and 28.**

Amount expend-
ed on contracts 18
and 28, American
currency,
\$27,331.04.

TOUSSAINT TRUDEAU's examination continued:

By the Chairman:—

16983. Can you inform us now of the amount expended upon contract 18 and upon contract 28 for the transportation of rails, and percentage taken off on account of the price being in American currency?—Yes. In American currency the amount is \$237,331.04; in Canadian

currency it is \$215,679 52. I produce a statement showing the payments in detail. (Exhibit No. 233.)

16984. This statement shows the total amount paid on these two contracts to be nearly \$3,000 less than the amount which Mr. Fleming reports to be involved by his special report of 1880; what is the difference for as far as you know?—The difference between the two amounts has not yet been paid; it is in connection with unsettled accounts.

16985. What unsettled accounts: for transportation?—Yes. It is in reference to some slight difference in quantities I believe.

16986. It is not for bonding charges and outside expenses then?—No.

16987. The numbers of tons mentioned in this statement, I take it from your previous evidence to be the short ton, 2,000 lbs.?—Yes.

16988. Do the dates in this statement which refer to the time of the respective payments give approximately the time of the different dates of the transportation itself?—Yes, approximately.

16989. According to this statement which you have produced, no more than about one-half of the first contract, No. 18, had been performed during the first year, that year of 1875; I believe the first contract was for 5,000 tons or thereabouts?—Yes.

16990. Then the second contract, No. 28, covered the balance of this amount?—Yes.

16991. And about what time was it considered advisable to incur the expenditure on the second year's contract?—In the winter of 1876.

16992. What month?—I find a report on the subject by Mr. Fleming, dated May 13th, 1876.

16993. Does his report recommend such a contract as was entered into for the transportation of 10,000 tons or more additional to the first contract, No. 18?—The report recommends that arrangements be entered into for removing a further quantity this year, 1876. The quantity mentioned in his report is 5,000 tons.

16994. That is in addition, is it not, to the first 5,000 tons which were supposed to be covered by the previous contract, No. 18?—Yes.

16995. This contract, No. 28, as I understand it, was arrived at upon an offer upon the part of the contractor and not by public competition?—It was not by public competition.

16996. Does his offer cover more than 5,000 tons, and if so, how much?—In his letter, dated 19th of April, 1876, Mr. Kittson says that with a fair stage of water in Red River he could transport from 8,000 to 10,000 tons during the season.

16997. Have you any letter, or a copy of a letter, showing the terms on which his offer was accepted?—Yes.

16998. Does it state the quantity which the Government contracted to pay for being transported?—It does not.

16999. Have you now the contract with the Dominion Bolt Co., No. 51?—Yes; I produce it. (Exhibit No. 234.)

17000. Have you the contract with Miller Bros. & Mitchell, to supply 700 tons of railway plates, contract No. 50?—Yes; I produce it. (Exhibit No. 235.)

Transportation of Rails—Contracts Nos. 18 and 28.

Canadian currency, \$215,679.52.

Amount of difference between above sum and that mentioned in Fleming's Report belongs to unsettled accounts.

Ton: short ton.

Contract 18 for 5,000 tons.

May 13th, 1876. Fleming reports in favour of removing a further 5,000 tons of rails.

Contract 28 not the result of public competition.

April 19th, 1876. Kittson wrote offering to transport from 8,000 to 10,000 tons during the season.

Bolts and Nuts—Contract No. 51.

Railway Plates—Contract No. 50.

**Purchase of
Rails in 1879—
Contracts Nos.
53-55.**

17001. Have you now the comparative statement of tenders for steel rails of June, 1879, showing whether the different prices offered for bolts and nuts and fish-plates alone affected the relative position of the whole tenders?—Yes; I produce it. (Exhibit No. 236.)

17002. Does it affect the relative position?—It does not.

**Iron Turn-
Tables—
Contract No. 58.**

17003. What is the next contract that you can explain?—Contract No. 58 for the manufacture of four iron turn-tables. Contract with W. Hazlehurst, dated 26th of February, 1880.

**Tenders received
in reply to cir-
culars.**

17004. Was the work let by public competition?—Yes; tenders were received in answer to a circular sent to makers.

17005. There was no advertisement?—No.

17006. Can you state to whom they were sent?—In a report dated 14th of February, 1880, Mr. Fleming gives the names of the Hamilton Bridge Co., the Toronto Bridge Co., the Kingston Engine Works, and W. Hazlehurst, of St. John.

**Contract let to
lowest tenderer.**

17007. Was the contract let to the lowest tender?—Yes.

**Lowest tender
\$2,016 for decked,
and \$1,360 for
open tables.**

17008. What is the rate named in the lowest tender?—For decked table, the rate named is \$2,016.

17009. Open table?—And for open table, the rate is \$1,360.

17010. Has the work been performed under the contract?—No; the work has not been completed yet, because the pits are not quite completed.

17011. Was the work in progress during last June? We do not propose to enquire into the facts that have happened since that, unless they are connected with what took place before?—One of the turn-tables was made and erected last summer, and is now finished. The others are prepared by the contractor and ready for delivery, and will be accepted by the Government as soon as the pits are completed.

17012. Is there any dispute or difficulty about the matter which you think requires explanation?—There is no difficulty.

17013. Is there anything further about that contract which you consider requires explanation?—No.

**Railway Con-
struction, B.C.
Contract No. 60.**

17014. What is the next contract which we have not yet considered?—Contract No. 60, with Andrew Onderdonk, for the construction of the line in British Columbia, extending from Emory Bar to Boston Bar. The date of the contract is the 23rd of December, 1879.

**Onderdonk, con-
tractor.
From Emory
Bar to Boston
Bar.**

17015. Was that work let by public competition?—Yes.

17016. By advertisement inviting tenders?—Yes.

17017. Have you a copy of the advertisement?—Yes; I produce it. (Exhibit No. 237.)

17018. Have you any report upon the tenders themselves?—I produce the schedule of tenders received.

17019. Does that advertisement and this schedule cover the tenders for any of the other contracts besides No. 60?—The advertisement does, but not the schedule.

17020. Have you the original tenders mentioned in the schedule?—Yes.

**Railway Construction, B.C.
Contract No. 60**

17021. Please produce them?—I now produce them. (Exhibit No. 238.)

17022. Is there any other report than this schedule on the relative position of the different tenders?—Yes; I produce a report by Sandford Fleming, dated the 22nd November, 1879. (Exhibit No. 239.)

17023. As I understand it, this report covers the tenders for three other sections—B, C and D—does it not?—Yes.

17024. Is there any further report relating to section A alone?—I do not think of any other at this moment.

17025. Will you please say on what day the time for receiving the tenders ended, and also when they were opened, and who reported on them?—The time for receiving the tenders was fixed by the advertisement at noon, the 17th of November, 1879; the tenders were opened on the 20th of November, 1879.

17th November, 1879, day for receiving tenders; opened on the 20th in presence of witness, Fleming and Braun.

17026. In the presence of whom?—They were opened in the presence of Mr. Fleming, and Mr. Braun, and myself.

17027. At the time of opening them did you notice any circumstance which appeared suspicious or which called for explanation as to the manner in which any of the tenders were put in, or as to the amounts of them?—Yes; we noticed that two of the tenders were received at 3:30 in the afternoon of the 17th of November.

Two of the tenders received at 3:30 in the afternoon of November 17th.

17028. Whose tenders?—One tender was from Battle, Symmes, Wood & Jackson, and the other was Brown & Corbett.

17029. Was the amount of either of them lower than the amount of the tender that was finally accepted?—The tender by Battle & Co. was for \$2,634,120; the one by Brown & Corbett was \$2,598,480. They were both lower than the contract which was accepted.

Battle & Co.'s tender \$2,634,120; Brown & Corbett's \$2,598,480; both lower than tender accepted.

17030. Was either of these tenders taken into account in deciding who should receive the contract?—They were considered, but rejected.

17031. Were they allowed to compete with the other tenders or were they rejected entirely on account of being received too late or for some other reason?—They were not allowed to compete with the others.

These tenders not allowed to compete.

17032. Is there any reason which would apply to either of them for not allowing them to compete, besides the fact that they came in the afternoon to the Department?—One of the conditions on the printed form of tender was that each offer should be accompanied by an accepted bank cheque for \$5,000. Brown & Corbett had no cheque in their tender.

Brown & Corbett's had no cheque for \$5,000, one of the conditions.

17033. Was their tender accompanied by anything else equivalent to a cheque or similar security?—No. They simply stated on their tender that security by bonds or cash would be given if their tender was accepted.

17034. Was there any other circumstance connected with that particular tender which excluded it from the competition, as you understood?—No.

17035. Was there any circumstance connected with the other tender which you say arrived after time and was not considered, and which excluded it from competition?—No.

Railway Construction, B.C. Contract No. 60.

The other tender not considered solely because it reached Department so late.

Battle & Co. complained because they did not get contract.

First prices for earth excavation erased and new prices put in.

This tender treated as irregular.

Tenders sealed and in a safe under witness's charge.

17036. Then one of the tenders was not considered solely upon the ground that it reached the Department in the afternoon instead of at noon, or before it?—Yes.

17037. Where did that tender come from?—It was mailed in the Ottawa post-office, about five hundred yards from the Department.

17038. Has there been any complaint, so far as you know, on the part of this firm—Battle & Co.—on the subject of this tender and their not getting the contract?—Yes; I produce a letter from Mr. Symmes, dated 28th November 1879. (Exhibit No. 240.)

17039. Is the envelope in which the tender came, now extant?—Yes; it is attached to the tender produced.

17040. Will you look at it and say if it bears any other post mark besides that of Ottawa?—It does not.

17041. Then, in your opinion, did it come through the post-office at Ottawa?—Yes.

17042. Will you please hold the document itself up to the light and see if you notice in it that the figures have been altered, erased and written over again?—Yes; the prices for earth excavation have been erased and altered.

17043. Is that noticeable upon both pages, the first page and the second?—Yes.

17044. Is it beyond a doubt then that the figures have been altered?—Yes.

17045. Do you know whether that circumstance was considered at all when you decided to reject the tender, or is this the first time that it has been brought to your notice?—I do not recollect.

17046. Besides the duty of opening these tenders and recording the contents, which I gather from Mr. Fleming's report was done at the time, had you yourself any duty to perform beyond recording the substance of them at the time—I mean did you take part in deciding who should be offered the contract?—I had no other duty to perform but to open them and lay them before the Minister.

17047. In this report which was laid before the Minister, do I understand you that this particular tender was treated as irregular and not competing with the others?—It was.

17048. Do you know who had the custody of all these documents or tenders between the 17th of November, the time named for receiving them, and the latter date on which they were opened?—To the best of my recollection when these tenders were received the Minister of Railways was not in Ottawa, and an order was received from the acting Minister, the Hon. Mr. Langevin, to tie the tenders up in a sealed package and place them in a safe until the return of the Minister of Railways, and this was done. They were under my charge and kept in a safe in my room.

17049. At what time were they so sealed up, as far as you know?—On the 17th.

17050. Is there an envelope attached to the successful tender?—Yes; it is attached to the tender produced.

Railway Construction, B.C.
Contract No. 60.

17051. When was it received in the Department?—It was received on the 17th of November.

17052. Is the hour named?—It is not.

17053. Is the hour named in the one which was said to have been received at three o'clock in the afternoon?—Yes.

17054. Is it usual to name the hour at which they are received, when they are received before the hour mentioned in the advertisement?—It is not.

17055. Then do you mean that the absence of any special notice of that sort indicates that they were received regularly before the time named in the advertisement?—Yes.

Absence of any special note of time on tenders indicates that they were received before time named in advertisement.

17056. Is it usual to stamp the day on which they are received on the envelope?—Yes.

17057. Is the next highest one above the successful tender stamped in that way?—Yes.

17058. What day was it received?—On the 17th.

17059. Is the next highest one marked in the same way—C. Peterson?—Yes; it is stamped the 17th.

17060. Is there any other matter connected with the receipt of these tenders for section A, in British Columbia, or in the opening of them, which could throw any doubt upon the right of the person to get the contract who did get it?—No.

17061. Has there been any complaint upon that subject by any of the parties excepting this firm whose tender was not allowed to compete?—No.

17062. Has there been any complaint by the other firm whose tender was not accompanied by a security, on the subject?—No complaint that I can recollect.

No complaint save Battle & Co.'s

17063. Do you remember whether this tender of Battle & Co.'s was opened, although it had been received after the hour, before it was decided that it should not compete; in other words, was it decided that it should not be allowed to compete after it was discovered to be a lower tender than some other one, and only then so decided?—As far as I can recollect, it was the opinion of Mr. Fleming and myself that it should not be considered from the very first, before it was opened.

17064. Then do you mean that, as far as your judgment was concerned, the decision did not depend upon the amount of it, but upon the time at which it was received?—Yes.

Decision adverse to Battle & Co.'s tender depended on the time at which it arrived.

17065. Do you say that Mr. Fleming expressed a similar judgment upon that subject?—I say to the best of my recollection.

17066. Would Mr. Braun, in pursuance of his duty, take any part in a judgment of that kind, or is his office more that of recording?—It is more recording and witnessing the operation.

Braun a recording officer.

17067. He is not one of the administrative officers of the Department?—No.

17068. What was the name of the firm who made the successful tender in this instance?—D. McDonald & Co.

D. McDonald & Co. the firm which made successful tender.

Railway Construction, B.C. Contract No. 60.

Contract entered into with Onderdonk under an Order-in-Council.

17069. Was the contract executed with them?—No; the contract was entered into with Mr. Onderdonk under the authority of an Order-in-Council dated 22nd December, 1879, which I produce. (Exhibit No. 241.)

17070. Do you know what led to the substitution of Mr. Onderdonk's name instead of the persons of the original tendering firm?—The firm to whom the work was awarded requested the Government to pass the contract with Andrew Onderdonk. I produce a copy of the company's letter. (Exhibit No. 242.)

17071. This letter speaks of awarding the contract for sections A and C, in British Columbia: I suppose the same firm had been awarded the contract for section C as well as A?—Yes.

17072. And the Order-in-Council relates to both sections, I see?—Yes.

17073. The letter is marked with your initials, as being received on December 20th, the Order-in-Council on the 22nd of December: do you know whether there was any discussion in the Department, or any difficulty about the transferring of this contract from the original tenderers to Andrew Onderdonk?—I do not think there was any difficulty.

No difficulty about the transfer to Onderdonk.

17074. Was there any doubt raised as to the expediency of the transfer: in other words, do you know of any negotiations or anything else connected with it before it took place, which I have not asked about?—No.

17075. Is there anything further about section A in British Columbia which you wish to explain?—I do not think of anything else at this moment.

Onderdonk reputed connected with men of larger means than those who sold out to him.

17076. Do you know personally anything about the standing of the different parties; for instance, whether the first firm was as able as Onderdonk to carry on the work?—Onderdonk has the reputation of being connected with men of larger means.

17077. How long have you been connected with the Department of Public Works?—About twenty years.

Better that large works should be placed in the hands of one contractor if feasible.

17078. Have you ever given your consideration to the question whether it is desirable, in the interests of the public, that contracts should be given over larger distances to one individual rather than to several individuals over separate smaller distances, prices being in the aggregate, for the smaller distances, equal to the price for the larger distance?—If a contractor has large means, I think it is better that large works should be placed in the hands of one single firm as much as possible.

17079. Do you mean that the works are more likely to be constructed effectively for that reason?—Yes.

17080. What leads you to that conclusion?—There would be a certain unity of action in the preparations and in the manner of conducting the work, in the purchase of provisions, and in the plant required.

17081. Would there not also be less competition for labour: that has been mentioned before as one of the advantages of the larger contract?—Yes.

17082. It has happened that all the four sections in British Columbia have been finally contracted for between the Government and one individual?—Yes.

**Railway Construction, B. C.
Contract No. 60.**

17083. Have you given your consideration to the question, whether that it is better for the interests of the public than giving it to separate individuals; I mean in this particular instance, not in the abstract, is there any reason why it should be taken out of the ordinary rule on which you have already passed your opinion?—My impression is it was an advantage to place all these works in the hands of a single firm.

An advantage to place all the British Columbia work in the hands of one man.

17084. Have you any reason to think that in obtaining this contract the successful firm had any improper advantage over any other person tendering, as to knowledge of prices, or any other way?—No.

Successful firm had no advantage.

17085. Or the time of putting in their tender, or information from any one in the Department, or in any way, directly or indirectly?—I have no such knowledge.

17086. Did you take any part with the Minister at the time that it was finally decided that this successful firm should get this contract—I mean McDonald & Co., for section A?—I certainly had some conversation with the Minister on the subject, and the firm being the lowest there was no question as to what should be done.

17087. Was there any room for discussion, or was there any discussion on the question who should get the contract by right?—I do not think there was any room for discussion about it.

No room for discussion who had right to contract.

17088. Did there appear to be any doubt, or any wavering upon the subject, as far as you know, in discussing this matter with the Minister; for instance, whether one of these rejected tenders ought not to be allowed to compete, or any other matter pertaining to the subject?—The rejected tenders were fully considered, but there was no doubt in the Minister's mind that they could not be received.

17089. In speaking of the comparative advantage of letting this work in British Columbia under one contract, or under four separate contracts, would it not be a very material matter that all the plant and supplies for the whole of the work would probably have to come to the work from one end only?—Yes.

17090. And that therefore it would save trouble and dispute among the different contractors with the Government, by having it all in the hands of one contractor?—Yes; that is one of the advantages of giving the work all to the one firm.

17091. Has it not happened in other portions of the Pacific Railway that although the Government has not undertaken to have particular portions finished by specified dates, still the contractors for adjoining portions complained that the piece next to them has not been finished in order to give them the advantage of using it for their purpose?—Yes.

17092. Have claims for considerable amounts been made against the Government on this subject—I do not mean allowed by the Government, but urged on the part of the contractors as reasons why they should be favourably considered in some way or other?—I do not recollect whether any actual claims have been presented, but complaints have been made.

17093. Is there anything further about section A?—No.

Tendering—
Contracts Nos.
41 and 42.

OTTAWA, Friday 26th November, 1880.

P. G. CLOSE, sworn and examined :

By the Chairman :—

17094. Where do you live?—In the city of Toronto.

Retired from
wholesale
grocery.

17095. What is your occupation?—Well, I am not in any business at present, but I was in the wholesale grocery business, but I have retired.

17096. Have you of late years had any other business but this?—I had been operating considerably in lands.

17097. Have you had any experience in contracts for railways or other large works?—No; I have never had any.

17098. Have you been interested at any time in any of the transactions connected with the Canadian Pacific Railway?—Yes; I have been connected with it.

January 7th, 1879,
Morse & Co. asked
him to be one of
their sureties.

17099. What was the earliest transaction in which you were interested?—Some time in January, 1879, Messrs. Morse & Nicholson came to me to my office and asked me to be one of their securities for putting in a tender and to take an interest with them in it. I told them Mr. Shields and I had been talking the matter over some time previous, and that I did not see my way just then to join them, but that I would see Mr. Shields, and if he had not associated himself with anybody else in the meantime that perhaps we might make an arrangement. They asked me to see Mr. Shields, which I did, and brought about a meeting between Messrs. Morse, Nicholson, Shields and myself, and after one or two meetings we arranged on a basis by which I was to become security for the tender going in.

Morse & Co.
wanted some one
as surety who was
known to Govern-
ment.

17100. That was the Morse-Nicholson tender?—That was the Morse-Nicholson tender. That was the first I had to do with. The reason they wanted to get me associated with them was that they said it was merely to put in the name as security, as they were unknown to the Government, and that the parties that they were going to, if they got the tender, would put up. I said I did not feel like putting up security if they did get it. They said they had parties to put up the security but that they were unknown to the Government, and they were afraid if their tender was as low as some others they might be overlooked, and they wanted some one to be associated with them who was known to the Government.

17101. As I understand you that was to be on the original tender?—Yes.

17102. Not on the final security when the contract was closed?—No; it was merely to use the name in putting in the tender. If they got the contract they had friends to put up the money.

17103. Are we to understand you now that this was in order that their tender might be considered in competition with others?—Yes.

17104. Not excluded for want of sufficient surety in the first instance?—No; none of them were personally known to the Government that were tendering, and they were afraid if others should be on the same basis as they were they might get the preference, unless some one was associated with them that they knew were substantial and could recommend them.

17105. Were you to have a share in the profits for doing this, or was your compensation to be in some other shape?—The compensation was to be in the shape of a commission.

**Tendering—
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41 and 42.**

Compensation for use of name to be in shape of commission on amount of tender.

17106. A commission on what: when you say commission I suppose you mean a percentage on some amount?—Yes.

17107. Upon what amount?—I think it would be on the amount of the tender, I am not sure. It was Mr. Shields that made the final arrangements with them, and the documents I never had in my possession. Mr. Shields, I think, had the documents.

17108. In these negotiations between Morse and Nicholson on the one part, and yourself on the other part, do you mean that Shields took a share in them?—Mr. Shields acted for me.

Shields acted for witness and was also interested.

17109. Only on your behalf?—No.

17110. Or was he personally interested in the result?—He was personally interested in the result.

17111. Then you were in partnership in the same matter?—Yes.

17112. Whose name was used to represent this partnership of Shields and yourself?—My name was used alone.

17113. Where did that negotiation take place?—In Toronto.

17114. At what place in Toronto?—Well, we had several negotiations. Once or twice, perhaps more, in my office, and perhaps once or twice in Mr. Shields' office. The final negotiation was in Patton & Macdonald's office—their lawyers.

17115. Were the terms arranged before they were reduced to writing?—Yes.

17116. Where did that happen, I mean the final arrangements in your own minds about this matter?—I cannot say; it might be at Mr. Shields' office or mine. We had a good many interviews before it came to that.

17117. Respecting what work was that arrangement made in the first place: was it for the whole section known as C, or either of the separate sections known as B or A?—I could not say positively. My impression is it was for the whole work, but that I am not clear on.

17118. Was that matter reduced to writing before that tender was put in and signed by you?—Yes.

17119. Will you look at this copy of an agreement (Exhibit No. 226) which was put in by one of the members of the firm, and say whether that is as far as you remember substantially a copy of the agreement to which you refer?—Yes; as far as I recollect, I think that is a copy of it.

Identifies copy of agreement as correct.

17120. In this agreement there is a recital which is stated apparently as a reason for the bargain, and that recital suggests that you were making efforts to obtain the contract on your own behalf at that time?—Yes; I was going to take an interest with Mr. Shields, and he was going to associate himself with some contractor, and I told him that when he came to me first.

17121. Mr. Nicholson's recollection is, that there was no such reason as that for the bargain, but that it was entirely for some interest you or

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41 and 42.**

Told Nicholson that he and Shields had talked of putting in a contract and that he was committed to Shields.

Mr. Shields were to exert on behalf of that firm of Morse, Nicholson & Co. ?—No; I told him distinctly that Shields and I had been talking the matter over before, and in case he got the contract I was to take an interest with him, and suggested if he had not made arrangements already, if they could arrange to get him to go in I would go in with them; but I would not take any part with them unless he could go in, as I had committed myself to him previously.

17122. This arrangement is dated on the 22nd of January, and the last day for receiving tenders was the 30th of January: had you, up to the time of this agreement, negotiated with any person who was making a tender ?—No; I had not.

17123. Then there was no actual agreement with any other person that you should be interested with him, it was only a probability ?—Only a probability. Mr. Shields was making the arrangement.

An understanding with Shields that he should try and get an interest with some of the tenderers.

17124. Was some other person tendering ?—The understanding with Mr. Shields was that he should try to get an interest with some of the parties, but, as far as I know, he had not made any arrangements, but I think he had been negotiating with some of the parties before that.

17125. Do you know with whom ?—I do not.

Agreed that witness should go to Ottawa, and if tender was as low as that of others show the Government that they were capable of carrying on the work.

17126. Was there not some other consideration for this promise of Morse & Co. to give you a percentage on the amount of the whole contract, or tender, besides your withdrawing from any effort on your own behalf ?—Yes; we were to come down here and assist them, and if their tender was as low as the others, to show that they were men capable of carrying on the contract. They felt their weakness was they were not known, and not having carried on a job of that kind before, and they felt if their tender was as low as others they might not get the preference on account of that. We came down to show if their tender was as low, or equal to others, that they were men capable of carrying out the contract. It was known at the time that the Ministers were very anxious that the men who should get it would be able to carry on the contract, and they understood that unless they had some friends to speak for them they might be thrown overboard, and we came down here to show that they had men at their back—Gooderham & Worts, and the Taylors, the paper men—as their sureties, and would be their backers; but as the Taylors were not supporters of the present Government we did not think it advisable to use their names at the first instance, and that was why they asked to have my name in the contract, so that they would be known to the Government.

Reason why it was thought desirable to have witness's name in the tender.

17127. Was your standing known to members of the Government ?—I was personally known to members of the Government for some years.

At the time witness a man of capital and able to back up a tenderer materially.

17128. Were you at this time a person of capital and means able to back up any tenderer ?—Yes.

17129. Materially ?—Yes.

Never undertook to secure for Morse & Nicholson some advantage over the other tenderers.

17130. In addition to making this representation of their ability, and also as to this withdrawing from all efforts to obtain the contract for yourself, did you not undertake that you would so influence persons connected with the Government that Morse & Nicholson should obtain some advantage over rival tenderers even if their tender were higher than some others ?—No; certainly not.

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17131. Had you any conversation in that direction either with Morse, or Nicholson, or Marpole?—That if their tender was higher I would use my influence to try and get it.?

17132. Yes?—No, certainly not; but all things being equal if their tender was on the same basis as any other we would try and get them the tender in preference to the others; that as Toronto men we would use our influence to get the tender for them, but not if their tender was higher.

17133. What do you mean by your influence as Toronto men?—As Toronto men we would be anxious to see that our section of the country would get a share of it, and if their tender was about the same as some other tender we would try and show the justice of getting it for the Toronto men.

17134. In undertaking to advocate the interest of the Toronto locality, do you mean that was only upon an understanding that some other tender should be exactly in the same figures?—Or in the neighbourhood of the same figures.

17135. Well, then, you mean if there was a slight difference in favour of some other section, you would still use your influence in favour of the Toronto men?—Well, I would consider, in a tender of \$5,000,000 or \$6,000,000, for only a few thousand dollars I think the Government would be justified in giving the contract to parties who would be likely to carry it out without failure.

Would consider that in a large tender the Government would be justified in giving work to persons able to carry it out without failure even though they were a few thousand dollars higher.

17136. Having that opinion, as you say you had, did you undertake to press that view upon the Government in favour of these men?—I may have said to them if it was in that way, I would use my influence. I do not recollect saying so; I won't say that I did not.

17137. Some of the other firm have sworn that you did; does that refresh your memory?—I have no recollection of having made such a promise; but I will not say that I had not conversations to that effect.

17138. Did you, as a matter of fact, press those views on any member of the Government?—No; I did not.

Did not press his views on any Member of the Government.

17139. Why not, if you entertain them, and were down here to help your friends - why did you not press them on the Government or some member of it?—Well, I did not come in contact with very many members of the Government. Mr. Shields was looking after that department, and besides when the tenders came out, I think theirs was the lowest and it was not necessary to press that view of the matter.

Moreover their tender was the lowest.

17140. Had you, before it was known that they were the lowest, endeavoured to influence any member of the Government to favour their tender in case it should not be the lowest?—No, never.

Before this was known made no effort to influence the Government.

17141. Did you attempt to influence any Member of Parliament to use his influence in that direction?—No.

17142. Are we to understand from you that one of the principal reasons why you did not press this view upon the Government was because their tender was already the lowest, and there was no occasion to ask for any favour?—No; that was not it. Any conversation I have had in reference to the tender with any members of the Government was to show that if Morse & Nicholson's tender was as low as any of the others the Government need not hesitate to award the contract to

Any influence he exerted was in the shape of assuring the Government that Morse & Co. were men of means and capacity.

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them; that they were men of means and capable of carrying out the contract.

17143. You say that any influence you used was to that effect?—Yes.

17144. Did you use it to that effect?—I may have spoken to some members.

17145. To whom may you have spoken?—I may have spoken to Sir Charles Tupper.

17146. Did you?—As a matter of fact, I don't know whether I did personally, because if I went I would go with Mr. Shields and I would be merely there. I think Mr. Shields did most of the talking.

17147. Did you go with Mr. Shields and did he do most of the talking?—Yes; I have gone.

Pressed the view on Sir Charles Tupper that the Government need not hesitate to give these men the contract if their tender was low because they were capable and well backed.

17148. Did you suggest the idea to Sir Charles Tupper that if these men were about the same as any other tenderers they should be favoured, because they came from the Toronto section, or for any other reason?—Yes; we pressed that the Government need not hesitate though these men were not known as large contractors; that they were men of means, and that they would be capable of carrying out the works; but any influence I used with the Government was for the purpose of showing that the Government need not hesitate, if their tender was low, to give them the contract, because they had backers and were capable of carrying out the work.

Neither witness nor Shields so far as he knows ever pressed the view on the Government, that even though Morse & Co.'s tender was not quite so low as others still they should get the contract.

17149. Did you, or Mr. Shields, in your presence, or at any other time, press this view on the Government that although their tender might not be quite so low it would be proper for the Government to give it to them?—No; Mr. Shields never pressed that in my presence. I don't know what he might have done at any other time.

17150. Did you press it?—No.

17151. Don't you know that you had an opportunity, if you thought it advisable, of pressing on the Government the view that their tender for the whole section C was (taking into account the magnitude of the transaction) only a small amount beyond the aggregate of the separate tenders for A and B, and that if the Government had chosen to favour any person they had as far as they could an opportunity of doing it then: were you not aware of those circumstances?—No; I cannot say that I knew exactly how that was. I went home. I was not here all the time.

17152. It turns out, upon comparing the amount of the different tenders for section A and section B, and the distances covered by these two, which is known as section C, that the tenders for the whole distance was between \$100,000 and \$200,000 more than the aggregate of the separate tenders for A and B, and that if the Government had chosen to favour the combined tender, they had an opportunity to do it: did you not hear that discussed between your firm, or between Shields, Morse Nicholson and Marpole?—I have no recollection of it.

Morse & Co. would have preferred to have the two sections A and B.

17153. Were you not aware that Morse, Nicholson and Marpole were very anxious to get the whole section?—Yes; I was aware of it.

17154. That their main efforts were directed to that object?—Yes; they would have preferred the whole, I believe.

17155. Did you never hear any discussion on that subject of any attempt to influence the Government to take up the whole distance in one contract rather than two separate distances in two contracts?—No; I have no recollection of it. I don't think I was in Ottawa at the time that discussion was going on.

17156. Are you aware that any such discussion took place?—No, I am not, as a matter of fact.

17157. Were you here at the time of the awarding of the contracts?—I was here at the time the tenders were opened.

17158. That was about the 30th of January, but they were not actually awarded, as we learned from the report on the subject, until about the 20th of February?—I don't think I was here then; I am sure I was not.

17159. Did Mr. Shields remain at Ottawa after you went to Toronto?—Oh, yes; for weeks.

17160. And was he representing the interests of your firm—I mean Mr. Shields and yourself?—Yes.

17161. Do you know whether after the contract was awarded to Morse, Nicholson & Co., about the 20th of February, for section B, that they, or any one on their behalf, or on behalf of your firm, notified the Government that they would not take section B alone, but if they were to be separated they would prefer section A?—No. I was not here. I do not know what happened then.

17162. Were you here when Andrew McCormick was here?—I was here when he was here the first time. I think he was here before me and after me.

17163. Then you were not here all the time that he was here?—Oh, no.

17164. He says that he took some message of that kind and delivered it verbally to one of the Ministers, but he is not able to fix the date: do you know whether such a thing happened while you were here?—No; if it is in February I was not here, because I was at home.

17165. He does not say it was in February: his recollection is that it was in January?—I have no recollection of it.

17166. He is corrected in that matter apparently by Mr. Marpole, who thinks it was later; now, considering these statements by Marpole and McCormick, is your memory refreshed on the subject: are you able to say whether you were in Ottawa?—No; I don't know anything about it.

17167. Who was the person next yourself best acquainted with all the arrangements about becoming security for Morse, Nicholson & Co.?—In the first place do you mean?

17168. In the first place?—Mr. Shields.

17169. All the way through was he not the person best acquainted with your arrangements?—Yes; he negotiated all the arrangements with them for me.

17170. Did Mr. John J. McDonald at any time know any more about your arrangements for becoming security than Mr. Shields knew?—I am not aware that Mr. McDonald knew anything about them at all.

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Never heard it pressed on Government to give them the whole.

Shields remained in Ottawa to represent his own and Close's interest.

Knows nothing about any message sent by McCormick.

Shields negotiated all arrangements.

**Tendering—
Contract No. 43.**

17171. Is it possible that Mr. Shields could obtain from Mr. John J. McDonald any information on the subject which he, Mr. Shields, had not of his own knowledge?—In reference to Morse & Nicholson?

17172. In reference to your becoming security for this firm—No; I don't know how.

17173. Besides being interested in this tender for section B upon the part of Morse, Nicholson & Co., you also became interested with some other firm, a rival tenderer, did you not?—No; not until they were out altogether.

After Morse & Co. were out had an arrangement with Shields and Manning getting an interest in section B.

17174. Well, did you after they were out altogether?—The 6th of March I had an agreement with Shields and Manning, giving me an interest in section B.

17175. Where did that agreement take place?—In Toronto.

17176. What place in Toronto?—In Mr. Shields' office.

17177. Was Mr. Manning there?—He was.

17178. Was it reduced to writing?—It was.

17179. Have you the writing?—I have; yes.

17180. Will you produce it?—I now produce it. (Exhibit No. 243.)

Agreement drawn by Manning.

17181. Who drew up this agreement?—Mr. Manning.

17182. How long before it was drawn up did you first negotiate upon this subject?—That same day.

17183. Was that the beginning of the negotiation upon this subject that you should be interested in the Fraser-Manning contract?—No; I had some conversation with Mr. Shields before that.

17184. How long before?—Oh, perhaps a day or two before.

When Morse & Co. were in with Andrews, Jones & Co. they proposed to witness to put up some security for them but his terms were not accepted

17185. Mr. Shields was still interested with you in this matter?—No. When Morse & Co.'s own tender was drawn out, and they were going to associate themselves with Andrews, Jones & Co., they made a proposition to me, asking me if I would put up some security for them—real security—and take an interest with them. I asked them on what terms, and Mr. Morse asked me what I wanted, and I submitted my terms, and he would not agree to it, and I abandoned having anything to do with them. Mr. Shields was not interested in the matter that I know of.

Shields not interested in this.

17186. Nor jointly with you?—No.

17187. But he had become interested in the Manning Co.?—After the Morse affair fell through he associated himself, down here in Ottawa, with them, I believe.

17188. This was closed by document on the 6th of March: you were on one side of the bargain, and Shields and Manning and these other parties were on the other side of the bargain?—Yes.

17189. You are not in the same ranks with him?—No; oh, no

No arrangement with Manning, Shields & Co. until 6th March.

17190. What arrangement you had made before this was reduced to writing on the 6th of March, with Mr. Shields representing the firm of Manning, McDonald & Shields, or some other parties?—No arrangement at all. Mr. Shields said he would try and get me with them if he could, and he talked the matter with Manning, I believe, before I

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went there; but there was no arrangement as to the amount I should get, or whether I should get anything at all until after I went there that afternoon, and it was reduced to writing.

17191. What was it you proposed to get from them?—I wanted a large interest.

17192. How large?—I think I wanted one-twelfth.

Wanted one-twelfth from them.

17193. And what were you to do in compensation for this one-twelfth interest?—Well, if I got it, I was to put up my share of the security and do my proportion of the work.

17194. Was there not something else: were you not to withdraw from your proposition to be surety for Morse, Nicholson & Co.?—I had withdrawn.

17195. Had you withdrawn before that time?—Before that was written? Yes.

Had withdrawn from Andrews, Jones & Co. before agreement was written, but not before Shields and he had discussed matters.

17196. Before the time that you and Shields were discussing the share that you should have in the new firm of Manning & Co.?—Before Shields and I—no; I don't think I had before Shields and I had the conversation.

17197. But before you withdrew from becoming surety?—I never became security. Morse and I never agreed upon the basis on which I should become surety. I proposed to become surety on certain basis which Morse would not agree to.

17198. Look at this Exhibit No. 70 and see if you ever signed it?—This was the surety put in at the first, but it was not on that surety that Morse and I were negotiating then. It was, however, put up, the surety, and it was on Andrews, Jones & Co.'s tender, I believe. This was withdrawn. He was away at this time. When I signed this it was understood that Taylor Bros., the paper men, and Gooderham & Worts were to be the real sureties; that was a matter of form.

17199. That surety you understood to be only for the purpose of enabling the Government to consider the tender that was put in?—That was all; that was the only basis and it was distinctly understood.

17200. And if the Government required a larger or different security at the time the contract was awarded some other person should furnish that?—They represented that Taylor Bros., the paper men, and Gooderham & Worts, would furnish the security if they got the contract.

17201. Do you mean to say after that there was further negotiation going on with this same firm by which you should become one of the subsequent securities if they got the contract?—Yes.

17202. But you withdrew before you and Shields made any bargain about your interest of one-twelfth or one twenty-fourth in the new firm?—Not before Shields and I had a talk about it, but before that document was written.

17203. I want if I can to get the evidence upon the time when you and Shields discussed the probability of your retiring from your suretyship for Morse, Nicholson & Co., and on what terms you should do so?—About the 5th I should fancy—the 4th or 5th. What day of the week it would be on I cannot state.

17204. Do you not know what day of the week?—No; I do not.

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17205. Well, that will not be material. Was this the state of affairs before you made this arrangement upon the 6th of March with Manning: that upon some previous occasion, a short time before it, you had the choice of two alternatives, either to become surety for Morse, Nicholson & Co., upon terms which you and they were discussing, or to drop them and to become interested with Shields in his new firm: had you those alternatives before you?—No; not at the same time.

17206. Well, which did you abandon first?—I abandoned the Morse & Nicholson thing, but Morse wanted me to put up a certain amount of security. I went to a friend and asked him about it, as they wanted me to put up some security. I think they were short some \$50,000 or \$60,000. He would let me know whether he would go in for a certain portion. They got A. M. Smith & Co. to go in for a certain portion of it. Then they said if I would go in they could manage it. They asked if I should go in, on what basis I would go. We talked that over and disagreed on it, and I refused to become security.

When witness proposed conditions to Morse the latter said he would throw the whole thing up—whereupon witness left, telling Morse to think the matter over.

17207. Did you not keep him in doubt whether you should remain or become security for him until after you had arranged to go in with Shields, McDonald & Co.?—When I made the proposition of what I wanted with him, if I went the security, he said he would throw the whole thing up. I said very well, you can think the matter over, and I left.

17208. When you told him to think the matter over and left, did you not think he might possibly come to your terms?—Yes.

17209. And if he did you might remain security for him?—He did not come to my terms.

17210. Did you come back after that?—I did.

Before concluding with Shields went back and gave Morse a chance.

17211. Before you decided to go in with Shields?—Yes; before I concluded with Shields I came back and gave him a chance.

17212. Had you and Shields come to a verbal understanding before you decided you would not support Morse?—So far as Shields was concerned, he wished to give me an interest, but there was no understanding at all with Mr. Manning.

17213. Had you and Mr. Shields come to an understanding, as far as Mr. Shields was concerned himself?—It would give me an interest in their firm if he could accomplish it.

17214. Having the probability of that in view you decided?—No; I would still, if Mr. Morse had accepted my proposition, have went in, because I was not committed to Shields in any way. I had no certainty I would get into their firm, and when I came back, if Morse had agreed to my proposition, I would have become his security.

Morse & Co. declined to accept his terms before he decided to go in with Shields.

17215. Do we understand that you state in your evidence that the ending of the negotiations with Morse & Co. was upon their part: that they declined to accept your terms?—They declined to accept my terms.

17216. And before you decided to go in with Shields?—Yes.

17217. Is that the substance of your evidence?—Yes; that is it.

In the agreement with Shields stipulated that witness shall not be security for Morse & Co.

17218. How is it, if you had before this agreement with Shields ended all negotiations on the subject of your becoming security for Morse, Nicholson & Co., that you put these words in your bargain with Manning & Shields: "and believing that it will be in the interest of all the parties

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with whom we are associated in said contract, that the said P. G. Close shall not be security for said Morse & Co." Now, that speaks on the 6th March, of a future possibility that you shall be security; it does not state here that you had already given up the arrangement for being security?—Morse & Co., up to that time, had never given up the hope. They were still trying to obtain the contract.

17219. But their trying to obtain the contract does not affect the question of your being security?—I suppose that was worded if they came back to me again that I would not make any new negotiations to go into the security. You see Morse & Co., until after that date, had the idea that if they put up money they would get the contract, and it was worded that way I suppose. If they came to me I would not become their security.

Agreement worded to meet the possibility of Morse & Co. coming back to him again.

17220. There is another matter in this same agreement of the 6th March which requires explanation. It is this: the wording toward the end is in this language: "He," meaning yourself, "shall have a one-twenty-fourth part in same contract if the same is awarded to Fraser & Co., or that it comes to our tender, the said Close to bear his share of the security, and to do his portion of the work;" now that speaks of the decision respecting the disposal of the contract being ascertained at a future time, while as a matter of fact the contract had been awarded on the 5th March: how do you explain this feature in your agreement?—Well, I really don't know; Mr. Manning worded the agreement.

17221. Do you remember how soon after the contract was awarded you became aware that it was awarded?—On Saturday, I think, because I came down Saturday night. I may have known before that. I know that we came down Saturday night, but I don't know when I heard it. I may have heard it on Friday, but I don't know. I know we came down on the following Saturday night whatever date that was on.

17222. One of the firm of Morse, Nicholson & Co. has said, in substance, that you led them to remain in doubt as to whether you would be a surety for them or not until after the last hour had passed, and then it was ascertained that you were interested with this rival firm: what do you say on the subject?—I led them to remain in town?

17223. In doubt?—Well, it is just what I say. I made a proposition which Morse would not agree to, and I left them.

Witness made a proposition which Morse would not agree to.

17224. Did you leave him in doubt on the main question, whether you would be surety for him?—He knew that unless he came to my terms I would not be surety, which he would not do, and I left him to think the matter over.

17225. Was the hour up for putting up the security before you went back to him to ascertain whether he would come to your terms?—I think the hour for putting up security was passed before that. I think the hour for putting up the security was passed the day before he made negotiations, but they still thought that if they had the money and came down they would be able to get the contract. Of course I am not now speaking positively, but I think the time was past for putting up the security before the negotiations with Morse commenced.

Morse & Co. seeking to put up security in hope of getting an extension of time from the Government.

17226. Is it to your recollection that they were attempting to put up the security in the hope they would get an extension from the Government?—That is it. But as a matter of fact, I believe their time

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Morse & Co.'s time had expired before negotiations with witness, but they still had hope of getting time extended.

Thinks Morse & Co. had put up \$150,000.

had expired before Mr. Morse and I had the negotiations, and it was only in the hope of getting the time extended to put up security that they would get the contract. That is my recollection of it—that the time was really past; but they still had the hope to get the contract.

17227. Do you remember how much security had been put up on the part of Morse, Nicholson & Co. at the time that you differed with them about your becoming security for some of the balance?—I think from their statement that they had put up \$150,000, and they were trying to make up this \$50,000 the day I speak of.

17228. With whom had they acted in getting up the last \$50,000 of that \$150,000?—Well, they had been with a good many parties.

A. M. Smith putting up a portion of security.

17229. Did you know with whom they had finally arranged for that \$50,000?—I think A. M. Smith was putting up a portion of it.

17230. Do you know whether Mr. Shanly was connected with it?—That security?

17231. Yes?—I don't know whether he was. I know they had tried a good many people. Mr. Shanly may have been applied to, but I am not aware of it.

Alleged improper influence.

Took part in no negotiations with any Minister of the Crown with reference to either contracts A or B or of the whole work C.

17232. Did you take part at any time in any negotiations with any Minister of the Crown or any Member of Parliament on the subject of either of A, B or C?—No.

17233. Are you aware of any Minister of the Crown or any Member of Parliament being interested in the results of any of these contracts?—No.

17234. Directly nor indirectly?—Neither directly nor indirectly that I am aware of.

17235. Do you know if any person in the employ of the Government, or any person in any of the Departments was interested?—No.

17236. Do you know of any of them giving any information to parties tendering?—I never get any information.

17237. Do you know of any of them giving information to any one else?—No; I do not.

17238. Did you, at any time, have any negotiations with any of the original firm of Andrews, Jones & Co.?—I never saw any of them in my life to my knowledge.

17239. Is there any other matter connected with this contract for section B which you can explain besides those matters which I have asked you about?—No; I don't know of any other matter.

17240. Were you interested in any other matter connected with the Canadian Pacific Railway?—No.

17241. Is there any other information on the subject of the Canadian Pacific Railway upon which you can give us information?—No; I don't think there is.

17242. Did you, as one of the original sureties for Morse, Nicholson & Co., learn the reason that they refused to carry out their tender for section B?—No; I don't know why they did not carry it out. I was not here when they threw it up.

17243. Were you down in Ottawa at the time the tenders were opened—I mean the last day for receiving them: the 30th of January?—I think I was.

17244. Do you remember how long you remained here upon that occasion?—I think about two weeks. I am not exactly sure of the time.

17245. Is there any other matter connected with the Pacific Railway upon which you can give us information?—No; I don't think there is. I don't know of anything.

Contract No. 22.
Alleged improper influence.
Was in Ottawa when tenders were opened.

FREDERICK FAIRMAN, sworn and examined:

By the Chairman:—

17246. Where do you live?—Montreal.

17247. What is your occupation?—Merchant.

17248. What class of goods do you deal in?—Railway supplies principally.

17249. Have you had any interest in any transactions connected with the Canadian Pacific Railway?—I have.

17250. What was the earliest?—I don't remember the date. It was the letting in connection with the first rail contract that was let by the Government.

First connection with the Canadian Pacific Railway the first rail contract let by the Government.

17251. Was the work let by public competition?—Yes.

17252. Do you remember about the time named for receiving tenders by the first advertisement?—I cannot remember dates. I hardly remember the year I was born in—dates or figures.

17253. Do you remember the circumstance that tenders were invited by two advertisements?—Yes.

17254. Do you remember about the time that elapsed between the appearance of the first advertisement and the time named in that advertisement for receiving the tenders?—No.

17255. Do you remember whether it was considered a long or a short time for the purpose of inviting tenders?—It was considered too short a time—that is, the first advertisement. At least, I considered it so.

Time given in advertisement for putting in tenders considered too short.

17256. Did you make any representations upon that subject to the Government?—No; I knew that other parties had done so.

17257. Other parties in the same business as yourself?—Yes; that intended to tender. I heard so, at least.

17258. Were these persons in business in Montreal?—Yes.

17259. Why did it require, in your opinion, a longer time than was given by the advertisement?—Well, it required time to make arrangements on the other side. It was hardly possible to give full particulars in England, to get out quotations and figures and so on, in the short date which was given.

17260. When you say the other side, do you mean the United States, or the other side of the Atlantic?—The other side of the Atlantic.

**Purchase of
Rails.**

England the
principal source
of supply.

17261. Where is the principal source of supply for such articles?—England.

17262. Does the United States compete at all with England in this respect?—Very rarely in this country.

17263. Did you make any tender within the time first named by the advertisement yourself, or your firm?—I think not.

17264. Were you arranging to make a tender under the first advertisement?—Yes.

17265. You would not have been able to make a tender unless it was extended?—I think so. I spent a good deal of money in cables. I spent in the first cables over \$50, in sending it over, and I spent over \$100 in cables immediately. I saw that was the only way the thing could be done.

17266. Did your firm depend upon the English supply in order to fill any tender which you would make?—Yes; we did not intend— We were acting with parties we represented on the other side.

17267. You mean in England?—Yes; in all cases in England.

17268. Before this advertisement for tenders, had you made any contract with any other party or Government for the supply of rails?—Not any large contract that I remember of.

17269. Had you, before you put in the tender, undertaken to supply any other party with rails?—It is very hard to remember that. We have been in the habit of importing rails for a number of years. There was no very large transactions that I remember of up to that date, but there was always more or less doing in the way of tram rails and light rails for branch roads, in some of those small quantities.

17270. Would they be rails of similar character to those which you supplied the Pacific Railway?—No; they would be lighter rails, in iron.

17271. Not steel rails?—Not in all cases, some steel.

17272. Was it understood in the trade before this advertisement appeared that such things would be probably wanted by the Government for the Pacific Railway?—Oh, yes, I think so. It was a public matter of public notoriety, at least known to the public, that this Canadian Pacific Railway had to be built, and it was also known that they must have rails; that might have been known a year before.

17273. In view of the wants for the Pacific Railway had you been taking any steps to procure rails before the advertisement?—Yes; nearly a year before—some considerable time before. I think it was nearly a year. When I was in England, knowing that this might come up, I had made arrangements then that in case it ever did come up we could handle it not only relative to this trade, but to the whole trade of the Dominion.

17274. Had you, in view of the probable want of these rails, about the time of this advertisement, made any efforts to obtain rails in this country?—No; I do not know that I understand that question fully.

17275. Had you, in view of the probable want of steel rails for the Canadian Pacific Railway, made any attempts, about the period of this advertisement, but before it was published, to obtain rails in this country?—There was no possibility of obtaining them in this country.

Before this Government advertisement had no contract of importance with any other party for supply of rails.

For nearly a year before advertisement appeared had made arrangements so as to be able to handle the supplying of steel rails whenever they should be required.

**Purchase of
Rails.**

17276. Were you aware that the Bank of Montreal had any lien upon any?—No.

17277. Did you take no part in any effort to obtain any rails which were hypothecated to the Bank of Montreal?—Not that I remember of.

Does not remember trying to obtain rails hypothecated to Bank of Montreal.

17278. Do you know whether they had a claim upon any rails belonging to any other railway in this country?—You mean at that time?

17279. About that time?—I don't remember that.

17280. In case it was necessary or desirable to get a considerable competition for the supply of rails, what would be a reasonable time, in your opinion, to permit of necessary communications between this country and England?—Well, thirty days.

Thirty days a reasonable time for correspondence with England in order to have competing tenders.

17281. Have you ever considered this question: whether a larger or stronger competition could be obtained by advertising for rails in this country or in England?—I never considered it.

17282. Are you able now to give any opinion on the subject?—I think that we can get as much competition—in fact there is as much competition—here as there could possibly be on the other side. At the present time I am negotiating for rails, and there is a good deal more competition than I like—there is both in the United States and here as well.

Competition, as a result of advertising only in Canada, and advertising in England.

17283. Why don't you like all the competition that can be had?—That is all very well, but the more competitors the less your chances of getting it are.

17284. Don't you think it is a good thing for the public to get them as low as possible?—Yes, I do; if they get a good article.

17285. Is it because it makes more competition than traders find beneficial that you think it is not desirable to advertise in England?—In advertising in England, the usual course in England with makers is to do all this work with brokers in London; and, of course, these brokers tender themselves. It is not very often that these people tender direct. They very often tender through London houses, where they have agencies, and even from this side we can always get as good figures from the maker. They will recognize intermediate men here as well as they will in London.

Makers generally work through brokers in London, and will recognize intermediate men in Canada as well as in England.

17286. Upon the main question which I have asked, do you say that it is better for the purchasers of rails not to advertise in England?—Well, that is a very hard question to answer.

17287. What is your opinion upon that in the interest, at present, of the purchasers?—Well, I think their chances would be just as good in this country. I know that parties who have been tendering for rails now for the North Shore road, we competed there against several London houses. The order was known to be open in London, and we competed on this side, and we carried the order; but our prices were less than London prices.

Thinks the interest of purchaser as well secured by advertising in Canada as in England.

17288. Was that advertised in England?—Not advertised, but it was known in the trade over there about there months.

17289. You carried it, but it was not advertised in England?—Yes.

17290. Have you any reason to know that the result would have been the same if it had been advertised in England?—It was thoroughly

**Purchase of
Rails.**

known in England. It was known that one of the largest houses in London, Naylor, Benzon & Co., were competing against us, so that it was well known in London, England, that this offer was up.

17291. Do you say, as a matter of present opinion, that a purchaser in Canada would be likely to get a large quantity of rails at as low a price by advertising only in Canada as by advertising also in England?—Yes, I am satisfied; in fact I know that has been the case.

17292. Are there agents in Canada for the principal rail supplying houses in England?—Yes, several of them.

**Agents in Canada
for some of the
largest makers in
England.**

17293. Are there for all the principal ones?—Well, I may say not all the principal ones, but there are agents here for a number of the very largest there are in England.

17294. Don't you think that a purchaser would get a lower price by letting all the principal houses know of the demand?—No, Sir; the tendency of putting the thing before the whole of the makers in England is to advance the price.

17295. How do you account for that?—It gives them an idea that there are more rails wanted than there really is—more enquiry.

17296. Would they get that idea if the exact quantity required were made known?—Well, if it came only through one source they might not get the idea; but when, as it is often the case, it comes from different sources, they would naturally get the idea that there is more required.

17297. If the source from which the demand is made were published, as well as the quantity required, would that information have the effect of raising the price in the country where the rails are made?—It would have the tendency; yes.

**Market may be
stiffened by
advertising.**

17298. How do you account for that?—Well, if there is a large amount it certainly would have the tendency of stiffening the market.

17299. Then do you think that the best plan for obtaining a low price is not to make the want known to many persons dealing in the article?—That is put by the way of a tender. Put in the way of an offer, yes; if by tender I don't know but it might act differently.

17300. If it were put in the way of a tender how do you think it would act?—Would you mind putting that question again?

**An instance
given.**

17301. If it were put in the way of a tender how do you think it would act: you have just said if it were put in the way of an offer it would act in one way, but in the way of a tender it might act in another way?—It might act differently. But I do not know; but from my experience in importing rails I have been enabled to compete against quotations from England, and every time or nearly every time carried the order against them. At the present time Mr. Hickson is in England; and he has issued a private note to all makers in England, asking the prices of rails at a quantity delivered in Montreal. That is, I understand he has. I learned that he is; and I am prepared to take the price that he has got, and I can make a good profit on it. I can sell them less than the figures he has got. That will give you an idea probably of what you are asking.

17302. Do you mean that other persons in the same trade in Montreal could do this and compete successfully against the direct offers

Purchase of
Nails.

in England?—I do not know what other people can do, but I know what we have done. I think that they have done the same. That latter part of it is mere guess work on my part. I do not think it ought to be considered evidence. I don't call to mind any transaction just now, but I suppose they can do as well as we can.

17303. Do you mean that the articles can be furnished at lower prices than they have been offered to be furnished in England, at the time that you are naming; that they are in effect asking more profit than is necessary, and consequently the prices are not reduced as low as they ought to be?—No; that is not it. I merely gave the facts, and I have to leave other people to judge how it is so. There is the fact in connection with the case; I give two points.

17304. I understand you to say that these offers made to the Government, or to any other purchaser, as a rule, are made through brokers in England?—Generally.

17305. Is it not a custom in such matters that the brokers should get a percentage upon the amount of the sale?—Yes.

17306. Do you know about the general rate that brokers get upon such transactions?—Well, sometimes they make special bargains, generally from one half to one per cent.

Brokers get a percentage on sale, generally from $\frac{1}{2}$ to 1 per cent.

17307. Does the same practice obtain in this country that transactions of that sort are managed through brokers upon a percentage?—Yes.

17308. Do you think that the manufacturing houses for these articles supply them to their brokers in Canada at a lower rate than they do to their brokers in England?—They might in some cases. That is a question that is very hard to answer without telling you the *modus operandi* in which I enter in all the transactions, and I do not care to let other people (my competitors) know how we do it.

In some cases makers might sell to Canadian brokers cheaper than to English brokers.

17309. We do not wish to enquire into that. In fact I have been asking my questions rather with a view to avoid it if possible; therefore I have asked you as to the general practice and not your own?—The general practice is to allow a commission of one-half to one per cent.

17310. Are you aware whether it has been the practice of manufacturing houses in England to furnish those articles at a lower price to Canadian agents, I don't mean any particular house, than to their English brokering agents?—Well, I can answer and explain that to you, but I don't think that the Government have anything to do with it. If the reporters will not take down what I state relative to it, if you don't mind accepting it in that way, I will explain it to you in three words, but I cannot do it in any other way.

17311. I suppose from what you have said that it would be a great advantage to the seller to know the probable amount that would be required altogether by the purchaser, so that in making offers it would be possible to throw off a percentage, and still, upon the aggregate transaction, make as large a profit: in other words, is it not likely that a person who knew that a purchaser desired a large quantity of any material would be able to give a lower price than a person who would suppose it was only a small quantity which was required?—That would depend altogether upon the state of the market.

**Purchase of
rails.**

17312. Is not the system of selling these articles by the manufacturing houses, that as a rule they do it through brokers who get the percentage?—Yes.

A broker will take a lower percentage on a large transaction than on a small.

17313. Is it not a temptation to a broker to lose part of his percentage upon a large transaction so that he might still make as much profit as he would by getting his whole percentage upon a smaller transaction?—Yes.

Therefore material that persons tendering should know the whole amount required.

17314. Then is it not a material matter to persons tendering to know probably the whole amount that would be required?—Yes.

17315. Is it not likely that an order for a large quantity will bring, for that reason, a lower price than for a smaller quantity: that the broker or agent may be tempted to throw off part of the commission?—Yes, provided he wanted to adopt that course.

17316. Is it not the practice, in all these transactions, that a large order will bring a smaller price?—It is not customary. If a man cannot get one per cent. he had better leave the transaction alone. There is too much responsibility and risk connected with it. One per cent. is the usual thing.

Witness's firm had no means of knowing what quantities would be required.

17317. Had you any means of knowing, yourself or your firm, at this time, the probable amount which would be required by the Government?—No.

17318. Had you no means of knowing except by what appeared in the advertisement?—No; no means.

17319. Had you no information from any one connected with any of the Departments as to the probable requirements of the Government?—No; I did not know a man in the Department.

17320. Did you learn indirectly through any one else?—No.

17321. Do you remember whether your firm made more than one tender after this advertisement for rails?—I think we did.

17322. Among the tenders filed in the Department is one signed by your firm, Cooper, Fairman & Co, for rails delivered f.o.b. at Liverpool: do you remember whether that was made entirely on your own behalf, or were you then representing some other establishment in this offer?—I do not remember.

Does not remember whether they represented themselves as agents to the Government.

17323. I do not wish to enquire into your private arrangements, but did you represent yourselves to be agents to the Government?—Well, if we did we said so on the tender, I fancy. It is very hard to remember these things it is so long ago. It is five or six years ago.

**Purchase and
Transportation of
Rails.**

17324. There is another tender in your own name in answer to this advertisement for delivery at Duluth or Thunder Bay, suggesting also that you would tender for delivery at French River, at a reduction of 2s. a ton, this is signed by your own firm, not ostensibly as agents for any other company: do you remember whether you represented yourselves in this matter to be agents for any other company?—I think we were for another company for that.

17325. Do you mean that you represented yourselves to be agents?—Well, really I could not remember.

Tender put in on behalf of Mersey Iron and Steel Co. of Liverpool.

17326. There is a third tender signed in this way: "The Mersey Iron and Steel Co. of Liverpool, per Cooper, Fairman & Co., Agents,

**Purchase and
Transportation of Rails.**

Montreal," this is for 5,000 to 10,000 tons of Bessemer steel rails delivered at Montreal, that being the only point named in the advertisement for delivery; in this matter I understand that you represented yourselves to be agents for another company?—Yes.

17327. Not dealing entirely on your own behalf: can you say now whether, as a matter of fact, at the time of your signing this tender in the name of the Mersey Steel and Iron Co., you were authorized to act for them in this matter?—We were authorized by them.

17328. Do you say you were authorized?—Yes.

17329. Then this transaction was between the Mersey Steel and Iron Co. on the one part, and the Government on the other part?—Yes.

17330. Accomplished through you as their agents?—Yes.

17331. Do you know whether you had any written authority from them?—I don't know as we had written authority; we had communications by cable.

17332. Do you remember where these tenders were made up and finally signed?—I do not.

Does not remember where tender was made up and signed.

17333. The envelopes in which they have apparently been enclosed do not appear to have gone through the post office: would that refresh your memory as to where they were made up?—No; most of those tenders we usually figure them up in Montreal, and then where there is anything very important we bring it up ourselves and put it into the Department, so as there shall be no going astray or mistakes. We make a habit of doing that.

17334. Just look at the original tender for delivery at Liverpool and say in whose handwriting it is?—It is mine.

17335. Look at the envelope attached to it and say in whose handwriting that address is?—It is mine.

17336. Can you say how that reached the office of the Department of Public Works?—I do not know, unless I took it myself.

17337. Do you remember whether you took it yourself?—I don't remember. I think it is very probable I did take it.

Thinks he took tender to office of Department himself.

17338. Were you up at Ottawa about the time that these tenders were put in, do you remember?—Yes.

17339. Did you have any communication upon the subject before they were put in, with any one in the Department?—No. Well, I might correct that. I may have asked questions relative to the requirements of the tenders from the Department.

17340. To whom did you ask those questions?—I don't remember from whom. I think Mr. Trudeau, though, was the party I got the information from.

Before putting in tenders asked for information from Mr. Trudeau.

17341. Did you have conversations with Mr. Buckingham on the subject?—I did not. I did not know Mr. Buckingham.

17342. Was there any person else at Ottawa about that time representing your firm?—I think not.

17343. Having seen those original tenders, can you say now whether you were authorized by the Mersey Co. to make this tender on

**Purchase of
Rails.**

Produces no authority from Mersey Steel and Iron Co., to tender in their name.

their behalf?—I think that other letter would bear that out. In their private letter enclosed with the tender they give all those particulars to us.

17344. Will you please read from the letter to which you allude that portion which authorizes you to make this tender?—It is not alone this letter that I would rely upon for my authority. We had correspondence, and we had cables passing, a good many of them, relative to this whole subject. I got my figures and prices from them, and all the particulars connected with it.

17345. Is there any portion of that letter which you consider authorized you to tender in their name?—Well, in this letter I don't know that there is any. It says: "Should your friends place their order with us, you may rely upon us giving it our careful attention. Yours truly, The Mersey Steel and Iron Co." This is only an extract from letters we had in connection with it, not a whole letter.

17346. Who did they allude to when they say "your friends"?—Well, I suppose that the parties with whom we were negotiating; we told them that they knew the whole circumstance of the tenders being out. It is the customary phrase in addressing commercial correspondence.

17347. In this tender in the name of the Mersey Co. you included an item for bolts, did you not?—Yes.

17348. Was that authorized by the company?—No; it was not.

17349. Do you say now that your tender was made under the authority of the company?—Yes, as far as steel rails and fish-plates are concerned.

17350. Then you mean that a portion of it was authorized, and a portion was unauthorized?—Yes; I mean that the portion with regard to the steel rails and fish-plates was authorized, but the portion relative to bolts was not. We assumed the position.

17351. Did you say that some time before this, in November, 1874, when the advertisements appeared asking for tenders, that in the trade it had been understood that a large quantity of steel rails would be required?—Well, I think that any one reading the papers could come to no other conclusion. I didn't go outside of the trade to make my enquiries. I drew my own inferences from the fact of the Act being passed, and that the railroad had to be constructed.

17352. Then, was it from matters of public notoriety that you drew your inference that a large quantity of rails would be required about that time?—Not about that time; but sooner or later a large quantity would be required.

17353. Was the time at which they would be required a material matter in your consideration of the subject?—I had no idea when they would be required.

17354. But would not the probability of the time when they would be required be a material matter for your consideration—I mean in deciding whether any steps should be taken for arranging for such supplies with people on the other side of the Atlantic?—Of course it is important that I would have to know the time, because if I did not I would not be prepared to be able to make any bids.

The item of bolts included in tender in the name of the Mersey Iron and Steel Co. not there by the authority of that firm.

A portion of tender authorized and a portion unauthorized. No authority to tender in name of Mersey Co. for bolts and nuts.

**Purchase of
Rails—
Contract No. 8.**

Important to intending tenderers that the time when steel rails would be purchased should be known, but he had only a general idea.

**Purchase of
Rails—
Contract No. 8.**

17355. Do you remember whether, as a matter of fact, you did get any information as to the time when these rails would be required?—No; I had no idea more than a general idea.

17356. Do you remember whether, as a matter of fact, before this advertisement appeared you had been preparing to get such a supply in case of any invitation for tenders?—I had been preparing for nearly a year before, when I was in England, to do that kind of business.

He had however for a year before been preparing to get a supply when tenders should be invited.

17357. Had you made any arrangements as to the price?—No.

17358. Could you say about what time you began to make enquiries as to the price?—About a year before the tenders were out—not with regard to prices. I made no enquiries relating to price.

17359. I mean about prices?—I made no enquiry about prices until the time that the advertisements appeared in Montreal.

Made no enquiry as to prices until advertisement appeared in Montreal.

17360. Do you remember about the date at which your tender, or rather the tender of the Mersey Co., was accepted by the Government?—No; I don't remember.

17361. Do you remember writing a letter about the 4th of December, 1874, stating that you were leaving for England, and that before going you would like to know if the delivery of the rails would be accepted at particular points, so that you might be able to reduce the pressure on the Montreal freight market, by sending a portion *via* New York?—I don't remember the matter.

Recognizes his own writing in letter of 4th December asking whether delivery of rails would be accepted at different points.

17362. Will you please look at this letter of December 4th and see whose writing it is?—I wrote it.

17363. Who took part principally in those negotiations between your firm and the Government?—I did.

17364. It appears from the Return to Parliament that two days before this the Government had notified you that the Mersey Co.'s tender was accepted, and articles of agreement were enclosed with that notification for the purpose of having them executed: were these articles of agreement executed?—Yes, I fancy so.

Two days before Government notified witness that the Mersey Co.'s tender had been accepted and enclosed articles of agreement.

17365. In the shape in which they were sent?—I don't remember that. I know that articles were executed with the Government.

17366. Don't you know that a portion of the agreement was struck out—that portion relating to bolts?—The bolts were struck out; yes.

The part of agreement relating to bolts struck out, the Mersey Co. repudiating it.

17367. How did you become aware that the Mersey Co. repudiated the transaction as far as the bolts were concerned?—I was there.

17368. Where?—In England.

17369. Did you endeavour to get the articles executed by them as they were sent to you by the Government, or was it on your own suggestion that they might leave out the bolts?—No; I wanted them to execute it as it was sent from the Government, if I remember rightly; but they claimed that they did not make bolts, and consequently they would not execute that portion.

17370. Did they execute it then at that time, upon that occasion, with this particular portion struck out, or was it sent back to the Government for their approval, to know if the Government would accept it with that portion struck out?—I do not know.

**Purchase of
Rails—
Contract No. 8.**

Witness took
articles of agree-
ment with him.

17371. Who had charge of the articles of agreement after they were sent to you up to the time that they were executed?—They were sent direct to the Mersey people from us, or I took them, I don't remember which. I suppose, probably, I took them over with me. I may have done so.

17372. I mean this: by whose authority was it decided that the articles might be executed in the altered shape; that is, only for part of what was covered by the tender?—That is, the articles of agreement?

Does not know by
what authority
the mutilated
agreement was
signed.

17373. The articles of agreement?—I suppose they must have submitted the matter back to the Government here. I do not know. All I know is that they did not execute it. That is, they would not sign it with that in.

17374. Were you present at the time that this was discussed with the Mersey Co.?—I think I was. No; I was not present at the Board meeting. But the President told me that they had decided that they would not execute the order for bolts.

17375. Do you know whether there was any consent on the part of the Government that they would accept the contract in its altered shape instead of the shape in which they originally forwarded it?—I don't know.

17376. Then, if that was executed in the altered shape, as far as you know, there was no authority by the Government that it might be so executed?—I do not know.

17377. In making those tenders which I have shown to you in the name of Cooper, Fairman & Co., who were the individuals interested in the tender?—The individuals of the firm?

17378. Yes?—Well, I can answer, of course; but is it necessary to go into all that old matter? It has been had over half-a-dozen of times.

17379. We think it necessary, Mr. Fairman. I think it is necessary for you to state who the individuals were who proposed to deal with the Government, because this is a formal proposition by several individuals, not in their own names, but in the name of a firm?—In other words, you want to know who were the members of the firm?

The members of
the firm making
the above tenders
were James
Cooper, Charles
Mackenzie and
witness.

17380. Those were the words I made use of, possibly?—The members of the firm at that date were James Cooper, myself, and Charles Mackenzie.

17381. In this first contract which is spoken of as the Mersey Co.'s contract your firm appeared to be only agents in tendering, but I understand from what you say now that you were not agents so far as the bolts and nuts, but only so far as the rails were concerned?—The rails and fish-plates.

Not agent for
Mersey Co.
in tendering for
bolts and nuts.

17382. As to the bolts and nuts you were not the agents of the Mersey Steel and Iron Co.?—I said before that I assumed that additional authority.

17383. You said yes to my question: did you mean that you were not their agents?—No; we were their agents for their manufactures. They manufactured rails and fish-plates, but we were not their agents for anything that they did not manufacture, and they did not manufacture bolts.

**Purchase of
Rails—
Contract No. 8.**

17384. This tender of the Mersey Steel and Iron Co. was the first of those which were made through your firm which was accepted, was it not?—I don't understand that question.

17385. You made several offers, did you not, upon the subject of rails and nuts and bolts to the Government, either in your own name or as agent for some other company?—No; those were the only tenders I ever put in.

Tenders put in by Cooper, Fairman & Co.

17386. These (holding up some documents)?—Yes; that you have in your hand.

17387. How many do you mean?—I think there are three there—different forms. (Looking at the tenders): This is the tender f. o. b. in our name, Cooper, Fairman & Co.; there is a tender in our name again for delivery at different points in the west; then we tender as agents of the Mersey Steel and Iron Co.; that is all relating to the same tender, and it is all relating to the same enquiry that the Government put forth at that date.

(1) Tender f. o. b. in name of Cooper, Fairman & Co.
(2) Tender in same name for different points.
(3) Tender in name of Mersey Steel and Iron Co.

17388. Do you understand that they are distinct offers or not?—Yes; they are distinct offers.

17389. And of all these distinct offers the only one that was accepted was that of the Mersey Co., was it not?—Yes; the Mersey Co.'s was the one that was principally accepted.

Of these tenders that in the name of the Mersey Steel and Iron Co. the only one accepted.

17390. For what quantity of rails was that accepted?—For 10,000 tons I think it was.

Thinks it was for 10,000 tons.

17391. At the time of putting in your tender had you any reason to suppose that more than 5,000 tons would be offered to any one contractor?—I don't think I had. The Government only called for 5,000, and in my tenders I put in 5,000—five or ten; "five to ten" it reads.

The Government only called for 5,000 tons.

17392. Is there any other matter connected with this Mersey Steel and Iron Co.'s contract which you wish to explain?—I do not know of any other.

17393. Do you remember which was the next contract in which you were interested, I mean on the part of the Canadian Pacific Railway?—No; I could not remember from memory at all.

17394. Were you interested in a contract with the West Cumberland Iron and Steel Co.?—I do not think we were.

17395. Nor with the contract with Guest & Co.?—No.

17396. Nor with the contract with the Ebbw Vale Steel and Iron Co.?—No.

17397. Were you interested in the one with Naylor, Benzon & Co.?—Yes.

Contract No. 11.
Interested in contract with Naylor, Benzon & Co.

17398. Did that arise out of any offer made at the time that the tenders were asked for by advertisement?—Well, I don't think I can answer that; that is, I mean I don't know.

17399. Do you remember the negotiations, which led to the contract with Naylor Benzon & Co., being effected through you as their agent or on your own account?—Yes; of course I remember. There was such a transaction, but I could not, without refreshing my memory by some documents, enter into the particulars of it.

**Purchase of
Rails—****Contract No. 8.**

How Mersey Co. supplied 20,000 tons, the Government originally asking for only 5,000 tons.

17400. (Handing witness a Parliamentary Return): Do you remember how it was brought about that the contract with the Mersey Steel and Iron Co. was for 20,000 tons of steel rails instead of the 5,000 or 10,000, which were mentioned in their tender?—I think that Government asked if the Mersey Co. would accept another 10,000 tons.

17401. Was that through negotiations of your firm?—Yes.

17402. Who made the proposition?—The Department. I think it was Mr. Trudeau or Mr. Braun.

17403. Did your firm make any proposition to the Department that this quantity should be increased?—I think not.

17404. The proposal came from the Government as far as you remember?—As far as I can remember.

Contract No. 11.

How contract with Naylor & Benzon was brought about.

17405. Are you able to say now, after looking at this printed report, how the contract with Naylor Benzon & Co. was brought about?—Well, it was Mr. Cooper. I see his name in the correspondence in connection with this. I would suppose from his letter that he had received an offer from the other side, that he submitted.

17406. You think it was Mr. Cooper who wrote that letter?—It is signed James Cooper.

17407. This is the original letter dated 29th of December (handing a letter to witness): is that Mr. Cooper's writing?—Yes.

17408. Looking at that letter, do you remember any of the circumstances?—The offer must have come through me, I was there in Liverpool.

17409. Do you remember what the offer was which you communicated to your Montreal firm for the purpose of being forwarded to the Government?—I do not remember; only what he says here, £10 10s. I suppose that was probably the amount.

17410. That offer was not accepted, was it?—Well, I don't remember that.

17411. Do you remember sending a telegraph message to your firm—about the beginning of January, 1875, to the effect that the Mersey Co. had signed for delivery at Montreal only, and referring to additional 10,000 tons required to be delivered at Liverpool?—I don't remember such a telegram, Sir.

**Transportation
of Rails, B.C.—
Contract No. 17.**

Cooper & Fairman (January, 1875) write to Minister of Public Works, offering to carry rails to Vancouver Island at £2 per ton.

17412. There is a letter reported, dated on the 4th of January, 1875, from Cooper, Fairman & Co., for the Mersey Steel and Iron Co., and directed to the Minister of Public Works, suggesting that to facilitate matters, the firm will be glad to have his instructions with reference to this quantity required at Liverpool, and the delivery of it at Vancouver Island; and that freight could be secured at £2 per ton, although £2 10s. had been asked: do you remember any of that matter being dealt with by you in England?—I remember only the question of the freights.

17413. What do you remember about that?—The freight was to be £2. The first enquiry was £2 10s., but we finally succeeded in getting it at £2.

Anderson, Anderson & Co. shippers.

17414. With whom?—I think it was Anderson, Anderson & Co., some firm in London, shippers.

17415. In getting the price for this freight, were you acting on behalf of the Government or on behalf of Anderson, Anderson & Co?—Well, I merely acted as a go-between.

17416. In whose interest?—In the interest of Anderson, Anderson & Co.

17417. Then if you were acting in their interest your object would be to get as much freight as possible, and as high a price as possible?—Yes.

17418. Was it ever understood that you were acting for the Government during this communication?—Yes.

17419. Your firm makes use of this language: "We can probably secure freight at £2 per ton:" do you think your firm meant by that, that acting in the interest of Anderson, Anderson & Co. they could secure freight at £2 per ton, which was lower than £2 10s: was that acting, or did you understand it to be acting in the interest of the Government to get it as low as possible?—Of course I was desirous not to pay more than was necessary in connection with the matter, and if I understand right there was some counter proposition from this side that they would take a certain quantity of rails if the freights could be arranged at some certain figure, and I may have had an interest in it in that way. This was a good while ago, and it is very hard to remember the reasons that prompted me to this.

Transportation of Rails, B.C.—Contract No. 17.
Witness acted as a go-between in the interest of Anderson, Anderson & Co.

Witness's interest in the transaction.

17420. Did you have any personal interview with the firm of Anderson, Anderson & Co?—Yes; a good many.

17421. With whom of that firm?—I think it was Anderson.

17422. One of the members?—Yes.

17423. Did you arrange with him the price at which this freight was to be carried to Vancouver Island?—I think it was I that arranged for it.

Witness arranged with Anderson the price at which freight was to be carried to Vancouver Island.

17424. Have you a doubt about it?—Well, probably not. It is very hard, as I say, to remember back and call up all the incidents in connection with those subjects. I interviewed him and tried to get the best offer, and spoke to other parties also.

17425. Do you remember that you did interview him and arrange any price?—I remember that I did interview him, and asked him his figures as well as others.

17426. Was it not your firm who finally agreed with the Government as to the price to be paid for this transportation of rails to Vancouver Island before it was reduced to a formal agreement in the name of Anderson, Anderson & Co.?—Well, I suppose, probably, it came through us from me.

Thinks the agreement came through his firm.

17427. Do you think that it was arranged directly between Anderson, Anderson & Co. and the Government, and not through you as their agent, or as somebody's agent?—I do not know whether they had direct communication with the Government or not. I know that I interviewed them.

17428. Are you aware that it has been said that the freight paid for this was less than what the Government paid: are you aware that Anderson, Anderson & Co. were paid £1 10s. and not £2?—No.

Does not remember having heard it suggested that the freight paid was less than the Government paid.

17429. Have you heard that suggested as a fact?—I do not remember.

**Transportation
of Rails, B.C.—
Contract No. 17.**

17430. Did you take any part in the arrangement for the freight: I mean with any vessel or vessel owner?—No.

17431. Was this the price that Anderson, Anderson & Co. were paid by you?—They were paid nothing by us.

17432. In this matter of freight to Vancouver Island had you no interest?—No interest.

Interest of witness's firm in the matter.

17433. Neither as principle, nor as brokers, nor as commission agents?—Our interest was to get it as reasonable as we could.

17434. The object of getting it as low as possible was, I suppose, to induce the Government to order the rails?—Was it to make the offer as tempting as possible?—I really don't remember.

17435. Would it not be more likely the Government would order the rails if the freight was made as reasonable as it could be got?—That is a very natural conclusion to arrive at.

**Purchase of
Rails—
Contract No. 11.**

17436. In communicating with the Government about these rails, which were afterwards supplied by Naylor, Benzon & Co., were you acting on your own behalf, or as agents for them?—Agents.

Does not remember whether he put in a formal tender or merely wrote a letter.

17437. Did you put any formal tender before the Government, or was it by letter?—Well, I don't remember that—what way it went before the Government?

17438. For whom do you say you were acting in that matter?—Naylor, Benzon & Co.

17439. Were you consulting their interests in the transaction, or your own, or were you acting in the interest of the Government, as you say, to any extent?—I was consulting their interest, and my interest.

17440. You were not endeavouring to get the price as low as it could be got for the Government?—Certainly I was.

17441. Do you consider that you were acting in the interests of the Government then?—No, I do not. I would naturally want to make an offer, if there was anything of that kind to be offered, as low as possible in the hopes that the Government might accept it. It was a very natural thing to do.

Witness's principal object, profit.

17442. However, your main object was the profit to yourself?—Certainly.

17443. That was the principal object of the transaction?—Certainly

17444. The interest of any other parties would be secondary to your own then?—Certainly.

17445. Were you employed in any way by the Government to make the purchase as low as possible, on the understanding that you were to get a commission from the Government?—No, Sir.

17446. If you did get any compensation for bringing about the transaction, from whom did you get it?—From the parties for whom I worked.

17447. That would be Naylor, Benzon & Co.?—Yes; Naylor, Benzon & Co.

17448. Do you remember what the price was for which the Mersey Steel and Iron Co. tendered in November, 1874, delivered at Montreal?—I do not remember the figures.

Purchase and Transportation of Rails—Contracts Nos. 8 and 11.

Mersey Steel and Iron Co. tendered November, 1874, at £11 3s. per ton of 2,240 lbs. delivered at Montreal.

17449. Your tender names £11 3s. sterling per ton of 2,240 lbs.?—That must have been the price then.

17450. Can you say how much of that was for freight across the Atlantic, between Liverpool and Montreal?—I cannot say.

17451. Have you any idea of the price of this freight at this time?—Well, I have a general idea.

17452. What would you say upon your general idea?—Well, first-class steamers— It is very hard to give any figures so long ago as that, six years.

17453. Your own offer for rails delivered f. o. b. at Liverpool, made at the same time, in November, 1874, was £10 10s. sterling?—Yes.

Witness's offer delivered f. o. b. at Liverpool £10 10s.

17454. The offer made by the Mersey Co., delivered at Montreal, was £11 3s. : do these two things enable you to remember what the freight was?—No, not at this late date.

17455. If at the same date you put in these two offers you ought to be able to say?—I cannot say. These people may have got freights that I do not know anything about. Under our own name we offer f. o. b. at Liverpool, because we would escape all responsibility by that.

Nevertheless cannot say how freights ruled.

17456. Do you know the tendency of the market between November, 1874, and January, 1875 : was it downward or upward for the price of rails?—Well, I think that the market dropped after—probably after three months or so. I don't remember the date, but the market did ease away some time during that year, and eased away afterwards.

Tendency of market downward between November, 1874 and January, 1875.

17457. Could you compare the prices between November, 1874, and January, 1875?—I have no means of comparing it now.

17458. Do you recollect whether, when this transaction took place with Naylor, Benzon & Co., the price was understood to be lower than when the offer was made in the November preceding?—I do not remember that I merely submitted it.

17459. Do you remember the time you returned from England in that year of 1875?—I do not remember the date ; it was somewhere about April I should think.

17460. If you returned to this country in April, then this negotiation between your firm at Montreal and the Government was carried on by Mr. Cooper, was it not?—During what time?

17461. While you were away?—Yes.

17462. I mean about this Naylor, Benzon & Co.'s contract?—He would be the only one who would have authority to act.

17463. Do you remember that there were some conflicting statements as to the price paid or to be paid for the freight to Vancouver from England?—I don't remember any.

17464. Had you some difficulty about that in England?—No ; not that I am aware of.

17465. Was it always £2 that you agreed to pay, or less or more?—They wanted more. They wanted £2 10s. from some of the parties.

Does not think he even agreed to pay more than £2 per ton for

Purchase and Transportation of Rails—Contracts Nos. 8 and 11.

freightage to Vancouver Island, or less.

17466. Had you ever agreed to pay more than £2?—I don't think it.

17467. Had you ever agreed to pay less?—I don't think it.

17468. Well, is your recollection then that all the way through that price was to be paid for transportation?—I wish to say I do not know that it was even £2 I don't remember that it was even £2, only I would infer that from some correspondence that is before me.

17469. Do you remember having any trouble in consequence of freight with Anderson, Anderson & Co., or any other firm you were negotiating with on the subject?—I don't remember any.

17470. Before you went to England at that time do you remember whether you were informed that a further contract would be entered into for rails to Vancouver Island?—I don't remember.

17471. Do you remember when you first got that information that it was desirable to negotiate for a further supply of 5,000 tons or thereabouts for Vancouver Island?—No; I don't ever remember. I don't remember the time I got it. I suppose I must have got it, but I don't remember where.

17472. Do you remember whether, in negotiating for this new supply of rails for Vancouver Island and for the freight upon them, your firm were authorized to act for the Mersey Steel and Iron Co. in any way?—I don't remember.

17473. Do you remember whether in that transaction you alone—I mean your firm—got the pay?—I don't understand your question.

The money never paid to or through witness's firm; their commission came direct from the firm in England.

17474. I mean was the price paid for the rails and the transportation paid by the Government to you or through you on behalf of any one else, either Naylor, Benzou & Co. or the Mersey Steel and Iron Co.?—Never through us.

17475. Whatever gain you had you got from the parties on the other side of the Atlantic?—Yes, the customary way.

17476. Then do you say that in this particular matter—I mean the supply of an extra quantity for Vancouver and the freight upon them, that you were not acting for the Mersey Steel and Iron Co.?—Well, what extra quantity do you refer to?

17477. I refer to the quantity which the Mersey Steel and Iron Co. would not supply; they had only contracted to deliver at Montreal and they would not undertake to deliver any at Liverpool?—And did I what?

17478. Did you, or had you any authority to act for that company in the additional supply which was got afterwards, and which went to Vancouver Island?—I don't remember the Mersey Steel and Iron Co. sending any to Vancouver Island.

Does not remember any more than one lot of rails for Vancouver Island.

17479. Do you remember whether you were interested in the purchase of any more than one lot for Vancouver Island?—I don't remember any more than one lot.

17480. Had the Mersey Steel and Iron Co. any interest in this contract for the transportation to the Pacific coast?—I don't know of their having any.

17481. Had they any as far as your firm was concerned?—No, not that I remember.

17482. Will you look at this letter of the 4th of January, 1874—it is written in January, 1875, evidently—and say whether your firm were authorized to act in that matter for the Mersey Steel and Iron Co.?—We must have had the authority to write that letter or we would not have written it.

17483. Do you say now that offer was made apparently on behalf of the Mersey Steel and Iron Co.?—Apparently.

17484. Had you any knowledge of and authority from that company to offer to tender for the transportation to Vancouver Island?—I suppose we must have had authority, or we would not have written that letter.

Purchase and Transportation of Rails—Contracts Nos. 8 and 11.

Witness has no knowledge of any authority from the Mersey Steel and Iron Co. to his firm to write the letter of the 4th January, 1874, tendering for transportation of rails.

17485. Is it only from this letter that you think so?—That is all.

17486. You have no other reason for thinking so?—No other; I don't remember the transaction—the particulars of it.

17487. I understand that you, yourself, while in England took the principal part in the negotiations?—Yes, I did.

17488. Was there any person who would know more than you did?—No person else.

No person could know more than witness.

17489. And you say you don't know anything of this authority?—I don't remember. Six years have gone by and the thing has been out of my mind. After it was over there that was the last of it, and there is a good deal coming up that I cannot remember. A great deal that transpired between those parties was conversational with the president of the company and other parties.

17490. It is not improbable that you may have forgotten some of the circumstances, but still it is our duty to find out what you remember: had you ever any negotiation with the Mersey Steel and Iron Co. upon this subject of transportation to Vancouver Island, or purchase of rails for Vancouver Island?—We were acting as their agents, but I must say I certainly do not remember this Vancouver transaction that is referred to there. I do not want to appear to shirk the question because I certainly do not remember the transaction. I do not believe that the Mersey Co. ever sent any rails there.

Remembers no negotiations with Mersey Co. for transportation to Vancouver Island.

17491. At the time that this letter was written that I have shown you, in January, 1875, who composed the firm of Cooper, Fairman & Co.?—James Cooper and Frederick Fairman.

C. Mackenzie's Retirement from firm of Cooper, Fairman & Co.

In January, 1875, James Cooper and F. Fairman the firm of Cooper, Fairman & Co.

17492. Do you say that the partners in the firm were not the same partners who were interested in November, 1874?—Not the same partners.

17493. Why not?—One had retired.

17494. How was that retiring accomplished?—Well, I would rather not answer that question. This thing has already been gone into, and I do not think it necessary for me to take it up and go over it again.

17495. Have you given evidence upon it?—Not on that point.

17496. Is the retiring of a member of a firm a record in your province?—Yes.

The retiring of a member of a firm a matter of record in Province of Quebec.

17497. Do you know whether the change of the members was accomplished before it was recorded?—Sometimes; it is not a necessity to record it.

**C. Mackenzie's
retirement
from firm of
Cooper, Fair-
man & Co.**

17498. We have been led to understand, from evidence already given before us, that the retiring did not take place while you were in England: now if that refreshes your memory you can state more fully?—Is it necessary that we should enter into the question of a party retiring from the firm? Does it affect the question of our dealing with, and completing contracts, &c., with the Government so far as we carried on the contracts fairly? Of course, I can answer it. This thing has gone through the country everywhere, and our firm has been dragged before the public in every shape. This is not a very pleasant thing and I want to avoid it, if possible.

17499. Is the statement of facts calculated to do harm: if so, I can understand why you would not wish it?—That very point I have no objection to speak of, but that opens others that I have objection to discussing.

17500. Perhaps we had better deal with them as they arise: at present I ask who were the parties that were making this offer to the Government?—Under that letter?

17501. Under that letter?—James Cooper and Frederick Fairman.

17502. Now I am willing to refresh your memory, if there is any mistake about that, by saying that one of your firm has said, in giving evidence, that the dissolution could not take place because of your absence in England?—Yes.

17503. Now, do you say that it did take place notwithstanding your absence in England?—The legal carrying out of it was impossible until my return. My return was delayed very long, but the dissolution had taken place from the 1st day of January.

17504. How could the dissolution take place without your being a party to it?—We had consented. The parties in connection with the partnership had consented to the dissolution, and that dissolution was to date from the 31st of December, and the only reason that the papers, though they were drawn, were not executed, was because I was absent. All the signatures, except mine, may have been on the document. I don't know about that, but my final signature was attached on my return. That is why I state in January there were only two partners in the firm. Stock was taken in January, and it was closed with my assent and the assent of the partners here, dated the 31st day of December.

17505. Had you agreed before the 31st day of December, 1874, that the partnership should be changed, and that Mr. Charles Mackenzie should no longer be a partner in it?—He did about that date. I had agreed to that—I don't remember the exact date. That was the understanding that existed between us.

17506. But you have said positively at the time of this negotiation in January, 1875, the dissolution had been accomplished?—Well, you can take it had virtually, but not legally.

17507. For the present we will leave out the legality. I am asking now for my present purpose about the agreement among your own minds: when did that agreement take place?—Well, it was on or about the 1st of January—I don't remember the date. If I remember exactly there was a letter on the other side the time I got there stating that Mr. Mackenzie wanted to withdraw. Of course I answered it agreeing.

A member of the firm said dissolution could not take place in consequence of witness's absence in England.

Legal carrying out could not take place witness being away, but the dissolution had nevertheless taken place from 1st January.

The dissolution virtual but not legal.

17508. You say that the partnership was to end on the 1st of January, 1875: do you not remember whether that agreement that it should end then was made after that date or before it?—Oh, I think that the written documents were executed after that. I know they were.

17509. For the present I am not speaking about the written documents: I am of speaking of agreements in people's minds?—As I state it is impossible for me to tell the exact date, in either December or January, in which my consent was given to the dissolution, but it was somewhere about that date.

17510. Of course you cannot be in doubt about this: that until you had given your actual consent in some shape that it was not a binding dissolution. I am not speaking of the lawful document which evidenced the agreement, but the assent in your mind and signification of the assent to your partners: have you any doubt about that, that your assent was necessary before there could be a dissolution and that irrespective of formal documents?—There is a point there. I don't remember the wording of the original partnership, but that would depend altogether on the wording of the original partnership. Mr. Mackenzie was a special partner, and there were special clauses in connection with it. There might have been a clause by which he could go out because he was determined to go out. I did not want him to go out. I was not anxious for him to go. He insisted upon going.

17511. Have you any doubt in your own mind of the existence of such a clause in the original agreement, namely, that he had the option of his own accord to consummate such a dissolution?—I do not remember hardly any particulars in connection with that document. The document was drawn some eight or nine years ago.

17512. Have you the document itself or a copy of it?—No; I do not think so. We may have it among the old papers somewhere in Montreal.

17513. Is your recollection of the way in which the dissolution was accomplished that it was done by Mr. Mackenzie of his own accord, and without your formal consent?—Well, they got my consent. I gave my consent from England as soon as I heard of his desire.

C. Mackenzie's retirement from firm of Cooper, Fairman & Co.

Written documents saying partnership should end on 1st of January, 1875, executed after that date.

Witness gave his consent from England as soon as he heard of Mackenzie's desire.

17514. And when you speak of dissolution do you speak of it as being accomplished at that time that you gave your consent?—Yes; it was virtually dissolved.

17515. Will you say whether you had given your consent at that time or in that month before this arrangement about the Naylor, Benzon & Co. tender was consummated?—I cannot remember the dates. I know the letter followed me almost immediately, and I answered it. I should think my consent was given somewhere about the last of December, between Christmas and New Year.

Thinks his consent given between Christmas and the New Year.

17516. Of course you are aware that there has been a great deal of discussion in the press and in different ways upon this subject, and it is our duty, among other things, to see what there is in this talk or rumour?—Well, those are the facts in connection with it.

17517. Can you not define more closely than you have the time that you gave your assent to the dissolution being accomplished?—No; it is very hard to define it nearer than that. I arrived there before Christmas, and, if my memory serves well, the letter followed almost the

C. Mackenzie's retirement from firm of Cooper, Fairman & Co.

next, if not the next, steamer that came in, and I answered it at once, so that if that is the case the letter would be sent between Christmas and New Year. I do not state that time positively, but the incidents connected with it would lead me to give that date.

17518. Have you since that time endeavoured, by looking at papers, to fix the date of this dissolution?—No; I never turned to a paper.

17519. Have you intentionally avoided that subject?—No; I did not think it necessary, the papers were pitching in right and left. I let them go on, they did not affect me materially.

17520. Do you know whether formal dissolution has been registered in the way that such things are usually done in your province?—Oh, yes; that is, my lawyers tell me so.

17521. Do you know about what date?—No, I don't remember it; it was immediately after I came back.

17522. Where was that registered?—In Montreal, in the prothonotary's office.

17523. The same prothonotary's in which the partnership was registered?—No; I think the special partners are registered in a different book, or different place, from general partners. We are general partners now, but before it was a special partnership, and there is a separate place, I believe.

17524. Perhaps you are speaking of the new partnership between you and Cooper?—No, I am speaking of both: the dissolution and the new partnership.

17525. I am asking, at present, about the document which is evidence of the dissolution: has that been recorded?—I think so.

17526. Could you say where it is recorded?—No; it is easily ascertained. It is recorded in the regular court in Montreal.

17527. Then, besides that document of the dissolution, there is another document: your new partnership with Mr. Cooper alone, is there not?—Yes.

17528. Do you say then, that after that consent was given by you to the dissolution asked for by Mr. Charles Mackenzie, he has not since been interested in these offers made?—Not since interested.

17529. Then, of course, there is no understanding that though he formally dissolved he is substantially still a partner?—No; no understanding.

17530. And no opportunity or option for him yet to come in and share in the transactions of the firm in the meantime?—None.

17531. I think you said before that the payment for the articles supplied for Naylor, Benzon & Co., and the transportation of them to Vancouver, was not made in any way to your firm, but to those parties who made the contract?—We had no part after the opening up; everything passed to them. I think even the documents passed direct to them too. Nothing passed through our hands.

17532. Could you say about how long after you arrived in England you first became aware of Mr. Mackenzie desiring to retire from your firm?—It was almost immediately, if I remember correctly.

On witness's return the formal dissolution registered.

After consent of witness to dissolution, Charles Mackenzie not interested in firm.

Payments to Naylor, Benzon & Co., and made direct to them.

17533. You think probably that it was the next steamer, you said.
—Yes.

17534. You had not heard it before you left for England?—I do not remember; I do not think I had. I left very quickly. I went out immediately.

17535. Is there any other matter connected with this contract with Naylor, Benzon & Co., or Anderson, Anderson & Co., which you wish to explain?—I do not think there is anything.

17536. What is the next contract in which you were interested?—Well, I do not really remember. I have nothing to refresh my memory on the subject.

17537. Were you interested in the contract for transportation in the name of the Merchants Lake and Steamship Co.?—Yes. I don't know whether that was the next one, but I was interested in it. I think that was the next one.

18538. In either of the accepted tenders made by your firm in the name of any other parties—either the Mersey Steel and Iron Co. or Naylor, Benzon & Co.—was there any contract entered into by the Government for the transportation of rails in Canada?—There was a contract entered into with the Lake and River Steam Navigation Co. through us as agents.

17539. In either of the tenders which you made about November, 1874, did you make any offer for transportation in Canada which was not accepted?—Yes, we had made an offer for transportation through to Duluth in the round sum.

17540. What tender was that?—That is in a tender relating to deliveries at Duluth and Thunder Bay.

17541. Is that in your own name?—Yes; that is in our own name.

17542. That is not in the name of the Mersey Co.?—No. We offered in the name of the Mersey for the steel and iron, but the tender for delivery at those points was in our own name.

17543. Was that tender accepted?—We understood it to be accepted in connection with the other.

17544. How did you understand that to be accepted?—From the wording of the letters we received from the Department. I do not know whether we had just cause to consider they were accepted, but we certainly thought so.

17545. Are you aware of any letter upon that subject—I mean the subject of the transportation in Canada, other than the letter which was sent by Mr. Braun to your firm concerning the acceptance of the Mersey Steel and Iron Co.'s tender: that letters appear upon page 31 of the Return?—I do not remember any letter.

17546. That tender of the Mersey Steel and Iron Co., which was accepted has no reference whatever to transportation in Canada, has it?—No; not this particular letter.

17547. Has that particular tender of the Mersey Steel and Iron Co. any reference to the transportation in Canada?—No.

17548. Was any other tender than that of the Mersey Co.'s made by you in November, accepted by the Government?—Other than the Mersey Steel and Iron Co.?

C. Mackenzie's
retirement
from firm of
Cooper, Fairman
& Co.

Transportation
of Rails—
Contract No. 20.
Cooper, Fairman
& Co. interested
in contract with
Merchants Lake
and Steamship
Co.

Tendered for deliv-
ery at Duluth
in their own
names.

Understood this
tender to be ac-
cepted in connec-
tion with tender
made for supply
of rails.

But the tender
has no reference
to transportation
in Canada.

**Transportation
of rails—
Contract No. 20.**

The only explanation witness can give is that his firm supposed that the Government had accepted the question of transportation.

Does not know how they came to understand this.

They thought they had a right to deliver the rails.

Advertisement called for tenders up to 19th April, 1875; on 23rd April, April, 1875, you write a letter apparently—l mean your firm—mentioning that the advertisement, or some other reason, gave you to understand that the Government required cartage, handling and piling, which was not included in the tender of November, and that you would be pleased to attend to those additional matters for the sum of 60 cts. per ton: now didn't you understand that in writing this letter you were embracing services which were called for by tender, and which you were seeking to obtain merely by a private letter?—We contend that we were entitled to the transportation of our rails to the west. I think the tone of the letter will bear that out. I do not remember the particulars in connection with it, but I know that is my impression.

What witness understood by such a letter.

Witness does not know how his firm knew that cartage, handling and piling were required.

17549. And made by you?—I don't think there was.

17550. If no other tender than the Mersey Steel and Iron Co.'s made by you was accepted, and that tender made no reference to transportation, how do you come to write in April to say that your tender having been accepted, including the transportation, you had made arrangements to carry it out?—The only answer I can give to that is that these tenders went in together, and that in accepting we supposed that they had accepted the question of transportation.

17551. How could you understand that, when they went in in separate envelopes and were made in separate names, one made in your own name, and the other in the name of the Mersey Steel and Iron Co., how could you understand they were all dealt with alike?—I don't know how we understood it, but I know that we did.

17552. Were you aware that advertisements were published calling for tenders upon this subject of transportation from Montreal west: Fort William and Duluth?—Yes; I don't remember the tenders, but I suppose there were.

17553. Did you put in any tender upon the strength of that advertisement?—I don't think we did. I don't remember the circumstances exactly. I think we thought we had the right to deliver them—our rails.

17554. There is a copy of an advertisement which calls for tenders upon this subject up to the 19th day of April, 1875, and on the 23rd of April, 1875, you write a letter apparently—l mean your firm—mentioning that the advertisement, or some other reason, gave you to understand that the Government required cartage, handling and piling, which was not included in the tender of November, and that you would be pleased to attend to those additional matters for the sum of 60 cts. per ton: now didn't you understand that in writing this letter you were embracing services which were called for by tender, and which you were seeking to obtain merely by a private letter?—We contend that we were entitled to the transportation of our rails to the west. I think the tone of the letter will bear that out. I do not remember the particulars in connection with it, but I know that is my impression.

17555. Did you decline to tender, knowing that these items were included—I mean cartage, handling and piling?—Did we decline to tender?

17556. Did you decline to tender, knowing that the Government required other services to be performed, besides those services which you say you supposed you had previously arranged for?—I don't remember, I don't think we did. We may have done so; I don't think so.

17557. In this same letter, after the time for receiving the tenders, which letter is dated 23rd April, 1875, you use these words: "We also understand that you require cartage, handling and piling to be done by the shipper, which is not included in the tender, but we will be pleased to attend to these for an additional sum of sixty cents per ton:" now how were you aware on the 23rd of April, 1875, that these services were required?—I suppose we discovered them from the tender.

17558. What tender?—You say that the Government advertised.

**Transportation
of Rails—
Contract No. 20.**

17559. Do you mean from the advertisement?—The advertisement—the date of the advertisement. I don't know any other way we discovered unless it was from that.

17560. If you knew it from the advertisement you would probably know it before the time for putting in the tender: why not put in a tender embracing these services?—I consider that the Government were already—so far as our rails were concerned, that we brought out—were already committed to us, and that is the very reason why we did not propose to tender.

Reason why Cooper, Fairman & Co. did not put in tender, thought Government was committed to them.

17561. Your whole price for this work and transportation and these extras amounted to \$6.20 per ton, I believe, did it not?—I don't remember the exact figures.

Price with these extras \$6.20 per ton.

17562. Were you aware about that time that any person else had tendered to do it including all those extras at a lower price?—I suppose that other parties tendered; I don't know.

17563. Did you know that a Mr. Samuel tendered?—I don't think so. Of course those things all came out at the time in the papers, and I knew it from that; but I don't think that I knew at the time that Mr. Samuel tendered.

17564. Did you have some arrangement with him afterwards on the subject? No, I don't think I spoke three words to him.

17565. Was any arrangement made afterwards by your firm with him?—I don't think so.

17566. Were you aware that before you actually got the contract he withdrew his tender?—I don't think so.

17567. It appears by the official documents on the subject that the decision of the Government was that he should not get the contract, and about a week after he put in a formal letter withdrawing his tender; we thought that probably might be explained in some way. Do you know anything about that?—No, I don't know anything about that.

The withdrawal of Samuel accomplished without action on part of witness's firm.

17568. That matter was accomplished without your taking any part in it in any way?—Yes.

17569. Were you, at the time of writing this letter, in April, 1875, owners or part owners of any steamboat line?—No.

When writing letter of April, 1875, had no interest in any steamboat line.

17570. One of the reasons for not dealing with Mr. Samuel appears to be that he was not proprietor of any vessels of that kind?—Mr. Samuel was clerk in a store in Montreal. He had his office next door to Jacques & Co., forwarders.

17571. After your writing that letter in April to which we have alluded you appear to have got a communication from Mr. Braun, Secretary of the Department, on the 30th May, 1875, that the cartage of 5,000 tons of steel rails and accessories from Montreal to Duluth or Fort William was awarded to you: do you remember that after that you made another bargain with the Government to carry a larger quantity?—No; I do not remember.

Does not remember the fact that his firm had afterwards proposed to carry a larger quantity.

17572. Do you remember about June of the same year you proposed in your own name, but speaking as agents for the same company, to carry from 10,000 to 20,000 tons of rails on the same terms and conditions?—Well, I suppose we must have made the proposition. Our letter is there. I do not remember the letter.

**Transportation
of Rails—
Contract No. 20.**

Cooper, Fairman & Co. claimed that they wanted to deliver 20,000 tons.

In both propositions ostensibly acting for Merchants Lake and River Steamship Co.

The above steamship Co. witness thinks constructively offered in 1874.

That Co. held him to his bargain.

Though he never made a binding agreement with them.

Made a bargain with that Co. in case their tender was accepted.

But it was the Mersey Co.'s tender was accepted.

Still understood their tender was accepted for carrying 20,000 tons.

No documents on this matter which do not appear in the Report of the House of Commons.

17573. Do you remember having made such a bargain?—I don't remember the letter, and I don't know that we ever carried the extra amount.

17574. The first contract, which was apparently for 5,000 tons at the price, you name, \$6.20 a ton, would be only about \$31,000?—Yes.

17575. Now Mr. Fleming states in his report of 1880 that the whole amount paid on these two propositions of yours was \$67,126: does that help you to remember that second transaction?—Well, that must have been a continuation of our 20,000 tons. We claimed that we wanted to deliver 20,000 tons. We always claimed that.

17576. But in both these propositions of yours you say you are acting for the Merchants Lake and River Steamship Co.?—Yes.

17577. Now do you think they ever made any offer in 1874 about rails and the transportation of them: that has never been in your mind at any time has it?—They were working in conjunction with us. I got the prices from them and they held me to do the bargain, or would have done so I suppose where I signed Cooper, Fairman & Co.

17578. Do you mean that you actually entered into a binding agreement with them?—No; I got the prices from them.

17579. Well, how would they hold you because you got the prices from them?—They thought that we were held.

17580. Why do you think they thought so?—Because they spoke to me about it.

17581. What did they say when they spoke to you?—They asked why we did not carry the matter out.

18582. Do you mean that you believed that you had ever made a bargain with them to transport those rails?—I made a bargain with them that, if our tender was accepted, they should carry the rails.

17583. It turns out your tender was not accepted; the Mersey Steel and Iron Co.'s was accepted?—We consider our tender was accepted for carrying 20,000 tons of steel rails that we brought out.

17584. It is very singular you should consider it accepted unless there is some other document which does not appear here or some understanding that does not appear on the paper?—We considered it that way. Our letters all through bear out that.

17585. Are you aware whether there has been any document on that subject which does not appear in this report to the House of Commons?—No; I don't know of any.

17586. Are you aware of any understanding between yourself, or any of your firm, and any one in the Department of Public Works other than what appears in writing or in this report?—I don't know of any.

17587. Does your firm keep a record of its correspondence on business matters?—Most of the correspondence, yes; that is the largest transactions.

17588. On such a subject as we have been speaking of to-day?—Generally, yes.

17589. Have you ever looked to see if there was any letter or telegram in any shape beyond what we have spoken of which would give

**Transportation
of Rails—
Contract No. 20.**

you a claim such as you speak of?—I don't remember looking. I may have done so.

17590. You never found anything if you did look?—I may have found it if I looked. It is five years ago. I merely remember the impression on my mind.

17591. Do you remember the fact of the Government entering into an agreement with Patrick Kenny to transport some rails from the ship's side to a point near it—the Lachine Cut, I believe it is called?—I believe he did transport some rails, but I don't remember what it was.

17592. Do you remember while the work was going on writing a letter to the Government on that subject?—I don't remember writing one, I may have done so.

17593. Do you remember writing in July, 1875, to Mr. Trudeau, the Deputy Minister, to this effect: that the extra carriage on rails after they have been once loaded will be very little to Kingston, and will be allowed to parties carrying them from there west, and that as nearly half the last rails for Duluth and Fort William were sent by barge to Kingston, the canals only taking or allowing eight feet, and that you understood that the Government had large grounds and docks at Kingston, and that you therefore undertook to deliver and pile at dock in Kingston, say 10,000 or 15,000 tons of rails at \$1.30: do you remember writing any such letter?—I remember the substance of the letter.

Remembers July, 1875, writing a letter proposing to transport and dock 10,000 or 15,000 tons of steel rails at \$1.30 at Kingston.

17594. Do you remember that your firm wrote such a letter?—I suppose they wrote the letter.

17595. What led you to make that offer spontaneously apparently?—Well, I don't remember the circumstances that led me to make it, but I suppose that there had been a block in Montreal, the rails arriving too fast, and that it was necessary that something should be done. I do not give this as the reason why it was dictated, but I would naturally suppose that was the reason of it.

17596. Do you know whether in moving rails from Montreal westward to any point on Lake Superior, for instance, that a transshipment is generally necessary at Kingston?—Not in all cases.

17597. Do you know whether it generally takes place?—It does sometimes.

17598. In this same month of July, 1875, it appears by the printed Return that your firm addressed the letter to Mr. Trudeau, the Deputy Minister, to this effect: That you understood that the Government purposed removing steel rails to the canal bank, near Lachine; that you would, the next day, tender for transportation there, including carting, freight and piling, and trusting he would kindly not close the matter until he heard from you: do you remember anything of that matter?—I remember that there was some correspondence relative to that, and I have no doubt we wrote such a letter.

Remembers July, 1875, proposing to remove steel rails to canal bank near Lachine.

17599. How did you know that the Government proposed to remove those rails to the canal bank near Lachine?—I don't remember.

17600. There was no advertisement on the subject, was there?—Well, I don't remember that either. We were receiving those rails on behalf

**Transportation
of Rails—
Contract No. 20.**

of the Mersey, that is looking after them, seeing to the checking, and so on, and getting proper receipts for the Mersey people, and we would naturally know they were getting booked there, and very apt to know something would have to be done for them; but I would get the information from the Government agent there that something had to be done at once, and I would naturally make a proposition to do it.

17601. Do you know whether the movement of these rails to the Lachine Cut diminished the cost of the transportation of them to the west, or was the cost just as great from this point where they were moving to as if they had been left in Montreal?—I really do not know.

17602. Did you make an offer to the Government on that subject afterwards?—I really do not remember. I may have done so. If I remember correctly, there was a jam in Montreal, and there would have to be something done, either put them in store or something else.

**Contract No. 22.
Not interested in
Holcomb &
Stewart's offer.**

17603. After this letter of yours of 14th July, 1875, proposing to remove all rails to Kingston, Holcomb & Stewart made an offer to the Government: were you interested in any way in that transaction with Holcomb & Stewart?—No; not that I remember of.

17604. In the following year, on 16th May, 1876, a subsequent contract was entered into with the Merchants Lake and River Steamship Co., for the transportation of rails from Montreal, Lachine and Kingston, westward: had you any interest in that contract?—I don't think we had.

**Contract No. 27.
Jacques & Co.
connected with
Lake and River
Steamship Co.**

17605. That appears to have been submitted to public competition, and Jacques & Co. appear to have made the successful tender: do you know who they are—whether they are connected with that line?—I think they were.

17606. Your firm appeared to have tendered, naming \$5.40 per ton to Fort William, \$5.40 per ton to Duluth, \$5.40 per ton to Fort William, and \$5.40 per ton to Duluth again, the first two being from Montreal and the last two from Lachine; so you appear to make no difference in the price of transportation from Montreal and Lachine: do you know now whether there was any difference in the cost of transportation from these two places westward?—Well, it is a very hard question to answer because some bargemen or propellers might be willing to take them at a less price from Lachine bank than they would to go down in the basin and take them among the ships there. I should not think there would be very much difference at any rate, if any.

17607. Do you remember the next contract in which you were interested?—I do not.

**Railway
Spikes—
Contract No. 29.**

17608. In July, 1876, there was a contract with your firm for spikes for Fort William?—I know we had a contract with the Government for spikes.

17609. Do you remember whether that was let by public competition?—I think so.

17610. An advertisement appears to have been dated July 7th, 1876, calling for tenders up to noon the 24th of July?—What is the date of our tender?

**Witness's tender
the lowest \$57
per ton.**

17611. The tenders were opened on the 25th July, 1876; in this matter your tender appears to be the lowest, \$57 per ton: is there

any explanation which you wish to give in this matter?—None. I think we executed the order all right and got our pay.

**Railway
Spikes—
Contract No. 29.**

17612. The next one appears to have been contract No. 30, for bolts and nuts: have you any recollection of that matter?—I have.

**Bolts and Nuts—
Contract No. 30.**

17613. What about it?—If I had anything to give me any reminder on the subject— I, of course, remember we had a contract for bolts acting for parties.

17614. Do you know whether that was submitted to public competition?—I don't know.

**Does not know
whether this sub-
mitted to public
competition.**

17615. Do you remember that in consequence of not fulfilling the contract with the Mersey Co., as far as it related to bolts and nuts, it became necessary for the Government to get the same quantity or about that from some other parties?—Yes.

17616. Who supplied these bolts and nuts in the name of the Bolt and Nut Co.?—The Toronto Bolt and Nut Co.

**Robb & Co. sup-
plied articles.**

17617. Robb & Co.?—It is Robb & Co; the Toronto Bolt and Nut Works I suppose would be the proper title. We were their agents in Montreal.

17618. Where were they made?—Their factory was in Toronto.

17619. Were the bolts and nuts supplied there under this contract?—I don't think they were.

17620. Where were they supplied?—If I remember right the factory burned down before they executed the order.

17621. How was it carried out?—The Patent Bolt and Nut Co. of London got the contract ultimately.

**The Patent Bolt
and Nut Co. of
London; got the
contract.**

17622. Who managed that transfer from the name of Robb & Co. to this new firm?—The new firm, the Patent Bolt and Nut Co.?

17623. Yes?—I think it was myself. I think I notified the Department of the fire, and that they would have to get the bolts and nuts somewhere else.

**Witness made
arrangements
with these.**

17624. Then where were they delivered under this new contract?—They were delivered in Montreal. I remember we had to pay the duties on them. I objected to paying the duties, but they said no matter where we got them the duties had to be paid. All the other bolts that came in. I was told so by the parties who delivered them—the parties delivered them in bond in Montreal. We had to pay the duties.

Had to pay duty.

17625. If these had been delivered as was originally intended in the Mersey Co.'s tender, would duties have been paid?—No; they would have been in bond. The Government would have to pay the duties.

17626. And why was it you were called on to pay the duties: was it because the new contract was made to deliver them by Robb & Co. in Toronto?—I suppose so. The Government were very arbitrary and they just notified us to pay the duty. I protested against it, but they paid no attention to the protest and made us pay it.

**Reason why they
had to pay duty.**

17627. I suppose Robb & Co., had no connection with the Mersey Steel and Iron Co.?—No; I think not.

**Bolts and Nuts—
Contract No. 30.**

17628. The whole thing was arranged by you for your own benefit and on your own behalf as a commission merchant?—Yes; we knew the Government had to have these things, and, of course, we tried to secure them for them through our friends—that is, the parties whom we represented.

Contract brought about because of a letter of Cooper, Fairman & Co.

17629. This contract appears to have been brought about in consequence of a letter from your firm, and not by public competition: is that as you understand it?—Well, it was on account of the Mersey refusing to carry out the—refusing to supply them.

17630. That is the November tender you mean of the Mersey Co.?—Yes.

17631. But in March, when this new arrangement was made, there was no competition was there?—I do not know.

17632. Did you take part in any competition, or did you just make a spontaneous offer?—I made an offer—at least I suppose I did. I don't remember the exact wording of the letter. I made an offer that they should transfer that order to Robb & Co., whom we represented. We were agents for them.

17633. Do you remember whether the prices of those articles had fallen since November?—I do not remember.

Cannot remember the state of the market.

17634. Cannot you tell now about what you gave for these, whether the market was really lower at that time than in November?—I really could not tell.

Does not remember whether market went down between November and March.

17635. If the tendency of the market had been downwards from November to March, it would probably fix itself in your memory when you took part in a transaction in March based on the November offer: don't you remember whether it was more profitable than the offer you made in November?—I do not. I remember we had to pay duties; that is the strongest thing impressed on my memory. We sent in a protest.

17636. You have told us that already?—It cost us some \$1,200 or \$1,500, I do not remember the exact figures, but between \$1,200 or \$2,000 duties, we had to pay on them, so that, as far as we were concerned, we had not much profit left.

17637. You say that you considered it a hardship to have to pay the duties?—Yes.

17638. Don't you know that in March, when you made the offer to supply them, you proposed to pay the duties?—Yes, I remember that. That was the trouble. We supposed and intended, and Robb & Co. intended, that the bolts should be made in this country, and being made in this country, they would have to pay duty on the iron coming in, and there would be the employment of the labour, and to emphasize it, that they should transfer to Robb & Co. I very foolishly said the duty should be paid—that is on the iron. Then when the factory got burned down that thing came against me.

17639. Do you remember the price you got for these bolts?—I do not.

\$101 per ton, price for bolts and nuts

17640. \$101 per ton appears to be the price named in the records?—That would be probably correct. I do not remember the figures.

17641. Are you aware whether other persons had, either in November or before that, or any time up to March, offered to supply

bolts at a much lower price?—At the time I don't think I had a knowledge of it; but, of course, afterwards all this became public property, and I did know. That is, I don't think at the time I entered into that arrangement there I knew anything about the figures of other parties.

17642. Do you know any reason why your tender for \$101 a ton was accepted in March, if those lower offers had been previously made?—That is the Mersey Steel and Iron Co.?

17643. No; I am speaking of your offer in March: the Mersey Co., as I understand it, made no offer on the subject?—My offer in March for Robb, is that the one you refer to now?

17644. Yes; I am asking if you know of any reason why your offer in March, at \$101 per ton, was accepted in preference to these previous offers which were made at a lower price?—I did not know at that time that they were lower.

17645. They were known to the Government: have you any explanation of that matter?—No explanation, other than they were the bolts that belonged to these particular rails, and it is usual in ordering rails to order the fish-plates and bolts. They must correspond; and it is usual to order them from the same parties.

**Bolts and Nuts—
Contract No. 30.**

Learned since that other parties offered to supply bolts and nuts at a lower figure.

No explanation to give why Government should have accepted his offer higher as it was than others.

17646. Is that the reason you got the order for Robb & Co. when the rails were supplied by the Mersey Steel and Iron Co. in England?—We applied for it and got the rails from the Mersey Co.

17647. Does your explanation fit in this transaction do you think?—Not very well. That is the way I would likely do it. The Government do as they like.

17648. Is there anything further about that particular contract, the Robb & Co. contract, which you wish to explain?—No; I don't know of anything else.

17649. Your next contract appears to be in the name of the Patent Bolt and Nut Co. for some bolts and nuts for the Vancouver rails: do you remember how that was brought about?—I do not. I suppose we acted for them, and they did business direct with the Government. We opened the negotiations, or something of that kind. We were their agents here, you know.

**Contract No. 31,
B.C.**

Cooper, Fairman & Co.'s contract in the name of the Patent Bolt and Nut Co.

17650. There appears to be an offer on March the 2nd, 1875, as you will see by looking at Exhibit No. 149, is that your writing?—That is my writing.

Offer of Cooper, Fairman & Co., in March, 1875.

17651. How did you come to quote or make any propositions to the Government on this subject in March, 1875?—I don't know, unless I would naturally know they were shipping rails there and must have bolts.

Does not know how he came to make this proposition.

17652. Was there any invitations for offers on this subject as far as you know?—There may have been, but I do not remember any.

17653. As far as you are concerned, do you think it was spontaneous?—I think so. It is a proposition I would make to any company on anything of that kind.

Offer spontaneous.

17654. Do you consider it usual that offers of this kind should be made to the Government without advertisement or request for tenders?—I never thought a moment on this subject. They had my propositions and they were accepted, and that is all I wanted.

**Bolts and Nuts—
Contract No. 31,
B.C.**

17655. This particular lot had not been included in any previous offer, in November or any other time, had it?—I don't think so.

17656. This was the first and the last of the transactions as far as you know, that you made a spontaneous offer at this price and the Government accepted it?—I don't know whether the Government accepted it.

17657. Don't you know it was carried out?—I don't remember.

17658. Don't you know about that transaction of the Patent Bolt and Nut Co. being carried out?—I remember we had a transaction with the Government in connection with the Patent Bolt and Nut Co., but I do not remember the particulars of it. I suppose we got our commission and that was the end of it.

Could not say if the market had gone down in March, 1875.

17659. I think I asked you before if you were aware, about the time you made this offer in March, 1875, whether the market had gone down since November?—I could not say.

17660. Do you remember this impression on your mind: that in March you got a higher or a lower price than would have been got in November?—You see, steel and iron they don't always run in the same direction, particularly steel rails. It is hard for me to say. I do not remember how the iron market went. Of course the prices of bolts are regulated by the iron market.

Would not like to say one way or the other.

17661. We had been led to understand by a previous witness that in March, 1875, the market price for bolts was considerably lower than in November, 1874—perhaps £2 sterling per ton: does that statement refresh your memory at all on the subject?—No, I would not like to say either one way or the other on the subject.

At Department talked with Mr. Trudeau, Mr. Braun and Hon. A. Mackenzie.

17662. In this contract, or in all these others that I have spoken about, had you communication, by private interviews, with any person connected with the Department?—Not private. I went to the Department when I wanted to make any special enquiry, and talked principally with Mr. Trudeau.

17663. With whom else did you discuss matters?—Well, Mr. Braun; and I may have had one or two interviews with Mr. Mackenzie.

17664. With any one else?—Not that I am aware of.

17665. There are some letters here addressed to Mr. Buckingham: did you address any letters to him on the subject?—Not that I remember of.

17666. In any of those interviews did you discuss these offers that you have put in writing, and which we have been enquiring about?—No, I do not remember of ever having done so. If I had any enquiries, or any conversation with him, it would be relative to some points in some contract I had on hand, or was to tender for.

17667. Something in reference to matters you had already contracted for?—Yes.

In his conversation with persons connected with Departments had no discussion as to contracts not completed.

17668. Do you mean that you had no discussion as to the expediency of the Government accepting any of these contracts which you ask for by a spontaneous letter?—No.

17669. Nor as to terms being discussed after the letter?—Not that I am aware of. I generally wrote those letters from Montreal, and they were answered.

**Bolts and Nuts—
Contract No. 31,
B.4.**

Had no one in Ottawa conducting negotiations on behalf of his firm.

**Railway
Spikes—
Contract No. 32.**

Letter of January 19th, 1877, offering to supply iron spikes at \$57 per ton the price paid in July, 1876, and which is described as low.

17670. Had you not some one here who was conducting these negotiations on behalf of your firm?—No; never.

17671. The next contract is one with you in your own name, not as agents for any firm, but only yourselves apparently, and it commences with a letter from you on the 19th January, 1877, to Mr. Trudeau, to this effect :

“ We understood last fall that the Department was in want of a further supply of railway spikes for Duluth, but owing to the advance in freights and insurance we were not able to supply at the same price as contract for Fort William which was taken very low. We are now, however, prepared to deliver 100 tons or more at Duluth, at the opening of navigation at the same contract (above mentioned).”

That contract was about July, 1876, and the price was \$57 per ton : do you remember these circumstances?—I remember from your reading that letter. I do not remember the letter.

17672. Do you remember proposing such a thing to the Government as this : that they should, in January, 1877, allow you to furnish spikes at the price of the previous contract which was a very low price?—Well, I have, since you have read it, a very faint recollection of it. If I had the letter (Exhibit No. 153) I could probably confirm it.

17673. Here is the letter?—Yes; this letter was written by us.

17674. By yourself?—By myself.

17675. Now, looking at the letter, can you give any further explanation of the matter : can you say, for instance, how it is that you came to know that they wanted 100 tons at Duluth, if there had been no public competition on the subject or no advertisement?—I am sure I do not know. I remember one incident, that of Ryan. Either Ryan told me or some other parties told me that they had bought some spikes in Toronto. I do not know whether it refers to this particular time or not. That is all the impression I have on my mind relative to spikes up there.

Cannot explain how he came to know the Government wanted 100 tons of spikes there having been no call for tenders.

17676. Do you think now, when you stated in that letter of January, 1877, that the price in the previous contract was a very low one, you were correct?—I probably was, or I would not have said so.

17677. Do you think you proposed shortly afterwards to supply them considerably less?—If I did I succeeded in getting them from the makers for considerably less.

17678. As a matter of fact, do you remember whether this supply was submitted to public competition?—I do not remember. May I call your attention to this letter. It does not state that I offered to take it at a very low price, but I merely said that the contract taken the previous year, at \$57 per ton, was very low. There is no doubt but it must have been very low at that time, and I offered in the following spring to supply some more at the same price.

17679. But didn't you offer then, in January, 1877, to supply some more at the same price?—Yes.

17680. Do you mean when you offered to supply them at the former price that you did not intend to indicate that it was a low price for that time?—Well, it might bear that construction, but the intention here is, I merely made the statement that that figure of \$57 in the fall previous or the summer previous was a low price.

17681. A low price for that time?—Yes.

**Railway
Spikes—
Contract No. 32.**

17682. But not for the time you wrote this letter?—It would bear that construction.

Wrote the letter with the intention of suggesting that \$57 per ton was a low price in 1877.

17683. Did you write it with the intention that it should bear that construction, that \$57 was a low price?—Yes; it would bear that construction.

17684. Do you say now it was a low price then?—I cannot remember.

17685. Tenders appear to be called for on February 19th, 1877, for the supply of from 100 to 300 tons of these spikes, and you appear to have made tenders upon the subject?—What date: under what date did we tender?

17686. The time for receiving tenders was Tuesday, the 13th day of March, so it must have been no later than that date: do you remember anything connected with this tender as to the price of it?—No; I do not.

Soon after he tendered at \$54.95.

17687. The prices among the different tenders range from this which is the lowest, \$54.95, up to \$75: do you remember whether about that time there was any very close competition in the prices of these things?—I do not. I do not know I ever heard before any figures excepting my own.

Before putting in tender may have found out that Pillow, Hersey & Co. tendered at \$55 per ton.

17688. There was another tender of 5 cts. a ton above yours: do you know whether you found out their price in any way before you put in your tender?—We may have done so.

17689. Do you remember how?—No; I do not. Who were the parties?

17690. Pillow, Hersey & Co.?—I do not remember that we did, but I say we may have done so.

17691. If you did do so, do you know through what channel you would have done it?—I would do it from Pillow, Hersey & Co. themselves. We were on very intimate terms.

17692. Were you rivals of theirs or were you interested in their tender?—We were working with them.

17693. In this matter?—I don't know as to that matter, but I know we have worked with them in other transactions.

Has worked tenders together with Pillow, Hersey & Co.

17694. Was this putting in of the tenders in these two names, one Pillow, Hersey & Co. and one Cooper, Fairman & Co. for the benefit of the two firms?—I cannot tell. We have worked tenders together in that way not only in this case but in other cases—if this is one case, which I do not know. If we worked together in that matter we had an understanding before we made out our tenders that we would put in the tenders so.

17695. The price which you received is, you see, somewhat less than the \$57: do you remember whether there was any decided fall between the time you wrote that letter and the time you put in that tender?—I do not remember; but you name some parties and quote \$75, so there was not a very great decline. \$57 is a low price to-day for good spikes delivered up there at that point.

Prices may have fallen between 19th January, 1877 and 30th March, 1877; but he does not know.

17696. I am asking about the fall, so as to account for this difference in your view between 19th January, 1877, and the 30th March, 1877, at one date you suggest \$57 as a very low rate, and in the last that

Railway
Spikes—
Contract No. 32a

\$54.95 is sufficient?—It may have been, because iron moves very rapidly sometimes.

17697. Of course we understand it may have been, but I am asking how it was?—Oh, I don't remember. We have a great many transactions passing through our hands all the time, it is perfectly impossible for me to remember all the circumstances and particulars unless there is something marked.

17698. We were in hopes, after you were subpoenaed, you would refresh your memory so as to give us all the information possible?—I had not the slightest opportunity to do so. I left Montreal to move west unexpectedly, and then I supposed you had all the correspondence and printed forms here, and that would give me all the points I would want.

17699. Were you interested in a transaction between the Government and the North-West Transportation Co., moving rails from Kingston to St. Boniface?—I don't think it.

17700. Do you remember what was the next transaction in which your firm was interested?—I do not, unless it would be some more spikes.

17701. There was one, No. 35, for spikes, Fort William and Duluth, **Contract No. 35.** do you remember whether that was submitted to public competition?—I think so.

17702. There is an advertisement on the 21st of February, 1878, calling for tenders up to Tuesday, the 19th March following; in this matter I think you were successful by about 5 cts. a ton: do you remember whether you had any arrangement such as you spoke of with the other firm?—I think it is probable we had with Pillow, Hersey & Co. We have a great many transactions with Pillow, Hersey & Co. We buy very largely from them, and they buy very largely from us. Our transactions amount to a good many thousand dollars per year.

Cooper, Fairman & Co. 5 cts. a ton lower than the next lowest tenderer.

Thinks it may have been by arrangement.

17703. Do you know whether in this matter you had such an arrangement; they appear to be 5 cts. a ton over your tender?—I cannot state positively, but possibly it was so.

17704. Upon looking more carefully at the list of tenders, I find that there was an intervening tender, Lee & Leys, 5 cts. a ton over yours, Pillow, Hersey & Co. being 20 cts. over theirs: do you remember whether you had such an arrangement with Lee & Leys?—Never.

17705. Do you know whether you had any information as to the price of their tender before you put in yours?—No.

17706. Have you at any time received such information upon any such subject from any one in the Department?—No.

17707. I mean the price or substance of any other party's tender?—No.

17708. Are you aware of any person in any of the Departments obtaining any advantage or pay for any information or assistance given to any one in connection with any contract or tender?—No.

Aware of no special information or improper influence being extended to any one.

17709. Neither yourself nor any of you, nor any other person?—No.

17710. Are you aware of any Member of Parliament or any Minister obtaining any advantage for any such assistance?—No.

**Railway
Spikes—
Contract No. 35.**

17711. From any firm or any member of a firm?—No.

17712. Are you aware of a member of any firm or any individual getting any advantage above their actual rights through any Member or any Minister?—I do not remember of any.

17713. Are you aware of any such person getting any such advantage or any favour through the assistance of any person connected with a Department?—I do not know of any.

17714. Are you aware of any promise being made to any Minister or Member or any one connected with any Department to compensate them for any favour or advantage given to any one?—I do not remember of any.

17715. Is there any other matter connected with these contracts in which you have been interested, that you wish to explain?—I do not remember anything just now.

17716. Have you been interested in any other transaction which I have not mentioned in connection with the Canadian Pacific Railway?—I think not.

17717. Is there any other matter connected with the Canadian Pacific Railway which you can explain by way of evidence?—I am not aware of any.

17718. Is there anything further that you wish to say upon the subject, either of the connection with the Canadian Pacific Railway or the arrangements between your firm, or any other matter which has been alluded to in this evidence?—I do not remember anything just now. I suppose I will remember after I go away plenty of it.

17719. Have you nothing further to say on the subject?—Nothing further.

OTTAWA, Saturday, 27th November, 1880.

TRUDEAU.

TOUSSAINT TRUDEAU'S examination continued:

**Tendering—
Contract No. 61,
B.C.**

By the Chairman:—

**Contractors:
Purcell, Ryan,
Goodwin & Co.**

17720. What is the next contract?—Contract No. 61. It is for the construction of twenty-nine miles of railway in British Columbia, between Boston Bar and Lytton. The contractors were Purcell, Ryan, Goodwin & Co. The date of the contract was the 10th of February 1880.

17721. Was this work let by public competition?—Yes.

17722. At the same time as the last contract?—Yes.

17723. I mean was the advertisement for tenders issued at the same time?—Yes.

17724. Have you a separate report on the tenders for this section, and the time of their being opened?—Yes; I produce it. (Exhibit No. 244.)

17725. Who were present at the time of the opening?—Mr. Fleming, Mr. Braun and myself.

17726. At what date was that?—On the 20th of November, 1879.

17727. That is some days after the time named for receiving tenders?—Yes.

**Tenders opened
20th November,
1879.**

Tendering—
Contract No. 61,
B.C.

17728. Do you remember why the opening was delayed?—Because the Minister of Railways and Canals was absent, and the opening was delayed until his return.

17729. Were these tenders in the same parcel as the ones you described last time you were giving evidence as to section A?—Yes.

17730. At that opening did you find any tenders which you excluded from the competition as far as this section B is concerned?—There was one tender from Brown & Corbett which was received too late, and besides had no cheque in it. One tender from Brown & Corbett received too late and had no cheque.

17731. Was there any other security with it equivalent to a cheque?—No.

17732. Have you that tender which was so excluded, as well as the other tenders?—Yes; I produce fifteen tenders. (Exhibit No. 245.)

17733. If this tender had been allowed to compete, would it have been successful over the one which was accepted?—No; it was not the lowest. This late tender not the lowest.

17734. Was the one which was accepted the lowest of all the tenders?—Yes. The lowest tender accepted.

17735. Was the contract executed finally with this same firm who made the lowest tender?—Yes.

17736. Have you the contract or a copy of it?—I produce the original; and a true copy of it is to be found on page 36 of the Blue Book of 1880.

17737. This printed copy will answer our purpose without the filing of the original: do you know whether this contract was afterwards transferred, or whether another was substituted for it?—Yes; on the 10th of February, 1880, it was transferred to Andrew Onderdonk. 10th February, 1880, transferred to Onderdonk.

17738. Have you the transfer?—Yes; I produce it. (Exhibit No. 246.)

17739. Was this transfer from the original firm to Mr. Onderdonk assented to by the Government, and was he accepted as the contractor in lieu of the original firm?—Yes; it was assented to by Order-in-Council, which I produce. (Exhibit No. 247.)

17740. This Order-in-Council is dated in June, 1880, while the transfer to Onderdonk is dated, as you said, in February, 1880: do you know whether there was any doubt or delay in the recognition by the Government of Mr. Onderdonk's position as assignee? In the Blue Book of 1880 there is a short correspondence between the Minister of Railways and Mr. Trutch upon the expediency of this transfer, perhaps that may assist you in explaining the matter?—Before assenting to this proposition the Department required time for consideration. Before assenting to proposition Department required time for consideration.

17741. Do you know whether there was any hesitation on the part of those original contractors to carry out the proposed transfer and that that led to some delay; although the document is dated on the 10th of February, it may not have been executed so early as that?—I find nothing in the correspondence on the subject.

17742. Are you aware of any personal interviews, or did you take part in any, in which that matter was discussed by any of the original contractors?—No.

**Tendering—
Contract No. 61,
B.C.**

17743. This Order-in-Council which you have produced, dated in June, authorizes not only the transfer from Purcell, Ryan & Co. to Mr. Onderdonk, but another assignment by Onderdonk to Mr. D. O. Mills: have you any correspondence on that subject? There are some letters printed in the Blue Book of 1880, if you can say whether that contains all the correspondence it will answer our purpose: it there is anything to be added to it please let us know?—As far as I am aware, the Blue Book contains all the correspondence on the subject.

17744. Are you aware of any interviews upon the subject, the effect of which would not be given in this Blue Book?—No.

17745. Do you know whether there was any report from the Engineer-in-Chief upon the subject of this transfer of the contract from Purcell & Ryan to Onderdonk: there is one on page 190, apparently, but I wish to know whether there is anything further than that?—There is no other report from the Chief Engineer, except the one printed at page 190.

17746. Is there any other information which you can give us respecting the letting of this contract for section B, or the transfer of it, besides what appears in the Blue Books, and what you have already stated?—No.

17747. The report which you spoke of when giving your evidence upon section A, made by the Engineer-in-Chief in 1879, covers this section as well as section A, does it not?—Yes.

**Contract No. 62,
B.C.
Contractor: An-
drew Onderdonk**

17748. What is the next contract?—It is contract No. 62, for the construction of twenty-eight and a-half miles of railway in British Columbia, between Lytton and Junction Flat, and the name of the contractor is Andrew Onderdonk, and the date of the contract is the 23rd of December, 1879.

17749. Was this work let by competition, and invited in the same way as the work upon the last two contracts?—Yes.

17750. Have you any report upon the tenders for this particular section?—Yes; I produce it. (Exhibit No. 248.)

17751. When were the tenders for this section opened, and in presence of whom?—They were opened on the 20th of November, in the presence of Mr. Fleming, Mr. Braun and myself.

17752. Were these tenders also in the parcel which you before described as being put away in the absence of the Minister?—Yes.

**Tender from
Brown & Corbett
received too late
and without a
cheque.**

17753. On opening the tenders did you find any which you considered it necessary to reject and exclude from the competition?—There was one from Brown & Corbett received too late, and without a cheque.

17754. Was it accompanied by any other security equivalent to a cheque?—No.

17755. Would that tender have been a successful one if it had been received within the time and accompanied by proper security?—If the extensions made by the persons sending in their tender are correct, it would be the lowest tender.

17756. Do you remember whether it was decided, before opening the tender, by the persons who were present that it ought not to be allowed to compete, or was it after opening it, and knowing the

figures that it was so decided?—It was laid aside, before we commenced opening the tenders.

**Tendering—
Contract No. 63,
B.C.**
Laid aside before
tenders opened.

17757. When you say it was laid aside, do you mean that it was the opinion of the officials present that it ought not to be allowed to compete?—Yes.

17758. Was the contract awarded to the lowest regular tender?—
Yes. **Contract awarded
to lowest regular
tenderer.**

17759. This tender was made by the same persons who were successful in tendering for section A?—Yes.

17760. Was this contract transferred to the same person who obtained the transfer of section A?—Yes.

17761. Were there any dealings with this contract for section C in a different way from the dealings for section A—I mean by the Government and the successful tenderers or any other person; or did it follow the transaction connected with the contract for section A? There was no difference.

17762. Then the arrangement for transferring this contract was really included in the arrangement for the transfer of section A, was it?—Yes. **Arrangements
regarding this
contract in all
respects the same
as those in regard
to contract 60.**

17763. Do you know whether it has been necessary at any time to come to any decision, or to have any transaction with either of those sections, separate from the other of them after the contract was once awarded?—There were two separate contracts, but I think the correspondence refers to the two sections.

17764. Has there been any dispute, that you are aware of, upon the subject of the awarding of the contract or contract B in British Columbia, or any complaint by any unsuccessful tenderer?—No.

17765. Is there anything further which you can state by way of evidence upon the subject of this contract C, beyond what appears in the Blue Books?—No.

17766. All these contracts for the four sections of British Columbia have not only been transferred to Onderdonk, but by him transferred to a Syndicate represented by Mr. Mills, is that not so?—Yes. **Contracts 60—63
inclusive, trans-
ferred to a Syndi-
cate represented
by Mills.**

17767. And that has been approved of by His Excellency in Council?—Yes. **Approved by
Order-in-Council.**

17768. What is the next contract?—The next contract is No. 63, it is for the construction of forty and a-half miles of railway in British Columbia between Junction Flat and Savona's Ferry: the name of the contractor is Andrew Onderdonk, and the date of the contract is December 15th, 1879. **Contract No. 63,
B.C.**

17769. Tenders for this work were asked by the same advertisement to which you have already alluded were they not?—Yes.

17770. Have you any report upon the subject of this section?—Yes; I produce it. (Exhibit No. 249.)

17771. When was this opened and before whom?—They were opened on the 20th of November, 1879, in presence of Mr. Fleming, Mr. Braun, and myself.

17772. Were the tenders for this section included in the parcel to which you have already alluded?—Yes.

**Tendering--
Contract No. 63,
B.C.**

Irregular tender
not allowed to
compete.

17773. Upon opening the tenders did you find any which you did not allow to compete on account of any irregularity?—There was one from Brown & Corbett which arrived too late and in which there was no cheque.

17774. Was there any other security equivalent to a cheque in it?—No.

17775. Was there any decision arrived at as to whether it should be allowed to compete before it was opened and the figures known?—It was thought by us that it should not be allowed to compete.

Not as low as
successful tender.

17776. Was it as low as the successful tender?—No.

17777. Was the contract awarded to the lowest tenderer?—Yes.

Kavanagh the
lowest tenderer.

17778. Who made the lowest tender?—T. & M. Kavanagh.

At Kavanagh's
request work
awarded to
Onderdonk.

17779. Did they execute any contract in the first place before Onderdonk became the contractor, or was their right transferred so that he became the original contractor?—There was no contract executed with Kavanagh, but at their request the work was awarded to Mr. Andrew Onderdonk.

17780. Before the contract was thus awarded, had they put up the security necessary to entitle them to deal with it?—They had sent in a cheque with their tender, but had given no other security.

17781. What time was given to them, when they had notice that the contract was awarded to them, within which they might put up the further security?—In a letter from the Department to Mr. Kavanagh, a copy of which is printed at page 147, Mr. Kavanagh is requested to make his final deposit on or before the 8th of December, and at page 150 of the same Blue Book is a copy of a letter from the Department to Mr. Kavanagh extending the time to the 11th of December.

Onderdonk
deposited \$90,000.

17782. Did they put up the security by the 11th?—No; but on the 11th they addressed a letter to the Department asking that the work be awarded to Mr. Andrew Onderdonk; and Mr. Onderdonk made a deposit of \$90,000 on the next day—the 12th.

17783. Then had the time been extended beyond the 11th to enable this to be done?—The time had been extended up to the 13th.

Extension of time
granted by Minister
and approved
by Order-in-
Council.

17784. By what authority had it been extended?—The extension was granted by the Minister approved of by an Order-in-Council.

17785. Do you mean that when you say that the extension is approved of by Council that the transaction itself is approved of; and that that involves the extension upon which the transaction is based?—Yes.

17786. Is there any other document beyond what appears in the Blue Book upon the subject of extension as far as you know?—No.

17787. Did you take part in any discussion upon the subject of this extension either with the Minister or with any other official, or with any other person?—I am not aware of any other discussion further than what appears in the Blue Book.

17788. Have you any means of knowing the reason why this extension was granted to Kavanagh, either the first or second extension?—No.

Tendering—
Contract No. 62,
B. C.

17789. Do you know whether there was any difficulty about the necessary security being given before the contract was completed in any of the sections in British Columbia: on page 149 there is a report upon this subject, but it may be that you know something more than is stated there?—No; the report on page 149 contains all the information which I can give.

17790. I think you have already said that this contract, after being given to Onderdonk by virtue of this transfer from Kavanagh, was afterwards assigned by him to Mills as well as the contracts for A, B and C?—Yes.

17791. Have you the original tenders in this case?—Yes; I produce twelve tenders. (Exhibit No. 250.)

17792. Have you the original tenders for section C?—Yes; I produce twelve. (Exhibit No. 251.)

17793. Is there any other matter connected with this section D on which you can give us information not contained in the Blue Book?—No.

JAMES GOODWIN'S examination continued:

GOODWIN.

By the Chairman:—

Contract No. 61,
B. C.

17794. It is not necessary that you should be sworn again as you have already been sworn in this matter: do you so understand it?—Yes.

17795. Had you any arrangement, before you tendered for the British Columbia sections, with any other person who was tendering, for the purpose of selling out afterwards to him, or make any other arrangement by which a tender should be put in at a particular rate, either higher or lower than any other persons?—No; Ryan and myself and Col. Smith made up our tender and put it in, not with the intention at that time of selling out.

Witness and part-
ners tendered
without any in-
tention of selling
out.

17796. Was there any arrangement existing at that time between your firm and any one else as to prices?—None at all.

No arrangement
between his and
any other firm as
to prices.

17797. Do you know of any such arrangement existing between any other persons tendering?—I do not. I may state I did not see Onderdonk until after the tenders were in—never seen him or spoke to him.

TOUSSAINT TRUDEAU'S examination continued:

TRUDEAU.

By the Chairman:—

Bridge over
Red River—
Contract No. 64.

17798. What is the next contract?—Contract No. 64, it is for the erection of a temporary bridge over the Red River at Winnipeg. The contract was entered into on the 18th of March, 1880, with Ryan, Whitehead & Ruttan.

17799. Was the work let by public competition?—Yes.

17800. Advertisements asking for tenders?—Yes.

17801. Where were the advertisements published?—In Manitoba.

**Bridge over
Red River—
Contract No 64.**

17802. By whom were they opened?—A list of tenders received was sent in to the Department in a report by Sandford Fleming dated the 6th of April, 1880. The report does not state by whom they were opened.

17803. Have you the report?—Yes.

17804. Who is reported to have made the lowest tender?—Ryan, Whitehead & Ruttan.

**Contract let to
lowest tenderer.**

17805. Is this the same firm who got the contract?—Yes.

**\$7,350 amount of
tender.**

17806. What is the amount of their tender?—\$7,350.

Work completed.

17807. Do you know how far the work had progressed in June last, or can you say whether it has been completed?—The bridge has been completed.

17808. Has it been settled for?—Yes.

17809. Without dispute?—Yes, without dispute.

17810. Has there been any complaint or dispute on behalf of the unsuccessful tenderers, or any of them?—Not that I know of.

17811. Will you produce the report to which you refer?—Yes; I produce it. (Exhibit No. 252.)

17812. Is there any other matter connected with this contract which you wish to explain?—No.

OTTAWA, Monday, 29th November, 1880.

TOUSSAINT TRUDEAU'S examination continued:

**Passenger Cars—
Contract No. 65.**

**Contract with
James Crossen
for construction
of four first-class
passenger cars.**

By the Chairman:—

17813. What is the next contract?—Contract No. 65, with James Crossen, for the construction of four first-class passenger cars. The date of the contract is the 15th of March, 1880.

17814. Was the work let by public competition?—Yes.

17815. Have you a copy of the advertisement and any report upon the tenders?—Yes; I produce it. (Exhibit No. 253.)

17816. What is the time then for the receipt of tenders?—Monday, the 23rd February, 1880.

17817. When were they opened, and before whom?—They were opened on the 2nd of March, 1880, in the presence of Mr. Smellie, Mr. Braun and myself.

**Separate arrange-
ment for official
car.**

17818. The description of this contract in Mr. Fleming's report of 1880 gives four first-class passenger cars and one official car. This report of the tenders put in and the advertisement together show that the invitation was only for tenders for the first-class cars and other cars but no official car: was there a separate arrangement as to the official car?—Yes.

17819. How were tenders obtained for the official car?—A report from the Engineer's Department, dated 15th of March, 1880, shows that when the tenders for the first-class cars were received the drawings for the official car were not ready. As soon as these drawings were

ready the builders who had sent in tenders for first-class carriages were asked for tenders for the official car. The same parties sent in tenders and the lowest was accepted.

17820. Were all the parties who had previously tendered for first-class cars invited to offer for the official car?—Yes.

17821. Was the contract given for the first-class cars to the lowest tender?—Yes.

17822. And for the official car?—Yes.

17823. What is the whole amount involved in this contract?—About \$24,900.

17824. Has it been performed?—Yes.

17825. Is there any dispute upon the subject?—No.

17826. In this report of the different tenders which were sent in in answer to your advertisement, I notice seven firms have made offers, but I gather from it that only two made offers for the first-class cars?—Yes.

17827. The other offers were for the other cars, such as baggage cars, box cars, &c.?—Yes.

17828. Was any other contract based upon these offers for the ordinary cars?—Yes; there were contracts for postal, box and platform cars.

17829. With whom was that made and what was the number of it?—The box cars and platform cars are known under the name of contract No. 67; the postal and baggage was contract No. 68.

17830. Was the contract No. 67 given to the lowest tenderer?—Contract 67 is for sixty box cars, and sixty platform cars. The contract is with the Moncton Car Co., and is based upon a tender which is the lowest for the platform cars, but not the lowest for the box cars.

17831. What is the difference between the successful tender and the lowest one for the box cars?—\$5 per car.

17832. By whom was that tender made: \$685 was the lowest?—By Simon Peters. The advertisement asked for tenders for sixty box cars. Mr. Peters offered to furnish from fifteen to thirty cars only.

17833. Then do I understand that it would have been necessary, at all events, in order to get the required number, to go to Mackay & Elliott, known now as the Moncton Car Co.?—Yes.

17834. Was there any complaint on the part of Simon Peters because he did not get the contract for the portion which he offered to supply?—No; on the contrary, there is a letter from him asking to withdraw his tender. I produce the letter. (Exhibit No. 254.)

17835. Was there any complaint in any of those car contracts upon the part of persons who were not awarded the contracts?—No.

17836. Were all the tenders which were put in considered and allowed to compete, or was there any one irregular and rejected?—They were all allowed to compete.

17837. What is the amount involved in contract 67?—\$70,800.

17838. Has that contract been fulfilled?—Not yet; it is in progress.

17839. What is the amount involved in contract No. 68?—\$6,230.

**Passenger Cars—
Contract No. 65.**

Lowest tender accepted for official car and for first-class cars.

\$24,900 involved in this contract.

**Postal and Platform Cars—
Contracts Nos. 67 and 68.**

Contract 67 for sixty box and sixty platform cars based on a tender the lowest for platform, but not the lowest for box cars.

Simon Peters offered to furnish from fifteen to thirty box cars at \$5 lower, but advertisement called for sixty cars.

Simon Peters asked to withdraw his tender.

\$70,800 involved in contract 67 which is in progress.

In contract 68 \$6,230 involved.

**Postal and
Platform Cars
Contracts Nos.
67 and 68.**

17840. What is the date of contract No. 68?—The 8th of May, 1880.

17841. Have you the original tenders which were put in on these different car contracts?—Yes; I produce seven. (Exhibit No. 255.)

17842. These do not include the tenders for the official car do they?—No; I now produce the tender for the official car. (Exhibit No. 256.)

**Official car order-
ed by Order-in-
Council.**

17843. Was the contract for the official car ordered by Council or by the Minister?—It was ordered by Council the 18th of March, 1880. I produce the Order-in-Council. (Exhibit No. 257.)

17844. Is there anything further in connection with these car contracts which you consider necessary for you to explain?—No.

**Tendering—
Contract No. 66.
Second 100 miles
west of Red
River.**

17845. What is the next contract?—Contract No. 66, for the construction of the second 100 miles of line west of Red River.

17846. Have you any report by the engineer upon the tenders for this second 100 miles west of Red River?—Yes; I produce a report by Sandford Fleming, dated 13th of April, 1880. (Exhibit No. 258.)

**Under Order-in-
Council, George
McTavish's name
added to the firm
of Bowie & Mc-
Naughton.**

17847. The contract was originally awarded to Bowie & McNaughton: was it transferred by them, and if so who became the contractor?—Under the authority of an Order-in-Council, dated the 22nd of May, 1880, the name of George S. McTavish was added to the firm of Bowie & McNaughton.

17848. Then did the firm remain Bowie, McNaughton & McTavish, or was McNaughton also dropped out?—The new firm is known under the name of Bowie, McTavish & Co., and consists of Bowie, McNaughton and McTavish.

17849. Have you a copy of the Order-in-Council which you can produce?—Yes; I produce it. (Exhibit No. 259.)

17850. Can you produce the next highest tender for this work above the one that was accepted? I think it was made by a Barrie firm—Marpole & Co.?—Yes; I produce it. (Exhibit No. 260.)

**Transportation
of Rails—
Contract No. 70.
From Montreal
to Emerson and
Fort William.**

17851. What is the next contract which we have not investigated?—Contract No. 70, with the North-West Transportation Co., for the carriage of rails from Montreal to Emerson and Fort William.

17852. How was this contract brought about: was there any competition?—An advertisement was issued and tenders received. I produce it. (Exhibit No. 261.)

17853. When were the tenders opened and before whom?—They were opened on the 13th of May by Mr. Fleming and myself.

17854. Were all the tenders received allowed to compete?—Yes.

17855. Who made the lowest tender?—Henry Beatty, of the North-West Transportation Co.

17856. I see that the advertisement calls for tenders up to noon on Saturday the 8th of May for the transport of about 23,000 tons of rails and fastenings, part to be delivered on the cars at Emerson and the remainder at Fort William: was this about the quantity that was finally contracted for?—Yes.

**Henry Beatty, of
North-West
Transportation
Co., lowest
tenderer.**

23,000 tons.

**\$5 per long ton
delivered at Fort
William.**

17857. What is the rate named in the contract for delivery at Fort William?—\$5 per ton.

17858. This is the long ton, is it not?—Yes.
17859. And the transportation was from Montreal?—Yes.
17860. What is the price named for transporting the long ton from Montreal to Emerson in the lowest tender?—\$14.50. **Transportation of Rails—Contract No. 70.**
\$14 per ton to Emerson.
17861. Then the difference between the delivery at Fort William and at Emerson is \$9.50 for the long ton, is it not?—Yes. \$9.50 difference between Fort William and Emerson.
17862. How does this price compare with the previous contracts for the same work?—It is lower.
17863. By how much?—\$9.50 per ton between Fort William and Emerson. This contract \$8.50 lower than was paid to North-West Transportation Co. under contract 34.
17864. To whom, or under what contract, was this price—the higher price—paid for transporting rails from Fort William to Emerson at \$18 a ton?—It was under contract 34 with the North-West Transportation Co.
17865. Then, comparing these prices all the way from Montreal to Emerson, how do you find that the whole price compares with previous contracts for the same work?—It is lower by about \$4.80 per ton.
17866. Do you find that upon any previous occasion that the transportation of rails from Montreal to Emerson cost you \$4.80 more than this?—Yes. Previously paid \$4.80 more from Montreal to Emerson.
17867. Do you remember by what contract you paid that higher price for this same work?—Under contract 22 the sum of \$1.20 was paid for the carriage of rails from Montreal to Kingston, and under contract 34 \$18 from Kingston to St. Boniface. Contract 22, \$1.20 from Montreal to Kingston; contract 34, \$18 from Kingston to St. Boniface.
17868. Was this contract which we are now considering let to the lowest tenderer?—Yes.
17869. Was there any complaint upon the part of other persons who had tendered on the ground that they did not get the contract?—No. Contract let to lowest tenderer—no complaint.
17870. Was this contract, No. 70, authorized by Order-in-Council?—Yes; I produce it. (Exhibit No. 262.)
17871. Has the work been performed under this contract 70?—This contract is in progress of execution. Contract in progress.
17872. Was there a contract before this on the same subject, No. 69?—No. 69 is not a formal contract. In the summer of 1879 the North-West Transportation Co. were to carry 11,000 tons to Manitoba for Mr. Ryan, the contractor of the first 100 miles west of Red River. The North-West Co. had also a contract with the Department for the transportation of some 4,000 tons to Fort William. Late in the autumn of 1879, it was found that the makers in England were sending more rails than the 15,000 tons expected, and Mr. Beatty was ordered to carry this extra quantity, the rates being the same as those rates paid by Mr. Ryan, who was the contractor for section 48. **Contract No. 69.**
Not a formal contract.
17873. By what authority was this arrangement made: by the Minister or by Council?—The case is reported only by Mr. Fleming, and is approved of by Order-in-Council, both of which I produce. (Exhibit Nos. 263 and 264.)
17874. What was the price paid for this work?—\$16.

**Transportation
of Mails—**

Contract No. 69.

17875. How does this \$16 compare with the prices which you have been formerly paying for the same work?—It was less.

\$3.30 less than
previously paid.

17876. How much less per ton?—Taking contracts 22 and 34 as a basis, it was less by \$3.30.

17877. Has the work been done under this arrangement?—The work has been executed, but the accounts have not been quite settled.

**Iron Super-
structure—**

Contract No. 71.

Toronto Bridge
Co. contractors.

17878-9. What is the next contract?—Contract No. 71. It is for the furnishing and erecting of iron superstructures over the eastern and western outlets of the Lake of the Woods. The contract was with the Toronto Bridge Co.

17880. Was the work submitted to public competition?—Yes.

17881. Have you a copy of the advertisement and the report upon the tenders?—Yes, and I produce it. (Exhibit No. 265.)

17882. From this report it appears that two tenders were sent in. They were opened by yourself and Mr. Smellie two days after the date named for receiving them: is there anything further about the matter than appears from this report?—No.

17883. Were all the tenders that were received allowed to compete?—Yes.

Contract given to
lowest tenderer.

17884. And the contract awarded to the lowest tender?—It was.

17885. Was there any complaint by the unsuccessful tenderers?—No complaint.

\$50,000 involved
in contract.

17886. What is the total amount involved in the contract?—About \$50,000.

17887. The decision to award this contract was arrived at, apparently, before the date of our Commission, but the contract itself was executed afterwards: is that correct?—Yes.

17888. Is there anything connected with the proceedings, up to the awarding of the contract, which requires further explanation?—Nothing.

17889. What is the next contract?—Contracts 72 and 73 were entered into in July and October.

17890. Had any of the preliminary steps—such as advertising or awarding the contract—been taken before the 16th of June?—No.

17891. What is the next contract towards which any steps were taken before the middle of June last?—On the 17th of May, 1880, tenders were received for tanks and pumping machinery required to supply water for the use of locomotives, but none of the tenders were accepted.

**Wire Fencing—
Contract No. 77.**

17892. What is the next matter before the middle of June last?—Nos. 75 and 76 are contracts entered into after the month of June. No. 77 is a contract for fencing. An advertisement was published, dated the 26th of April, 1880, calling for tenders for wire fencing. In the advertisement it was stated that the parties tendering should furnish specifications, drawings and samples of the fence, or different kinds of fence, they proposed to erect. Tenders were received on this advertisement, and a comparison of tenders involved a comparison of the plans proposed.

Wire Fencing—
Contract No. 77.

17893. Have you a report upon the subject?—Yes; I produce it. (Exhibit No. 266.)

17894. By whom were the tenders opened?—They were opened on the 1st of June, 1880, by Mr. Smellie, Mr. Braun and myself. I produce a certificate of the opening. (Exhibit No. 267.)

17895. Was there any decision arrived at as to awarding the contract before the middle of June?—No.

17896. Were any of the tenders rejected on account of any irregularity so as to exclude them from the competition?—No.

17897. What is the next matter before the middle of June?—In the order of dates this is the last.

17898. Is there any other matter which we have not touched upon that you think requires explanation as to these which were not completed before the middle of June?—No.

17899. Could you say whether there had been any expenditure on account of any of them—I mean those which were not carried so far as contract before the middle of June?—No; there was no expenditure.

17900. Are there any of the former matters which you can speak of now?—Contract 16 with Canada Central Railway for a subsidy.

Subsidy to
Canada
Central—
Contract No. 16.

17901. Upon the last occasion on which you were examined about this matter you were asked to produce the correspondence which led up to the transaction: have you that correspondence at present?—I now produce a letter from the President of the Canada Central Railway Co. dated 22nd August, 1874. It is addressed to His Excellency the Governor-General, and prays that a subsidy of \$12,000 per mile be granted on the line to be built up to the village of Renfrew to the eastern terminus of the Canada Central Railway, subject to the provisions prescribed by the 14th section of the Canadian Pacific Railway Act of 1874. (Exhibit No. 268.)

President of
Canada Central
asks for a subsidy
of \$12,000 per mile.

17902. What is the next step after the receipt of this letter?—The matter was referred to the Chief Engineer who sent an assistant over the line to examine the country.

17903. Is the result of that examination reported by the Engineer?—Mr. Fleming reported on the 6th of October. I produce the report.

17904. This is the one attached to the letter which you have already produced, is it not?—Yes.

17905. And the next step?—The next step was the passing of an Order-in-Council on the 4th of November, 1874, granting a subsidy of \$12,000 subject to certain conditions, and to the ratification of the Order-in-Council by resolution of the House of Commons, a copy of which Order I produce. (Exhibit No. 269.)

Order-in-Council
4th November,
1874, granting
subsidy of \$12,000

17906. This Order was ratified, I believe, by a resolution of the House of Commons?—Yes; on the 13th March, 1875.

17907. What was the next step?—On the 24th of March, 1875, the Secretary of the Canada Central Railway Co. informed the Department that the company had entered into a contract with the Hon. Mr. Foster for the construction of the line, and enclosed a copy of the contract. A copy of the contract is included in the paper already filed as

24th March, 1875,
letter received
saying company
had entered into
contract with
Foster.

**Subsidy to
Canada
Central—
Contract No. 16.**

Exhibit No. 269. The receipt of this communication was acknowledged by Mr. Braun on the 27th of March, 1875.

17908. This contract of which you have spoken is only between the railway company and Mr. Foster: was there any contract between the railway company and the Government?—There is nothing beyond the Order-in-Council granting the subsidy on the conditions named in the Order-in-Council.

One condition of granting subsidy that within one month, company shall enter into *bona fide* contract for building the railway, &c.

17909. One of the conditions in this Order-in-Council is, apparently, that the company shall, within one month of the ratification of the Order-in-Council, satisfy the Minister of Works that they have entered into a *bona fide* contract, or contracts, for the building of the railway, and have provided sufficient means for the completion of the line within the time named: do you know whether they satisfied the Government upon the other subject, that is, they had provided sufficient means, as well as that they had entered into the contract with Mr. Foster?—At that time it was thought they had.

17910. Thought by whom?—By the Minister of Public Works.

17911. Was the matter considered and decided in any formal way: is there any correspondence or any documents on the matter?—There is no correspondence on the subject.

17912. Is there any record of the fact that the company did within the time named satisfy the Minister of Public Works on the subject?—There is no written record.

Foster thought a rich man.

17913. Is there one in some other shape?—Nothing, beyond my recollection that Mr. Foster was thought to be a very rich man at that time.

17914. Do you mean that this circumstance was taken into account, and upon that reputation of Mr. Foster it was decided that the company had sufficient means?—My impression is that the Minister was satisfied that the company had sufficient means.

17915. Was it so stated to you by the Minister formally, or were you present when it was decided, or do you mean that it was only the rumour of Mr. Forster's standing which leads you to think that it must have happened?—I cannot recollect that.

26th October, 1875, Foster sent in a report pointing out difficulties in the way of constructing line.

17916. What is the next step?—The next important step was that Mr. Forster sent into the Department a report by Mr. Walter Shanly, dated October 26th, 1875. The subject of the report are the difficulties to be encountered in the construction of the line. I produce the report. (Exhibit No. 270.)

Fleming reported in favour of further examination.

17917. In this report Mr. Shanly suggests that permission be asked to change the location of the line: was that done, and if so what was the result?—Mr. Shanly's report was referred to Mr. Fleming. Mr. Fleming reported on the 17th of November, and again on the 22nd of November, 1875. The principal recommendation in Mr. Fleming's report was that further examination should be made. I file the two reports. (Exhibit Nos. 271 and 272.)

17918. At the time that Mr. Shanly's report was submitted for the consideration of the Government, was any application made by the contractors of the Canada Central Railway Co.?—There was no formal letter accompanying Mr. Shanly's report, nor was any written about that time.

Subsidy to
Canada
Central—
Contract No. 16.

17919. Was an application made to be allowed to change the line, or make any material change in the contract?—A formal proposition was made by Mr. Foster on the 20th of December, 1875, which I now produce. (Exhibit No. 273.)

17920. What was done by the Government on the subject of this application as far as the Canada Central Railway Co. was concerned?—The matter was referred to Mr. Fleming, and on the 23rd of December, 1875, Mr. Fleming sent in a report which I now produce. (Exhibit No. 274.)

17921. Was any action taken by the Government upon Mr. Fleming's report?—In a report to Council, dated the 26th of February, 1876, the Minister states that he will report on the application of the Canada Central Railway Co. at some future time. On the 23rd of March, 1876, Mr. Foster, in a letter to the Department, proposed to explore the country between Pembroke and Lake Nipissing, which letter I produce. (Exhibit No. 275.)

17922. This letter refers to a report from Mr. Shanly, apparently a report later than the one you formerly produced: have you that report?—It is a report addressed to Mr. Foster which I have not got.

17923. Do you mean that it was not on record in the Department? It appears to have been enclosed in this application from Mr. Foster, and expresses a doubt of the possibility of obtaining a practicable line on the route originally contemplated. That is, of course, somewhat the tenor of his report of October. I only wish to know whether he made a subsequent report to the same effect or whether this alludes to the former report of October?—The date of Mr. Shanly's report not being given and there being no report enclosed in the letter, I cannot say.

17924. What is the next step?—A letter dated February 10th, 1877, signed by the Vice-President of the Canada Central Railway Co. was received proposing that the company should extend the line at their own cost up to Pembroke and that the subsidized line instead of commencing at Douglas and going up the Bonnechere, should commence at Pembroke and go up the Ottawa Valley, the number of miles in each case to be subsidized being the same. Mr. Fleming on the 16th of February, 1877, reported on this matter, and recommended that the proposal be favourably entertained. I file the two letters as Exhibit No. 276.

February 10th, 1877, letter from Vice-President of Canada Central Railway Co. proposing further to extend line to Pembroke, and suggesting that subsidized line should go from Pembroke up the Ottawa Valley.

17925. This proposition of February, 1877, is, in effect, abandoning the line contracted for, is it not?—Yes; it is a proposal to abandon that line.

17926. This proposition of 1877 comes from the company as a corporation; the last one which you mentioned came from Mr. Foster, the individual—some eleven months between them: had any material change taken place in the position of the parties during that time? I mean was the Government still dealing with Mr. Foster, as in March, or did anything else happen which transferred the whole matter to the company?—I produce a letter written by Mr. Foster in January, 1877, in the same sense as the letter sent in by the Vice-President of the company. (Exhibit No. 277.)

Letter from Foster in same tenor.

17927. The date of January in this letter appears to be a mistake: will you please look at other marks on the letter—endorsements and

**Subsidy to
Canada
Central—
Contract No. 16.**

stamps—and say when it was received?—I find that the Secretary's stamp indicating when the letter was received by him on 19th May, 1877.

17928. And what would the endorsements indicate according to the practice of your Department?—This letter, after the 19th May, was probably folded inside of some other document, and only received a separate cover on the 17th December, 1877.

17929. As the proper date—I mean the date at which it was actually written—do you say you think it was in January, or in May, 1877?—There is no other date on the paper except January and the date of the stamp.

17930. In this letter from Mr. Foster he speaks of a report of Mr. Murdoch's which had been transferred to the Department the month previous; have you that report of Mr. Murdoch's?—I find no record of the report having been received.

**Order-in-Council,
April, 1878, ap-
proving of pro-
position.**

17931. What is the next step in the negotiations?—The next step was the passing of an Order-in-Council, dated the 18th of April, 1878, approving the proposition made by the Canada Central Railway Co. that the subsidized line should begin at Pembroke and extend to a point near the crossing of the Nipissing Road at the south-east corner of Lake Nipissing, and that the total subsidy be \$1,440,000. Other conditions are also named in the Order-in-Council. I produce the Order-in-Council. (Exhibit No. 278).

**Total subsidy to
be \$1,440,000.**

17932. Have you no record of any steps in this transaction between the report of Mr. Fleming, in February, 1877, and this Order in 1878?—No; I have only before me the papers having reference to the contract.

17933. Do you mean that there are papers in your Department, which you have not now before you, referring to the steps which led to this final contract on the changed line?—No; I do not think there is anything leading to that.

**Therefore appli-
cation to change
line granted.**

17934. Then this Order-in-Council of April, 1878, as I understand it, is granting the application of the company to change the line entirely, and to adopt a new course for the subsidized railway?—Yes.

17935. Was there any arrangement made by which the Canada Central Railway Co. were reimbursed in any way for their expenses in their attempt to fulfil the contract upon the first line?—No.

**20th April, 1878,
contract with
McIntyre &
Worthington to
construct line.**

17936. Was there any formal contract entered into between the railway company and the Government based upon this new arrangement?—Yes; a formal contract was entered into on the 20th of April, 1878, between the Canada Central Railway Co. and Messrs. McIntyre & Worthington for the construction of the line.

**Sixth clause em-
powers contrac-
tors to deal direct-
ly with Govern-
ment.**

17937. Was there not between the company and the Government? As I understand you now this contract, of which you are speaking, is one in which Mr. McIntyre and Mr. Worthington undertake with the railway company to build this line; but I am asking you for one—if there is any—between the railway company and the Government?—The sixth clause of the contract between the Canada Central Railway Co. and Mr. McIntyre and Mr. Worthington empowers the contractors—McIntyre & Worthington—to deal directly with the Government; and an Order-in-Council was passed on the 17th of June, 1878, approving of the contract on certain conditions. These conditions had

been communicated to the Canada Central Railway Co. and accepted by McIntyre & Worthington in acknowledgment, and a letter sent in to the President of the Canada Central Railway Co.

Subsidy to
Canada
Central—
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17938. Well, in any of those papers to which you have alluded, do you find any undertaking with the Government that the Canada Central Railway Co. will have this line built: you say that they may deal with the Government, but have they so dealt? The clause to which you refer seems only to authorize the contractors to receive money from the Government, or something for their benefit; there does not appear to be anything in that clause alluding to an undertaking with the Government?—There was no contract entered into beyond the Order-in-Council.

No contract with
Government
beyond Order-in-
Council.

17939. Have you a copy of that Order-in-Council of the 17th June?
—Yes; I produce it. (Exhibit No. 279.)

17940. Will you produce the agreement between the company and McIntyre & Worthington?—Yes; I produce it. (Exhibit No. 280.)

17941. Is that arrangement still existing: I mean the one accomplished by the contract between McIntyre & Worthington and the company, and this Order-in-Council?—Yes.

17942. Has the work been progressing under it?—Yes.

17943. Do you know, in round numbers, what sum has been disbursed under the subsidy up to the 30th of June last?—About \$830,000, up to the 30th of June.

\$830,000 paid
under subsidy up
to 30th June, 1880.

17944. About what length of the line has been completed according to the terms of the arrangement?—About seventy miles. The payments to the contractor include the advances on rails. The rails for the whole line have been purchased by the contractors and delivered on the ground.

Seventy miles
completed.
Payment to con-
tractors included
advance on rails.

17945. Can you furnish, under different headings, the amount that has been expended on this contract up to June last?—Not this moment, but I can on some future occasion.

17946. There was an item of \$68,000 which was paid for rails early in the history of this Canada Central Railway transaction, was there not?—Yes.

\$68,000 paid at an
early period for
rails part of total
expenditure.

17947. Is that part of what you now call the total expenditure?—Yes.

17948. Is the work being prosecuted to the satisfaction of the Department under the arrangement?—Yes.

17949. Do you know of anything further about this matter which should be explained?—No.

OTTAWA, Wednesday, 1st December, 1880.

HUGH RYAN, sworn and examined :

HUGH RYAN.

By the Chairman :—

Tendering—
Contract No. 25.

17950. Where do you live?—In Perth.

17951. What is your occupation?—Contractor.

17½*

**Tendering—
Contract No. 25.**
Contractor for
twenty-six years.

17952. Have you had much experience in that line?—Well, over thirty years—that is thirty years railroading altogether. I have been contractor for twenty-six or twenty-seven years—twenty-seven years.

17953. Of this has much time been spent on railway works?—All of it—all with the exception of two years.

17954. Have you had any interest in any of the works of the Canadian Pacific Railway?—Yes.

17955. Which was the earliest in which you were interested?—section 25.

17956. This work was offered to public competition, was it not?—Yes.

17957. Were you interested in any of the tenders at the time they were made?—I was.

Interested in
tender of Brown,
Brooks & Ryan.

17958. Which?—I was interested in the tender of Brown, Brooks & Ryan, when the tenders were put in first.

17959. That tender was not amongst the low tenders?—It was not accepted.

17960. Did you understand that there were several tenders lower than that?—At the time I did.

17961. Did you become interested in the Purcell tender before the contract was awarded?—No.

17962. Did you take any part in making up that tender, I mean affixing prices for the quantities?—For the Purcell tender?

17963. Yes?—No.

17964. Did you know anything about the figures up to the time the tender was put in?—I knew nothing about the classes of prices. Of course, as a contractor, we were talking a good deal about the character of the work, but it was only general conversation that took place among the contractors.

After work was
awarded Purcell,
witness joined
him by request.

17965. How did you become interested in the work at first?—After the work was awarded to Mr. Purcell he asked me to join him in the contract, and I done so.

Security all
Purcell's.

17966. Did you take any part in putting up the security which was required to be made before the contract was finally executed?—Mr. Purcell had put up all the security before I joined him, and the security was all his.

17967. Were you a party to the formal document, the contract, when it was executed?—Yes.

17968. Has the work under contract 25 been finished?—It has.

**Railway Con-
struction.**
Work completed
October, 1879.

17969. About what time was it finally completed?—Well, in 1879—the end of October, 1879. With reference to that question I may say that last year the Government intended to put on more ballast (I don't know that it is part of the answer to the question) to make the road more thoroughly complete than it is.

17970. That is, additional work; was it beyond the contract?—It would be. We really put on more ballast than was required by the contract. More would be required to make the road complete than was called for by the contract.

**Railway Construction—
Contract No. 25.**

17971. Has there been any dispute between the contractors and the Government on the subject of this contract 25?—Well, the contract is not settled up for yet. There is some dispute.

17972. What is the nature of the dispute?—The quantities overran the original estimate of the quantities; and in the winter of 1878, the engineers thought that the quantities—I don't know which of them—overran so much that they sent out another set of engineers to re-measure in 1879. Dispute regarding quantities.

17973. Who made the original estimate of this work which was considered too high?—I could not say. I understand the late Mr. Hazlewood was the district engineer of the work, and I presume had charge of the work, getting up the quantities.

17974. Was he district engineer at the time that the quantities were considered to be excessive?—Mr. Hazlewood was district engineer up to the time of his death, which occurred in January, 1878—yes, January, 1878.

17975. At what time then did the Department inform you that the quantities estimated were, in their opinion, too high, and that they would not make the payments on that basis?—After the work was all done—that is after the grading was all done—in about December, 1878, or January, 1879. December, 1878 or January, 1879, informed that the quantities were estimated too high.

17976. That would be nearly a year after Mr. Hazlewood's death?—Yes.

17977. Were the quantities ascertained by re-measurement?—I presume they were.

17978. Have you been informed what the result of that re-measurement was?—We have not.

17979. By whom have you understood that the new measurement was made?—It was made by Mr. Bell. There are two Mr. Bells—Mr. Leonard G. Bell. Quantities re-measured by L. G. Bell.

17980. Was that after the completion of the work—what is called a final estimate—or was it before the final estimate was made?—It was after all the grading was done, and after all the track was laid over the whole road, and after, I may say, the ballast was all done. It was during the time we were completing the ballast.

17981. Was it, at all events, after the completion of the work upon which the excess of measurement was supposed to be made?—It was after it was all done; a good deal of it three years after it was done—that is, three years after we commenced it. Re-measurement made after work completed.

17982. Do you remember about the time that you were first informed by the Department that they were not satisfied with the previous measurements?—It was the beginning of the year 1879—January or February—along through there.

17983. In which of the items was the excessive measurements supposed to be?—In earth work and rock. Earth work and rock the items in which excess of measurements were alleged to have occurred.

17984. Solid rock?—Solid and loose, I think.

17985. In the earth work, was it the ordinary line excavation, or was it in off-take ditches?—I could not say where the excess occurred, because we were not furnished with the report of it, but it was in both,

**Tendering—
Contract No. 25.**

I fancy, but mostly in the ditches; I think there was very little in the ordinary line cuttings.

17986. Were these estimates actually made by some person subordinate to the engineer, for instance, the assistant engineer?—You mean the first measurements?

17987. Yes?—Yes.

**McLennan the
engineer who
made the first
measurements.**

17988. Who was that engineer?—There were several. There was the division engineer, Mr. McLennan, had charge of the whole section under the district engineer, and he had assistants, one every ten miles of the road, who made measurements of every portion of the work he had charge of.

17989. Have you ascertained as to whose fault it was said to be, if there was any fault, that these measurements were excessive?—I could not say. I suppose I may say they were not excessive in my opinion.

17990. Was your contention that they were right from the beginning—that there never was such an excess as the Government claimed?—Yes.

17991. Nor any excess?—Nor any excess.

**He measurements
took place
from June to
October, 1879.**

17992. About what time did the re-measurement take place, as you understood? I think they went there either in June or July, and they worked there until October.

17993. Is that 1879?—In 1879; yes.

17994. Not this present year?—No, in 1879.

**Earth and loose
rock considerably
in excess of esti-
mate; the former
double, the latter
very much more.**

17995. Were the works, as finally executed upon this contract, much in excess of those estimated at the time of putting in the tenders?—The earth material was considerably increased, and also the loose rock. The solid rock, I think, was underneath the estimate a good deal.

17996. As a whole how would the quantities compare?—I cannot remember to a yard; the earth work, I fancy, pretty nearly double, and the loose rock very much more than that.

17997. Had you been over the country at all before putting in your tender or becoming interested in the Purcell contract?—No.

17998. Had you no special knowledge before entering into the arrangement with Purcell as to the character of the material which required to be moved, or any of the other particulars upon which the tenders were made?—None other than what I got here in the office.

17999. Was that information the same as was furnished to other persons, or had you any particular information yourself beyond what others could get?—What was for the public there. The same information, Sir, that was given to all other parties that was making up their minds to tender.

**Price for solid
rock and piling
too low.**

18000. Has it turned out that any of the prices in this work were very much lower than they ought to have been, or considerably higher than was expected to be correct when the tenders were made?—Well, I may say there were two items in the tender for which our prices were not enough and one of them was solid rock. Our prices for solid

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rock was below the character of the work, and also our price for piling.

18001. Upon these items was the executed work less than the estimate of the work?—On the solid rock it was; on the piling it was very much greater, ten times as much. Ten times as much piling as estimated.

18002. Upon those two items as to which you say your prices were too low, the whole effect of the alteration of quantities was to make a greater loss to you than was expected, or than would have happened if the quantities were adhered to?—Let me understand your question. I do not understand it clearly.

18003. Was the effect of these alterations in the quantities of the solid rock and of the piling to make you suffer a greater loss than you would have suffered if the original quantities had been adhered to?—Undoubtedly. I may say, as far as the piling is concerned, the piling was caused by changing the work from Howe truss bridge work, with abutments and piers, to pile trestle work, and while they done away with the work that we had a fair price for, they substituted work for which we had a very bad price—rather, a low price than a bad price is a better word for it. Piling increased by abandoning truss-bridge work.

18004. I suppose this loss has been compensated by the increase of the quantities on which you had a good price, was it not?—Well they could not have built the road without the increased quantities, because the original estimated quantities were nearly done by the time that a little better than half the work was completed.

18005. But the effect of the increase was to make a greater profit upon that particular item than if the original quantities alone had been executed, was it not?—Well, if we made a little profit on some of it we would make more upon the greater quantity, of course.

18006. How do you account for the great increase in the quantity of earth excavation?—On account of the original estimate not having been correct, and another thing a want of knowledge upon the part of the men that made it of the kind of country and work that was there. Discrepancy in quantities arose from want of knowledge of country.

18007. In what respect do you consider that the knowledge of the country was defective?—I understand that the location was made in the winter season, when it was covered with snow, and they could not see what the ground was like; and another thing, to a great many of them, that class of country was a new country for them to build a railway in—that is the nature of the soil. There was no provision whatever made for the muskeg work, for the shrinkage that would naturally take place in it. Location made in winter when not possible to see muskeg character of ground.

18008. Do you think that much of the excess over the estimated quantity is to be attributed to the muskeg country?—I do; nearly the whole of it.

18009. Did it turn out that the filling was deeper than was originally shown by the profiles, or, if not, for what other reason were greater quantities required?—In some cases the whole surface of the ground settled down two, three and four feet, as high as four feet, and all the way down to one foot. The whole surface for a long distance on both sides of the road and where the grades were kept up to the original sub-grade levels as a matter of course that caused a great height of embankment to be made. Where an embankment was

**Tendering—
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originally intended to be two or three feet high the whole surface of the muskegs settled down three feet below what it was originally, and, of course, it made it that much higher, and the material itself shrinks very greatly indeed.

Increase due to shrinkage and the slides in embankment.

18010. You mean that the quantity excavated when placed in the road-bed shrinks, so that the road-bed requires more yards of material to fill the same space than those which were taken out of the space in the side ditches and other places?—Yes; the material shrinks after it is taken out. It is perfectly saturated with water when lying in its normal state in the ground; then when it is taken out and placed in the embankment, of course it dries up like a sponge, and presses down; and part of the increase is caused by the slides in the embankment.

18011. Do you mean embankments across fills?—Over heavy fills.

Off-take ditches very largely increased.

18012. Was that from the defective foundation, or was it from the nature of the soil in the embankment, which did not keep the shape?—Both. In one or two cases from bad bottom alongside of an old stream, and in two or three cases, from the nature of the material itself; and part of the increased quantities was caused by a change of line after the original estimate was made; and another portion—a large proportion of it—was caused by off-take ditches being very largely increased over the original quantity that was estimated. There were more ditches put in for the drainage of that country.

18013. Did these changes to which you refer affect principally the earth excavation?—You mean the change in the line?

18014. You were speaking of the increased quantities being due, to a considerable extent, to changes in the line: I am asking you whether these changes affected principally the earth excavation, or if they affected also the rock, either solid or loose?—It affected the rock—the change of the line did.

Change of line increased cost but shortened and improved line.

18015. Was the result of that change then to increase the cost as a whole?—I think it slightly increased the cost of the road, but it very materially shortened it and straightened it—made a very much better line of it.

18016. About what spot is that particular change to which you refer, or are there more than one, and if so state the different spots?—Well, the principal change was made at one place, that is about forty miles west of Fort William.

18017. By what name does that place generally go?—We cross a stream there called the Oscondega. We go through a tunnel on the line immediately after we cross the river.

18018. You said that the increased quantities were to be attributed partly to the difference in the character of the country from that which it was supposed to be, and partly from insufficient information or incorrect information, as to the quantities: do you mean that the cross-sectioning had not been sufficient to enable the engineers to say what the quantities were likely to be?—The cross-sections before they made out the original estimates?

Thinks the estimated quantities were taken from the centre level.

18019. That is what I allude to?—I don't think they made any cross-sections. I think they took their quantities from the centre levels.

18020. From the profiles?—From the profiles, yes. I am not aware there was any cross-sections, I was not there.

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Contract No. 25.**

18021. You were not informed of any quantities being obtained by cross-sectioning before you took the contract?—No; I do not think there were either. There was no time to do it in. The thing was done so very hurriedly, and a great portion of the line was afterwards changed from the original location on which the original estimates were made.

18022. What is the nature of the country: is it rather flat, or is it hilly?—Well, a portion of it. After we pass the height of land it is flat, but until we get to the height of land it is a broken country.

18023. Over the country, which is tolerably level, the centre line would give a pretty fair indication of the proper quantities?—Yes.

18024. So that cross-sectioning would not be very necessary in that kind of country?—To arrive at approximate quantities for the purpose of giving you an idea about quantities to be done the centre line levels in an ordinary country should give it to you near enough for that purpose.

The greater part of the country needed only centre line levels to give approximate quantities.

18025. Was there any part of this country which was of the character which would require a more careful examination in order to ascertain approximate quantities?—Yes, a portion of it.

18026. About what proportion of the whole?—I think about fifteen miles of it—about one-sixth of it.

About one-sixth must have been cross-sectioned for the purpose of calculating quantities.

18027. Then as to five-sixths of the whole work, do you think the country was of that character that a fair estimate of the approximate quantities could be ascertained without cross-sectioning?—I think so, from the centre-line levels, provided the soil and material were the same as we have in this country here.

18028. The quantities could be ascertained even if the character of the material could not be ascertained; for instance, the rock might be, more or less, but the quantities as a whole would be approximately correct?—In an ordinary country they could.

18029. I am speaking of five-sixths of this line?—The five-sixths of this country, on which the centre-line should give the approximate quantity, was that portion of the work over which the greater excess took place afterwards, in the excavation of the quantities.

18030. Then upon the whole question of the excess of quantities over those which were estimated at the beginning, is your explanation that that excess is to be attributed more to the muskegs and the deviations than to the want of sufficient information in the beginning: is that what you mean?—Yes, undoubtedly; but what I mean by want of sufficient information in the beginning, is this: that the engineers at the time of making up these quantities did not fully appreciate the great shrinkage that would occur in this material. Now, I wish to be distinctly understood, and if I don't give my idea I want to be put right on it. I do not wish to say that the engineers erred because they did not try to do what was right, but there was so much muskeg in that country, and they were not aware that the shrinkage would be as great as it was, and they did not allow for it, and therefore it occurred.

Excess of quantities over estimate arose from the engineers being unable to calculate the shrinkage on muskeg.

18031. Do you mean that if the material found there was of the same character as that found in other portions of the country, then

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their approximate quantities would be very nearly right?—Yes, very nearly.

18032. Then the want of information was really as to the character of the material, both that which had to be moved and that which remained there as foundation for the line?—That which remained as foundation—I don't understand the drift of it.

18033. I mean this: you say that when the embankments were put into places where they were directed to be put, that the foundations gave way and shrunk?—Precisely.

Presumes that when location made ground was covered with snow, and the nature of the muskeg country did not appear.

18034. So much so that the material at the bottom turned out to be of a different character from what was expected?—I fancy so. I presume when they made the location the ground was covered with snow and they didn't see the nature of this muskeg country. It looked like a level country which they probably thought was hard material, although there was a great deal of muskeg on that section—miles and miles of it—and the shrinkage took place just in proportion to the quantity of muskeg there was, or rather the increased quantities. I had better put that right. The increased quantities on each ten mile section, as it were, was precisely in proportion as there was muskeg on that ten mile division over the original quantities estimated.

A more careful examination of the country would have given adequate information.

18035. Have you had sufficient experience in railway works to be able to say now whether a more careful examination of that country could have been made so as to ascertain the character of the material and probable quantities better than they were ascertained?—Yes; I done a great deal of that class of work before in other places, and the same shrinkage took place there that we found took place up here.

18036. Where was that?—Well, we did a great deal of it on the European and North American Railway through the State of Maine and a portion of New Brunswick.

18037. Do you know by what means the character of the material was ascertained in those places which you have described?—Do you mean down below?

18038. I mean on the railway you have described: by what means did the engineers or any one else ascertain the character of the material before the work was let?—You cannot help but see it; you walk over the ground and it is bog—muck. If the ground was bare you must see it.

In bad bogs the practice to drive a rod down and see how far to solid bottom.

18039. Do you know of any other mode being adopted, beside walking over these places which you describe, to ascertain the character of the country and the material?—In bad places, in bad bogs, they generally sound them, and put a rod down to see how far it is to solid bottom.

18040. Do you know of it being done in any instance before the works were let?—Up here?

18041. Anywhere?—I think in the last lettings that took place on the Canadian Pacific Railway, I think it was done in some places.

18042. Which do you mean by last lettings?—I mean in sections A and B.

18043. Do you know of it being done in any other of these places where you have seen such work in the United States or New Bruns-

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wick?—In New Brunswick we built that road by the mile—we took it on the lump sum to build it by the mile. It was not done then, but after we had the contract we had it done ourselves.

18044. Is there a regular method understood to be applicable to this kind of examination: I mean is it done by rods or iron spiked instruments of any sort?—The bog is of such a nature that the most of it you can take a pole or iron rod in your hand and press it down through it until it comes to solid bottom.

In most cases a rod can be pressed down until it touches solid bottom.

18045. Would there be any way of doing that, or examining for the purpose of finding out the depth in winter?—In winter it could be done the same thing. You can drive the rod down in winter by breaking the frost on top and then forcing the rod down the same as in summer.

Rod can be forced down in winter as well as in summer.

18046. Then do you attribute this mistake as to the quantities, to the fact that this kind of examination was not made?—Yes, undoubtedly.

18047. Did you say that could have been made without much difficulty in winter as well as any other time?—It could have been made in winter, but I do not know that they were aware in winter that it was all bog they were going over.

18048. I am asking whether you think it could have been found out whether it was bog or not?—Unquestionably it could; yes.

Could have found out in winter whether it was bog or not.

18049. Such frosts as they have in that country are no obstacles to the sufficient examination of muskogs?—No; not a permanent obstacle, not an obstacle that could not be overcome, but it would take a little more time to do it, that is all. You will allow me to say this: that unless the engineer has had some experience of work of that kind before, he would not be aware that any such shrinkage would take place in it. They know a great deal more about it now than they did then.

18050. Do you know as to the character of the bottoms through the muskeg country, whether, when you reached the first bottom which appeared to be solid, it was actually solid, or whether it was a mere crust, and that there was softer material below it?—In all cases the bog is lying on hard material, either on gravel, or generally a clay bed.

Bog in all cases lying on hard material.

18051. So that when you once strike what appears to be a solid bottom, there is no danger of its further sinking?—No danger then.

18052. Have you any information as to this question: whether the muskogs might have been avoided to a greater extent without injury to the alignment of the road?—I am satisfied that they could not. I am satisfied of one thing, that the alignment is right, and that the road was built as cheaply as it could be, and the engineers were not to blame, and nobody else. This material was there, and no other material could be got or used unless you hauled it miles and miles.

Satisfied that alignment is right.

18053. Do you know whether, over those muskogs which, I understand, formed a considerable portion of the country, the grades might have been lowered beyond what it was originally intended in consequence of this sinking, so that the road, as finally executed, might not be so high as was intended when the foundations were supposed to be firm?—I cannot speak positively as to that. I think, in some cases, they follow the depressions of the ground with the grade. I do not know if it was done in all cases. I will not speak positively of it, but I fancy it was so.

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Obliged to lower grades by the nature of country.

18054. Do you know any place where the grade might have followed the depressions without any injury to the efficiency of the road, and where it has not followed the depression?—Well, I cannot say that I do. In fact they were obliged, the depression was so great, they were obliged to lower the grades, very nearly all of them. We had to lower the bridges in those places two or three times, most of them. When the bridges were built— It takes a great deal more to explain this properly than to say yes or no to understand it.

Bridges had to be cut down in consequence of constant shrinkage.

18055. We wish you to give us all the information you think proper on this subject?—A great many of the little bridges crossing streams and swamps were made of pile trestle work. The piles were driven down into the solid, hard bottom, below through the muskeg, and the banks would then be made up to the level of the stringers on which the track was to be placed. After a time these banks would settle down so that we could not get over that bridge without coming up one side and going down on the other side. To save money in putting the bank up again we would cut down the bridge, cut the heads off the piles and lower the whole structure to the level of the bank. The next season we would have to repeat that operation on the same bridge again.

18056. The shrinkage was going on then from time to time?—Constantly going on up to this last summer, and the same thing had to be done last year. The deeper the bog the greater the shrinkage, of course, and depression.

More off-take ditches necessary than originally contemplated.

18057. In the off-take ditches you say there was a considerable excess: did it appear to be necessary to make these off-take ditches to a greater extent than was originally intended?—In all cases it was necessary; yes.

Reason of this.

18058. Why was that?—Well, as I said before, the location was made in the winter when it was impossible to see where the water was, and it was impossible to tell where the off-takes were required. For instance, we made off-takes, one single off-take, in which the quantity was greater than they originally estimated for the whole line.

18059. In your opinion was that off-take necessary to drain the locality through which the road passed?—Yes; it was, undoubtedly. That off-take lowered the water in the stream four feet, and helped to solidify the muskeg or material around it. We could not have got over that portion of the road without that off-take.

Number of off-take ditches required could only be arrived at as work went on.

18060. The necessity for that then was traceable, as I understand you, to the nature of this country which was not understood at the beginning?—The necessity of all the off-takes was so. I wish it to be understood, Judge, that it is impossible for any man, or any set of men, to go over that country in the winter time and tell what number of off-takes would be required. It could only be arrived at as the work was gone on with.

18061. Is cross-logging sometimes resorted to in a country of this character to save sinking?—It is.

No cross-logging on section 25.

18062. Was it resorted to on this occasion for this purpose?—No; there was no cross-logging done on section 25.

18063. Would it have the effect of saving in the amount of excavation or embankment effectually?—Well, I think in some cases, in some-

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of the bogs, that possibly it might to some extent; but the bogs up there are, a great many of them, so bad that the whole thing goes down together—cross-logging, muck, sand and gravel and all.

18064. As to the portions of the line which you say were finished to the level of the bridges in some places, and which shrunk again, were these ballasted before the shrinkage?—A greater portion of the shrinkage took place before the ballasting, but they have been shrinking since also.

Most of the shrinkage took place before ballasting.

18065. Is that one reason why the ballast has been put on to a greater extent than was originally intended, such as you mentioned earlier in your evidence?—To a certain extent it is; but the original quantity of ballast contemplated to be put on was not sufficient; that is, as it was originally intended. It was only what is called the first lift of ballast.

18066. Has the road been made generally up to the width that was mentioned in the specifications?—No; in some cases the embankment made from the muskeg was made purposely narrower and a little low, so that it would be covered with gravel afterwards to prevent it from taking fire, and also to save the quantity there was going in.

Road somewhat narrower than specified—reason of this.

18067. Then in those places is it intended to complete the width as originally estimated, or are they left in that shape to be covered with ballast as a protection against fire?—Well, but the ballast itself has made the width, because when it is shovelled off the cars it goes out over the side, and brings the road up to the width intended to be originally in the same places.

Generally speaking road as wide as contemplated from the first, but more of ballast than originally intended.

18068. Then, generally speaking, is the road constructed as wide as originally intended?—Yes.

18069. But the width is made up of different material?—Precisely.

18070. More of ballast than was at first intended?—Yes.

18071. Is there any other matter connected with section 25 which you think ought to be explained, including, if you like, the effect of building the road in the place it was built, and upon the final cost?—No. I think that, no matter what the examination was before, or what the quantities made out in the original estimate was, it did not affect the quantities finally in the least. These quantities would be there no matter what quantities were set down in the original estimate. The road could not have been built with less quantities than it was finally built with. I think the location is as good as could be got in that country. The alignment is right, and the men in charge of the work took every pains and every trouble to have the road built as well as they could, and keep the quantities down to the lowest possible quantity that they could do the work with.

18072. Is there any further matter connected with section 25 which you wish to state in evidence now?—I don't remember. I may say to you that Mr. McLennan, the division engineer—the engineer who worked under Mr. Hazlewood up to the time of Mr. Hazlewood's death, and who had charge up to the time the work was completed—is in the city here now.

18073. Is there anything further on section 25?—Not that I remember of.

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Contract No. 25.**

18074. What is the next work of the Canadian Pacific Railway in which you have been interested?—Section 41.

18075. Was that work submitted to public competition?—Yes. Pardon me, before closing what I had to say on section 25, I must say this: it was utterly impossible for any man or set of men to arrive at anything like an approximately correct estimate of the quantities by the re-measurement.

18076. Are you stating this with a view to establishing the correctness of your claim upon the original estimates?—Well, I state it for I know it to be a fact, in answer to the question, as to whether there is anything else about section 25 that I should wish to say.

18077. We do not propose to try the question whether you are entitled to any more money than the Government are willing to allow you, or, if so, how much, so that if this evidence is directed to that question it will not be properly receivable at this stage?—Very well, Sir.

18078. If it is for any other purpose than for supporting your claim for money then we will hear it; if it is to inform us how the work was done for instance?—I gave it, in answer to the question whether there is anything else in connection with section 25.

Reason why re-measurements could not be correct.

18079. Perhaps it would be well to say, now that you have said this, why the re-measurement could not be correct?—Because the side ditches from which the substance was originally taken to make the embankment were, at the time the second measurements were made, in some cases one-half and in other cases two-thirds filled up again.

18080. Would they be filled up with the same kind of material as was there originally?—It would come this way, or because in this way. There were two causes why they were different. In the first place the ditches were originally made, as a rule, about three feet deep. It would depend upon the height of the embankment when the material was put into it; but as a rule they were three feet deep, and when they were dug out and the material put into it the water ran away from the surrounding country, and the surface of the muskeg settled down about a foot or a foot and a-half.

18081. The water would run out of the material, which you say is sponge-like, would it?—When the water ran out of the surrounding country into these ditches then the pressure upon the centre of the road between the two ditches caused the material to settle down in the centre and it pressed up the bottom, forced up the material from the bottoms on both sides so that the ditches would look so much shallower when they were re-measured than when they were taken out. And it was from those two causes, settling down on the top and pressing up from the bottom, that an accurate re-measurement could not take place.

18082. Is there anything further in connection with section 25 that you think of at present?—No; not going into that question I don't think there is.

18083. Do you mean the question as to the validity of your claim on the first measurement?—I do.

18084. We do not propose to try that: now returning to this section 41 which you say was the next in which you were interested, were you one of the original tenderers?—Yes.

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18085. Under what name?—We tendered in the name of Purcell, Ginty & Ryan, I think. I am not quite certain, however.

Tendered in name of Purcell, Ginty & Ryan.

18086. Was it not Marks & Conmee first, or did you make a separate tender in the name you have described?—We made a separate tender in the names I have described.

18087. Did you understand that there were several tenders lower than the tender made by that firm?—By Purcell, Ginty & Ryan?

Several tenders lower than that of Purcell, Ginty & Ryan.

18088. Yes?—Yes.

18089. Had you at the time of making that tender any interest in any other tender?—None.

18090. When did you first become interested in the tender of Marks & Conmee: was it before the time was up for receiving the tenders?—No; it was after.

Became interested in tender of Marks & Conmee after time was up for receiving tenders.

18091. Was it before awarding the contract to Marks & Conmee?—It was after—but no, that was not the way it was. I think there was some objections to giving the contract to Marks & Conmee unless they could associate themselves with others in whom the Government had more confidence in completing the work.

18092. Are you aware of any negotiations to that effect before the awarding of the contract to Marks & Conmee?—I am aware there was none.

18093. I mean negotiations to the effect of their associating themselves with some other contractors?—I do not know of any.

18094. Why do you say then that there was some objection to giving it to them in their own name alone?—There was; after the tenders were opened those objections were raised.

18095. Then was there such objection raised before the contract was awarded to them, although their tender was the lowest?—It was before the contract was finally awarded to them that, I think, they were told that it would be necessary for them to associate themselves with others.

Before contract awarded to Marks & Conmee they were told that it would be necessary to associate themselves with others.

18096. Were you aware that any such information was given to them, or of the way any such information was conveyed to them?—I am aware that Marks came to us and asked us to join him, and offered us a certain interest in the contract if we would join him in the contract.

18097. Did he lead you to understand that he was not likely to get it although it was the lowest tender, because he was not associated with some more experienced contractor?—I think so.

18098. From whom did you first learn that there was such an objection to giving it to Marks & Conmee alone?—Well, I could not say from whom I first heard it, but it was publicly stated that that was the case down here.

18099. Was it openly stated that any one connected with the Department of Public Works had notified that to the public?—I never heard any person's name mentioned. I never heard any person's name in connection with the Public Works Department, or any other Department, mentioned in connection with the matter at all.

18100. But you heard this, as I understand you, before Marks came to you?—Well, I am not positive about that, but probably we did however. Marks was in close—well, I won't say in connection with others,

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but he belonged to Prince Arthur's Landing, and came down here and was an old acquaintance, and, I think, he told us a great deal more about the thing than he told to any one else.

Reasons why Marks approached with

18101. Do you know any reason why he approached you on this matter?—Well, yes. The reason is this: that we had been up there, and Marks supplied us with a great deal of goods; he is a merchant in Prince Arthur's Landing, and was before that, and we were intimately acquainted with him and done a great deal of business with him; he asked us, if the contract would be awarded to him, to take the work and give him an interest in it with us.

Witness had done work on adjoining section.

18102. Had you been doing the work on the adjoining section?—Yes; we had done the work.

18103. Had that anything to do with his approaching you to make this offer?—I suppose it had everything to do with it. We had the plant there necessary for the construction of the work on the next section and the whole organization complete.

No attempt made to influence any person connected with Government not to give it to Marks & Conmee alone in order that witness might become interested with them.

18104. Was there any attempt on your part to influence the Department, or any one connected with it, to make this objection to give it to Marks & Conmee alone, in order that you might afterwards become interested?—Not the least, Sir. We never spoke a word to any member of the Government, or any person in the Government, or any one else connected with the Department, about the awarding of the contract whatsoever until we learned from Mr. Marks that the contract was likely to be awarded to him, if he could make satisfactory arrangements to carry on the work and complete it.

18105. And that intimation came to you through Marks without your having made any previous efforts in the same direction; that is about associating with him?—Quite so; we made no efforts whatsoever. We hesitated a good deal about going into it at all, because we considered the prices in his tender were too low, and were it not for the advantages we had by being there at the time, and having all our plant and material there, we would not have gone into the work and undertaken it at the price we had—at the prices rather that were in Marks' tender, the price he had for the contract.

18106. It was the lowest tender, you understood, was it not?—I expect so. I understood so.

18107. In this arrangement were the prices adopted in the contract those of his tender?—Undoubtedly.

No higher prices given because of witness's association with Marks & Conmee.

18108. They were not any higher prices in consequence of your being associated with him?—Not a cent.

18109. So that the Government let the contract on the lowest prices on their tender, as you understood?—Yes; but if you choose to take it down, I will tell you, upon prices that were actually too low.

18110. Yes, we will take it?—That is the case. I am sorry to say so.

Item for hauling (10 cts.) too low.

18111. Were you aware, at the time that you joined with Marks & Conmee, that some of his prices were remarkably low—for instance, was not his price for earth borrowed and hauled very low?—There was an item in the schedule where the material had to be hauled from a long distance by trains in which he was too low.

18112. That was 10 cts. only, was it not?—10 cts. only.

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18113. That was in fact, a lower price than he was getting for excavation on the line?—Yes.

18114. Was there not another item that was very low?—In connection with that, Sir, I would like to say that Marks claimed that he understood that this 10 cts. was to be given in addition to the price for ordinary excavation on account of the haul, and the Department claimed—the engineers claimed—that that was to cover the whole thing, and that is the way it was put in the contract.

18115. You understand, I suppose, that he was formally notified that if he took the contract it must be upon that low price and not upon the addition of that to the ordinary price?—Yes.

18116. And he decided deliberately to take that alone and to enter into the contract?—Yes.

18117. Was there not another item, for instance iron tubing, very low in his tender, or did you investigate that before you joined with him?—Well, as to the question of iron tubing, we paid very little attention to it, because we felt perfectly satisfied that we could put no iron tubing there. Prices for iron tubing low.

18118. You were aware that his prices for iron tubing were very low?—Yes, they were.

18119. What was his price for that?—I don't remember exactly his price, but I know it was too low.

18120. Has there been any of them used on the contract?—No.

18121. Are you aware of any negotiations between Marks & Conmee with the Department, or between yourself and the Department, on this question, whether the work should be let so that it should be finished at the short or long period—I mean before the contract was finally executed?—The tenders called for had stated two prices, one to be done on what is called the shorter period, and the other on the longer period, and the contract is based upon both sets of prices. Contract based on prices for short and long period.

18122. So that you get the higher price if you finish it at the shorter period, and the lower price if you finish it at the longer period?—Yes.

18123. Do you know what the expectation was at that time as to the probability of its being finished at the earlier or the later period?—Well, owing to the advantages that we had by having our plant there, and having a great many people there at the time, we felt satisfied we could do it in the shorter period ourselves.

18124. And have you still that expectation?—Yes.

18125. Then, in substance, the expectation was that you would be getting the price for the shorter period?—Yes. Practically got prices for short period.

18126. Because you would be able to complete it in that time?—Yes.

18127. Do you know how your price for the short period compared with any other tenders?—Even then, it was the lowest. Allow me to correct that, please. I never saw any of the other tenders I don't know what any other tender was, with the exception of Marks' tender, and the tender that was put in by Purcell, Ginty & Ryan. I never saw any other tender, either before the tenders were put in or after they were put in, nor since.

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Marks & Conmee tender \$2,300,000 for short time.

18128. Do you remember what your tender was for the short time—I mean the Marks & Conmee tender?—\$2,300,000 is the bulk.

18129. You don't happen to know what the tender of Andrews, Jones & Co. was for the short period?—No.

Andrews, Jones & Co. tendered at \$2,250,000.

18130. By the Blue Book return they appear to have been the next lowest tender to Marks & Conmee: they gave no price for the longer period, but for the shorter period they gave a price less than \$2,250,000, so that a trifle over \$50,000 would be the difference between your price for the short period and theirs for the short period, theirs being the lowest?—I knew nothing of that.

18131. That matter you say was not discussed at all before the document was finally signed or closed with the Government?—What matter is that?

18132. This matter about the comparative price under your tender for the shortest period and Andrews, Jones & Co.'s tender for the shortest period?—Not that I know of.

Allignment changed considerably.

18133. Has there been any material change in the work under this contract?—Yes, the allignment has been changed very considerably.

18134. Any other material change, grades, or any other matter?—The grades are carried out according to the specification, but the line itself has been changed, and there has been a great saving made as to quantities and in distance.

Work when finished will cost less than estimated.

18135. Do you mean that there is a probability that the work itself when finished will cost less than what was expected at the time the contract was made?—Yes.

18136. Have these changes been made at the expense of the efficiency of the road, or do you think the road will be still as efficient?—I think it will be better. It will be shorter, with equally good grades and easy curvatures, I fancy.

18137. I am only asking you to give your opinion. I don't expect you to state that it will be positively so: could you form any opinion as to the saving—I mean the amount of it?—Caused by the change itself?

Changes will effect a saving of \$300,000.

18138. Caused by these changes?—Well, I heard them estimated at about \$300,000.

18139. Is that, in your opinion, anything like an approximate estimate of the saving to be effected by these changes?—Well, I am satisfied that the work will be done very nearly that much under the original estimate of the value of it or cost of it.

Spring 1879, Bell ran line over again.

18140. Were these changes made by the district engineer or by the Engineer-in-Chief, or do you know how it is the changes were made?—Yes, I do. Mr. Bell was sent there in the spring upon a portion of that work—in the spring of 1879—and he ran the line over again; that is, he re-located and he made some changes. Mr. Middleton, Mr. Bell's division engineer, has charge of some 40 miles of road. Mr. Middleton, another engineer, was sent up in the fall of 1879, over a portion of that where the greater changes had been made, to lay out the work, as I understood it, and he made very great changes there. Mr. Bell changed the road in several places and shortened the distance. Mr. Middleton went on and changed it again, and shortened

Middleton, engineer in fall of 1879, made great changes.

Bell changed road and shortened distance.

**Tendering—
Contract No. 41.**
Mr. Middleton short-
ened it more and
reduced quan-
tities.

the distance still greater, and reduced the quantities still more. Mr. Cuddy was the district engineer. I suppose this work was done under his direction or with his approval.

18141. Is the character of the country through which this section has been built similar to that which you describe on section 25?—A portion of it is.

18142. The rough portion, or the more level portion?—Well, I think the more level portion.

18143. You think that this is about similar to the level portion of 25; is that what you mean?—There is not so much muskeg on section 41, in proportion to the length of the road and the amount of work, that there is on section 25. There is more gravel and earth—that is, clay.

The proportion of
muskeg to the
rest of the work
on section 41 not
so great as on
section 25.

18144. Do you know whether before this work was let it had been cross-sectioned and quantities taken out correctly, or approximately correct?—No; I think they were taken out the same way they were in 25—from the centre levels.

Quantities taken
out from centre
levels.

18145. Have you any means of knowing whether the quantities were ascertained by cross-sectioning, or is it a surmise: for instance, did you ask for any such information as would be given by cross-sectioning?—I did not.

18146. Are you able to say whether it could have been furnished at the beginning by the engineers if asked for?—I cannot say.

18147. Is there anything further about this section 41 in evidence?—No.

**Contract No. 61,
B.C.**
Interested in
section B, British
Columbia.

18148. What is the next work in which you were interested?—We were interested in section B of the British Columbia work.

18149. Was that work submitted to public competition?—Yes.

18150. Were you interested in the original tenders?—Yes.

18151. Under which did you make your offer—under the name of what firm?—If I recollect correctly I think it was Ryan, Goodwin & Co. I can tell you the names that were affixed to the tender.

Names affixed to
tender: James
Goodwin, J.M.
Smith, Patrick
Purcell and Hugh
Ryan

18152. Well, mention them?—There was James Goodwin, J. M. Smith, I think, Patrick Purcell and Hugh Ryan.

18153. Where does Purcell live?—Purcell has been living mostly for the last four years, on the Canadian Pacific Railway at Fort William.

18154. He is described of Williamstown, where is that?—His home is Williamstown, Glengarry.

18155. Before making this tender, had you any understanding with Mr. Onderdonk, who afterwards became interested in it?—Understanding with Mr. Onderdonk about the work?

No understand-
ing with Onder-
donk before
making tender

18156. About any of this business?—No.

18157. Then do you mean that at the time that Purcell, Ryan, Goodwin & Smith put in this tender, there was no understanding as far as you knew that Onderdonk should subsequently become interested in it?—None whatever.

No understand-
ing with Onder-
donk between the
putting in of the
tender and the
awarding of the
work.

18158. Was there any understanding with him of any other kind connected with the British Columbia work, before you put in this tender?—There was no understanding or agreement with Mr. Onder-

**Tendering—
Contract No. 61,
B.C.**

Prior to contract being awarded witness's firm had no understanding with Onderdonk.

donk, or anybody else whatsoever, in connection with the work before we put in the tender, nor since we put in the tender.

18159. Was there, between the time of your putting in the tender and the time the work was awarded you, any understanding with Mr. Onderdonk?—None whatever.

18160. Do you say that any understanding that was arrived at, was arrived at after the work was awarded to you?—Yes.

18161. It appears from the returns that your firm made the lowest tender for this work?—Yes.

18162. And that the contract was awarded to you : will you state what led to your parting with your interest in it, and Mr. Onderdonk becoming interested in it afterwards?—I don't know that I have any objection to answering the question, but I must say I do object somewhat to having to answer questions that relate only to things that took place between myself and my partners, or matters outside, which the Government was not interested in, and which they could not be interested in.

18163. We think that this question is of public interest: we do not ask to know how you divided amongst yourselves—the partners of your firm—any money which was obtained from Mr. Onderdonk; but it is necessary to know, we think, what negotiations led up to your parting with it, because it may be that in these negotiations some person took part who ought to look after the interests of the country, but looked after private interests instead; therefore we ask for a description of them?—Mr. Onderdonk, before having any conversation with us, had already obtained the other three sections. This section B lay in between them in the middle, and he was anxious to get that section, so as to have complete control of the whole work. That is the reason why he said he wanted to get that section; and another reason for our considering them was, when we tendered, we thought we would get the whole work if any. Our firm was a large one. We thought we could command plenty of means to control the work, and when we were awarded only one section we thought it was too little—too small work for so many partners.

18164. Do you remember whether the negotiations led quickly to the bargain being made, or was the final conclusion delayed a considerable time after the offer was made to get your interest?—It was delayed for a few days.

18165. Was there any influence brought to bear by any Member of the Government, or any Member of Parliament upon you, with a view to inducing you to consummate this agreement with Mr. Onderdonk?—We signed the contract ourselves. The Government refused to allow us to transfer the contract to Mr. Onderdonk, and compelled us to sign the contract ourselves, which we did.

18166. Well, having become interested in the actual contract, was there any pressure, at any time, brought to bear upon you upon the subject which I have mentioned—that is the transfer to Onderdonk?—Pressure from whom?

Onderdonk before conversing with witness's firm had obtained the other three sections A, C & D.

Onderdonk wanted to control the whole work.

Witness's firm entertained his propositions because they had hoped to get the whole work.

Government would not allow them to transfer contract to Onderdonk, compelled them to sign it.

No person in any way connected with public interests put pressure on them

18167. From any Member of Parliament or any Member of the Government: I am not asking now about any disagreement between yourselves, I mean any person connected with the public interests of

the country?—No; we were told we could sign our contract and go on with the work. We did so sign the contract, but we gave Onderdonk power of attorney to carry on the work, which he is doing.

**Tendering—
Contract No. 61,
B.C.**
to transfer the
contract; told to
sign contract and
go on with work.

18168. We have understood from Mr. Goodwin and Mr. Smith that your interest in it was actually transferred to Mr. Onderdonk for the consideration of \$100,000, and I am asking now whether that assignment or transfer was brought about, as far as you are concerned, by the pressure of the views of any one connected with the Government?—My reasons for transferring the contract to Mr. Onderdonk were that there were too many of us in the contract for the quantity of work to be done, and it was the view of my partner that was with me, that is Mr. Purcell, as well.

18169. Do you mean that you finally consented to this transfer to Onderdonk without any pressure on the part of any one in the Government?—I mean to say it was the voluntary free act of mine, with the advice of my partner who was then in Fort William. He telegraphed me we had better make arrangements to get rid of the work as there were too many partners in it for one section when we did not get the whole of it.

Transfer to
Onderdonk a
voluntary, unin-
fluenced act.

18170. I am asking this question for this reason: it has been suggested that you held out longer than your other partners before you would consent to transfer to Onderdonk, and that finally you were led to consent to it not from the views of your partners, but by pressure from some one on the part of the Government, and I am wishing to put that fairly before you and get your evidence on the subject?—When we met to decide upon what we would ask to transfer the contract to Onderdonk, we decided upon asking to get \$120,000. Onderdonk would only give \$100,000. Mr. Smith, in the meantime, I understood from him, between the time we tendered and this time, had been awarded some work in the United States which he had tendered for, and he wanted to go there and look after that work, and he was pressed upon by his associates to go there, as I saw by the telegrams to him myself. Mr. Goodwin was not anxious to go out so far as British Columbia for his interest in that one section, and they were more desirous probably, than I was to get rid of the work. They offered to take the \$100,000; I said we ought to have the \$120,000. Then Mr. Smith was so desirous to get away to his work in the United States that he said to me, if I would come down to \$58,000 that they would make up the difference, so they paid Purcell & Ryan \$58,000 for their interest in their share of it, and they made it up themselves between them.

How witness's
firm came to take
\$100,000.

18171. You have described these negotiations between your own partners which I have not intended to ask you about: my question was directed to this: whether any person connected with the Department of Railways, either the Minister or any officer, or any Member of Parliament pressed you to transfer this interest to Onderdonk?—We were not forced to it by any outsider. Those were the motives that led to it, and the cause of it.

18172. Then, do you say that no one connected with the Government caused you to make this transfer?—We made this transfer solely for the causes I have stated to you.

**Tendering—
Contract No. 61,
B.C.**

18173. At the time that you made the tender for this work, had you any knowledge; or information, as to the figures adopted by other tenderers?—None whatever.

**Never had any
special informa-
tion.**

18174. Had you, at any time, any information from any one connected with the Department on such subjects, so as to enable you to have any advantage in putting in a tender?—Never.

**To witness's
knowledge no one
connected with
any of the De-
partments ever
received any
advantage or pro-
mise in connec-
tion with the
letting of public
works.**

18175. Are you aware of any one connected with the Departments, either as Minister or as a subordinate, getting any advantage on account of any of these transactions connected with the Pacific Railway?—I never knew of any one connected with the Department to get any advantage whatever, as far as I know.

18176. Are you aware of any promise being made to them that they would get any advantage?—Not that I know of. I never got any information with regard to any work to be let down here, or anything to be done in connection with the works, that we don't get in letting railway contracts, whether it is by a company, or by the Government, or anybody else.

18177. You mean such information as is advertised and the usual information from the engineers and the specifications?—Precisely; I mean that only.

**Work better and
more economical-
ly done by one
contractor than
by many in such
cases as this in
British Columbia.**

18178. Have you given any consideration to the subject of letting such works as the British Columbia works under one whole contract rather than in separate contracts, and can you tell us what your opinion is on that subject?—Well, in some cases the work can be more economically done and better controlled where one party controls the whole work, and that is one of the places, I think. I think it was a decided advantage to Onderdonk to have the whole work when he had a portion of it.

18179. Do you mean that one person is likely to finish the whole of that work in British Columbia at a lower cost than four persons having four separate contracts could do it?—I think if it is really well managed, yes. He has more advantages by having control of the whole work than by having control of one portion and other parties having control of other portions.

**Necessity of cen-
tralization
greater in this
case because the
work is approach-
able only in one
quarter.**

18180. Is there anything which could increase that advantage on account of the peculiar circumstances of the locality over works of a similar character and length of distance in other countries?—Well, yes. It is only approachable from one quarter, and everything for the work and everybody to be employed on the work has got to go in the one way and in the one direction you may say, and any one having control and direction of the work can do the work more economical than if the work was divided into different interests. For instance, he controls wages when men are scarce and labour dear; it does away, of course, with the competition there would be if the work was in the hands of several contractors. I have no doubt but Mr. Onderdonk would have to pay higher wages if there were two or three contractors there instead of the works being controlled by one party.

**Competition for
labour done away
with.**

18181. Have you given any consideration to this question: whether it is of more advantage to the public to let works upon a bulk sum or upon a schedule of quantities and prices?—I think it would depend upon the nature of the works. In some cases it is very difficult to

**System of let-
ting contracts.
Letting contracts
by schedule and
by bulk sum have**

arrive—almost impossible to arrive in the bulk sum way—at what would be a fair price for the work, because a great many contingencies will arise during the construction of the work, that cannot possibly be foreseen at the time of taking or letting the work. In ordinary works perhaps there is some advantage.

18182. You say there is some advantage, in what way: in which method is there an advantage?—Well, if I were taking a certain distance of road to build I would rather take it to build by the mile and give the full control of it than I would any other way.

18183. Then do you mean to say that is the best way for the contractor?—Well, it is from the contractor's point of view we generally look at those things.

18184. I am asking you whether it is an advantage to the contractor to have it at a bulk sum?—Yes, provided he is given control of the work.

18185. Can you tell us which you think would be best for the public interest, whether generally speaking it is better to let railway works by the bulk sum as a price or by a schedule of prices attached to quantities?—Well, I cannot see what injustice could be done to the public by letting work upon a schedule of prices, because contractors are only paid for what they actually do, and it is supposed nothing will be done but what is actually necessary to be done to complete the work.

18186. To return to this transfer from your firm to Onderdonk, was there any consideration promised to you on the part of any one connected with the Government if you would accede to this transfer to Onderdonk?—No, Sir; none whatever.

18187. Was there any promise that in dealing with other works you should receive favour or advantage of any kind?—None.

18188. Is there any other matter connected with the British Columbia work which you wish to state in evidence?—I don't know of any.

18189. Is there any other matter connected with the Canadian Pacific Railway which you can give in evidence?—I may state that with regard to section 25, Purcell's tender, that I joined him in afterwards, and for which we done the work, was more than \$100,000 lower than any other tender that was in for that section.

18190. Is there anything further connected with the Pacific Railway?—And also that with regard to section 41, that we should not have joined Marks & Conmee in their contract as we considered their prices really too low, only we had a large amount of plant, a large amount of material and a number of people we had in our employ for years, and we wanted to continue them in work.

18191. Can you give us any other information connected with the Canadian Pacific Railway?—I don't know of any, Sir.

System of letting contracts.
each their advantages according to the nature of the work.

An advantage to the contractor to have a bulk sum provided he has control of work.

No injustice can be done to the public by letting work on a schedule of prices.

Alleged improper influence.

Contract No. 25.
Purcell's tender more than \$100,000 lower than any other tender.

Contract No. 41.
Would not have joined Marks & Conmee only they had a large amount of plant on the spot.

CHARLES HORETZKY, SWORN and examined:

By the Chairman :—

18192. Where do you live?—In Ottawa.

18193. What is your occupation?—Nothing just now.

18194. Have you a profession?—No; I cannot say that I have.

HORETZKY.

Exploratory Surveys.

**Exploratory
Surveys.
Between Fort
Garry and
Rocky Moun-
tains.**

From 1871 until spring 1880, exploring engineer Canadian Pacific Railway, with the exception of the season of 1873 and part of 1876.

Witness prepared a statement.

4th August, 1871, with Moberly left Fort Garry to explore a line for Canadian Pacific Railway.

The line to Hay Lakes practically that now laid down.

At Edmonton party broke up,

Moberly and witness went south to Howse Pass.

20th December, took charge of examination from Edmonton to Jasper House.

**Examination
of Line from
Lake Superior
to Pacific by
Fleming.**

May, 1872, asked to take Fleming over line examined by Moberly.

2nd August, 1872, expedition left Fort Garry.

Took usual cart road and not the line of railway to Edmonton.

From Fort Garry to Edmonton at rate of forty miles a day.

Statement made by Fleming in his Report of 1872, that he had passed over the line from Lake Superior to the Pacific misleading.

18195. What occupation have you been following of late years?—As exploring engineer for the Canadian Pacific Railway.

18196. From what time have you been so engaged?—From 1871.

18197. Until when?—Until 'last spring, with the exception of a season in 1875, and in part of 1876.

18198. We have been led to understand, from a letter from you, that you have prepared a statement which you wish to give by way of evidence?—Yes.

18199. You may give that now if you wish: of course, you understand that it is given as part of the sworn testimony?—Undoubtedly. I have made a statement of it and made it very brief, so that you may amplify it yourself—so that you may cross-question me on the statement. On the 4th of August, 1871, being attached to Mr. Moberly's exploration party, I left Fort Garry to explore a line for the Canadian Pacific Railway. Our course lay along the River Assiniboine to Fort Pelly and north of Quill Lake, in a direct line for the South Saskatchewan, which was crossed in latitude 52° 22', thence to the Elbow of the North Saskatchewan, and along the latter to a point some sixty miles above Battle River, and thence on a nearly due west course to the Hay Lakes. The line explored there is, with but a few trifling deviations, that now laid down upon the most recent maps. During this journey, frequent branch or side examinations were made to the north and south by Mr. Moberly, Mr. Nichols, and myself. Upon reaching Edmonton the party was broken up, the major portion returning to Winnipeg, while Mr. Moberly and myself went south to the Howse Pass and the Kootanie Plains. We returned to Edmonton early in December. This mountain journey was accomplished very expeditiously, and the party was composed of five men altogether and ten horses. About the 20th December I took charge of the examination from Edmonton to Jasper House. This was accomplished within a month, the party being composed of three men, three dog teams, and myself. In May, 1872, Mr. Fleming asked me if I could take him over the line examined by Mr. Moberly's party during the previous season. I replied that I could, and it was forthwith arranged that Mr. Fleming should make a personal examination of the line from Winnipeg, westward to Jasper House. All the arrangements were entrusted to me, and upon the 2nd August, 1872, the expedition left Fort Garry. Previous to our departure, Mr. Fleming decided not to follow the line proposed for the railway, but to take the shortest or most convenient route to Edmonton. We accordingly followed a cart trail, *via* Rat Creek, Shoal Lake, Fort Ellice, the Touchwood Hills, and Carleton, thence to the north of the North Saskatchewan by the usual cart road, and from fifty to seventy miles from the line of the Canadian Pacific. Neither the Saskatchewan nor any other stream crossed by the line was seen, excepting at the cart crossing of the south branch of the Saskatchewan, and at Carleton. The journey from Fort Garry to Edmonton was made with exceptional speed, and at the average rate of forty miles per day. A pressing engagement of one of the members of the party to be at Halifax by the 15th November following was urged as an excuse for not carrying out the ostensible object of the journey. At page 3 of the last railway report Mr. Fleming has made the statement: "The first examination under my direction was made in 1872, when I passed over the line from Lake Superior to the Pacific."

**Exploratory
Surveys, E.C.—
Examination
of Line from
Lake Superior
to Pacific by
Fleming.**

Fleming's course.

**Peace River
Pass.**

Before reaching Edmonton, Fleming asked witness to perform a journey of reconnaissance to the Pacific Coast via the Peace River Valley Pass, John Macoun to accompany him as botanist.

Witness in his report pointed out the advantages of a line through the more southern pass of the Pine River.

Fleming adhered to his views regarding the Peace River.

**Peace River Pass
impracticable.**

Report of MacLeod and Cambie confirmed the views of witness.

Passage in witness's report alluding to the above expunged.

That statement is entirely a misleading one, as, firstly, Mr. F. Moberly, Mr. Nichols and I, made the first examination in 1871, between Winnipeg and Edmonton, and, in justice to Mr. Moberly, it may be remarked that subsequent examinations by other engineers have failed to show any better line, excepting, perhaps, in a few local deviations; and, secondly, Mr. Fleming, in his journey of 1872, followed the usual canoe route between Thunder Bay and Winnipeg, and thence across the prairies to Edmonton, only crossed the proposed line in one place, viz.: in about latitude $52^{\circ} 12'$ west longitude $105^{\circ} 12'$, as I have already shown. Before reaching Edmonton Mr. Fleming asked me to perform a journey of reconnaissance thence to the Pacific Coast, via the Peace River Valley Pass; he also prevailed upon Mr. John Macoun to accompany me as botanist to the expedition. I undertook charge of the Peace River expedition, and, after speeding the Chief Engineer and his attendants towards Jasper House, left Edmonton on the 4th September for Lesser Slave Lake. At page 46 of the Pacific Railway report for 1874, a brief report of the Peace River journey will be found. Therein, without actually reporting against the route through the Peace River Valley, I hazarded some statements as to the advantages of a line through the more southern pass of the Pine River. This proposition was, however, regarded as visionary, and my advice to have the Pine Pass systematically examined was completely ignored by the Chief Engineer, and, until the latest examination of the Peace and Pine Rivers by Messrs. Cambie and MacLeod, the former route, the Peace River route, has been doggedly adhered to from sheer obstinacy, and disinclination to admit the soundness of my judgment [*Vide* page 10, Rep. 1878] in which Mr. Fleming still adheres to his idea regarding the Peace River. At pages 72 and 97 of the report for 1874, Mr. John Macoun took upon himself to report upon the engineering features of the Peace River, and in this has apparently misled the Chief Engineer by certain statements antagonistic to mine, touching the feasibility of a road in the low level of the Peace River Valley east of the Rocky Mountain Range, where no sane person would have dreamed of locating either a waggon road or a railway. The last examination by Messrs. MacLeod and Cambie has, as already remarked, completely corroborated my views; but, when I desired to point out this fact, in my recent report for 1879, the Chief Engineer forbade any reference to it, and caused a passage in my report alluding to this circumstance to be expunged.—

18200. Is that passage now extant?—No; it was expunged. It was not allowed to be placed in the report at all.

18201. Have you a copy of that passage?—I cannot say that I have; but I can give it to you almost verbally.

18202. Please do so?—It affords me pleasure to see that the explorations of Messrs. Cambie and MacLeod have fully corroborated my views regarding the railway route from the Peace River region by the Pine Pass. It was to that effect—I cannot say those were the exact words.

Gives from memory the passage which witness alleges Fleming suppressed.

18203. Is not your original report on file in the Department?—Which report do you refer to?

18204. The one out of which that passage has been expunged?—On file: the manuscript?

**Exploratory
Surveys, B.C.—
Peace River
Pass.**

18205. Yes?—Oh, no; the manuscript was never on file. The manuscript was returned to me.

18206. Is not a copy of it kept in the Department?—I fancy not. There may be; some one may have copied it, but if so it is without my knowledge. The manuscript was returned to my hands, and when the proofs were shown to me I asked Mr. Smellie why that passage was expunged? And he said Mr. Fleming did not judge it necessary. Mr. Smellie informed me that Mr. Fleming had taken that passage out—it was at his instigation. Seeing that there had been so much antagonism to the Pine Pass, even by Mr. Marcus Smith, until of late years, I thought it was but right to myself to make the remark that the examinations made by Mr. Fleming's own chosen engineers—Cambie and MacLeod—corroborated my experience. It was a perfect matter of justice to me, but it was not allowed. Mr. Fleming would not allow it to appear in the report.

Smellie said Fleming would not allow the passage to remain.

18207. Do you know whether the copy set up in print was from your manuscript?—I think it was. It must have been from my manuscript. Mr. Smellie will give you all the information regarding that, because it was from himself that I had the intimation.

18208. I understand you to say that you looked at the proof of this print before it was finally adopted, and that you called Mr. Smellie's attention to the omission of this passage?—Yes; I looked at the print. I had the proof sheets handed to me, and the passage was in the proof sheets then, but when the corrected proofs—whether they were corrected proofs, or the actual proofs in book form, I forget which—it was omitted in this, and I asked Mr. Smellie why it was omitted. It was too late to alter it then.

18-09. Did you find any other material difference between the report as printed and the report as contained in your manuscript?—Nothing, except as contained in that instance—that single sentence.

The rest of report not tampered with.

18210. And the rest of it you corroborate now?—Oh, the rest of it is exactly as I gave it—that is 1879, the last.

18211. And do you now corroborate that report, except with the omission of this passage?—Certainly; that has been printed exactly as my manuscript.

Of the same opinion as when he wrote his report.

18212. But have you changed your opinions, or is that report substantially your view?—It is quite correct; yes.

18213. Proceed.—The passage of the Peace River was made at a season so late that certain officials of the Hudson Bay Co., bound for the same destination as myself, turned back. I pushed on, however, and reached Stewart's Lake about the middle of November, and there detached the botanist from the expedition. This is in 1872 I am speaking of. An irksome and hazardous journey upon snow-shoes enabled me to reach Port Simpson, on the coast of the Pacific, in January, 1873. I returned to Ottawa two months later, and, I must suppose, in consideration of my discoveries, was forthwith discharged from the Government service. I should have made no allusion to the Pine River route, and should have known that opposition to the Chief Engineer's pet theory, regarding the Peace River Pass, was the signal for my dismissal. Thenceforth, any allusion to the Pine River route was systematically denounced, not only by Mr. Fleming's engineers, but by others; and I have reason to believe that a series of denun-

November, 1872, reached Stewart's Lake.

Returned to Ottawa early in 1873, and left Government service.

All allusion to Pine River route denounced by Fleming's engineers.

ciatory letters, published in the *Montreal Gazette* by Mr. MacLeod, of Aylmer, were inspired by Mr. Fleming. In May, 1874, after the change of Administration, Mr. Alexander Mackenzie caused me to be re-engaged, and I was sent out to examine the British Columbia coast from the fifty-third parallel of latitude upward, the main object being to determine the altitude of the various passes in the Cascade Mountains, and the nature of their approaches from sea level. A garbled report of that work will be found at page 137 of the Chief Engineer's Report for 1877. In this regard I am obliged to complain of the unjust suppression of important passages in my report, relating to the Northern coast of British Columbia, and particularly to the Kitimat Inlet, and to the Kitlope. In fact, the last seven pages of my report were completely suppressed, and to this most extraordinary circumstance, Mr. Gamsby's trying, expensive, and abortive expedition of February, 1876, up the River Kitlope, in search of a route to Lake Tochuonyala, is, doubtless in great part due. For had the officer responsible for that expedition been in possession of the facts detailed in the suppressed portions of my report, it would have been seen that the search in question was a needless one, its utter uselessness being plainly pointed out at page 30 of my original manuscript.—

18214. Who was in charge of that expedition by Mr. Gamsby?— Mr. Gamsby himself.

18215. Who was the Engineer-in-Chief?—On the British Columbia side Mr. Marcus Smith.

18216. Then you mean Mr. Smith had not the advantage of the report which you had previously sent in on this subject to Mr. Fleming?—That is my meaning, Sir.

18217. As to that report, do you know whether any copy of it was retained in the Department?—I cannot really say, there may be a copy and there may not.

18218. Was the original report returned to you?—I think the original here, that is to say this report, was written by myself at Bella-Bella, north-west coast, on the 15th November, 1874, and a clean copy of this was also written there and sent by mail to Victoria to Mr. Smith.

18219. To Mr. Marcus Smith?—To Mr. Marcus Smith here. He was the person in charge of the surveys you understand. Mr. Fleming was here. It would be to one or the other. It is addressed to Marcus Smith, but in the printed report it is addressed to Mr. Fleming.

18220. That has been altered: do I understand you to say that your first report was sent to Mr. Fleming, and that Mr. Marcus Smith had not the advantage of that afterwards, and therefore made the mistake of sending the Gamsby expedition?—This report was sent to Marcus Smith.

18221. The original?—Yes; and a clean copy too.

18222. Then why do you say he had not the advantage of that report?—Because two years elapsed. This report was not printed until two years afterwards. It was in 1876 Mr. Gamsby went in. Mr. Smith was back in British Columbia, and he had probably forgotten then all about my report. I do not say that they do not know the contents of my whole report, but it seems they did not, because they sent an

**Exploratory
Surveys, B.C.—
Altitude of
Passes in Cas-
cade Range.**

In May, 1874, re-engaged and went to examine British Columbia coast, from 53rd parallel of latitude upwards.

Passages of his report suppressed.

**Gamsby's Ex-
ploration up
River Kitlope.**

Suppression of passages he thinks may explain abortiveness of Gamsby's expedition.

Marcus Smith,
Engineer-in-Chief
on British Colum-
bia side.

Gamsby's expedi-
tion in 1876.

**Exploratory
Surveys, B.C.—
Gamsby's Ex-
ploration up
River Kitlope.**

expedition into the place that I had distinctly reported as being impracticable.

18223. Then you do not mean to say that Mr. Marcus Smith, in deciding to send out the Gamsby expedition, had always been in ignorance of your reports sent in?—I do not mean to say that.

18224. But if he had read it he had forgotten it?—He had forgotten it.

18225. And that because it was not in print before him?—I infer that, as the last seven pages of my report were not put in print, they considered them immaterial, or for some other reason. I inferred Mr. Marcus Smith had lost sight of my statements.

Thinks Marcus Smith must at one time been acquainted with his full report.

18226. Do you mean to convey this idea: that he had, at one time, knowledge of your full report?—Certainly he must have.

18227. But afterwards acted as if he had forgotten it?—He or Mr. Fleming. Mr. Fleming was always the chief, and it was he, I presume, gave Mr. Smith instructions what to do. Of course, I cannot say anything about that. I know this, and may as well mention it now: in the spring of 1877, it must be remembered, my report was manipulated and corrected by a person called Dixon, of the Public Works here, and this Dixon may have taken upon himself to make this suppression, to cut these pieces out. I don't know who did so, but it has been done. I complained to Mr. Smith in 1877 of the suppression of my report, and Mr. Smith said to me: "They have no right to do that, you should complain to Mr. Fleming." Well, I did complain to Mr. Fleming, and Mr. Fleming said it was of no consequence.

Complained to Fleming of the suppression, who said it was of no consequence.

18228. Could you file the original report as you have it now, which you had sent in on a previous occasion?—No; I have not got that. This is the only thing I have—my original manuscript. The clean report from which they printed, I do not know what has become of it.

18229. That was not returned to you?—No; that was not returned to me, and, moreover, when I arrived in Ottawa in March, 1875, I made some addenda to my report—some interpolations which I handed in to Mr. Marcus Smith. Those interpolations do not appear in the printed book; but I by no means blame Mr. Smith for the suppression of the report because he told me they had no business to suppress anything. I cannot say who is to blame—it may have been Mr. Dixon and it may have been Mr. Fleming.

Gamsby's expedition went astray from outset.

**Kitimat Inlet
Valley.**

Nothing said of Kitimat Inlet in official reports although witness drew attention to it in his Report of 1874.

18230. Proceed.—As a matter of fact, the expedition went astray from the outset, and, instead of ascending the north-east fork of the Kitlope, took a branch—the westerly one—which led to the very core of the outer range of the Cascade Mountains, a result which might have been known by reference to my report. As regards the Kitimat Inlet, the valley of which leads to the Skeena River through a remarkably easy pass in the coast range, nothing has been made public in the official reports, although I drew particular attention to it in my report of 1874. Upon the 9th March last I addressed Mr. Fleming in this connection [*Vide* page 46 of my pamphlet "Startling Facts"], and reminded him of my report upon the Kitimat; but he had evidently forgotten the matter entirely, and requested me not to allude to it again. Strange to say, however, notwithstanding Mr. Fleming's injunction to say nothing about the Kitimat; Mr. George Keefer who was then in the next room correcting the proofs of his report upon the Skeena, alludes twice to the Kitimat at page 74 of the report of 1880, and the next day Mr.

Fleming addressed me the letter quoted at page 47 "Startling Facts." What I wish to point out is, that I handed that letter to Mr. Fleming himself; he read it, and appeared to be very much struck with the information; went to the map, and after I explained the circumstance, said to me: "Say nothing at all about this, it will embarrass the Government." "Well," I said, "all right." As I say, Mr. Keefer was in the next office correcting his proofs. Mr. Keefer never saw the valley of the Kitimat, but yet he alludes to it in his report, and says he saw it there. My impression is that Mr. Keefer never saw the valley of the Kitimat, but Mr. Fleming primed him to allude to it (that is my impression) just to show that the thing had not been overlooked. The Kitimat Valley is the finest valley from British Columbia to the sea-board, and until that letter of March addressed by Mr. Fleming no official recognition of the existence of that valley has been made; it is like the passage of the Rocky Mountains—

Exploratory Surveys, B.C.—Kitimat Inlet Valley.

Witness's theory as to the origin of the first official recognition of the Kitimat Valley.

18231. Is the Kitimat Valley that valley through which the Kitimat River descends to the sea?—Yes.

Kitimat River descends through Kitimat Valley to the sea.

18232. It empties into the Douglas Channel?—Yes, the Douglas Channel—otherwise called the Kitimat Inlet; and, to show that Mr. Keefer was writing about what he knew nothing of, if you have the Report of 1880, I will point that out. Mr. Keefer made a mistake on page 73. Mr. Keefer says:

Alleged mistake of Keefer's.

"My intention was to continue my examination some miles further east, or as far as Kitsalas; but on learning that an ice jam, immediately above the mouth of the Zymoets, some two miles ahead, was moving, made further delay a risk I did not care to incur, as the jam, once below me, and a change in the weather—of which there was every indication—our exit would have been rendered a matter of some difficulty, if not impossible, in canoes. This state of affairs entirely prevented the possibility of an examination of the valley of the Lakelse to the head of the Kitimat."

That is the Kitimat Valley he is referring to.

"But from all the information I could gather from the Indians, and from my own observation, I infer there is no difficulty, should it ever be desirable, of carrying a line through this valley to the head of Gardner Inlet."

Now, Sir, it is a physical impossibility to carry a railroad from the head of Gardner Inlet. Gardner Inlet is away from it altogether, as you will see by the map. That shows he did not know what he was writing about. He repeats it at the second last paragraph of his report, recommending,

Keefer's idea impossible.

"Should any further necessity occur for reaching Gardner Inlet as a terminal point, the valley of the Lakelse offers easy access to that point, from the valley of the Skeena."

I have a little map which shows it.

HUGH RYAN's examination continued:

HUGH RYAN.

By the Chairman:—

18233. I understand you wish to add something to the evidence given by you this morning?—What I wish to say, Sir, is this: that as far as I know, and I think it is correct, that when the quantities were estimated for Section 25, that is before the work was let, there was no allowance made for shrinkage over muskeg and any other material, while the estimates that were made for Section 41, or the adjoining section afterwards, there was a very liberal allowance made for shrinkage, from what was known of section 25, which would go to

Railway Construction—Contracts Nos. 25 and 41.

No allowance in estimates for shrinkage, while this allowance was made in regard to 41.

**Railway Con-
struction—
Contracts Nos.
25 and 41.**

show to a great extent the reason why the work on Section 41 should run under while the work on section 25 should be over.

18234. Is there anything further?—No; that is the point I wish to establish.

18235. You spoke this morning of some papers which you wished to produce?—Those papers would be in connection with what you asked me about, whether there was a dispute between the Government and us about section 25.

18236. If they only relate to the validity of your claim for money, then we do not propose to investigate them?—That is all they do.

ST. JEAN.

St. JEAN, sworn and examined :

**Telegraph—
Tendering.
Contract No. 4.**

Remembers having been with Waddle, and saw either Mr. Mackenzie or Mr. Trudeau.

Waddle could not give security in time

The Government not prepared to go on with section 4

How witness came to go to Department with Waddle.

By the Chairman :—

18237. Mr. Waddle, who gave evidence before us, mentioned your name as a person who had accompanied him in some of his interviews with either the Minister or Deputy Minister of Public Works regarding his tender for one of the telegraph works on the line: do you remember anything about such a matter?—I remember, your Honour, that I have been with him. I could not exactly say whether it was to Mr. Mackenzie or the Deputy; I think it was rather the Deputy, but I could not say exactly what was said because I thought it was of very little importance. What I remember is so vague I am not positive what it was; however, I can tell you, if I remember well, he could not give the necessary security in time, and he was with a Mr. Smith, if I remember well, and there was some misunderstanding between him and Mr. Smith. He came here several times to see the Minister to that effect, to try and get the contract, but if I had time to reflect on the question I might have been able to say a little more although nothing of importance could be made of it, because I am under the impression he did not get the contract, for two reasons—one the Government were not, I believe, prepared to go on with that section, and he had not the necessary security. I am not positive, your Honour, in what I say, because I just went there to accompany him. He thought I could be—I suppose being deputy of the city and a friend of the Government—he thought my presence might help him. He was taken to my place by a friend of his—I am not quite sure, but I think it was Mr. Coffey—Mr. Thomas Coffey—I am not sure, but it was some person that brought him to my place. I used to go very often with people I had never seen. I had the reputation of being very kind to go with people, and he thought I could help him to get the contract. That is all I can remember. It is about six years ago, I think.

18238. Why do you think one of the reasons was that the Government were not prepared to go on with the contract?—I could not say, I never took any interest in the question, and never asked Mr. Mackenzie about it, neither did I care whether it did go on or not. I devoted all my time during the time I was in Parliament to trying to get work for the poor people, so I did not examine, nor search, nor reflect on the question at all.

18239. Do you remember now what was said by the Minister or Deputy Minister to Mr. Waddle on the subject of any extension of time,

Telegraph—
Tendering.
Contract No. 4.

so that he could put in his security later than was at first intended?—Well, your Honour, it is so vague in my mind what reason Mr. Trudeau gave to Mr. Waddle. I know at the time I was satisfied Mr. Trudeau gave him a satisfactory answer. This is all I can remember; but Mr. Trudeau could explain before this Commission better than me, because he is the party charged with these things. It is so vague in my mind, it is just like a dream.

18240. Then, do you mean you have no recollection of the circumstances sufficiently to be able to state them by way of evidence?—No, your Honour. I do not remember sufficient to say why the work was not gone on with, nor why Mr. Waddle did not get the contract. It is just as vague as the fact of Mr. Smith and him having the tender, and that there was some misunderstanding between the two, but I could not say what the misunderstanding was, or what the reason was. Last summer I met him on the street, he came and shook hands with me and spoke about that contract, and he said: "It is a pity I didn't get the contract that time." I said: "It would have suited you; I don't know anything about it." So I know so little about it that I do not know what to say.

No sufficient recollection of the interview between Waddle and the Minister or Deputy Minister.

18241. Mr. Waddle said that at one time you were present when he was informed that if some other person to whom the contract had been offered failed to put up security he should have a further opportunity to put up security on his tenders: do you remember anything about that sufficiently to be able to give it in evidence?—I think Mr. Trudeau told him something to that effect—that if they did not come up to time he would get it. To the best of my knowledge and belief that was the answer, but anything further I do not remember, unless it is brought to my mind.

Trudeau told Waddle that if one of the tenders did not come up to time with security he would get contract.

18242. Do you know anything else about the Canadian Pacific Railway which you can give by way of evidence?—Nothing at all your Honour—nothing at all.

CHARLES HORETZKY's evidence continued:

By the Chairman:—

18243. As to this report which you think was partially suppressed, I understand that it was made by you in the fall of 1874?—Yes.

18244. Do you remember whether it was addressed to Mr. Marcus Smith or to Mr. Fleming?—It was addressed to Mr. Smith, but in the printed copy the address was changed to that of Mr. Fleming, as you will see by the heading.

18245. Clearly the beginning of your letter is to Mr. Marcus Smith, because you make use of these words: "having in view the verbal instructions of Mr. Fleming and written suggestions made by yourself," meaning, I suppose, Mr. Smith?—Yes; that shows it.

18246. Do you remember to whom you gave that report?—That report was mailed by me from Victoria, in February, 1875, and when I reached home I found Mr. Smith had already received it a few days previously.

18247. Where was Mr. Smith then?—He had already returned from British Columbia. He had returned before I had.

HORETZKY.

Exploratory
Surveys, B.C.—
Kitlope Valley,
Kitimat Inlet.

Report of witness which was partially suppressed and which was addressed by him to Marcus Smith, appeared in the printed report as addressed to Fleming.

Report mailed February, 1875, to Mr. Smith.

**Exploratory
Surveys, B. C.—
Kitlope Valley,
Kitimat Inlet.**

18248. So you found, on arriving at Ottawa, that Mr. Marcus Smith had possession of your report?—Yes; excepting those addenda.

18249. Those were made here at that time?—Yes; they were made here—one addendum was made.

The Gamsby expedition probably a result of partially suppressing his report.

18250. Do I understand you to say that the consequence of this report having been partially suppressed, or ignored, was that it possibly led to the starting of the expedition of Mr. Gamsby?—That was my meaning.

18251. And that the expense of that expedition would have been avoided if your report had not been suppressed?—Might have been avoided if he had taken notice of it.

18252. When did you say that your report was partially suppressed?—Not until 1877.

18253. How do you think that could affect the operation of 1876?—Because the report was in possession of the authorities of that period.

But the partial suppression having taken place in 1877 could not affect what took place in 1876, the year of Gamsby's expedition.

18254. But as they had the report in 1876 it was perfect, was it not?—It was perfect.

18255. Then the leaving out of portions in 1877 could not have affected their minds in 1876?—It might not.

18256. Do you think it was possible?—Not at all—no; but I draw the inference that as the last seven pages of my report were omitted in 1877 they were not taken notice of or attended to in 1876. Of course, I do not know who did it. I lay the blame to nobody, but Mr. Marcus Smith told me they had no right to suppress any portion of it; and when I spoke to Mr. Fleming about it, he pooh-poohed it. I want you to understand, also, that the report, at the time it was being printed, was in the hands of Mr. Dixon, who could have no local knowledge of the place, so I do not know why he should have omitted it. With reference to the question you have asked me, I stated: "In fact the last seven pages of my report were completely suppressed, and to this most extraordinary circumstance Mr. Gamsby's trying, expensive and abortive expedition of February, 1876, up to the River Kitlope, in search of a route to Lake Tochquonyala, is doubtless in great part due." You observe, I do not make a downright assertion.

18257. I understand. I am only investigating the reasons for your opinions; I am not taking them as statements of fact, but as probabilities: at the time that this expedition of Gamsby's was started, you had no reason to think that any one in the Department had intentionally suppressed any portion of your report?—No; I knew nothing at all of it.

Not until he saw printed report of 1877 did he know his own had been mutilated.

18258. It was only from the incomplete shape of the printed report of 1877 that you supposed they had not paid proper attention to that portion which does not appear in the report?—That is all. In fact, in 1877 I had quite forgotten all about the report—the details of it.

18259. Does the suppressed portion refer principally to the Kitimat locality, as far as you recollect?—The addendum is certainly not included in the printed report. I am not aware whether this paragraph is in the report: "It is needless to lengthen this report by more than a passing allusion to the Kitimat Inlet—a huge water-filled indentation like the others of the coast." Does that passage appear in the printed report?

**Exploratory
Surveys, B.C.—
Kitimat Valley.**

18260. I am not aware at this moment?—After that the suppressed addendum follows. I shall read it :

“ At the north-east corner of this arm of the sea, there is, however, a long and narrow bay, which, were it dredged, would afford an excellent harbour. There is ample room for wharfage, but to deepen this the Kitimat River would require to be diverted to the west side of the inlet. A micrometrical survey has been made of this place by Mr. Richardson, during my absence in the interior, while in search of passes to the eastern plateau. Had I been successful in this respect, soundings up the upper end of the inlet would have been taken, and, in fact, a minute hydrographic examination would have been made. As an outlet from the Upper Skeena, the opportunity afforded by the magnificent valley of the Kitimat, of connection with the interior from that quarter, is unparalleled on the coasts.”

Suppressed addendum in which witness states that as an outlet from the Upper Skeena the valley of the Kitimat without parallel.

That is the addendum, the interpolation, which I handed in, I think, to Mr. Smith's office after my arrival in Ottawa.

18261. Was that somewhere about January, 1875?—Somewhere about February or March; I forget the day I arrived here. It was probably March. That is the addendum that was omitted. There are other parts and paragraphs and passages all through the report omitted, and the last seven pages entirely.

Other passages and the last seven pages of report omitted which witness contends contained valuable information.

18262. As to those omissions, I understand you to say, in effect, they gave substantial information to the Department which would have saved some expense and surveys which afterwards took place?—That is my supposition.

18263. That is your view of the matter?—Yes; that is my opinion.

18264. And for that reason you think this allusion to the omission is material?—Yes

18265. Do I understand you, that those omissions bear particularly upon the Kitimat region, the valley of the Kitimat River, and on the probability of that course proving a good one for a railway?—The addendum refers to that.

18266. To the portions that had been omitted; are there any other portions?—The portions which refer to the Kitlope.

18267. Is there any portion which refers to the Kitimat, so far as you know?—No.

18268. Where is it that Mr. Gamsby made this exploration, and which was unnecessary in your opinion?—Up the Kitlope, in search of a pass to Lake Tochquonyala.

**Gamsby's Ex-
ploration up
Kitlope.**
In search of
a pass to Lake
Tochquonyala.

18269. You have, as I understand, the original of this report which you have retained possession of from the beginning?—Yes; it is here.

18270. Would you refer to that portion of your report which you think has been omitted?—With reference to the Kitlope?

18271. With reference to that?—With reference to the Kitlope River no actual exhaustive exploration of this stream was made.

18272. You are speaking of the examination which was made under your supervision?—Yes; these are my own remarks :

“ No actual exhaustive exploration by me was made of the stream for the reason that it was proposed to examine it from the source downwards, and that towards the end of the season, the knowledge of the country acquired by a visit to the region where two of its three origins lie made a journey down the stream a matter of supererogation. At its mouth the Kitlope enters the sea through a flat, swampy bottom, encompassed by huge glacier-capped mountains. A few miles higher up, report says [Indian report] that the valley improves, and that the mountains recede and are less abrupt. I can readily believe this, and know that adding a distance of six or seven

Concludes for reasons stated that there is no practicable route for a railway along the Kitlope.

**Exploratory
Surveys, B.C.—
Gamsby's Ex-
ploration up
Kitlope.**

Valley of Kitlope
1,100 feet above
the sea.

miles from the actual water-shed of the Cascade Range, the north-west branch of the Kitlope River does really flow through a valley of moderate extent, but, unfortunately, at an elevation above the sea of less than 1,100 feet; and that, moreover, in the direction of its source, that is to say, to the north-west, there is nothing visible but a perfect sea of glacier-capped mountains. It is possible, but very far from probable, that the branch in question may lead to a pass. Such a pass, if there be one, cannot be much less than 3,000 feet above the sea, and considering the close proximity of the water-shed, or summit [at Lake Tochquonyala] to the low valley which I saw, I think the inference may be safely drawn, that, in this quarter, no practicable route is to be looked for."

That is the paragraph to which I refer, Sir.

18273. Are you still of the same opinion as expressed in that paragraph?—Decidedly of the same opinion. I consider there is no way of going up there to the Kitlope from the head of Gardner Canal.

18274. Then the final decision not to adopt that locality as one to be crossed by the railway was a good decision in your opinion?—Certainly. It was never followed out by Mr. Gamsby.

Result (in witness's opinion) of partial suppression of his report the cause of an unnecessary expedition.

18275. Then what was the result, as regards the public interest, of this omission of part of your report, which part you think has been suppressed: is it the expense of this survey?—Certainly. If Mr. Smith or Mr. Fleming read this carefully, I think probably they would not have sent that expedition.

18276. Is there any other result which you think is to be attributed to not reading that report?—Nothing else.

18277. Is that the portion which you have read which you say points out the sudden rise to this lake, and which would have satisfied any person that there was no pass open there?—Yes; what I have read.

18278. I understood it was the omitted portion?—This is the omitted portion.

18279. But is that the portion which you say or think would have informed him it was useless and hopeless to send out that expedition?—Yes; that is the portion. I may not have made it perhaps sufficiently plain, but it was my intention that was to be understood from it.

18280. But it would have been useless unless it was plain for the purpose for which you say it was intended?—Certainly.

18281. Do you think, having read that now, that it would point out to Mr. Smith or any person reading it the hopelessness of such an exploration as Mr. Gamsby made?—I think so.

Kitimat Valley.
Considers there was no official recognition of Kitimat Valley his report respecting it having been suppressed.

18282. As to this Kitimat Valley, do you complain that any portion of your report was omitted which would have shown that to be a more favourable route than it has been held to be in the opinion of the Department?—Yes; I say that no official recognition has been taken of the Kitimat Valley whatever by any one.

18283. Do you mean in no document?—No; it has not been referred to in any printed reports I have seen, and my report of it has been suppressed.

18284. Does not the report of 1877 at page 139 refer to that?—There are a few opening remarks on it.

18285. Is not most of the page taken up on the subject?—That has no reference to the valley of the Kitimat leading to the Skeena. A reference to the map would enable you to understand it.

**Exploratory
Surveys, U.C.—
Kitimat Valley.**

1886. Is there any other portion of your report referring to the Kitimat locality or valley which has been omitted, and which would affect the question beyond that addendum which you have read?—No, Sir; no other.

18287. Proceed with the statement.—Besides the examination of the Kitimat and its branches, the work of 1874 comprised an exploration of the head waters of the River Kitlope, a survey of the Dean Canal and its affluents, the Rivers Tsatsquot and Kemsquit, of the River Kimano, and of the entire water-shed of the Cascades from Dean Canal to the head of Douglas Arm—an accurate description of all this work was given in my suppressed report.—

**Kitlope, Dean
Canal, Tsats-
quot, Kems-
quit, Douglas
Arm.**

What was con-
tained in those
portions of wit-
ness's report
which were sup-
pressed.

18288. When you speak of the suppressed report, do you mean that a whole report has been suppressed?—No; I mean a suppressed portion of that report. At the conclusion of the season's operations, I was compelled to find my way back to Victoria, by making a most hazardous canoe voyage of eleven days duration down the Pacific Coast in the middle of winter. In 1875, I was again sent out to British Columbia, for the purpose of exploring the unknown region near François Lake.—

In 1875, sent to
explore region
near François
Lake.

18289. To go back to that last sentence, you say you were compelled to make a hazardous voyage down the coast?—Yes; from the force of circumstances. There were no steamers.

18290. You do not complain of that?—No; not at all.

18291. You mean that it became necessary?—Yes; it became necessary. I do not blame the Department for that.

18292. Proceed.—In 1875, I was again sent out to British Columbia for the purpose of exploring the unknown region near François Lake, and also to perform other work. In 1876 and 1877, I was employed in the examination of the country to the north of Lake Huron. In 1879, I was sent out to British Columbia to survey the unknown region lying between the River Skeena and the Peace River; an account of this work will be found in the general report of 1880. In this connection the Chief Engineer's memorandum of instructions for Mr. A. J. Cambie, regarding the explorations in Northern British Columbia, dated 12th May, 1879, particularly paragraphs nine and ten, are worthy of notice.—

Explores Fran-
çois Lake, the
country north of
Lake Huron,
and in 1879, region
between the
river Skeena
and Peace
River.

In 1879 sent to
survey between
Skeena and the
Peace River.

18293. You are speaking of the report of 1880?—Yes; the report of 1880:

(9) "It is the desire of the Government that the country should, with as little delay as possible, be thoroughly explored, so that the shortest eligible route between the River Skeena and the River Peace, or its tributary, Pine River, may be fully determined.

(10) "Instructions have been sent to Messrs. MacLeod and Gordon to accompany Mr. Cambie and to co-operate with him in this examination."

**Exploration be-
tween Skeena,
Peace and
Pine Rivers.**

From the above it will be seen that Mr. Cambie's duty was to thoroughly explore the region referred to in paragraph nine, with the view of finding the shortest eligible route for a railway between the Skeena and Peace Rivers. I shall now show the farcical manner in which that exploration was carried out. About the 24th June, 1879, Mr. Cambie and his staff left the Forks of Skeena for Lake Babine via the valley of the Susquah. In my report of 15th March, 1873, I gave a crude account of the Susquah Valley, and pointed out the heavy nature of the work, and grades to be encountered in using it as a communication between Lake Babine and the Skeena River. Messrs. Cambie and

Witness's views
respecting Cam-
bie's exploration
between the
Skeena and Peace
Rivers.

Exploration between Skeena, Peace and Pule Rivers.

MacLeod entertain similar views of the difficulties of that route. Mr. Cambie reached Lake Babine and thence, with the exception of two short walks of about a dozen miles in the aggregate, over excellent trails, performed the entire distance to Fort St. James, at the lower end of Stewart Lake, by canoe and boat. From Fort St. James he travelled over another excellent trail to Fort MacLeod, with ninety-five animals and twenty-one hired servants, besides his secretary and other members of his staff. An inspection of the map of British Columbia will show what a perfect farce this journey was, as an exploration, for upon his arrival at Fort MacLeod, Mr. Cambie knew as much about the country which he had been instructed to explore as he did when leaving the Skeena. He looked, and in imagination saw "practicable lines;" he heard descriptions of several routes by parties who knew the country well; and as Mr. Horetzky had been specially detailed to make a thorough examination of that region, an undertaking, by the way, utterly impossible of fulfilment by one man during the short northern season, he was content to record a fanciful examination on paper. I may also remark here, that in order to obtain even rough estimates of the elevation of mountain passes, it is *not* simply sufficient to send an untutored Indian to the point of observation with an aneroid, and to trust to his index finger to show the reading of the instrument. A conscientious engineer would go in person, no matter what obstacles lay in the way.—

Cambie's exploration perfunctory.

18294. Of whom are you speaking?—Of Mr. Cambie. Mr. Cambie's party did that.

18295. Did he state anything whatever of those things in his history of the subject?—No; but the memorandum of instructions tells him to make a thorough examination from the Skeena to the Peace River.

18296. Do you think his report on the subject shows he did not obey his instructions?—Oh, no. In that portion of his report it entirely agrees with me, but Mr. MacLeod, who accompanied him, tells me that he did not go himself to the summit, but sent an Indian there. I say if he had been a conscientious engineer he would have gone himself.

18297. What summit?—On the summit of the Babine Pass.

Contents that Cambie intended to deceive the Department.

18298. Do you mean that you gather from his report that he intended to deceive the Department as to the progress he made, or the steps he took to make this exploration?—I do. I endeavour to show that the exploration he did was a perfect farce.

18299. Besides that, does his report mis-state facts, as you understand it?—No; it does not mis-state facts, but it allows people to take it for granted that he did make an examination.

18300. And you have learned from some one who accompanied him that he did not make the exploration, though his report says he did?—That is it. He sent an Indian to the summit of the Pass to find it out with an aneroid.

18301. How do you state that he sent an Indian: what is your authority?—Mr. MacLeod's statement to me, who accompanied him.

18302. Does Mr. MacLeod himself make a report on the subject?—Yes.

18303. Does he mis-state the facts?—He does not, of course. But he does not make that statement that they sent an Indian to the summit.

18304. Does he suggest facts, or does he state them positively, which facts you take to be untrue?—No; I cannot say that he does.

Exploration between Skeena, Peace and Pine Rivers.

18305. Proceed.—I have referred very briefly to this matter and merely desire to point out that the slovenly, expensive, but remarkably easy mode of exploring a rough country just described, is possibly not the only instance which might be recorded. Reference to paragraphs five, six, seven and eight of Mr. Fleming's instructions will show what the Chief Engineer expected me to do. To perform all the examinations entrusted to me would have been impossible; but, in self-justification, I will say that what I did was of an exceptionally difficult and arduous character. It involved a survey and the determination of a chain of levels across three mountain ranges, over a perfectly untravelled and unknown country, where horses could not be used, and where everything required for the service had to be carried upon men's backs or by canoes upon streams never before navigated even by the Indians of the country; and, although the work was performed in the best and most economical method possible, the Chief Engineer, while perfectly cognizant of the reasonableness of a claim I have put in for a salary equal to that paid to Mr. Henry MacLeod, and notwithstanding his promise to recommend to the Minister of the Railway Department that it should be favourably considered, now refuses to give his assent, which, the Minister has stated is all that is necessary to enable him to make a settlement. In self justification, I would therefore most respectfully suggest that the salaries paid to Mr. H. J. Cambie and his secretary, to Mr. H. MacLeod, and to the Rev. D. M. Gordon and myself, be made public, also the cost of the various expeditions of 1879. Mr. Cambie's exploration of 1879 was outfitted in the most extravagant manner. In conclusion, I wish to point out in the most unmistakable manner that, from the very initiation of the surveys, Mr. Fleming has designedly burked enquiry into the character of the Peace River line, and that, until the results of the journey of Messrs. Cambie and MacLeod in 1879 were made known to him by telegraph, he doggedly refused to accept reliable testimony in favour of that route. [Vide page 9, Rep. 1878]. That my opinion expressed in 1873 and subsequently, in favour of the Pine River route, and adverse to that of the Peace River, has been fully endorsed by Mr. Hunter, and by Messrs. Cambie and MacLeod; and I again have no hesitation in saying that the Pine Pass is the key to all possible termini from Bute Inlet northward. I also make the statement that the examinations of 1879 could have been more satisfactorily performed at half the cost; that the expedition under Mr. Tupper was unnecessary; and that, apart from the valuable work done by Messrs. H. MacLeod and Dr. Dawson of the Geological Survey, the knowledge obtained was but an unnecessary repetition of that contained in Mr. Hunter's report of 1878, and in mine of 1873. Mr. Hunter performed the examination of the Pine River in 1878, with a pack train of twenty animals, under peculiar difficulties. I made the first examination of all, under still more disadvantageous circumstances, and at a very trifling cost, and found ten horses, while in the Peace River region, amply sufficient for any work, protracted or otherwise. Why the enormous train of men and horses already referred to should have been necessary to Mr. Cambie under the most advantageous of circumstances (that is to say the summer season) can only be explained by himself. Mr. Fleming having, during the long series of years from 1873 to 1879, refused to entertain suggestions proffered in good

Chief Engineer refuses to assent to pay witness a certain salary.

Contents that the character of the Peace River line was ignored from the commencement by Fleming.

Pine River Route.

Witness's opinion of Pine River route endorsed by Hunter, Cambie and MacLeod.

Hunter's examination of Pine River in 1878.

**Pine River
Route.**

faith upon such an important subject as that of the passage of the Rocky Mountains, and regarding the country to the north of the Yellow Head, it can no longer be a matter for surprise that, at the last moment, he should have addressed the Minister of Railways, and have strongly urged delay in construction upon either the Burrard Inlet or Bute Inlet routes. In my letter of 29th October last, addressed to the Secretary of the Royal Commission upon the Pacific Railway, I drew attention to Mr. Fleming's report of 1877, in which a classification of the North West lands, by Mr. John Macoun, botanist, will be found, at page 336. I stated that Mr. Macoun's estimates were purely conjectural, and, consequently, unreliable. I now repeat that statement, and call Mr. Fleming to witness that he entertains precisely similar views regarding those estimates as myself. I here produce a press copy of a memorandum, addressed by me to the Minister of Railways in the early part of 1879, in which, after discussing Mr. Macoun's Peace River in 1875, the remark occurs:

Macoun's classification of North-West lands in Fleming's Report of 1877 conjectural.

"We have, however, at present no authority to make pseudo-statistical assertions regarding the extent and value of the Dominion lands in the North-West, and Mr. Macoun's classification at page 336 of the report for 1879, must, for lack of sufficient evidence, be regarded as purely imaginative and unreliable."

Fleming of the same opinion as witness respecting North-West lands.

After carefully perusing this memorandum (Mr. Fleming was particularly careful to see everything I wrote for the Minister), the Chief Engineer remarked to me: "I quite concur in all you have stated." The press copy I refer to is here.—

Witness advocates Pine River Pass in preference to Peace River Pass.

18306. Do we understand that you advocate the practicability of the Pine River Pass in preference to the Peace River Pass?—Yes; that is my idea.

18307. Is that the main view you are supporting now in this pamphlet of yours and in this statement?—It is not the main view, it is one of the views.

18308. Do you understand that to be now a material question for consideration in the Department?—No; I presume the question is past and gone; it is a dead issue now, I presume.

18309. Do you know if it was at any time a serious question for consideration which of these two passes should be adopted?—I think that, as far as the interests of the country is concerned—as far as the opening out of the best lands in the North-West is concerned—that a route *via* Pine Pass would lead the way through them.

Peace and Pine River Passes.

18310. At present I am asking whether you have ever understood that the choice of one or other of these passes was a material matter for the consideration of the Department?—I think it would have been a material matter.

18311. But was it: I mean did such events happen as made it a material matter for their consideration?—Not that I am aware of.

18312. Then which of these two passes would be the best is not of much importance, according to your idea at present?—No; not at present. It is not a material matter, of course.

18313. Was it at any time of importance, so far as the affairs of the Department were concerned, to know which of these two passes would be the best?—I think it was, seeing that the engineer in charge of the western section, Mr. Marcus Smith, advocated it himself.

18314. Advocated which?—The Pine Pass.

18315. Do you mean as against the Yellow Head Pass?—Yes.

18316. Do you understand that at any time it had been decided to adopt a more northerly terminus than the one which has been since adopted?—Bute Inlet was at one time in question as a terminus.

18317. And was it in reference to that terminus that you considered that the question between Pine River Pass and Peace River Pass became material for consideration?—Yes; I always considered it. In fact, when I first pointed out the Pine Pass I pointed it out as the key to the through route to Bute Inlet.

18318. But if the selection of Burrard Inlet in preference to Bute Inlet was the correct decision, then this question between the Pine River Pass and Peace River Pass was one of no importance?—No.

18319. So that it resolves itself into the main question: whether it should be Bute Inlet, or some other northern port, as against Burrard Inlet?—Yes; as against Burrard Inlet.

18320. Do you say you think that this question was of consequence because the railway could have been better constructed through the Pine River Pass, to a more northerly terminus than the one which has been adopted?—I have always thought that the Pine Pass afforded the best route; that in the event of Bute Inlet, for instance, being adopted, the Pine Pass offered the best and cheapest route, and also that it would open up the finest and most available lands in the North West.

18321. Do you mean that this question of the availability of the Pine River Pass was always subordinate in its importance to the main question, whether Burrard Inlet should be adopted in preference to Bute Inlet or some more northerly one?—Of course the adoption of the Pine Pass rested entirely upon the question of the western terminus.

18322. You mean the northerly terminus?—Of westerly termini. It was none of my business to say that the Burrard Inlet, or the Bute Inlet, or any other northern port should be adopted; but I maintain that if the Bute Inlet or any other northern terminus were adopted, that the Pine River Pass is common to any of them and to all of them.

18323. Well, for present purposes I am not suggesting any argument as to the correctness of your views; it is not with that intention that I am asking you these questions. I am asking you your opinion on this question now: assuming that it is quite right for you to have formed these opinions, I want to ascertain what route you mean to suggest. Do you mean that the route through the Yellow Head Pass to Burrard Inlet, is not, in the interests of the public, such a good one as a more northerly one through the Pine River Pass?—As far as I am concerned I do not think the Bute Inlet is the proper place for the terminus.

18324. Well, does that not dispose of the question of the importance of the Pine River Pass and the Peace River Pass?—There are other northerly termini.

18325. Please state which of them you think would be better than the one adopted?—In the interests of the country, as far as economy

Peace and Pine River Passes.

Marcus Smith advocated **Pine River Pass** as against the **Yellow Head Pass**.

Bute Inlet at one time a possible terminus.

Pine Pass the key to the through route to **Bute Inlet**.

Burrard Inlet once adopted the relative merits of **Peace and Pine River Pass** of no importance.

The adoption of **Pine Pass** depended on the western terminus selected.

**Pine River
Pass.**

Best Imperial and Canadian route through Pine River Pass to the Kitimat or Port Simpson.

Describes course from Pine Pass to sea-board.

of construction, and as far as the settlement of the country is concerned, I think that the best route, the best Imperial route and Canadian route, would be by the Pine River Pass to the Kitimat, or possibly to Port Simpson.

18326. Will you describe the course of that route from Pine Pass to the sea-board?—From the Pine Pass that route would follow down the tributary of the Parsnip River, would, crossing the Parsnip River, pass somewhere near Lake MacLeod, running in a southerly direction to a crossing point upon the Stewart River, some few miles below Fort St. James; thence up the Fraser River to Lake Fraser; then to the summit between the Wastonquah River and the river flowing into the Fraser Lake; then following down the Wastonquah into the Skeena Valley, and down the Skeena Valley to a point opposite Kitsumgallum River; thence southerly up to the divide between Lakelse Lake and Kitimat Valley, and thence down the Kitimat Valley to Douglas Channel—or to Port Simpson, if it happened that the cost of constructing harbour accommodation at Kitimat happened to be too great, though my opinion is that an excellent harbour may be made at the head of Douglas Arm.

18327. What are the considerations, the main ones, which lead you to think that this route which you describe would be better for the public interest than the route which has been adopted?—Well, Sir, for one reason that from the Kitimat to the Pine Pass, accepting the estimates of Messrs. MacLeod and Cambie, the cost would be very much less than on the Burrard Inlet route.

Thinks the cost by Pine River Pass would have been less than by Yellow Head to Burrard Inlet.

18328. You mean for the corresponding distance?—The cost of construction from salt water to the summit of the Rocky Mountains on the northern route would be very much less than between Burrard Inlet and the Yellow Head Pass—that is, accepting Mr. Cambie's estimates.

18329. What do you consider the summit upon this route which you prefer?—The summit is the Pine Pass.

18330. Do you know how much less that would cost?—Well, roughly estimating it, \$10,000,000, according to the estimates of Messrs. Cambie and MacLeod. That is to say, taking the heavy work—putting the heavy work all at the same price; that is the only way you can get at it.

No means from his own knowledge of forming an estimate of cost.

18331. Have you any means of forming an estimate upon this subject from your own knowledge?—No; I have taken their estimates entirely. I have made no assertions upon my own estimates. My assertions are entirely based upon the estimates of Mr. MacLeod and Mr. Cambie.

18332. From the east to the summit, either at this pass or at the Yellow Head Pass, can you state the difference in construction?—I could not state that, because no systematic surveys have been made; but I know that the topography of the country points, no doubt, to the fact that a much less costly line can be made north than south. The rivers are fewer and less difficult to be crossed, the country is more level and it is easier in that respect.

Northern line longer by 100 miles than that by southern.

18333. As to the length of the line, irrespective of the mileage cost, have you formed any opinion?—Yes; the northern line is 100 miles or thereabouts.

Pine River Pass.

18334. Then, in regard to the construction and working of the line, you think you are justified in saying that the northern line would be less expensive?—Much less expensive. I would also remark something more about that. May I ask you if you have a copy of my pamphlet here? (Chairman hands witness a copy of the pamphlet "Startling Facts.") You ask me what I think of the country on the northern line east from the Pine Pass, as to the expense. I shall here quote from the telegraphic report on explorations from Port Simpson, on the Pacific coast, to Edmonton *via* the Peace River Valley and Peace River Pass, by Messrs. Cambie, Macleod, Dawson and Gordon:

Witness's reasons for believing northern line less expensive than southern line.

"Red line letter A, to Slave Lake, direct and generally easy, Pine River 500 feet wide; height of bridge, seventy feet; gradients leaving the river, one foot per 100. Summit eastward, 900 feet lower than Hunter's, and fifteen miles further north. Mud River, 400 feet wide; height of bridge, sixty feet; gradients on west side, very easy; on east side, one foot per 100. D'Echafand River, 300 feet wide; bridge, sixty feet high; gradients moderate; work occasionally heavy three miles on each side of bridge. River Brulé, fifty feet wide; bridge, seventy feet high; valley, narrow; gradients, easy. Smoky River, 750 feet wide; bridge, 100 feet high; valley, almost 500 feet deep at crossing; gradients, slightly exceeding one foot per 100; works, very heavy for three miles on each side. Goose River, 400 feet wide; valley, 100 feet deep; bridge, fifty feet high; gradients on each side easy. Whole country from Pine River to Slave Lake, with these exceptions, favourable."

These exceptions are twelve miles of heavy work, altogether from Pine River Summit to Slave Lake, by the estimates of Messrs. Cambie and MacLeod, whereas, on the corresponding portion from Yellow Head Pass to MacLeod River—I cannot speak authoritatively, but I can refer you to the writings of Messrs. Marcus Smith and others—upon that portion of it the work is very much more difficult.

On country from Yellow Head Pass to MacLeod River cannot speak authoritatively.

18335. More difficult on the southerly line?—On the southerly line, and passes throughout an utterly worthless country, whereas on the northern line the good country is entered some forty or fifty miles east of Pine River summit and eastward from Lesser Slave Lake. The southern shore of Lesser Slave Lake is a dead level for railway construction, and the country thence to the Athabaska Pass is level, low and flat; thence to Lake Babine the country is level. Taking the estimates of Mr. Gordon, who I think is the only one who has passed through there, he tells us that the country is slightly hilly close to the Athabaska, but afterwards walked into a gently undulating country; then eastward we have the reports of Mr. Marcus Smith of 1878.

Country on north line very good.

18336. Have you passed over this country yourself east of Pine River Pass?—East of the Pine River Pass I have passed over the Pine River country right along, I may say a great portion of that route to near the eastern end of Slave Lake.

18337. And then south-easterly?—Not on the line. I struck Lesser Slave Lake from Fort Assineboine, struck due north to Lesser Slave Lake about the 115th meridian.

18338. What sort of country is it between Fort Assineboine and Lesser Slave Lake?—It is very rough and rocky. It appears to be a large tract of rough mountainous country situated between south of Lesser Slave Lake and west of Lesser Slave River and north of the Athabaska; but I believe a little to the west of Fort Assineboine there is a low depression running into the Peace River country.

Country between Fort Assineboine and Lesser Slave Lake.

Very rough and rocky.

A little west of Fort Assineboine becomes low.

18339. You have not been over these two tracts of country which have been traversed by these rival lines, so as to form your own opinion as to the relative value of the country for settlement or its

Railway Location, B.O.

Railway Location, B.C.

bearing on cost of railway construction?—I have been over the southern line as far as Jasper House; I mean the first expedition to Jasper House in 1871. I followed that line, or very nearly that line, all the way from Edmonton. I reported upon that line to Mr. Fleming, and upon that report Mr. Fleming caused surveys to be made. The line located here (pointing to the map) deviates a few miles north or south of the line I reported.

No knowledge of country west from Jasper House save in vicinity of Cornwall's.

18340. What about west from Jasper House?—I have no personal knowledge west from Jasper House, except from—if you will observe on the Thompson River—a place called Cornwall's. I have a knowledge of the Lower Fraser River. I have walked right down those canyons on foot, and I have a knowledge of that place from the vicinity of Cornwall's. I have a knowledge of the part of the route that includes.

18341. That is the portion of the line now under construction?—Yes; a portion of the Onderdonk contract.

Believes northern coast more accessible than southern.

18342. Besides this question of routes, cost of construction, and of operating, are there any other matters for consideration affecting the comparative expediency of the two lines?—Well, as regards the coast of British Columbia, my opinion is that the northern coast is more easily accessible than the southern coast, that is to say, I believe that the Burrard Inlet is much more difficult of access than Port Simpson; or Kitimat and Capt. Brundrage, who was sent out there last summer—he was sent out there in 1879—reported upon the coast. Capt. Brundrage says so. He corroborates what I say, and he says the northern part of the coast is much more accessible for sailing vessels and ships than the southern. He says that Port Simpson is the most accessible place on the whole coast line, and by similar reasoning—Kitimat—the passages are the same.

18343. In addition to the accessibility of the harbours and the cost of the line, are there other matters which you think should weigh in considering the subject?—No; there are no other matters that I am aware of.

18344. Do you think that these two matters should decide the question as to which line ought to be adopted: the cost of construction and working, and the accessibility of the harbours?—It is not for me to say that.

Witness's reasons for preferring north line further stated.

18345. I am asking your opinion. I understand your theory to be that upon the whole the northern route would be preferable, and I am asking you if this opinion is formed solely on the advantages you mention?—There is one consideration which I had forgotten. One consideration in favour of the northern line is that I believe, first of all, that this Fraser River line, when carried down to the valley below Yale to a point near the Sumas, will be tapped by an American line from Holmes Harbour; and I believe that eventually the port of the Canadian Pacific Railway will be at Holmes Harbour practically speaking, because from Sumas to Burrard Inlet on the Canadian line upon the north side of the Fraser River, presents works of a formidable character. The works are heavy, and Burrard Inlet is not very readily accessible from the sea as the intricacies of the navigation are many. Besides there is the San Juan passage. That is immaterial; but I think I am corroborated by able authorities that the navigation of the Georgian Strait and these passages are extremely difficult and hazardous for sail-

ing ships, and steamers also. That is the reason why I think, eventually, if the Canadian Pacific is carried to Sumas, a branch line will be carried over the country between Sumas and Holmes Harbour on United States territory. The line would be almost sixty or seventy miles in length, and Holmes Harbour is acknowledged by many authorities to be easily transformed into a magnificent harbour. It only requires a short canal of about two miles in length to connect its waters with the waters of Admiralty Inlet, and in that case our Canadian Pacific Railway and the Northern Pacific Railway of the United States would have, practically speaking, the same terminus, because Holmes Harbour will eventually become the terminus of the Northern Pacific Railway. The present terminus of the Northern Pacific Railway is at a place called Tacoma at the head of Puget Sound, but it would not be difficult to carry a line down from Tacoma to Holmes Harbour if found desirable. At any rate these are my views regarding the two lines. The Canadian road and the American road would have the same western terminus to all intents and purposes.

18346. Do you think that would be worse for the American road or the Canadian road?—Really I do not know, I cannot say. It would be worse for the Canadian road I should imagine, because freight or passengers bound from China landing at Holmes Harbour, would naturally choose, I should think, the American line to the east instead of making a long way round to the north. Then when the Sault Branch is completed and connection made with St. Paul, there will be a perfect air line from the Rocky Mountains, by the Northern Pacific and St. Paul by the Sault, to Montreal.

18347. Do you think that these advantages to the American line would be counteracted in the attempt to gain the through trade from China by having a more northerly terminus?—I think that if any counteraction could be formed at all the northern terminus would have been advantageous for this reason: that the northern terminus is 300 miles nearer to Japan than Holmes Harbour is. The ocean passage is a day and a-half shorter as matters are now. Admitting that my estimates of the difference in distance between the northern line and the Burrard Inlet line—admitting that the difference is only 100 miles in favour of the Burrard Inlet line—there still is now an outside difference of 300 miles in favour of the northern line in consequence of the shortness of the ocean passage. So between Yokohama and Livingstone—Livingstone is the common point between these two rival lines—this northern line is 300 miles shorter.

18348. Would the northern port be open as long during the year as the southern one?—Port Simpson is open all the year round. As to the Upper Kitimat I am in doubt. As I have already remarked in my pamphlet, a little ice does form in the sheltered harbour of the Kitimat, but I believe that does not amount to anything. The head of the Kitimat Inlet is never frozen—never; and Port Simpson is always open. Port Simpson is the finest harbour of the British Columbia coast without any exception.

18349. And you think there would be no disadvantage in selecting that on account of the climate?—No; not at all. I think not, as far as the harbour is concerned. Probably the climate, say from the Isthmus of the Simpson Peninsula along here (pointing to the map) might be a trifle worse than on the Kamloops line owing to its altitude; but

Railway Location, U.C.

Reasons for preferring a more northerly line.

Thinks northern line would compete better than southern line against United States advantages.

North terminus 300 miles nearer to Japan than Holmes Harbour.

Port Simpson open the year round. Doubts about Upper Kitimat.

Climate on the north line might be a little worse than on the Kamloops.

Railway Location, B.C.

after all, I think there is very little difference. It is an extremely rainy, humid climate on both of these lines through the Cascade Mountains.

18350. Is there any other reason that you think of, which should lead to the selection of the northern route and outlet rather than the southern one?—The question of a country fit for settlement on the east of the Rocky Mountains by the northern line.

Character of country on northern line.

18351. Upon that, what is your opinion as to the comparative expediency?—I think upon the northern line the country from, say the meridian of $121\frac{1}{2}$ would be a great deal lower than the southern line. The country is lower all through; it is a partially wooded country. The soil is infinitely better along the northern line as far as Le-ser Slave Lake than on the other line; and from Slave Lake eastward to Babine Lake to Fort La Corne, the line would be through a wooded country and would not lie exposed to the terrific winter blast of the plains. I maintain that upon the southern line, between the meridian of 112 and the Saskatchewan, I believe that settlers will find it very hard to live, owing to the want of wood, and the exposed nature of the country. I have been over it and I know what it is. It is an exposed country, with hardly a particle of wood to be found on it, whereas on the corresponding portion of the northern line the line would run partly through woods and at a lower level, and through a lake country where there are fine fresh water lakes. I think that in this north-west country there has been a great deal too much enthusiasm about the amount of available lands, and about the glorious prospects for settlers upon those plains. I know, for one, I should not like to settle there, and I doubt if Mr. Macoun would like to take a gift of 500 acres of land and settle there, or any one else.

Country in part wooded, with low levels and fine lakes.

18352. You think that new countries are generally settled by persons in the circumstances of yourself and Mr. Macoun, to whom 500 acres of land would be no inducement?—I do not think that new countries are generally settled by people who would disdain a gift of 500 acres of land, but it is the case to-day that many settlers of the yeoman class have already gone away from Manitoba in disgust, if I am well informed.

18353. Do you mean by that opinion that it would be better not to build any railway at all through that country?—No; but I think the northern route is preferable, from the fact of there being more wood.

Thinks the northern line would attract more settlers.

18354. You think it would attract more settlers?—I think so.

18355. And it would open up a country more likely to be settled?—That is my idea. I think the settlers would naturally prefer a country partially wooded and partially prairie, to one that is quite open without wood. That is the idea I mean to convey. I have travelled over this country a good deal, and I know what the hardships of winter are, and I have no doubt I can stand them as well as the average of those people, but I should not like to do it. I see every day that settlers who go into that country always choose the parts that are wooded in preference to the unwooded parts.

OTTAWA, Thursday, 2nd December, 1880.

**Railway Construction—
Policy of Government.**

SIR CHARLES TUPPER, sworn and examined :

By the Chairman :—

18356. About what time did you first administer the affairs of the Pacific Railway?—As Minister of Public Works?

18357. Yes?—I think I entered the office about the 17th of October formally, then went down to Nova Scotia to my re-election, and returned about the 7th November, 1878.

Minister of Public Works, 17th October, 1878. Returned from re-election 7th November, 1878.

18358. Can you describe the first action taken under the policy which had been adopted by you in reference to the construction of the works?—Well, the first matter that was taken up by the Government was the importance of completing, at the earliest possible date consistently with reasonable expenditure, the line from Thunder Bay to Red River. There were about 185 miles of a gap between the portions under construction at the two ends; the one running from Red River eastward, and the other running from Fort William westward; and the Government decided that it was of the greatest possible importance to put in this intervening section at the earliest possible date. That was the first leading matter of policy that engaged my attention in connection with the work.

First work taken up by Government completing line from Thunder Bay to Red River at the earliest possible time.

18359. Had not that already been advertized and tenders invited by the previous Government?—Yes; in August, if I remember—in the previous August—tenders had been invited to come in on the 1st day of January. I think.

Tenders invited by previous Government in August, 1878; tenders to come in on 1st January, 1879.

18360. Were tenders received as early as the 1st?—No. Consistently with the policy which I have just mentioned, I drew the attention of Mr. Marcus Smith, who had been acting as Engineer-in-Chief, and immediately afterwards of Mr. Fleming, who, I think, was not here for a few days, to the importance that we attached to getting this work under contract at the earliest possible moment, and directed that every possible exertion should be made to get the plans and specifications in such a position as to enable parties to make an intelligent tender. When Mr. Fleming informed me that it would not be possible to do that, so as to have the tenders in by the 1st of January, the time was extended for the shortest period that we considered it possible to do it in; and, subsequently, when he stated that it could not be done, they were again extended. I think they were twice extended for the reason I have mentioned.

Urged speedy completion of plans and specifications so as to secure intelligent tenders.

Time twice extended in order to have full information.

18361. I suppose, as a fact, no tenders were put into the Department at either of the two first-named dates?—No person had the means of putting in the tenders, because it was the absence of data and specifications, on which tenders alone could be offered, that caused the delay.

18362. The first tenders actually received were about the 30th January?—The 30th January. No tenders were received previous to the 30th January, nor any information of any kind given by the Department to the contractors.

Tendering—Contracts Nos. 41 and 42.

18363. In asking for these tenders was there any change in the system upon which they were invited—I mean were they invited for the whole distance, in the first instance, by the former Government, or was that a new feature?—I do not quite remember at this moment

**Tendering—
Contracts Nos.
41 and 42.**

what the first advertisement was—in what form they called for the tenders; but, if I recollect rightly, my impression is that they divided it into three sections. My impression is that the first advertisement divided it into three sections; but I know that the subject—how the tenders should be dealt with in such a way as would be best calculated to carry out our design of the earliest possible completion of the work—received the very earnest consideration of the Government; and having discussed that very fully with Mr. Fleming, upon his advice I recommended to my colleagues, and we decided, to ask for it in not more than two tenders, and to intimate at the same time that a favourable consideration would be given to a tender for the work as a whole. The reason for this, as I have stated, was that Mr. Fleming was under the impression that if a sufficiently strong organization, possessing resources, means and skill sufficient to grapple with the work as a whole, had it in hand, they would be able to secure its construction at an earlier period than if it was divided into two tenders. But, for fear the work as a whole should be too great to invite sufficient competition, we decided to ask for tenders for it as a whole, and also in two parts, which would divide it into two sections, 118 miles on this side where the work was easy, and sixty-seven miles on the other where the work was harder.

Government decided to call for tenders for two sections and also for work as a whole.

It was considered that Government would be warranted in paying more for the advantage of getting work done by one contractor.

18364. Was it considered that anything in the shape of additional price might be paid by the country to gain a compensating advantage in building it by one contractor?—It was discussed fully, and it was considered that we should be quite warranted—and I may say here, at the outset, while I am quite willing to be held personally responsible for everything which has been done in my department in connection with the Canadian Pacific Railway, that I considered the matter of letting such an important section of work so grave as to warrant my taking no step in connection with it, except after the fullest consultation with my colleagues. All the information from the beginning to the end relating to it was submitted to my colleagues for discussion in Council, and the course taken was not the result of any action of mine, but of the united opinion and decision of the Council. I may mention here that I could not say this, but that I have received permission from His Excellency the Governor-General to state fully everything in connection with this work. We were of the opinion—because I will use the proper terms, including my colleagues and myself—after full and careful discussion, that the importance of getting this work immediately constructed at as early a period as possible, would warrant us in the expenditure of a larger sum of money than it might be accomplished for in another way.

Witness took no step without consultation with his colleagues.

Tender for constructing work as a whole a little over the aggregate of the lowest tenders.

18365. Upon the opening of the tenders it seems, according to the Reports, that the offer for the whole section was at a price considerably higher than one for building the two separate sections: do you remember the amount?—Not very much, I think; not very much. I think the tender for the construction of it as a whole, was a little over the two lowest tenders to which the contracts were awarded.

18366. Was it not above \$150,000, or something like that?—Well, it was something, I think, in that neighbourhood. I do not remember the figures at this moment.

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Had this tender come from a firm of sufficient strength it would have been favourably considered.

18367. Was that considered too large an extra price to pay for the advantage of having the work done under one contract?—No, it was not; and had that tender emanated from contractors of sufficient strength and resources to secure the construction of the work within the time named, I think it would have been favourably considered. But you will see by a reference to Mr. Fleming's report on the tenders, that he stated that the advantage of letting the work as a whole depended entirely upon the resources and means and prospects of the parties to whom it was let; and upon a careful examination of the whole question, and after the best enquiry he could make, he was not able to recommend placing it in the hands of one contractor—a contractor who had made the lowest bid for the work—as likely to secure that result; and my colleagues and myself, after careful examination and discussion, decided that that opinion was correct, and therefore we would not let the contract as a whole to the lowest tenderer.

Lowest tender for whole from the firm of Morse, Nicholson & Marpole.

18368. The lowest tender for the whole distance was from the firm of Morse, Nicholson & Marpole, was it not?—Yes.

18369. Then they were not known to be contractors of standing and strength?—Well, I may say that the usual course was pursued—what I understand to be the usual course in the Department. Immediately upon the tenders being received, and opened, and extended, and their relative amounts stated, the practice has been then that if the parties offering and the persons whose tenders were the lowest were not well known to the Department, the practice has been for the Minister to instruct the Deputy Minister of Public Works (who was then Mr. Trudeau, and of Railways and Canals now) and the Chief Engineer, to obtain in the best way that they could, sometimes by sending for the parties, but at all events to obtain all the information that would be necessary to guide the Government in the awarding of tenders. That is the course which was pursued. Morse, Nicholson & Marpole, I may say, were not known at all to the Department as contractors, and under these circumstances—feeling the very large amount involved and the great importance of the early construction of the work—a very considerable time was spent, and every means possible was exhausted in getting the fullest information with reference to the parties who had sent in the lowest tender; and you will see all this detailed in the report of Mr. Fleming, who had, under instructions from myself, taken that course, and the result of enquiry and investigation was that the Chief Engineer was not able to recommend the Government to place the whole contract in the hands of that firm as a course likely to secure the objects we had in view.

On enquiring as to capacity of Morse, Nicholson & Marpole the usual practice of Department followed.

The Chief Engineer did not feel himself able to recommend placing contract for the whole work in the hands of Morse & Co.

18370. Do I understand that for these reasons you resorted to the separate contracts?—We laid aside the combined tender on the ground that it was not calculated to secure the object: the earliest and most vigorous prosecution and completion of the work. I may say that this was the subject of very considerable discussion with my colleagues and myself. We felt, on the one side, the great importance of having the contract placed in the most vigorous and efficient hands, and, on the other, of securing the construction of the work at the smallest amount of money that it could possibly be done for; and though there was a recommendation of the Chief Engineer to pass over several of the lowest tenders, and award it to the first parties that he should, after enquiry, recommend as having the skill and resources necessary to secure the prompt construction of the work, we felt embarrassed in

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Government after much consideration having decided to take the tenders in order, notified the two lowest tenderers that their tenders were accepted.

Marks & Conmee told that the Department was disappointed to find they had not sufficient standing as contractors.

Doubtless intimated to them that they might strengthen themselves by associating themselves with some contractor of standing.

Reasons for such intimation.

taking that course, by the fact that the Government had in the specifications apparently fixed a test of qualification for the work, and that was, requiring the parties, in the first instance, to deposit a security of \$5,000 for the *bona fides* of their tender, and in the second place to show their ability to deal with the work by depositing 5 per cent. of the bulk sum of their contract. We felt, under those circumstances, that although we were even risking the execution of the work as profitably as the interest of the country demanded, we were obliged to decide that the best course that we could pursue was to adopt the principle of taking the lowest tender, provided the party could comply with the terms of the specification and put up the 5 per cent deposit promptly. The moment that decision was arrived at—and it was not arrived at, as I say, until after considerable time, because we were, in the first place, investigating the resources and qualifications, as far as we could, of the parties who made the lowest tenders, and, in the next place, deciding the very important question whether we should pass over the lower tenders on the report of the engineer or take them up consecutively as they were presented—we notified the two lowest tenderers that their tenders were accepted.

18371. As to section A, Marks & Conmee appear to have made the lowest tender, but there has been an intimation by Mr. Ryan, who joined them afterwards, that although the contract was awarded to them there was some hesitation before finally deciding to place it in their hands, because they were not known to be a firm of sufficient strength, which ultimately led to their negotiating with him, a more experienced contractor: this does not appear in the Blue Book. Do you remember how it took place?—I can readily understand how it took place. Of course Marks & Conmee learned from us that we were very much disappointed to find that they had not sufficient standing as contractors to warrant them in taking such a work, and they learned this from Mr. Fleming and Mr. Trudeau by whom they were called upon to state the means and resources they had, while the Government were dealing with the question as to whether we would take up the lowest tenders, or whether they should be passed over until we came to persons possessing skill and means and resources. No doubt it was intimated to them, as it is intimated constantly by the Department to persons so situated, that they would strengthen their hands very much if they could get some contractor of standing and means associated with them. In the first place, it would be a guarantee to the Government that the work would be accomplished, and, in the second place, it would be evidence that their prices were not so inadequate as to make it improbable that the work could be done, and I have no doubt that under the circumstances they learned it. We had no negotiations with the individuals further than stating that it would strengthen their hands in getting the contract awarded to them, if they got some contractor of standing with them. Morse, Nicholson & Marpole had a similar intimation. I was aware that they were making efforts—both the parties—from rumour and from communications with themselves to secure the co-operation of other contractors.

18372. Do you remember whether there was any understanding between you and this firm who were afterwards associated with the successful tenderers, that efforts should be made to induce Marks & Conmee to join with them?—No; no intimation was made to induce

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Marks & Conmee to do so, but the intimation to Marks & Conmee was that they would better their condition as tenderers if they could get some strong contractor to join with them in their tender.

18373. Was the result accomplished by the pressure of the Department on Marks & Conmee in favour of Ryan?—Not the slightest. No intimation was given to Marks & Conmee, or any other tenderer, of the desire of the Department that they should associate with any contractor. I may say this at once, because we should have considered that entirely beyond the legitimate influence of the Department.

No pressure put on or suggestion made to Marks & Conmee to unite with any contractor.

18374. After having committed the Government to the tender of Marks & Conmee, upon the day upon which these tenderers were notified—that is the 20th of February—could you say how long it was before you became aware that the tenderers for section B, who in the ordinary course would be awarded the contract, declined to accept it?—I have no knowledge whatever of any intimation from the tenderers for section B until the receipt of the letter from them declining to take the contract.

No knowledge of any intimation from the tenderers for section B until their letter of withdrawal.

18375. That is probably the letter which is published in the Blue Book?—Yes; that is the letter which is published. It was on the 25th if I remember rightly; I am not certain. It was on the 25th or 26th?

18376. It appears to be dated on the 25th, but the person who wrote it, Mr. Nicholson, or Mr. Marpole, stated in evidence that according to his recollection it was not handed into the Department until the next day, the 26th?—I am not certain about that. To the best of my recollection that was the earliest intimation we had that they did not intend to take the contract.

18377. Then if the 26th was the day on which it was received, that was the day on which it was awarded to the next lowest tenderer, Andrews, Jones & Co.?—Yes. You will observe that the Chief Engineer, in his report on these tenders, expresses the great urgency of having them disposed of, for the reason that the season broke up very early in that country, and that to secure the progress of the work, or any hope of accomplishing it before the time stated, it was indispensable to get supplies in during the frost. And I may say, that in addition to what you find in the report there, when I informed him, as I did, that Morse, Nicholson & Marpole had declined to take the tender, he said to me: "This is a very serious matter, because if you lose another week you may lose another year. There is not an hour to be lost in bringing the matter to a conclusion, with any hope of the parties getting in the supplies to enable them to carry on the work this year." So that in my mind not a moment was to be lost in dealing with it. The Government having decided to take up the tenders in order, the moment that was received the decision was of course settled—it was to go to the next lowest tender, and they were at once notified.

The disposal of the tenders urgent as the season in that country broke up early.

Fleming said when Morse & Co. declined that if another week was lost it might result in the loss of another year.

Next lowest tenderer therefore at once notified.

18378. Before notifying the next tenderers, Andrews, Jones & Co., on the 26th February, it appears by the Blue Book that you received two letters from them speaking of their readiness to comply with the conditions. Only one of these is published in full—that of the 24th of February—the other, I believe, is the 6th of February; have you that letter?—That letter exists, of course, or it would not be referred to there, and I am surprised to find, on looking over the Blue Book,

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Three days given to Andrews, Jones & Co. to put up security because of Fleming's statement as to the great urgency of getting in provisions before season broke up.

All efforts to get information of Andrews, Jones & Co. abortive.

Andrews, Jones & Co.'s statement that they were prepared to put up capital "immediately," gave ground for believing they had capacity to go on with work.

If, however, they could not put up the capital in three days there would be no prospect of their accomplishing the work.

Three days fixed on because of Jones & Co.'s declaration that they could put up the security immediately, because of the urgency of the work, and because some time before witness had caused a letter to be written to them saying their tender would receive due consideration.

Andrews, Jones & Co.'s letter to Sir Charles Tupper.

that it is not there, because I see by the report to Council which I prepared that I gave an extract from it. This, of course, I could not have done unless the letter had been before me.

1837 $\frac{1}{2}$. The time named within which Andrews, Jones & Co. were permitted to put up security appears to be about three days: please state why you name that period?—I have already stated the reasons—that when I communicated to Mr. Fleming the fact of parties to whom the contract would have been assigned abandoning it, he informed me, that the loss of a week would probably entail the loss of a year; that this was not unlikely; and that if we were going to let the contract with any hope of carrying out the work, no time must be lost. The three days were held to be sufficient. I submitted this statement of Mr. Fleming's to my colleagues, as to the amount of time we should give Andrews, Jones & Co., and we decided that if their position—I may say all our efforts to get information as to Jones & Co. had been very abortive. In Mr. Fleming's report to me on the subject you will find it stated that, although he had made enquiries at St. Catharines, from which source one of the letters appears to be dated, and other sources, he had been unable to get any satisfactory information respecting them. I am not aware, up to this moment, of ever having seen either of the members of the firm. I will not say that I did not, because I was constantly seeing so many persons, but I do not remember having seen them, and the efforts we made to get information were very unsuccessful. The statements, however, that I had before me in writing, twice from them, that they were prepared at once to put up the deposit—I think they use the word "immediately"—and go on with the contract, satisfied me that if that was the case, if they had command of resources that would enable them promptly to put it up, there was a fair prospect of the work being accomplished; but if, on the other hand, they were not able to make the deposit with the aid the telegraph furnishes—because it is all that is really necessary—in that time, there would be no prospect of their accomplishing the work; so that after full consideration of the subject, it was decided to limit the time to three days.

18380. Then do I understand you to say that these two letters before the awarding of the contract and in which they state their complete readiness to fulfil the conditions, were partly the reason for deciding the time?—Certainly. There was the declaration that they were prepared to do it immediately; there was the urgent necessity of not losing an hour in getting the contract made; and there was the fact that they had received notice from me, some time before, that their tender would receive due consideration, which you will find in the papers I have just handed to you. It was an answer which had been sent some time before in reply to their first letter.

The Chairman handed the letter to the Secretary who read it aloud:

"St. CATHARINES, February 6th, 1879.

"SIR,—It having been rumoured that the tenders in the neighbourhood of \$6,000,000 for that portion of the Pacific Railway between English River and Rat Portage—185 miles—will not be considered by the Department, we desire to state that we have every confidence in the figures that we have submitted, and that if the contract is awarded to us we are prepared to furnish the 5 per cent. required by the Government for its fulfilment, and to proceed with the work immediately on being ordered

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to do so. We can also satisfy you as to our ability to carry out the works to a successful completion. All we ask is that our tender may be considered on its merits, and if it is lowest that it will receive at your hands favourable consideration.

"We have the honour to be, Sir,

"Your obedient servants,

"ANDREWS, JONES & CO.

"Hon. Dr. Tupper,
"Minister of Public Works, Ottawa."

(Exhibit No. 282.)

The Secretary also read the answer :

"OTTAWA, February 12th, 1879.

"GENTLEMEN,—I am directed to acknowledge the receipt of yours of the 6th instant, with respect to your tender for the construction of that portion of the Canadian Pacific Railway between English River and Rat Portage, and to state that your tender will receive all due consideration.

"I am, gentlemen,

"Your obedient servant,

(Signed) "F. BRAUN.

"Andrews, Jones & Co.,
"St. Catharines, Ont."

(Exhibit No. 283.)

Letter from
Braun to An-
drews, Jones & Co.

18381. Do you know whether, at the time of awarding the contract to Andrews, Jones & Co., and naming the limits of the time within which they could put up security, there was any reason on the part of the Government to believe that they were aware that theirs was the next lowest tender after Morse, Nicholson & Co.?—I have no doubt of that whatever. The fact is that, by some means, the public know almost as early as the Department the relative state of the tenders. My solution of this is, that the moment the hour for receiving tenders has expired, every contractor knows that he has nothing to lose, but perhaps something to gain, by discussing his relative position with other tenderers, and that they discuss the matter, and make comparisons between themselves. I know that every possible care I could take was taken, yet the relative positions of the tenders was known outside. Andrews, Jones & Co.—if I am not mistaken, it was a matter of public notoriety what their position was; and I have no doubt the persons representing them were watching, from day to day, the efforts that parties who were before them were making to put up the deposit required, and perhaps they knew before I did the probability of the tender below being withdrawn. We have now, of course, positive evidence—it has been taken by yourself—to show that they did know long before I did, because they were in negotiation with the parties below them. Mr. Smith was the only person here—the only person I saw, or whom the Department saw, in relation to Andrews, Jones & Co.—and I think he had stated that if the tender was awarded to them, the necessary means would be promptly forthcoming. Feeling the great urgency of the case, and not knowing any other person here with whom to communicate in relation to their tender, I sent a notification of its acceptance promptly to him, immediately on the Council deciding that course should be adopted, and informing them of the three days given them for the deposit to be made.

No doubt that
Andrews, Jones &
Co. knew that
they were the
next lowest ten-
derers after
Morse, Nicholson
& Co.

Reason for this
opinion.

Position of
Andrews, Jones &
Co. a matter of
public notoriety.

Col. Smith having
stated that if the
tender was
awarded to them,
the necessary
security would be
promptly put up,
notice was sent to
him of the three
days given his
firm.

18382. You are correct in saying that we have had evidence on the subject. It has appeared by the testimony of one of the witnesses that the day before the information was given to the Department that Morse, Nicholson & Co. would not accept the contract, they had coalesced with Andrews, Jones & Co., the next lowest tenderers. I

In evidence that
the day before
Morse & Co. noti-
fied Department
that they would
not take the con-
tract, they had

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41 and 42.****coalesced with
Andrews, Jones
& Co.****Col. Smith's
knowledge of the
likelihood that
Morse & Co. could
not get the securi-
ty, must have
kept his firm in
expectancy to be
called on to put
up their security.**

am alluding now to the letter of the Secretary of your Department to Andrews, Jones & Co., refusing to extend the time: you say that for some days previous, they were aware that they were likely to be called upon?—Yes.

18383. I am asking whether they were aware of it from some information that had come to them from you?—The ground on which I said that is the fact that Mr. Smith who represented them being on the spot, and being aware of the efforts that Morse, Nicholson & Co. were making, and the inability, I may say, of Morse, Nicholson & Marpole to secure the assistance and co-operation of other contractors to go into the work with them, this would no doubt leave them in a position to prepare for the emergency whenever it occurred.

18384. Do you mean by this intimation to them that they understood pretty well the probabilities?—Yes, I regarded it so.

18385. It was not then only the ordinary knowledge that every tenderer would get from the beginning, that he might possibly be called upon?—No; it was the fact of daily discussion among the contractors, and intercourse with myself in relation to what would take place in certain events, because from the first a number of those tenderers were making enquiries as to the probability or possibility of their being called upon and the character of the security, and everything of that kind, so as to make due preparation.

**No knowledge of
Morse & Co.
giving either
Shields or Close
or any one else
compensation for
influence.**

18386. As to the tender of the first firm to whom the contract had been offered, I mean Morse, Nicholson & Co., were you aware at any time during the negotiations that they had promised to Mr. Shields, or to Mr. Close, or to any one, compensation for influence to be used by them in acquiring the contract for Morse & Co.?—No; I do not remember having seen them or having had any intercourse with Mr. Close at all. It is possible among the number of persons who came to see me he may have visited me, but I do not remember it. Mr. Shields I remember seeing several times, but I had no intimation whatever of anything further than the interest he professed to take in having a Toronto firm secure a contract.

18387. I understand you to say you were not made aware that Close and Shields were interested pecuniarily in any one acquiring the contract?—No; I have no recollection of any information of that kind having reached me.

**Some time earlier
than the letter of
Fraser, Grant &
Co. of the 29th of
February, saying
that the contract
falling to them
they would asso-
ciate with them
Shields, Manning
& McDonald wit-
ness knew that
the result of Fraser,
Grant & Co.
getting contract
would be to give
Manning & Mc-
Donald an inter-
est.**

18388. On the 27th of February, according to a letter published, it was decided not to extend the time as asked for by Andrews, Jones & Co.; there is a letter of the 29th of February, from Fraser, Grant & Pitblado, notifying you that if the contract for section B should be awarded to them that they would be prepared to associate with them Shields, Manning & McDonald: were you aware before that letter of the 29th of February, and as early as the 27th of February, that the result of that refusal would be to give Shields and Manning an interest in it?—I have no doubt. I am now speaking from recollection, because I have no data to go upon. But my impression is that Mr. Fleming's report, in which he spoke very highly of Fraser, Grant & Pitblado as experienced contractors—but raised a doubt as to their resources to carry through such a large work—led to an intimation to them when the matter came up, whether it would not be desirable that they should strengthen themselves. I am now speaking entirely

Tendering—
Contracts Nos.
41 and 42.

from recollection, and from the general scope of the question. The peculiar circumstances which Mr. Fleming had again and again forced upon my notice, that the parties not only required resources sufficient to enable them to put up the deposit necessary to secure the contract, but the command of a very large sum of money immediately to be expended for supplies to be put in without loss of time—this I have no doubt led to an intimation from Mr. Fleming, Mr. Trudeau or myself, that, in the event of their taking the contract, they should be prepared to meet that emergency with ample resources; and my impression is that it formed a subject of conversation—not their associating with Mr. Shields (because I never heard him mentioned in connection with it) but with Manning & Co.—Manning & McDonald—who were known to be men of high standing as contractors and men of resources. Certainly the suggestion was not new of the combination with Manning. I think that letter of the 29th was the first intimation that Shields was in the firm of Manning & McDonald; but rumours had reached my ears of negotiations between Fraser, Grant & Pitblado and Manning & Co.—in case the contract should go to Fraser.

The letter of the 29th February, was the first intimation that Shields was in the firm of Manning & McDonald.

18389. Then do we correctly understand that at the time of refusing this extension to Andrew, Jones & Co., you had reason to think that not only Fraser, Grant & Pitblado would be interested in the contract, but also Manning & McDonald?—I think so. As I say, I have no data to go on, but my recollection is—although I have no positive information—it would be intimated that those parties would be likely to combine.

18390. But the first intimation of Shields being in it, was the 29th?—Until the letter of the 29th, I had no intimation of his going into the contract at all.

18391. The letter is dated on 29th of February; in that year there was no 29th?—I have no recollection. It did not even attract my attention that there were not twenty-nine days in February. I should think that most likely it would be the 1st of March; but there is nothing to show, except that. I think it most likely to be the 1st of March. I may mention here, if you will allow me, that although we refused the extension of the time in my letter, practically they had eight days in which to put up the deposit. The time expired, if I remember right, at four o'clock on Saturday: the 1st of March was, I think, on Saturday; yes, four o'clock on the 1st of March. No action was taken. No communication was had with my colleagues on the subject; but between that time and the assembling of Council on Monday, Mr. Macdougall—the Hon. William Macdougall—called upon me, in company with Mr. Goodwin, and asked me if Mr. Goodwin should join Andrews, Jones & Co. in the contract, whether we would not give them a day or two longer to make the necessary arrangements. I told Mr. Macdougall, representing, as I considered he did, Andrews, Jones & Co.—for it was in that capacity I received his visit, as he did not ask anything for Mr. Goodwin, but asked what would be the result if they could obtain the co-operation of Mr. Goodwin—I told Mr. Macdougall I had no hesitation in saying I would advise my colleagues, I had no power to do so myself, but if Andrews, Jones & Co. could obtain the co-operation of any contractor of standing and resources, or gave the Government reason to believe that such would be the case, they would receive a day or two longer, because

29th of February, really the 1st of March.

Practically Andrews, Jones & Co. had eight days to put up the deposit.

Before meeting of Council, Monday 3rd March, Hon. Wm. Macdougall representing Andrews, Jones & Co. called with Goodwin and asked for time.

Told him if Andrews, Jones & Co. could obtain co-operation of a contractor of standing, he would advise his colleagues to give a day or two longer.

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41 and 42.**

When in Council received a note from Goodwin declining to go in, whereupon reported to his colleagues the unlikelihood of Andrews, Jones & Co. being able satisfactorily to take up the work.

then we should be satisfied we had an adequate guarantee of the sufficiency of their resources and the prospect of the work being accomplished. I reported to my colleagues in Council what had been done; the communication I had received, as I held it to be from Andrews, Jones & Co. that there was a prospect of Mr. Goodwin being induced to go in; and that I had said, if they could get any contractor of standing to go in with them I would ask my colleagues to agree to extend the time for a day or two for the purpose of enabling the arrangements to be made. They at once concurred, and I think it was on Tuesday, when I was in Council, Mr. Goodwin wrote a slip of paper in pencil that he had declined to go into the contract—that the figures were too low. I communicated it to my colleagues, and that there was no prospect of their being able to take up the contract satisfactorily.

No action taken until the 5th March.

Considered time had been extended by notification to their representative.

18392. That, as I understand you, is not a part of your formal report to Council, but a verbal statement?—A verbal statement. We were discussing it from day to day, and every particle of information I could obtain upon the question was submitted to my colleagues and discussed, and the course decided upon was acted upon. As you will see from my report, no action was taken until the 5th, although the time which had been given to them in the first instance was up at four o'clock on Saturday; but I considered it had been extended, and extended by notification to them, when I informed somebody on their behalf that additional time would be given.

18393. Do you remember what led you to believe that Mr. Macdougall was representing the firm of Andrews, Jones & Co.?—His coming to ask me the question if they could induce— I knew that Mr. Macdougall, I think he was representing Mr. Smith, who had been acting for Andrews, Jones & Co. in some other matters, if I remember right—and then when he came to me he came to me ostensibly on the part of Andrews, Jones & Co., because he asked me if I would extend the time to them if they could induce Mr. Goodwin to go into the contract with them.

18394. Do you remember whether he said that he had lately received any communication from them on the subject?—I am inclined to think he said he had received a telegram from Mr. Smith, but I am not certain, there are so many things occurring in connection with it; but I received his visit and his communication as the representative of Andrews, Jones & Co., because it was on their behalf he applied to me, and not on behalf of any other person, and I took it for granted he was making an effort on their behalf to get such assistance as would enable them to put up the deposit, and had applied to Mr. Goodwin for the purpose and Mr. Goodwin had said: "If I have time I will see what I can do;" and he had come to me to get the time to secure that object. I recommended to my colleagues that Andrews, Jones & Co. should have that time, and, as I have said, we waited.

Received a telegram from Yarker saying that Thompson (of Morse & Co.) had deposited \$48,950 to the credit of section B.

18395. Between the time named at first in the notification to Andrews, Jones & Co., namely Saturday the 1st, about four o'clock, and this meeting of the Council on the Tuesday following, had you not been notified of some deposit?—Yes; I had received notice, I think, from Mr. Yarker, that Mr. Thompson, one of the firm of Morse, Nicholson & Co., had deposited some \$48,950 to the credit of section B, but he did not state it was for Andrews, Jones & Co. I had no doubt it was intended for Andrews, Jones & Co., or on account of their tender,

but his communication—neither telegraphic nor written—would have enabled me to hold that money on account of Andrews, Jones & Co., because there was no such authority given. It was simply on account of section B. I received, however, a communication from Mr. G. D. Morse, stating that he had deposited \$48,950 on account of Andrews, Jones & Co.'s section B, and that is all the deposit—that \$48,950 is all the money that I am aware that was ever deposited to the credit of Andrews, Jones & Co. The other I had no doubt was intended for that purpose, but owing to oversight it was not stated so.

18396. Do you mean that when you received the communication that Morse & Co. had deposited \$48,950, or a similar amount, that you were not informed then whether it was the same deposit or was an additional one?—I have no doubt it was an additional one, but what I say is, that the communication from Mr. Yarker of Mr. Thompson's deposit, did not state it was for Andrews, Jones & Co., and, therefore, I was not able to hold it for Andrews, Jones & Co., because it said it was for section B, but did not say it was for Andrews, Jones & Co. Morse & Co.'s I took to be a different one altogether of \$48,950. It did state distinctly it was for Andrews, Jones & Co., and, therefore, I say it was the only deposit I could hold to the credit of Andrews, Jones & Co. There were two deposits undoubtedly made, and I have no doubt they were intended for Andrews, Jones & Co. It was probably an oversight that only one was deposited in such a way as to hold it for Andrews, Jones & Co., the other was on account of section B, and Mr. Thompson could have said, if he so desired, it should not be for Andrews, Jones & Co.

18397. The second deposit was from Morse, Nicholson & Marpole?—Yes.

18398. Were you aware of that at the time?—Yes; I took it that G. D. Morse was Morse, Nicholson & Marpole.

18399. Do you mean that this absence of notification as to the account on which the other deposit was made had anything to do with the final decision awarding the contract?—No, I assume it was probably an oversight; but I merely state the fact that up to the eighth day from the time they received their notification all the money I was in a position to hold as for Andrews, Jones & Co., was \$48,950. That there was another \$48,950 which had been deposited to the credit of section B which I assume was for them, but which I was not in a position to hold as against the depositor, and I, therefore, detailed all the facts seriatim in my report to Council in order that my colleagues might have before them the facts of the case as they existed.

18400. The result of this final decision being to give the contract to Fraser, Grant & Pitblado, and, as you understood it, to Manning, Shields & McDonald associated with them, will you say if you are aware whether any Member of Parliament has been benefitted directly or indirectly through any of these people in consequence of their getting the contract?—I have not the slightest knowledge of anything of the kind, and I have no reason to suppose that any Member of Parliament had any interest in the disposal of the contract or tender.

18401. Have you any reason to think that any of the officials in the Department have been benefitted in consequence of this contract having been allotted as it was?—I have not the slightest suspicion of any official connected with the Department ever having been benefitted in the least

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Neither telegram nor letter would have enabled witness to hold the money on account of Andrews, Jones & Co. Morse wrote saying \$48,950 had been deposited to account of Andrews, Jones & Co. and this all the money, so far as witness is aware, ever deposited to the credit of Andrews, Jones & Co.

Absence of notification as to account to which first deposit was to be credited nothing to do with final decision.

Alleged improper influence.

No reason to believe that any Member of Parliament benefitted by Fraser, Grant & Co. and Manning & Co. getting the contract.

Nor any officer of the Department.

**Contracts Nos.
41 and 42.****Influencing
Clerks.**

No suspicion of Chapleau's relations to contractors until it came out in evidence.

**Railway Con-
struction.**

Informed by engineers prior to letting the contracts, that in the case of sections A and B the information more full and accurate than in the case of previous contracts and that he need not fear that quantities would be exceeded.

As a fact the work is and will be considerably less than the amount estimated.

A very great reduction effected by re-location, &c.

Character of work not deteriorated.

Distance lessened.

degree, or having the least interest in these contracts except what has transpired in reference to Mr. Chapleau, and of which I had not the slightest knowledge or suspicion until it was made public in the investigation.

18402. At the time of receiving tenders for this work not only on section B but section A, could you state the conditions of the plans and profiles and the information to be offered to the public generally?—No; I can state nothing more than that I had requested the engineers and Mr. Fleming, the Chief Engineer— The two postponements took place in order to have sufficient data to put before the contractors so as to enable them to make a thoroughly intelligent tender, and to enable the Department to make what they could assure me was an approximate estimate, one that, at all events, would fully cover all the expenditure connected with the contracts.

18403. Do you remember whether the quantities were ascertained by what is known as cross-sectioning?—Well, I am not able to say that exactly; but I am able to say that the information given to me was that much more information had been accurately detailed than in previous contracts, and the Chief Engineer and acting Chief Engineer, Mr. Marcus Smith, both assured me that I need not be afraid of the quantities being exceeded, as had been the case in previous contracts.

18404. Have you been informed as to the work executed, whether up to this time it has exceeded the estimate?—It has been largely lessened. The work, as provided for by the specifications and as estimated upon when the tenders were let, will be very greatly decreased. The Chief Engineer is in a position to assure me—and the Division engineers, the persons immediately in charge of the work, all join in assuring me—that a very great reduction in the work will be made, both in contract A and contract B.

18405. Have you discussed this matter?—I have discussed this matter exhaustively with Mr. Jennings on the spot, who is in charge of section B, and with Mr. Schreiber and Mr. Fleming, and have gone fully into the reports of Mr. Caldby, who is in charge of section A, and who gives data for the very large reductions that have been made.

18406. I understand that the result, so far—that is, so far as the work has been executed—has been to diminish the work that was expected to be required on those sections?—Very greatly. By a careful re-location of a certain section of the line, a reduction of work in others, a very great reduction will be effected on both these, below what was anticipated when the contracts were let.

18407. Has this been accomplished as you understand by making a less efficient railway?—No; it has been accomplished without at all deteriorating the character of the railway work, in some instances by lessening the distance by several miles. The line at present being constructed is shorter by some four miles I think than at the time the work was let.

18408. Is there anything further in connection with Section A or Section B—that is to say contracts 41 and 42—which occurs to you as necessary to be explained in evidence?—I don't know. Nothing occurs to me that I think has not been very fully investigated as far as I have had any opportunity of judging. If there is any point that

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occurs to you that is not fully dealt with I shall be very glad to answer any question and give any explanation in my power.

18409. At the time you received these notices of deposits made in Toronto had you become aware that Andrews, Jones & Co., the principals in the transaction, had retired?—Not at all. I never suspected such a thing. What I did suspect was that they were obtaining the assistance connected with the firm of Morse, Nicholson & Marpole to put up the deposit. I had reason to suspect that only from the fact of the deposit being notified from members of that firm. Of course that was simply a suspicion. I had no knowledge or intimation from any source whatever of the combination between the parties.

At time of notice of deposit to credit of Andrews, Jones & Co. never suspected that Andrews, Jones & Co. had retired.

18410. The evidence shows that as early as the 25th of February the New York branch of the firm which had been formed here had decided not to have anything further to do with Morse, Nicholson & Co. and the telegram to that effect from N. F. Jones to Mr. Macdougall is already in evidence: do I understand you that this was not at all in your mind at the time?—I had not the slightest knowledge of such a thing. I had no knowledge of any such thing having occurred until I read it in the evidence taken before this Commission, nor did I ever suspect it.

18411. One of the witnesses has mentioned that he brought a verbal message from Nicholson, one of the firm of Morse, Nicholson & Co., to you to the effect that they did not intend to take section B if it was offered to them, but if the whole distance was to be divided they would take section A at the price arrived at by taking off section B from the whole tender for section C: do you remember anything of the kind?—I have no recollection of anything of the kind. I saw it stated that Mr. McCormick, who says he is acquainted with me, states it, but I do not recollect who he is, nor do I remember any such communication having been made to me. The intimation I had of their refusal to take section B is contained in their written communication to me, so far as my recollection goes.

Recollects receiving no verbal message from Morse, Nicholson & Co. that they did not intend to take section B, but would take section A.

18412. Was there any understanding or promise, before the final awarding of this contract, between yourself and any person who afterwards became interested in these contracts, A or B?—Not the slightest promise, or anything approaching it, or any such intimation to any person living.

No promise or understanding or anything that could be thought such between witness and any one who afterwards became interested in sections A and B.

18413. I think it appears from the figures that Marks & Connee offered to do the work on section A upon rates applying both to the short period and to the long period, while Andrews, Jones & Co. proposed to do it only at one of these periods. The effect of Marks & Connee doing it at the shorter period would be to pay them a higher price than Andrews, Jones & Co. offered to do it for at the same period: do you remember whether that was discussed or had any bearing on the decision?—That was the subject of careful consideration, and you will find that the grounds of the action taken are stated very fully in Mr. Fleming's report. Mr. Fleming reported that he had about come to the conclusion that it was impossible to secure the construction of the work at anything like the figures named by the short period; that all that could be hoped for, therefore, would be to accomplish it by the long period, and the effect of making the contract for the short period would be to pay high prices without accomplishing the object; that,

Whether short or long period should be adopted carefully considered. Fleming concluded it was impossible to construct work at figures named in short period, and recommended the lower price and longer period, and to offer the higher price in the shape of a bonus contingent on early completion of work.

**Tendering—
Contracts Nos.
41 and 42.**

as the work proceeded, we would have to pay the higher price, and that it would be better to take the low tender, and put in the form of a bonus that in case the road was constructed in the shorter period that then they should be paid at the high rate. I may say that the great object the Government had in making that arrangement for section A was in consequence of the greater difficulty in section B and the access that would be secured to it from this end of section B, so that we could be able to get the road opened by the time provided in the contract.

Assuming that Andrews, Jones & Co. had put up \$100,000 as part of their deposit, two days elapsed without any more being put, though their representative had been told that if they could get a strong contractor in with them witness would ask Council to wait.

18414. If you understood that the deposits which were made in Toronto had been made by Morse & Co. or on behalf of their firm, with the idea they would be associated with Andrews, Jones & Co., how was it, assuming that \$100,000 had been put up as part of the deposit, that no further negotiations took place with them?—Two days had elapsed after the last deposit had been made, without any additional deposit before the Government took action. Both the deposits, assuming them both to be credited to Andrews, Jones & Co., were on the 3rd of March, on Monday; and the intimation having been given to a person acting on behalf, I suppose, of Andrews, Jones & Co., that, with the hope that they might obtain the co-operation of some strong contractor, I would ask the Council to delay a little longer, we waited until the 5th—that is Wednesday—and between Monday and Wednesday you will observe that no additional deposit was made. There could, therefore, be but one conclusion arrived at, and that was that Andrews, Jones & Co. were not able to obtain from any source the means of putting up the deposit, and if with a week more time than they had even asked themselves they could not put up the deposit, how could they possibly proceed with the work with any chance of accomplishing it when it would have required a large additional capital at once at their command; so that the evidence to my mind and to the minds of my colleagues was conclusive that there was no object in waiting longer than we had waited with the hope that it would be accomplished by Andrews, Jones & Co. Of course, we were not in communication with Morse & Co. at all. They had gone out. All that we did was to receive the money from whatever source it was offered on behalf of Andrews, Jones & Co.

If with a week more time than they had asked they could not put up deposit, how could they go on successfully with a work which would have required large additional capital at once?

18415. It appears that Mr. Shanly telegraphed to say that arrangements were made but he would not be able to forward certificates until that evening's mail: do you remember whether his telegram was considered before the final conclusion on the 5th?—That telegram was not received until the action of Council directing me to notify Fraser, Grant & Pitblado that the contract was awarded to them, and as Mr. Shanly asked me to reply to G. D. Morse, I immediately replied to him on the receipt of the telegram that the contract had already been awarded. We had no intimation whatever that Mr. Shanly had been asked to identify himself with Andrews, Jones & Co. until the whole thing was concluded.

A year's delay in executing work would have been of the most serious damage to development of North-West.

18416. Would the delay of a year, which you say might have been the result of not completing this contract as early as possible in the spring, have been considered a great loss to the country?—We, as I stated at the outset, arrived at the conclusion that it was of the most vital importance to the development of the North-West that we should get this link put in and the road opened between Lake Superior and Red River at the earliest possible hour consistent with anything like a

reasonable expenditure, and that it was a matter of the very gravest moment to the country. The difficulty we experienced in getting immigration into the North-West through the United States was such as to lead us to believe that it was of the greatest consequence to the whole country that we should get this road opened, and that a year was of the most serious importance in the interests of the country.

18417. I suppose it would be difficult to name any amount by which the country would suffer in consequence of such a delay?—I should be afraid to venture upon any amount, but I would name a very large sum if I named any amount at all.

18418. As to section A, which was awarded to Marks & Conmee, there is a letter from a Mr. Wardrop stating that the tender was informal: was your attention directed to that?—That question of informality was decided by Mr. Trudeau, Mr. Smith and Mr. Braun when the tenders were opened, and they only furnished me with the list of tenders that were held to come within the terms of the specification that they regarded as formal. There were manifest errors in the tender, but that would not amount to anything like informality. That was a matter for the contractor, but not for the Government. The attention of the Government was drawn to anything which would lessen the amount which they were likely to receive. Our attention having been drawn to it by the Chief Engineer, they were informed, on the acceptance of their tender, that the contract must be made strictly in conformity with their tender.

18419. They did actually take the contract, I believe, at the lowest price named?—At the lowest price named, but subject to errors which they had made as against themselves.

18420. They bore the brunt of that mistake?—Yes.

18421. Could you state any reason for abandoning the Georgian Bay Branch, which was under contract with Heney, Charlebois & Co.?—Well, generally the policy of the Government. The Government arrived at the conclusion that the public interest would not be promoted by that expenditure; that it was not desirable to go on with it; that there would be a large expenditure of public money without commensurate return if that contract were carried on. Very little progress had been made up to the period that the contract was cancelled, and the assignment, if I remember right, of the contract had been made contrary to its terms, without the consent of the Government. I think I was not here when the contract was absolutely cancelled; I think I was in England; but my recollection is that the papers show that a question was raised as to the forfeiture of the contract on the ground of assignment, without the consent of the Government, as the contract required. I am speaking, however, from memory of circumstances which occurred a good while ago.

18422. In the summer of 1879, some contracts appear to have been brought about through Mr. Reynolds, in England: did you take any part, personally, in the arrangements, or was that matter left to him alone?—You are speaking of contracts for 50,000 tons of steel rails?

18423. No; I am speaking of the first smaller lot?—In the first small lot the course pursued was this: I think they were required for Prince Edward Island, were they not? I am not quite certain, but at all events some 5,000 tons were required—no, it was for another pur-

**Tendering—
Contracts Nos.
41 and 42.**

Difficulty of getting immigration into North-West through United States.

Whether Marks & Conmee's tender was informal decided by Trudeau, Smith and Braun.

Marks & Conmee took contract at lowest prices named and bearing the loss of any of their own errors.

**Georgian Bay
Branch—
Contract No. 37.**

Contract cancelled because Government decided that going forward with this contract on which little progress had been made would entail large expenditure without commensurate advantage.

**Purchase of
Rails—
Contracts Nos.
53-55.**

Course pursued in purchasing steel rails in summer of 1879.

**Purchase of
Rails—
Contracts Nos.
53-55.**

50,000 tons.

Directed to advertise for 5,000 tons so as not to stiffen the market.

Tenders opened in England during witness's absence by Sir Leonard Tilley and Mr. Fleming.

On witness's return he carried on communications with the tenderers through Fleming and Reynolds.

Accepted lowest tenders and then asked them to double the amounts.

Order-in-Council (13th June, 1879) authorized purchase of 30,000 tons; the reason more bought the lowness of price.

Purchase of Rivière du Loup line necessitated getting steel rails to relay the track.

pose; and Mr. Reynolds was instructed to send out circulars to makers for the purpose of receiving tenders, and communicate the result to the Department, and having done so, and the Department being satisfied—having obtained a number of tenders—reported the result. He was instructed to accept the lowest. He acted under the directions of the Department.

18424. There was another large quantity obtained upon which matters were closed while you were in England?—Yes. 50,000 tons.

18425. Do you remember what part you took individually in the arrangements?—I, before leaving here, directed advertisements to be published calling for tenders for 5,000 tons. The reason of asking for the small amount, of course, was obvious, as an advertisement asking for tenders for a very large amount would be calculated to put up the price. I went over to England in company with Sir John Macdonald and Sir Leonard Tilley, and at the time when these tenders were received I was absent in Italy. The tenders were opened by Sir Leonard Tilley and, I think, Mr. Fleming, and perhaps Sir John Macdonald. I do not remember about that, but they were opened and simply laid aside until my arrival in London. When I returned I carried on all the communication, with the parties tendering, through Mr. Fleming and Mr. Reynolds; and having examined the tenders, and having arrived at the conclusion that it would be in the public interest to secure at least 50,000 tons of rails upon the terms on which we had the opportunity of purchasing them, I accepted the lowest tenders. I then asked the tenderers if they would double the amounts, or increase the amounts, without, of course, communicating to them there were other tenders; and I was thus in a position to get them to increase the amounts in such a way as to enable me to obtain the 50,000 tons of rails at the amounts I stated. My communications with the tenderers and the parties who became the contractors were through Mr. Fleming, and that mainly by correspondence, and through Mr. Reynolds. Of course when they called to see me personally, or any one connected with them, I saw them in conjunction with Mr. Fleming.

18426. There is an Order-in-Council of the 13th of June, 1879, authorizing the purchase of about 30,000 tons; the quantity was considerably larger than this: can you explain why it was considered necessary to obtain a larger quantity?—The reason for obtaining a larger amount was this: when we received the tenders they were so very low that upon consultation with Sir John Macdonald and the Minister of Finance, Sir Leonard Tilley, we arrived at the conclusion that it would be greatly in the public interest to avail ourselves of the opportunity to secure a larger quantity, and that we should by so doing effect a very considerable saving of public money.

18427. I think one of the witnesses stated that, in addition to those required for the Pacific Railway, a considerable quantity was required for the Intercolonial Railway: do you remember whether this was so or not?—The purchase of the Rivière du Loup line, some 126 miles, involved the necessity of getting steel rails sufficient to relay the track for that distance, and of course made it more desirable for us to secure a larger quantity. But the quantity secured was a larger quantity than even with the rails required for the Rivière du Loup Branch and the road under contract, was needed. It left a margin, but not a very large margin, over what was required for the road under contract and to be placed under contract.

**Purchase of
Rails—
Contracts Nos.
53-55.**

18428. The decision was arrived at, I understand, in consequence of a report of Mr. Fleming on the subject; the quantity recommended by Mr. Fleming in that report, as I understand it, is entirely for the Pacific Railway?—Yes. Well, Mr. Fleming, of course—we telegraphed to Mr. Shreiber to know the quantity that would be required for the Rivière du Loup Branch in addition to these.

18429 We are not enquiring into the necessity of those for the other road?—30,000 tons was the quantity obtained for the Canadian Pacific Railway in round numbers, if I remember rightly—some 29,000 tons.

29,000 tons required for Canadian Pacific Railway.

18430. Do you remember whether there was an Order-in-Council for the quantity over the first amount that was expected to be required?—I do not think there was. I think that was decided when the tenders came in. We found the opportunity was so favourable, and we satisfied ourselves so entirely that the market was likely to become much less favourable, that, I think, on the receipt of the tenders, Sir John Macdonald and Sir Leonard Tilley, and myself, in consultation with the Chief Engineer, Mr. Fleming, who was also present, decided to accept the larger quantity.

The opportunity being so favourable and the market likely to stiffen Sir John Macdonald, Sir L. Tilley, witness and Mr. Fleming decided to accept larger quantity.

18431. It appears that no contract was accomplished with one of the lowest tenderers, Wallace & Co.: do you remember the circumstances connected with that matter?—Yes; I remember the circumstances.

18432. Will you say why there was no contract?—They declined to enter into the contract.

Wallace & Co. declined to enter into contract.

18433. They had an opportunity?—Yes.

18434. There was no default on the part of any one acting on behalf of the Government?—They had the opportunity and refused.

18435. Were the contracts awarded to the lowest available tenderers?—Yes, all. The rails were obtained from the lowest tenderers.

Contracts awarded to lowest tenderers.

18436. Have you any reason to think that any Member of Parliament was benefitted, directly or indirectly, in consequence of any of these contracts for rails obtained by you?—I have not the slightest. In fact I don't know of any Member of Parliament that knew anything about the negotiations except the three Members of Parliament I have named, and I am quite sure that no Member of Parliament nor any individual benefitted in the slightest degree from the contracts that were made.

No Member of Parliament nor any other person directly or indirectly received any benefit in consequence of these contracts.

18437. There was an application made by Mr. Whitehead, who had contract No. 15, to obtain from the Government a payment out of the money which had been retained in the shape of a drawback?—Yes.

Railway Construction—Contract No. 15. Whitehead applied for drawback.

18438. Was the application made to you?—Yes.

18439. Will you describe the negotiations on the subject?—There were no negotiations that I could call such. Very shortly after my entry into the Department, Mr. Whitehead applied to me to pay him an amount of drawback—in fact, the drawback—to pay him the drawback on his estimate, which was then to be paid. I enquired from Mr. Trudeau what the practice was in reference to that. Mr. Whitehead stated that it was of great importance for him to get an additional sum of money over and above his usual estimates, and Mr. Trudeau told me that when the work was considerably advanced it was custom-

Witness asked Trudeau what was the practice of Department.

Trudeau said that when contract was considerably advanced it was customary to yield up drawback as the work progressed.

**Railway Con-
struction—
Contract No. 15.**

Whitehead had received from Hon. A. Mackenzie in drawback \$70,000. (See question 18454. Mr. Mackenzie had really advanced \$79,000.)

Only \$9,000 remained which was given.

Whitehead renewed an application for advance on his rolling stock of \$100,000 which had been made to Hon. A. Mackenzie.

Marcus Smith reported strongly in favour of giving Whitehead the \$100,000.

Fleming reporting on Smith's report and recommended advance of \$40,000 on mortgage on rolling stock.

Order-in-Council passed surrendering \$100,000 drawback and covering what had been advanced by Hon. A. Mackenzie.

ary to yield up the drawback as the work went on, if it was going on at all satisfactorily, and that my predecessor, Mr. Mackenzie, had considered Mr. Whitehead's contract in such a position as to quite warrant him in adopting that course. I found that Mr. Whitehead had received the drawback at that date—the date at which I entered the office. It had amounted to about \$79,000, and of that he had received from Mr. Mackenzie, in some ten different payments in the way of advance of drawback, \$70,000, so there was only about \$9,000 remaining. Finding that was the course adopted by my predecessor, I gave instructions he should be treated as my predecessor treated him, and as I had no doubt he was warranted in treating him. I therefore gave him the \$9,000 drawback, as it had been given to him in the other cases.

18440. Do you mean that the amount which you gave up was only about \$9,000?—I mean to say that Mr. Whitehead's first application—you observe the drawback that had accumulated up to the date of the first estimate I was called to pay was about \$79,000. Of that there was only about \$9,000 drawback on hand. And the case being, as Mr. Whitehead represented, urgent, I adopted the course of my predecessor, which had been to give him the drawback on his estimates in some ten different payments, amounting to \$70,000 in all. Mr. Whitehead then made an application for an advance on his rolling stock of \$100,000. I felt that this was a more serious matter, and required a closer investigation, and I referred his application to Mr. Fleming. I may say he had made, I think, the first application for an advance to my predecessor shortly before my entry into office—in fact shortly after the defeat of the late Government, which, I assume, was probably the reason for its not being dealt with. The application, however, was renewed to me, and Mr. Whitehead stated to me the fact of the position in which his principal backer, Senator McDonald, was—I think he was then at the point of death—and circumstances rendered it highly important that he should have that advance, and he furnished as a reason why that advance should be given, the enormous amount he had been obliged to invest in rolling stock and plant. I referred the application made by Mr. Whitehead to Mr. Fleming, and as Mr. Smith had been acting as Chief Engineer, and had been out recently over Mr. Whitehead's work, Mr. Fleming referred the application to Mr. Marcus Smith. Mr. Smith reported very strongly indeed in favour of giving the \$100,000 asked by Mr. Whitehead, that his work was going on very favourably, that his arrangements for carrying it through were very good, that he had been obliged to go to an enormous outlay for plant, that it would assist greatly the progress of the work, and that it could be done with safety. Mr. Fleming reported on this report of Mr. Smith's, embodying it in his own, showing the character of the work, and recommended that \$40,000 should be advanced to Mr. Whitehead on a mortgage on the rolling stock, which, under the contract for the construction of section 15, the Government was empowered to take at a valuation on its conclusion. The amount of expenditure for the rolling stock and plant was very large, and on the report of Mr. Fleming and of Mr. Marcus Smith, strongly corroborated by him, who had made an inspection of the road, I recommended to Council that all the drawback then on hand, covering all that Mr. Mackenzie had advanced, so as to embody it in an Order-in-Council, for it was the first one passed, I think, under which the drawback was surrendered, should be given up to the extent of \$100,000.

Railway Construction—
Contract No. 15.

That involved a drawback of \$11,000, and that Order-in-Council was passed, covering the whole of the drawback that had been given to Mr. Whitehead; and I also recommended, on the report of the engineers, that he should receive an advance of \$40,000 on a mortgage on the rolling stock which was to become the property of the Government on the completion of the work under the contract. That Order-in-Council was passed.

And \$40,000 on a mortgage on the rolling stock.

18441. Do we understand that all the drawback which has been surrendered amounts to \$100,000?—No; I think the drawback surrendered up to the present time is \$148,000; but I am now speaking of the state of the case when Mr. Whitehead made this application.

Drawback surrendered up to present \$148,000.

18442. Then when the Order was passed the whole surrendered drawback amounted to \$100,000?—The passing of the order surrendered in all \$100,000; or it gave \$11,000, which made \$100,000 in all.

18443. It confirmed the previous advances?—Yes, and extended them. Mr. Mackenzie had given Mr. Whitehead about \$70,000, and I covered that by the order which, up to the date of its passage, covered some \$30,000 more.

18444. At that time there was a provision made for an advance in another shape, that is by taking security on his rolling stock?—Yes.

18445. Was that advance made?—Yes; we advanced \$40,000. I think it was some time afterwards, but the authority to make it was given upon the report, as I have stated.

18446. Were there further surrenders of drawbacks after that time? Yes; further surrenders of drawbacks, and further advances made from time to time down to the period that the work was taken out of his hands.

18447. Could you state, in round numbers, about the amount of drawback which was surrendered after you first administered the affairs of the Department?—I think down to the period of the work being taken out of Mr. Whitehead's hands, the drawback in all from the first would be about \$148,000.

18448. Of that you directed or advised about \$78,000?—Yes; there was about \$9,000 drawback on hand when I entered the office, the other \$70,000 having been surrendered by Mr Mackenzie, from time to time, in the usual way.

Witness directed about \$78,000 of drawback out of \$148,000. (See question 18454.)

18449. In the arrangements or negotiations which led up to this arrangement for this advance to surrender the drawback, did Mr. Mackintosh take any part?—Mr. Mackintosh called upon me some short time after I entered upon the duties of the office, and stated that he was the agent of Mr. Whitehead here, and spoke very strongly in his favour as a very honest and capable contractor, and expressed the hope I would do all I could to assist him in his work, which was a very difficult one; and Mr. Whitehead wrote to me subsequently, in making an application, that he was obliged to leave town, and that he would be very glad if I would communicate the decision of the Government when arrived at, to Mr. Mackintosh. Mr. Mackintosh, as the agent of Mr. Whitehead, called, not very frequently—I think three or four times in all—to see me in reference to his applications and his work.

Shortly after witness entered on his duties Mackintosh called on him and told him he was the agent for Whitehead, in whose favour he spoke strongly.

Whitehead wrote to witness asking him to communicate decision of Government to Mackintosh.

Contract No. 15.**Alleged improper influence.**

Whitehead never received a favour, not a penny, save in the public interest.

Of great importance that progress should be made on this contract.

18450. Did he take an active part in bringing about this favour to a great extent?—Well, I must take exception to the use of the term favour. Mr. Whitehead has never received anything that I would put in that way. It might be a favour to him, but he has never received a dollar of drawback or advance from me, or from the Government, that was not made as I believed, and as the Government believed, in the public interest. He had a very large and important work on hand. It was of the greatest possible consequence that that work should advance as rapidly as possible, because the contractors on section B—his contract was the key to a certain extent to the work on section B—until a track could be laid over section 15, must be at an enormous cost to put in supplies for their work, increasing immensely the difficulty of completing their contract. It was a matter of the greatest importance therefore, not in the interests of Mr. Whitehead, but in the interests of the country, to strengthen Mr. Whitehead's hands, as far as it could safely be done, in order to give him the increased means for prosecuting the work. The course pursued, therefore, with Mr. Whitehead is the usual course pursued with contractors who are making steady progress with their work, and that is to give them every aid that can safely be given, for the purpose of assisting them in the progress of their work, as if the contractor breaks down and the work has to be re-let, it usually involves a large expenditure over and above what otherwise would be the case.

18451. I thought if Mr. Whitehead asked for something which he could not demand as a matter of right it would be a favour?—It might in that sense be termed a favour; but it is not done as a favour, and at all events in no sense of the word at the expense of the public.

Mackintosh took no active part in relation to this advance.

18452. I do not mean that: did Mr. Mackintosh take an active part in regard to this advance?—Mr. Mackintosh took no active part in relation to it at all. He came to me, as I have said, and spoke in friendly terms of Mr. Whitehead, said he was his agent, and would be glad to have us do anything we could for him. I told Mr. Mackintosh that the application would be referred to the engineer; that Mr. Whitehead would be treated in the way the interests of the country demanded; that so long as he was doing his work he would get all the assistance possible, as every contractor would receive, and there was nothing further than that.

Never knew there was any relation between Mackintosh and Whitehead which was not of a strictly business character.

18453. Were you aware, during the time that Mr. Mackintosh acted as agent for Mr. Whitehead, that he was to receive by way of compensation any of these amounts? I never knew there was anything of the kind, nor did I know there was any relation between Mr. Whitehead and Mr. Mackintosh that was not of a strictly business character. He informed me that he was Mr. Whitehead's agent, and when Mr. Whitehead told me to communicate the decision of the Government, in his absence, to Mr. Mackintosh, I assumed he was acting as agent for him. In fact I knew nothing of the relations between them, nor that it was of any interest whatever to Mr. Mackintosh that Mr. Whitehead should receive assistance or favour.

\$40,000 additional advance made to Whitehead while witness was in England, a considerable portion of previous advance having been refunded.

18454. You speak of a further advance, upon security, to Mr. Whitehead on his plant, besides the \$40,000: can you say what that amount was?—That advance was made while I was in England, and in connection with it, the first advance, I think, was cancelled, but I think it brought up the total amount. Mr. Whitehead had reduced it. This

**Railway Construction—
Contract No. 15.**

first advance was to be refunded in a certain ratio out of the regular estimates; the payments, as they became due, and a considerable portion of the advance, had been thus refunded. An additional advance was made to him, for which a mortgage was taken, which amounted in all, I think, to some \$40,000 of additional advance. But we had, as I have stated, the fact that the progress of the work was such as to warrant it; that no loss would arise under the contract; that the Government held land valued at some \$131,000 which had been given to the late Government in lieu of some \$80,000 deposited for the fulfilment of the contract, and we had the security of the rolling stock and plant which, I think, was valued at \$200,000, so that there was no advance made that was not warranted by the great outlay that he had been obliged to make to prosecute the work and by the condition that the contract was in, nor anything that was not deemed necessary by the Government to advance the work in the interests of the public. I see that I was not quite correct in stating the amount in drawback paid by my predecessor to Mr. Whitehead. The amount, I find, that had then been advanced by Mr. Mackenzie in all, was \$79,800. I think I said \$70,000, and a little over \$9,000 remained on hand.

Government held land valued at \$131,000.

Also the security of the rolling stock and plant valued at \$200,000.

\$9,000 in shape of drawback advanced by Mr. Mackenzie.

18455. Would the effect of this be that the amount surrendered in your time would not be quite as great as you thought?—The amount surrendered in all is about \$148,000, as I stated before; and the custom is as the work proceeds to surrender the drawback as far as can safely be done in the interests of the public.

18456. You remember, probably, the circumstance of a bond being given to the Government by Bowie and Mackintosh at the time that a surrender of some of this drawback took place: do you remember whether at that time it was considered that any substantial security should be given to the Government for the payment of that drawback?—That is quite an erroneous impression. There was no bond given by Bowie and Mackintosh to the Government. Messrs. Bowie and Mackintosh were accepted as sureties for the whole contract. The circumstances were these: when I had the Order-in-Council passed providing for the payment of the additional \$11,000—the advance of \$11,000—to Mr. Whitehead, the endorsement was put on the Order-in-Council authorizing the advance of this additional \$11,000 over and above what he had received up to that time, provided that the assent of his sureties should be obtained. The reason of that is, as you will see, that sureties might raise a question as to their liability if they were not consulted as to the surrender of the security that the Government had. It was consequently endorsed to Mr. Bain that the sureties were to give their assent, Mr. Bain drew Mr. Whitehead's attention to the necessity of getting the assent of his sureties. He then addressed a letter to me, stating that he had no sureties, and to say that an Order-in-Council had been passed on the representation of my predecessor, accepting him and releasing Sutton and Thompson as sureties. Therefore, when I found this to be correct, that Mr. Whitehead was sole contractor, that his partners and their sureties had all been released by the passage of this Order-in-Council, and Mr. Whitehead asked me to accept Bowie and Mackintosh as his sureties, I accepted them, and they became sureties on his contract, to comply with the ordinary routine of the Department, which required the assent of the sureties. They gave no bond for any particular advance. That was done upon the security taken by the Government, and required no other security whatever.

No bond given by Bowie and Mackintosh to the Government, these gentlemen accepted as sureties for the whole contract to comply with the routine of the Department, Mr. Mackenzie having released Sutton & Thompson, the original sureties.

**Railway Construction—
Contract No. 15.**

Since then an Order-in-Council passed doing away with sureties and providing that the security shall be 5 per cent. of the bulk sum.

The Government had ample security.

The use of sureties was merely complying with requirements of Order-in-Council.

The question of substantial security did not arise.

Two distinct advances of \$40,000, the first partially repaid before the second was made.

They were simply substituted at his request, and I had no hesitation at all in accepting them as his sureties from the simple fact that I regarded it as a matter of form. The practice of the Department is, of course, to look to the contract and other means of security furnished by the contractor, and not to persons whose names are used as sureties; and I may say since that period, and in accordance with that policy of taking substantial security instead of nominal security by the way of sureties, an Order in-Council has been passed doing away with sureties, and providing that the security shall be 5 per cent. of the bulk sum, instead of the old practice of nominal sureties in the names of individuals, and not taking money security.

18457. I did not mean to convey the idea that this bond from Bowie and Mackintosh was to repay in any way the amount of money which was then conceded to Mr. Whitehead: at the time this surrender was acceded to, they gave something in the shape of security, and I wish to know whether, in the opinion of the Government at this time, it was considered necessary to take substantial security?—The Government had ample security. They had substantial security, and the other was never referred to at all. What I mean to say is, that the impression that the bond was given by Bowie and Mackintosh for the repayment of the advance by Bowie and Mackintosh was quite a misapprehension. No security was taken, nor was any additional security required, because he was simply getting an advance; it was complying with the Order-in-Council that required sureties to be obtained, and it was ascertained by me, for the first time, Mr. Whitehead had no sureties—that by the Order-in-Council that had been passed he stood sole contractor, and on being called on to obtain the assent of his sureties, he wrote a letter stating these facts, and offering Bowie and Mackintosh for the persons who had been released by the Order-in-Council. They were not exchanged for any others, they simply filled the void which I found to exist, and which I regarded as only a matter of form, because we had, as I said before, land valued at \$131,000 as security for the contract. And we had the plant which was on the contract valued at (I am speaking from memory) \$200,000, and the advances, of course, were very insignificant as compared with these sums, and the condition of the contract was such as to cause no apprehension as to the amount of money remaining under the contract to complete the work.

18458. Then I understand that the Government did not at that time consider it necessary to obtain substantial security in the shape of a bond, but only such a document as would comply with the literal terms of the Order-in-Council?—Yes. The question of sufficiency of the security offered, therefore, or the sureties that were offered to replace the others, did not arise.

18459. Did we correctly understand, from your evidence this morning, that there were two distinct advances secured by the property of Mr. Whitehead, each of them \$40,000, the first one being partially repaid before the second one was made?—Yes.

18460. About the time of this second advance, do you remember any conversation upon the subject of the partnership?—I was in England when the second advance was made. That is my impression.

18461. Do you remember about the time of the first advance?—No.

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Contract No. 15.**

18462. Was there at any time such a conversation between Mr. Whitehead and yourself?—Yes, the facts were these: As I say, while Mr. Whitehead was, as we considered, carrying his contract on vigorously and successfully, we felt it was in the interest of the public to strengthen his hands as much as possible, and to give him every assistance in surrendering his drawback, as fast as we could with safety and propriety, and to aid him in meeting the liability he had incurred in buying his plant, by making the advance. This policy of strengthening his hands and giving him all possible assistance was carried on down to the time that we regarded his management as not being successful. Strikes occurred, owing to difficulty in paying his labourers. The money we gave him in his estimates we found he was compelled to use to pay off pressing creditors. We found he was heavily involved in debt, that his creditors were pressing him, and that he was, therefore, unable to apply the money received for the work for the purpose of carrying it on. He came to me for a further advance, and I said: "No, Mr. Whitehead, we have given you every possible aid and assistance while we found the work was vigorously proceeding, but it is obvious to me that you have a heavier load on your back than you can conveniently carry, and I do not think it safe to go on asking the Government to make further advances under the circumstances. What I think you will be obliged to do will be to either get some bank to come to your support and strengthen your hands financially, or you will be compelled to get some contractor of ability and resources to come in and share your contract with you. It is impossible for the Government to become your banker. You have got a good contract, and I will give you every assistance in my power. It is financial strength which you require. Get a bank to come to your aid and give you the financial strength, without which, in my judgment, it is impossible for you to carry on the work." Mr. Macdougall came with Mr. Whitehead to see me in relation to the matter—the Hon. William Macdougall. I told him exactly what I had told Mr. Whitehead, that for the purpose of facilitating Mr. Whitehead, to get the assistance of a bank to give him the financial strength he required, I would give him a statement of Mr. Whitehead's position, which I considered a very good one, and one that would warrant a bank in coming to his assistance. Mr. Macdougall subsequently telegraphed to me to say that if I would communicate that the Ontario Bank, with which he was negotiating for Mr. Whitehead, would give him the assistance he required and enable him to go on. I gave him a memorandum showing the amount of the drawback we still held in our hands, showing the amount we had advanced to him which at that time was reduced by his payments (both these advances were reduced to \$15,000) and showing the way the account then stood we had only advanced on his rolling stock and plant \$45,000, all the rest having been repaid, and that there was so much drawback. I don't remember now how much, but it was about \$20,000 of drawback then due him. On the representations I had made, Mr. Macdougall or Mr. Whitehead was able to make an arrangement with the Ontario Bank, which went on for a short time, and then the bank refused to continue to sustain him. They found, I suppose as I did, that his liabilities were too pressing and refused to sustain him, and Mr. Whitehead came to me again. I said: "The only thing you can do is to get a bank to assist you, and if you cannot do that get some able contractor with large resources to aid you in it, and you will be able to make more out of it than in any other

In the interest of the public, Government supported Whitehead as much as possible.

But found that money which should have gone to pay his labourers and carry forward the work went to pressing creditors.

When Whitehead came for further advance told he must get strength either from a bank or some partner.

Government could not continue to be his banker.

Told Hon. W. Macdougall the same thing, and offered to give a statement of Whitehead's position, which would warrant a bank in coming to his assistance.

On memorandum of Whitehead's position, Ontario Bank came to his assistance, but shortly after refused to sustain him.

Thereupon witness again suggested that Whitehead should get in with him some able contractor.

**Ballway Con-
struction—
Contract No. 15.**

Told Whitehead that if he could not carry on work with greater vigour Government would have to take it out of his hands.

way, because this work has to be done, and if you are not able to carry it on, it is so important to have it completed in time, being as it were a key to the other works, and I have pledged myself that the rails will be laid by October next, that if you are not able to get assistance to carry on the work with greater vigour we shall have to take it out of your hands." That is the only reference that I made to a partnership, and in that I put it he should get the assistance of a bank first, and that I would give him all the aid I could if he was successful.

Never directly or indirectly indicated any particular person he wished Whitehead to take in.

18463. In any of these conversations did you direct his attention to any particular person or persons as suitable partners?—I never made the most remote allusion to Mr. Whitehead, directly or indirectly, that I wished he should take any one in particular, for I had no one in particular in view. All I wished was that he should get persons of contracting ability and resources. I told him it was impossible for him to carry on his work with the contractor spending his time in Ottawa and Toronto, and endeavouring to finance his operations.

Far from leading Whitehead to believe that Mackintosh's or Tuttle's influence would advance his interest, he told him that if he was paying money to any one under the impression that it would be of use to him in the Department, he was throwing his money away.

18464. Could you say whether you ever led Mr. Whitehead to understand that his interest would be advanced by the influence or assistance of any individual, such as Mr. Mackintosh or Mr. Tuttle?—I not only never did anything of the kind, but I went out of my way when I read in the Toronto *Globe* newspaper that Mr. Mackintosh and Mr. Tuttle were receiving large sums of money from Mr. Whitehead—I went out of my way to say to him that I saw those statements in the papers, and if they were true he was paying away large sums of money under the impression that it would be of assistance to him in the Department, he was throwing it away—that no such expenditure would be of the slightest advantage to him whatever.

How the work came to be taken out of Whitehead's hands.

18465. Could you state about what time the work was taken out of his hands?—I do not remember exactly the time the work was taken out of his hands, but the steps that were taken were these (we were very reluctant to do it): In the first place I may say that subsequent to this Mr. Whitehead, probably influenced by the statements I had made to him and the position in which he found himself, made an arrangement with Fraser & Grant at Winnipeg to become partners in his work. They came down—sent down, I think, in the first instance, and came down for the purpose of getting the Government to assent to the partnership that had thus been made. The first intimation I had of such a thing as that of his forming a partnership with these gentlemen was the communication to me that the thing had been done—that the agreement of partnership had been signed, and they came to the Government to get us to accept them as partners—to consent to the creation of this partnership between Whitehead, Fraser & Grant. We were obliged to refuse, and we did refuse, and we did it because we found it would complicate, as we feared, the security that had been given by the late Senator McDonald or what was now the estate of the late Senator McDonald. It was valued at \$.38,000, it was landed security. If we allowed the formation of a partnership under the circumstances, it might complicate this security, and we were consequently obliged to refuse to ratify the agreement that had been made. However, it fell through, the arrangement between them was broken up. Mr. Schreiber was sent up to report on the condition of the work, and he reported that it was very much embarrassed, that the men were unpaid, that Mr. Whitehead was not putting in the amount of supplies

Refused to assent to partnership between Whitehead, Fraser & Grant fearing it would imperil the security given by Senator Macdonald.

Schreiber reported work embarrassed, men unpaid, not sufficient supplies.

**Railway Construction—
Contract No. 15.**

that would be necessary to secure the vigorous prosecution of the work during the winter. I think that must have been late last season. Under the circumstances, we authorized Mr. Schreiber to purchase supplies on account of Mr. Whitehead, so that if he was able to carry on the contract they would be simply charged to him, but they would be on the ground, and thus enable us to prosecute the work vigorously if the contractor broke down. The thing went on from bad to worse, the men were unpaid, the amount coming to Mr. Whitehead was not enough to enable him to relieve himself from such debts and obligations as were pressing upon him, and we were forced reluctantly to the conclusion that we were obliged to take the work into our own hands in order to secure what we had undertaken to do, and had announced what we would do—the laying of the track by the 1st of October—and which was necessary to ensure the completion of the other sections under the terms of the contract. Since that time the work has been carried on directly under the Department, Mr. Whitehead being in charge of all the expenditure under the contract. I could ascertain the day that was done by sending to my office for it. It was last season.

Schreiber authorized to purchase supplies on account of Whitehead.

Work had to be taken into Government hands in order to secure the laying of track by 1st October.

Whitehead left in charge of all expenditure under the contract.

18466. The time is not material?—Well, it was last season.

18467. After taking it out of his hands, had you the use of his material and plant?—Everything; we took immediate charge, as we were entitled to under the contract, of everything pertaining to it, rolling stock, horses and everything pertaining to the contract, and the supplies on hand.

18468. Are you still of opinion that this move, the taking the work out of his hands, was an advisable one in the public interest?—There is no doubt whatever that it was absolutely necessary, to secure the objects to which I have attached such great importance, the getting the through line opened at the time stated in the subsequent contracts.

Taking contract out of Whitehead's hands absolutely necessary.

18469. Were these objects secured in the main?—I have no doubt they will be. I have no doubt—it is placed beyond a doubt the securing of the opening of the line at the time we had stated or that it will lead to that.

18470. The line through from ^{Kegonawic} Thunder Bay to Red River was opened some time in October was it not?—We had this track laid in time by working night and day, and we were able to secure the object we aimed at up there; but, of course, that was only a step to the greater object of getting the whole line opened at the time we proposed, and it was essential to that. There would have been no hope whatever of the completion of the contract for section B even in our own hands, if we had not been able to get the track laid through to that point.

No hope of completing section B if track on section 15 had not been laid.

18471. At the time you took charge of the Department controlling the railways, do you remember whether there was then a doubt as to the change from trestle work to embankments having been finally adopted on this section 15?—No. As far as I was aware, that matter had been disposed of. Upon taking charge of the Department I called for a statement of the works under contract between Fort William and Red River, and I called for a statement of the amounts that they were estimated to cost, and the amount of expenditure upon them. Finding a very large excess in the expenditure over the estimates I asked Mr. Fleming if he

When witness took charge of Department the policy of changing trestle for embankment had been carried out.

Asked Fleming for explanation why there was so great an increase of expenditure.

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It had been contemplated to use trestle; subsequently decided to have solid embankments.

Hon. A. Mackenzie had reported to Council respecting change from trestle to embankment, and on the contract the work had been carried out as if it had been duly authorized.

The change duly authorized on report of witness.

**Contracts Nos.
60-63, B. C.**

Policy of the Government to give assurance that the rapid development of the country and the speedy construction of the Canadian Pacific Railway would be carried out with as much despatch as was consistent with the public resources.

could state—if he could give me any reason for this great increase of expenditure. His reply was, that so far as section 15 was concerned he could. He was not able to explain with the data that he then had the great increase of expenditure on the other sections, but so far as section 15 was concerned, he could, because there had been an entire change in the work—that it was contemplated in the first instance to use trestle-work to a very large extent, and that it had subsequently been altered and decided to have solid embankments, and that that would account for it, so that when I entered into the Department all parties concerned, so far as I am aware, were under the impression that change had been made. It subsequently became the subject of investigation, when it turned out that the report which Mr. Fleming had made recommending that change, and which he had discussed with Mr. Mackenzie, and as he supposed with Mr. Mackenzie's approval (of which I believe there is no doubt) previous to his going away to England, had been assumed to be done. A report had been made to Council by Mr. Mackenzie with reference to this proposed change, but no action had been taken thereon; but on the works, so far as I have been able to ascertain, the work had been carried on the same as if it had been duly authorized, and Mr. Fleming was under that impression from the condition in which he found the work, nor was it until this investigation that it was ascertained that that change had never been formally authorized by the action of the Government.

18472. Has there been a formal authority given since you have had charge of the Department?—Yes; since Mr. Fleming renewed his report, setting forth the facts on which he recommended strongly the change should be made, and the additional fact that, owing to the change being supposed to have been made, the contractor had been obliged to obtain a great amount of rolling stock and plant that would not otherwise have been required, and the preparation had not been made for doing the work the other way. The effect of it would be to cause a very considerable delay in the construction of the work if the proposed change was not carried out as recommended, and the Government being of the opinion that Mr. Fleming was, that the change was greatly in the interest of the public, I reported his recommendation to Council, and the change was duly authorized.

18473. Then there is no longer any room for doubt?—No longer any room for doubt. It has been done by Order-in-Council as originally submitted by Mr. Mackenzie to Council, but on which no action was taken.

18474. Would you explain the reason which led to the contracting for work in British Columbia?—I do not know that I quite understand that.

18475. Was there any particular reason which made it necessary that the works should be undertaken there at the time they were undertaken?—Yes. We felt that it was desirable to deal with the whole of the Canadian Pacific Railway in such a way as to give assurance that the policy of the country, of extending it as rapidly as was possible with a due regard to the public resources, from Lake Superior to the Pacific, should be carried out. We found a portion of that road had been located, and the quantities taken out with sufficient accuracy to submit it to competition, and we stated to Parliament what our policy was,

and that so soon as, by a survey through the Pine and Peace River country, we had definitely settled the best route for the Pacific Railway, we pledged ourselves to place a portion of the work under contract, and took authority from Parliament to place 125 miles in British Columbia. We took authority to place as much as 125 miles. We were not pledged to place that quantity under contract, but that we would commence and make substantial progress in British Columbia during the season or during that year. Under these circumstances, so soon as we received the report from the exploration we had sent through the Pine and Peace River Passes and Port Simpson, and decided to adopt the line to Burrard Inlet in accordance with the pledge we had made to Parliament in the previous Session, we let the contracts from Kamloops to Yale.

18476. Are there any reasons for the adoption of the Yellow Head Pass, and the more southerly terminus beyond those which have been mentioned in Parliament?—No; I am not aware of any that have not been mentioned in Parliament. Everything has been exhaustively stated. There were a great many things in favour of going to Port Simpson in our judgment—of going in the northerly direction, but there were other circumstances which induced us to decide, all things considered, the most judicious location was Burrard Inlet, and the principal reason that operated in our minds was the unfavourable character of the climate in the northern portion of the country—the great rainfall at Port Simpson, the proposed terminus—and, the additional fact that the entire population and settlement in British Columbia would have been some 500 miles south of it. The line was longer. There was a greater length of line to build, although it would not have involved probably a greater expense—perhaps not so great.

18477. You mean no greater expense in the original construction?—In the original construction.

18478. It might be more expensive to work it?—Yes; you would have to run over an additional distance of 100 miles, and we were disappointed in the character of the country through which the road would run before it struck the Prairie region.

18479. In deciding to invite tenders for the works on this portion of the country which you describe, was the matter discussed as to the expediency of letting it by one whole contract rather than by separate contracts?—Yes. When we decided to let the 125 miles from Kamloops to Yale, the Chief Engineer was sent for to Council, and in what mode it was best to invite tenders was discussed, and it was, after discussion and the statement of the engineer, decided to divide it into four sections. The work was considered too heavy for one contract. It was considered from the expense involved, and considering the very heavy character of the work, that it would be a contract so large as to limit competition to very few, and that therefore it was scarcely worth while to offer it as a whole, and that one would be likely to get the work performed at a smaller cost by dividing it into four sections, as the competition would thereby be increased.

18480. We have gathered from the evidence and the papers produced, that in each of those cases in British Columbia the contract was actually let to the lowest bidder?—Yes, in every case.

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Received authority to place 125 miles in British Columbia under contract.

As soon as Burrard Inlet was decided on contracts from Kamloops to Yale were let.

Railway Location.

Many things much in favour of Port Simpson, but the climate, the great rain fall at Port Simpson, the greater length of route and it being 500 miles to the north of the settlement of British Columbia turned the scales in favour of Burrard Inlet.

Original cost of north line would not have been greater, but the working would have been more expensive; 100 miles more to run over.

Tendering.

Heavy character of work in British Columbia made it advisable, in order to secure competition, to divide it into four sections.

Contract in each of the four cases given to lowest bidder.

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Never heard any intimation that Onderdonk was to become interested with any of the contractors.

18481. Were you aware of any negotiations at any time between Mr. Onderdonk and any of those persons who obtained the award of the contract, to the effect that he should afterwards become interested?—No. I had not any knowledge whatever, nor had I heard any intimation that any such thing was in contemplation.

18482. Do you remember whether you were in Ottawa at the time these tenders were opened?—I think I was absent. If I remember rightly they were opened by Mr. Langevin, who was acting Minister at the time—I am not certain. No; I do not say they were opened.

18483. Mr. Trudeau says they were opened in the presence of himself, Mr. Fleming and Mr. Braun, and all put away in a package?—Yes. When I spoke just now I was not quite certain they were put away, open or unopened, but I think they were opened and then put away.

18484. Did you take any part in the decision upon which the contracts were awarded, or was that done by Mr. Langevin?—No; all the action that was taken with reference to it was taken by myself.

Two irregular tenders, one not accompanied by a cheque and another mailed in Ottawa and received too late.

18485. It appears by the evidence that among the tenders were some which were not considered regular and which were not allowed to compete: do you remember anything of that circumstance?—Yes, I remember it very well. If I remember right there were two. In one case the tender was not accompanied by a cheque. In that case it has always been considered fatal to the tender. It is an instruction to those who open them that unless the tender is accompanied by a cheque it is not to be considered at all, because, I need scarcely say, to do so would be open to a great many objections. There was another case; it was set aside by the parties who were entrusted to open these tenders as informal, and not entitled to compete—a tender which was mailed at the post office in Ottawa, but was not received until some hours after the time for opening the tenders. I submitted that question, as it was a new one, to my colleagues, and after full discussion we decided that it must be rejected, because we considered it possible that the moment the hour for opening the tenders was concluded—the moment that hour was passed—contractors spoke freely of what their tenders had been, and that would enable a person to correct his figures and post the tender, and thus defeat the whole object of the tendering.

18486. It appears, as a matter of fact, that this tender which was received some three hours or more after the time named for receiving tenders, was altered in its figures, and that would perhaps cast still further suspicion upon it?—I was not aware of that until I read the evidence taken before this Commission. The tender was never examined by me, because upon my reporting the facts to my colleagues, it was decided that the tender could not be regarded as a tender.

18487. Do you mean that the decision to reject these tenders and prevent their competing was made by you after you had returned to Ottawa, or had it been made by the subordinates in the Department?—The subordinates in the Department in giving the list of tenders did not enter this one, but made a note of such a tender being received, and that, of course, brought it under my notice. While it was not put in the list of tenders there was that note, and that was submitted to my colleagues for the decision of the Government.

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18488. Then the question was not finally decided by the subordinates, but was considered by you?—Not at all. It was treated by them as informal, but treated by them in that way. They had no power to do more than make the report as to what in their judgment was correct.

18489. Did you make the acquaintance of Mr. Onderdonk before or after the awarding of the contracts?—I am not quite certain at what time Mr. Onderdonk brought a letter of introduction to me from Mr. Drummond. I think it was certainly after all the tenders were in, but I am not very certain as to the day. Mr. Onderdonk brought a letter of introduction to me from the Manager of the Bank of Montreal, at Ottawa, enclosing strong recommendations from the Manager, I think, of the Bank of Montreal in some part of the United States, and giving a very high character to Mr. Onderdonk as a contractor, and ample certificates from leading firms and individuals as to his ability to execute works of that kind, and stating that \$500,000 had been deposited in the Bank of Montreal to his credit, to be used as his security for any work he might undertake. That was my introduction and the circumstances under which I came to know Mr. Onderdonk.

Onderdonk introduced to witness by Manager of Bank of Montreal, Ottawa, who enclosed strong testimonials respecting Onderdonk and stated that \$500,000 was to his credit.

18490. The tenders appear to have been opened on the 25th November; the letter from Mr. Drummond in the Blue Book appears to be the same date: as you were away from Ottawa at the opening of the tenders that may refresh your memory?—It must have been after the tenders were received. It is probable I may have seen Mr. Onderdonk before he brought that letter. I could not say positively. I do not at this moment remember.

The letter introducing Onderdonk to witness dated and received after the tenders were opened.

18491. Can you say whether any negotiations between him and the Government were entered into before the contracts were awarded to other parties?—I think not. I think the first interview I had with Mr. Onderdonk was an enquiry on his part as to whether the Government would have any objections to his taking an interest in these contracts. I told him that, so far as I was concerned, the Department was always anxious—and I had no doubt the Government would be, provided the lowest tenders were acted upon—to secure the strongest and ablest contractors and persons of most means they could have for the purpose of carrying them out, and highly recommended as he was to the Government, both as a contractor and as to resources, I should regard his name as increasing the strength of the contractors and satisfying the Government in the carrying out of the contract.

The first interview witness had with Onderdonk was one in which the latter enquired whether the Government would object to his taking an interest in these contracts.

18492. Did you understand that he was supported by large means?—Yes; he gave me the names of the syndicate he represented, and those associated with him.

18493. Are these the same names to whom the contracts were afterwards assigned?—Yes, the same names, and ultimately to D. O. Mills. In fact, I think Mr. Drummond furnished me, if I remember right, with the names of the parties who were associated with Mr. Onderdonk.

18494. Do you understand that up to this time, he is still supported by these parties?—The contract is with D. O. Mills.

Contract now with D. O. Mills representing a syndicate having large means.

18495. Representing the syndicate?—Yes; representing the syndicate of those gentlemen.

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18496. And the strength of that syndicate has not been weakened since?—The syndicate has not been weakened, so far as I know, in the least degree.

18497. I mean by some of the parties dropping out?—No; not in the slightest degree, that I know of.

Witness not aware of any special negotiations with Purcell, Ryan & Goodwin, before they agreed to transfer to Onderdonk.

18498. Could you say whether there were any special negotiations with any of the original contractors—Purcell, Ryan & Goodwin, for instance, before they agreed to transfer it to Mr. Onderdonk?—None on the part of the Government. All that I said to these gentlemen was that the Government did not want any better contractors than they were, and all that we required them to do was to sign the contract that had been awarded to them, and it was ultimately done. When they applied to have their contract transferred, I referred their application to Mr. Fleming for his report. He reported recommending it, and pointing out the advantages that there would be in having the work in the hands of one contractor, provided, as appeared to be the case in this instance, the party had sufficient resources and means, because it disposed of all the difficulties as to access to the works. Mr. Trutch who had been appointed the agent of my Department in British Columbia being here, I sent Mr. Fleming's report, and their application to him for his opinion, and he reported very strongly as to the advantage of having the work in the hands of one contractor with sufficient resources to carry it on, and the difficulties which were likely to arise with reference to access to those works if it were not done. I think you will find Mr. Trutch's report in the Blue Book; I am speaking from memory, but I have given you my recollections of both these reports.

Fleming recommended the transfer, pointing out the advantage of having all the work in the hands of one contractor possessing sufficient means.

No negotiations with A. P. McDonald & Co.

18499. Could you say whether there were any negotiations with A. P. McDonald and others for the purpose of hastening the arrangement with Mr. Onderdonk?—None that I am aware of. They were told what security was necessary to place in the hands of the Government, in order to execute the contract, and of course after that was done the contract would be executed with them.

18500. As to Kavanagh & Co., it appears from the report in the Blue Book they were not able to put up their security at the time named by the Government?—Yes.

Time granted by the Government to Kavanagh with the view of saving \$33,000.

18501. What were the reasons for extending the time?—Mr. Kavanagh came to me and asked if I would extend the time. I said: No; I have no power to extend the time, because it has been fixed by the Government, but I will recommend, under the circumstances you name, a person you may rely on, to assist you to carry it through (and whom he named to me). I will recommend that you have two additional days for the purpose of making your arrangements. I made the recommendation accordingly, and those two days were granted, and he subsequently, if I remember right, asked for two days more. This I again referred to my colleagues, and they said if we were likely to save \$33,000 by waiting two days we had better wait. I think the tender next to Mr. Kavanagh's to which we should have had to pass, if we refused Mr. Kavanagh's, was, if I remember, \$33,000 higher than his; and we granted the two days extension of time with the result of his making the arrangement with Mr. Onderdonk.

18502. Was it understood by the Government during the time of extending the period for putting up the deposit that if the time was

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extended Mr. Onderdonk would be likely to get the whole of the section?—No; Mr. Kavanagh's was, if I remember correctly, the first disposed of. I am not quite certain, but it appears to me that it was the first one that was transferred to Mr. Onderdonk. I had no knowledge that he intended to—I did not know where he was going to obtain the assistance that was necessary in order to make the deposit, or what steps he was taking until, having received the two days, he asked to have it transferred to Mr. Onderdonk, and Mr. Onderdonk was then willing to enter into the contract; but the Government knew nothing of the intention to make the transfer until we were notified in the terms there stated, nor did I myself.

No understanding when time was extended that Onderdonk would be likely to get the whole of the sections.

18503. In this instance the Government granted two distinct extensions to Kavanagh & Co., while in the Andrews, Jones & Co.'s case they declined to make any positive extension: will you describe the difference in the two cases?—The difference appears to me to be a very obvious one. In the one case there was no urgency as to time. We were anxious to place a certain amount of work under contract, but there was no urgency as to the contract being made or the work being entered upon; and, in the other case, I was notified by the Chief Engineer that the loss of a few days in letting the contract was going to involve the loss of a year in all probability in getting the line open from Fort William to Red River. Had there been no such urgency as that I have no doubt at all that Andrews, Jones & Co. would have received quite as much consideration. They did receive in the end all the consideration that Mr. Kavanagh received because it was practically extended. While they were making efforts to put up their deposit we waited from four o'clock on Saturday until six o'clock on the Wednesday following, and during the last two days of that time, though knowing that everything depended upon promptness, they were apparently unable to add to the deposit that was made on the 3rd.

Distinction between the case of Andrews, Jones & Co., and Kavanagh's case, depends on urgency of time.

18504. It does not appear that in each of these cases the parties received precisely the same opportunity; for instance, in the case of Andrews, Jones & Co., there was no formal notice that the time would be extended to a fixed date, while in the Kavanagh case they were formally notified and were given time to put up security, so that they were not treated exactly alike?—I do not say they were treated exactly alike, but they were treated as nearly alike as the circumstances would warrant. The cases were not, if you will allow me to say so, in the least degree parallel. In the one case the ability of the contractor, not only to put up the deposit, but to supply the large amount of capital to enable him to put in supplies for the great work which was then roundly estimated at \$4,000,000, and for which the time was comparatively short to execute it, was the one case, and the other was a case in which the failure of the contractor to accomplish anything for a year would not have been, in the opinion of the Government, very material. A great deal depended upon securing the prompt completion of the contract in the one case, and the declaration before me of the engineer that the loss of a few days—and I had every reason to suppose if they could not promptly put up the deposit with the notice they had, and the expectation they must have had, of the contract coming to them, or the probability of it—if they did not put up the security, there was no probability of the work being carried out

Case of Andrews, Jones & Co. and that of Kavanagh in no way alike.

**Tendering—
Contracts Nos.
60-63, B.C.**

by them so as to get the road opened as the Government desired. In the other case, we were to accept a tender \$33,000 higher, or wait and see whether the tenderer could comply with the demand to put up the deposit, or make arrangements for a section which could be much more easily executed and in a much shorter time than other works required to reach it.

18505. I understand you to say that in the Kavanagh case there was no risk to the public in granting the time asked?—There was none.

**Order-in-Council
dealing with
question of ex-
tending time.**

18506. While in the other it would jeopardize the public interest and probably delay the completion of the work?—That is it exactly. That is the difference, as I take it, between the two cases. I may mention here that, feeling the invidious character of the duty as to deciding the question of time and its extension, the Government have passed an Order-in-Council, which is stated to all these contractors, that if they fail to make their deposit within eight days from receiving notice that the contract has been awarded to them, their deposit, with their tender, is absolutely forfeited; but in all these cases there was no such notification.

18507. There was no such rigid rule?—It was administrative.

18508. It was left to the circumstances of the time?—Yes; it was left to the circumstances of the time, and no time was fixed in the specification at which the deposit with the tender would be forfeited if they did not comply with the specification, and put up the 5 per cent. security on the bulk of the contract.

**Alleged Impro-
per influence.**

Not aware that any Member of Parliament or public official received any benefit directly or indirectly in connection with British Columbia contracts.

18509. Have you reason to believe that any Member of Parliament, or any official in any of the Departments, got any benefit, directly or indirectly, in consequence of any of these contracts in British Columbia?—No; I have not the slightest knowledge of anything of the kind, nor had I any reason to suppose that any Member of Parliament was in any way interested in the disposal of the contracts to Mr. Onderdonk.

**Railway Con-
struction.**

The Government in permitting Onderdonk to become sole contractor influenced by the conviction that the work would be done better and cheaper.

18510. Is there anything further about the British Columbia works which you wish to explain?—I would merely say that the Government decided to allow Mr. Onderdonk to become the sole contractor under the impression, that having the command of great resources, and being a skilled contractor, the work would be executed in a more satisfactory manner, and probably at much less cost to the country than it would be done if the original contractors, or several of them—whose means were not very large—had themselves undertaken the execution of the works; that it would be more promptly done and at probably a smaller expense to the country, because if parties undertake those works at such a great distance, and requiring very expensive plant, without very large resources, they very often become involved in difficulty, and that results not only in delay but in the works ultimately costing the country much more. We believe the course we pursued in the matter was eminently in every way in the interest of the public, and, so far as I am aware, that was the sole and only reason for making the present arrangement.

18511. Is there anything further which you think it proper to add to the evidence upon any of the subjects upon which you have been questioned to-day?—I do not know of anything further that requires to be added, but I am prepared to state on my oath, as I am making

Tendering.

these statements, that I do not believe it would be possible for the transactions to which this investigation has been directed to have been carried on more honestly or with a more sincere desire to look solely to the public interest than they have been done under the Department of which I am the head. So far as I am concerned myself, and I believe so far as all my colleagues are concerned, we have simply desired to accomplish these works at the lowest possible cost, and in the way most advantageous to the public interest, without the slightest favouritism or desire to benefit any individual.

18512. Is there anything further you wish to add?—There is nothing further that occurs to me.

OTTAWA, Tuesday, 7th December, 1880.

HON. JAMES MACDONALD, sworn and examined :

HON. J. MACDONALD

By the Chairman :—

18513. You are a Member of the House of Commons and of the Ministry?—I am.

Alleged improper influence.

18514. Residing in Ottawa?—Yes.

18515. Have you had any interest in any of the transactions of the Canadian Pacific Railway?—Not the slightest in any form, excepting the interest attaching to my position as a Member of the House of Commons and a Member of the Government.

No personal interest direct or indirect in transactions connected with Canadian Pacific Railway.

18516. Have you derived any personal benefit, directly or indirectly?—Not the slightest; not the most remote.

18517. Are you aware of any Member of Parliament being pecuniarily interested in any of them?—I am not.

Not aware of any Member of Parliament or public official being personally interested in matters connected with Canadian Pacific Railway.

18518. Are you aware of any persons connected with any of the Departments as subordinates being interested in them?—I am not, except with reference to Mr. Chapleau; that appeared in evidence before this Commission.

Nor of any person outside receiving pay for influence.

18519. Are you aware of any persons not connected with the Departments, or with the Government, receiving any pay for influence with any of the members or officials?—I am not.

18520. Do you know whether a Mr. Shields derived advantage from any influence, which he alleged he possessed, beyond what has appeared in evidence here?—Not to my knowledge. If you will permit me: I became acquainted with Mr. Shields for the first time at the time the contracts were being tendered for. He was down here, and introduced to me, I think, at the Club, and I met him occasionally as I meet people going in and out of the Club, but I do not recollect on any occasion having had any conversation whatsoever with Mr. Shields on the subject of the tenders he was making.

Contract No. 43
Had no conversation with Mr. Shields respecting tenders.

18521. Are you aware that any of the transactions of the Canadian Pacific Railway were arranged differently on account of Mr. Shields taking some share in them than they would otherwise have been arranged?—No; I am not aware of any such event whatever, nor do I believe it.

No transaction connected with Canadian Pacific Railway arranged differently because of Shields' action.

18522. Have you at any time had any reason to believe that any private interest was consulted instead of the public interest in any of

Contract No. 42.

Alleged improper influence.

Not aware that he ever saw Close.

those arrangements?—I have not. On the contrary, I believe on no occasion was any interest consulted but that of the public. If you will just permit me to say one word: There was some gentleman—Mr. Close, was it not—examined before you, who said that Mr. Shields mentioned my name in connection with some influence. I just want to say, though I do not think it of any importance, I don't think I ever saw that gentleman. I am quite sure if I did see him I would not if I met him recollect him to-day. So that personally, so far as I am concerned, he and I could have had no intercourse on this or any other subject.

18523. Is there anything further in connection with the Canadian Pacific Railway that you wish to explain?—Nothing; my knowledge, as a matter of course, came in the regular report of the Commissioner of Railways, and in his reports to the Executive Council.

One or two persons from his own province asked him when tenders would be opened but never sought to obtain information not perfectly legitimate.

18524. I do not wish to ask you for that information which you derived as an Executive Councillor, I do not think we have a right to do so unless you desire it?—I merely say I had no intercourse, and I might almost say no conversation with any person during the period at which these contracts were in abeyance after the tenders, excepting, to be strictly accurate—perhaps I ought to say there were one or two persons from my own province, who were personally comparative strangers to me, and who occasionally asked me when the tenders were to be opened, or anything of that kind; but they never had any conversation whatever with reference to obtaining any information which was not perfectly legitimate.

Never used any influence in their behalf.

18525. Did you use your influence in any way in order to get them some advantage over any other person?—Never; I am very thankful to you for asking that question. I have been particularly careful that no such accusation could be made against me.

FULLER.

RICHARD FULLER's examination continued:

Transportation of Rails—Contract No. 18.

By the Chairman:—

18526. Hearing that you were in town, we thought it advisable to call you again to explain part of your previous evidence. You understand that you are already sworn as a witness?—Yes.

Opposition line of boats enabled him the year in which he tendered to make an offer competing with Kittson's.

18527. How was it that you were able to make a competing offer with that of Kittson's for the transportation of rails in the season which you spoke of when giving evidence on a former occasion?—There was an opposition line of boats that year. The opposition was very keen, there has been none before or since.

18528. Between what points?—The competition was on the Red River with the boats.

Two lines of railway to Red River from Duluth.

18529. In bringing the rails from Duluth westward would you be obliged to use the Northern Pacific Railway?—Not necessarily. There were two ways to get to Red River.

18530. There were two competing lines of railway as well?—Yes, at that time.

Prices low that year.

18531. Were you aware that in any large transactions the prices were very much lower that season than usual, or was there any com-

Transportation
of Rails—
Contract No. 18.

bination by which those boats kept up the prices?—No; the prices were down that year. All the prices of carrying were affected by the competition that year.

18532. Could you give any idea of the ordinary rate between these points on the Red River, between which the rails had to be carried?—Well, it would be very hard to say what the rates were, you know, because it was governed altogether by various circumstances, I presume, so that you could not get at it very closely. Goods and passengers were carried very cheaply that year to what they were before.

18533. Then they were lower that year?—Yes.

18534. Materially so?—Yes.

18535. Do you remember about what was the price for carrying rails by rail between Duluth and points on the Red River?—The rails were carried, I understand, for \$50 a car load.

Rails carried
between Duluth
and Red River at
\$50 a car.

18536. And how much in the car?—Ten tons. The railways had very little to do that year.

18537. Was that American currency?—Yes; it is all American currency.

18538. When you were examined before you said you understood your offer to be for the long ton at the rates named in your proposal, and I gathered from what you said that you supposed the usual understanding was that when no mention was made the long ton was understood?—I always looked upon a ton of rails as 2,240 lbs. everywhere, except when specially understood otherwise.

Considers the
long ton always
meant, unless
when short ton
specially under-
stood.

18539. Since you have given your evidence, have you made any enquiries, as to how other people consider it?—Oh, I have made enquiries, of course, what other people consider a ton.

18540. What do you find to be the general impression?—2,240 lbs. is the custom, so far as rails are concerned, all over the continent. They are sold by the 2,240 lbs.

18541. Have you made any enquiry as to the understanding for other purposes—I mean transportation or handling?—No; I do not know of any.

18542. It is only buying and selling?—I know they are sold at the mills for 2,240 lbs. Bar iron and such like is sold by the pound; but I never dreamed of 2,000 lbs. for a ton of railway iron.

18543. Are you still of the same opinion as you were when you gave evidence before, that your offer was not discussed in any way with you; that all you received was a bare notification of its having reached the Department?—I have seen the letter since, acknowledging the receipt of our letter, that is all. That is all ever occurred between me and the Department about the matter.

18544. There was no questioning what ton you referred to, whether short or long, or any other particulars?—Oh, no; that was the last we heard of it.

18545. Is there anything further connected with this matter which you wish to explain?—No.

18546. Is there any evidence respecting the Canadian Pacific Railway which you wish to give?—No.

**Railway Con-
struction—
Contracts Nos.
60-63, B.C.**

OTTAWA, Wednesday, 8th December, 1880.

D. O. MILLS, sworn and examined :

By the Chairman :—

18547. Where do you live?—New York and San Francisco.

18548. Have you any interest in any of the transactions of the Canadian Pacific Railway?—Yes, Sir.

One of the Syndi-
cate formed to
carry out con-
tracts A, B, C
and D, British
Columbia.

18549. What is the interest?—I am one of the syndicate formed to carry out those contracts—to take them—to carry them out—A, B, C and D.

18550. You mean in British Columbia?—In British Columbia, and as a representative of that syndicate, they are all in my name.

18551. We understand that they were assigned to you, as a representative of this syndicate, by Mr. Onderdonk?—Yes.

Work has pro-
gressed according
to requirements
of contract.

18552. Has the work progressed according to the requirements of the contract, as far as you know?—As far as I know.

Condition and
progress of work
described.

18553. Would you describe shortly, and as far as you can conveniently, what has been done since the beginning, under the contracts?—Work was commenced immediately after the taking of the contracts, and it has been prosecuted with all the diligence that was practicable in that country. The tunnels have been well attacked, some of them, two of them at least about finished, nearly finished, and the plant is upon the ground for the whole work, that is nearly all of it. It was found necessary to do a great deal more in the commencement of this work probably out there than up here, because the work had to be carried on entirely on its own resources, as it were, in that country for machinery. We required to procure men from a distance, and the plant had to be more complete than any plant of the kind that I have had any knowledge of. For instance, we found it necessary to put in our own powder work, and hire explosives and steam machinery for working the tunnels, and so on. The question of supplies had to be brought then for the entire forces, and the work has been commenced and laid out so far with a view of prosecuting all the sections vigorously—at least to endeavour to have them finished by the end of the time given in the contracts.

Contract will be
fulfilled in the
time named.

18554. Have you seen any reason to doubt that you will fulfil the contract as was intended?—I think not. It is only a question of labour.

18555. Do you mean procuring the labour?—Procuring the labour; that is as far as we can see.

18556. Have you had experience in railway works yourself?—I never had much experience in the construction, I have only had experience as a proprietor, and furnishing money for building railroads; but that experience has been more for the construction of roads that I was largely owner in.

18557. Have you had an opportunity of judging whether it is expedient that large works should be carried on by one contractor or by several contractors?—Only, perhaps, as a matter of business judgment, that I could bring to bear on the question.

18558. To what conclusions would that lead you?—To state the question in my own way, perhaps it would be as well that I should give a little statement of how this work was taken up.

**Railway Construction—
Contracts Nos.
60-63, E.C.**

How witness and his colleagues became interested in these contracts.

18559. If you please?—Mr. Onderdonk, as an engineer, presented this work to a few of his friends, of which I was one; and having full confidence in Mr. Onderdonk as an engineer, an able worker, and practical man to carry out the works, we consented to go in and form what we called a syndicate to avoid the name of partners. We formed a syndicate, and Mr. Onderdonk came to Canada to procure those contracts—that was, to tender for them, and I facilitated Mr. Onderdonk in the plans he had formed. Mr. Onderdonk came up here with our authority to procure these contracts. At the same time we instructed him that we did not think it was desirable to have one of them; that it was very important all these contracts should go into the hands of one party, and if that should prove impracticable, why we did not think it was so desirable to have anything to do with the work. We conceived this—at least our opinion of this matter was—that those sections being close together, and all of them very heavy work, the competition for labour and in other ways would be very detrimental to any individual interest. They could all be prosecuted under one head with much greater economy and without competing with other people who wanted to do the same thing that you did in a small community, as it were, or in a community where you had to draw labour from outside places, perhaps at great expense to get it. When you once got it there, the other contractors would be competing for that labour. All, as a matter of course, would find difficulty in getting it on the ground. That was one of the points, and the question of working the different sections to advantage was another—that you could not get from one section over to another, the location was so difficult, without having possession of the lower ones. For instance, if you did not have possession of the lower ones to work on, you could not take the upper ones to advantage, or if you had A and C, as was the case in our case in the first instance, B and D would be, if not in harmony with you, very damaging, as we thought. This and other arguments led us to the belief that it was very important, whoever had one or two of those sections should have all of them, and once getting into the project we were very anxious then, of course, to acquire the balance.

All the contracts could be executed under one head with the maximum of economy.

The several contracts could not be worked with advantage unless the contractor had command of the rest.

18560. Are you aware of any negotiations before tenders were finally received, with a view of getting tenders in for any particular object, such as selling out to Mr. Onderdonk, or any other object different from that of each person tendering for his own interest?—No; I have no knowledge of that subject. Whatever was done here Mr. Onderdonk had it in charge, but I do not presume there was. Mr. Onderdonk certainly came up here with independent bids entirely, which were first submitted to us, and we agreed to them as bids to go in on account of the syndicate.

Tendering

18561. Were those tenders in the first instance, or were they bids for contracts after somebody else had got the contracts?—As I understand, tenders for the contracts in the first instance.

18562. My question was for the purpose of ascertaining whether you are aware of any offers or arrangements before the tenders were finally received by the Government for the purpose of other parties making tenders apparently on their own behalf, but really on behalf of Mr. Onderdonk or the syndicate?—I am not aware there was any negotiation until after the bids had been put in, or tenders put in.

Aware of no negotiations until after the tenders were in

**Tendering—
Contracts Nos.
50-63, B.C.**

18563. Do you intend us to understand that upon the whole subject your opinion is that the work would be more efficiently done by having one contractor, or one firm of contractors, than having separate contractors or separate firms for the different portions of the work?—Most decidedly, that was my opinion in the first instance, and it has been fully confirmed by subsequent works.

**Security larger
than when con-
tract passed into
hands of witness
and his collea-
gues.**

18564. Has there been any change in the state of affairs since you first became the assignee of these contracts by which the position of the Government is in any way weakened—I mean, for instance, whether any member of the syndicate has retired, or whether the security is less than it was in the beginning?—The security is certainly very much larger than it was in the beginning, and the Government must have been strengthened, because there has been a large amount of money that has gone into this. There is plant there—a very much larger amount than was anticipated by the syndicate.

**No person or pro-
perty released.**

18565. Has there been no formal arrangement by which the Government has released any person or any property?—No, Sir.

18566. Is there anything further which you would like to add by way of explanation?—I do not know of anything, with the exception that having taken these contracts the syndicate is fully determined to prosecute them, and we expect rapid progress, provided labour can be procured which we are reaching out for. Certainly there will be no lack of means to push the work to completion.

NICHOLSON. F. NICHOLSON's examination continued:

**Tendering—
Contract No. 42.**

By the Chairman:—

18567. You were examined before and you understand that you are still under oath?—Yes.

18568. When you were giving evidence before, you had not all the papers present which you thought were in existence: have you obtained possession of any since?—Yes; I have got some telegrams.

18569. Will you produce them? If you will, let us have them in the order of time. Read them in the rotation or order in which they were sent?—This is dated Brooklyn, March 1st:

**Telegram to
Morse saying that
Andrews, Jones &
Co. would not
take the work.**

“To GEORGE D. MORSE, Toronto:

“Andrews Jones & Co. have decided they will not take the work, as they think the time given was not enough.

(Signed) “J. N. SMITH.”

(Exhibit No. 286.)

18570. Do you know whether any answer was sent by any of your firm, or on behalf of your firm, to that telegram?—Yes; I think there was an answer, but I have not got the copy.

18571. To what effect?—Urging them to deposit their security.

18572. Notwithstanding this first decision, do you mean that you urged them to go on and make the deposit?—Yes; that it was placing us in an awkward position, that we have already arranged for our security, and then at the last moment, having arranged for the other \$100,000, the time had expired.

**Witness's firm
notwithstanding
urged them to
make their de-
posit.**

18573. From whom did you learn that an answer had been sent to that last telegram?—I think it is from Mr. Morse.

18574. Was there any reply received by your firm?—Yes; I think I have a reply. It is dated Brooklyn; March 1st, 1879:

"To G. D. MORSE, Toronto :

" Will see the parties Monday, and will telegraph what they will do."

(Signed) " J. N. SMITH."

Smith's reply.

(Exhibit No. 287.)

18575. What is the next communication that you are aware of, either to or from J. N. Smith, or any one on his behalf?—None other from J. N. Smith. I have got another from Mr. Marpole to myself which probably bears on the same subject. It is dated Toronto, March 6th. I have got another to J. N. Smith.

18576. What is the date of the next communication after the first, between your firm and the New York branch?—This is to J. N. Smith from our firm, dated Toronto, March 3rd, 1879 :

"To J. N. SMITH, 23 Nassau Street, New York, or 265 Clinton Avenue, Brooklyn :

" Morse & Co.'s deposit made; urge your friends to put up at once. Meet Nicholson at Ottawa Wednesday."

Telegram from Morse & Co. to J. N. Smith.

(Exhibit No. 288.)

18577. Nicholson means yourself?—That is myself; yes.

18578. Were you at that date, the 3rd of March, in Ottawa or in Toronto?—I was in Ottawa at that date.

18579. Do you know whether any answer came to that from the New York branch of the firm?—Not that I am aware of.

18580. What is the next communication on the subject between either the New York branch and yourself, or between any members of your own firm?—The next is a communication from Toronto to A. J. Thompson, who was one of the firm.

18581. Where was he?—He was at Ottawa. This is dated March 6th, 1879 :

" To A. J. THOMPSON, Windsor Hotel, Ottawa :

" Imperial Bank telegraphed Tupper. Money up in the morning. I telegraphed Macdougall and you same time. Do your best.

Telegram from Morse to Thompson.

" G. D. MORSE.

(Exhibit No. 289.)

18582. Do you know whether any answer went from Ottawa to Mr Morse on the matter?—I think it is altogether likely there was.

18583. Have you found any copy of it?—I have not got any copies of it, but I am pretty well satisfied there was a reply sent.

18584. Could you say to what effect?—Well, to the effect that everything was done that could be done here in the way of getting extension.

18585. That was on the 6th of March, was it?—On the 6th; yes.

18586. Have you any other?—I have got another dated 6th of March, 1879, from Toronto :

" To F. NICHOLSON, Windsor House, Ottawa :

" Any use in putting up money arranged for yesterday. Answer quickly.

" R. MARPOLE."

Marpole to Nicholson, March 6th, 1879, asking if it would be of any use to put up the rest of the money.

(Exhibit No. 290.)

Tendering—
Contract No. 42.

18587. What money did you understand that to refer to?—The balance of the \$200,000.

18588. Was that the same amount that Mr. Shanly had telegraphed about?—That is the same amount ; yes.

18589. Was not this telegram about the third \$50,000, not the fourth and last?—I think his was the last. If you will look at the Blue Book, I think you will find “balance of security arranged for.”

18590. I don't think that is quite plain, the first two \$50,000 deposits were made at the Bank of Montreal on a Saturday, although not communicated to the Government until Monday, which would be the 3rd ; I have understood, from what has been stated by other witnesses and from the Blue Book, that on the 5th of March, Mr. Shanly telegraphed that Morse & Co., with whom he was associated, “will be ready to complete the required security and deposit to-morrow morning,” of course alluding to the 6th, “arrangements all made, but will not be able to forward the certificate by to-night's mail. Will this be satisfactory. Please reply. G. D. Morse?”—Yes.

Marpole's telegram referred to Shanly's arrangements to put up balance of security.

18591. That may have been the last \$50,000 or the last \$100,000?—I could not say as to that, but I am quite satisfied this telegram referred to that.

18592. To Mr. Shanly's you mean?—Yes.

18593. Whatever amount Mr. Shanly was arranging for you think is the amount covered by that despatch?—I think so ; yes.

18594. So that communication was made to you on the 6th, and he then asks if it will be any use putting it up?—Yes.

Understood from telegram of the 6th, that the money had not been put up but that arrangements had been made to put it up.

18595. Well from that did you understand that it had not yet been put up on the 6th—that an arrangement had been made, but the money had not actually been deposited?—Yes. I received a telegram the night previous, that arrangements had been made, and that they had telegraphed to Sir Charles Tupper to that effect, but I cannot put my hands on that telegram. I think that telegram to Mr. Thompson would show the arrangement had been made the night previous.

18596. Do you mean us to understand that, as far as you know about the transaction, the ability to put up the deposit on the 6th was arranged for but actually no deposit was made?—Well, as far as I can understand, the arrangement was made with the bank.

18597. That they would put it up?—That they would put it up ; but it was too late for that evening's mail, that it would be completed the following morning—the certificate would be forwarded to Ottawa the next morning.

18598. Don't you know now whether, as a matter of fact, the money had actually been deposited at all—I mean the last \$100,000—or whether it had only been arranged for?—I could not swear whether it had or not, because I was at Ottawa.

18599. But would it not be part of the arrangement with your firm to meet any engagements on account of that \$100,000 that had been provided?—I always understood it was provided.

18600. Do you mean actually deposited in the bank in the shape of money?—Ready ; the arrangement was made.

**Tendering—
Contract No. 42.**
The second
\$100,000 was not
deposited.

18601. Of course you see there is a difference, do you not?—The money was not deposited.

18602. Was any deposit made on the second \$100,000, as far as you know?—No; there was no deposit made.

18603. But arrangements had been made, if the money was wanted, that it would be deposited afterwards—is that what you mean?—That is what I mean.

18604. Then do you wish us to understand this: that, as far as the actual facts are concerned, \$100,000 had been deposited in the Bank of Montreal, and that an arrangement had been made by which the other \$100,000 could be deposited if it was of any use, but as it was not of use it was not actually deposited?—I could not say whether it was \$100,000 or \$150,000 that had already been deposited.

18605. Well, as far as the deficiency, whatever it might be, is it your understanding that it was not actually deposited, but arrangements were made by which it was to be deposited if required?—Yes; I am satisfied that was the case.

18606. Are there any other telegrams or communications in writing, or anything of that kind, bearing upon this matter which you think are material to the investigation?—Not that I am aware of—not that I can lay my hands on now.

18607. Is there anything further?—Nothing further that I can think of.

18608. By looking at this telegram to J. N. Smith, dated 3rd of March, I see no name to it: by whom do you understand that it was sent?—G. D. Morse, or Morse & Co, I am not sure which.

HON. JOHN HENRY POPE, sworn and examined:

HON. J. H. POPE.

By the Chairman:—

Alleged improper influence.

18609. Do you reside in Ottawa?—I do just now.

18610. You are a Member of the Government, I believe?—Yes.

18611. Have you had any interest—pecuniary interest—in any of the transactions of the Canadian Pacific Railway?—No.

18612. Are you aware of any Member of Parliament being interested in any of them?—No.

18613. Or of any officer in any of the Departments?—No; personally I am not.

18614. You mean personally you are not aware of any?—No.

18615. Are you aware, from any source other than the evidence before this Commission, of any person being interested in any of the results of the transactions?—No; I do not know of any.

18616. Have you, yourself, administered at any time the affairs of the Department of Public Works?—Yes.

18617. During that time did you take charge of any of the matters concerning the Canadian Pacific Railway?—I did.

No pecuniary interest in any of the transactions connected with Canadian Pacific Railway, nor does he know of any Member of Parliament or any officer of the Department having such an interest.

**Railway Construction—
Contract No. 43.**

While witness administered Department, contract 48 let and the transfer from Fraser & Co. to Manning & Co. (contract 42) made.

18618. Could you remember which of them?—Ryan's contract was let, west of Winnipeg, during that time—100 miles. The transfer from Fraser & Co. to Manning & Co. of their interest in section B.

18619. As to this last transaction, do you mean the time that Manning, McDonald & Shields became the sole owners of the contract instead of the combined firm of which they had been only a portion?—Yes.

18620. So that Fraser, Grant & Pitblado, the Nova Scotia branch of the firm, went out during the time you were administering the matter?—Yes.

18621. Is there any other matter of any importance?—No; I do not know of anything in particular attaching to the Pacific Railway.

**Tendering—
Contract No. 48.**

18622. At the time that this Ryan contract was let, did you undertake to award the contract?—After the tenders were opened I did.

18623. I believe in that case there was only one tender below that of the person who got the contract?—One.

18624. Mr. Hall's?—I forget the person now. It was some person in the neighbourhood of Three Rivers. I don't know.

18625. Do you know why Mr. Hall did not get the contract?—Because he felt himself he could not do it, and he wrote me a letter.

18626. Are we to understand that it was entirely a voluntary act on his part?—Certainly.

18627. Are you aware of any arrangement by which he obtained some benefit for withdrawing?—No. I know there was none. In the first place he seemed to be a man who did not know anything about what he was doing. It was the tender of a man who did not know at all what he was doing. His figures were too low, and I was perfectly satisfied he could not do the work. He had never been anything but a foreman. I enquired what capital he had, and he said he hadn't much—\$2,000 or \$3,000, or something of that kind. It was three or four days before I could find out who he was or where he was. Nobody knew anything of him, until I found out who he was and got him up, after waiting about a week, and he made up his mind that he could not do it. With reference to that contract there has been some misconception. Reports went out there was a change in the contract after first advertised—the fencing was taken out, and the buildings were taken out and not let. It was rumoured that taking these out changed the position of the tenders, which was not the case. These two tenders would remain the same whether they were out or in.

18628. The relative position was not altered by the change in the works required to be done?—Not so far as these two tenders were concerned. If you had gone a little further it would have changed, but we had no call to look further.

18629. Ryan's would have been the lowest excepting Hall's?—Yes.

18630. And Hall's would have been the lowest whether they were changed or not?—Yes.

18631. Are you aware whether Hall complained at any time of his not getting the contract?—No; he never complained.

Hall the one tenderer lower than Ryan, declined to take the contract.

Hall's figures so low that he could not have done the work.

Rumours of a change in contract after advertised so as to alter relative position of tenderers unfounded.

18632. As far as you know could he take the contract at any time?
 He was quite satisfied himself he could not.

**Railway Construction—
 Contract No. 42**
 Hall quite satisfied he could not take contract.

18633. As to the Manning & McDonald matter—that is section B, contract 42—was the position of the Government weakened in any way by the change in the firm?—No. I do not know that it was. There were some others came in as well as these going out.

18634. It was a substitution not an abandonment of some of the parties, was it?—That was it. There was a man we supposed to be of as much means or more—I forget whether there was one or more—but Peter McLaren came in. He was not in before.

The transfer to Manning & Co. did not weaken the firm.

18635. Then, do you say the position of the Government was not weakened in any way by this change?—No, it was not.

18636. Was there any other matter which you remember having controlled as acting Minister of the Department?—In the Pacific Railway?

18637. In the Pacific Railway?—No; I do not remember any other now, particularly.

18638. Had you any part in the advance of any moneys to Mr. Whitehead under contract 15?—Yes.

Contract No. 15

18639. It appears that he applied for a surrender to him of some of the drawback which was held by the Government?—Yes. I don't think he got any of that from me, but we bought—if I remember right—took a bill of sale of a portion of his plant. I would not like to say positively about that without refreshing my memory, but I think it was during that time.

Took a bill of sale on Whitehead's plant.

18640. The Minister of Railways has explained that upon two occasions Mr. Whitehead got advances to the extent of \$40,000 each, and that at the time of the second advance, the first was partially repaid?—Pretty much paid. This was not an advance, properly speaking. It was a purchase and a bill of sale.

Whitehead had nearly paid first advance of \$40,000 before he received the second \$40,000.

18641. But it was by way of security only?—It was a regular sale.

Plant not taken as security, it was really sold to the Government.

18642. We have gathered from the evidence that it was not so much an absolute sale as an advance upon his plant, for the reason the first one was spoken of as being partially returned?—The usual way to get an advance is to take the plant as security. I would not do that.

18643. Then did you manage only one of those advances, or more?
 —I am inclined to think that I managed one.

18644. Your recollection is that in the case which you managed you required a transfer—not a conditional transfer?—Not a conditional transfer—an absolute transfer.

18645. Do you remember whether that matter was negotiated by Mr. Whitehead himself, or by Mr. Mackintosh as his agent?—I never saw Mr. Mackintosh. I only saw Mr. Whitehead. I never saw any other one respecting it. He was here a very long time in very great trouble. He seemed not to be much of a business man, and seemed not to know what he was coming about, but wanted an advance upon this plant, of which he had not a single thing to show that he had a bit

Mackintosh never saw witness respecting contract 15.

**Railway Construction—
Contract No. 15.**

of plant there, only his own word, and, of course, I could not do it. In the meantime his men had struck. I made him get from our officers, I think it was something like 130 or 140 cars and five engines—I don't know whether there was anything more or not.

18646. Do you know whether, in any of these matters connected with Mr. Whitehead's transactions, Mr. Mackintosh obtained any advantage on account of any influence which he was supposed to possess with any Minister or any Member?—I don't know anything at all about it. Personally, I never heard any such thing from Mr. Whitehead. Mr. Whitehead never told me that Mr. Mackintosh had anything to do with him. I never saw Mr. Mackintosh in connection with it in any way.

18647. Then we understand you to say you never knew from any source that Mr. Mackintosh was expected to derive any advantage from any influence he was supposed to possess with any Minister?—Only from this source—only from the evidence taken here.

Thinks Macdougall once spoke to him respecting Whitehead.

18648. But from any other source?—No; I think that Mr. Macdougall once spoke to me. I think Mr. Whitehead went to him.

18649. Do you mean spoke about Mr. Whitehead's interests?—I think so.

18650. In what capacity do you understand that Mr. Macdougall spoke to you about it?—I understood that he was Mr. Whitehead's attorney; I did not know. I thought he was his legal adviser, but I cannot say as to that. Mr. Whitehead was in great trouble at that time. He was threatened by people he was owing down here, and his men struck above. He was in great difficulty.

Advance to Whitehead in the interest of the public.

18651. Have you had any reason, since this advance to Mr. Whitehead, to think it was not in the interest of the public that it should be made?—No, I have not.

18652. Then are you still of the opinion that it was a proper thing to do?—Certainly.

18653. No unreasonable favour for him to ask?—Well, perhaps it was asking something that we were not obliged to do; but I think it was what every Government should do, to assist, as far as they could safely assist without risk, the contractors. It is what I should do again to-morrow if the contractor was in difficulties; and I was in hopes he would be able to carry it out. I would assist him as far as he could make us secure.

18654. Do you believe now that the public interest has not been prejudiced by the arrangement?—Not the slightest.

Alleged improper influence.

18655. Could you say now whether you were interested in the contract for section A or section B, east of Red River, being acquired by any person or persons?—Section A or B?

Contracts Nos. 41 and 42.

18656. I mean contract 41 and 42—the Marks & Conmee contract, which was A, or the Fraser, Mauning & Grant contract, which was section B?—I don't think that is a nice question which you put to me: to insinuate that in the face of my being an officer of the law and a Member of the Government I could be interested in a contract like that.

No interest whatever in these contracts.

18657. I have taken the responsibility of putting the question; you may take the responsibility of answering it?—Of course I had no

interest in it—could not have an interest; quite impossible I could. I could not be a tenderer; neither could I be interested in the slightest degree, personally, or for any one else.

18658. Now that you have answered the question, I may say this: that none of us had any idea, or wished to make an insinuation, to the effect that you had an interest, but we wished to give you an opportunity of saying how it was; we ask such questions after due consideration, not with the intention of suggesting anything wrong, but in the public interest, and with a desire to cover the whole ground of our enquiry: are you aware whether Mr. Shields exercised any influence in obtaining either of these contracts with any Minister of the Crown?—No; I don't know anything about it.

18659. Are you aware that any Member of Parliament was directly or indirectly interested in any person obtaining these contracts?—No; I know nothing about it. I know nothing of that sort.

18660. Are you aware of any person having obtained any advantage, or promise of any advantage, on account of any influence which he possessed, or said he possessed, over any Member of Parliament or Minister?—No.

18661. Is there any other matter connected with this railway which you wish to explain?—No.

18662. Is there anything further which you wish to state?—No.

Ottawa, Saturday, 9th, April 1881.

SANDFORD FLEMING, sworn and examined:

By the Chairman:—

18663. During what period were you Engineer-in-Chief of the Canadian Pacific Railway?—From the spring of 1871 to the spring of 1880.

18664. Were you a resident of Ottawa at the time of your appointment?—I was.

18665. Had you previously been in the employment of the Government?—I had.

18666. In what capacity?—I was before, and then, Chief Engineer of the Intercolonial Railway.

18667. Was the appointment made by the Minister or by an Order-in-Council?—It was conveyed to me by the Minister of Public Works. I think an Order-in-Council was passed, but I am not familiar with the contents; I believe there was, but I do not remember the contents.

18668. Were any instructions given to you accompanying this Order-in-Council concerning your work?—No instruction other than verbal.

18669. What were they?—The instructions were, generally speaking, to carry out the terms of the Act of Union with British Columbia, as far as the Pacific Railway was concerned.

Contracts Nos.
41 and 42.
Alleged improper influence.

Not aware of Shields exercising any influence.

Nor of any Member of Parliament or other person obtaining any advantage on account of influence.

FLEMING.

Surveys: 1871-

Engineer-in-Chief, Canadian Pacific Railway from spring of 1871 to spring of 1880.

Verbal instructions to carry out the terms of the Act of Union with British Columbia.

Surveys: 1871.

First to find where the a railway was practicable between Ottawa and Pacific; second, where best route could be had.

Instructions to assume direction of surveys and to do the best he could.

18670. What did you understand that to involve?—To find, first, if a railway was practicable between the seat of Government here and the Pacific coast, and, second, where the best route could be had. It was to ascertain whether the line was practicable or not. It was assumed to be practicable when the Act incorporating British Columbia with the Dominion of Canada was passed.

18671. Assuming that a line could be obtained, were you instructed in any way as to the final object of such a line—I mean, whether it should be a paying line, or whether it should be only for the purpose of connecting certain parts, irrespective of pecuniary results?—I had no instructions of that kind. As far as I can recollect, my instructions were simply to assume the direction of the surveys and do the best I could.

18672. Had you the appointment of the persons next under you, or were they appointed by the Government?—The next under me were appointed, with my knowledge, by the Government.

James H. Rowan next under witness.

18673. Who was the next in command to yourself?—First, James H. Rowan, who had previously been an officer of the Government, in the Public Works Department. He was transferred to me.

18674. Did you give him instructions from the beginning as to the part he was to take in the matter?—I did.

18675. Do you remember what were the first principles adopted by you for the purpose of governing operations under your control?—I would like to explain to you (you seem to be aiming at that) the nature of my first connection with the Pacific Railway.

Statement of witness explaining the nature of his connection with Canadian Pacific Railway.

18676. Please do so.—In April, 1871, my official connection with the Pacific Railway project commenced. It was at the close of the Session during which an Act was passed admitting British Columbia into the Dominion. One condition of the union being the construction of the Pacific Railway and its commencement and completion within a limited number of years, immediate action became necessary, and I was asked to assume the duties of Engineer-in-Chief. My attention had previously been directed to the question of establishing railway connection through British territory between the Atlantic and Pacific. Ten years before the period to which I now refer, the press of the country had discussed the subject with power and vigour. Twenty years ago it attracted a great deal of public attention. Some of the organs of public opinion urged the immediate construction of a communication, while yet the North-West Territories were under the control of the Hudson Bay Co. My own thoughts were turned to the question, and, as others did, I felt it a duty to give the public the benefit of my views. A paper of mine was published in pamphlet form in April, 1862, and it was subsequently published, along with other documents upon the same subject, in Sessional Paper No. 83 of the Province of Canada, for the year 1863. I refer to this paper because it gave my then views of the grave difficulties which presented themselves, and I may state that it has been quoted by members of the Commons and Senate alternately on each side of politics every year since the Pacific Railway began to be discussed. In this paper I gave expression to my views on the question of communication with the Pacific, according to the light I had twenty years ago. Then I had an imperfect knowledge of the intervening country. While I advocated a continuous line of railway, I set forth

The public mind for many years occupied with the idea of a trans-continental route.

Essay on the subject in 1862.

Surveys: 1871.

Pointed out the difficulties to be overcome.

Hesitated, as unequal to the task, when asked to take Canadian Pacific Railway in charge.

its gigantic proportions and pointed out the enormous difficulties to be overcome. Having thus early given the subject my serious consideration, and endeavoured to form a due appreciation of the herculean task proposed, it cannot be surprising that I hesitated when the Government asked me to take the Pacific Railway under my charge. I felt myself quite unequal to the duty, seeing as I did the exceptional magnitude of the service and the obstacles that stood in the way. It was only after the office of Engineer-in-Chief was pressed upon me in the most complimentary manner possible that I was induced to accept it. I felt that the position was one in which a professional man might well spend himself in his country's service, and I assumed the onerous duties and grave responsibilities of the office, determined to make every effort to prove the practicability of the great national project and advance the undertaking by every means within my limited power. With these few preliminary remarks respecting my connection with the Pacific Railway and my appointment by the Government in the spring of 1871, I am prepared to answer, to the best of my recollection, every question that may be put to me, and it will afford me great satisfaction to furnish the Commissioners all the information I possess.

18677. Do you remember whether any general principles were adopted by you before your operations commenced, for the purpose of governing them in this undertaking?—Oh, yes; I studied the matter out very fully, and laid down certain general principles.

Witness laid down principles for controlling work.

18678. Could you describe, shortly, the principles which governed the operations?—I might not at very great length or very accurately, because it is a very long time ago, and without refreshing my memory I do not know that I could at this moment.

18679. You mention in a report of 1874, the adoption of leading principles?—Yes. I suppose these are the principles which I laid down for myself: page 10 of the official report of 1874. The first annual report of it may be called printed for the information of Parliament, is dated 10th of April, 1872. The principles which governed me are, I fancy, set forth there. Yes; at page four of my report of 1872, they are described at some length, beginning at the second paragraph from the top.

18680. That, as I understand it, describes the operations, but I was asking just now as to the general principles which would govern the operations—I mean whether any principles were adopted before the work was commenced?—The first thing was to gain a knowledge of the country. The country for hundreds of miles was a perfect blank on the map. Our attention was first directed to ascertaining what was the topographical features of that country. That country, at the two ends, was wooded—densely wooded—and it had to be pierced by instrumental measurements. That was my first object, to gain a definite knowledge of the country.

First thing to gain a knowledge of the country.

18681. Was it considered advisable at once to make instrumental examinations generally?—Under the circumstances it was. Had there been plenty of time given to make the surveys, I could have taken an entirely different course; but I was informed that the construction had to begin within two years, and looking at the great distance between one end of the line and the other, and the almost insurmountable obstacles that stood in the way, as I was informed by the reports of various people, it became necessary to get definite information with

Under circumstances advisable to begin with instrumental surveys.

Surveys: 1871.

Palliser and others had said it was needless to seek a line of railway through the Rocky Mountains.

regard to that country through which the line was projected. I was informed by the report of Capt. Palliser that it was needless to seek for a line of railway in British territory through the Rocky Mountains. I was informed by other reports that the country between the Ottawa and the prairie region was impracticable for railway construction, and it was generally believed by not a few that these reports were correct. It was necessary to ascertain the facts.

18682. Do I understand you to say that at the time you commenced the system of surveys you had reason, from what you had seen in the reports of Palliser and others, to doubt whether a line could be obtained?—It was facts I wanted, not opinions. I wanted to learn the facts regarding the country.

But witness had no doubt a line could be had.

18683. I thought you mentioned just now an impression being on your mind from what other people had said or written?—I had no doubt myself that a line could be had, but others said that a line could not be had.

18684. Do you mention that to show that you had an impression on your mind from what they had said or written?—Of course what they said had weight on my mind.

18685. Did it impress you that it was doubtful whether a practicable line could be obtained?—It rendered it more necessary to have some way of overcoming the difficulties they had pointed out. The country was bound to build a railway of some kind.

18686. I understand you to say that the question was not so free from doubt, because persons had written in the direction of putting obstacles in the way—in surmountable obstacles apparently?—Yes.

Very desirous of proving that a line could be made through the Rocky Mountains, this one of the reasons why he adopted instrumental surveys.

18687. You say Capt. Palliser and others had stated that this line was not likely to be obtained at all: am I right in understanding from what you say that that made an impression on your mind?—I could not give a decided opinion as to whether they were right or wrong, but being of a sanguine nature, I was very hopeful they were wrong; and was very desirous of proving they were wrong.

18688. Is that the reason why instrumental surveys were adopted from the beginning?—That is one reason.

18689. Because there was some reason to doubt that a line could be obtained?—That was one reason, but the main reason was the limited time for commencing the work.

If time had not been limited he would have commenced with exploratory surveys.

18690. If the time had not been limited what plan would you have adopted?—If the time had not been limited I would have taken an entirely different course, instead of putting in expensive (because efficient I thought) surveying parties to make instrumental surveys, I would have had explorations made—a reconnaissance of the whole country before going to the expense of making instrumental surveys.

18691. When you make use of the word exploration now, do you mean it to be construed as in your report of 1877: you have given there a technical description of different examinations?—Precisely.

18692. Then, if time had not been so short that would have been the best system to have adopted?—Undoubtedly that would have been the best to adopt.

Exploratory surveys would have saved large sums of money.

18693. Why would that have been a better system than the other if time had not been so short?—It would have saved a lot of money—been less expensive.

Surveys: 1871.

18694. In what way would it have saved money?—Because an exploration party is very much less expensive than a surveying party.

18695. I suppose that is only one part of the question: would they have been as effective: a saving of money, unless they were equally effective, would hardly be a gain?—For some purposes they would not.

18696. I ask, then, whether this system would have been more advantageous than the other if time had not been so short?—The explorations would have given us a general idea of the country, and would have shown us where we would have been justified in incurring the expense of an instrumental survey.

Explorations would have shown whether it would be justifiable to go to expense of instrumental surveys.

18697. Would it have been any advantage to have ascertained that before you commenced?—Yes; it would have been a great advantage.

18698. What is the disadvantage of commencing with instrumental surveys?—Well, it takes longer to perform these surveys; and explorations could have been made much more rapidly than instrumental surveys.

Explorations too could have been made much more rapidly than instrumental surveys.

18699. Do you say that it takes longer to make an instrumental survey, and that the reason you adopted that system was that the time was short?—It takes longer to get over a country, but the information when it is obtained is of a kind that is much more satisfactory.

18700. Does it not often happen, if you commence the examination by instrumental survey instead of an exploration in the first place, that the instrumental survey is ineffective, and is altogether lost: that it is of no value, because you meet with obstacles that are insurmountable?—Sometimes it does.

Sometimes an instrumental survey where no exploration has been made turns out quite useless.

18701. Do you think that, in the instances where you did commence with instrumental surveys, a bare exploration would have been sufficient but for the short time?—I am not sure that it would in every case, because these explorations could only have been made by the natural water channels, and these water channels do not in all cases run in the direction we wanted to go. If you take the country north of Lake Huron, the rivers which exploring parties meet, pass at right angles, as a rule, to the line of the projected railway, and we could not get the information we desired between these rivers without going to the right or left of those water channels.

18702. Do I understand you that you could not make what you call simple explorations from one watercourse to another, and that it was necessary always in examining that country to use instruments, and that, therefore, you had to adopt the more expensive system?—Under the circumstances of this case, I thought it better to use instruments from the first.

18703. And do I still understand you correctly that you mean the short time was the reason why you did that?—Yes, that is the main reason. In the open country where you could travel in any direction—in the prairie country—I took an entirely different course. I made no instrumental surveys there in the first place.

In the prairie country made no instrumental surveys in first instance.

18704. I have understood from what you said, and also from what you have written, that the object of an exploration is to ascertain whether it is desirable to make afterwards an instrumental examination; you might, for instance, find by a bare exploration such obstacles as to show that it would be unnecessary to expend money on an instrumental examination: did it happen that these instrumental examina-

Surveys: 1871.

tions were sometimes of no avail because obstacles were met, which obstacles might have been discovered by a simple exploration?—It did.

North of Lake Superior and in British Columbia some instrumental surveys of no avail, because obstacles which exploration would have discovered were encountered.

In some cases exploration went on contemporaneously with instrumental surveys.

18705. Do you remember any localities?—Yes, in various localities; more especially in the country north of Lake Superior, and in British Columbia.

18706. Do you think those obstacles could have been discovered by a bare exploration?—No; not all of them. Some of them might, but not all of them. It would have been impossible to have found all the obstacles that were met at various points by bare explorations. I should mention that we carried on explorations too, while the surveys were going on. They were not simply instrumental surveys; we had explorations ahead of the surveys to discover what obstacles might be met with.

18707. Was that a good plan: was it likely to save disappointment?—Of course.

18708. Was it adopted in all cases?—In nearly all, if not in all.

18709. If it was adopted in all cases to prevent disappointment from instrumental surveys, how was it that disappointments did occur?—That is easily explained. The whole of the country, from the Lake of the Woods, is a dense forest, except those portions covered by water. It is not like the forests in this part of Canada; it is very like an Indian jungle, and you are groping in the dark, I may say, in that country. There are no clearances and no roads. The only way in which you could get definite information is to make instrumental surveys.

18710. That is what I understood a former witness to give as a reason why instrumental surveys were conducted, as in consequence of the height of the trees it was difficult to see the surrounding country?—Yes; when a survey was going on very well and everything satisfactory, the explorer ahead of the party would come on some obstacle that would render it necessary for them to go back.

Some portions of country in which an instrumental survey would be indispensable.

18711. I understood you to say that bare exploration could not have taken place entirely by itself; it would have to be connected with an instrumental survey near at hand?—There are some portions of the country on a line of 3,000 miles, of which it would be necessary, under any circumstances, to make an instrumental survey; in fact, it would be in the interest of economy to make an instrumental survey—I refer particularly to the country between the source of the Ottawa and the Michipicoton. That country had never been traversed by white men that I know of. It was about as little known as the North Pole is.

18712. Of course those instrumental surveys, as well as others, were much more expensive than a bare exploration?—In that particular section I don't know that it would be very much more expensive. You would have to pack in your provisions, and the great expense of the surveys was carrying in provisions on men's backs.

18713. Would not the party who had to be provided with food for an instrumental survey be much larger?—Yes; but the information obtained would have been far less satisfactory.

Instrumental surveys always more expensive than exploratory.

18714. But speaking in the first place about the expense: the instrumental survey, as a matter of fact, is invariably more expensive than a bare exploration?—Yes.

Surveys: 1871.

18715. Sometimes very much more, and sometimes a little more ?

—Yes.

18716. And I understand that these more expensive examinations were made because you thought that the time was so limited that less expensive ones could not be made with advantage?—That was the general reason; but in some cases, as I have already stated, it would have been indispensable to make an instrumental survey. Instrumental surveys made because time was so limited.

18717. Have you ever made any calculation as to the difference in the expense of a survey as it would have been if time had not been an object, and as it was actually accomplished where time was an object ?—I do not now remember. A large amount of money could have been saved undoubtedly if time had been no object, particularly in British Columbia.

18718. Had there been much information afforded by the literature upon the subject, as to the country north of Lake Superior, or was it only of British Columbia and the western portions of the line that Capt. Palliser and others had been writing?—It was in the prairie region that his examinations were made. Palliser's examinations made on prairie region.

18719. Mr. Rowan mentions in his evidence that in May, 1871, he was instructed by you to see what had been written upon the subject and to prepare a report upon it; and that he spent a month at it and furnished you with a report which was substantially adopted: do you remember whether that was suggesting the system of surveys, or if not, what was the main subject of that report?—I do not remember that report at all. I do not say there was no such report, but I do not remember it. I instructed Mr. Rowan to gather together all books and reports that had been written on the country, and to read them and to draw my attention to anything special so that I might read it myself, for I could not spare time to read the whole. I was then very much engaged in connection with the Intercolonial Railway, as I have already stated, and I need hardly tell you that it was necessary for me to work every hour in the day—sometimes seventeen and eighteen hours a day. Instructed Rowan to gather all books and reports written on the country and to report results.

18720. My object in asking this is to know whether he communicated any information that might have been useful in a system of surveys, and whether it was used or not?—I do not doubt that he did; but I do not remember. If I had the report before me I might say.

18721. I think he had charge of several surveys?—He had charge of the surveys to the north of Lake Superior; from the Ottawa to Manitoba indeed.

18722. I wish, by my question, to ascertain whether it was in consequence of his report, derived from those books and reports, that you adopted the system of surveys which was adopted?—I could not answer that; I really could not say.

18723. About how much time was occupied exclusively, or almost exclusively, by the survey before contracts were let and the work was begun?—The first contracts, I think, were for the telegraph. That was in 1874.

18724. Then a period of about three years was occupied almost exclusively, or quite exclusively, in examinations?—Yes; that is due to the change of Government very much. Three years occupied in examinations before first contract let.

Surveys: 1871.

18725. The fact of three years being taken for surveys?—Yes; there was a company formed to carry out the railway under the presidency of Sir Hugh Allan. That company did not go on.

The fact that work not started earlier due to change of Government.

18726. What did you say was due to the change of Government?—The fact that the work was not started sooner.

18727. I was not asking that: I was asking simply the fact how long a time was occupied exclusively with the surveys?—Some three years.

18728. Do you say now that the change of Government explains why work was not begun earlier?—It is a long time ago, and I do not remember, but I have no doubt the work was at some points far enough advanced to admit of construction at an earlier date.

Responsibility of expenditure thrown on witness.

18729. Do you remember the system that was adopted about the expenditure connected with the road in the beginning, and did you take any part in it?—I do. Unfortunately I had too much to do with it. The responsibility of making the expenditure was thrown upon me. I had to account to the Government for every farthing of expenditure up to a certain period, and I was supplied with large sums of money to be paid out, and, of course, accounted for. I employed a gentleman whom I considered in every way competent, Mr. William Wallace, to assume the duty of paymaster and commissariat officer, and depended largely upon him. Up to a certain period he performed his duties with great industry, and, I believe, efficiency, but he thought he would run for a constituency, and was returned a Member of Parliament and left his duties on very short notice, very much to my disappointment and, I may say, disgust.

William Wallace, paymaster.

18730. Please explain generally the system which was adopted at the beginning?—I think I would like to send for the documents themselves; they would explain all.

George Watt, paymaster for British Columbia.

18731. Very well, we will return to that at another time?—Here is a case: there was a gentleman named George Watt, appointed paymaster for the district of British Columbia. Here is a letter I find addressed to him. There are other letters in this book (referring to a letter-book which witness held in his hand) that I cannot at this moment lay my hands on. He was sent out there to disburse moneys in connection with the survey, and was supplied with funds, \$50,000 or other large sums at a time, and he was specially instructed how to account for them.

Watt supplied with \$50,000 at a time.

18732. Was he sent and instructed by you?—He was sent and instructed jointly by me and the Auditor-General, if my recollection is correct, and I think it is.

Witness nominally accountable for all sums.

18733. Then the money for this expenditure would not be placed in your control alone?—Yes, it was. It was charged to me. I was nominally accountable for this money.

18734. Please understand I am not asking for any particular transaction under this system, I only wish to know the general features of it?—In all my evidence I speak subject to correction. My memory may not be very clear on the point. I am giving it to you as it appears to me at the moment you ask the question. Here is a letter which I may read—I hardly know what is in it—a letter addressed to the Auditor-General, showing, I have no doubt, a desire on my part to have the accounts so that they would pass the audit.

Surveys: 1871.

18735. Will you describe, shortly, the system by which you controlled the expenditure connected with the railway from the beginning?—Yes. The system changed from time to time. At the beginning, as I have already mentioned, large sums were put to my credit in the Bank of Montreal on my requisition; sums of perhaps \$50,000 at a time. I paid these sums away by what you may call official cheques, to the paymasters, who were held responsible for the payments and the accuracy of the accounts. These paymasters were, of course, responsible to me. They were instructed with regard to their duties. I place my hand on a letter to George Watt, dated 12th of June, the paymaster appointed to attend to payments in British Columbia, which will, perhaps, explain the system. I will read it if you desire:

At first large sums put to witness's credit in the Bank of Montreal, which he paid away by official cheque to the paymasters.

"GEORGE WATT, Esq.,

"SIR,—You have been appointed to take charge of all matters connected with the Commissariat Department of the Canadian Pacific Railway Survey in British Columbia. The engineers in charge will confer with you respecting the procuring and forwarding of all camp equipment and supplies, and it will be your duty to see that prompt attention is given to every requisition made by them necessary to pushing on the work placed in their hands, to a successful issue.

Letter to George Watt, informing him of his appointment.

"While full efficiency in every service is desired, you will exercise such control as may be consistent with strict economy. You will account fully for all expenditure to me, returning regularly to me complete vouchers for the same. All accounts and vouchers will undergo the strictest audit in the Government Departments here. You will be supplied with my official cheques from time to time for all moneys required. These cheques, by arrangements with the banks, will be made payable at Victoria or New Westminster. You will be good enough to send monthly accounts to this office with vouchers for payments made. Owing to the great distance and the liability of papers to go astray, it is advisable that you should take duplicate receipts in each case, one to be mailed to this office with monthly accounts, the other to be kept by yourself until required. I enclose with this cheques payable to your order as follows:—

Cheques to amount of \$8,000 endorsed.

"No. 45, \$2,000; No. 46, \$2,000; No. 47, \$4,000.

"I am, &c.,

"SANDFORD FLEMING."

Then, similar letters were sent to the banks—to Mr. Drummond, of the Bank of Montreal—to open necessary credits in the bank in British Columbia. There were conferences with Mr. Langton as to the system. There is a letter which need not be read, but which may be appended, if it is desired, to Mr. Langton, dated June 23rd, and another letter dated June 24th, 1871.

Drummond instructed to open necessary credits in the Bank of British Columbia.

18736. These letters, I understand, are all in accordance with the system you have described?—They are all explanatory of the system. There is another letter to George Watt, dated August 18th; another to William Wallace, dated September 4th, and so on.

18737. I think I understood you to say that you did not remember having formed any opinion or estimate as to the extra expense which was occasioned by the shortness of time, and which involved, consequently in some cases instrumental surveys instead of explorations?—I do not remember having made such an estimate.

Did not make an estimate as to extra expense occasioned by the adoption of instrumental instead of exploratory surveys.

18738. Are you able to give any opinion now on the subject?—No; I am not.

18739. Have you formed any opinion whether the whole work of the surveys, which would include all the examinations of every kind preparatory to actual construction, was done at as reasonable expense as might be expected considering the number of persons employed in the service?—Well, I am aware of cases of extravagance, but these were entirely beyond my control. Everything was done, as far as I am concerned, with the strictest regard to economy, and I do not know a thing

There were cases of extravagance, but these beyond witness's control.

Surveys: 1871.

that would have been done differently with the light we had at the moment, because I know many things that would not have been done had I at the time known as much as I do now.

Some think that economy may be disregarded when working for Government.

18740. For the present I am not asking with a view of ascertaining whether any particular person or persons were to blame; but I am speaking about the general result of all the whole surveys, whether, for instance, if they had been done for a private company, and the same number of persons had been employed in the service, it would, in your opinion, have been less expensive or much less expensive for the Government?—Well, some people seem to think that economy may be disregarded when they are working for the Government. I do not know that they are. I know that some do not think so—that they believe one should act in every respect for the Government as they would for a private individual or company, but some think differently, and I have no doubt some such men were employed on the survey. I cannot mention names.

18741. I am not asking for names, but speaking of the general result of a large work which took some years, whether, as an engineer, you have formed any opinion as to this main question: was that work less or more expensive than it would have been to a private company selecting their own men only with a view to pecuniary results?—It would have made a vast difference if it had been done for a private company instead of the Government.

Work would have been done for very much less for a private company.

18742. Do I understand you to say that the work was done at a much greater cost than would have been the case if it had been done for a private company?—In my opinion it would have been done for very much less for a company.

18743. To what do you attribute that greater cost?—To various things.

Men were not always employed on their merits, but sometimes on sectional and dogmatic considerations.

18744. Would you please explain them?—Men often had to be employed who were not too efficient. The different sections of the country had to be considered in making the appointments. The men were not employed solely on their merits. Different nationalities and different creeds had to be consulted in making appointments under every administration that I have served.

This remark applies more especially to the staff.

18745. Do these remarks apply only to the ordinary labourers or to persons on the staff?—To all, more especially those on the staff.

Appointments nearly always made by Minister or Government.

18746. How were these appointments made on the staff?—The appointments were in some cases nominally made by me, but always by the Minister or Government—at least nearly always.

18747. Do you mean that in the majority of cases the appointments initiated with the Government or with some officer of the Government, such as the Minister?—If you speak of a particular year I could answer better.

18748. I am not able to speak of any particular year, I am only speaking of a system?—Then I must speak of a particular year.

Difficulty in the first year in getting a sufficient number of skilled men.

18749. Take any year you like?—I will take the first year. The difficulty the first year was getting a sufficient number of skilled men. The country was then in a prosperous state. The Intercolonial Railway was going on, and the greater number of engineers with whom I was acquainted were employed, and it was a difficult matter to get competent men that I knew—that I had a personal knowledge of—to

undertake the survey. Others were recommended by Members of Parliament and others, men whom I never heard of before, and these men were employed.

18750. After such persons came under your control as the chief officer, had you the power to continue them or remove them as you thought best in the interest of the public?—I suppose I could have assumed the power. I must explain I never had any written instructions with regard to the survey from any Government. I have conferred with the Minister of the day in all matters, but I never had any written instructions; but what these conferences were it is impossible for me to remember now.

18751. Do you remember broadly whether or not you did assume to suspend or remove those gentlemen from their offices, for inefficiency, for instance?—I generally felt that those persons employed through political influence had to be kept at their work unless for something notoriously wrong, and in such cases I would consult with the Minister as to removing them.

18752. But if it was only a question of not doing sufficient work for the pay—only a question of expense to the country—would you not have considered that sufficient ground for removal?—The circumstances were such that I had no chance. They got instructions from me; they left and remained in the wilderness for a season, or more than a season, and I had no means of ascertaining whether they did their work well or inefficiently until they returned. I could judge from results whether they did their work well or not—not always.

18753. I understand you have reached the conclusion that, on the whole, the work was much more expensive, because of persons being employed from political or party influences?—That the work could have been done much more cheaply for a private company.

18754. You have reached that conclusion as to the whole service—did you reach that conclusion from year to year as to the works of particular years?—It was the same throughout.

18755. Then, at the end of each year, you would be of the same impression as to that year's work that you are now as to the whole; that is to say, it was much more expensive because it was done by the Government?—I think so; the question has never been put to me before.

18756. Having been of that opinion at the end of each year, did you draw the attention of any Minister to the subject, that the work was costing the country more on account of that particular kind of patronage?—I do not know that I did. I know that the patronage had to be respected.

18757. You made no remonstrance and no report on the subject?—I do not say that I did not; I may have done so. I cannot recollect.

18758. You do not recollect that you did?—I do not recollect that I did; I do not recollect that I did not. The question has never been put so directly to me before. Certainly no Minister or Member of the Government ever asked me the question that I recollect of.

18759. Do you remember whether there was any difference of opinion between you and any persons who had this patronage in their power, as to the employment of any particular individuals at any time; I am not asking for the names of any individuals, if there are any?—I

Surveys—
Effects of
patronage.
Some were re-
commended by
Members of Par-
liament and
others, and
employed.

Generally felt
that persons em-
ployed for politi-
cal reasons had
to be kept on.

At the end of each
year felt that the
work for that
year could have
been done much
cheaper for a
private company.

Never called the
Minister's atten-
tion to this.

Cannot recollect
having made any
remonstrance.

**Surveys—
Effects of
patronage.**

dare say there was. I do not recollect any particular instance now, but I have no doubt of it.

18760. No doubt of what?—No doubt of the fact that I was asked to instruct men to do work whom I thought were not able to do it.

18761. My question is intended to ascertain whether there was any expressed difference between you and the Minister at any time on the subject?—I do not think there ever was any reduced to writing.

Appointments made every year. If witness reported against a man Minister would generally substitute another.

18762. But was there ever any expressed opinion?—I have no doubt there was expressed; I do not remember any particular instance. The appointments were made every year, and if I knew of any particular objection to a man, I would state it to the Minister, and in that case the Minister would substitute some other name.

In one case a man appointed in defiance of his recommendation to the contrary.

18763. Can you recollect any instance where a person was put on the staff, or in any situation upon this railway, contrary to your opinion expressed to the Minister, or any one who had the power to put him there?—Yes, I could name one; but I would rather not be pressed to give the name.

18764. For the present I am not asking any name, but I want to record the fact; you say you remember such instances: could you, without directing attention to the individual, name the character in which he was employed?—That would be pointing to him, and I should prefer not to.

18765. Was that before the appointment was made, before the service was done by the individual to whom you allude?—Yes; when the name was suggested.

18766. Did it turn out that he was not so efficient as you would have liked?—Yes; frequently.

18767. Then, in that particular instance, you think the public interest suffered, because the Minister refused to adopt your expressed opinion on the subject?—Well, I may have expressed no opinion, because these men were strangers to me.

18768. I have been asking whether you had any difference of opinion, and expressed it, to the person who had the patronage?—Yes, certainly; but there are many instances in which men were employed in responsible positions, whom I knew nothing of, and who turned out to be inefficient men.

18769. I gather from your evidence now, that upon the whole question, you think the public interest suffers by having persons employed on this sort of work under the patronage of Ministers, or persons who occupy a place in a political party?—Well, if they are appointed regardless of their merits it is so.

18770. Don't you mean that they are appointed regardless of their merits?—Some persons may be appointed by Ministers who are moritourious, and the result is very satisfactory.

18771. You mean, if they are as good as if they had been selected by a private company, it is no matter whether they are employed by the Government or not?—Yes; even if done by a private company the work was of such magnitude it might have been difficult to have got all the staff sufficiently up to the work, and in some cases inefficient men might have been employed.

**Surveys—
Effects of
patronage.**

No doubt the public interest has suffered in consequence of patronage being in the hands of a political party.

18772. There is no object in avoiding the question; I wish to get your opinion on this point: whether you believe, from your experience in the management of the Canadian Pacific Railway, that the public interest has suffered on account of the patronage being in the hands of a political party from time to time?—No doubt of it.

18773. What would be the remedy for that, in your opinion, or have you any to suggest?—I do not know that there is any remedy. One of the greatest difficulties I had was the question of patronage, and securing as good men as possible. It was not easy to get inefficient men weeded out when once appointed.

18774. I think I understood you to say that one of the first objects in commencing the surveys was to ascertain whether there could be any practicable line formed through the country from the system of railways in the eastern provinces to the Pacific Ocean?—Yes.

**The Route and
governing
policy of
Government.**

18775. In addition to that, were you given to understand that any particular policy had to be pursued with regard to the selection of any particular line—I mean any Government policy?—No, I think not; I do not remember of any.

18776. I wish to explain to you here that we do not propose to enquire into the expediency of any policy adopted by the Government; but having first ascertained what the policy was—any pronounced policy—we wish to enquire into the manner in which that policy has been carried out by the Chief Engineer and others connected with the railway; in speaking of a policy, I wish you to bear that in mind?—The policy from first to last, as far as I knew or understood it, was to get the best and cheapest line—the line that would serve the public interest best.

Policy to get the best and cheapest line.

18777. That is still not definite; it may be impossible to give a definite answer, but it is my duty to press you further about that. You say the best and cheapest, and best in the public interest. I wish you to say what you were informed the Government considered would be the best in the public interest—what the object of the line should be, whether for pecuniary results at some future time, or only to fulfil the agreement with British Columbia, or open up the interior of the country and furnish communication with other continents, or whether there was any main policy to govern you as engineer in selecting the route?—At the first there was no policy laid down. I do not think there was any policy. Policies grew as the work went on.

Policies grew as work went on.

18778. Could you state now what the first policy was that was indicated to you on the part of the Government, as one that ought to govern your action?—I am not sure that I can at the moment. If I could I would be most happy to do it, but I could not at the first outgo. I think the policies of the several administrations were based very much on the results of the information that came in from time to time.

Policies of various administrations based on results of the information which came in from time to time.

18779. I assume (but I may not be correct) that your selection of the route was sometimes in consequence of some policy of the Government; if not, then it was a purely engineering question for your own decision: how was that?—Well, I do not remember a case in which the policy of the Government varied very much from my own views until recently, where the policy of one Government was to have the

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ing policy.**

line in one certain place, and the policy of this (the succeeding) Government to reverse that.

18780. I do not know that you and I agree about the meaning of the word policy. What I mean by the word policy is a governing principle, not the selection of a particular place, but a principle which will rule all the actions of the engineer?—I laid down certain governing principles in my reports; they will speak for themselves. I am not aware that the Government by Minute of Council or in any other way confirmed my own views, but they acted on them nevertheless. They adopted my recommendations.

18781. In order that we may pursue this enquiry, constitutionally, I want to separate your action, which was the action of a portion of a Department, from the action of the Government as a whole, which I am not trying to enquire into: if your action was controlled by the Government, I want to know it, if it was not, then we may enquire into your reasons?—I wish to explain I have nothing to conceal; I wish to answer your question if you have a case in your mind.

18782. I have no case in my mind, I am only endeavouring to get the facts. I want to know what the facts were: whether or not you were directed, on the part of the Government, to pursue any particular policy or obtain any object in selecting the route?—As far as I remember I received no special instructions from any Government on the subject.

18783. Then, do you consider that the selection of a route, whenever any selection was made, was made upon engineering principles?—Not invariably, but generally.

18784. Can you tell me the first instance in which you varied from that?—I can tell you one instance, it may not have been the first, where my views differed from the policy of the Government. It was in the location of the second 100 miles west of Red River. I thought it was a great mistake on the part of the Government to adopt the second 100 miles. I thought it was not in the public interest, but I was overruled.

18785. Do you mean the second 100 miles which was contracted for by McTavish & Bowie?—Yes; I mention that as one instance that occurs to me at the moment.

18786. That may help us to see where you differed?—That is one of the most recent cases and it is fresh in my mind.

18787. Can you state in what respect you differed from the Government on that subject?—My views are given in a report which is printed with other papers.

18788. But can you describe them shortly to me for the purpose of elucidation?—On engineering and on general grounds as well.

18789. Do you allude to the expense of crossing some of those rivers at the west end of the section?—I do; and the adoption unnecessarily of extremely heavy grades.

18790. It was not making the road as nearly a first-class road as you intended it should be as a whole?—Looking to the future I considered it a very great mistake; all the settlements in the west would be damaged to a certain degree by introducing heavy gradients and consequently involving heavy cost of transportation for all time to come.

Generally the routes selected on engineering principles.

Differed from the Government regarding second 100 miles west of Red River.

Witness's objection founded on expense of crossing rivers and of heavy grades.

**Surveys—
Route—govern-
ing policy.**

18791. In that instance were you led to understand that the Government considered it better for the public interest that the engineering features should be so far overruled that the line should go there for some other advantage, not an engineering advantage?—Well, I understood that settlement was advancing in that particular direction, and settlers were very anxious to have the railway, and the Government was naturally desirous of meeting their views.

18792. Then you were informed that, in this particular case, they adopted that route in deference to the governing policy of settlement?—Yes.

In this case route adopted in deference to needs of settlement.

18793. That was comparatively late in the history of the Canadian Pacific Railway?—Quite lately; within fifteen months, I suppose.

18794. Do you remember a much earlier instance than that, where your operations were controlled by the Government policy?—I do not remember any just now.

No earlier instance in which he was controlled by Government.

18795. I think you said that portions of the line were ready for construction much earlier than they were contracted for; or, at all events, somewhat earlier?—I may have been mistaken as to that. I said I supposed there were some portions.

18796. I was referring to the period occupied by surveys?—I have not spoken very positively about it.

18797. Do you wish now to say anything on that subject?—No; I have nothing to say.

18798. I was asking only about that period, and I was not sure whether you wished to say anything more about it: do you remember what part of the line was first ready?—I am not very sure, after reflection, whether there was much, because we were even in advance of the location of the line, in some portions, with the construction of the telegraph.

18799. Is it not a matter of fact that those portions which were first put under contract were not quite ready, and in those cases damages had to be paid to the contractors, because they were not ready?—In some sections.

Some sections early put under contract not ready for the contractors who were paid damages in consequence.

18800. Were they in sections 13 and 14?—Yes.

18801. The first was section 5?—As I said more than once, I may not be strictly correct; my memory is not clear, and I could not say without looking up the documents.

18802. I was not sure whether I omitted something that required explanation?—If a list of questions had been prepared, I might have refreshed my memory.

18803. I am only returning to it now because something might have refreshed your memory?—I may have been mistaken in that statement.

18804. I am not sure whether I got a distinct answer from you as to your power to dismiss persons who did not prove satisfactory to you—whether you had the power alone, or whether it was necessary to report it to the Department, and allow the Minister to interfere?—Well, if I had the power, it was used very sparingly, knowing the influences that appointed men.

If witness had the power of dismissal it was used sparingly, he knowing the influences which appointed.

**Surveys—
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ing policy.**

General route from Lake Superior to Yellow Head Pass practically adopted in 1872.

In 1871 location of Pembina Branch was made with the view of ultimate connection with such railways as should come into existence south of the boundary line.

First contract for Pembina Branch terminated north of the boundary line by six miles.

Immediate object of this branch to facilitate settlement.

Winnipeg a very small place and was not regarded when line located.

18805. Could you, from recollection, say what portion of the whole line was first adopted as likely to be the one actually put under construction?—Well, I refer to my report to get information; that is, it is given there. I may mention that the general route of the line from Lake Superior to the Rocky Mountains, was practically adopted in the year 1872, that is, from the northern bend of Lake Superior to the Yellow Head Pass. This side of the first-mentioned point and beyond the second it has only been recently adopted.

18806. Dealing with that particular link in the chain for the present, were there any governing points established as early as that in your mind?—Just let me enquire. In the year 1874, it appears from my report of 1877, page 9, that the location survey of the Pembina Branch was made, and, of course, that portion was ready for construction.

18807. That was located with a view of connecting with the system of railways south of the boundary line, was it not?—With a view of ultimately connecting, but there was no system south of the boundary line at that time.

18808. There was no railway actually in existence south of the line with which it could connect at that time?—No; not for some time afterwards—not for some years afterwards.

18809. In fact that led to your not carrying it all the way to the boundary line, in your first contract, as I understand?—Yes; the first contract for the Pembina Branch terminated six miles north of the boundary line. Of course we did not know at what point it would connect with the line that was expected to run south of the boundary line.

18810. What was the principal object of that particular portion of the line known as the Pembina Branch—the main object of that line: it was a branch in fact, it was not a part of the main line?—The main object was to connect with the United States system of railways ultimately.

18811. And to assist in the present settlement of the country, I suppose?—Yes. We knew it would take many years to complete the line and make it ready for traffic between Lake Superior and Manitoba through Canada, and this was to anticipate it.

18812. That Pembina Branch of which we now speak was only located at that time, I think, to a point south of Winnipeg on the east side of the river?—Yes; it was located to a point some miles north of the boundary, six townships—one township south of Winnipeg, I believe.

18813. Was serving Winnipeg one of the main objects of that branch?—I do not think Winnipeg was regarded at all, because Winnipeg was a very small place—only a mere village.

18814. But it was a distributing point?—It was the Hudson Bay Co.'s fort.

18815. We are speaking now of the time you located the line, 1875?—It was a very small place even then.

18816. You say you did not locate it north of Winnipeg even at that time, but you had devised it as far north as Selkirk, so it would appear that Winnipeg was quite as far north as the terminus of this branch?

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ing policy.**

—If you remember you will come to the same conclusion as I do on that. The Pembina Branch was divided into three sections, the southern, the central and the northern. The first contracts were for the southern and central sections, which sections brought it within eight miles of Winnipeg. The northern section was from that point to Selkirk.

Pembina Branch
divided into three sections, the south, the central and the northern. The service of **Winnipeg** as a distributing point one of the main objects in locating south branch.

18817. I am speaking now of the portion of the line or branch which was pretty well settled in your mind as likely to be built, and I think you have mentioned the South Pembina Branch : I am asking whether the service of Winnipeg, as a distributing point, was not one of the main objects of the branch?—I do not doubt it at all.

18818. In locating any other portion of the line, was Winnipeg, or the service of that locality, any object at all in the settlement of the line to be adopted?—The branch or the main line?

18819. Either of them, besides this particular branch?—I considered Winnipeg of importance, but not of sufficient importance to twist the main line out of its particular course to reach it. Winnipeg has grown immensely since those days.

Winnipeg not considered of sufficient importance to turn the main line out of its course.

18820. Then at that time the south part of the Pembina Branch was pretty well settled upon?—It was, in fact, fixed, except the immediate termini near the boundary line and near Winnipeg itself.

18821. Do you remember which was the next position of the line that was adopted as the one that would probably be located and worked?—Ready for work or adopted?

18822. Ready to be put under contract for instance, or finally settled upon?—In the following year, according to the report which I hold in my hand, the location surveys between Selkirk and Livingstone were completed.

In 1875, location survey between Selkirk and Livingstone completed.

18823. That is in 1875?—Yes.

18824. Selkirk and Livingstone?—Yes.

18825. Was that by the route north of Lake Manitoba?—A route by the Narrows of Lake Manitoba.

Route by the Narrows.

18826. Before that had there been a route adopted, or considered likely to be adopted, to the south of Lake Manitoba?—There was a route projected. I projected a route myself in 1872, south of Lake Manitoba, but we found, as I considered, a better and shorter route by the Narrows.

18827. The selection of this northern route in preference to the southern route was an engineering question, was it not?—It was, at first, an engineering question, and the engineering aspect of the question was thought of sufficient importance to justify its adoption by the Government.

Route by Narrows selected in accordance with engineering not on political considerations.

18828. I mean your selection of it was from engineering reasons, and not from any Government policy?—Not from any Government policy.

18829. What were your reasons for preferring that to the southern line?—Because it was shorter and better.

18830. It was shorter?—Yes.

**Surveys—
Route—govern-
ing policy.**

Line by Narrows better than south line, being shorter and the gradients better, certainly in the second 100 miles.

18831. What would make it better?—The gradients were much better—much better grades could be secured. I do not remember on the first 100 miles, but beyond the first 100 miles, the second 100 miles, say—

18832. You mean beyond Livingstone?—No, Livingstone is on the table land between the Narrows of Lake Manitoba and the Saskatchewan.

18833. Do you mean that it would be a less expensive line to build, mile for mile, or did it shorten the whole line so much that it became an object in view of pecuniary results?—I am not aware that estimates were made at the time, but the difference in cost would not be great. On what side the economy would be I am not at this moment prepared to say; but there would be no comparison, in an engineering point of view, between the one and the other. By far the best line would be by the Narrows of Lake Manitoba.

Selkirk had been already adopted for the crossing of Red River.

18834. You mean that better gradients could be obtained?—Yes; no comparison.

18835. Had Selkirk been adopted as early as that for the crossing of Red River?—I think so.

18836. Because you spoke of adopting a line westward from Livingstone?—Selkirk had been adopted on other grounds, which are fully set forth in a late report.

**Telegraph—
Tendering.
Contract No. 1.**
Sifton, Glass & Co., line from Winnipeg to Selkirk and thence to Livingstone 294 miles, along proposed route of railway.

18837. For the present we will leave the subject of the surveys and proceed to the contracts: will you please say which was the first contract which you took part in?—Contract No. 1 is for the construction of a line of telegraph from Winnipeg to Selkirk, thence along the railway line to Livingstone 294 miles; the contractors were Sifton, Glass & Co.

18838. The route adopted for that portion of the telegraph line had been just adopted as the probable line for the railway, had it not?—Yes

18839. It was intended to go over the railway line for the purpose of facilitating the construction of the railway?—It was intended to build the line along the route of the railway, and as near the precise line as could be ascertained.

18840. Had you the responsibility of deciding as to the character of this line that was to be built at that time?—The telegraph?

Witness prepared specification and made recommendations.

18841. Yes?—I had the responsibility of preparing the specifications and recommending what seemed to be right and reasonable.

18842. What were the principles which led you to the conclusion to which you came upon that subject: you will remember that as built it was of rather a temporary character?—The papers that were published at the time will show better than I can remember; but, as far as my recollection serves me, it was done with the view of insuring economy, and at the same time securing a telegraph. There was a memorandum of information for parties proposing to tender prepared by me, dated 18th of June, 1874, which memorandum set forth the character of the country as far as we know it, and the leading principles that were to be expected in tendering for the work.

18843. I believe it was given out that the persons who were invited to tender might make the tenders in any shape they liked, leaving it to the Government to decide which they were to accept?—Yes.

**Telegraph—
Tendering.
Contract No. 1.**

Tenderers were told to make their tenders in any shape they pleased.

18844. They were not limited to any particular form?—No; I entertained the hope myself that perhaps the Montreal and Dominion Telegraph companies would make an effort to build it and save the Government a great deal of trouble. They did not do so, however.

18845. It was not intended, as I gather from the particulars prepared for the information of the public, that the line should be at all permanent in its character?—It was not intended, because I was quite aware that if we insisted on putting up a permanent telegraph—a telegraph with cedar posts such as you see in Ontario—it would cost a great deal of money; it would cost so much that we would not have a telegraph at all, the tenders would not be accepted. It was, as described here in the memorandum, intended to be a pioneer line.

Line intended to be a pioneer one, not permanent.

18846. I suppose the difference is almost entirely in the poles of which the telegraph was constructed?—Almost entirely. Here I shall read one clause in this memorandum:

“On account of the difficulties in the way of transporting building material, it is not expected that the telegraph will, in the first place, be so permanently constructed as desired. The main object, however, is to provide a pioneer line throughout the whole extent of the country to assist in the building of the railway and settlement of the country. On the completion of the railway through any section the telegraph may then be constructed under new arrangements.”

New posts put up and the wire moved.

18847. Were you aware at that time of the kind of wood which was to be found through most of that country?—Perfectly aware.

18848. What was your opinion of the length of the life of the wood in that country?—I was aware of the absence of wood in large sections of it.

18849. Then the wood which was likely to be used, was that specified in the memorandum for parties tendering?—No; the contractors were at liberty to make any proposition with regard to wood they liked. If they proposed to put up cedar poles just as we see here, and the proposal was a reasonable one, its acceptance would, of course, be favourably entertained.

Contractors allowed to make what proposals they pleased as to wood.

18850. Is that what you expected would happen?—I am not prepared to say all that I expected. I expected that we would have various proposals—such proposals as we did receive.

18851. I understand you to say that you did not expect that there would be anything approaching a permanent line—that cedar posts would not be used—that it would be something more temporary: I am asking you whether you expected the wood growing in that part of the country would be used?—I am not sure but I did. I knew there were groves of better timber here and there, because I had seen them myself, and I expected these would be used to some extent, but I am not prepared at this moment to say that I formed any different expectations with regard to the timber; I left that to the parties tendering.

18852. Were you aware at that time of what was understood to be the life of poplar grown in that country?—I was aware that poplar was very short-lived. I knew this: that the contractor, whoever he

Aware at the time that poplar was very short lived; but believed it would be

Telegraph—
Tendering.
Contract No. 1.
contractor's in-
terest to put up a
line which would
last at least five
years.

might be, would be bound under the contract to maintain the line for a term of five years, and it would be to his interest to secure as good timber as he could get—timber that would at least last five years.

18853. Then securing that object was one of the principal reasons for entering into contract at that time in that way?—That was a suggestion of my own, and concurred in by the Minister with the view of having a line lasting five years.

Disappointed
with line.

18854. Are you aware whether this line has answered reasonably well the purpose for which it was intended?—Some people have been disappointed. I am myself disappointed; but it has answered a good purpose notwithstanding. For instance, the present Government were enabled to decide a very important matter—a matter that has engaged the attention of the engineering staff for six or seven years—within a few days after the parties reached Edmonton the year before last.

18855. You mean by telegraphing the report from Edmonton?—They sent a telegraphic report from Edmonton to Ottawa. That was one instance,

18856. Special efforts were made to ensure that message coming through—unusual efforts?—The only effort that I am aware of was to make certain that there was a telegraph operator at Edmonton.

18857. Without speaking of that particular occasion, are you aware whether the erection of this line served the purposes of the Government and of the public generally, as was expected?—Not so satisfactory as I expected.

Line not in oper-
ation so continu-
ously as it ought
to have been.

18858. For what reason do you understand it has failed?—It has not been in operation so continuously as it ought to have been, I think.

18859. And for what reason?—I am speaking of certain points—I mean the points beyond Manitoba. This side of Manitoba it has answered an excellent purpose. Without it the construction of the railway—400 miles of railway from Selkirk to Fort William—could hardly be carried on.

18860. As to the portion contracted for by this first contract, by Sifton, Glass & Co., what is your impression about that: has that been reasonably maintained and kept in running order?—I have reported on that over and over again, and I prefer referring to my reports.

18861. Have you no impression to express?—I have none at present without reading my reports.

Present at open-
ing of tenders.

18862. I believe this first contract was offered to public competition in the way you have described, by asking people to tender in such shape as they thought proper: were you present at the opening of the tenders which came in after that advertisement?—I cannot say. If you will allow me to see the schedule of tenders I may be able to tell you. (Schedule produced.) Yes; I think I was present. This is a document giving a list of the tenders received for the erection of the Canadian Pacific Railway Telegraph Line in my own handwriting, dated 7th of August, 1874, signed by Mr. Trudeau and myself, and Mr. Braun, as having opened the tenders.

18863. Do I understand that you prepared that statement yourself?—It is in my handwriting.

18864. Then do you mean that you prepared it?—I have no doubt at all that I entered on this sheet of paper the particulars with regard to each tender, as each tender was separately opened.

Telegraph—
Tendering—
Contract No. 1.
Witness entered
particulars of
each tender as it
was opened.

18865. Do you mean that you entered your opinion of their contents?—There is no opinion expressed here, simply the names of the parties tendering, their address, the section for which they tender, the amount per mile, and other similar particulars.

18866. Do you think those particulars that you have entered there were the particulars which, in your judgment, the tenders justified?—I have no doubt of it at all.

18867. Will you say what you have marked there concerning the tender of Sifton, Glass & Co.?—For what section?

18868. Any tender of Sifton, Glass & Co.?—Sifton & Glass's tender is here, it is lettered "A 1."

18869. And what is your judgment concerning it as to the particulars?—I have written on this sheet of paper that section 1 is to be completed on the 22nd of November, 1874; section 5 is to be completed by the 22nd of July, 1875; that under the heading of "the whole"—that is the whole line—there is written \$1,290,000, I suppose including maintenance, to be completed by the 22nd of July, 1876. The average cost, \$629 through forest, and \$259 through prairie; that is what is written here.

Particulars of
tender.

18870. Looking at that writing, what would you say now was your judgment at that time as to the nature of their tender?—I would say that this was a tender for the whole line, and that they undertook to complete certain portions of it by different dates: section 1, by November, 1874; section 5, by July, 1875; and the whole line by July, 1876.

Sifton, Glass &
Co.'s tender for
the whole line,
they undertaking
to complete cer-
tain portions of it
by different dates.

18871. That same document contains other columns, does it not?—This document is ruled off into different columns, in which particulars with regard to the respective sections are entered.

18872. That paper purports to give your judgment, among others, of the nature of the tenders for separate sections where such tenders were made?—No; hardly. This paper is intended to show the particulars of the tenders.

18873. Does it not purport to show the particulars of tenders that were made for a section only of the line: do you mean that the paper is confined to tenders for the whole line?—It is intended to show particulars with regard to all tenders as they were opened.

18874. But if any tender contained any offer for one section as well as for the whole, does not that paper purport to give the particulars of it?—Certainly. For example, tender "V," the Electric Manufacturing Co., of Toronto. They proposed to complete sections 1, 2, 3, 4, 5 and 6, and the whole, for seven different amounts.

Schedule pre-
pared by
witness pur-
ports to contain
offers made for
particular sec-
tions as well as
for the whole.

18875. Then it does purport to contain offers made for particular sections as well as for the whole line?—Clearly.

18876. Does it purport to contain any offer by Sifton & Glass for section 1?—All that is written in the column of section 1 are these words: "Completed 22nd November, 1874."

**Telegraph—
Tendering.
Contract No. 1.**
Sifton, Glass & Co. made no offer for section 1.

18877. Do you gather from that that it purports to contain any offer from Sifton, Glass & Co. to build section 1 alone?—It does not appear from this that there was a distinct offer to complete that section. There is no price given for that section in this column.

As to whether he thought it in public interest to build line by one or by separate contracts prefers to read his report.

18878. After getting in the different tenders and considering the amounts and other particulars, did you form any judgment as to whether it would be best for the public interest to build the whole telegraph line under one contract, or by separate contracts for separate sections?—I reported on the tenders, which report I have in my hand.

Contracts Nos. 1-4.

18879.—Does it touch the point about which I am enquiring?—I think so.

Report, August 12th, 1874.

18880. Can you say what your judgment was on that point?—The report is dated August 12th, 1874. I will read the report:

“ CANADIAN PACIFIC RAILWAY,
OFFICE OF THE ENGINEER-IN-CHIEF. }
“ HON. A. MACKENZIE,
“ Minister of Public Works.

“ SIR,—With regard to the tenders for the construction of the Pacific Railway Telegraph, the following are the lowest:—

TENDERS BY SECTIONS.

TENDERS.		Construc- tion.	Main- tenance per annum.	Time for Completion.
Section No. 1, I. 1..	R. Fuller, Winnipeg	\$ 38,750	\$ 6,000	This year.
Section No. 2, I. 1..	R. Fuller, Winnipeg ...	90,000	12,000	This year.
Section No. 3, I....	R. Fuller, Winnipeg	156,000	19,000	November, 1875.
Section No. 4, E....	Wm. R. Macdonald, British Columbia.....	133,225	*	9 months.
Section No. 5, O...	Waddle & Smith, King- ston	189,120	†5,040	500 miles per year.
Section No. 6, G. .	Sutton & Thirkell, Lindsay	249,780	.....	2 years.
Total for the whole by Sections		\$728,125	\$24,040	

* Included, except salary of operator. † And profits included in construction.

TENDERS FOR THE WHOLE LINE.

TENDERS.		Construc- tion.	Mainten- ance.	Time for Completion.
Tender O.....	Waddle & Smith, King- ston	\$ 890,577	\$ *27,758	500 miles a year.
Tender I.....	Mackenzie, Grier & Co., Toronto.....	1,170,140	*70,000	September, 1876.
Tender A. 1.	Sifton, Glass & Co., Ot- tawa	1,220,000	†	July, 1876.
Tender L.	Joseph Whitehead, Clinton	1,619,100	†	13 months.

* And profits. † Included in construction.

Tenders by sections.

Tenders for the whole line.

**Telegraph—
Tendering.
Contracts Nos.
1-4.**

The whole line by sections, \$848,325; by lump (lowest tender) \$1,029,357.

"In order to make a more accurate comparison of these tenders the cost of maintenance for five years should be added to the cost of construction in those cases where maintenance is not included in the sum for construction.

"Exclusive of interest, the tenders will, therefore, stand as follows:—

The whole line by sections..... \$848,325

TENDERS FOR THE WHOLE LINE.

Tender O.—Waddle & Smith, Kingston,.....	\$1,029,357
“ A.—Sifton, Glass & Co., Ottawa,	1,290,000
“ I.—Mackenzie, Grier & Co., Toronto,	1,520,140
“ L.—Joseph Whitehead, Clinton,	1,619,100

"It is clear from the above that if the work can be completed for the lowest tender, it would be best to let the contracts by sections.

"As there is not the same urgency respecting section 6, this may stand over for consideration.

"I would recommend, however, that immediate steps be taken to enter into contracts for the construction and maintenance of the telegraph line on sections 3, 4 and 5. That section 3 be placed in the hands of R. Fuller, Winnipeg, and section 5 in the hands of Waddle & Smith, of Kingston, provided these gentlemen can satisfy the Government of their ability to complete the work with the necessary despatch, and maintain it for the specified time.

Recommends placing section 3 in hands of Fuller and section 5 in those of Waddle & Smith.

"With regard to section 4—from the telegraph system in British Columbia to Edmonton—it is most important that this portion of the work should be placed in the hands of a contractor whose ability to carry it out cannot be called in question. The lowest tender is that of Wm. R. Macdonald, of Yale; the price he asks for the work is, in my judgment, so low, and the time within which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*. The next lowest is the tender of Waddle & Smith, of Kingston, but as these gentlemen are the lowest for section 5, which, if awarded to them, would require all their energies to complete it, and as section 5 extends from Fort Garry to Lake Superior, while section 4 is for a great extent beyond the Rocky Mountains, I do not think it would be advisable to place both sections in the hands of the gentlemen last referred to. The next lowest tender is that of F. J. Barnard, of Victoria. This gentleman is well and favourably known in British Columbia, and is believed to possess sufficient energy and resources to carry out anything he may undertake. I have no hesitation, therefore, in recommending that section 4 be placed in his hands. I observe, however, that he gives no price for maintaining the line after its erection. I would, therefore, recommend that before his tender be accepted he be required to state some reasonable rate for maintenance.

Recommendations as to section 4.

"The three tenders which I have recommended are as follows:—

	Construction.
Section No. 3, Fort Garry to Edmonton, R. Fuller, Winnipeg.....	\$156,000
Section No. 4, Edmonton to Lac La Hache, F. J. Barnard, Victoria.....	272,250
Section No. 5, Fort Garry to Nipigon, Waddle & Smith, Kingston.....	189,120
	\$617,370

Recommends R. Fuller to construct line from Fort Garry to Edmonton; J. Barnard, from Edmonton to Lac la Hache; Waddle & Smith, from Fort Garry to Nipigon.

(Signed) "SANDFORD FLEMING,
"Engineer in Chief.

"Recommendation is approved, and Mr. Fleming will communicate with the parties accordingly." (Signed) A. M.

1881. Before making this report, did you form a judgment as to which would be the most economical way of building the line, by sections or by contract for the whole: of course the report, as I understand it, says that if something does happen which you do not know will happen, a certain result will follow; but I am asking besides putting it in that shape, whether you formed a judgment as to the probable result—whether you came to any opinion as to which would be the more economical way?—I am afraid I can hardly give you anything but what the report says. I may have formed a judgment as to different things under different conditions there that I do not remember anything about now.

1882. For instance, you say in this report: "It is clear from the above that if the works can be completed for the lowest tenders it

**Telegraph—
Tendering.
Contracts Nos.
1-4.**

Comparison between cost of work let by sections and let as a whole.

would be best to let the contracts by sections," but later on, in the same report, you say: "The lowest tender for one of the sections is W. R. Macdonald, and the price, in my judgment, for the work is so low, and the time in which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*." Now this tender of his is one of the set apparently upon which you came to the conclusion that the "section" system is better than by letting on the "whole" system, and materially alters the result if the next tender were considered the lowest?—It makes a difference of \$139,025.

18883. That is taking the next one after Macdonald's as the one probably to be accepted?—No; taking the one actually accepted, Barnard's, which is still higher.

18884. Does that include maintenance, as you have put it down in this calculation?—No, just as it stands; including maintenance it would come to more than the next lowest tender—it would come to \$1,115,225.

Witness's calculations inconsistent.

18885. That would turn the scale then in favour of building on the "whole" system, provided the tenders were worthy of consideration?—Putting it in that way it would make the cost of the line by sections more than the lowest tender for the whole line.

18886. Was that particular feature of the matter considered by you at the time you apparently recommended the section system as the best?—I do not think so, because I would certainly have alluded to it had it been, because I did not know then what the cost of maintenance would be. I said in the last clause in the last sentence:

"I observe, however, that he [that is Mr. Barnard] gives no price for maintaining the line after its erection; I would, therefore, recommend that before his tender be accepted he be required to state some reasonable rate for maintenance."

A rate was fixed upon—\$46.50 per mile per annum, as I understand it—which rate, if added to the other sums, make the whole cost of the work by sections what I have just named, \$1,115,225, while the lowest tender for the whole line is Waddle & Smith's, Kingston, \$1,029,357; the second lowest, Sifton, Glass & Co., \$1,290,000; the third, Mackenzie, Grier & Co., \$1,520,140; the fourth, Joseph Whitehead, \$1,116,000.

See question 18888. These figures \$1,116,000 should be \$1,619,000.

Contract No. 1.

18887. As to this section only of the telegraph which was the subject of the first contract, Mr. Fuller was the lowest tenderer apparently, and it appears that after he had put in his tender he had a conversation with you in which he intimated that he wanted a considerable sum more than his offer, because a portion of the line had to go through a wooded country which he did not expect, and you make a report upon the subject saying that his new offer would amount to \$50,000 or \$60,000 more: do you remember anything about the circumstance?—Nothing whatever unless my report brings it up. I see that Waddle & Smith, in their contract, were to maintain the line for so much, receiving also the profits, while Barnard undertook to maintain the line without profits.

18888. Do I understand you to suggest that the offer by the contractor to receive the profits would be regarded by the Government as a considerable advantage to him?—I do not say what advantage it was. I am here to give the whole truth and nothing but the truth, and I would not be giving the whole truth unless I drew your attention to the whole of the points as they went along.

Telegraph—
Tendering.
Contract No. 1.

18889. I do not mean at all that what you say is not exactly right?—These figures are for the purpose of comparison, and the comparison is not just unless this point that I speak of is alluded to.

18890. Do you mean to suggest, or is it your opinion, that the offer by the contractor to receive the profits of the telegraph line is an additional advantage to him?—I should think so; whether it would be large or small it would be some advantage.

Receiving the profits would be a considerable advantage to contractor.

18891. Is that a mere opinion now do you think, or is it one that you have entertained for some time upon the subject of the telegraph, that the profits would be an advantage to the contractor?—From the first. It stands to reason if it be only a penny a year it is a benefit of a penny.

18892. In this particular case of which we are speaking, Sifton, Glass & Co., a long time after their tender, had a conversation with you, and, as I understand it, arranged that they were to get the profits of the line in addition to what they originally tendered: do you remember any such conversation?—No; I have no very distinct recollection of it. Exhibit 18 is a letter from me to the Secretary of Public Works with reference to the Sifton, Glass & Co.'s contract.

18893. That is the first telegraph contract?—Yes; the letter will speak for itself.

18894. You will notice that in this letter of Sifton, Glass & Co. to you on the 14th of October, 1874, they add to the end of it that "the contractors are to maintain work, and receive profits of the line:" did you then understand, and do you now understand, that this is a new proposition of theirs; an additional one to the one of their tender?—Here is the letter. I must read it before answering your question.

18895. Now this is the question: there are two documents here which have passed through your hands, and upon which you have given some judgment to the Department; the first is their tender in answer to the advertisement, their tender being, in your first judgment, one for the whole line, and the other of the 16th of October, being a new construction of the tender, in which they have added these words: "the contractors are to maintain, work and receive profits of the line:" look at these two documents, both of which have already passed through your hands, and say whether this is not a new feature in the contract?—It is possibly as you say. I see nothing in the original tender for receiving the profits of the line. I see no reference to the profits.

No reference to profits in Sifton, Glass & Co.'s original tender; their suggestion afterwards to receive profits, a new proposition.

18896. Then do you think that the insertion of that feature in the letter to you of the 14th of October is a new claim?—It looks a little like it certainly. I see nothing in the original tender about maintenance, working, or profits.

18897. Do you remember whether, before the contract was entered into, any discussion took place—I mean as to whether they were entitled to the profits in addition to other terms?—No; I do not remember any discussion. I remembered very little about it until this letter was put in my hands.

Telegraph—
Tendering.
Contracts Nos.
1-4.

OTTAWA, Wednesday, 13th April, 1881.

SANDFORD FLEMING'S examination continued :

By the Chairman :—

Correction. See
question 1888b.
Not \$1,116,000 but
\$1,619,000.

18898. In your last evidence, referring to the tender of Joseph Whitehead for the whole of the telegraph line, the reporter states that you mentioned \$1,116,000: is that correct?—No; that is not correct—at all events, the figures are not correct. The figures should have been \$1,619,000.

Contract No. 1.
Cannot explain (1)
how Sifton, Glass
& Co. should have
been regarded as
tenderers for a
particular portion
of the line,
and (2) how they
were permitted
to have advan-
tage of profits.

18899. As to this first contract, there are two principal matters which seem to us to require elucidation. The first one is, how it was brought about that Sifton, Glass & Co. should be treated as tenderers for a particular portion of the whole line; and the other is, being treated as tenderers, how it came to pass that they were permitted to have the advantage of the profits of the line which was not mentioned in their tender?—I am not sure that I can explain any further than I attempted to do the other day.

Took no part in
the negotiations
with Sifton, Glass
& Co.

18900. Do you remember whether you took any part in the negotiations with any of that firm?—I do not think I took any part. My duty has not been to make contracts, but to see them carried out.

18901. But have you not discussed the terms or alterations of terms with some of the tenderers for part of the line?—Very little indeed. Proposals have been referred to me, and I have reported on the proposals as a rule. That is about all that has been done by me.

18902. But you have in some instances, particularly at the beginning of those contracts connected with the railway, had interviews with parties tendering, and discussed terms or alterations of terms?—Yes; in some instances I have endeavoured to get from them the meaning of their tender when it seemed to be ambiguous.

18903. I think, in addition to that, there is an instance in which you discussed a very decided alteration, to which I will call your attention just now; but, in the meantime, speaking of Sifton, Glass & Co., had you any interview with them?—There may be isolated cases.

18904. I am speaking of this case?—I remember Mr. Glass being in my office some years ago frequently.

Remembers in
October, 1874,
writing a letter to
firm at that time,
Glass and Flem-
ing, in Ottawa.

18905. At the time that this new construction was put upon their tender, I mean in October, 1874, you write a letter to the firm and get an answer upon the same day, leading one to suppose that some member of the firm was then in Ottawa; do you remember if that was Mr. Glass?—I believe that Mr. Glass and Michael Fleming were then in Ottawa; I think so, but I am not sure.

18906. Could you say now the substance of any conversation between you and them before the contract was finally decided upon?—Oh; it is utterly impossible. I have no doubt Mr. Glass, who was well able to do it, pressed his own views very strongly, and I combated them as well as I could, as far as they were inconsistent with what I thought was the meaning of the tender.

18907. Concerning this new construction by Sifton, Glass & Co. of their tender, by which they claimed a rate for maintenance as well as the profits for working the line, we have noticed that your report upon

**Telegraph—
Tendering.
Contract No. 1.**
Witness's letter
to contractor and
their reply writ-
ten on the 13th.

their answer is dated the 13th, although your letter asking them for an answer, and their answer are both dated on the 14th: we assume that is only a mistake, and your report was not really made until the 14th?—Yes; it is a mistake that will sometimes arise in dates.

18908. As a matter of fact, it was made on the 14th?—Oh, yes; my letter of the 14th was doubtless written the 13th, and should have been dated the 13th. Their reply, dated the 14th, was doubtless written on the 13th, and should have been dated the 13th, because my letter was written and is dated on the 13th—all on the one day.

18909. Proceeding now to the second contract, for a portion of the telegraph line (it was with Richard Fuller), are you able to say whether that length of line between Livingstone and Edmonton was tendered for separately by any one?—I must refer to some documents in order to be able to answer the question. Section No. 2 appears from these documents to cover No. 1, and the next distance—the distance from Fort Perry to the bend of the North Saskatchewan.

Contract No. 2.

18910. My question is: whether the distance between Livingstone and Edmonton was tendered for separately by any one?—I do not know. I do not know just now.

Distance between
Livingstone and
Edmonton was
not tendered for
separately.

18911. Would you please refer to your report on the subject at the time they were opened or thereabouts?—It does not appear from these reports that there was a separate tender for that portion, as far as I can see. The tender for section No. 1 covered the ground from Fort Garry to Livingstone; section No. 2 covered the ground from Fort Garry to the bend of the North Saskatchewan; section No. 3 covered the ground from Fort Garry to a point on the longitude of Edmonton, so that there were no separate tenders for the section between Livingstone and Edmonton. It will be understood that Livingstone is in the neighbourhood of Fort Pelly.

18912. Can you explain how it came to pass that Mr. Fuller got a contract for a portion of the line for which no tenders were invited?—That is explained in a report of mine which I hold in my hand, dated September 16th.

18913. Will you give, shortly, the points of the report?—Mr. Fuller stated on the 14th September that this tender for the portion of the line between Fort Garry and Livingstone was based on carrying the line south of the Riding Mountain through a prairie country; that if it was taken in the direction now required, by the Narrows of Lake Manitoba, through a wooded country, he would require to be paid \$20 per acre for all the clearing, and this would have the effect of adding from \$50,000 to \$60,000 to the sum mentioned in his tender. Mr. Fuller having been informed that the increased price could not be allowed for that portion of the work, a letter was received from Mr. Fuller dated 16th September, in which he stated he would have no objections to carry out the work on the balance of section 3 for the sum left after deducting the amount of section 1 from the whole amount. Mr. Fuller's tender for the whole of section No. 3 is \$156,000. His tender for section 1, a portion of No. 3, is \$38,750, leaving \$117,250 for the telegraph work between Livingstone and Edmonton.

16th September,
Fuller offered to
carry out work on
balance of section
3 for the sum left
after deducting
amount of section
1; \$117,250 for
telegraph work
between Living-
stone and Ed-
monton.

18914. Do you understand the effect of his proposition to be this: that he declined to adhere to the whole of the terms of his tender, but that

Telegraph—
Tendering.
Contract No. 2.

withdrawing from a portion of it he would rather adhere to the offer for the balance of the ground covered by it?—Yes.

18915. That, as I understand from your being asked to report upon it, did not disqualify him according to the rules of the Department from having a contract for a portion of it?—Well, I do not know that I was called upon to consider that.

18916. Are you not familiar enough with the ordinary practice of the Department to say whether a withdrawal would generally be considered disqualifying?—Well, I was very anxious to see the telegraph built in the best and cheapest way. It was a matter of no moment to me who got the contract.

Not usual practice to allow a tenderer to vary his terms by withdrawing from a portion of contract.

18917. Are you aware whether that transaction was according to the ordinary practice of the Department or not—that a person might vary his terms by withdrawing from a portion of the line which he contracted for?—It is not the usual practice I know, but it is sometimes done.

18918. In this case was it done because it was considered to be more advantageous to the public interest?—I imagine that was the reason.

Exception made in this case on pecuniary grounds.

18919. Was it upon pecuniary grounds—I mean as to the cost of the whole section for which he had tendered?—I fancy that must have been the reason.

18920. Is that the suggestion made by your report on the subject—that by allowing him to withdraw from a portion of No. 3 the whole of No. 3 could be built by two separate contractors for less money than he alone could build it?—I suppose so; but I do not know at this late hour the reasons why it was done.

18921. I am asking now whether those were the reasons you set forth, and whether that is substantially your report, as you understand your report now looking at it?—I will read the report and it will speak for itself. The last paragraph of my report sets forth as follows:—“I find that H. P. Dwight, the second lowest tender for section No. 1, tenders to do it for \$56,250.” This sum added to the \$117,250, Mr. Fuller's revised tender, makes \$173,500 for the whole of section No. 3. I find, farther, that the second lowest tender for section No. 3 is Mackenzie, Grier & Co., \$202,900; so that the giving of the work on section No. 1 to Mr. Dwight, and the balance of section No. 3 to Mr. Fuller, would still keep the cost \$29,400 under the second lowest tender: that is to say, Mr. Fuller withdrew from the proposition to build the whole of section No. 3 for the reasons given in these letters referred to, so that what I call now the second lowest tender, that of Mackenzie, Grier & Co., would become the lowest tender, and it would appear from what I have reported here, by withdrawing the work and giving a portion to Mr. Fuller on the terms stated, and the balance to Mr. Dwight, we would have the whole of section No. 3 carried out for \$29,400 less than Mackenzie, Grier & Co.'s tender.

Object of allowing Fuller to build a portion of section 3 that the work might be done cheaper than by Mackenzie, Grier & Co., whose price was \$202,900.

18922. Do you understand now that your report on that section and that transaction about allowing Mr. Fuller to build either the whole of section 3, or only a portion of it, was to this end: that section 3 might be built at the least possible cost to the country?—That was the object, I believe.

Telegraph—
Tendering.
Contract No. 2.

18923. Have you considered whether that was attained by the transactions that actually took place?—I have no reason to think it was not attained.

18924. What do you make out that the country paid Sifton, Glass & Co. upon section No. 1 by the actual terms of their contract?—Sifton, Glass & Co.'s tender for section No. 1, and I think the contract sum, is \$107,850; Mr. Fuller's price for the balance of section 3 is \$117,250, making altogether \$225,100.

But as a fact the contract sum in Sifton, Glass & Co.'s case was \$107,850, making a total of \$225,100.

18925. Does that include maintenance which was part of the work tendered for?—Well, that seems to be an open question. There was no remark in the abstract of tenders.

18926. I am at present endeavouring to ascertain whether the Government concluded this transaction concerning section 3 by dividing it between two persons so as to get the whole work done at a less rate than they could have got it done by the revised offer of Mr. Fuller?—If we take the tender of Dwight & Co. for section No. 1, \$56,250, and add that to Mr. Fuller's price for balance of section 3, \$117,000, it comes to a very much smaller sum.

18927. But you do not understand the drift of my question: Mr. Dwight, as I understand it, dropped out of the arrangement?—Yes.

18928. I understand that all those reports and considerations by yourself and Department were with a view to see how much the whole of section 3 was to cost the country: they declined to give Mr. Fuller the whole of the work because he wanted \$60,000 more for clearing?—Yes.

18929. I want to find out now whether they actually did complete the transaction so as to cost less than that revised offer: so we have to consider, not what Mr. Dwight or some other person who did not fulfil the contract proposed, but what was done by the Department with those persons who did make a contract?—Mr. Fuller's tender for the whole of section 3 was \$156,000, and if you add to that even the largest sum I have named, \$60,000 for the clearing on section 1, you have \$216,000 as the estimated cost of the whole of section 3.

Fuller's tender for whole of section 3, \$156,000, and \$60,000 for clearing would make it only \$216,000.

18930. That was his revised proposition as you understand?—Yes.

18931. Did the Department do better than that?—They did not appear to do quite so well, because it has actually cost \$225,000, \$9,000 more than Mr. Fuller's tender.

Whereas the work actually cost \$225,000, or \$9,000 more than Fuller's tender.

18932. At the time the contract was closed with Sifton, Glass & Co. on the 17th of October, that is the date of the contract, and that is the same date mentioned in your report of 1877, I understand that the matter was still open for the Government to have availed themselves of Mr. Fuller's tender, because that was not completed until the 30th of October: how do you understand that?—I do not know at this date. All I can say is, I thought Mr. Fuller's tender was a great deal too low, and he was not sorry to get out of it. You will observe in looking over the tenders that he is very much under nearly all the others. His tender for section 1 is \$38,750, and Mr. Dwight's is \$56,250, which tender was withdrawn. They found they were too low. Then the next tender is \$106,250.

Witness thought Fuller's tender a great deal too low.

18933. You are making the comparisons now with Mr. Fuller's tender?—Yes.

Telegraph—
Tendering.
Contract No. 2.

18934. Does that touch this question?—Add the cost of clearing and it still makes a lower tender.

18935. You have done that and called it ²¹⁶ \$~~16~~,000?—No.

18936. What do you call it?—I should say it is \$50,000 or \$60,000—\$98,000.

18937. Is that for section 3?—No; section 1.

Government
entered into an
arrangement not
so favourable as
that proposed by
Fuller.

18938. You understand I am asking now about the opportunity the Government had of getting the whole of section 3 done either by one person or a set of persons, and I am trying to find out if they availed themselves of the best opportunity?—It would appear from the way you put it that the Government did not; that they entered into an agreement which was not so favourable as the offer made by Mr. Fuller.

18939. You say from the way I put it: is it the way you now consider it?—The way it is now considered.

18940. Is it the way you consider it now?—I never considered it that way before.

18941. As to the eligibility of these two contractors, I suppose the Department had not much information at that time: are you aware whether they had or not?—They were all strangers to myself.

18942. I assume there was no objection to Mr. Fuller, because he got one contract for part of the line, so he could not be objected to on the ground that he was not a good contractor?—Well, we thought in some cases that one section was quite enough for some contractors. That is a reason why Waddle & Smith did not get another section.

18943. Do you mention that now as one of the probable reasons why Mr. Fuller did not get the whole of section 3?—Possibly.

18944. Do you mention it positively?—No; but I say it is quite likely.

Fuller not considered an eligible contractor for the whole of section 3 because his tender was too low.

18945. And why do you think it is likely he was not considered an eligible contractor for the whole?—Because, as I said before, I think his tender was exceedingly low, and I do not think it is always right, in the public interest, to let to the lowest tender.

18946. Do you give that now as a reason for considering at this moment that he was probably not an eligible contractor because his tender was so low?—I am not giving any reasons; I am trying to remember and to give the reasons which satisfied my mind six years ago.

18947. Do you say that was one of the reasons which entered your mind?—I do not speak positively; in fact I do not speak positively of anything that is not before me in black and white.

18948. Do you think the amount of Mr. Fuller's tender for the whole of section 3 was probably a reason why he was not considered at that time an eligible contractor for the whole?—I just repeat what I said before.

18949. What is that?—That it probably entered into consideration.

Two contracts made, one with Sifton, Glass & Co., the other with Fuller, and from calculations which witness has made for the first time, it appears that

18950. And do you think that having entered into consideration, that was the result of the consideration?—The result is exactly as shown by these contracts. Two contracts were entered into, one with Sifton, Glass & Co. and the other with Richard Fuller, and it appears from the figures that have now been worked out, as far as I know now for the first time by me, that had Mr. Fuller's tender for the whole line

**Telegraph—
Tendering.
Contract No. 2.**

Fuller's tender for the whole of section 3 would have been less than it cost.

The remark that Fuller's price was too low applies to his revised offer by which he added \$60,000 to it.

been accepted and carried out for the tender, the cost would have been a little less.

18951. Do I understand you to suggest as one of the reasons why the Government may not have availed themselves of the lowest price, that perhaps the tender was not considered eligible because the price was low: is that right?—Yes.

18952. You are speaking now of his revised offer being too low, because he revised his offer by adding \$60,000 to it; does your remark apply to his revised offer?—I suppose so.

18953. Did you not recommend persons who tendered still lower—Dwight, or somebody else—as eligible?—No; I do not think I did.

18954. I gather from your report that you suggested to the Government they could get the work done for less than Mr. Fuller's offer, by letting part of the contract to him and the other portion to somebody else?—I stated what appeared to me clear, that if the work was let to Mr. Dwight for the amount of his tender, the two sums together would come to less than the next lowest tender.

18955. Do you not then suggest that the Government can get the work done for less than Mr. Fuller's revised tender?—I used these words: "I find H. P. Dwight's the next lowest tender for the section. He tenders to do it for \$56,250." This sum, added to the \$117,250, makes \$173,500 for the whole of section No. 3.

18956. Do you not suggest that the Government may safely, therefore, give the contract for the whole of section 3 to the persons who will undertake to do it for \$173,500?—I do not suggest anything in this. I state a fact. It is a mere matter of addition.

18957. But do you not mean by offering that report to the Department to suggest that they will probably get the work done for that amount if these tenderers come forward and contract?—Well, it may be taken as a suggestion. It might suggest itself to the Minister's mind, but I do not suggest anything. I simply state a fact—a mere matter of addition.

When witness in his report to the Minister, points out that the work could be done cheaper than Fuller's revised tender, he thinks he made no suggestion.

18958. Do you know whether, at that time, you had the impression that no men would be eligible who would offer to do it for \$173,500?—I do not remember.

18959. You do not remember?—I do not remember all my impressions.

18960. Of course you do not remember that Mr. Fuller's offer to do it for \$116,000 was so low that it would make him not eligible. I suppose you have no recollection about that?—I have no recollection about that.

18961. Can you say generally which of these contractors—I mean Fuller for the western portion of section 3, or Sifton, Glass & Co. for the eastern portion of section 3, which corresponds really with section 1—have turned out to be the most satisfactory contractors as to maintenance?—I do not think either one or the other has been very satisfactory.

Neither Fuller nor Sifton, Glass & Co. have been satisfactory contractors.

18962. Assuming that they were both unsatisfactory, which was most unsatisfactory?—I cannot—indeed, I cannot speak positively on the matter without reference to my reports. It is impossible to carry all these impressions in one's mind.

**Telegraph—
Tendering.
Contract No. 3.**

Edmonton to
telegraph system
British Columbia.

Contract not
carried out.

18963. Proceeding now to contract No. 3, that appears by your report of 1877 to be from Edmonton westward to the existing system of British Columbia, a length of about 550 miles; it was made with Mr. F. J. Barnard: can you say whether that contract was carried out?—That contract was not carried out; I can say that.

18964. Can you say generally the reason?—Well, the reasons are given at great length in a great number of reports and voluminous evidence, which possibly may be before the Commission.

18965. In reality it has not been. We have not cared to examine into the details, for the reason that we understand it is in the Department of the Minister of Justice for settlement, but I thought you could tell us, shortly, the cause of its not being completed?—I might possibly by referring to some late reports.

18966. Was he stopped by the Government, or did he refuse to proceed?—Well, it is a very long story. If I could find my last report on the subject, the whole history is condensed into the fewest possible words there, and it might save the time of the Commission to lay it before them.

18967. For the present we are not going into details?—I should very much prefer taking that course, because my memory is not very clear about figures and other things. The history of it seems to be given in the first three pages of this report. The report itself is very long. The historical part is not very long, and I do not know that it can be condensed, because it is somewhat complicated. The reference to the dispute between Mr. Barnard and the Department need not be referred to. I will be very happy to read the historical part.

18968. Read whatever you think necessary just to let us see the reason for the stoppage of the work as you understand it?—These are quotations from a report of mine dated 19th February, 1879. In 1874 tenders were invited and received. On the 12th of August I reported on the tenders, and, with regard to the contract subsequently awarded to Mr. Barnard, I quote from my report as follows:—

Reports in favour
of giving contract
to Barnard.

“With regard to section 4, from the telegraph system in British Columbia to Edmonton, it is most important that a portion of the work shall be placed in the hands of a contractor whose ability to carry it out cannot be called in question. The lowest tender is that by Mr. William R. Macdonald, of Yale. The price he asks for the work is, in my judgment, so low, and the time within which he would undertake to complete it so short, that I have grave doubts as to the tender being *bona fide*. The next lowest is the tender of Waddle & Smith, of Kingston, but as these gentlemen are the lowest for section 5, which, if awarded to them, would require all their energies to complete; and as section 5 extends from Fort Garry to Lake Superior, while section 4 is for a great extent beyond the Rocky Mountains, I do not think it would be advisable to place both sections in the hands of the gentlemen last referred to. The next lowest tender is that of F. J. Barnard, of Victoria. This gentleman is well and favourably known in British Columbia, and is believed to possess sufficient energy and resources to carry out anything he may undertake. I have no hesitation, therefore, in recommending that section 4 be placed in his hands. I observe, however, that he gives no price for maintaining the line after its erection. I would therefore recommend that before his tender be accepted he be required to state some reasonable rate for maintenance.” * * *

Relative positions
of tenderers.

“The relative position of the tenders above referred to was as follows:—Wm. R. Macdonald, \$133,225, maintenance for five years included, except salary of operators; to be completed in nine months. Next, Waddle & Smith, of Kingston, \$224,500; maintenance, \$24 per mile per annum without profits, \$12 per mile per annum with profits; to be completed in eighteen months. The third lowest tender is F. J. Barnard, \$272,250; to be completed in two years.

Assumes the
responsibility of
recommending a

“It will thus be seen that I assumed the grave responsibility of recommending the acceptance of a tender more than double the lowest, in order that the work may be placed in the hands of a man who is believed to be possessed of ample resources, skill,

**Telegraph—
Tendering.
Contract No. 3.**

tender more than double the lowest.

Barnard undertook to complete work by 2nd October, 1876.

9th April, directed to discontinue work on the British Columbia end.

Between Cache Creek and Kamloops had performed work to value of \$8,000.

March, 1876, directed to proceed with work in British Columbia but to follow line from Tête Jaune Cache to Fort George.

Did nothing. May 10th, 1878, Barnard directed to recommence the work on the original route. Ultimately Barnard went on with work.

Construction.

Barnard has not proceeded with line from Tête Jaune Cache to Edmonton.

local experience and energy. Mr. Barnard was believed to be such a man, and it was thought that by placing the work in his hands the telegraph would have been satisfactorily completed beyond a question by the time stipulated in the contract. The contract was awarded to Mr. Barnard in September, 1874, and it was executed on the 10th of November following. He undertook to complete the telegraph from end to end by the 2nd October, 1876. It was understood that the work was to have been commenced at both ends—Cache Creek and Edmonton—and pushed as vigorously as possible to a common central point, say the boundary of British Columbia at Yellow Head Pass. To render the statement of facts clear, as well as brief, I shall consider the matter in two parts, and refer first to the westerly half, or that portion within British Columbia second to the easterly half, namely, from the mountains to Edmonton. First, the section in British Columbia: On the 9th of April, some seven months after the contract was signed, the contractor was directed by telegraph to discontinue building the telegraph in British Columbia. At this date he had performed work between Cache Creek and Kamloops, to the value of \$8,000, which amount was paid him by certificate. Mr. Barnard received no further directions until the 3rd of March, 1876, when he was ordered to proceed with the work in British Columbia, but in a direction different from that originally intended. He was directed to follow the line of location from Tête Jaune Cache to Fort George. No change was made east of Tête Jaune Cache. A correspondence ensued, but it does not appear that Mr. Barnard gave effect to the directions given him; nothing whatever has been done by him between Tête Jaune Cache and Fort George. On May 18th, 1878, Mr. Barnard was telegraphed to re-commence the work on the route originally intended, namely, *via* Kamloops to Cache Creek. On June 8th, the contractor demurs unless paid money alleged to be due him for losses sustained. On the 10th of February, 1878, Mr. Barnard is called upon to state precisely if he is prepared to proceed with the construction of the line at the prices and terms of the contract. On 30th of July, Mr. Barnard replies that he is prepared to go on: Mr. Barnard appears to have re-commenced operations some time in August last, and has continued since. According to the last returns, he has done work in construction of the line valued at \$21,531; wire delivered, valued at \$21,456; poles replaced, \$1,044; total, \$44,031; and he has been paid this amount less a percentage retained of \$2,131.

“2nd.—From Tête Jaune Cache to Edmonton.”

“It has been stated that the contract was awarded to Mr. Barnard in September, 1874, and that he had until the 2nd of October, 1876, to complete it. At the latter date nothing whatever had been done on this half of the line. On the 18th of April, 1877, Mr. Barnard was asked if he intended proceeding with the work between Yellow Head Pass and Edmonton, to which he gave an evasive reply. On the 23rd of April, 1877, the contractor was again directed by telegraph to proceed with the work between Tête Jaune Cache and Edmonton. On the 4th of May, 1877, the contractor was asked by telegraph: ‘Are you going on with telegraph Tête Jaune Cache to Edmonton this season? Answer yes or no immediately.’ On the 7th of May, 1877, Mr. Barnard replied that he was prepared to carry out the contract, but so far as I am aware he has, up to the present date, done nothing whatever between Edmonton and Tête Jaune Cache.”

That is the whole of the historical part.

18969. Was Cache Creek the western terminus of his contract originally, as you understood it, or in the neighbourhood of it?—I think it was. When the contract was entered into the point was left open, if I remember right. There was another point named, Lac la Hache, referred to in the memorandum of information for parties tendering: “Lac la Hache or other convenient part.”

18970. Was it in the same part of the Province?—Yes. It was found that Cache Creek was the most convenient point to make connection with the British Columbia system.

18971. Originally it was intended that the contractor should proceed easterly from that neighbourhood?—Yes; from that neighbourhood.

18972. And how did you understand that the eastern portion of his contract was to be built: by commencing from the eastern end of the contract?—By commencing at Edmonton and working west, or at any other place that he found most convenient.

Eastern portion of contract to be built commencing at Edmonton and working west.

**Telegraph—
Construction.
Contract No. 3.**

18973. Was it expected that the contractor would proceed gradually from each of those termini towards a common central point?—Yes; it was expected by me that he would carry on work on both ends of his contract: the easterly portion by starting from the easterly end, and the westerly by starting from the western end. In the latter case, if he brought men through British Columbia he would in all probability begin work near Yellow Head Pass and work towards Edmonton.

18974. But at all events you expected that he would make some preparations at the eastern end and move westerly?—Yes.

18975. He failed to do that, as I understand?—Yes.

Believes contractor's intention from beginning was to commence in British Columbia, and work towards the North-West Territories.

18976. In the dispute between him and the Government, do you understand that his contention is that he was only bound to proceed easterly from the western end of the contract?—I believe that he never intended to do anything else but begin in British Columbia, at Cache Creek, and work towards the North-West Territories.

18977. At the time you first telegraphed or wrote him to cease operations, can you remember the proportion of the work that had been done, or if it was commenced?—Yes; it is given in a report or schedule.

When Barnard first stopped he had done work to the estimated value of \$8,000.

18978. Please state about how much of the line he had done when he first stopped?—He had done work to the estimated value of \$8,000.

18979. Would you say in about what locality that was done?—Yes; between Cache Creek and Kamloops.

18980. At or about the time of this contract being entered into, how far had the telegraph system of British Columbia extended, and in what direction?—It extended from Vancouver Island to the valley of the Fraser; up the valley of the Fraser to the Cariboo district.

18981. In a northerly or north-easterly direction from Vancouver?—Yes.

18982. And it was intended that this work that was to be done by Mr. Barnard was to tap that system at the most convenient point?—Yes.

18983. At the time that he was stopped, I understood you to say that he had not proceeded further than somewhere about Kamloops?—All the work done by him was between Cache Creek and Kamloops, if my memory serves me right.

Subsequently directed contractor to proceed from Tête Jaune Cache to Fort George.

18984. You subsequently directed him to proceed between two points?—Yes.

18985. What were those two points?—Tête Jaune Cache and Fort George; on another route altogether.

18986. About how far would the starting point of that line be, which you directed him to make, from the nearest work he had done at the time that he was stopped?—A long way.

18987. About how long?—About 200 miles.

18988. In entering into the contract with these different parties, do you know whether it was expected or intended by the Government that they should build portions of the line—disjointed portions—from time to time, or whether they should proceed gradually from different termini or from one terminus?—I don't know that any particular

**Telegraph—
Construction.
Contract No. 3.**

What was expected from contractors.

Reasons for directing contractor to start from Tête Jaune Cache to Fort George.

The telegraph was to follow route of railway and it was thought Bute Inlet would be the terminus.

Telegraphed instructions to Barnard.

Originally idea was to go to Lac la Hache.

Losses consequent on change of location would be borne by Government.

expectation was entertained; they were expected to finish the work about the time which was stipulated in the contract, and in order to do that they would have to do work at different points along the sections.

18939. In directing him to start then from Tête Jaune Cache towards Fort George, did you think that was in pursuance of the original intention as to the mode of building the line by the contractors?—It was due to a change of view on the part of the Government with respect to the terminus of the line.

18990. What was the change of view?—Rather, it was probably due to something else. The telegraph was to be built on the route of the railway, and the route through British Columbia had not been formally adopted; but to comply with the terms of the Act, if my memory is correct, the Government of the day adopted the line from Tête Jaune Cache to Fort George.

18991. You mean adopted that as the railway line, so as to comply with the Act which required the telegraph to follow the located line of the railway?—Yes; I think that was probably the reason. It was then thought that Bute Inlet would be the terminus of the line.

18992. So that, according to your recollection, the line from Tête Jaune Cache to Fort George was adopted as the located line of the railway in order that the telegraph might be built over it?—Yes; I think so.

18993. And in pursuance of that Mr. Barnard was directed to start from that point and proceed towards Fort George with the building of the telegraph?—Yes.

18994. Did you take part in directing him to proceed?—It strikes me I telegraphed him.

18995. Was that in pursuance of your views as the Chief Engineer of the railway?—It was simply carrying out my directions from the Minister.

18996. Do you consider that that direction to the contractor was according to the original intention of the contract as to the method of progressing with the building of this line: I mean that he should commence at a detached locality?—It was quite well known that the contract did not contemplate the line going in that direction in the first place; it contemplated going to Lac la Hache or Cache Creek, or some other convenient point, but the views of the Government with regard to the probable terminus became matured, and the circumstance I refer to rendered it necessary to make a change.

18997. What I mean by asking if this was in pursuance of the original expectation at the time the contract was made, is this: to see whether you think any contractor should be obliged to take up and build his portion of the telegraph line, commencing at some point distant entirely from his base of supplies, and from any portion which he had already completed?—Of course Mr. Barnard would have a claim for any loss sustained by him in consequence of any change.

18998. Then if any losses were sustained in consequence of that change they would not be covered by the original contract?—No; he would have to be compensated.

18999. So that this particular direction that you speak of was not absolutely within the original terms of the contract?—I think not; it was not contemplated when the contract was entered into.

**Telegraph—
Construction.
Contract No. 3.**

1900. I suppose you have taken no part in the settlement of the dispute since it has gone into the hands of the Department?—My last action on it was this report, part of which I have just read.

No negotiation has taken place between witnesses Government as to the terms of the settlement.

1901. I mean no negotiation has taken place between you and the Government as to the terms of the settlement, or anything of that sort?—None whatever.

**Tendering—
Contract No. 4.**

1902. The next contract, No. 4, was also for a portion of the telegraph line, I believe?—No. 4 was for constructing the telegraph from Fort William to Selkirk : 410 miles.

First tender Waddle & Smith's \$189,120 for construction ; for maintenance \$12 per mile with, \$24 per mile without profits.

1903. Please state the first few tenders for the different sections: the amount of the tenders for section No. 5, which is contract No. 4, and the tenderers in the order in which you found them?—The first tender was that of Waddle & Smith, of Kingston, \$189,120.

1904. Is that for construction alone?—Yes; for maintenance, \$2,400 per 100 miles—\$12 per mile with profits, and \$24 per mile without profits.

1905. That rate of maintenance which you mention would, of course, be per annum?—Per annum, I fancy. The tender does not say so, but it must certainly have meant so. I see it in pencil here (pointing to schedule), but it is in my own handwriting—at least, it looks like my own handwriting.

Gross offer without profits witness computes at \$239,520.

1906. Then what do you make out the gross offer of Waddle & Smith to be for that section, and the maintenance for five years?—Without profits?

1907. Without profits?—\$239,520.

Sutton & Thirkell's offer \$214,950 including maintenance.

1908. And the next lowest tender?—The next lowest on the list here is that of Sutton & Thirkell, Lindsay, \$214,950, including maintenance.

1909. Then that is really a lower tender than the first named one?—It would appear so.

Sutton & Thompson's tender, \$243,150 including maintenance.

1910. Assuming that the tenderer did not get the profits, perhaps that is what turned the scale in this case, in your judgment, when you made out the report?—No; the construction—the simple price for construction, without adding the maintenance—seems to have been the way. The next tender is that of Sutton, Thompson & Co. It does not state whether it includes maintenance or not, but the sum is \$243,150.

1911. Upon looking at the tender, will you say whether the amount does or does not include the maintenance?—Yes; this seems to include maintenance. It is an omission in the table attached to my report.

1912. And the Sutton & Thirkell tender appears to cover the maintenance as well?—Yes; that is mentioned in the table of tenders for that section.

\$25,200 in favour of Sutton & Thirkell's tender.

1913. Then, as far as these two tenders are concerned, I understand there is a difference of \$25,200 in favour of the Sutton & Thirkell tender?—There would appear to be.

1914. That is to say, it is so much lower than the other?—Yes.

System of dealing with tenders.

1915. Did you, as a rule, take part in the negotiations with the persons who tendered, as to their getting contracts?—No; it was not generally done. The system may be described thus: the tenders were

**Telegraph—
Tendering.
Contract no. 4.**

received by the Secretary, Mr. Braun, according to advertisement. They accumulated in his drawer until the time had expired upon which they were to be received; then a day was fixed soon after for opening those tenders. They were generally opened by Mr. Trudeau, Mr. Braun and myself, and sometimes a fourth person might be present. Tenders were marked as they were opened, and as each separate tender was opened a corresponding mark was put on each of the papers contained in the envelope, and an entry was made on a sheet of paper which was originally called the abstract of tenders. That being done, I was called upon to report the nature of the tenders to the Minister. Having reported on the tenders, I had nothing more to do, unless I was specially requested, until the contract was entered into. Then it was my duty, as chief executive officer, to see that contract carried out.

As a rule having reported on tenders to Minister, witness's duty ceased until he saw that contract was executed.

19016. When you say you reported the nature of the tenders, do you mean you reported their relative rank from a pecuniary point of view? —I reported just in the way you see in these various reports before you, some of which I have had in my hand to-day.

19017. I suppose one of the main elements in your report would be the relative merit of the tenders as to the money question?—Yes; I state the amount of each tender as you see in the reports on the table.

19018. After a particular tenderer was selected, who would open the negotiations with him, as a rule?—Mr. Braun was the official mouthpiece of the Department, and he, I think, was always the person who communicated with the lowest tenderer.

Braun official mouthpiece.

19019. In this instance you appear to have communicated direct, in the first instance, with Waddle & Smith?—Then I may have been instructed specially to do so.

In this instance witness official mouthpiece perhaps under instructions.

19020. You communicated with them by letter and also by telegram on the same date: do you know why you, being Engineer-in-Chief, did what was usually done by the Secretary of the Department?—No; if I were specially instructed in this instance, of course I would obey my instructions.

19021. Do you mean that wherever it appears you took any part in the negotiations with the contractor, it was under special instructions and out of your ordinary duty?—It was not the common practice.

19022. Could you say from whom you would get instructions?—Yes, I received instructions from the Premier, and Minister of Public Works in this instance; and the letter itself bears on the face of it evidence to show I had simply discharged my duty in writing him, because the last paragraph sets forth that the party "will be good enough to communicate immediately with the Premier on the subject." I discharged my duty in writing this letter; I did not ask him to write to me.

Letter shows that he was instructed by Minister.

19023. The telegram which was produced by Mr. Waddle himself, dated the 12th of August, I think, does not appear in any of the printed correspondence, but it is in these words from you to him: "Could you immediately come to Ottawa about your tender for Pacific telegraph. Answer." Do you remember anything peculiar about the matter which would take it out of the ordinary course?—The Secretary may not have been then in town. It was in the month of August I see, and at that season of the year sometimes a good many of the officials are out of town.

**Telegraph—
Tendering.
Contract No. 4.**

19024. But I understand you do not remember anything particular about it?—No; I do not remember. In writing that letter and that telegraph I was performing the duty of Secretary.

**Can give no
reason why Sutton
& Thirkell
were passed over
and \$28,200 more
given to Sutton
& Thompson.**

19025. The correspondence which has been furnished to us concerning this contract shows that the persons whom you have named as the lowest tenderers did not furnish the security at the time that the Department desired, and that the Department passed over to the next lowest tenderers, Sutton & Thirkell, and a correspondence goes on between the Department and Sutton & Thirkell down to the 16th of December, 1874, at which time it appears they were likely to get the contract at the lower one of these two prices which you have named, that is \$214,950: can you give any reason for passing over their tender and giving the contract to the higher tender of Sutton & Thompson, at an increase of \$28,200?—I remember no reasons. There may be some reason. I do not see that I had any further connection with the matter.

19026. I am asking you if you remember anything that led to Sutton & Thompson getting the contract instead of Sutton & Thirkell?—That letter and telegram, as far as I can see from the correspondence before me, was the last of the correspondence that I had anything to do with. I do not remember corresponding with them.

**Apparently
negotiation
issuing in con-
tract opened by
a letter from
Oliver, David-
son & Co. to
witness.**

19027. Now it appears that the negotiation which was completed by the contract was really opened between you and Oliver, Davidson & Co. Oliver, Davidson & Co. write you on the 24th of December, saying: "We now arrange to carry out the tender of Sutton, Thompson & Co. What time would be convenient to have the matter closed? Could it stand over until after the Ontario elections?" And you answered them, saying: "Any time that is convenient will answer?"—That appears to have been about five months after my letter and the telegram to the lowest tenderer. There had been a good deal of correspondence in the meantime that I had no connection with whatever, and why they wrote me I do not know.

**Cannot explain
how when Sutton
& Thirkell were
about to get con-
tract at lower
rate Oliver,
Davidson & Co.
should write
saying they had
secured the
higher tender.**

19028. It appears by the official correspondence that Sutton & Thirkell were offered the contract at the lower sum of these two which you have named, that is, \$214,950, and that down to the 16th of December, there was a probability of the contract being let at that, the lower of the two sums, but between the 16th of December and the 19th of December something happened which led to their writing to you, saying that they had now secured the higher tender: I am asking you for the explanation?—I am afraid I cannot give you any. I have no recollection of it, but I may possibly be able to show you where I was during that period. Very likely I was out of town.

19029. Mr. Davidson, one of the firm of Oliver, Davidson & Co., says he came to Ottawa with one of his partners, Mr. Oliver on the 19th of December, which would be the end of the three days allowed for finding security, and Mr. Davidson says that he and Mr. Oliver saw you in your office and talked over the matter, and that in that conversation, if he recollects aright, Mr. Fleming said that he wished the Government could let it to some responsible parties, that he did not want to be bothered with men who had no money giving them trouble, and he says that he thinks he heard you say that you would recommend that they should get it. Now, if that did happen, it would be some explanation of their opening up a corres-

**Telegraph—
Tendering.
Contract No. 4.**

pondence with you on the 24th, saying that they had now secured Sutton & Thompson's position?—Yes.

19030. Does that evidence of Mr. Davidson recall this circumstance to you?—I have sent to see if there are any documents that will indicate where I was at that time, or when I returned to town, or anything else that would bring it back to my mind. (After examining some letter-books) : It is not unlikely I said something of that kind ; I do not remember.

**Explanation of
Oliver, Davidson
& Co. communicat-
ing with
witness.**

19031. Can you explain why, if you were not the person to negotiate with parties who were endeavouring to get contracts, Oliver, Davidson & Co. should write you on the 24th December informing you that they had now arranged to carry out the tender of Sutton, Thompson & Co. ? —My office was a public office. I was acting in a public capacity, and I could not prevent any one coming to my office or writing or talking to me on any subject they chose. I was obliged to acknowledge their letters as courteously as I could.

19032. And in this matter you not only acknowledged the receipt of their letter, but you answered substantially the question they put in theirs?—In order to enable me to answer that, in all probability I went to the Minister, or Deputy Minister : some of the authorities who had to do with the making of contracts. It is not unlikely I went in to Mr. Mackenzie, or probably I sent a message to Mr. Buckingham to enquire if this could be done, so that I could answer this letter. Probably I sent Mr. Buckingham or some one else to the Minister's room.

19033. You are mentioning these probabilities merely from surmise? —Merely from surmise ; I have no recollection of it. I am endeavouring to answer you how it was done. I would like you to understand that from first to last I had nothing to do with the making of contracts, unless I was specially asked to interfere.

19034. I gather that to be the substance of your recollection now? —I had nothing to do with the contracts at all until they were executed ; then I was the executive officer to see them carried out.

19035. I am calling your attention to this particular instance to see if it recalls to your mind a different state of affairs?—No. Oliver, Davidson & Co. possibly thought I had more to do with making contracts than I really had, and came to my office and had some conversation. For the same reason they very likely sent me this letter, and, of course, I was bound to acknowledge the receipt of the letter, and give as good a reply as I could.

19036. It appears from the evidence that, down to the 19th of December, Sutton and Oliver and Davidson were prepared to carry out their contract upon the basis of the lower tender, and that when they came down here they learned something from some one which induced them to go back and procure the Sutton & Thompson position so as to get a higher price?—Yes.

**Up to 19th Dec-
ember, Sutton,
Oliver & David-
son, prepared to
take contract
on lower
tender of Sutton
& Thirkell, but
when they came
to Ottawa they
decided to get
the higher
tender : for this
witness can give
no explanation.**

19037. Now, recalling that to your mind, do you remember whether there was any conversation on that particular subject, on that view of it, in the Department?—Not with me, that I have any recollection of.

19038. Do you remember the circumstance of any conversation with Mr. Oliver or Mr. Davidson about this matter?—I do not.

Telegraph—
Tendering.
Contract No. 4.

19039. Do you remember that you had any conversation with any person about the contract for that section 5, upon the question of the figures or amounts?—No; I remember they were in my office more than once—whether it was Oliver and Davidson or a gentleman named Brown.

BURPE.

T. R. BURPE, sworn and examined :

By the Chairman :—

Not present at
conversation
between Fleming
and contractor.

19040. Were you present at any conversation between Mr. Fleming and either Mr. Oliver, Mr. Davidson, or Mr. Brown, or Mr. Sutton, or any other person interested in this contract for section 5 of the telegraph line?—None that I remember now. I was in the next room. I remember seeing those gentlemen in the office, but I was not present in the room.

19041. Then you did not hear anything that passed between them and Mr. Fleming?—Nothing.

FLEMING.

SANDFORD FLEMING'S examination continued :

Pemb. Branch—
Contract No. 5.

By the Chairman :—

19042. I understand the substance of your evidence upon this matter to be : that you cannot explain how that happened at all, and you took no part in it; I mean the transaction by which Sutton got the higher priced contract, he being interested in both tenders?—I state positively that I know nothing about it.

19043. The next contract, which was No. 5, was for some of the construction of the railway, I believe?—Contract No. 5 is for a portion of the construction of the Pembina Branch.

Line did not go to
boundary because
St. Paul and
Manitoba Rail-
way not located.

19044. As to the contract No. 5, which was for the Pembina Branch southward, I notice that in the advertisement asking for tenders the line does not go altogether to the boundary : will you explain why that was?—I think I did so yesterday, Sir. On account of the railway connection in Minnesota not being established. The St. Paul and Manitoba Railway, now in operation, was not then constructed or located.

19045. And at the north there was a portion left not covered by the tenders?—Yes. Well we had not that portion of the line located at the time the advertisements were put in the papers calling for tenders. I think that is the reason.

Price 22 cts. for
earth work.

19046. The prices in this contract I think I understood you to say were low?—They were thought to be low. Indeed there is only one price in the contract, that is the price for earth work, 22 cts.

19047. Do you know of any matter connected with that contract which you think ought to be explained to us to understand the matter?—I do not think there is anything.

19048. You do not remember any particular circumstance connected with it?—No; it was a very flat country to build a road through, and it was raised a little above the surface to prevent it being covered with water at times, and also to make it easier to work in winter.

19049. There is another piece of work which is called contract 5 A—that is the extension northward from Winnipeg towards Selkirk?—
Yes.

**Pemb. Branch—
Contract 5 A.**
From Winnipeg
to Selkirk.

19050. Was that work let by public competition?—No. If I remember right there was some correspondence between myself and Mr. Whitehead and the Minister on that subject. There is a memorandum prepared by me, dated 19th of April, 1877, which explains the matter and which I will be happy to read. Rails had been furnished to the contractors for the grading of the main line from Selkirk easterly. There was some difficulty in getting those rails to Selkirk. It is suggested in this memorandum that a temporary track should be laid from St. Boniface to Selkirk in order that the rails may be taken overland instead of down the river, the river being difficult of navigation at certain seasons. The contractor for the Pembina Branch—for the central and southern portion of the Pembina Branch—Mr. Whitehead, offered to do the grading of the extension to Selkirk at the same rate as his original contract, 22 cts., and to lay the track at the same rate as the contract price for sections 14 and 15. It was estimated that \$60,000 would be sufficient to lay a temporary track.

**Not let by public
competition.**

**Difficulty in
getting rails to
contract 14.**

Whitehead the contractor for other portion of Pembina Branch offered to grade extension to Selkirk at 22 cts., and to lay track at contract price for sections 14 and 15.

19051. That would include the furnishing of the ties besides the other three items you have mentioned?—Yes; do all the grading of the track, furnish ties and bridge streams between St. Boniface and Selkirk, while the cost of taking the rails down the river from St. Boniface to section 14 would come to about \$30,000, and it was considered in the public interest to lay the track and save the \$30,000 or a large portion of it.

\$60,000 calculated as ample for temporary track whereas it would have cost \$30,000 to take the rails from St. Boniface to section 14.

19052. I understand you to suggest by that report that the actual outlay by the Government would be only \$30,000 beyond the amount required to transport them by the river?—Yes.

19053. And that that would enable them to transport other material as well as those rails on different occasions?—It was estimated that \$30,000 more than the cost of taking the rails by the river would be sufficient to lay the temporary track spoken of.

19054. When you say temporary track, do you mean that it was to be changed or was simply incomplete?—Simply incomplete.

19055. It was not temporary in the sense that it was to be removed again?—It was to be laid what I call sub-grade.

Means by temporary track a sub-grade on a permanent location.

19056. But it was to remain on the permanent location?—Yes; on the permanent location.

19057. It appears by the evidence that instead of the expenditure being confined to this \$60,000 which you suggested, it reached considerably over \$100,000: do you know how it happened that more work was done or higher rates were given?—I was in England that year.

Expenditure reached considerably over \$100,000.

19058. It appears after your report on the 19th of April that by order of the Privy Council, dated 11th of May, it was decided to have this work done and at about the cost which you named: now can you explain how it happened after the 11th of May, 1877, that very much more work was done at a very much higher cost?—I left Ottawa before the 11th of May and I am afraid I cannot explain. I left Ottawa for England. I find some letters here in my letter-book which were written in Montreal on the 11th of May.

**Pembina Branch—
Contract 5 A.**

On 11th May, Braun instructed Whitehead to proceed, this step taken when witness out of country.

19059. It appears that Mr. Rowan, in Winnipeg, was instructed by a telegram from Mr. Braun on the 11th of May to authorize Mr. Whitehead to proceed: was that done in any way under your instructions?—It was not; at least, I do not think so. It could not have been under my instructions. I was not in Ottawa on the 11th of May. I had left before the 11th of May, and did not return for some months afterwards.

19060. Could you say about what time it first came to your knowledge that the expenditure upon this North Pembina Branch was much higher than you had recommended in your report of the 19th of April?—I think it was a long time afterwards, when I returned from England.

19061. Do you remember the circumstance of your finding that the expenditure was more than you had anticipated or suggested?—I have not a very clear recollection.

19062. Did you not ascertain on your return from England what progress had been made on the North Pembina Branch?—I had returned from England for some time, but I think that particular contract was under the management of the gentleman whom I had left in my place.

19063. And do you think that it remained under his management on your return?—I think so, because I again went back to England.

19064. You returned the following spring, then?—I returned the following winter to Canada, and went back to England for my family, I think.

Astonished to find out how exceeded estimates so much.

19065. Do you remember that at any time you were struck with the actual expenditure on the North Pembina Branch, as compared with the expenditure you had recommended?—I can give you no dates, but I was astonished to find it exceeded the estimates so much—could not but be astonished.

19066. Did you enquire into the reason for it?—No doubt I did to some extent.

19067. Do you remember the fact that you made any particular enquiry concerning it?—I do not.

19068. Do you remember that of your own motion you ascertained the reasons for the expenditure being so great?—I have learned something about it since I came to this room, by the paper that is before me. The paper which is now before me contains, first, a telegram from Mr. Braun to Mr. Rowan, dated 11th May, 1877, to the following effect:—

“Authorize Mr. Whitehead to proceed with the Pembina extension as part of the first contract at 22 cts. per yard for the earth work, and the other work at prices as per his contract 15.”

Letter from Braun to Marcus Smith notifying him that Whitehead was to go on with work at 22 cts. for earth and the rest of work at contract prices of contract 15.

That is one document; and I find another, dated May 16th, from Mr. Braun, addressed to Mr. Marcus Smith, acting Chief Engineer of the Canadian Pacific Railway, Ottawa. It is a short letter, and I will read the whole of it:

“SIR,—I beg to inform you that on the 11th inst. Mr. Rowan was instructed by telegraph to authorize Mr. Whitehead to proceed with works on the Pembina extension as part of his first contract at 22 cts. per cubic yard for earth excavation, and the other work as per prices in his contract for section 15. I have the honour to be, &c.”

19069. Had the matter ever been discussed with you as to prices which he was to get for any work beyond these four items which you

Pembina Branch—
Contract 5 A.

have mentioned in your report of the 19th of April?—Not that I have any recollection of.

19070. For instance, it appears that he has got for off-take ditches the price which he was getting on section 15, do you think that would be a reasonable price to pay for off-take ditches on the Pembina Branch?—If it was reasonable on section 15, it would probably be reasonable on 5 A.

19071. Do you say it would be a reasonable price to pay on 5 A, judging from the country and the nature of the soil?—Well, reasonable or unreasonable, the engineer of the Department was authorized to certify for work done at these rates.

Reasonable or unreasonable engineer of Department authorized to certify for work at these rates.

19072. That would justify the Department in paying: I was asking your opinion of the work?—I cannot give opinions hastily. I generally weigh my opinions.

19073. Can you give me, as part of your evidence, an idea of what it would be worth: the off-take ditches on section 5 A?—A good deal has been said, in my hearing, about the difficulty of doing that work, by the contractor himself, Mr. Whitehead. He explained it was extremely difficult: that the soil in those off-take ditches was very much heavier than the soil anywhere else; and he spoke of it as being an exceptional material. He called it "gumbo." Mr. Smellie has information that he can give you on that subject.

Contractor had spoken of difficulty of work, the material being heavy "gumbo."

19074. Have you any means of knowing the nature of the country from which you could give me an opinion as to the probable value of off-take ditches on section 5 A?—Yes.

19075. And what is your opinion?—My opinion is, it is a large price for off-take ditches.

Price paid for off-take ditches on 5 A large.

19076. Mr. Whitehead says that had these off-take ditches been let by public competition, they might have been done at from 20 cts. to 25 cts. instead of 45 cts., which he got; that is his evidence on the subject?—Well, the whole thing seems to be a mistake.

The whole thing a mistake.

19077. A mistake by whom?—By some one. There was no intention of doing off-take ditches in the first place.

19078. Then do you mean by some one in the Department?—A mistake somewhere.

19079. Do you mean by the person who ordered the off-take ditches to be done?—Yes; there was no authority for making off-take ditches at any such price, as far as I know.

The mistake made by the person who ordered the off-take ditches.

19080. Have you, at any time, taken any part in authorizing this work on the Pembina Branch beyond that which is covered by your report of the 19th of April?—Well, I may latterly; but I have no recollection of taking any particular part in it.

19081. I mean those items upon which section 15 prices were charged?—I returned to Ottawa in October, 1878, and I was informed that the money had been expended. \$141,000 had been expended at that time in place of \$60,000.

Witness returned to Ottawa, October, 1878, and was informed that \$141,000 instead of \$60,000, had been expended.

19082. Then do you think that this work, which was by mistake ordered to be done on 5 A, was not done at any time under your authority?—It was not done under my direct authority that I know

**Pemb. Branch—
Contract 5 A.**

So early as 16th July, 1877. Smellie drew the attention of the Department to the high prices paid for items not contemplated when the appropriation was fixed at \$60,000.

of. I find that that subject attracted early attention. On the 16th of July, Mr. Smellie, who had charge of the head office here and saw that the certificates in the contractor's favour were properly prepared, drew attention to the matter by letter addressed to the Secretary of the Department, Mr. Braun, on the 16th of July, 1877, within two months after the Order-in-Council was passed. It is not a long letter. I can read it if it is the desire of the Commission; it meets the point that has been raised.

19083. Please read it?—Mr. Smellie said :

"SIR,—In the monthly estimate just received for work done on the extension of the Pembina Branch there are several items of work returned which do not appear to have been taken into consideration when the work was let and the appropriation fixed at \$60,000; for instance, in clearing and grubbing there is an expenditure for month of June of \$3,480; for loose rock excavation, \$525; and for excavation in the off-take ditches, \$4,077. The quantity is 9,060 cubic yards, and the rate fixed by Mr. Rowan is 45 cts. as for similar work on contract No. 15. The price allowed to Mr. Whitehead for this work in his original contract was 33 cts.; the ordinary excavation being 22 cts. per cubic yard. I cannot form any idea of the extent of this additional work, but I have asked Mr. Rowan to furnish an estimate. In the meantime I would recommend that the estimate for the month of June be paid, the price for off-take ditches being made 33 cts. per cubic yard.

"I am your obedient servant,
"W. B. SMELLIE,
"For and in the absence of the Chief Engineer."

To this letter of Smellie no reply was made.

Mr. Smellie informs me that he received no reply to that.

19084. You find that letter in your Department from the Engineer of the Department to the Secretary of the Department?—Yes. Mr. Smellie can probably speak on this subject more directly than I can myself.

19085. Is there anything further about section 5 A that you could explain?—No; I say that Mr. Smellie could give, in a few words, any further explanation you might desire.

SMELLIE.

W. B. SMELLIE, called and sworn :

By the Chairman :—

19086. You seem to have taken part in a correspondence concerning this matter of the extra charges upon 5 A contract: will you please explain what you did about it, or what you ascertained?—It has reference entirely to that item of off-take ditches mentioned in that letter which Mr. Fleming has just read.

No direct answer made to witness's letter in which he pointed out the high price paid for off-take ditches.

19087. Did you learn anything in answer to your letter to Mr. Braun?—I think, as far as I can remember now, there was no direct answer made to that letter.

19088. Had you charge of the Department here in Ottawa at that time?—Yes; in Mr. Fleming's absence.

19089. Did you learn from Mr. Rowan, or any one else, any explanation of the charges upon that contract: I mean those charges beyond the ones mentioned in Mr. Fleming's suggestion of the 19th of April, because by degrees you must have seen that the amount swelled very much beyond the amount originally intended?—This letter explains that certain items were included in the estimates that came in that were not evidently intended when the work was originally let to Mr. Whitehead.

**Pemb. Branch—
Contract 5 A.**

19090. I quite understand what was said in the letter, but I do not understand that the investigation by you should stop there, because from time to time you must have seen that larger amounts each month came in until at last you saw something considerably beyond the \$60,000 was involved, and I ask whether you pushed the matter to ascertain the nature of the expenditure?—I saw that in July, 1877—

19091. After that did you push the investigation any further, and ascertain where the expenditure began which was not justified by any Order-in-Council or by any proper authority?—The matter was mentioned to the acting Chief Engineer, Mr. Marcus Smith, and I remember specially bringing this matter of the 33 cts. for off-take ditches before him, and in subsequent returns the figures of 45 cts. were restored, he said, under the Order-in-Council.

After writing above letter witness mentioned the matter to Marcus Smith who contended that the Order-in-Council justified 45 cts. instead of 33 cts.

19092. Do you say now that Mr. Marcus Smith contended that the Order-in-Council justified the price of 45 cts. for off-take ditches?—Yes.

19093. And that he decided to allow Mr. Whitehead that price?—He restored that figure because I changed the estimates. I altered the estimates to 33 cts. and the figure was restored afterwards to 45 cts.

Witness altered the figures to 33 cts. and Marcus Smith restored it to 45 cts.

19094. Did you call the attention of any one to the other items, such as loose rock?—It is mentioned in the letter. I called the attention of the Department to it.

19095. I understood you to say just now that your investigation touched only the off-take ditches?—I made it known to the Department.

19096. Beyond that letter to Mr. Braun that you speak of, did you make any further investigation?—Not except to Mr. Smith.

19097. Did you speak to him as to loose rock and other items?—I do not remember particularly the instance, but I remember particularly the off-take ditches.

19098. I am speaking now of the other items: do you remember any item but off-take ditches?—I could not speak definitely.

19099. Do you remember whether there was any written communication to Mr. Smith, or whether it was verbal conversation, between you?—I am not aware of anything being written.

19100. You see this expenditure involves a great many more items than off-take ditches?—Certainly.

19101. Every item beyond the four mentioned in Mr. Fleming's report was, so far as we can learn, beyond the authority?—That is my view.

Every item beyond the four in Fleming's letter beyond authority, but there was no further investigation.

19102. And very much beyond the original estimate?—Yes, Sir.

19103. Then you are not aware of any other investigation, beyond the off-take ditches, except what is mentioned in your letter there?—No, I do not remember anything.

19104. Is there anything further about this particular contract, 5 A, that you would like to explain now?—I do not think of anything.

**Purchase of
Rails—
Contracts Nos.
6-11.**

SANDFORD FLEMING'S examination continued :

By the Chairman :—

Prepared a memorandum on the 24th of March, 1876.

19105. As to the next contract in order, which would be contract No. 6, do you remember how that was brought about : the origin of the matter ?—Steel rails. I ought to have some recollection about that. I can give you, from a memorandum which I prepared on the 24th of March, 1876, some information respecting the purchase of the steel rails.

19106. Before we take up your memorandum of March, 1876, to which you allude, could you from your recollection say whether you had made any report in writing, about the time of the transaction itself, as to the necessity for rails, or as to your views upon the subject in any way ?—It appears from my memorandum that my communications with the Minister were chiefly verbal.

19107. But not altogether, I suppose ?—Not wholly ; because on a certain day I submitted to him a draft specification and other papers recommending the purchase of rails.

13th August, 1874, witness submitted a paper recommending to Minister the purchase of rails. Sees by memorandum of March, 1876, that in 1874 mentioned to Minister that price of rails had reached a low figure.

19108. Do you say that you submitted to him a paper recommending the purchase ?—Here it is. On the 13th August, 1874, I renewed my recommendations and furnished a draft specification " to be acted on if thought best ;" these are the words I find here. I see before that date, early in August, 1874, I mentioned to the Minister that the price of rails had reached what was considered a very low figure.

19109. You are stating what you state now, as I understand, from reading this memorandum of March, 1876 ?—Yes.

19110. Before we speak of the contents of this memorandum let me know whether you remember having had any communication, either verbal or in writing, with any one connected with the Government, in which you gave your views upon the necessity of this purchase ?—I am giving my opinion from a memorandum. I have no recollection of writing on the subject at these dates.

Witness's recollection very shaky apart from memorandum of 1876.

19111. Have you any recollection of any conversation with him and the substance of the conversation in that direction : I mean independent of the memorandum ?—My recollection is very shaky, apart from the memorandum.

Has a faint recollection.

19112. Then, being shaky, do you say that you have any recollection or not ?—Well, I have a faint recollection.

19113. What does that bring to your mind, the faint recollection, independent of the memorandum ?—I cannot speak independent of the memorandum. I have read the first page of the memorandum, and I know the contents.

General recollection that he had advices from England from rail inspector that price of rails was low, and saying it would be a favourable time for making purchases.

19114. Can you say now, independent of this memorandum, that you remember any particular view or suggestion made by you to any one on behalf of the Government in respect to rails ?—I have a general recollection that I spoke on the subject to the Minister of Public Works.

19115. Have you also a general recollection of the substance of what you said then ?—Yes ; I have a general recollection that I had advices from England from our rail inspector there, and from others, to the effect that the price of rails was very low, and it would be a very favourable opportunity for making a purchase.

Purchase of
Rails--
Contracts Sep-
6-11.

19116. Is there anything further that you recollect?—I would very much prefer speaking from my written memorandum, a paper that was written when the matters were fresh in my mind.

19117. Of course we have no objection to your reading from the memorandum, but in order to ascertain the value, even of what is in the memorandum, I would like to ascertain what you remember?—My memory is a very poor one.

Witness's
memory a very
poor one.

19118. You will notice that this memorandum was written a long while after the transaction?—It is only some two years afterwards, and it is now seven years.

19119. I am aware that two years is not as long as seven years. I am endeavouring to ascertain whether you have a recollection on the subject. If you say you have not, why that ends it; if you say you have, I wish to ascertain what it is?—I prefer speaking from the paper before me.

19120. Then, speaking from the paper, what do you say happened about the origin of this transaction of rails?—

Contents of mem-
orandum made
in 1876.

“ During the summer of 1874, advices from England showed a great decline in the price of steel rails—

19121. You are reading now, as I understand, from your memorandum of 1876?—Yes; I am reading my memorandum :

“ It was generally considered that they had all but reached the lowest rate, and that an excellent opportunity presented itself of providing a quantity of rails, at lower prices than they would in all probability be obtained for at any future period. Early in August, 1874, the Chief Engineer mentioned the matter to the Minister of Public Works, and advised that steps should be taken to secure such quantity as might be deemed advisable. On the 13th of the same month he renewed his recommendation and furnished a draft specification to be acted on if thought best.

According to
memorandum of
1876, early in
August, 1874,
witness mention-
ed to Minister
that it was a
favourable time
for purchasing
rails.

“ The Chief Engineer was absent from Ottawa, until near the end of September, when he again renewed his recommendation to secure the rails. A notice calling for tenders on the 8th October was advertised on the 29th September; on the 3rd October the time was extended for receiving tenders to the 16th November, and specifications dated October 3rd were printed. By the latter, a copy of which is attached hereto, it was provided that tenders would be received on the 16th November following.

29th September,
notice calling for
tenders on the
8th October, time
extended to 16th
November.

“ It was felt that to advertise for tenders for rails for the Pacific Railway, or for any considerable portion of it, would defeat the object in view, viz: to secure rails at a low rate, and hence the character of the advertisement and specification.

“ ‘Pacific Railway’ is not mentioned in either, and tenders for a large quantity are not invited.

“ Tenders for the delivery of 350,000 tons were received, the prices ranging from \$63.53 to \$82.73 per ton, delivered in Montreal.

Tenders for
350,000 tons
received at prices
ranging between
\$53.53 and
\$82.73 delivered
at Montreal.

“ The average rate was \$57 per ton.

“ The lowest tenders were:

From Cox & Green, for West Cumberland Co	\$53 53	per ton.
From Joseph Robinson, for Ebbw Vale Co.....	53 53	“ “
From Cooper, Fairman & Co., for Mersey Co.....	54 26	“ “
From Post & Co., for Guest & Co. (mean).....	54 62	“ “

“ Contracts were entered into with these parties at the above prices for all the rails they were willing to deliver, viz:

West Cumberland Co	5,000	tons.
Mersey Co	20,000	“
Ebbw Vale Co	5,000	“
Guest & Co.....	10,000	“
Total	40,000	tons.

Contracts made
with four parties
for all the rails
they were willing
to deliver at
prices from \$53.53
to \$54.82.

“ In addition to the above it was arranged to accept the most favourable terms for the delivery of rails f.o.b. in England for transportation to British Columbia. Accordingly contracts were made as follows:—

West Cumberland Co., for 5,000 tons at \$48.67,	f. o. b.
Naylor, Benzon & Co. for 5,000 tons at \$51.10,	f. o. b.

40,000 tons.
Contracts also
made for delivery
f. o. b. in England
for British
Columbia for
10,000 tons.

**Purchase of
Rails—
Contracts Nos.
6-11.**

How witness
came to make a
written memor-
andum in March,
1876.

19122. Do you remember how it was that in March, 1876, you came to make a written memorandum of the history of this matter? Yes, I think I do. Parliament was then sitting, and I think the matter was then under discussion, and it was my duty to prepare this memorandum.

19123. At that particular time, 1876?—Yes.

19124. Do you mean that Parliament had not been sitting at any previous time?—Yes, it had.

Pacific Railway
being under dis-
cussion Minister
called on witness
to state what he
knew.

19125. You mention that because Parliament was sitting it was your duty to prepare that memorandum; was that the first time that Parliament had sat since the transaction?—No. I suppose the matter was under discussion. The Pacific Railway was under discussion in the month of March, 1876. I suppose I was called upon to state what I knew about the purchase.

19126. Do you mean called upon by the Minister?—Called upon by the Minister.

19127. Then this memorandum was made, as I understand you now, in response to a request by the Minister?—I think it is very likely. I have no recollection of what was the origin of it.

19128. It does not appear to be addressed to any one: do you know whether it was communicated to any one?—It was made an official document.

19129. Did you find that recorded in the Department of Public Works?—I have no doubt it was furnished to the Minister.

Original memor-
andum dated
April 3rd, 1876.

19130. You find the original now in the records of the Department?—I find the original in my hand, which has come from the records of the Department. It is dated "Department of Public Works, April 3rd, 1876. No. 11,160."

19131. In this memorandum you say that during the summer of 1874, advices from England showed a great decline in the price of steel rails: had you any means in your Department of Public Works, or in your own branch of the Department, of knowing the general run of the prices of such things in England?—Yes.

Witness's means
of knowing how
prices ran; cor-
respondence with
Sandberg who
was paid by the
quantity of rails
he inspected.

19132. What means had you?—I had correspondents in England in connection with the Intercolonial Railway, one of whom was Mr. Sandberg, Inspector of Rails of the Intercolonial Railway.

19133. Was he an officer of our Government?—He was employed and paid by the Canadian Government.

19134. Employed, do you mean, for looking after the interest of the public here?—Employed for looking after their interest in England, where the rails were being made for the Intercolonial Railway.

19135. In what way was he employed?—He was employed as inspector.

19136. As inspector?—Inspector of rails.

19137. Do you know whether he was paid by salary or by the number of rails he inspected?—I think he was paid by the quantity of rails he inspected.

19138. And he was looking after the interest of the Canadian public?—Yes; in connection with the manufacture of rails.

**Purchase of
Rails—
Contracts Nos.
6-11.**

19139. Was he asked, do you remember, to communicate the prices or to decide when it was a good time to have rails purchased?—I think it was voluntarily on his part. He is a man who is considered very reliable, and he furnished every information respecting the rails, their price and quality.

The information that it was a favourable time to buy voluntary on the part of Sandberg who was paid according to the number of rails he inspected.

19140. This information was voluntary on his part, as I understand you?—It was voluntary; I think I may have asked him to do so, I do not at this moment remember.

19141. Had you any other person informing you upon the same subject?—Yes; a Mr. Livesey that I was in correspondence with—not John Livesey who is well known here.

Witness also corresponded with Livesey.

19142. What is his position?—He is an engineer, and has had to do with the inspection of rails and other railway property.

19143. How was he interested in this matter?—He was not interested, he was a private correspondent of mine.

19144. Was he engaged in looking after the interests of Canadians?—He was not in any way employed or paid by the Canadian Government.

Livesey a private correspondent of witness.

19145. Was there any other authority to whom you looked for an opinion?—I name those two; I do not remember others at this moment.

19146. Are there any periodicals in England published which would give a tolerably fair idea of current prices?—Yes.

19147. What periodicals?—The various engineering papers: the *Engineer*, *Engineering*, *Iron*, and several other papers of that kind.

Periodicals which give an idea of current prices.

19148. Do you know whether you had in your branch of the Department any such periodicals on file?—No; I took the periodicals at my private house.

19149. You had them in your own control?—Yes; I took some of them.

19150. Do you remember which periodicals you had control of at that time?—No; I do not remember. I remember one. I remember the paper called *Engineering*.

19151. Do you think *Engineering* at that time gave the prices of iron?—I do not remember whether it did or not. I cannot tell you. It is very likely there were articles in it referring to the downfall of rails.

19152. Did it purport to furnish from month to month, or from week to week, or any other regular period, the changes in the market?—I could tell you better by referring to it.

19153. You do not remember?—No; I do not remember at this moment.

Does not remember whether *engineering* furnished the market prices.

19154. Could you say from what source these advices came with which you start your memorandum in March as being the reason for advising the purchase?—I have already mentioned them.

19155. Do you mean Sandberg and Livesey?—I mean more especially Mr. Sandberg.

Acted principally on Sandberg's counsel.

19156. Were those letters to you official, as a person employed by the Government?—I should say they were official. They were not marked not official.

**Purchase of
Rails—
Contracts Nos.
8-11.**

19157. Are they still on record?—I have no doubt they are still in the office.

**When witness
advised that rails
should be bought
did not mention
any quantity.**

19158. You say that early in August, 1874, you mentioned the matter to the Minister of Public Works, and advised that steps should be taken to secure such quantity as might be deemed advisable: did you at that time take the responsibility of saying what quantity it would be advisable to get?—I do not think I did.

19159. Do you know that before the transaction you ever did report to the Department the quantity that you deemed advisable?—I do not think so.

19160. Then, in your opinion, who decided the quantity?—The quantity was decided after the tenders came in.

**Quantity decid-
ed by the Min-
ister.**

19161. And in your opinion, who decided it?—It was decided by the Minister.

19162. Your memorandum mentions that on the 13th of the same month you renewed your recommendation, and furnished a draft specification to be acted on if thought best: do you remember whether you, at that time, offered any recommendation whether it would be best or not, beyond what was said upon a previous occasion?—Well, I cannot say any more than is written here.

**Witness knew a
large amount was
involved in pur-
chase of rails.**

19163. Did you understand as early as August, 1874, and while you were suggesting this purchase, that a large amount of money would be involved in procuring the material?—Oh, yes; because I knew that rails were expensive articles.

19164. In your experience, was it usual to enter into such a transaction without more than an informal conversation between the Minister and the Chief Engineer?—I take it there were more formal steps. He would, in all probability, consult his colleagues in the Government.

19165. That is your surmise?—Yes.

19166. I was not asking about that, I was asking about your experience?—This was an exceptional case. This was the first Pacific Railway we had undertaken to build.

19167. But you had other experience before the Pacific Railway was built?—Yes, I had.

**Minister can
explain whether
there was any-
thing more than
an informal
conversation
before entering
on so serious a
step.**

19168. I am asking about your experience?—I do not say there was no more than an informal conversation.

19169. Are you aware that there was anything more?—The responsibility was with the Minister, and he can explain whether there was anything more; I cannot.

19170. That is not answering my question, Mr. Fleming, do you think it is? I am asking whether you are aware of anything?—I take it, if there had been anything more that I was aware of I would have made a memorandum.

**In case of In-
tercolonial
written reports
by witness and
commissioners
made before rails
were purchased.**

19171. Then what is your answer?—I have given my answer and it is taken down. In the case of the Intercolonial there were reports on the subject from the Commissioners as well as from myself.

19172. You mean written reports?—Written reports advising the purchase of rails. There was nothing in this case that I remember of

Purchase of
Rails—
Contracts Nos.
6-11.

except the specification that I prepared. An order was issued to advertise for tenders.

19173. That, I understand, was a step in the actual transaction. I am not asking you now as to the steps in the transaction after it was commenced. I am asking you now for steps, if any, which occurred before the transaction was commenced, and which may have made an impression on the Minister's mind?—There may have been many Orders-in-Council passed in connection with the Pacific Railway that I am not aware of. This memorandum gives the history of it, as far as I know, and I would rather trust to this memorandum than to my own recollection a great deal—very much rather.

19174. I understand that you have had experience in a position somewhat similar to this in at least one other railway?—Yes; I have had some little experience in those matters.

19175. In your experience have you known transactions of this kind, and for a large amount, to take place without anything more formal between the engineer and the Minister than a conversation or conversations?—When the conversation took place it was not known how large or how small the transaction would be. We only asked for 5,000 tons of rails in the advertisement. The transaction grew a large one at a later date.

19176. Do you mean that to be an answer to my question?—Yes.

19177. Taking the quantity to be only 5,000 tons, am I to assume from what you say that you have known transactions of that kind—5,000 tons transactions—without anything more formal than a conversation?—The Government were not bound even to take 5,000 tons.

19178. Do you think that is an answer to my question? Surely, Mr. Fleming, you do not think I am asking what the Government were bound to do?—I do not know what you are aiming at. I am endeavouring to give the facts as far as I can give them.

18179. And you say that in this case they were not bound to take more than 5,000 tons, and that you assume that to be an answer to my question?—It is much easier to ask questions than to answer them sometimes. I am quite willing to answer all questions that I can.

19180. I am sure of that, Mr. Fleming, and I have no desire to get more than your own recollection and view of the matter as you remember it. You have mentioned the fact that in this case the Government was not bound to take more than 5,000 tons, as though that were a material part of the answer to my question: now that it is reduced to 5,000 tons, have you, in your experience, known of 5,000 tons of rails being ordered without anything more than a conversation between the Minister and the Chief Engineer?—I do not at this moment remember any instance.

19181. Then the reducing of the quantity to 5,000 tons was not material?—I do not know whether it was or not.

19182. In deciding to recommend a purchase of rails because the price was low, did you take into account at that time the probability of the period at which they would be required for use?—Doubtless I did.

**Purchase of
Rails—
Contracts Nos.
6-11.**

Principal reason why rails were purchased, their low price.

Time when they would be required was material, but witness settled in his mind that the transaction was a good one.

Cannot say when he thought the rails would be required.

Quantity not fixed until after the tenders were received.

Thought the rails had reached bottom.

19183. Do you remember at what time it was expected they would be used, or any considerable portion of them?—The principal reason why the rails were purchased was the supposed low prices. That was the chief reason. The rails would be required some time or other before very long.

19184. The time at which they would be wanted would be a material element in the problem?—Yes; I suppose it would.

19185. Then, I am asking whether, it being a material element, you settled upon it in your mind?—I settled upon it in my mind that the whole transaction was a very good one.

19186. You do not mean irrespective of that element?—Including every consideration.

19187. Then, as to that particular feature, how did you settle that?—It is impossible for me to tell at this hour. If you had asked me the question seven years ago I might have been able to answer it.

19188. This is a very large transaction, or became a large transaction, after your first recommendation, and it evidently occupied your mind as long ago as March, 1876, and you then made a formal memorandum of the circumstances which led to the purchase?—It has been banished from my mind for years until now.

19189. Can you say now at what time you supposed they would be required when you recommended them to be bought?—I cannot say what my calculations were at that time of day. I cannot now say what they were at that time.

19190. I have gathered from what you said a little while ago that at the beginning, when you recommended that some should be purchased, you had no idea of the quantity that might probably be purchased, and that the quantities were settled upon afterwards; now, after the tenders came in, and after the Government decided to make purchases, I think that you added that even then you made no recommendation as to the quantities: am I right as to that impression?—You are pretty nearly right. The quantity was not fixed until after the tenders were received.

19191. Then after the tenders were received, did you take the responsibility of recommending the quantities to be purchased?—Whether I did or not, I certainly would have recommended the purchase if I had been asked at that time.

19192. The purchase of what?—The rails.

19193. The purchase of what quantity?—50,000 tons.

19194. As a matter of fact, do you know whether you did recommend any quantities?—I have no doubt whatever that I said to Mr. Mackenzie: "You cannot purchase too many rails at that price."

19195. And that recommendation, I understand, was based entirely upon your idea of the price at that time being as low a one as they would reach?—From all I could learn, it appeared that rails had reached bottom, and there would be a rebound immediately. I have no hesitation in saying that that was my impression at the time, although it did not prove so. These rails had fallen from £18 a ton down to £10 a ton, and remained at £10 a ton some six months, and no one in the trade expected it would go any lower.

**Purchase of
Rails.
Contracts Nos.
6-11.**

19196. When you speak of no one in the trade expecting, you mean according to the information you received?—Of course.

19197. As a matter of fact you had not had communication with any one?—I only spoke through information in my possession. As far as the information in my possession goes that was the fact.

19198. In this memorandum you say that in addition to the above quantity of 40,000 tons it was arranged to accept the most favourable terms for the delivery of rails free on board in England for transportation to British Columbia: how did you ascertain that those terms were the most favourable terms at that time when this new 10,000 tons were purchased?—It will be stated in this memorandum. I cannot tell you now.

19199. Did you take any part in ascertaining whether more favourable terms could be got for that second purchase for British Columbia?—I do not remember.

Does not remember whether he took any part in ascertaining whether more favourable terms could be got for the rails for British Columbia.

19200. Do you think you took that as a matter of course, or do you know whether you investigated before making that recommendation?—I really do not remember.

19201. It may have been taken for granted by you without making any investigation?—Possibly.

OTTAWA, Thursday, 14th April, 1881.

SANDFORD FLEMING'S examination continued:

By the Chairman:—

19202. We were speaking yesterday of the transactions connected with the first purchases of the steel rails: do you remember whether you took any part in the making of the purchases beyond the reports of which you spoke yesterday, and the suggestion mentioned in your memorandum of March, 1876; for instance, did you take any part in deciding who should get the contracts, or how they should be fulfilled?—I think the abstract of tenders would give some information on that point. Looking at the abstract I see that I was not present when the tenders were opened. They were opened by Mr. Trudeau and Mr. Tilley on the 17th November, 1874; however, they were passed over to me, and on the 19th November I reported on them, which report I now hold in my hand. (Exhibit No. 117.) I have no recollection of taking any part in the arranging of the contracts.

19203. As far as you understand the matter, are you of the opinion that the quality of the rails was according to contract?—As far as I know the quality was strictly according to contract. I see a letter dated 11th February, 1875, from Mr. Sandberg, who was appointed to inspect the rails; and my correspondence with Mr. Sandberg after that, I have no doubt he was appointed on my recommendation.

Quality of rails according to contract.

19204. But on the main point you are of the impression that they were satisfactory?—Yes; I have no reason to think otherwise—no reason at all.

19205. I suppose that matter would be one within your jurisdiction as Chief Engineer would it not?—Yes; that came within my jurisdiction.

**Purchase of
Rails—
Contracts Nos.
61-1.**

The rails
thoroughly
inspected.

19206. Does any other matter occur to you connected with those rails which you think ought to be mentioned by way of evidence?— Nothing occurs to me. I may say that they were subjected to a very rigid inspection by one of the best rail inspectors in England, Mr. Sandberg; and I have reason to think that the inspection was thorough. Samples of the rails were sent out here and could be exhibited to the Commissioners at any time. They were twisted about as if they were made of lead instead of steel.

19207. It appears that at the first invitation for tenders the time named was very short: did you take any part in settling upon the opportunity that would be given to the public for competition?—I do not think I was consulted on that; I took no part in it.

Cannot explain
why time was so
short at first,
or why it was
enlarged.

Diagram show-
ing fluctuations
in price.

19208. Do you know how the time was so short, in the first instance, and why it was enlarged afterwards?—No; I cannot explain that matter. I have in my hand and I produce a printed diagram furnished by Mr. Sandberg showing the fluctuations in the price of rails, both iron and steel; in the case of iron since the year 1855, and in the case of steel since they were first made in 1861. It shows, among other things, the great fall from the year 1873 to the year 1874, and then the equally great fall from the year 1874 to the year 1879, and the position last year. (Exhibit No. 291.)

19209. This diagram is not dated, but from the shaded line it appears to give information as late as the end of 1878: is that the way you understand it?—It gives information to the year 1880; from 1878 up to 1880 has been put on by hand, not printed.

19210. The printed portion ends with the year 1878?—Yes.

19211. Was this part which was put in by hand put in before it reached you?—I think it was put in by Mr. Sandberg.

**Georgian Bay
Branch—
Contract No. 12.**

19212. As contracts Nos. 6 to 11 inclusive, touch only a subject on which you have no more to say, we will proceed to the next contract, No. 12, which relates to the Georgian Bay Branch: do you remember what part you first took in that matter?—I do not know, I am sure; there is some correspondence.

Under 37 Vic.,
chap. 14, Georgian
Bay Branch con-
sidered part of
Canadian Pacific
Railway system.

19213. In the first place, do you remember that you understood that to be part of the Canadian Pacific Railway system proper?—Yes; I think under the Act it was treated as part of the system. Under the Act 37 Vic., cap. 14, the Georgian Bay Branch was considered part of the system.

19214. The termini of this branch appear to have been established by an Order-in-Council: do you remember whether you took any part in recommending the termini as the best available ends of the branch?—I remember taking some part. I recollect pointing out we could not exactly define the point, and it would be better to make it within the limits of four adjacent townships, which townships, if I remember right, were lettered A, B, C and D.

Witness did not
recommend the
general line let to
Foster.

19215. Did you recommend the general line which was let to Mr. Foster as being one desirable to locate for the purpose of this branch?—I did not.

This done by
Order-in-Council.

19216. Do you know how the direction and location of that was established, and why the Engineer-in-Chief was not asked to report?—I understand it was by Order-in-Council.

Georgian Bay
Branch—
Contract No. 12.

19217. Do you mean that you were not consulted verbally or in writing on the matter, nor asked to make any report?—I cannot say I was not consulted. If I remember rightly, Mr. Hazlewood, who had finished his connection with the Intercolonial Railway, was asked by the Minister—but this is not of my own knowledge. It has come to my knowledge that Mr. Hazlewood was asked if a line could be built from one point to another, and he made a reconnaissance of the ground and said that it could. On that information an Order-in-Council was passed.

Hazlewood said
line could be
built.

19218. That you understand to be the origin of this location?—Yes; these points are named in an Order-in-Council, whatever date it may have.

19219. Was Mr. Hazlewood under you at that time: was he of your staff?—He had been under me before, and may be considered under me then, although I have no recollection of all the circumstances that then occurred. I do not know whether I instructed him, or whether he got his instructions direct from the Minister.

19220. Do you remember whether you were in favour of that branch, judging the matter from an engineering point of view?—I never could see the immediate necessity for it, I must say.

Could not see
the immediate
necessity for
Georgian Bay
branch.

19221. When you say immediate you mean at the time it was contracted for?—I could not at that time see the immediate necessity for it.

19222. Who was the person to whom the Government looked at that time for engineering views on all matters connected with the Pacific Railway?—They looked to myself.

19223. Did you give them any engineering views upon this matter?—I am not sure that I was in Ottawa at the time that the views were wanted, but the correspondence that I have sent for will probably bring that matter back to my recollection.

19224. Were you then aware of any engineering reasons for the selection of this particular line which was contracted for by Mr. Foster?—I do not think the line was selected on engineering grounds—at least not altogether.

Line not selected
altogether on
engineering
grounds.

19225. Well, if it was partially so, the reasons upon which it was partially so would be useful?—It was ascertained by the examination made by Mr. Hazlewood that there were no special engineering objections, Mr. Hazlewood having been employed to walk over the country.

19226. In fixing the contract with Mr. Foster, you are aware probably, that certain gradients were made absolutely indispensable?—There were certain maximum gradients stipulated in the contract. I read from the contract:

"Gradients and alignments shall be the best that the physical features of the country will admit of without involving unusual or unnecessarily heavy works of construction, with respect to which the engineer will decide; but that in no case will the gradients exceed 1 per 100 ascending westerly, or 1 in 200 ascending easterly, and the engineer shall, in all cases, decide where the maximum gradient will be allowed."

In no case the
gradients to
exceed 1 per 100
west, or 1 per
200 east.

19227. Are you aware whether there had been any such examination of the country as would make it certain, or probable, that such maximum gradients could be obtained?—I think there had been such an examination.

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Hazlewood examined country summer of 1874, and reported to witness who reported to Hon. A. Mackenzie, no difficulty in obtaining a fair line with easy curves between Pembroke and Lake White Partridge.

19228. Who do you think made that examination?—Mr. Hazlewood, a gentleman in whom I had the greatest possible confidence. Mr. Hazlewood made an examination of the country in the summer of 1874. Mr. Hazlewood reported to me at different times during that year: the 14th of July, the 5th of August and the 15th of September. At the close of the season, on the 6th of October, when he returned, I reported the result of his examination to the Minister, and I now put in my report of the 6th of October, 1874. (Exhibit No. 29.) I have not, at this time, read over this report, but I see in one paragraph, the third last, the following words referring to what Mr. Hazlewood saw: "He thinks there would be no great difficulty in obtaining a fair line with easy grades and curves between Pembroke and the Lake White Partridge, at which latter point the examination to Renfrew branched off." In another paragraph I see it stated: "The grades and curves will be extremely easy." That is with reference to the valley of the River Bonnechere.

Witness trusted to Hazlewood.

19229. The locality you name is not affected at all by this contract with Mr. Foster: my question was directed to that portion of the country covered by his contract, and I ask if you are aware whether any information had been obtained which showed such gradients as the specified maximum gradients were obtainable?—These gradients were fixed on the information furnished by Mr. Hazlewood. He believed that those gradients could be secured. I did not make the examination myself; I trusted to him and had every confidence in him.

19230. Do you know where there is any evidence now that he made such an examination as would give that information: up to the present we have not had any?—The paper I hold in my hand—

19231. But that speaks of country which is not affected by this contract. You have defined the lines between two points?—I have mentioned two points, but the other points are mentioned in this letter—that is the concluding paragraph. I have not been able to read it through, but the words I have quoted caught my eye. I have now read the portion of the report respecting the country covered by the Georgian Bay Branch, and I may quote, as follows, from the same:—

Witness reads that portion of his report relating to Georgian Bay.

"Mr. Hazlewood proceeded first to Parry Sound district and travelled by the road laid from Lake Rousseau to Lake Nipissing. He selected the corner posts between lots 158 and 159 as the initial point, and started from that place on the 1st of July on a direct course for the mouth of River French, a distance of about 60 miles. He reports the country between these points as being favourable for railway construction, no obstacles of any importance presenting themselves, except near River French, where the heaviest rock excavation will be necessary. The streams to be crossed are few and unimportant, and there is an ample supply of good stone. The land, as a general rule, is level, and, as far as could be judged, much of it adapted for settlement. The timber is large and valuable. Pine, apparently of a fine quality, is to be had in abundance. The mouths of River French were reached on the evening of the 7th of July. * * * On the 17th of July he left the Nipissing road and walked in as straight a course as possible easterly towards Pembroke. About one and a-half miles from the road, he crossed the River Comonda about twenty-five feet in width flowing in a northerly direction. A short distance further up, he turned to the westward. For the first eight miles some rough ground was encountered, but with a little time and care Mr. Hazlewood is convinced that a good line may be secured. At ten and a-half miles he crossed the River South or Namanitagog, seventy-five feet in width, and eight feet deep; and at sixteen and a-half miles, again crossed this river, fifteen feet in width. From the latter point he followed the general course of the River South to about the twenty-first mile. At seventeen and a-half miles he came upon a large deposit of gravel, the first seen between this point and River French, a total distance of seventy-seven miles. At the twenty-first mile the River South was lost sight of, but at the twenty-fourth mile a brook was crossed which he took to be one of its heads, and at the twenty-sixth and a-half mile crossed

Georgian Bay
Branch—
Contract No. 12.

what he supposed to be the other head. This latter stream he followed to the twenty-eighth mile, where it was finally lost sight of. The valley of the River South from this point (twenty-eight miles) back to the eighth mile is wide, and offers no serious obstructions to the location of an easy line through it. About the twenty-ninth mile he reached the water-shed. Here the aspect of the country changes a little; the ridges were less elevated and his track crossed them at an angle, instead of running with them as heretofore. At the thirtieth mile he crossed a brook running north-easterly, and a mile further on passed a lake having its outlet in the same direction. At the thirty-fifth mile he reached Creek Nipissing, an important lumbering stream; at the point of crossing it is fifty feet wide. All the streams from the thirtieth mile flow into this creek. Mr. Hazlewood said he would anticipate no difficulty in getting from the valley of the River South to the valley of Creek Nipissing, the water-shed between them being quite low. * * * Speaking generally of the country walked over between River French and Lake Burnt"—

A little beyond the eastern end of the Georgian Bay Branch—some twenty miles beyond the eastern end of the Georgian Bay Branch, probably:—

"Mr. Hazlewood remarks that he feels quite safe in stating that the railway could be located on a very direct course between these points—in fact, that the departure from a straight line would probably not increase the distance more than 5 per cent. He reports a large quantity of good land met with, covered generally with a fine growth of timber, consisting of pine, maple —"

And so on. 'That is all that refers to the Georgian Bay Branch proper.

19232. You gather apparently from Mr. Hazlewood's letter to you that the line easterly from that initial point was over rather a level country: that very few obstacles were presented?—Yes; and I am still of the same opinion. The line easterly from initial point over rather a level country.

19233. Are you aware that after the contract was entered into with Mr. Foster he stated to the Government it was impossible to obtain these maximum gradients, and asked that the contract should be qualified in some way, so as to relieve him of that condition?—Yes; I think I remember that, and I am almost certain that I reported on the subject at the time.

19234. In a letter of the 20th of December, 1875, from Mr. Foster to the Minister of Public Works he asks for concessions from the Government concerning this contract. Among other things he states that the surveys of the branch were commenced at the westerly end, and such difficulties were encountered in obtaining the desired gradient of twenty-six feet per mile ascending eastward, that a re-survey of the ground had to be ordered, upon which a large party of engineers were still at work; and Mr. Shanly reported, as I understand, that it was impossible in that locality to obtain these gradients: have you any reason to change the opinion which was expressed in your report about that time to the effect that they could be obtained?—Mr. Shanly reported on the 26th of October, 1875, from information not obtained personally, but through a Mr. Harris who was employed by Mr. Foster. That letter was forwarded to me for my report. I reported on that letter on the 17th of November following, which report sets forth the views I then entertained. It is not long and I will be very happy to read it. I will quote from the letter if you will allow me. I will quote the second paragraph: 20th December, 1875, Foster wrote pointing out difficulties in way of required gradients.

"I have given this subject my best attention and have had the advantage of the views of Mr. Ridout, the engineer in charge of the work, and Mr. Hazlewood, the gentleman who made the original reconnaissance of the country. It does not appear that the surveys made under the direction of Mr. Foster have yet extended over the whole length of the proposed line. They have, as far as I can learn, been confined to the work of two survey parties, one working easterly from French River, the other working westerly from Renfrew. When last heard from the two together had made Witness's report on Foster's representations.

**Georgian Bay
Branch—
Contract No. 12.**

a preliminary survey of the extent of some 140 miles, while the whole distance between French River and Renfrew is about 210 miles. It thus appears that about one-third of the whole distance has not yet been surveyed in any way. It is frequently necessary and always advisable to make exhaustive surveys before deciding on the rejection or adoption of any particular line, specially in a country such as the one upon which the proposed railway is to be built. While I have no doubt that a line could be found on a lower general elevation in the direction indicated by Mr. Sharly (that was a line by the Ottawa and River Matawan, a considerable distance to the north), I am not, by any means, satisfied that a line coming up to the condition of a contract cannot be secured on the general route shown on the contract plan. The proper course, in my judgment, is for the contractor to carry on the surveys with every possible energy, until a line coming within the terms of the contract be found. There is no necessity for adhering rigidly to the exact line drawn on the contract plan. This was never intended. That line was simply to show the general direction of the intended railway. It would be sufficient, in my opinion, that the line, when found, should run in a fairly direct course from the termini to a central point in the space lettered on the plan A, B, C and D."

**Witness recom-
mended that con-
tractor should
carry on the sur-
veys until a line
within terms of
contract was
found.**

19235. I understand that you adhere to the opinion suggested in this letter, that there was no reason to abolish that contract upon the ground that the maximum grade could not be obtained which was there prescribed?—That was then my opinion.

19236. Have you any reason to change it since?—I am not here to express an opinion. I am not expressing an engineering opinion now; I am speaking of what I did then.

**Not prepared
to give an opin-
ion on short
notice.**

19237. And you think you ought not to give an opinion now?—I am not prepared to give an engineering opinion on short notice.

19238. While you were Engineer-in-Chief of the Canadian Pacific Railway, do you remember that you came to a different opinion from that explained in this report?—I do not remember that I ever came to any different opinion.

19239. Upon the question which you raise now, as to the nature of your evidence, I may say that as you are subpoenaed as a skilled witness and at a higher daily allowance than an ordinary witness, we think we are entitled to your opinion upon the matter upon which you are skilled, that is, such an opinion as you can give at the moment?—I am not in the habit of giving hasty opinions. To give an opinion that would be worth anything I would require to consider the matter very fully.

19240. I am only mentioning this so that we may understand each other in the future: we do not want to get deliberate opinions from you while you are in the witness box, but if there is any matter upon which you can there give an opinion as a skilled witness we may have to ask for that opinion?—I am not at all desirous of concealing anything, even my opinion if I have any opinions; but one cannot form opinions so rapidly as you would appear to imagine.

**Witness not pre-
pared to give
opinion without
due considera-
tion.**

19241. I am only mentioning this so that you may be governed by it in whatever way you think proper hereafter if such questions again arise?—I may say, I would like it to be understood I am not prepared to give any fresh opinions now without due consideration, and I do not wish to conceal anything that has passed.

19242. Do you remember whether, while you were Chief Engineer, you were asked for any further report on the necessity of cancelling the contract on the ground of the difficulty of the gradients?—The written records may show, but I have no recollection of it.

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Branch—
Contract No. 12.

19243. It appears that this contract was at first cancelled by the Government, and the question arose as to how much Mr. Foster ought to get from the Government, if anything, on account of his expenditure, and I believe you were asked to give your report upon that matter: do you remember the substance of that report, and the grounds which you had for it?—No; I should like to see the report. There is an Order-in-Council of March 8th, 1876, mentioned here in this report, I would require to see. I have sent for some information on this point. I think it is more likely that Mr. Ridout, who was in charge of that particular work, will be able to bring with him the information that is desired. It is only right that I should draw your attention to a letter of mine of the 9th February, 1877, with regard to gradients of the Georgian Bay Branch. In that letter I give my hurried views with regard to the survey made by Mr. Lumsden, subsequent to the other surveys, and I state in that letter that "the light gradients ascending eastward which they expected have not been obtained." That is the point that I wish to bring under your notice.

In a letter dated 9th February, 1877, pointed out that the light gradients ascending eastward had not been obtained as expected.

19244. In this letter you intimate to the Minister that the gradients which you had at first expected were not obtainable?—No; not that they were not obtainable, but that they had not been obtained.

19245. This was on Mr. Lumsden's location?—Yes.

19246. Was that nearly in the same locality as the one commenced by Mr. Foster?—Yes; I think it is over the same ground, because it refers to the terminus lettered A, B, C and D, and on the opposite page, No. 24, there is a description of that survey by Mr. Smith.

19247. If I remember, the line as let to Mr. Foster commenced at the mouth of French River and this commenced twenty miles eastward, avoiding some of the sixty miles of country which Mr. Shanly reported as being so difficult?—That was an afterthought on the part of Mr. Foster or some one else. It was discovered that the French River might be rendered navigable from Cantin's Bay, and a survey was made instead of from the mouth of the river from Cantin's Bay to the central point in the townships A, B, C and D.

It having been discovered that the French River was navigable to a point known as Cantin's Bay, the survey was made not from the mouth of the river but from this point.

19248. The point to which I draw your attention now is that the substance of Mr. Shanly's report is that the prescribed gradients could not be obtained, and Mr. Lumsden's survey commenced twenty miles further eastward, therefore the country between those two points, twenty miles apart, is not affected at all by this new survey?—No.

19259. I mean they do not touch the correctness of the report by Mr. Shanly in any way?—I am not at all certain that you are right in that; because I am still of the opinion that the gradients could be had over that twenty miles if they were wanted.

19250. I am not saying that Mr. Shanly was right, I am only calling your attention to this: that the report of the survey commencing twenty miles up the river may not affect the correctness of somebody else's survey commencing at the mouth of the river?—The difficulties referred to by Mr. Shanly, as I understand it, were not on the twenty miles extending from Cantin's Bay to the mouth of French River, but at other points.

19251. That may have been so, but he alludes to the country starting—or, in his words, "advancing eastward from French River?"—I am very confident about that.

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**Lumsden's
location.**

19252. Do you mean that this new location by Mr. Lumsden was over a portion of the same line as that let to Mr. Foster?—Yes; in fact this was still Mr. Foster's work—it was not out of his hands.

**Witness wishes to
conceal nothing.**

19253. I do not so understand it. I understand the contract with Mr. Foster was ended in February, 1876, and this report was in February, 1877?—I formed my present opinion from a letter addressed to Mr. Foster. On reading the letter, however, I see it is on another subject. The letter I refer to is on page 24 on the top of the page. I misstated it in that particular. I draw your attention now to this letter because, as I informed you, I wish to conceal nothing, and I discover on looking over this paper that Mr. Lumsden had not obtained the gradients that we wanted to find.

19254. I wish to see whether that had any bearing on the previous line, because if it was on a different line it will not enlighten us?—It is practically on the same route, except on the western twenty miles.

**Lumsden's survey
certainly showed
it would be very
difficult to get
Hazlewood's
grades.**

19255. Looking now at your letter of the 9th February, 1877, are you still of the opinion that the impression you got from Mr. Hazlewood's letters was the correct one, that is to say, that the gradients prescribed in the Foster contract were obtainable?—They certainly showed me that the difficulty in getting them was greater than I originally thought, but it did not prove that it was impossible to get them.

19256. Have you been over that portion of the line yourself at any time?—I have not. I had very great faith in Mr. Hazlewood, a faith that is not easily shaken, and he expressed himself very strongly about it.

19257. Since that, however, you have come to a different conclusion, as I understand it?—I do not think so. I have not said so. I have said that I learned from the survey of Mr. Lumsden that the difficulties were greater than I originally thought. I have a recollection of Mr. Hazlewood saying to me—I think in the presence of Mr. Ridout, but I am not very clear about that—"send me there, and I will get you the grades."

19258. Are you able to say now whether this money that was paid to Mr. Foster on account of his explorations and surveys, at that time when he had the contract for the Georgian Bay Branch, has been available to the Government in subsequent transactions?—To some extent.

**Foster claimed
\$63,000.**

19259. Can you give any further information upon the subject of this expenditure by Mr. Foster?—Yes; I have made enquiries since the Court adjourned, and Mr. Ridout, who was in charge of that branch of the service, has brought certain papers here which show, among other things, that Mr. Foster had made a claim of some \$63,000, and produced vouchers for that expenditure in connection with the Canada Central extension and the Georgian Bay Branch. There is another paper dated 29th April, 1876, by Mr. Walter Shanly, addressed to the Deputy Minister of Public Works, Mr. Trudeau, in which he says with respect to the Georgian Bay Branch:

**Walter Shanly,
on Foster's
accounts.**

"I have the honour to certify that I have examined the accounts submitted by Mr. A. B. Foster, contractor, for his outlay and liabilities in connection with above, and amounting in all to \$50,966.27. The first item in schedule of accounts submitted is for construction of building wharf, &c., at mouth of French River, \$9,424.83. Of this I have no personal knowledge, the work having been done before Mr. Foster had engaged me as his consulting engineer; nor have I since visited the place.

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"For surveys amount expended \$31,838.15, the accounts for which I have examined and certify to the whole having been fairly incurred for the purposes detailed. In some of the details the charges are perhaps open to criticism as somewhat high, but taking the whole number of miles of line surveyed, 187, the total expenditure is by no means extravagant or unreasonable. The remainder of the account is made up of the following items: Head office and accountant's expenses, \$2,500; consulting engineer for service, \$2,500; 10 per cent. upon whole account, \$4,623.29, the last of which only calls for special explanation, and is intended to meet the sundry and various expenses incident to preparing for carrying out a large contract, and which though they cannot always be formulated into specific accounts and vouchers, notwithstanding, constitute a fair and first charge against the work. Taking the whole outlay, exclusive of that at the mouth of French River (which not having come under my cognizance I am unable to certify to), I consider it as fair and reasonable for the work performed. Mr. Ridout, the Government Engineer, can speak as to the structures and expenditure at French River.

"I have the honour to be, &c.,
"W. SHANLY."

Now it appears that I conferred with Mr. Ridout—who is here and can give evidence if required—and reported on the 28th April. There is a little difficulty about the dates. Mr. Shanly's letter is the 29th; my report is the 28th April, and sets forth that I had made every enquiry into the subject and satisfied myself that in the event of the Georgian Bay Branch being proceeded with, the expenditure incurred would be available generally for the prosecution of the work.

Witness reported that expenditure would be available for work.

19260. Have you any means of knowing to what extent that expenditure was made available afterwards?—I require to consult with Mr. Ridout before giving an answer to that.

19261. Perhaps it would be as well for us to call him at some future time, if you have no means of knowing now?—I understand that a portion of this was immediately available - what amount I do not remember. The balance consisted of expenditure on surveys, as explained in Mr. Shanly's letter, and was represented by vouchers, pay-lists and certified accounts for supplies purchased, &c.

19262. It appears on page 17 of that printed Return, that the surveys altogether claimed by Mr. Foster amounted to an item of about \$24,000 for the Georgian Bay Branch, and about \$19,000 for the Canada Central; now in this last account which amounts to something like \$41,000, exclusive of the buildings at the mouth of French River, he charges for surveys \$31,838; and I understand you to certify that the expenditure incurred will generally be available in the prosecution of the Georgian Bay Branch: now from his detailed account he only claims \$24,000 to have been spent for surveys on the Georgian Bay Branch?—It may be a typographical error. That letter is dated February; the date I refer to is further on. The date of Mr. Shanly's letter is the 29th April, and possibly surveys may have been made in the meantime.

19263. It does not appear so from the general tenor of this printed Return. On the 8th February, 1876, Mr. Foster sent in an account for \$63,489, and that included Georgian Bay Branch survey \$24,532, and Canada Central extension survey \$19,125. Subsequently he gets an account passed which includes \$31,838, for surveys alone, and that is paid to him apparently, upon your letter that the expenditure incurred will be generally available in the prosecution of the Georgian Bay Branch?—I am not able to explain it. Possibly accounts may have come in after the 9th February, and he may have been justified in making that statement. Of course I attach great weight to the state-

Cannot explain how Foster gets an account passed on witness's letter for \$31,838 for surveys, whereas in his detailed account he had claimed only \$24,532.

Georgian Bay
Branch—
Contract Nos.
13 and 46.

ment of Mr. Shanly, who had every opportunity of looking into Mr. Foster's accounts.

19264. Do you know why the line from the mouth of French River to Douglas which would include the Georgian Bay Branch proper, to the extension of the Canada Central, was adopted on the line which was laid down in these two contracts—I mean, for instance, going through the centre or near the centre of those townships A, B, C and D?—I think that is due to some policy of the Government which was never, that I remember of, very fully explained to me.

Route not chosen
on engineering
grounds, but on a
route policy.

19265. It was not for any engineering reasons that that particular route was adopted?—It was not for any engineering reasons. My impression is that the Government—and I am merely making reference to the impression that has been on my mind—the Government had some idea of bridging the Ottawa so as to connect with the Occidental line on the eastern side of the Ottawa—bridging the Ottawa in the neighbourhood of Portage du Fort.

19266. That, you think, might be a reason for establishing the eastern terminus in that neighbourhood?—On the Georgian Bay Branch.

19267. It is not on the Georgian Bay Branch; it is, if anything, on the Canada Central extension?—Yes; I imagine that was the reason. They desired to have as direct a line as possible from the neighbourhood of Douglas, which is nearly opposite Portage du Fort, across to the mouth of French River.

Better line from
an engineering
stand-point
farther to the
north.

19268. Assuming the spot that you speak of to be a desirable terminus at the east, for this subsidized extension of the Canada Central, and the mouth of French River being a desirable western terminus for the Georgian Bay Branch, I wish to know if you are aware of any engineering reason why the line was taken through the centre of those four townships, and on the route which is generally laid down in these two contracts, one with Mr. Foster and one with the Canada Central Railway Co.?—I know of no engineering reason. I am satisfied that a better line, from an engineering stand-point, might have been had further to the north, but I imagine—and this must be taken as a surmise on my part—that the Government were desirous of bringing the line as far south as possible in order to make the connection with Toronto and Ontario as short as possible.

19269. I understand you were not asked to give any engineering report on the subject as to whether that was a desirable route or not?—No; no other reports than those I have already referred to to-day—the reports of Mr. Hazlewood's exploration.

19270. Does any of them touch this subject: whether that is a desirable route between French River and the eastern terminus you have described?—I was not called upon to ascertain which was the best route between the two points mentioned—Portage du Fort and the French River. If that had been the object I should have ascertained.

19271. Then I am to understand that that particular route was adopted for other than engineering reasons?—Yes; I think so.

Contract let on a
walking exploration
to save time.

19272. Do you know why in this case it was considered desirable to let the contract upon the route adopted without anything more than a walking exploration of the country?—I suppose it was to save time; I know of no other reason.

Georgian Bay
Branch—
Contract No. 13.

19273. And do you think it did save time?—I do not know. The line has not been built yet.

19274. But do you mean that it accomplished the object, that it saved the time by not having an instrumental survey?—I do not think it accomplished the object. It did not effect a saving of time at all events, inasmuch as the line is not now constructed, although four or five years have elapsed.

19275. The next contract is No. 13, for the portion of the line commencing in the neighbourhood of Thunder Bay. Before going into the particulars of this contract I would like to ask you if you would explain the reasons why that was considered a desirable terminus to choose as well as the reasons for laying down the course of the line that was then adopted westerly?—I think that is very fully explained in the printed report or printed evidence taken before the Senate Committee a year or two ago. My first effort was to discover a route which would touch Lake Superior at a point on its northern side eligible for a terminus on that lake, and which would give us the shortest distance between the prairie region and the navigation of the lake, while at the same time it would leave as little of the main line to be constructed easterly from the point referred to as possible. It seemed to me that if we could get a line direct from the prairie region to Nipigon Bay that the desired object would be accomplished, and every effort was made to discover a direct line; but these efforts failed, the country between Nipigon Bay and the interior directly west of it being exceedingly rough. Efforts were renewed to find other lines. One was tried to the north, following by Lake Nipigon and thence by Sturgeon Lake and other lakes towards Rat Portage, in fact exhaustive surveys were made in that direction, none of which proved to be entirely satisfactory.

**Railway Location—
Contract No. 13.**
First effort to find a route which would touch Lake Superior at a point on its northern side eligible for a terminus on lake, failed.

19276. You are speaking now of the country, as I understand, between Rat Portage and Lake Nipigon?—Yes; we were driven north of the rugged country that I have referred to. Another effort was made to find a line to the south of the rugged country by Shebandowan and what is known as the Dawson route. That effort also failed. Finally we found what seemed to be the best and shortest route between the waters of Lake Superior and the north side of Lake of the Woods, which route is practically the one now under construction. The surveys were not entirely completed at the time I refer to, but sufficient information had been obtained to satisfy us that the route was perfectly practicable; it would give us the desired easy gradients, and it would be the shortest line of communication between the points referred to.

Another effort made to find a line south of the rugged country by Shebandowan, also failed.

Finally route found.

19277. Which points?—The navigation of Lake Superior, Rat Portage and the prairie region. At that time, if I remember right, the public were impatient to have the Pacific Railway commenced, and the Government appeared to be equally desirous. Although the surveys were not completed it was thought possible to put a short section under contract. Hence section 13, I think it is named, on the one end, and section 14 on the other, were adopted and tenders were advertised for.

Railway Construction—
Although surveys incomplete it was thought possible to put short section under contract.

19278. I do not know whether it is generally considered that the cost of the railway is a matter for consideration by that portion of the Department controlled by engineers: how is that?—Yes; it is a very material consideration.

**Railway Construction—
Contract No. 13.**
Cost of railway within Engineering Department.

19279. It is within the jurisdiction of the Engineering Department as a rule?—Yes.

19280. Did you consider, in adopting the particular route which was adopted in this case, the probable cost of making the road?—I did.

19281. Did you consider that, at the time the tenders were invited, the proper time had arrived, from an engineering point of view, to ask for tenders?—I considered that sufficient information had been obtained to justify us in inviting tenders under the circumstances.

19282. From an engineering point of view?—I preferred having the commencement of the work postponed a little later, but I was aware that the public were impatient to have the work started.

19283. Then do you mean that the work was started at the time it was for other than engineering reasons?—Yes; to some extent.

19284. And those reasons to some extent conflicted with engineering reasons?—To some extent they did so.

19285. I am asking you what you thought at the time?—I don't remember what I thought at the time.

19286. I understood you to say just now that the probable cost of the work was, within the Engineering Department, a proper question for consideration by the engineers?—It certainly is.

19287. Did you consider that the time had arrived when this work ought to be commenced, having due regard to the probable cost of it?—I did, under the circumstances I have explained.

19288. I do not quite understand what are the circumstances which you have explained?—Public grounds.

19289. Did those public grounds, as you understand it, make it desirable to commence the railway when engineering reasons would not have made it desirable?—Engineering reasons certainly weighed, but public reasons were stronger than engineering reasons.

19290. Do you mean that they outweighed the engineering reasons?—Yes.

19291. Then I assume, from what you said before about your position in relation to the Government, that you were informed by the Government that those other reasons were to prevail over the engineering reasons?—I do not think I was so informed. I think it was a matter of public notoriety.

19292. But public notoriety was not governing the transactions of the Department?—The officers of the Department had to be governed by the directions received from the Minister and the Government.

19293. Do you think that at the time section 13 was advertised the engineers had obtained sufficient information to enable the contract to be let at the lowest possible price?—Information was not so full as could be desired, and I do not know that they had obtained enough to enable them to let it at the lowest possible price, but it was sufficient for the purpose of letting it in the way in which it was let.

19294. At the time that the tenders were invited, I understand you to say that this particular section was expected to go to Shebandowan Lake, or further in that direction than it did go?—When this section was let it was expected that we would get a line through by Lake

Work started because public was impatient.

Time had come to commence the work on public grounds, which outweighed engineering reasons.

Shebandowan to Rat Portage, and the first contract was to construct the line from Fort William to a point in the neighbourhood of Lake Shebandowan. That, however, was changed afterwards. I should also add, now that it comes to my recollection, there was some idea of utilizing the navigable stretches of the Dawson route, for a time at all events, between Lake Shebandowan and Rat Portage; and it was thought important that one of those lakes—Lake Shebandowan or some other lake—should be tapped by the first link of the railway. It was, however, discovered that we could not obtain a continuous line of railway in that particular direction without an enormous cost, and the direction of the line was, some time after the work was commenced on section 13, changed. A portion of the section was abandoned, and the line branched off from a point called, if I remember right, Sunshine Creek, some fifteen miles to the east of Lake Shebandowan.

**Railway Construction—
Contract No. 13**

When contract 13 was let it was expected to get a line through by Lake Shebandowan to Rat Portage; some idea of using the water stretches; line changed.

19295. I have gathered from what has already been said by other witnesses and the reports, that before the letting of this contract Rat Portage was considered to be an objective point; at all events it was a governing point on this route westerly from Lake Superior?—Yes.

Rat Portage considered a governing point.

19296. Then, at the time of letting this contract 13, it was understood that the railway to be finally located would probably go to Rat Portage?—Yes; but it was thought we would get another line to Rat Portage than the one ultimately adopted.

19297. At the time of letting this contract 13 it was not known whether the route of the railway from Lake Superior to Rat Portage would be by Lake Shebandowan and the water stretches, or by the route which has since been adopted?—It was not known.

19298. So that the letting of this contract at that time was experimental to some extent?—It was done before the route throughout was known.

Letting contract experimental.

19299. Do you remember whether the hope of getting a line by Lake Shebandowan to Rat Portage through the water stretches was abandoned and this more northerly one adopted, for engineering reasons, or was it for other reasons?—Since the line has been all surveyed the Dawson route was abandoned for engineering reasons and for reasons of economy.

19300. Were these reasons ascertained by a further exploration and examination of the country, or were they from a change of policy having reference to trade or settlement?—My impression is that these reasons were established by examinations of the country that were made. As I said before, we discovered that the line projected from Lake Shebandowan to Rainy River and thence across to Rat Portage, or some other crossing point of Lake of the Woods, was impracticable within any reasonable expenditure.

19301. Do you mean a more southerly direction?—A more southerly direction; yes.

19302. Have you considered how Thunder Bay compares with the mouth of the Nipigon as a terminus on Lake Superior, other things being equal?—My own preference has been given to Nipigon Bay as a terminal point on account of the better shelter, and for other reasons. Better shelter is found there, and there are other reasons; but we could not reach Nipigon Bay with so short a line of railway as we could Thunder Bay.

Nipigon Bay a better terminus than Thunder Bay—but Thunder Bay reached by a shorter line.

**Railway Construction—
Contract No. 13.**
Water stretches
policy.

19303. Do you know whether, in abandoning the mixed route of water and land that you have spoken of, the question of its being available for all seasons was considered and was one of the grounds for giving the preference to the more northern route?—Well, I do not know as to that. I have no doubt it entered into consideration.

19304. Your consideration?—Oh, my own view has always been in favour of a continuous railway. I thought it desirable to utilize these lakes and navigable rivers as far as they could be rendered useful during the construction of the railway.

19305. But not as a permanent part of the route?—Not as a permanent portion of the route as far as the railway is concerned.

Tendering.

19306. Do you remember whether you took any active part in the letting of this contract, No. 13, originally?—I find by the paper in my hand (Exhibit No. 36) that the tenders were received on or about March 1st, 1875, and were opened in the presence of Mr. Braun, Mr. Rowan and Mr. Palmer. I was not at the opening of them myself, but I reported on them the same day, March 1st, and furnished the Minister with a statement respecting these tenders. There were thirty-seven in all, and the eight lowest are given here. Shall I read them?

19307. No, not all; read the first two or three?—The lowest was by E. A. Charters & Co., \$363,420; G. W. Taylor, \$397,520; Sifton & Ward, \$406,194; J. Wardrop, \$410,025; Steacy & Steacy, \$414,160; and so forth.

19308. Do you remember whether there was any decided change in the character of this work shortly after the contract?—The route was changed, as I have already said, beyond a certain point—beyond Sunshine Creek.

Explains why he wrote that Charters & Co. should be passed over if Smith had not heard from him.

19309. There is a short letter attached to the tender of Charters & Co. for this section, in which you suggest that he ought to be passed over if Mr. Smith had not heard from him: will you please look at the letter and explain the reason why you took any part in it, and what the object was?—I can only surmise what it means. I think it probable that the Minister was then very much engaged, Parliament being in session, in March, 1875, and the Secretary may have informed me that Charters, the lowest tenderer, had not accepted, and asked me what he had better do. In all probability I volunteered to ask the Minister if he might pass on to the next tender. I may have been going to see the Minister then, on other business at the House, or the Privy Council, and not being able to see him I sent in this memorandum.

19310. As I understand, it was not usual for you as the Engineer-in-Chief to take any part in the letting of contracts or the awarding of them?—It was occasionally done, but it was not usual.

19311. Then this letter does not refresh your memory as to taking part in any transaction which led to one party getting a contract ahead of another?—It does not.

Railway Construction—
Thinks contractor had done little or no work between Sunshine Creek and Shebandowan at the date of change of route.

19312. Do you remember whether you ever had occasion to consider the amount of expenditure which was lost by changing the route from Sunshine Creek north-westerly instead of pursuing it towards Shebandowan—that is to say, the expenditure which was occasioned by the first intention to go to Shebandowan, and contracting for a part of the line which was not used in consequence of the change?—If there was any it was reported on. My impression is the contractors had done little

**Railway Construction—
Contracts Nos.
13, 15 and 25.**

or nothing between Sunshine Creek and Shebandowan at the date at which the change was made, and that the contractors were asked by letter if they would be willing to carry on the work on the new line or not. This I remember: the contractors preferred abandoning the new portion and shortening their contract some fifteen miles.

19313. According to your recollection, they had the option of continuing the same number of miles upon the new route that they had given up upon the first projected route?—I may be wrong in this; but I think the contract would provide for a change of route, because when it was entered into in all probability it was thought to be possible that the line would require to be altered.

19314. I think this is the first of a set of contracts, which were let upon estimates of quantities which turned out to be not very correct—13, 14, 15 and 25?—Yes; this is the first contract for grading, other than the Pembina Branch.

19315. I think upon all these numbers I have named the quantities which are mentioned in the specifications upon which tenders were invited turned out to be not very accurate?—Yes; it turned out that the quantities of work paid for, on sections 14, 15, and 25 I think, were in excess of the original estimate. I have made a report upon that subject, which I have sent for. I gave my careful attention to the whole question of excess in quantities, and advised the Minister to allow a re-measurement of the work to be made. A re-measurement of the work was made—a verification measurement—and it was reported on.

**Quantities
inaccurate.**

**Re-measurement
made.**

19316. Are you speaking now of section 13 particularly?—I am speaking of the different sections that you named. My report is dated May 19th, 1880, and there is another of the same date. These reports will give all the information that I possess. There are three reports dated May 19th, according to my own letter-book. One has reference to section 14, another has reference to sections 14 and 25, and another has reference to section 25.

19317. Do these reports touch sections 13 and 15?—They all bear on the question of excessive quantities.

19318. But not particularly on sections 13 and 15?—There is another one somewhere else. I never understood the excess was great on section 13, and the matter was settled in 1878, so that there was nothing to be gained by opening it up. The final payments had been made, I think, to the contractor. I am probably mistaken in supposing there is another on section 13. I find by another document in my hands a statement to this effect: In the case of section 13, the writer was not called upon to take any action, as the work had been completed, the contract closed, and the money paid before he returned to Canada.

19319. The next contract in order is No. 14, which, I understand, to be easterly from Selkirk?—No. 14 extends from Selkirk to Cross Lake, a distance of seventy-seven miles. Sifton & Ward were the contractors.

**Railway Location—
Contract No. 14.
Sifton & Ward
contractors.**

19320. Would you give a short explanation, somewhat similar to that which you gave concerning 13, as to the reason for the selection of this particular locality or route?—The crossing of Red River was chosen for reasons given in my last report for 1880, page 204. We desired to get the most eligible line between that crossing-point and

**Red River
crossing.**

**Railway Location—
Contract No. 14.**

Rat Portage at the mouth of Lake of the Woods, and every effort was made to obtain it, and, as far as I know, the line is now constructed on the most eligible route.

**Crossing at
Selkirk.**

19321. Was the selection of Selkirk as the crossing-point of the main line made, as you understand, from engineering reasons, or were you governed in any way by considerations of a political character?—It was not for political reasons, that I know of; it was recommended by me for reasons set forth in the report I have referred to.

**Reasons for
choosing site of
crossing based
mainly upon the
idea of floods
damaging the
crossing higher
up.**

19322. Are your reasons, as far as you remember without going through the report, based upon an idea of floods damaging the crossing higher up the river?—To a large extent, mainly.

**Stone Fort feasi-
ble but not so
cheap as Selkirk.**

19323. Would a crossing at Stone Fort, or in that neighborhood, have been subject to the objection which you make to the crossing at Winnipeg?—A crossing could have been made at Stone Fort, but I do not know that it would have been so cheap. I do not know that it would have been any better, and it would not have served the public interest so well.

19324. As at Selkirk?—As at Selkirk.

19325. Then the selection of Selkirk in preference to some point as far south as Stone Fort was, at all events, due to some other reasons besides floods?—There are various reasons given in this report I refer to. The main reason is that which you named, the country in the neighbourhood of Winnipeg being subject to floods, as compared with the Stone Fort. I may be permitted to read one or two paragraphs at page 271, which would give the reply that you desire:

**Consideration
controlling loca-
tion of River
Crossing.**

"Wherever the railway forms a convenient connection with the deep water of the river, that point will practically become the head of navigation of Lake Winnipeg. In course of time a busy town will spring up and the land on the town site will assume a value it never before possessed. To the north of Sugar Point, in the locality designated Selkirk, a block of more than 1,000 acres remains ungranted and under the control of the Government—this is probably the only block of land along the whole course of the Red River which has not passed into private hands or into the possession of the Hudson Bay Co.

"This large block of land abuts on the river, where a bridge may be constructed with least apprehension as to the safety of the structure in time of floods, and where its erection could, under no circumstances, involve questions of damages. Near the river there is a natural deep water inlet, which can easily be reached by a short branch from the main line of railway; along this inlet, and between it and the river the land is admirably suited for a capacious piling ground, vessels lying in the inlet are in no way exposed to damage from floods, in proof of which it may be mentioned that the Hudson Bay Co. have used it as a place of shelter for years past. They have no land, or buildings, or other property here, but they have found no safety in the open river near their establishment at Stone Fort, and at this moment the steamer *Cobville* and another vessel, all the craft the company have in these parts, are moored for the winter in the inlet, which indents the Government block of land. Thus there cannot be a question as to the eligibility of this point for sheltering shipping in winter, as well as for the purposes of navigation in summer.

"In conclusion, I may be permitted to say that these various considerations, in my judgment, control the location of the railway, and, guided by the facts I have endeavoured to lay before you, I am not able to recommend the Government to assume the responsibility of bridging Red River at any point where the proposed structure would be seriously imperilled, where prolonged interruption to traffic might be looked for on the occurrence of a disaster, the imminence of which no one can judge. I am strongly of opinion that the Pacific Railway should be carried across the river somewhere between Sugar Point and St. Peter's Church, and the circumstances which I have briefly described dictate that the crossing should be on the block of the Government land at Selkirk."

In another letter of mine, dated the 10th February, in reply to a document sent in by the Commissioner of the Hudson Bay Co., and printed

**Railway Location—
Contract No. 11.**

at page 279 of the report for 1880, I find some reference to the same question that you are particularly enquiring into now. It is in reference to the difficulty of bridging at Stone Fort and to the existence of a block of public land at Selkirk. I quote:

"It is stated that the Stone Fort has never been submerged. This agrees with the information I have already submitted. One witness quoted by Mr. Balsillie (Mr. McDermott) testifies that the water rose on one occasion to within several feet of the top of the banks. From this it is clear that at extreme floods the water rises more than thirty feet. This is quite enough to indicate the difficulty there would be in erecting piers that would withstand the force of the swollen current; and in view of the causes and consequences of the inundation, it would, in my judgment, be out of the question to augment the disasters, even in the very slightest degree, by placing obstructions in the already too contracted water-way. There is no doubt in my mind as to the most eligible site for the Pacific Railway bridge, and the documents now submitted only confirm the view I hold; but, for argument sake, if we assumed that at the Stone Fort there exists a site in every respect as good as at Selkirk, there are other circumstances which the Government will recognize the importance of. At Selkirk there is a large block of land (over 1,500 acres) belonging to the Crown. In my report of 8th December I have said its area is over 1,000 acres, but it is really more than 1,500 acres. This block is admirably adapted for a town site, and it would be greatly enhanced in value by the location of the bridge within its limits. At Stone Fort the Government does not now control a single acre of land, and any benefit to property from the establishment of the bridge at that place would accrue to individuals, and mainly to the Hudson Bay Co., where they have 1,750 acres."

Reasons against crossing at Stone Fort.

19326. Do you think that your judgment upon that matter, as to the locality of the crossing, would have been the same if the Government had not owned the land in the neighbourhood of the crossing? —I think the existence of a block of land was an element. In the quotations which I have just read, I have said that a crossing might be made within certain limits—between Sugar Point and St. Peter's Church—how far apart I am not at this moment prepared to say, some miles apart, but the Government block of land exists between those limits.

The Government owning land at Selkirk one of the elements controlling decision.

19327. Am I to understand that the reasons would be convincing to you without reference to the ownership of the land? —As to the relative merits of points south of Stone Fort, it would—Winnipeg for example.

19328. But, as between Stone Fort and Selkirk, suppose, for instance, the owners of land near Stone Fort would give a grant of land to the Government, would that change your views? —I would see reason to modify my views. I would require time to consider. If the Government owned a large block of land at Stone Fort, it would alter the circumstances a good deal.

If land at Stone Fort had been granted to Government would alter his opinion.

19329. You see a block of land might be purchased at some other locality? —If you could purchase at a fair price, but even then it would not do to have large piers in the river; you would require a span.

19330. I want to get your judgment upon matters independent of the ownership of the land, because that does not seem to me just now to be a difficulty insurmountable. If the ownership of a large block of land was desirable, it might be advisable to purchase it. I want to know how far your judgment was based on the ownership of the land, whether that was a material part of the question in your mind? —It was an element, certainly.

19331. Speaking of land, I may as well ask here—because we have asked other persons—whether you have any reason to believe that any persons connected with the Department, or your staff, had any land in

Alleged improper influence.

Location and Construction—Contract No. 14.
Witness interested in no land near the crossing chosen.

the neighbourhood, or whether that exercised any influence in the selection of the crossing?—I can speak for myself. I am interested in no land except at Stone Fort. I am the owner of a few Hudson Bay Co.'s shares, and if I am interested anywhere it would be in enhancing the value of land at Stone Fort.

19332. Were there any persons at all upon the staff, as far as you know, who were interested in the selection of a locality?—I have no hesitation in saying I do not know any one; I do not at this moment know who owns the land adjoining the block of 1,000 acres.

19333. Do you know whether a creek called Tait's Creek is a tributary of Red River?—I do; it is a small stream which flows into Red River.

19334. Near what point?—It is above St. Andrew's—a little south of the parish of St. Andrew's.

Character of site of the crossing at Selkirk.

19335. Is it near the proposed crossing at Selkirk?—Oh, no; it is nearer Winnipeg than Selkirk—at least it is just about midway between Selkirk and Winnipeg.

19336. It runs southerly towards the point you have named?—It runs somewhat southerly towards Red River, from the interior of the country.

19337. Is there a low portion of the country through which that creek runs, somewhere near the crossing at Selkirk?—I am not aware that it is particularly low, but I am aware that the overflow from Tait's Creek has passed north-east to the Red River; that is, perhaps, what you have reference to.

19338. Not altogether; that is connected with it. It has been suggested that the land itself through which the creek runs, and the neighbourhood of the creek, is so low that the bridge would have to extend a great distance from Red River, and be built over this low land?—I do not think so at all. I do not think it is lower than a few feet under the general level of the prairie—two or three, or five feet, just a gentle depression.

19339. My impression is that Mr. Rowan said it was about a 1,000 feet which would require to be bridged over the low land?—It may be 1,000 feet in length, but it is perfectly flat. It is a mere gentle undulation in the prairie, as I understand it, and as the measurements show.

No serious engineering difficulty in the way of making bridge anywhere between Winnipeg and Selkirk.

19340. Is there any serious engineering difficulty in making a bridge over any part of the Red River between Winnipeg and Selkirk?—I do not know any serious engineering difficulty. It is a matter of expense—a mere matter of cost.

19341. Well, upon the question of cost, are there any particular points where it would be very much more expensive than Selkirk?—It would be expensive to cross the river between Stone Fort and Tait's Creek in a way which would not interfere with the flow of the current through the Narrows there. It would be inadvisable to erect piers in the channel. It would require to be a clear span. I have not the plans before me, but they could easily be had, and the Commissioners could see for themselves the difficulty.

The bridge at Stone Fort should be a clear span.

19342. Do you think that at Stone Fort it ought to be a clear span?—It ought to be a clear span.

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Construction—
Contract No. 14.

19343. The water rises so high, it requires tall piers?—The water rises so high that, according to Mr. McDermott—perhaps one of the oldest settlers there, and still living—it rose within a few feet of the bank, a swollen current running like a mill race at high water.

19344. I think you mention in your report that that height of water would probably require about thirty feet for the piers?—No. I mentioned that if Mr. McDermott be correct (and I do not doubt it at all) the water rises about thirty feet. The freshet rises thirty feet above its natural flow.

19345. Do you remember what would be the length of the span if the bridge were built in that shape across the river at Stone Fort?—I do not remember even to 100 feet—400 or 500 feet I should think. It is probably given here in my report. I cannot find the place, but the documents can be sent for. We have sections of every part of the river.

Span would be
from 400 to 500
feet.

19346. Do you think that Selkirk would have been selected by you if it was understood that the railway would go south of Lake Manitoba, instead of north by the Narrows, as you intended?—I think so.

19347. That would have made no difference in the selection of the crossing?—No; not with the information that came into my possession.

19348. I do not know whether you mention it in your report, but perhaps you could say whether the fact of its being navigable from Lake Winnipeg to the crossing, in your opinion made it more desirable to have it there?—I read a reference to that, but I did not read it all. The river is actually navigable beyond Selkirk; it is navigable as far as Stone Fort, but the navigation is not an easy navigation. The river bends a good deal, and there is no flat on the margin of the river for erecting store-houses or piling lumber or any other kind of freight.

19349. Do you remember whether at the time the water stretches were considered available, it was contemplated in the Engineering Department of railway affairs that navigation might be obtained all the way to Winnipeg—through the River Winnipeg, for instance?—I do not remember having heard that that was ever entertained. The River Winnipeg is not navigable.

Water stretches
policy.

19350. That was no part of the scheme at any time?—I do not think that formed a part of the scheme of any one. The lockage would be so tremendous that no one would ever entertain it, I think, seriously. I know that my views with regard to the crossing of Red River are somewhat obnoxious to the people who live at certain points of Manitoba, and I am sorry for it. I could not help it. I know also they have no faith in what I say, or they would not incur the expenditure on buildings, &c., in Winnipeg that they do. They seem to think that I am all wrong, but, acting in the public interest, I could not have taken any other course.

The navigation
through to Win-
nipeg via Winni-
peg River no part
of water stretches
scheme.

19351. Instead of this location of the line which was covered by contract 14, other lines have been suggested and spoken of in the evidence before us: do you know whether there is any other line from Rat Portage in a southerly direction?—Yes.

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Construction—
Contract No. 14.**

19352. Which might be made available?—Various lines were run through that country before we settled down on what appeared to me to be the best one—lines to the north and lines to the south of the one now constructed.

The southerly line suggested by Carre compared with present one, and found that the rough land was less, but the quantities greater and the total mileage more.

19353. There was one line which was spoken of by Mr. Carre, starting westerly from Rat Portage, following section 15 a short distance on the route now adopted, and then diverging southerly, by which a great deal of the rough country at the west end of section 15 and the east of section 14 could have been avoided and the open country much more quickly reached than by the one now followed: do you remember whether that was considered by you?—Yes; very carefully considered. A comparison was made as to the cost of that line with the one now constructed, and it was found that although the actual mileage of rough land was less in the southern one than the one constructed, the quantities were greater, and, at all events, taken with the increased total mileage, there was no economy but rather a loss in adopting that route. That is my recollection of it.

19354. I think he says in his evidence that against thirty-seven miles of the present route, forty-one or forty-two of that line could have been built at a saving of \$250,000; and I think he intimates that he has given the profiles and quantities to your Department showing that result?—All I can say is, it was from a careful consideration of the information produced by Mr. Carre, laid before me, not over thirty-seven miles or forty-two miles, or any limited section of either line, but the whole distance from Rat Portage to Selkirk, that I made up my mind that the other line was the best and cheapest. The figures may not have been accurate. I accepted them as being accurate, and dealt with them accordingly.

19355. Do you remember the circumstance of Mr. Carre making a report upon the line I speak of, and that being considered by you?—I do.

When Carre made his report the work had not proceeded so far as to make the amount executed a consideration against Carre's proposal had that been otherwise desirable.

19356. And do you think that that consideration took place before section 14 was settled upon as it is now located?—It took place while section 14 was under contract, but before it had proceeded very far. The work had commenced at the Selkirk end and the contractors were working in an easterly direction, and whichever route had been adopted between the point on which they were working and Rat Portage, it would have made but little difference to them.

19357. The fact of work having been proceeded with to some extent upon the then section 14 did not govern your consideration as to the expediency of adhering to the northern line?—Not to any great extent. It is just possible they may have done some little work, but it was not a very large quantity of work. I could not speak positively to that without seeing the papers.

19358. Could you say whether your reasons for selecting the northern route in preference to this southern one have been reduced to writing at any time?—I think a memorandum was prepared at the time and submitted to the Minister, showing the different calculations as to the cost of the several routes.

19359. Are you aware that there has been considerable discussion about the expediency of selecting the northern route as against the

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southern?—I am quite aware. It has come before me in the several committees of the Senate and the Commons, and it is fresh in my mind.

19360. Have you adhered to the opinion you express in this memorandum that the northern route was more economical than the southern?—I have never had any reason to change it. There was no object that I know of other than the engineering one in adopting the northern route.

19361. I understand you to say, substantially, that from an engineering point of view the selection of that route was the best?—It was a judicious selection.

Notwithstanding the great difference of opinion which he knows to exist, holds that the selection of route was judicious.

19362. Now, as to the expediency of putting it under contract at the time that it happened: do you say that the information which the Engineering Department had obtained was sufficient to enable them to ask for tenders and get the best offer that could be obtained?—I think it was sufficient for the purpose. We had not all the information we desired, but it was sufficient to let the contracts in that particular way.

19363. I gather from your evidence before one of the committees that you do not consider it necessary to have very exact quantities before calling for tenders?—It is always desirable to have exact information.

19364. But it is not always necessary?—It is not always necessary.

19365. Why would it be desirable?—Desirable so that there would be no disappointment afterwards. We have had instances where the supposed quantities were greatly exceeded in actual execution; that leads to disappointment and dissatisfaction. The contractors were, to some extent, disappointed. If we err in assuming the quantities to be greater than they actually turn out in execution, the contractor may say that he expected more profit from his work, and establish a claim for not getting a profit on work not performed. For these reasons it is desirable to have the quantities as exact as possible; but when it is in the interest of the country to proceed to work earlier than it is possible to get information, it is expedient to go on with it.

Desirable to have exact quantities before proceeding with work, but not essential.

19366. Assuming there are no other reasons than financial, is it material that the quantities should be obtained with something like accuracy?—It is desirable; it is not essential. If we had to wait until we had got the exact, precise quantities over the whole line, from Selkirk to Fort William, I doubt very much if the work would have been started to-day, or much before this present year. Every year, even after the contracts are let and the work half performed or well advanced, we make changes which are desirable—changes that alter the quantities, improvements in the line as we get information, as the country becomes cleared and we get fresh information.

19367. Do you think that the quantities were ascertained as carefully as under the circumstances of that day was possible before these tenders were invited?—Well, I can hardly say. My recollection does not go back to inform me whether the surveys were made in winter or in summer. I know that some of the surveys were made in winter when it was impossible to tell the nature of the ground, when it might have been muskeg or, in some cases, water, and if it turned out to be ground of that treacherous description it might affect the cost a good deal. On this very section—section 14—a good deal of it turned out to

Some surveys made in winter when nature of ground could not be ascertained, a great deal of which turned out to be muskeg.

**Railway Con-
struction—
Contract No. 14.**

be muskeg, a great deal of it. If the survey was made in winter you would have some difficulty in telling how much of it was muskeg without going to the expense of boring through the frozen crust and ascertaining by that process.

19368. Besides the disappointment of contractors or owners of property, does not the accuracy of the quantities supplied to the tenderers sometimes affect the actual cost of the work, particularly where the offers are not consistent in the prices?—It would in some special cases, but as a general rule it cannot make much difference whether the quantities be strictly accurate or not.

19369. Do you think it would make any difference whether they were not even approximately accurate—whether they were altogether wild?—Well, I mean quantities that are not what you call wild.

19370. Approximately correct?—If you will allow me I will give an example. Take any of those cases in contracts that have been let on the Pacific Railway, I am not aware of a single instance where the result has been as you fear.

19371. You do not think, for instance, that that would alter the rank of tenders?—Not to any appreciable extent. That has been tested in every contract that has been entered into on the Pacific Railway, and it has been found that there is no great mistake committed.

There may have been some delay, but it is the habit of contractors at the close of a contract to magnify difficulties.

19372. I think on contract, No. 14, that the contractor has complained that the western end of the route was not located so that he could commence work at the proper time, and that in fact he had to transport his supplies over a link of five miles, or thereabouts, in order that he might proceed with the construction of the line further to the east than that?—Very likely, there may have been some little delay, but at the close of a contract I find contractors magnify those difficulties as much as they possibly can.

19373. Do you remember that the line was not ready next the Red River?—I do not say that it was. My recollection is not very clear on the subject.

19374. Have you taken any active part in the settlement of accounts connected with this contract?—I have taken some part. I have endeavoured to find out why there was such a discrepancy between the quantities said to have been performed and the first estimates—the assumed quantities on which the tenders were made.

Sifton, Ward & Co.'s claims on work done by Whitehead.

19375. Are you aware that besides the difference in the ordinary quantities over the line the contractor is making a very large claim for the finishing of the work at the east end by Mr. Whitehead—that he is claiming a large amount beyond Whitehead's price?—Yes; I have heard of that claim.

19376. Has that come under your notice for the purpose of settlement?—I have reported upon it, and I prefer to refer to that report rather than trust to my recollection. The report is dated 28th February, 1879, and in that report everything is considered. There is a list of the claims submitted by Sifton, Ward & Co., some of which I had dealt with by recommending they should be paid, but the majority I have rejected as being inadmissible.

Contract No. 15. 19377. As to the next contract in order, No. 15, can you say, in a general way, what sort of information had been obtained before asking

**Railway Construction—
Contract No. 15.**

for tenders: this was somewhat later than section 14?—We had made various surveys through that section of country and arrived at what we considered the best position for the railway, and had a location survey made on that line, if I remember right, with cross-sections. I think all that was done in this case before the tenders were invited.

19378. Do you think that cross-sectioning had taken place before the advertisements?—I think so.

Line cross-sectioned before advertising.
(See Ques. 19365.)

19379. Do you mean that the quantities to be obtained by cross-sectioning were available for the purpose of giving the tenderers that information?—I think in this particular case they were.

19380. My recollection is the cross-sectioning had taken place, but the results had never yet been made known. They had not been calculated? Possibly that is the case. I know a great deal of time was spent in making the location survey, and my instructions to the gentlemen who made the location surveys was to make frequent cross-sections.

19381. The nature of that country required cross-sectioning to give anything like accurate or even approximate quantities?—I think these cross-sections must have been made a couple of years before the tenders were invited.

Thinks cross-sections made a couple of years before calling for tenders.
(See Ques. 19365.)

19382. The centre line would not give sufficient information to ascertain the quantities for the purpose of inviting tenders?—The cross-sections were mainly for the purpose of securing the best location.

19383. What I meant was that the nature of this country was such that it would require something more than a centre line to ascertain anything like approximate quantities?—Yes.

19384. In a flat country it is not very material; the centre line will give it sufficiently near?—Yes; but in this country it required some other means of getting approximate quantities. The cross-sections are not made solely for that purpose, but for the purpose of making a proper location. The changes from one hill to another were so frequent you could not make a location properly without them.

19385. But independent of that matter, would it not be necessary for the purpose of ascertaining the quantities to have cross-sections?—Not necessarily, because we had let contracts previously without them, but we required them more in that country than in any portion of the country we had let contracts in before.

19386. In a rough uneven country like this was it likely you would give anything like approximate quantities without the results of cross-sectioning?—You could not.

Could not in such a country give approximate quantities without cross-sectioning.

19387. Then, if the results of cross-sectioning were not known before inviting tenders, there had not been sufficient information to get approximate quantities?—I do not say they were not known.

19388. But if they were not known?—They must have been known.

19389. But if they were not known?—If they were not known the quantities could not have been very accurate.

19390. Could they have been accurate enough to ask for tenders based on the quantities?—They could be well guessed; it was a mere guess.

**Railway Construction—
Contract No. 15.**

As a matter of fact great discrepancy as to contracts.

19391. As a matter of fact, I believe it is well known to yourself as well as to others who investigated it, that the quantities turned out to be very different from the specification and bill of works given to the tenderers?—Yes; as a matter of fact, it was so.

19392. How do you account for the discrepancy?—It is accounted for in some of my reports; I think I have mentioned them already to-day—those of the 19th of May. I made a special report on that very matter some time or other after investigating the matter. I find in my own letter-book a report on the subject. I have not the least idea of what it is, but I will be happy to read it. It is dated 16th May, 1879, and is as follows:—[Witness read the report.] (Exhibit No. 326.) Here is a report on the very matter you have been asking me about—the two lines from Rat Portage to Selkirk.

19393. What is the date?—It is dated May 20th, 1879, and is as follows:—[Witness read the report.] A copy of this will be produced, also copies of letters of Mr. Rowan and Mr. Carre referred to herein, will be furnished. (Exhibit No. 327.)

If line went to Winnipeg instead of Selkirk southerly line might have been the better.

19394. I suppose many of the reasons advanced in these reports concerning the expediency of adopting the northern line, would not apply if you thought you could go further south than Selkirk to cross Red River—if, for instance, some point between Stone Fort and Winnipeg had been adopted as a crossing?—Of course that would materially alter the conditions. If we were to go to Winnipeg, for instance, instead of Selkirk, it would possibly have been an advantage to take the southern line. I do not say it would. It would have been a matter of great consideration, at all events.

Witness mistaken in saying ground had been cross-sectioned before tenders were invited.

19395. Are you still of opinion that the information to be obtained by cross-sectioning was obtained before tenders were invited?—It appears from the letter I have just read that I must have been mistaken with regard to the cross-sectioning of the ground before the tenders were taken. In all probability my recollection is at fault, with regard to the cross-sectioning of the ground before tenders were received.

Filling at Cross Lake.

19396. Do you know whether you have made any special report, or given any special consideration to the question of filling Cross Lake: whether a little divergence would have been more advantageous and less expensive?—Yes; I have given it some consideration. I shall read you, in connection with that matter, a few paragraphs from a memorandum I prepared some time ago, and which I shall, if required, produce. It is as follows:—

Reasons for location of line in its neighbourhood of Cross Lake.

“The question has been raised that the writer caused needless expenditure by an ill-judged location of the line on section 15, in the neighbourhood of Cross Lake. There are points between the terminus on Lake Superior and the prairie region which govern the whole location. The geographical position of Lake of the Woods and the international boundary define Keewatin at the outlet of the lake to be one of these points. Selkirk, in the writer's view, is clearly another. The problem was to connect these points by the shortest, best and cheapest route. With the exception of a limited area of prairie or thinly wooded country near Selkirk the whole distance is forest. A great extent of the surface is rocky, broken and rugged, with many long narrow lakes, some of which it is impossible to avoid. Cross Lake, met some thirty-six miles west of Keewatin, is of this class. The country here, and for a long distance is exceedingly rough, and when the surveys commenced, it was a wilderness well nigh impenetrable. It was necessary, however, to find a railway line through it; not simply a line over which trains could be taken, whatever the cost of working them, but a railway which could be operated cheaply, and which would admit of the conveyance of farm produce to the eastern markets at the lowest rates, a result only to be attained by limiting the

gradients. This view has governed the writer from the earliest inception of the undertaking. In his published reports of January, 1874 he sets forth the paramount importance of finding a location with the easiest possible gradients running easterly. He directed attention to it again in his report of 1877 and again in 1879. Extracts from these reports are appended. This principle has been constantly kept in prominence and its importance has been generally admitted. It has been frequently brought forward during the last six years. The writer does not know any instance of a public man having protested against it or of any newspaper having taken exception to it although a great extent of the country between Lake Superior and the Red River is very rugged, the general elevation over long distances is not diversified. There are no great elevations or depressions to control the location and enforce the introduction of heavy gradients. Cross Lake is probably the only place on the 410 miles where any saving worth consideration could have been effected by a departure from the principle of light gradients, which it was found possible to apply generally. In the neighbourhood of Cross Lake a number of lines were surveyed. Ultimately the choice was narrowed down to two lines, connecting common points east and west of Cross Lake, about six miles apart. No. 1 crossed the lake at a high level and gave the desired easy gradients, none of which exceeded a rise of twenty-six feet per mile, and the longest being about one mile. No. 2 crossed the lake at another place on a lower level, but it involved a continuous ascent of two and three-quarter miles and sharp curves, with a rise of forty-four feet per mile. The lake, at the crossing No. 1, is 600 feet wide, and that of No. 2 fully 900 feet. For five miles east of the lake, the work is heavier on No. 2 than on No. 1; while at the lake, and for one mile west of it, the work is considerably the heaviest on No. 1. Although No. 2 would, upon the whole, cost less in the first place, No. 2 would undoubtedly in the end prove by far the most economical. After full consideration, line No. 1 was selected, and it is on this line that construction is now being carried on."

**Railway Construction—
Contract No. 15.**

**Reasons for
locating line in
neighbourhood
of Cross Lake.**

19397. Do you still remain of the opinion that the line adopted is upon the whole, the most desirable one in the public interest?—I think so. I have no reason to change my opinion.

**No reason to
change his
opinion.**

19398. Proceeding to the next contract in order, No. 16, with the Canada Central Railway Co., did you take an active part in the management of that, or was Mr. Ridout the Government engineer?—The origin of this appears to have been an Order-in-Council, dated the 4th of November. My recollection of it is: that the Order-in-Council was placed in my hand as an authority for action, and Mr. Ridout was appointed to look after the matter in detail, and still has the matter in hand.

Contract No. 16.

19399. Is there any matter about that which occurs to you as being desirable to explain?—Section 16?

19400. Yes?—No; I do not think there is anything.

19401. The next contract in order is No. 17, with Anderson, Anderson & Co.: that was for the transportation of rails to British Columbia?—I am afraid I cannot give you any explanation about that. It was not done through me.

**Transportation
of Rails—
Contract No. 17.**

19402. The next is contract 18, with the Red River Transportation Co.: do you remember whether you took any active part in the management of that?—I think I had very little to do with that.

**Tendering—
Contract No. 18.**

19403. The first thing that has come to our knowledge on this subject is a letter from Fuller & Milne, dated April, 1875, at Hamilton, which was referred to you for your report?—I do not remember writing a letter, but this is undoubtedly my letter.

19404. Do you remember anything about the matter?—No, I do not; nothing more than is set forth in this letter. I acknowledge the writing to be that of Mr. Burpe, who did all the writing for me.

19405. It appears by the correspondence that on the 21st April, before you made this report upon Messrs. Fuller & Milne's tender, the Government had received a subsequent tender from Mr. Kittson, the

**Tendering—
Contract No. 18.**

Cannot explain how he reported on Fuller's offer and not on Kittson's.

General Manager of the Red River Transportation Co., who afterwards got the contract; in this he makes an offer to do the same work but at a slightly higher rate: do you know how it came to pass that you reported on May 5th upon the Fuller offer of the 16th of April, and that no report was asked for on the Kittson offer of the 21st of April—does that refresh your memory in any way?—There may be some report that was not produced. I could not say there was any report.

19406. Do you remember, now that I have mentioned those circumstances, anything further about it?—No; I do not. Unless they were put before me, I do not know anything about it.

19407. Do you know any reason why at that time Mr. Kittson, or the Red River Transportation Co., should get the contract at a higher rate than Fuller & Milne?—I do not know any reason. I simply state in that report that their price does not seem to be unreasonable; but before accepting it I advise the Department to look into certain matters.

19408. Do you remember anything special about the contract with Moses Chevrette?—I think Mr. Hazlewood, who was resident engineer on that district, had instructions to make the best arrangements he could with respect to the erection of engineers' houses, and this is one of the arrangements made.

Contract No. 20.

19409. The next contract in order is No. 20, with the Merchants Lake and River Steamship Co.: it was for the transportation of rails and fastenings from Montreal to Fort William or Duluth during the season of 1875?—It occurs to me that tenders were invited for the transportation of those rails. As far as my recollection serves me, I had nothing to do with this, except, perhaps, the preparation of a draft of the advertisement asking for tenders. I think I prepared that advertisement, and perhaps I wrote a report pointing out the necessity of entering into an arrangement of this sort.

Does not remember.

19410. The origin of the transaction appears to have been an offer from Cooper, Fairman & Co. in the spring of 1875, and was made concerning 5,000 tons of rails or thereabouts. In the following year the transportation of a similar quantity appears to have been awarded to these parties, as far as we can learn, without competition: do you know whether there was any competition, or why it was necessary to do it in that shape?—I do not remember anything about it.

Contract No. 21.

19411. Is there anything special about contract No. 21, with Patrick Kenny, for the removal of rails to the Lachine Canal Cut from the side of the vessel, which you could explain?—I think that was done entirely by Mr. Trudeau.

19412. You have nothing you wish to explain or say about it?—No.

Contract No. 23.

Explains.

19413. As to the next contract, No. 22, with Holcomb & Stewart, for the transportation of rails from Montreal to Kingston, are you able to explain whether you took any part in it, and if so, what part?—It is a matter that was reported on in September, 1875. It appeared advisable, from enquiries made by Mr. L. G. Bell, who furnished the Department with a report on the subject the previous month, to store the rails at the Penitentiary Wharf, Kingston, instead of at the western end of the Lachine Canal, and I recommended that the forwarders in Montreal and Kingston be asked to state the rates at which they would

Tendering—
Contract No. 22.

perform the service, so that the lowest offer might be accepted. I think that suggestion was acted on, and on the 20th September, I again reported on the subject, giving the replies received from different parties, namely: D. McPhie offering to carry the rails for \$1.35 per ton; from Holcomb & Stewart, offering to carry the rails for \$1.30 per ton; from Miller & Jones, offering to carry the rails for \$1.50 per ton. Holcomb & Stewart was the lowest, and it was accepted. Holcomb & Stewart proposed to make a reduction of 10 cts. per ton, provided the Government would assume the expense of unloading and piling the rails, and as the Penitentiary labour was available for that purpose, I thought it advisable to accept their offer; and I further recommended that a telegram be immediately sent to Holcomb & Stewart to proceed with the loading of the barges with the rails, and also to notify the Penitentiary authorities respecting the unloading of the rails by the convicts.

19414. Is there anything further that you wish to state concerning this contract?—Nothing further.

19415. As to the next contract, have you anything to say by way of explanation?—I have reason to believe that the cross ties were advertised and tenders received in the ordinary way, not in Ottawa, but at Fort William, by the district engineer, and the lowest tender accepted and the matter duly reported. Contract No. 23.

19416. Has it been fulfilled satisfactorily?—As far as I know the contract has been satisfactorily completed.

19417. As to the next in order, No. 24, can you give us any information?—On the 15th of May, 1875, I was authorized to instruct Mr. Hazlewood to enter into arrangements, on the most favourable terms, for the erection of a sufficient number of engineers' houses at points where they may hereafter be utilized in connection with the operating of the road, and I communicated that authority to Mr. Hazlewood. On the 30th of September, 1875, Mr. Hazlewood enclosed to me a copy of bond and contract for the erection of an engineer's house at the town plot of Fort William, the contractors being Oliver, Davidson & Co., the price being \$3,000, with some extra for plastering, \$83.70. Engineers'
Houses—
Contract No. 24.

19418. Has the contract been satisfactorily performed?—The contract has been completed.

OTTAWA, Tuesday, 19th April, 1881.

SANDFORD FLEMING'S examination continued:

By the Chairman:—

19419. I understand that you have looked over the evidence reported by the official reporters, and that you find one or two instances in which you think it ought to be substantially corrected: I believe one of those instances relates to the price of rails which had fallen from £18 to £10, and that you are reported to have said it remained at the lower price six months: do you wish to correct that answer?—Yes; I wish to leave out the word six. The rails remained for about six months at the price named, but I think the advertisement was put in the papers before these six months expired. Corrections.
Price of Rails.

Corrections.

19420. So that they had been at the lower price for a shorter period than six months before advertising?—Yes; that is my recollection of it.

**Telegraph—
Contract No. 31.**

19421. In speaking of the telegraph westerly from Fort George contracted to be done by Mr. Barnard, you said that it was then thought that Bute Inlet would be the terminus: do you wish to correct that?—I meant to say Bute Inlet or some point north of that.

19422. Is there any other part of your evidence that you think requires correction?—I think it is substantially as given.

**Tendering—
Contract No. 25.**

19423. The next contract is No. 25, that was for the construction of a portion of the main line: the work on this section was submitted to public competition?—Section 25 was, I believe, advertised for in the usual way. According to a copy of the advertisement in my hand, the work was advertised on the 22nd of April, 1876, and tenders were invited on the 22nd of May following. Tenders were received on the 22nd of May, 1876. They were opened that afternoon in the presence of Messrs. Marcus Smith, James H. Rowan and myself.

19424. At Ottawa?—At Ottawa.

19425. Who appeared to have made the lowest tender?—On the same day, May 22nd, I reported to the Minister on these tenders:

**Purcell the
lowest.**

"Twelve tenders have been received accompanied by a cheque for \$1,000 in each case; the tenders stand in the following order:—First, P. Purcell, \$1,037,061, bonus or penalty \$10 per day; second, Richard Nagle, \$1,148,625, bonus or penalty \$10 per day; third, Hunter & Murray, \$1,190,625, bonus or penalty, \$10 per day; fourth, Sifton & Farwell, \$1,245,600, bonus or penalty, \$500 per day; fifth, J. O'Brien & Co., \$1,247,830, bonus or penalty, \$500 per day."

These are the five lowest tenders.

**Bonus to hasten
construction.**

19426. In the form of the tender which was given to persons applying for it, there is some explanation of this bonus which you have spoken of: will you please state your recollection of that?—It was considered very important to have the rails laid from the waters of Lake Superior, to the navigable waters of Lac des Mille Lacs at the earliest day, and the tenderers were invited to say what bonus in addition to the contract rates they would ask as an inducement to have the line opened by the 1st day of August, 1877, as far as Lac des Mille Lacs, and by the 1st day of August, 1878, as far as English River, and they were to be bound under the contract to have the rails ready for the use of trains by these dates, receiving the bonus referred to for every day that they had the rails so laid before the dates named. They were also to be bound under the contract to pay a penalty of the amount stated for every day that the rails were not so ready by the dates referred to.

**Purcell's figures
altered.**

19427. As you were present at the opening of the tenders, I would like you to say whether you noticed that the tenders of this successful party, Mr. Purcell, had been altered materially before that time?—There is no reference to it on the abstract of tenders. (After looking at the tender): I have no recollection of having noticed it. If the alteration was made possibly I did.

Opening tenders

19428. There are some initials in pencil at the end of the tender: do you know whose initials they are?—I may state that before I reported on the tenders, as a rule I handed them over to some one in the office to check the amounts, in order to ascertain whether the total amount was correct or not. The initials possibly

Tendering—
Contract No. 95.

refer to the gentleman who checked the amount in this tender. I think they are Mr. J. H. Rowan's initials; he was at the opening of the tenders.

19429. Has it been the system in your experience to remark, at the time of opening tenders, upon any peculiarity of that kind—any alteration in them?—Yes; when it appeared to affect the question in any way. This tender, like all the other tenders, is initialled by the party who opened it. I am perfectly satisfied that it never saw the light of day in the office until it was opened by those parties.

19430. How could you be certain of that?—Because Mr. Braun holds these papers in his own custody, and is extremely careful to lock them up in his drawer after they are handed to him.

Braun the custodian of tenders, and therefore no idea their contents could escape before the proper time.

19431. Then I understand your evidence to be based on the idea that he takes such care of them that they could not be opened?—They could not be opened by any one else but himself.

19432. It is on your idea of his carefulness that you are giving this evidence?—Yes.

19433. You are not aware, of your own knowledge, of the way in which he treats them after he receives them?—No; but I am quite satisfied that he treats them in the way I have described to you.

19434. That is your belief?—Yes.

19435. But not your knowledge?—It is my firm belief.

19436. But not your knowledge?—Not my knowledge because I do not stand by his drawer.

19437. This tender appears to have been altered by a considerable amount, but still so as to keep it a little below the next competing tender, Mr. Nagle's. My object in asking was to see whether that circumstance had attracted your attention at the time of opening the tenders?—Not that I know of. I have no recollection of it having attracted my attention.

19438. And you say it is not the habit to make a record of any such circumstance as that?—Yes; it was the habit to make a record of everything that it was necessary to make a record of.

19439. Was that recorded?—It does not appear to have been recorded on the abstract.

19440. I asked you whether it was the habit to record such circumstances—whether they were considered important or not—I mean such as a material alteration in the body of a tender?—It was the habit to record everything on the abstract that affected the question in any way.

19441. Was it the habit to record those circumstances which would alter the position of the contract?—Alter the contract amount?

19442. Yes, or give the tenderer any new advantage—I mean, in fact, to record any peculiar circumstances connected with the document, whether they should turn out to be important or not: was there such a practice in your Department?—Well, I do not know at all at this hour. I do not consider this is a very material thing, because this man may have tendered a great deal too low before.

Does not consider the alteration in the body of a tender a very serious matter.

**Tendering—
Contract No. 35.**

Changes in tenders usually noted and recorded; but this not done in this instance.

19443. He evidently thought so, and that he might as well get another \$100,000 as not; but I am only asking at present whether there was any system in your Department by which at the opening of tenders such a circumstance would be recorded by any of the persons opening the tenders?—It was usually done in anything of this kind.

19444. Was it done in this case?—It does not appear to have been done in this case.

19445. Can you account why it was not done in this case?—I cannot, except that it was in a hurry. There may have been similar corrections in the other tenders that are not recorded.

19446. We have none of the other tenders in this case produced as exhibits?—This was probably due to an error in the addition, which the contractor discovered himself before he sent in his tender.

Thinks contractor could explain.

19447. If you will look closely at the document itself you will see that that is not the explanation of it; that it is an alteration of the price upon which the calculation was made. The moneyed out amounts are altered accordingly?—The price of rock work? I dare say the contractor would be better able to tell than me—Mr. Purcell. My attention has never been before drawn to it in this marked way. We frequently received tenders that were not very well made up. The contractors are not always very good penmen, and there are frequent corrections not unlike that made. If you examine numbers of tenders you will find various corrections in them.

Explanation of witness's part in the transaction.

19448. I think you said on a former occasion that the rule was you took no part in the negotiations after the tenders were opened which led to the completion of the contract; in this case there are three letters, each of them either to or from you, in connection with this matter: I would be glad if you would look at them and say what led you to take a part in this matter that you did not usually take?—These three letters are all dated the 25th of May. I have no doubt that this man was in Ottawa at the time, and that he had called at my office, and that he had mentioned a fact that I communicated to the Minister, which was that he was prepared to make the bonus and penalty any sum up to \$500 per day. Then, in the same letter addressed to Mr. Purcell, I state that I am authorized to ask him to inform the Department, in the event of his offer being accepted, how soon he would be prepared to deposit \$50,000, in accordance with the 115th clause of the specifications. Mr. Purcell replies that he is prepared to make the bonus and penalty \$500 per day; and having reference to the deposit required by the 115th clause of the specifications, he says that he will be prepared to comply with the requirements of this clause on Monday the 29th—four days afterwards. In these letters, one sent by me and one received by me, I felt that I was doing the duty of Secretary, as I have already explained to you, because I immediately enclosed both to Mr. Braun, the proper Secretary of the Department. The letter I find here is one addressed to Mr. Braun:

“I beg to enclose herewith a copy of a letter which, under the authority of the Minister, I transmitted to Mr. P. Purcell to-day. I also enclose a copy of his reply.”

19449. I understood you before to say, in effect, that after reporting upon the position of the different tenders to the Department, that the

Tendering—
Contract No. 25.

negotiations were carried on, and ought to have been carried on, between the parties and some one in the Department other than you?—Yes.

19450. The point of my question is, to know why, in this case, the parties negotiated directly with you, and not with the parties you describe as being the mouthpiece of the Department?—I did think so, and think so still, but I could not prevent Mr. Purcell coming to my office or addressing me by letter, and when he did so I had to acknowledge the receipt of it and act under instructions.

19451. That is your explanation now of this exceptional negotiation?—That is my explanation. It is quite clear that that was my idea at the time, because on the very day that I received and sent those letters, I handed them both to the proper Secretary of the Department.

19452. Do you remember whether you and Mr. Purcell did negotiate anything further than appears in those papers?—I have not the least recollection of it.

19453. Do you remember that it was considered that Mr. Purcell was not pecuniarily strong enough to undertake the work?—I think it is very likely.

Has not clear recollection of its being thought that Purcell was not strong enough to take the contract.

19454. Do you remember?—I have no clear recollection of it.

19455. Did you take any part in the negotiations which led to the introduction of Mr. Ryan as a partner?—Not that I know of. I think I can reply to a question which you put a little while ago, now. Referring to my letter-book, which is really my official memory, I discover a recommendation which I made respecting the acceptance of the tenders for section 25:

“With respect to contract 25, I find that the bonus and penalty in the three last tenders is merely nominal, and would not have the desired effect of stimulating the contractor. I think the extreme importance of having railway communication in this section at as early a day as possible, justifies me in advising that the acceptance of the fourth lowest tender, that of Sifton & Farwell, for \$1,245,600; or of the 5th, that of J. O'Brien & Co., for \$1,247,830, with the bonus and penalty in each case of \$500, be favourably considered.”

Now, I think very likely this had come to the knowledge of Mr. Purcell, and possibly Purcell & Ryan, and that would lead to their writing the letter in your hand, offering to increase their bonus from \$10 to \$500 per day.

A recommendation of witness probably led Purcell to increase their bonus and penalty to \$500 a day.

19456. That would probably not come to Mr. Ryan's knowledge, because the proposal to introduce him as a partner was five days later?—No; in all probability it would come to the knowledge of Mr. Purcell who writes that letter.

19457. If you will notice, that was brought to Mr. Purcell's knowledge by a letter from you, because on May the 25th he commences his letter to you in these words: “In reply to your letter of this day, I beg to say that I am prepared to make the bonus and penalty \$500 a day.” Thus it still appears that you started the negotiations with him on that subject?—No; it does not follow at all. In all probability the matter which I have referred to in my report came to the knowledge of Mr. Purcell, and I surmise that he called at my office and offered to change the bonus from \$10 to \$500, the same as the others, and being desirous to have the matter put on record, in some way or other, these letters passed. I think that is very likely.

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Does not recollect. 19458. You mention these probabilities without recollecting them? —I do not recollect them.

19459. Your official memory—that is your letter-book—does not show them?—This shows nothing but what is recorded.

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19460. Do you remember whether the quantities upon this section 25 much exceeded in execution those which were estimated at the time of asking for tenders?—Yes; they greatly exceeded the originally estimated quantities.

19461. Could you say, without looking carefully into documents, whether that arose from errors in the original quantities or from alterations of the line or other changes made afterwards?—I can give a great deal of information upon that point which I will be most happy to furnish. This report in my hands dated 19th May, 1860, addressed to the Minister of Railways and Canals, gives some information. (Exhibit No. 294.)

19462. As to the probability of difficulties arising in the measurement of earth excavation over this section, have you given any attention to this circumstance: that the surveys were made in winter, and it was difficult to ascertain at that time the nature of the ground over which the parties were passing?—Yes; that was one of the difficulties.

**General know-
ledge of country
obtained from
others before
contract was let.**

19463. Before these contracts were let were you aware of the general nature of the country there—I mean whether it was rock, or earth, or sand?—I had a general knowledge, which knowledge I obtained not personally but from others—those who made the surveys and who produced the profile of the projected line, and I may say the assumed quantity, or quantities that were announced to intending contractors, were derived from that information.

19464. As to the question of the expediency of a different kind of survey being ordered at a different time of the year, I am asking now whether you had acquired a general knowledge of the nature of the country?—Yes; I had a general knowledge of the nature of the country.

**Thought at the
time there was
sufficient infor-
mation for the
purpose of letting
contract.**

19465. Did you think that surveys in the winter would give you sufficient information on which to base these quantities?—I thought at the time it gave us sufficient information for the purpose of letting this work in the way in which it was done. It was not necessary to have exact quantities, and on reference to the form of tender you will find that the estimate does not convey an idea of exact quantities. For example we have 10,000 yards of rock excavation, 1,000,000 yards earth excavation, and so on, in round figures.

19466. I have already gathered, from what you have said, that you do not consider it very material whether the quantities offered to tenderers are correct or not: it is not with a view of asking your opinion about that, but assuming that it was desirable to give approximate quantities, I am asking whether, knowing the nature of the country as you did, you were of the impression that surveys made only in winter could obtain those quantities—whether you could sufficiently ascertain the probable shrinkage of the ground?—Oh, well we could not state what the shrinkage would be in soft ground. We could form an approximate estimate of the quantities required to fill up val-

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leys and remove hills and so forth, but we could not tell how much shrinkage there would be in places where the ground is very soft.

19467. In other words, you could get the surface line, but you could not get much knowledge of the material below it?—Yes. We had not at that date a very good knowledge of the character of the country. We assumed it was like much of the country that we were familiar with in other parts of Canada, but it has turned out that a great deal of it was exceedingly soft and muskeggy, as it is called—full of muskeg.

At time had no good knowledge of the character of the country.

19468. Would a better knowledge than you obtained have been desirable for engineering purposes?—Yes; very desirable.

19469. Could it have been obtained by surveys in summer instead of winter?—It could have been obtained to some extent by surveys in summer, but not to a full extent, without spending a great deal of time over it. In some respects winter is a better time for making surveys than summer; you get over soft grounds and lakes and rivers easier.

19470. That is where time is an object to get over it?—Yes.

19471. But where a thorough knowledge of the country is requisite winter would not be the best time?—No; unfortunately winter occupies a very large portion of the year up there.

19472. Was any portion of the survey done in the summer, or at a time when you could ascertain the nature of the ground?—We were engaged in making the survey summer and winter.

Made survey summer and winter.

19473. In this portion of the country?—Yes; that particular district.

19474. Then the nature of the country was well known?—Not so well known as it is now.

19475. Do you consider that the nature of the soil was pretty well understood before these contracts were let?—I do not think it was.

The nature of the soil not well understood.

19476. Do I understand you to say that there had been summer surveys of this particular territory?—We had been surveying that particular territory for several years before these contracts were let, not over the same line, but in different directions.

19477. But is the character of this particular section peculiar to itself, or is it of the same character as the neighbouring country?—Oh, it is peculiar to the whole district.

19478. You say it is peculiar to the whole district?—Yes; I do not say that surveys were made over the precise line that has since been constructed, but surveys were made in the district between Lake Superior and Red River.

19479. Were any surveys made which would ascertain the nature of the country to be of the kind which it turned out to be?—We had no accurate knowledge of the nature of the soil before we commenced to make the excavations and the embankments. The object of the surveys was for another purpose altogether. It was specially for the purpose of getting the most favourable line for a railway.

Object of surveys to get the most favourable line irrespective of nature of soil.

19480. Irrespective of the nature of the soil?—Irrespective of the nature of the soil.

19481. Is that not a material element in deciding the locality of a line?—Yes; but when the nature of the soil is the same generally it affects all lines alike.

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Nature of the soil had not been ascertained.

Nature of soil could have been ascertained by summer surveys; there were summer surveys, but the summer surveys not directed to discover nature of soil.

Boring recognized for ascertaining nature of soil was not ordered to be done.

In paying contractor a larger quantity of material allowed for than was represented in the work.

19482. Then the nature of the soil generally had been ascertained?
—The nature of the soil generally is the same.

19483. Had it been ascertained?—I say it had not been ascertained.

19484. But I thought you were making summer surveys as well as winter surveys over the country?—I say it had not been ascertained with precision and could not be ascertained until we began to work it.

19485. Is there no means of ascertaining the nature of the soil without working it in construction?—We have not in any part of Canada had to deal with the same sort of soil that is there, that I know of.

19486. You give that as a reason for not ascertaining, do you?—I do not give that as a reason for not ascertaining; I give it as a reason for not knowing its precise nature.

19487. I take it for granted that you thought it was the same as the soil of other parts of the country?—Yes; it comes to that.

19488. Does it come to this: that you had not ascertained the nature of the soil?—That is what I said throughout.

19489. Could it have been ascertained by summer surveys?—It could have been ascertained.

19490. Were there summer surveys?—There were summer surveys.

19491. I cannot follow your reasoning; perhaps I have not got your answer properly?—These summer surveys were not directed specially to the discovery of the nature of the soil; they were directed specially to the discovery of the most eligible line for the railway.

19492. Although there had been summer surveys precaution had not been taken to ascertain the nature of the soil?—There were no special enquiries made into that subject.

19493. Is there some recognized method for ascertaining?—Yes.

19494. What is the method?—By boring.

19495. Was that not ordered to be done?—That was not ordered to be done.

19496. Is it to the omission of that you think that the disappointment in the quantities is to be attributed?—I do not think so. I think it is mainly due to the system of measurements.

19497. Do you mean the measurement of the quantities as executed?
—The measurement of the quantities as executed.

19498. How do you mean that that system of measurement has led to this disappointment: is it that a larger quantity was allowed for in the measurement than was actually executed?—According to the system of measurement adopted in paying the contractor, a larger quantity of material was allowed than is actually represented in the work.

19499. How was that?—It was owing to the excessive shrinkage it may be called, of the material itself. It has been found that the muskeg material employed in making many of the embankments is very porous, was filled with water like a sponge, and after a time the water passed away in the embankment, leaving very much smaller cubic contents than was measured up and paid for.

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19500. Did this system of measurement accord with your views on the subject?—It did not.

19501. In your opinion, what would have been the correct system of measurement?—I felt that the spirit of the contract was to pay for the work actually executed, and in cases where such material had to be used I would have adopted a different system of measurement.

19502. Had you not the control of the system of measurement at this time?—Not at this time.

19503. At what time do you consider that you are now speaking of when you say you had not the control?—The contract was let in June, 1876; I left early in July, 1876, and no work was then returned, so that I actually certified to no work done on that contract. It was done by others during my absence.

Work on this contract certified for during the absence of Fleming.

19504. When did you resume the control of the work so as to be answerable for the system of measurement after that?—When I resumed my duties in October, 1878, I found that the original estimate had been very much overrun, and I declined to certify, and have not certified as to the quantities of work done.

19505. I understand your objection to this system of measurement to be in effect this: that the contractor ought not to be paid for the full cubic measurement of the material which he has moved, but only for the quantity as it finally remained in the embankment: is that the meaning of your objection to the system?—My idea is that the contractor should be paid for every solid yard of earth work executed by him, or rock work, as the case may be.

19506. That does not quite inform me of your meaning, because you make use of the word executed: now he has executed the removal of it as well as placing it in the embankment, and I want to know whether your idea is that he should be paid for the quantity he removed, or only for the quantity finally left after compression in the embankment?—In cases where the work consists of making a cutting to admit of the railway passing through it, the contractor should be paid by the yard for all the material taken out of that cutting. In cases where he had to form an embankment he should be paid for the solid contents of the embankment and nothing more.

Contractors should be paid for all material taken out of a cutting and for the solid contents of embankment and nothing more.

19507. Is that the ordinary rule of measuring to contractors?—That is the spirit of the contract, as I understand.

19508. I am not speaking at present of the meaning of the contract, which would probably be a legal question, I am asking you whether it is the usual custom of measuring to contractors in practice, not in law: is that the usual custom?—The usual custom in other parts of the country, is to pay for measurement in excavation; but then the nature of excavation is very different in these parts of the country which I speak of.

19509. Then the system which you speak of would be exceptional, would it not?—Yes; and there is provision made in the contract for the exception, if I am not wrong.

19510. For the present, I am not asking you to construe the contract, I am asking you of matters in your experience: am I right in understanding you to say that the system which you suggest

System of measurement contended for by witness exceptional.

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would be an exceptional system, and would be owing to the peculiar character of this part of the country?—Yes, it would.

19511. Then, in this locality do you think that the quantity to be measured to the contractor would be the quantity left in the embankment finally?—The solid contents of the embankment in this case.

50 per cent. of muskeg water; witness holds that if it took two and a-half yards of muskeg to make one yard of embankment, the contractor is entitled to be paid for only one.

19512. I understand that the difficulty in this particular locality, not only regarding section 25, but some of the others in that neighbourhood, was that the soil as removed contained a large proportion of water which was afterwards not available in forming the embankment?—It turned out that the material employed, which was termed muskeg, was very much like a sponge and contained a great deal of water—more than 50 per cent. in some cases—so that it took from two yards to two yards and a-half of this muskeg material to form one yard of solid material in the embankment. The contractor was paid for the two and a-half yards; I hold that he is only entitled to be paid for the one. The whole discrepancy between the original estimates and the quantities returned and paid for, arose in that way. The original estimates were not so far astray. They were sufficiently near for the purpose they were designed to serve.

19513. Then, I understand you to say this in effect: that in order to make the embankments, it became necessary that a very much larger amount of material had to be excavated in order to finish that embankment than was expected?—No; it was not done. I do not say it was a *sine qua non*. Possibly not in all instances, but in some instances it might be had in some other way.

19514. But as to the material that was used, was it not necessary to remove a much larger quantity than was originally expected to be removed, because it did not make the same quantity in the embankment that it did *in situ*?—It was necessary to remove with the solid material a large quantity of water. The water was incorporated with the material itself. In some places it was like thick vegetable soup, and when this water drained out, the two yards and a-half were reduced to one yard.

19515. But at the time of estimating the quantities for the purpose of receiving tenders, I understand you to say it was assumed that the quantity to be removed would supply the same proportion in the embankment that excavation generally supplies?—I do not know that the matter was thought of at that time. The estimate of quantities necessary to lay before intending contractors, was ascertained in the usual way, by computing the quantities from the profiles.

19516. Was it not then assumed, as far as you know, that this excavation would supply the usual proportion of embankment?—I have already said we were not familiar with this material, that we had had no experience—at least only to a very limited extent—of that material in other parts of the country.

When estimating quantities it was assumed there would be no marked difference in the excavation from what was in other parts of the country.

19517. I ask was it not assumed that this excavation would supply the usual proportion of embankment?—It was assumed there would be no marked difference in the excavation in that section from excavations in other parts of the country.

19518. Then the disappointment which finally happened arose really for want of knowledge of the material at the beginning?—To some extent.

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19519. I understand all this explanation to mean that the disappointment arose because the nature of the material was not known, and because it had to be assumed that the ordinary proportion would be found in the excavations for the embankment that is generally found?—May I ask what disappointment you refer to?

19520. That caused by the great discrepancy between the quantities executed and estimated?—No; it arose from the system of measuring.

19521. Did it not arise because a great deal more material had to be excavated in order to supply the required quantity in the embankment?—It arose from the measuring of the water in the material, as well as the solid material itself.

How discrepancy arose.

19522. Is it not your understanding that it became necessary to take out either in water and earth, or some kind of material, a much larger quantity of material than would afterwards be found in the embankment?—I am not prepared to say it was necessary, because the material could have been taken in another way. It could have been obtained from borrowing-pits of a more suitable character in some instances at all events.

19523. Do you know whether a large portion of the embankment, as executed in any of these instances, was made from the muskeg instead of from borrowing-pits in localities where it could have been got from borrowing-pits?—It was borrowed from the adjoining muskeg in many instances, and this unstable material was used in that way. It was more convenient to the embankment.

19524. Do I understand you to suggest that it might have been obtained of a better quality, and more suitable material, from some borrowing-pits, in that neighbourhood?—In another way.

Though he cannot point to a particular case where it could have been done is convinced suitable borrowing-pits might have been found so as to avoid the necessity of using muskeg.

19525. Do you remember any marked instances where that happened, where the embankment was made from muskeg, and where it might have been made from borrowing-pits?—I cannot point to any particular instance at present. I know perfectly well the material could have been taken forward by train from suitable borrowing-pits.

19526. Have you investigated that part of the question—I mean practically to ascertain that there were borrowing-pits which would have supplied this material in the instances you complain of?—I have investigated the matter and found in some cases there were, but I cannot tell the precise places at present. However, I took every means in my power to prevent a repetition of the difficulty, and instructed the engineers in charge of the several sections up there, as soon as the matter came to my knowledge, to adopt another course, and you will find my instructions in a letter addressed in this instance to Mr. Jennings, in charge of section 42. Similar instructions were sent to other engineers. You will find it in Exhibit No. 293, pages 15, 16 and 17.

Took steps to prevent a similar difficulty in the future.

19527. You alluded a short time ago to a discretion which you thought the engineer had over the measurement of this kind of material, and by which the contractor would only be paid for what was found in the embankment. I understand that to

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Measurement to be made in excavation and where this impossible the engineer to determine the quantities in embankment.

be the substance of what you believe to be the power the engineer had over the matter: would you say what clause of the specification leads you to think so?—I think he had control under clause 30, and under clause 31, and under clause 20, but more especially under clause 30, in which these words are used:

“The measurement of quantities shall invariably be made in excavation, unless in special cases, if any, where this may be found impossible. In such cases the engineer shall determine the quantities in embankment, after making all proper allowances, of which he shall be the judge.”

19528. I understand you to say that at the time these specifications were prepared to be submitted to persons who were invited to tender, there was no knowledge of the kind of material which would be excavated, as for instance muskeg, so as to provide specially for it any further than is provided in this clause?—There was no precise information with regard to the material to be excavated, but the specifications were intended to cover every kind of material and every contingency.

19529. Could you say whether it was known at the time that these specifications were prepared that, in many instances, the material would be of the spongy character you describe, so as to make it less available than if it were more solid, and so that the quantity excavated would not be represented fully by the contents of the embankment?—I do not know as to that; but I can say that the spirit of it was given, and the intention of the contract was to pay for solid work, not for water or air.

19530. That is hardly an answer to my question, because it is possible that some court might say these documents do not contain the spirit that you think they contain. I am asking you now about the information that the Department had on this subject, and I ask again whether, at the time that these specifications were prepared, the Department or the engineering branch of it had the information that a large quantity of this material was of that character which would make it impossible to get beyond perhaps two-fifths of its equivalent in the embankment after removal?—I can only speak with regard to myself and my own knowledge. I prepared the specifications, and it never was my intention that anything further than solid material should be paid for.

Cannot say whether the Department had the information that a large quantity of this land was muskeg.

19531. You are still speaking of the intention of the document?—Yes.

19532. What I was asking about was the information that the Department possessed?—I have already said all that I can say about that.

19533. At the time that these specifications were prepared, had the engineering branch of the Department of Public Works any knowledge that the material which might be largely used in making this embankment, was of the spongy character that you describe, and contained so little solid matter that no more than two-fifths of it would be finally represented in the embankment?—We had a knowledge of the country through which the line would pass, but we had no precise knowledge of the character of the material you speak of; and I, for one, certainly had no idea that this material would be used to the extent which it has been used.

19534. Had you any idea that in that neighbourhood there was much of that material which, after being moved, would not represent more than two-fifths, or thereabouts, of its original solid contents?—I could not say that I knew what proportion of the material would be

solid. I could not say at that time what has been the result of experience since obtained. I knew that the country was a very rugged one, I knew there were a great many swamps and flat grounds, and that swamps generally contained soft material; but I had no idea then that there was so much soft material—that has since been proved.

19535. Had you the information that there was likely to be a considerable portion of the material there of the quality you describe, that is to say, that no more than two-fifths, or one-half, or somewhere thereabout, would be finally represented in the solid embankment?—No information of that sort.

19536. If you had no information of that sort at that time it would not be likely that you would draw up specifications to prepare specially for it?—My impression is that that material has been much more largely used than is called for.

19537. If you were not aware that there was this material in large quantities likely to be used, do you think it probable that you would have provided specially for that kind of material in your specification?—Had I information that there was any possibility of using this material to the same extent that it has been used, I would certainly have made provision that it should not be used to that extent.

Had he known there was a possibility of this material being extensively used he would have made provision against this.

19538. But irrespective of the extent to which it has been used, I understand you say that you had no information about the character of this material which was likely to be used to some considerable extent—I do not mean to the great extent it has been used, but to any considerable extent—and I am asking you if you had not that knowledge whether it is likely you drew your specifications so as to provide particularly against the loss which will be occasioned by the use of such material?—It is very likely if I had had information such as I have now, I would have made special provision against the use of this material, or with regard to its proper measurement.

19539. I understand you to say that the contractors have been paid for excavation to a much greater extent than they have performed the work, according to your reading of the contract?—They have not been paid more for the work; they have been paid for what is not represented in the work. They have been paid for moving some sort of substance that is not in the work at all—they have been paid for moving water.

Witness thinks contractors have been paid for what is not in work.

19540. Then they have been paid on certificates for much larger quantities than they were entitled to?—There is nothing to represent on the ground in the railway much that has been paid for at this moment.

19541. I understand that to be the result; but I am asking now for this information: whether they have received certificates for a larger quantity of work than, according to your own reading, they ought to have received under this contract?—Clearly, clearly. I might mention to you that the twelfth clause of the specification also bears on the question. It reads:

“The material to be placed in the embankment must be approved by the engineer, and any places where the natural surface of the ground upon which the embankment is to rest is covered with vegetable matter, which cannot be burnt off in the clearing, and which would, in the opinion of the engineer, impair the work, the same must be removed to his entire satisfaction.”

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That goes to show, with the other clauses that I have referred to, that the whole matter, as far as material to be used is concerned, was in the hands of the engineer.

Witness reported the facts connected with the difference between McLennan's and Bell's measurements.

19542. I understand that you made a formal report upon the subject of the difference between the measurement by Mr. McLennan, and by the gentleman who was afterwards appointed to revise it, Mr. Bell: have you anything to say upon that subject beyond what your report contains?—It is simply a statement of facts. I simply report the re-measurement of Mr. Bell's, and give the general result, but I do not go very much into the question. I just simply sent it in to close up my office work. I had ceased to be Engineer-in-Chief immediately after this report was written—the following day, in fact.

19543. Returning to the question of measurement in the embankment as against the excavation, is it usual to allow contractors something more than the earth actually found in the embankment, assuming that you had no means of measuring the excavation, and were judging entirely upon the basis of what is found in the embankment?—It has not been usual in my own case, and this contract provides for nothing of the kind. I shall read you another clause which bears on the question—clause 89:

Contractor to be paid for work actually executed

“The contractor will be paid for the work actually executed by him under the engineer's directions and to his satisfaction, at the prices stipulated in the contract; but he shall not be entitled to any additional allowance by reason of any changes or alterations.”

Then again, in clause 90:

“But any work, material or thing of any description whatsoever that may be omitted from the specification or contract which, in the opinion of the engineer, is necessary or expedient to be executed, the contractor shall, notwithstanding such omission, upon receiving written directions from the engineer, perform the same, and the payment therefor shall be at the price for such work given in the schedule of prices.”

19544. In clause 89 you read that he will not be entitled to any additional allowance by reason of any changes or alterations; the words referred to are in the section?—Yes; they are used.

19545. Do they not define the particular alterations therein alluded to?—I did not deem it necessary to use these words, because I had not read the previous part of the clause, but I shall be glad to read the whole. It points to the fact that the engineer will be at liberty to make alterations which he may deem expedient in the grades, the line of location, the width of cuttings, the fillings, the dimensions and character of structures, or any other thing connected with the works, whether or not such changes increase or diminish the quantities of work to be done.

Every clause in the contract points to the fact that the contractor is to be paid for only what he does.

19546. And the clause applies, therefore, to those particular alterations?—Certainly. Then in clause 91, in fact almost every clause in the contract points to the fact that the contractor is to be paid for what he does and not for what he does not do.

19547. That would hardly settle the question whether, when he removes spongy material, he does not do something?—It refers to what he does under the engineer's directions, and not what he does for his own convenience.

19548. It is not necessary to discuss a question of law; I suppose the point is, whether the contract promises to pay him for moving this

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kind of material by the yard?—I have no hesitation in saying that had I been present he would not have moved very much of it, or if he had it would not have been measured up in the way it was.

19549. It is quite possible that the engineer may control his movements so that he might not have so large a claim for this material under the contract; but that is a matter about which, as you were not present, I do not wish to ask you, and I understand that you do not consider yourself responsible for it?—I took active steps to put an end to it the first time it came to my knowledge.

19550. Now, as to the general principle, irrespective of this particular case: assuming that there may be cases where you have only the embankment from which to get data so as to ascertain quantities, is it not usual to allow the contractors something more than the embankment actually showed?—No; it is not.

Not usual to allow contractors more than the embankment actually showed.

19551. Speaking first of all as to rock, is there any rule or practice about that?—Rock is invariably measured in the excavation. There is no difficulty in measuring rock in excavation.

19552. I believe a yard of rock excavated really makes more than a yard of embankment?—Yes; but the contractor does not get paid for the spaces of air between the rock; he gets paid for the solid rock in the rock cutting.

19553. Could you say about how many cubic yards of ordinary earth it takes to make any given quantity, say ten yards, in the embankment: is there any understood rule in the profession about that?—There is. It depends on the material very much.

19554. Of ordinary earth?—I cannot at this moment say.

19555. I think you said, that of this muskeg which was objectionable, it sometimes took two and a-half yards to make one?—Two and a-half yards in some cases, and in other cases two yards to make one.

It sometimes took two and a-half yards of muskeg to make one yard of earth in embankment.

19556. And that in all cases it took a very much larger quantity than is represented in the bank?—So it is reported to me by those persons who have spent a large portion of time investigating it on the ground.

19557. Have you been over this contract yourself?—I have not been on the ground.

Witness has not been on the ground himself.

19558. When did you first see that country over which those lines run?—In 1872, I think.

19559. At that time did you see the neighbourhood of the country where the line runs?—Some part of it. I had just a general knowledge of the country.

19560. About what part did you see?—I could not without the map tell you, but I could sketch on the map about the position I was in.

19561. Please look at the map and name the points between Lake Superior and Red River that you touched?—I passed from Thunder Bay to the Kaministiquia, where the Mattawa flows into the Kaministiquia—that is in the neighbourhood of Sunshine Creek—and then passed up to Lake Shebandowan, from there to Lac des Milles Lacs, and generally over the Dawson route to Lake of the Woods, and thence to Fort Garry.

Route of witness in 1872 between Lake Superior and Red River.

**Railway Construction—
Contract No. 25.**

19562. Then you have travelled yourself over the country between Lake of the Woods and Fort Garry?—I have.

19563. Was that in a tolerably direct course?—A pretty direct course.

19564. But between Lake of the Woods and Sunshine Creek, you had not seen any portion of this country, as I understand you now to say, before the contracts were let?—Not any portion of the line that has now been constructed.

19565. Have you at any time seen that portion of the line?—I have not seen the whole of it; I have seen very little of it in fact.

**Extent of country
between Lake
Superior and
Red River seen
by witness.**

19566. How much of it have you seen?—I have seen the portion that I have referred to, and I have also seen the whole of section 14 and 15, and part of section 42.

19567. How far on section 42 did you proceed?—Up to Rossland.

19568. Then between Red River and Rossland you have seen the country over which the line actually runs?—I have.

19569. When did you first see that?—I saw that in 1879.

10570. Is there anything further about section 25 that you think it necessary to explain at present?—It does not occur to me that there is anything else.

**Engine House at
Fort William—
Contract No. 26.**

19571. The next contract in order is James Isbester for the engine house at Fort William?—It appears that the work was duly advertised and tenders received on the 22nd of May, 1876, and I reported on that date to the Minister that there were five tenders received, namely: James Isbester, \$30,989; John Steacy, \$34,500, John Wardrop, \$35,761.—

**Contract given to
lowest tenderer.**

19572. There were none lower than the man who got the contract?—No; James Isbester put in the lowest tender, and the tender was awarded to him.

19573. I do not remember any point about this contract that requires any special explanation or elucidation: are you aware of anything?—I think the contract was properly completed and paid for.

**Transportation
of Rails—
Contract No. 27.**

19574. The next contract, No. 27, is with the Merchants Lake and Steamship Co., for the transportation of rails to Fort William, or Duluth: do you remember anything about it which requires explanation?—I take it that that work was done in the usual way. Tenders were invited and received, and the lowest accepted, and the work was done and paid for.

**A ton of rails
always considered
to be 2,240 lbs.**

19575. In your experience, do you remember whether, where no description was given, a ton of rails contains 2,000 lbs. or 2,240 lbs.?—I think rails are always considered to weigh 2,240 lbs., unless it be specially mentioned that a ton only weighs 2,000 lbs.

19576. In the absence of any particulars they are usually taken in the profession to mean the long ton?—Yes; the long ton.

Contract No. 28.

19577. The next contract is No. 28, with the Red River Transportation Co.: do you remember anything about that contract that you consider ought to be explained?—No; I do not remember much about that.

19578. I think it rose from a recommendation of yours, that a larger quantity should be provided somewhere on Red River than had already

been provided; but the actual negotiations appear to have taken place through other persons?—On the 13th of May, 1876, it appears that I recommended that arrangements be entered into for moving a quantity of railway material from Duluth to Selkirk, in order to keep the contractors for the sections then let going. They were not actually wanted at that time, but I was looking forward to the time when they would be wanted, and was endeavouring to make provision accordingly.

**Transportation
of rails—
Contract No. 28.**

In order to take advantage of high water recommended on 13th May, 1876, that arrangements should be made for moving material from Duluth to Selkirk.

19579. Is there anything further about that transaction that you consider it necessary to explain?—No; I see nothing. The railway was not then established between St. Paul and Winnipeg or Red River, and material of this kind could only be taken forward to the point required, during a certain stage of the water which occurred once in a year, and it was simply to take advantage of the high water that I suggested this to be done.

19580. The next contract is No. 29, with Cooper, Fairman & Co., for railway spikes delivered at Fort William; as far as we know the only part you took in that transaction was to prepare the specifications?—I do not remember anything further.

**Railway
Spikes—
Contract No. 29.**
Cooper, Fairman
& Co. contractors.

19581. Is there anything about it that you consider ought to be explained by you?—No; I assume that those spikes were wanted, or were likely soon to be wanted, and they had to be provided, and this was the way of doing it. I prepared a specification accordingly; the contract was entered into, I see, during my absence, on the 28th of July, 1876.

19582. The next contract is No. 30, with Cooper, Fairman & Co., agents of Robb & Co., for bolts and nuts: do you remember anything, without looking at papers, about the transaction?—The two contracts, 30 and 31, were with the same parties for the same material.

**Bolts and Nuts—
Contract No. 30.**
Cooper, Fairman
& Co.

19583. One was for bolts and nuts in this country, and the other was for bolts and nuts in Vancouver, and were supplied from different sources; probably they were dealt with as separate contracts?—I understand that these were to make good the same bolts and nuts that were contracted or arranged to be supplied by the Mersey Steel Rail Manufacturing Co., which company either declined or desired to withdraw from that portion of the contract, was filled by those parties at the same price as the Mersey Co., as I understand.

19584. It appears from the evidence that the Mersey Co. never did arrange to supply them, that they repudiated that part of the offer which was made in their name; and assuming that the matter then became an open one for the Government to deal with, as might be most advantageous for the public interest, can you say how it was brought about that this new contract was entered into with those contractors?—No; I can give you no information on the subject. I am simply giving you the explanation as it has been given to me.

Can give no explanation how contract came to be made with Cooper, Fairman & Co.

19585. This matter has been spoken of by a former witness, Mr. Trudeau, and in justification of the action of the Department he has called our attention to the fact that on the 4th of March you recommended this, and so noted it on the back of the offer?—These are the papers that I said would speak for themselves. I have no knowledge that these existed, but it seems that I have written the word "recom-

**Bolts and Nuts—
Contract No. 80.**

mended" in pencil on the back of the letter sent in to the Minister of Public Works by Cooper, Fairman & Co.

19586. Do you know now anything more of the matter than is shown in that memorandum?—No.

19587. Can you explain it in any way?—No.

19588. Could you say that at that time you investigated the matter so as to decide whether their offer was the best that could be obtained or not?—I think it is quite likely that I did not give it much attention.

19589. I find no report on the subject, no formal report, but that memorandum written on the back of their spontaneous offer which appears to have been acted on by the Department?—This was disposed of among hundreds of other papers referred to me in this manner in the usual routine.

Cannot recollect whether the price had fallen £2 sterling, but must have looked into matter at the time.

19590. We have some evidence before us to the effect that at the time that letter was sent and the offer was accepted the price of those articles was something like £2 less, than it was at the time of the original order in the name of the Mersey Co.: do you know how that was, or did you investigate it?—I have no recollection of it at all. I have not the least recollection of it. I have no doubt I looked into the matter at the time.

Thought it proper and wrote "recommended."

19591. Could you say, looking at the matter now, whether that letter was sent to you to investigate the offer on its merits or price, or was it only to suggest the quantity required for use?—I really do not recollect, but I have no doubt at all I picked up this piece of paper out of my basket, where there were hundreds of others similar to this, and looking into it thought at the time that was a very proper thing to do, and wrote the word "recommended" on the back of it.

19592. Would you say, looking at this word now, that you had been asked to investigate the merits or the price in any way, or that you were asked to do anything more than to say whether the quantity was required; in fact, had you, as a rule, the responsibility of deciding as to the relative prices?—I had very little to do with the making of contracts. From the appearance of that paper I should say my attention was not specially called to the fact that there was any intention of entering into a contract. You will observe that is not a report; it was simply the way in which the paper was disposed of and sent back again out of my office to some other office. I think Mr. Trudeau would be able to give a more full explanation on that subject than I can.

(1) Cooper, Fairman & Co. wrote on 10th February, 1876, asking to be allowed to supply bolts and nuts;
(2) Braun on 12th of February, 1876, wrote that request could not be granted; witness cannot explain why, notwithstanding on the 4th of March, the offer was recommended by him.

19593. Referring to this matter, a letter dated the 10th of February, 1876, is written by Cooper, Fairman & Co., asking to be allowed to supply bolts and nuts, and is printed in a report in answer to an Address of the House of Commons, dated the 2nd March, 1876. On the 12th of February, 1876, another letter appears from Mr. Braun to Cooper, Fairman & Co. stating that their request could not be acceded to: do you know any reason why, on the 4th of March, some three weeks after that, the offer should be recommended by you to be accepted?—I do not know. This was six years ago.

19594. Do you remember whether you had a conversation upon the subject of any of the contracts with the gentlemen who obtained the contract, Cooper, Fairman & Co., or any of the members of the firm?—I dare say I had; but I could not tell at this hour.

19595. Do you remember the substance of any conversation on the subject?—No; I do not. I dare say they have been in my office very often, but I could not even tell by sight the gentlemen themselves.

19596. The next contract, No. 31, is with Cooper, Fairman & Co., for bolts and nuts, free on board at Liverpool, for Vancouver, and appears to have been the result of a spontaneous offer of theirs of the same date as that last one, which was accepted: do you remember anything of that transaction?—Nothing whatever.

**Bolts and Nuts—
Contract No. 30.**

**Contract No. 31,
B.C.
Cooper, Fairman
& Co.**

19597. In this case their offer appears to have gone through the same process, to have been sent to you on March the 4th, "recommended," on the same day, and approved of by Mr. Trudeau on the following day: look at that memorandum, and see if it refreshes your memory as to anything connected with it?—When I recommended this, I have no doubt I considered that the proposal was one that might be accepted in the public interest. I do not remember anything about it.

19598. Could you say whether you came to that consideration after investigating the merits of the offer, or whether you assumed it without any investigation, or whether you took the responsibility of deciding that?—I certainly would not recommend without reading the letter, but I have no recollection of what I did at the time. I took for granted, no doubt, that the proposal was a fair and reasonable one.

**Has no doubt he
took for granted
that the proposal
was a fair one.**

19599. The next contract is No. 32, also with Messrs. Cooper, Fairman & Co., for 250 tons of spikes: do you recollect anything about that?—I see, by the papers placed before me, that I had something to do with that transaction.

**Railway
Spikes—
Contract No. 32.
Cooper, Fairman
& Co.**

19600. What was it?—The first document is a letter from Cooper, Fairman & Co., dated January 19th.

19601. Alluding to that, can you say how it was that they understood that the Department would be in want of further spikes: had you any conversation with them so as to inform them of it?—I do not think I had any conversation with them. I may have had, but I have no recollection of it. I suppose that they were supplying spikes before, and they were aware in some way or other that more spikes would be wanted.

**Cannot explain
how the contrac-
tors wrote and
sent their propos-
al before the
advertisement
appeared.**

19602. They wrote on the 19th and the advertisement appears on the 21st?—On the 19th of January a letter comes from them, which letter appears to have been referred to me, and on the 31st of January I wrote to the Secretary of the Department, as follows:—

"With regard to Cooper, Fairman's communication dated 19th of January last, having reference to spikes, I beg to say that the following quantities of spikes will be required to be delivered at the points mentioned on the opening of navigation, namely: at Fort William, 75 tons; at Selkirk, 175 tons; total, 250 tons."

"I am, &c.,

"S. F."

Some few weeks after that an advertisement appears dated the 19th of February, I think it is, asking the public to tender for spikes.

19603. I understand that you recommended the purchase of 250 tons?—Yes.

19604. The letter awarding the contract appears to be for 300 tons?—I suppose they tendered for the larger quantity. The advertisement calls for 100 to 300 tons.

**Railway
Spikes—
Contract No. 32.**

19605. Is there anything further about this contract that you think requires explanation?—I do not think so. I see a correspondence about the size of the kegs, but it is not of any consequence. They wanted to put the spikes in a particular sized keg, and wrote several times about it, and I insisted upon them being put in a proper sized keg.

**Station
Houses—
Contract 32 A.**

19606. The next contract is 32 A, with LeMay & Blair, for station houses: do you wish to give any explanation about that?—I think Mr. Hazlewood, who was then resident engineer of the Prince Arthur's district, had a general authority to contract for the erection of a sufficient number of engineers' huts along the line, and under that authority this contract was entered into.

19607. No part of it is within your own knowledge?—No; I simply had the matter put on record in this form in my report for the year 1879.

Contract No. 33.

19608. Contract 33 is with Kavanagh, Murphy & Upper, for completing the Pembina Branch construction?—That contract was entered into during my absence, I think, and I am afraid I cannot give you much explanation about it.

Contract No. 34.

19609. The next one, No. 34, is with the North-West Transportation Co., and as far as tenders and papers connected with the formal arrangement show, it was for transporting from Kingston to St. Boniface, or Emerson, or between these places. In addition to the expenditure under that contract, your report of 1879 shows an amount for the transportation of 1,500 tons more: do you know anything of that subsequent transaction?—I am afraid I know very little about it. I see there are two authorities to certify that the work was done when done; one is dated 29th of May, and the other the 30th of September. The one of the 29th of May is, no doubt, the time the contract was regularly entered into; what the second is I do not know.

Contract No. 35.

19610. The next contract is No. 35, with Cooper, Fairman & Co., for spikes to be delivered at Fort William and Duluth: have you any knowledge of the transaction. Your name does not appear among the papers that we have before us?—No. I see an advertisement dated February 21st, inviting tenders for spikes, and I see a printed specification signed by Mr. Marcus Smith. I am under the impression I had little or nothing to do with that transaction.

Contract No. 36.

19611. The next contract is No. 36, for the conversion of a hotel into offices: we are not aware that there is anything requiring explanation, but if you know of any we will be glad to have it from you?—I cannot give you any information in regard to this without making enquiry myself.

19612. But from your own knowledge you have no information to give?—No; I was not in Canada at that time.

Contract No. 39.

19613. The next contract is No. 39, with John Irving, for the transportation of rails from Vancouver to Yale?—I was absent on leave at that time, and can give no information about that.

**Engine House
at Selkirk—
Contract No. 40.**

19614. The next is contract No. 40, with Gouin, Murphy & Upper, for the erection of an engine house at Selkirk?—The same answer. (Looking at the paper.) I am not quite correct in saying that I had nothing whatever to do with that, the engine house at Selkirk, con-

tract No. 40. I find that I was responsible for the specifications before leaving. The specification is dated 20th May. I must then have been in Ottawa.

19615. As to subsequent transactions and the acceptance of the work?—I had nothing to do with that; I was not here.

19616. The next contract is No. 41, with Purcell & Co., for the construction of a portion of the main line?—I know something about that.

19617. This work appears to have been submitted to public competition in August, 1878, and the time extended from time to time until the beginning of the following year: do you remember why it was extended?—On the 13th August, 1878, an advertisement was put in the papers inviting tenders for certain sections. Among others, tenders were asked for the section between English River and a point named Raleigh, a distance of fifty miles, and from Raleigh to Eagle River, a distance of sixty-eight miles, and from Eagle River to the easterly end of the 15th contract, at Keewatin, a distance of sixty-seven miles. On the 19th December following, some two weeks before the tenders were to be received, notice was put in the papers extending the time for receiving tenders until the 15th day of January, 1879, it having been deemed advisable to complete the information necessary for parties tendering.

Time was extended with a view to getting more accurate quantities.

19618. Was this additional information to be obtained through the Engineering Department as you understand it?—As I understand it.

19619. By further surveys or examinations: is that what you allude to?—No; I think it was with reference to the more accurate computing of quantities. At that time we were very much astonished to find that the original quantities on other sections had been so greatly exceeded, and we wanted to be more particular with regard to the quantities to be laid before contractors in this case. I think that was the principal reason.

19620. You will probably remember that this portion of the country not finished between sections 25 and 15 was offered to competition in different shapes, either as two separate portions or as one contract: can you explain the reason for asking for tenders in that way?—I dare say I can. You will observe that the first advertisement I referred to, that dated 13th August, divided the whole distance between English River and Keewatin into three sections. It was thought that if the work had been let in that way the contractor who would be awarded the middle section would be dependent upon those who got the end sections very much, and might be very much embarrassed, and it was decided to divide it into two sections in place of three, so that these two sections could be carried on from the two accessible ends, in fact, that being the only way in which they could be carried on; or it might be still more advantageous to put the whole in the hands of one contractor, if a contractor sufficiently able could be found to undertake the whole for a reasonable price. The tenders were received on the 30th of January, 1879.

Contracts Nos. 41 and 42.

19621. They were described by different letters, I believe, A, B and C: A being the eastern section of the whole distance, B the western section of it, and C the whole distance: is that as you understand it?—That is the way, I think. There were three forms of tender prepared,

Tenders described by letters A, B, C.

**Tendering—
Contracts Nos.
41 and 42.**

one form of tender designated A for the section between English River and Eagle River, 118 miles; form of tender B was for the section between Eagle River and Keewatin; form of tender C was for the whole section between English River and Keewatin, 185 miles, and on the 30th of January tenders according to these three different forms were received.

19622. Can you explain the comparative merits of the different sets of tenders, in the first place, as between the whole distance and the two sections of it?—Yes; I endeavoured to do so in a report at the time, dated February 1st.

**Morse, Nicholson
& Marpole lowest
for combined
sections to finish
in 1882, \$5,699,707.**

19623. Was the lowest tender for the whole distance less than the combined offers for the two sections in the first place?—The lowest tender for the combined sections was that of Morse, Nicholson & Marpole, \$5,699,707. The lowest tender for section 41 was Marks & Conmee's, \$2,203,869; the lowest tender for section B was that of Morse, Nicholson & Marpole, amounting to \$3,364,336; making altogether \$5,568,205. I have given you the revised figures. There were some slight errors in some of these tenders in moneying out the amounts, or in the additions, but the revised figures might, I think, be taken as correct.

19624. I understand that those figures which you have so far given, relate only to the finishing of the work in 1882, the longer period?—They relate to the completion of the work in July, 1882.

19625. Then, as I understand it, there was another set of tenders for finishing the work at an earlier period, but still in this form, A, B and C?—Yes; tenders were invited for the completion of the work, at least to make it serviceable for traffic a year sooner, namely, by the 1st of July, 1881.

**Morse, Nicholson
& Marpole tender
for combined
sections to finish
in 1881, \$5,937,732.**

19626. Do you remember whether that altered the comparative rank of the tenders?—I think it did. The last referred to tenders stand as follows: for the combined sections, Morse, Nicholson & Marpole, \$5,937,732; for section A, Andrews, Jones & Co., \$2,239,525; and for section B, Morse, Nicholson & Marpole, \$3,467,568, together \$5,707,093.

**Tenders for
separate lower
than combined for
sections.**

19627. Then, according to this calculation, letting the work by separate sections appears to be the least expensive to the country?—Assuming the work could be done for the prices, letting it by separate sections was the cheapest.

OTTAWA, Wednesday, 20th April, 1881.

SANDFORD FLEMING's examination continued:

By the Chairman:—

**Railway Con-
struction—
Contract No. 14.**

**Whitehead in
working on con-
tract 14 was not a
sub-contractor
but acted in the
place of Sifton,
Ward & Co.**

19628. It has been mentioned that some newspaper reports of your evidence upon a former occasion gave as an answer from you, that you always considered Mr. Whitehead a sub-contractor to Sifton, Ward & Co. respecting the eastern portion of section 14: as far as I remember that was not the purport of your evidence, but I would be glad to hear from you now, whatever you have to say on the subject, and a fuller explanation, if you consider it necessary?—What I meant was simply this: that Mr. Whitehead did the work under contract 14, not under

Railway Construction—
Contract No. 14.

the original contractors for 14, that that particular portion of the work was transferred to him by them, and approved by the Department. He acted in their place as it were.

19629. Do you mean that you consider he was acting for their benefit in this respect: that they were to get the pay, or any pay for the work that he did?—No; I mean that he was acting for himself under their contract.

19630. In fact, then, he was a substituted contractor, and not a sub-contractor in its ordinary sense?—Yes.

19631. This correction of your evidence is made at your instance on account of what you have heard of some newspaper report?—Yes; it has been suggested to me, that I had made a mistake in stating that Mr. Whitehead was a sub-contractor of Sifton, Ward & Co.'s, and what I meant is as now explained.

19632. At our last meeting, just before we parted, we were comparing the tenders made for sections A, B and C, either separately or combined, and either for the finishing of the work in 1881 or 1882: can you explain the relative merits of the different systems, and why the one was adopted which was adopted?—My recollection of it is simply this: the tenders were received; they were opened; they were classified, and they were referred to me to report which course I considered the best. I did so. If I remember right, I did not recommend that the lowest tender should be accepted. My experience goes to show it is not always expedient in the public interest to accept the lowest tenders. I recommended that some other tenders, not quite the lowest, should be accepted, I think, but my recommendation was not adopted by the Government.

Contracts Nos.
41 and 42.

19633. Irrespective of the question of price, as I understand it, there were two other main questions for consideration. In the first place, whether the work should be done under one single contract, or in separate contracts for separate sections. That was one question. The other was whether the work should be let so as to be made useful in 1881 for trains, or not until 1882. These were the two main questions that had to be decided upon while judging of the relative merits of the tenders, and it is upon these main questions which I wish you first to explain the course which was adopted?—I felt it very important, indeed, that the line should be opened at the earliest date it was possible to have it opened, but I deemed it next to impracticable to have it opened by the 1st July, 1881, unless the parties undertaking to do it were not cramped for funds. If they had the public treasury to draw upon it might possibly be done, but I thought that it would not be possible to have it done under any of the tenders that were received. The prices were, in my judgment, too low to entertain that hope, so I recommended, if I recollect right, that none of the tenders for the short period should be entertained. I thought it would be simply giving them an enhanced price, and when all was over the work would not be done at the time that was expected.

Deeming it impossible the contractors could accomplish the work by July, 1881, recommended that none of the tenders for short period should be entertained.

19634. These tenders that you have spoken of show that the prices for the shorter period were considered higher than the prices for the longer period, and, as I understand your reasoning, that higher price would probably be paid because they contracted to finish it at the

**Railway Construction—
Contracts Nos. 41 and 42.**

shorter period, but that the work would not be done, and therefore the higher price would be paid without any corresponding advantage to the public?—Yes; and besides that, it would be disappointing. The public would expect the road to be opened in the shorter period, and it would not be opened. I had no objections to the contractors being paid a good price for their work, but I would rather see them get it in a straightforward way.

Had men of known capacity tendered for whole work better have given them the whole.

19635. Then, as to the next main question, which was between the two modes of letting work by one single contract or by two separate contracts?—Had experienced contractors, men of resources and determination, undertaken to do the work for the lowest prices I would have recommended that the whole distance, 125 miles, should be awarded to them; but, unfortunately, parties tendered whom I never heard of before, and whom I did not know would be competent to do the work, and I felt it unwise to put it in their hands. I feared that if the contract was let to them for the whole that they would probably fail to do it, and a great deal of time would be lost and the public would suffer; and I deemed it best to put it in the hands of others who would be more likely to carry it out. My recommendation in connection with this is given in my report dated February 1st, 1879. (Exhibit No. 66.) My desire was to have the work placed in the hands of skilful, energetic men, so that there would be a reasonable probability of having it completed within the specified time, and at as low a rate as it could be done for, hence my recommendation to pass over the lowest tenders and accept higher tenders than the lowest.

19636. In making a comparison of the price offered for these different modes the separate sections apparently would cost less than the combined work?—The lowest tenderers for the separate sections were the same as the tenderers for the whole section, I think, in this case.

19637. For one of the separate sections?—Yes.

19638. Morse, Nicholson & Co.?—Morse, Nicholson & Marpole were the lowest tenders for the combined sections, for the whole work, 185 miles. Morse, Nicholson & Marpole were the lowest tenderers for B; they were not the lowest tenderers for A. Their name is not on the list of tenderers for A, but it was assumed that they would be willing to carry out the work on A for the difference between their tender for B and their tender for A and B together.

For contract 42 (Sec. B) Morse & Co., \$700,000 lower than the next lowest tenderer.

19639. That would in effect be giving them their price for the whole distance?—No; I felt that their offer for B alone was altogether too low. It was something like \$600,000 or \$700,000 lower than the next lowest tender. The next lowest tenderers were men of experience, men whom I knew perfectly well, and whom I thought would offer to do it as low as anybody, and I felt quite sure that nobody could afford to lose \$600,000 or \$700,000 on that work.

19640. In alluding as you do to the work on section A, and to its being done by Morse, Nicholson & Marpole, what do I understand to be your theory: that they would take it for the price?—That although their name is not on the list of tenderers the difference between section B and sections A and B combined made their price for section A a low one, but not so much lower than the next lowest tender.

**Railway Construction—
Contracts Nos. 41 and 42.**

19641. You are speaking now of the difference between the offer made by Morse, Nicholson & Co. to do section B, and Morse, Nicholson & Marpole's offer to do the whole distance, and that difference you assume would be the price they would take for section A alone: is that what you mean?—Yes, I think so; that is what I mean. This does not bring them to the lowest figure for A, it puts them above Marks & Conmee, but I thought Marks & Conmee were much too low.

19642. Let us see how this reasoning affects the transaction. You say you suppose that they would be willing to accept that difference between the other two offers as their price for section A: did you wish they should be offered the work at that price?—Yes.

19643. Were they offered it?—I think so. The words I used were these:

"I would rather advise relieving them of the difficult section of sixty or seventy miles east of Keewatin, their price for which is \$3,364,336, and leave them the remaining 118 miles, from Eagle River to English River; this contract would amount to \$2,335,371, and I am of opinion that this work will be sufficiently large to place in their hands, and that it would be inexpedient to give them more unless Morse & Co. can satisfy the Government that they control and possess greater skill and capacity than I am aware of."

Advised against giving Morse & Co. the whole work.

I found that their price for section A, \$2,335,000, was not unreasonably low. It was about the same as that of good contractors such as Dennis O'Brien, Wardrop & Ross, and J. R. Macdonell. I may say that I have always found it unwise to let work for less than it is worth to do it. If there is not money in the work it will never be satisfactorily accomplished, and in many cases it has cost a great deal more in the end than if it was let at a fair price in the first place.

19644. In order to make that rule apply to this case it would be necessary for you to arrive at some conclusion as to what would be a fair cost for this work?—Yes. Well, I judge from the tenders of such men as those I have named—Wardrop & Ross, J. R. Macdonell and Dennis O'Brien.

19645. Had you any other means of coming to a conclusion as to the value of the work besides the offers of these well known contractors?—I have no doubt I had. My recollection is not so clear as to state explicitly what I had, but I have no doubt at all that I had other means. I had probably made my own calculations.

19646. Do you remember, as a matter of fact, that that process had been gone through: that you had estimated the probable cost of the different items, and the probable cost of the whole work, so as to know whether any offer was unreasonably low?—Well, it is almost invariably done, so I assume it was done in this case as well as others.

19647. Is it usual to keep a record of those calculations?—Oh, it is usual to keep all papers and estimates that are made. Copies are not always made; they are not always copied into the letter-books.

19648. Had that process been adopted as to these other works in that section of the country before accepting other tenders: that is, to ascertain by reliable data the fair cost of the work?—I cannot say more than I have done. I say it has been the general rule. I cannot say it has been invariably carried out; I assume that it has.

General rule to make a calculation of cost of work, but not invariably carried out.

19649. Can you say whether it was done as to section 13?—I cannot say positively with regard to any one section.

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19650. You think it was done concerning more than one of the sections between Red River and Lake Superior?—I have no doubt it was done in every case.

19651. Do I understand you to say that the engineering branch of this Department ascertain, before deciding upon the expediency of accepting any tender, something like the probable cost of the work from other sources of information, and independent of offers made by tenderers?—That is the general rule.

Witness's recommendations not always acted on, not in this instance.

19652. Has it happened that the probable cost so estimated by the Department has been made the basis of accepting or refusing tenders in any of the other contracts independent of the relative prices of tenderers?—I cannot say that it has. It has been made the basis of any recommendations that I have thought fit to make to Ministers of the day, but these recommendations I have made have not been invariably adopted. They were not in this instance.

Satisfied himself that the work could not be carried out on contract 42 by Morse, Nicholson & Co.

19653. Do you think that you have, in speaking or writing of the expediency of accepting particular tenders or any tenders for any particular contract, set out that the work was likely to cost more or less than was specified in them: in fact, have you reported upon the probable cost of the work as ascertained by you in the way you describe, as against the price of the work asked by tenderers?—I would, without doubt, satisfy myself as to the probability of the work being carried out under any one of those tenders. In this very instance I satisfied myself that the work could not be carried out by Morse, Nicholson & Marpole for section B, and having satisfied myself on that point, I could not possibly recommend the Government to accept their tender for that particular section.

19654. I do not think that the meaning of my question has been made plain to you (question repeated)?—If I have made any reports on the subject, the reports will speak for themselves, but the answer is just what I have given you. I have no other answer to give.

19655. Well, I have to call your attention to the point of my question, which is not whether you had satisfied your own mind on the subject, but having satisfied your own mind whether you made a formal report to that effect to the persons who should decide finally whether the tenders were to be adopted or not?—I have no recollection of a formal report in this case or any other cases, but I would state frankly to the Minister, either in a formal report or in some other way, what my views were. That is my invariable custom.

19656. Do you remember whether the estimate so formed by you had been the foundation of any recommendation, verbally or otherwise, to the Minister, that the tenders upon any other portion of this work between Lake Superior and Red River ought or ought not to be accepted on the prices of the tenders?—I do not remember.

19657. Going back to the expediency of deciding, in the first place, between these two modes, that is, letting the work for the whole distance or by sections, I gather from your report and the figures you have given, that the letting of it by sections would be the lowest if it could be done according to the tenders?—The tenders were the lowest by sections.

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Would have preferred to have let the whole work to one firm at a higher price than by sections, had he been satisfied the one firm was equal to the task.

19658. And do I understand that, notwithstanding the tenders by sections being for a lower sum, you would have preferred to let the work as a whole at a higher price if the person who had tendered for the whole had been a substantial and satisfactory contractor?—Certainly I would.

19659. Why would you have selected that mode instead of the separate section mode?—Because it would have simplified matters very much if we had one contractor to deal with instead of two, and it would have enabled the contractor himself to handle his work in a more satisfactory manner. He could work from either end as he liked. If he felt it to his advantage to do the greater part of the work from one end in place of the other, he could do so.

19660. The adoption of that mode of letting the work by the whole distance would, by comparison of the tenders, cost the country something like \$131,000 more than this separate section system: do I understand that you think the public interest would have been best served by letting it in that way although it did cost that much more?—I have already said that I thought at the time that the lowest tender for one section, that of Morse, Nicholson & Marpole, was a great deal too low. I never expected the work to be done for their tender. They were something like \$700,000 lower on that single section than the next lowest tenders, and the very fact that their tender was so very low made me doubt whether they were men of experience or not.

19661. You are alluding now to their tender for section B?—Section B.

19662. Do I understand that you had formed a deliberate opinion, based upon some such estimate as you have previously described, that the offer made by Morse, Nicholson & Marpole was so low that it could not have been done satisfactorily for the price?—For section B? I have already said so. I did not believe it could have been done for the money.

Did not believe Morse, Nicholson & Marpole could have done the work on contract 42 for the price in their tender. Therefore recommended that the larger offer of Fraser, Grant & Co. should be accepted.

19663. Then, in the public interest, do I understand you to say, that your opinion, based on the same sort of estimate, was that it would be more advisable to take the larger offer of Fraser, Grant & Pitblado, than Morse, Nicholson & Co.'s?—For section B, I think I recommended that course to be taken.

19664. And in the public interest do you say now that was the best course to take?—I had no doubt as to the advisability of adopting that course, and I have not been led to change my opinion by anything that has occurred since.

19665. I also understand you to say that that was based on some estimate made on your own behalf, rather than on a mere comparison of the offers for doing the work?—Yes; I have no doubt I made some calculations of the probable cost of the work before I made my recommendation.

19666. Do I understand you to say now, as a matter of evidence, that your present opinion that that was the best course to take is based partially, at all events, on your own estimate of the probable cost?—As I have already said before, in answer to half a dozen questions, I could not give any other answer.

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19667. In other words I am asking now whether you believe that you did make such an estimate of the cost of this particular work, section B, as to lead you to the conclusion that it would be best in the public interest that the lowest tender should be passed over, and the Fraser, Grant & Pitblado tender should be received and accepted?—I have no reason whatever to change the views expressed in my report dated 1st February, 1879.

19668. Would you please point out that portion of your report which touches the previous estimate as made by yourself, because I do not remember it now?—I do not remember either.

19669. Then the reference to the report does not answer my question?—Well, you can hardly expect me to remember everything that I did and thought two or three years ago.

19670. No; I do not expect that?—I am telling you what the practice is.

19671. But I would expect you to say that you do not remember, if you do not?—Then I say I do not remember.

19672. It appears that your suggestion that the work on one section might be offered to Morse & Co., although they were not tenderers, and that a higher price than Marks & Conmee, the lowest tenderers, was not adopted, but that instead of that the tenderers were allowed to take their position according to their rights: did you know those people, Marks & Conmee, personally?—I did not. If I remember rightly, they associated with themselves the present contractors, Purcell & Ryan, whom I knew and know.

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19673. Before this association, do you remember whether you took any part in objecting to the *personnel* of the original firm, Marks & Conmee, or their pecuniary standing?—Well, it will be set forth in my report if there was any objection taken.

Does not
remember.

19674. Do you remember?—I do not remember.

19675. Then you think whatever happened on that subject, as far as you are concerned, will appear in your report?—Yes; whatever was necessary to put on record was put on record at the time.

19676. But it is sometimes necessary for me to ask questions as to things which, at the time, it may not have seemed necessary to put on record?—Yes; but I cannot answer until I read over the record.

19677. I am asking whether you remember taking any part?—Then my answer is very short. I do not remember having taken any part.

19678. I think you knew Purcell & Ryan before the time of their association with these successful tenderers: do you remember whether they had any interview with you at the time of the contract?—I think their interviews were mainly with the Minister's office. They may not have been in my office more than once, but I have no recollection of any conversation that took place between them and myself.

19679. Do you recollect any action taken which led to their association with Marks & Conmee—I mean any action on the part of the Department?—No; I think the whole negotiations took place between the Minister's office, the Deputy Minister or the Minister himself and the parties. My responsibility ended with these reports that I have referred to of the 1st of February and the 12th of February. I refer

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you to a correspondence published in a Blue Book dated January, 1879, in which you will see that I am right in stating that I had nothing to do with that correspondence. There are no letters from me until the 1st of March, and that letter will speak for itself.

19680. That is on page 11 of the Blue Book published in 1880?—Yes; that letter was written as soon as I ascertained that the tender of Marks & Conmee for section A had been accepted, and I there pointed out a mistake in the tender and suggested that the contractors should be informed of the mistake before they signed the contract, I think. The mistake seemed to me to be one that affected them very seriously. According to the tender they were obliged to excavate earth and haul it a distance of a mile or a mile and three-quarters for 10 cts. a yard.

Pointed out a mistake in the tender of Marks & Conmee.

19681. That included the excavation and haul together?—Yes, for that long distance, while the price for ordinary earth excavation was something like three times that amount. That is the only letter of mine that I see in this correspondence.

19682. Do you understand that they decided not to rectify what you considered a mistake, but to adhere to their low price and retain their rank among the tenderers?—I understand that the Minister insisted upon them executing the contract strictly according to the tender, or retire from the field. They executed the contract. I mean by "they" the present contractors, Purcell & Ryan and Marks.

But Minister insisted on their executing contract according to tender.

19683. What is the character of the country in which this work lies?—The two sections, A and B?

19684. Work on section A, I speak of that just now?—Section A is a wild country full of rocks, and lakes, and swamps, and forest.

19685. Is it generally similar to the country of section 25?—It is very similar to section 25.

Character of country very similar to contract 25.

19686. Is there a difference between the eastern and western ends?—There is probably less muskeg on section A than on section 25.

19687. But that portion next 25, the eastern portion, is not that rather similar to section 25?—The features of the country do not change rapidly; they change gradually.

19688. Then the eastern portion of this section A, or 41, would lie somewhat similar to the country of section 25?—Somewhat similar.

19689. Would there be a considerable portion of muskeg in it?—Considerable muskeg; yes.

19690. Did you know after the experience of the work that was done on 25, whether there was any particular notice taken of that circumstance in preparing the specifications for this work?—When the specification was prepared by me the facts with regard to section 25 were not well ascertained. If you refer to the specifications, you will find them dated in 1878, I think.

19691. As I remember the first dates were in August, 1878. The work was not let, however, until the beginning of 1879, in order that full information and details could be obtained, so as to give full information to the tenderer?—The specifications were dated 30th of November, 1878; tenders were received two months afterwards.

19692. Contract 25 was dated apparently in June, 1876?—Yes.

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Although contract 25 let in June, 1876, no experience had been gained regarding muskeg to guide in letting a contract in November, 1878, in a muskeg country.

1693. More than two years had elapsed between the letting of contract 25 and making the specifications for contract 41: I intended to ask whether during this period you had obtained such information of the character of the country, and of the character of the material to be excavated on 25, as led to any particular notice being taken of that peculiarity in these tenders for work on 41, or in the specifications?—I had not, at the date of the specification brought under my notice—or at the date of receiving tenders—anything that seemed to call for any particular attention there than that set forth in the papers published for the information of parties tendering for the work. I took care to have very full information published at the time, so that intending contractors would know exactly what they were proposing to do. A form of the articles of agreement was also prepared and printed, and supplied to parties intending to tender. To every one who applied for them the following papers were furnished, namely: the form of contract, and a memorandum of information dated the 30th of November, 1878, also copies of form of tender A, form of tender B, and form of tender C. There was also furnished an addenda printed on the back of the original memorandum, and the special attention of the contractors was directed to that. Contractors were also informed that they could see profiles of the line at the head office in Ottawa. Here are copies of all those papers.

1694. There had been a considerable amount of this muskeg work on section 14 also, had there not?—There had.

Contract 14 let in April, 1875, also had in it considerable muskeg, yet no special attention directed to this feature in the contract.

1695. That contract was let in April, 1875; now the point to which I wish to direct your attention is this: you stated in your evidence that the character of the country appeared to be of a kind which made the material in the muskegs not very available for embankments; that it became compressed, and this made the work more expensive than was intended if it was taken out and paid for at the ordinary rates for earth excavation. I wish to ask, whether after these contracts were let and carried on to some extent on section 14 and section 25, the attention of the Department was directed to this circumstance sufficiently to induce them to inform the public of this peculiarity of the country, and to make special terms in the contract, or in the specifications regarding it?—I do not remember that my own attention was particularly directed to it. I felt that the papers that I have now referred to were sufficient for the purpose that the specification would cover all conditions of the work.

1696. Then did you deem it necessary to make any change in the form of the specification and information given to the public previously, so as to draw any particular attention or make any particular condition upon this subject?—If I did deem it necessary I made a change. The specification was a new one; what the change was I do not now remember. The specification was prepared for this purpose.

1697. Can you not remember whether this matter passed through your mind so as to leave an impression at this date—the muskog question?—This specification embraces a great number of clauses, 96 in all, and I cannot at this date remember what change was made in any one of these clauses.

1698. For the present I am not speaking of the wording of any of these documents; I am now speaking of the impression made upon your mind by the muskeg question, and I am asking you now whether

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you remember it occupied your mind sufficiently to make you deem it necessary to call the attention of tenderers to that particular feature of the country in the muskeg district?—I do not remember that.

19699. As you say you have the papers there I will be glad if you will take the time to look at them and point out if there is anything to be discovered in these papers upon this subject different from former specifications?—I see in an addenda to the memorandum some suggestions that may have a bearing on this. These addenda form no part of the contract; it should have done so, but it was omitted. It was nevertheless information supplied to the contractors.

19700. Do you say it was supplied to the contractors or to the tenderers?—It was supplied to the contractors as tenderers. It was supplied to every person who asked for information with respect to the work that they tendered for. I shall, if you are willing to hear me, read clause No. 20 in this memorandum which bears on the question:

“Special attention is directed to the large quantity of earth required in addition to that from line cuttings and from local borrowing-pits to complete the embankments, chiefly on the section between Eagle River and Keewatin, as shown approximately in the schedule of quantities. As it will not be possible to complete some of the embankments one by one from each borrowing-pit in the ordinary way within the specified time, temporary trestle or other staging will have to be generally used to carry construction trains forward. The rates for excavation in a tender must include all such temporary works in accordance with the 31st clause of the specification. Special attention is directed to the profile of the line where all known information is given respecting the character of the material available for forming embankments. It will be observed that the localities so far discovered as likely to yield a considerable quantity are limited. Accordingly, if no other more convenient localities are found the hauls will be unusually long at the undermentioned places, and parties tendering may give special prices in their tenders for the work.”

Addenda to memorandum he thinks might be held to exclude muskeg.

Then there is a list of points given here where the haul is expected to be great, ranging from one mile to sixteen miles in one case:

“The attention of intending contractors is specially directed to this matter, as the maximum rate of haul under all ordinary circumstances is established by the 18th clause of the specification. It is possible that material may be found as the work progresses between the above mentioned points, and thus reduce the quantity estimated for long haul.”

Then it goes on pointing out other points where material was known to exist suitable for ballast.

19701. Do you mention this that you have now read as pointing out the peculiarity of the muskeg material in any way?—As pointing out that the design was to use no muskeg—to use material from borrowing pits hauled by train; or, rather, it does not mention muskeg. It does not indicate that muskeg was to be used at all.

But cannot say that the language was framed with the view of pointing out muskeg as a peculiarity of that country.

19702. Do you say that that clause was shaped in consequence of the peculiarity of the muskeg localities?—I do not know. I do not remember. This clause was prepared from the information that was brought before me to cover the circumstances of this contract.

19703. I understood you, yesterday, to say that it would be proper, from the peculiarity of this material, and it being altogether different from what you had previously known to exist in other portions of the country, that instead of the ordinary rule being followed of measuring the work in the excavation, that the work ought to be measured only in the embankment, and that the quantity which was finally available for the embankment ought to be paid for and no more. The object of this questioning is to know whether you thought that

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departure from the ordinary rule ought to be pointed out in some of the particulars given to tenderers, or in some portion of the contract, so as to make it plain that the ordinary rule ought not to be followed in this particular locality?—From the information furnished me I was informed that the material was not suitable for the purpose, and it was desirable to employ other more suitable material. On this papers were prepared with that object in view.

After witness learned the character of muskeg material whether it should or should not be used was left an open question.

19704. Do you mean that after the information you had received you had determined that it should not be employed at all?—I had not determined that; that was left an open question.

19705. Then where it did happen to be used, what rule did you consider ought to be adopted?—The rule as laid down in the instructions which I forwarded soon after this to the engineers in charge of those sections.

19706. You mean your instructions to Mr. Jennings?—Yes, and to other engineers; but the copies of the instructions to Mr. Jennings are those that are printed.

19707. What is the date of those instructions to Mr. Jennings?—The 3rd of June, 1879.

19708. As this contract was arranged for in the fall of 1878 those instructions in June, 1879, would not throw any light on the question?—You are aware that winter prevails between March and May up there, at least the ground is not fit for railway operations, at least in the opening of the contract, and there was little or no work done, I think, when this letter of instructions was sent to Mr. Jennings and to Mr. Caddy.

19709. But although the winter prevails, persons who were asked to tender in the fall of 1878 might then understand any particular explanation about muskegs. The point I am endeavouring to make is this: whether you informed the public that the ordinary rule would be departed from at the time that they were asked to tender in the fall of 1878, and that they would be paid only for the muskeg as it stood in the embankment and not as it stood when it was removed?—I do not know what other people understood, but I know what I understood, that the work would be paid for by the yard at a certain price named in the contract.

19710. But you understood whether that would be measured in the excavation or in the embankment?—That was a matter for the engineer to decide, for if I found that the work measured in a particular way would practically double the price of the contract, it would not be my duty to have it measured in that way.

19711. Did you understand that the contractors did not agree with your version of that?—At the time?

19712. At any time did you understand that this opinion of yours was not the prevalent one among contractors at all events?—I think it is very likely. I do not know that I had any correspondence with the contractors.

19713. Therefore, I am asking you whether you considered it advisable to make it plainer than it had previously been by calling the attention of tenderers in the fall of 1878 to the peculiarity of the country, and to the peculiar mode in which the measurement would be made?

—I had no consultation with contractors when these papers were prepared for public use before the tenders were received—none that I am aware of—and these papers were prepared on information laid before me by those acting under me as assistant engineers, to cover the case, and I believe that they did.

19714. Do you understand whether any difficulty or difference of opinion had occurred as early as the fall of 1878, between the Government engineers or yourself as the head of them on the one part, and the contractors or any of them, on the other part, as to the mode of measuring the muskeg material when it was removed from the excavation and put into embankment?—I cannot say. I was not familiar with the difficulty then. I had just returned from a long leave of absence.

19715. Then do you mean that your not being familiar with it is the reason why it was not noticed in the new shape of the information for the public?—I do not really know. I cannot tell. It is not improbable, had I known what I do now, that I would have drawn very special attention to the matter, and set forth the view that I now entertain in the specification itself. There is no doubt about it.

19716. Is there anything further about this particular section which you think requires explanation—I mean section 41?—I have nothing to volunteer.

19717. Then, as to the next in order, section 42, sometimes called section B, I wish to call your attention to a portion of your own report upon the subject of this and section A. At page 3 of the printed report in 1879, marked 43m, the report to which you have alluded, I believe you mention the firm of Fraser, Grant & Pitblado, of New Glasgow, and you speak of them in favourable terms: had you known this same firm in this shape before?—No. I did not know them as partners, but I knew Fraser as a contractor and Pitblado as a contractor. Grant I did not know. I had formed a very high opinion of Fraser and Pitblado as contractors.

19718. Had they done work under your supervision?—They had and had done it well and energetically, and they were men that we had no great trouble with after the work was done.

19719. Do you know any other influential persons who had any favourable opinion about these gentlemen, who united with you in this opinion, or was it your own independent opinion?—This was my own opinion. I do not know that I consulted any one about them, but these men are well known.

19720. At present, I wish to know whether this opinion of yours was an entirely independent one, or whether it was given in consequence of any consultation, or conversation, or discussion, with any one else?—My opinion was entirely independent of the opinion of any one else. I probably knew them better than any one in Ottawa at the time.

19721. Do you remember whether their names were suggested to you by any person?—I do not remember. The name was suggested by the tender itself.

19722. That is hardly a person: I wish to know whether any other person, particularly any Member of Parliament, suggested to you those names as people to whom it would be desirable to give the contract?—I do not remember any special reference to their names any more than

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Cannot say whether, in the fall of 1878, a difference as to the mode of measuring muskeg material arose between witness and contractors.

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Knew Fraser and Pitblado of whom he had formed a high opinion as contractors.

No influence was used in favour of Fraser, Grant & Pitblado.

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to any other names. There the names were on a sheet of paper and they were examined, but I had no recollection of any special reference to these men.

19723. Do you remember any Member of Parliament mentioning to you that it would be agreeable to him, or to any other Members of Parliament, if these men should get the contract?—I do not remember any such statement being made. Their tender was viewed favourably by Mr. Marcus Smith as well as by myself, I see by his report.

Witness is confident he spoke well of these men.

19724. In my last question I was not speaking so much of the merits of the tender as endeavouring to find out whether there was any personal influence used in order to get these men favourably reported upon?—I have no recollection of any. There was a natural desire on the part of the Minister to have the work put into the hands of good contractors, and I have no hesitation in saying that I spoke well of those men knowing them; but I have no recollection beyond that. I have no recollection of him or any one else expressing any special desire to have the work put in their hands, except from the fact that they were recommended by me as good contractors.

19725. I do not remember that in any of the papers before us you are shown to have taken any part in the negotiation after this report which led to their becoming part of the contracting firm: do you remember anything of that kind, that you took any part in the negotiations which led to their getting the contract?—I do not remember that I took any part in the negotiations. There was a good deal of delay, telegraphing and writing between the Secretary and the Minister and various people. The correspondence is all given in this Blue Book of January, 1879. I do not think I took any part whatever in the negotiations.

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Time of great importance in order to get in supplies before the winter passed away.

19726. It seems that in awarding this contract finally, time was considered to be of very great importance, and I notice the latter part of your report speaks of this feature: would you please explain what the difficulty was in that country, and why time might be considered so important as you there state?—I was aware that in previous years we had been caught taking supplies into surveying parties by the rapid disappearance of the sleighing, and I thought it my duty to bring this matter under the notice of the Minister, so that as little delay as possible would arise in letting the work, and thus allow the contractor, whoever he might be, to take in all the supplies he could before the winter passed away. That accounts for the reference, in my report of the 1st of February, to that point. I knew very well that if the contractor did not get his supplies, or a considerable portion of them, in while the sleighing lasted, it would be next to impossible to get them in during summer on account of the absence of roads, and the absence of other means of getting them in. There was no hay in the country; there was no oats, and nothing at all to feed men and horses, and there was no other way of taking them in except by horses.

The beginning of March too late to get in supplies.

19727. When you thus alluded to the time for procuring supplies being short, it was a month before this contract was finally awarded. What would you say about the necessity for speedy operations then; say the beginning of March?—I should say it was too late to do much in the way of getting in supplies after that. I felt it was somewhat unfair to the contractor, whoever he might be, to postpone the execu-

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tion of the contract until the only means he had of taking in supplies for both men and horses passed away, inasmuch as he was to be bound, under the contract already prepared and printed, to have the work done by a certain time.

19728. Irrespective of any effect on the individual contractor, how did you think it affected the public interest in March—the 3rd, 4th or 5th March—as to the extension of time for deciding upon the contracts?—I think it would have been very much better indeed in the interests of the public had the work been let a month sooner. It would have been very much nearer completion to-day, and the sooner it is completed the better in the interest of the public.

Better in the interest of the public that the work should have been let a month sooner.

19729. That is suggesting that it would have been better to have done something that was not done; but I am speaking now of the time when there was an opportunity to extend the period for tenderers, or to refuse it when there was an option, in fact the beginning of March, 1879: I am asking now how it would have affected the public interest, in your opinion, to have extended the time for a decision in awarding the contracts?—I can hardly say just now. I do not remember all the circumstances. That would require some little consideration. The 1st of March would not affect the public interest in the same way that it would a month or two months sooner, because the period for taking in supplies had passed away, or very nearly passed away.

19730. What time does the sleighing generally end in that country?—I think it is about the middle of March. It is not always the same time, but the sleighing gets very bad indeed early in the spring up there, on account of the very powerful sun and clear sky that they have.

Sleighing in country where this contract lies ends about middle of March.

19731. Have you had under your consideration at any time this question: whether it would have been a good thing in the public interest to extend the time after about the 5th of March, 1879, to Andrews, Jones & Co., who wanted further time than had been given to them to put up their deposit?—I do not think that has been brought under my consideration, and if I was to give you an answer now I would have to consider it afresh.

19732. A good deal of that country, I think you say, was covered with water: how would that affect the means of transportation after the beginning of March?—As I said before, the sleighing gets bad on the water channels after the middle of March; not always at the same time.

19733. Without reference to any particular year as being different from the average of years, what would you say about the expediency of extending the time for deciding upon the contract after the 5th of any March?—I do not know that it would make a great deal of difference after the 5th of March whether you let the contract immediately or postponed it a week or two. The sleighing would be of very little use to you before you could get your supplies forwarded to the neighbourhood in some winters. I should add, of course, there may be winters when the sleighing would last a month longer.

19734. Have you heard how it is this year?—I believe the sleighing has lasted until recently this year.

**Railway Construction—
Contract No. 42.**
In 1880 sleighing
prolonged until
April.

19735. How recently, do you think?—Until a fortnight ago, I should think. If I am not mistaken the ice is still on the lakes there, although it is not sound. Here is a letter from Mr. Lynch, one of the engineers on section 42, dated 9th of April, in which he says: "We have still sleighing, but the ice is none too safe, and the portage is getting bare." That shows that the sleighing this year, at all events, has been prolonged until quite recently.

Thinks he pressed
the importance of
despatch on
Minister.

19736. In addition to this report of yours made on the 1st of February, 1879, respecting the time at which operations ought to commence if possible: do you remember whether you made any verbal communications to the Minister or any one who had control of the matter?—I have no distinct recollection, but I have not the least doubt I pressed that view more than once.

19737. What view do you mean?—I mean with regard to the passing away of the opportunity of getting in supplies.

19738. Do you mean that you suggested that no time should be lost?—Probably I saw the Minister on other business, and this matter may have come up, and I said to him: "I am extremely sorry this thing has not been settled, because our winter is passing away, and there will be no good opportunity of getting in supplies until next winter." I have no doubt I gave expression to those views very often.

19739. The Minister, in giving his testimony, stated that you were urgent, that the winter was passing away, and that about that time the loss of a week might mean the loss of a year: that is the substance of what he said upon the subject?—I do remember writing a note to him. I think I wrote a note to him when he was in Council one day, when some of these matters were being discussed, to draw the attention of some of his colleagues to the fact that there was great urgency; and I think I made use of the expression that the loss of a week might mean the loss of the season practically.

19740. As to the manner in which this work was done under contract No. 42, did it meet with your expectation considering the previous character of those contractors?—It passed out of their hands, I think, and passed into the hands of the present contractors, Manning, McDonald, McLaren and Shields. I should mention to you I was not in Canada that summer. I was obliged to go with three Ministers, Sir John Macdonald, Sir Leonard Tilley and Sir Charles Tupper, to England on public business, and I was unable to go over the work, as I very much wished to do that year, and was not able to reach the ground for various reasons—for various public reasons—until quite late in the season, so I cannot say much about how the work was done during the summer. I reached the ground in October and went over it carefully, and intended pursuing my journey through the whole length of 42 and 41 to Thunder Bay, but I was telegraphed to come back to Ottawa when I got to Rossland.

19741. Is there anything further about this contract for section B, No. 42, which you think requires explanation, or upon which you wish to give further evidence?—Nothing occurs to me just now.

Contract No. 43.

19742. The next contract in order is No. 43, with Upper & Co., for the equipment of the Pembina Branch; that seems to be a temporary arrangement lasting some nine months: was there anything connected with that matter which you wish to explain, or consider it necessary to state by way of evidence?—Nothing that I know of.

Purchase of
Rails—
Contracts Nos.
44-46.

How contracts
came to be made.

19743. The next contract in order is one about rails, No. 44, with the West Cumberland Co. of England: do you remember how this transaction was brought about?—I remember that a necessity arose for a supply of rails, but what it was at this moment does not occur to me, and I was instructed to cable a gentleman in England, Mr. Reynolds, to ascertain what the rails could be delivered for in Montreal—a limited quantity—I think some 5,000 tons. He replied on the following day, that is the 18th June, 1879, that they could be delivered by the end of the following month and in the month of August, for £5 sterling, if immediately ordered. On showing that to the Minister I was instructed to send a cablegram to Mr. Reynolds to receive tenders for 5,000 tons delivered in Montreal, before the 15th August, and I requested him to cable the number of tenders, and the lowest prices for rails and fastenings manufactured to the standard rail that we had adopted. A few days afterwards, namely on the 21st of June, Mr. Reynolds replied that eleven tenders had been received, and that the lowest prices delivered in Montreal by the 15th of August was £5. The same day he was instructed to order the rails and fastenings and to furnish manufacturers with the *templet*, and to see that they were properly inspected. Contracts were subsequently entered into with the West Cumberland Iron and Steel Co., for the supply of 2,000 tons of rails at £1 19s. per ton; for the supply of 1,500 tons of rails by the Barrow Haematite Steel Co., the price being £5 sterling per ton; for 1,500 tons of rails by the Ebbw Vale Steel, Iron and Coal Co., at £5 sterling per ton, all delivered in Montreal, and with the requisite quantity of fish-plates and fastenings. These three contracts are numbered 44, 45 and 46. The necessity for these rails appears to have been pointed out in a report which I addressed to the Minister on the 17th of June of that year (Exhibit No. 160). In that report I state to the Minister the quantity of rails lying at different points and the quantity that would be required to carry out the contracts then entered into, showing that a large quantity was needed—equal to about 25,000 or 30,000 tons, and as it took some time to forward the rails from the nearest seaport, Montreal, to the place where they would be required, it was deemed expedient to order a portion of them at once, in the way just described.

5,000 tons at from
£1 19s. to £5 a ton.

Necessity for
rails pointed out
in report of
witness addressed
to the Minister
on the 17th of
June, 1879.

19744. The original correspondence upon this subject between the Department and Mr. Reynolds in London (Exhibit No. 159) has been produced before us: have you at any time seen the correspondence and considered it?—The correspondence was forwarded by my secretary, in all probability at my request, to the Secretary of the Department of Railways and Canals.

19745. Do you think that the mode adopted on this occasion by Mr. Reynolds, procuring offers for rails by private letters instead of by public competition, was a good one for the public interest?—I think he accomplished the same purpose. He communicated with all the best manufacturing establishments in England, some eleven in all, I think.

19746. Have you had, at any time, as far as you remember, any occasion to be dissatisfied with these arrangements made by him on behalf of the Government?—I have not.

No reason to be
dissatisfied with
the arrangements
made by Rey-
nolds.

19747. Is it your belief now that they were the best that could be made in the public interest under the circumstances?—I think they were the best that could be made. I have no reason to think otherwise.

**Bolts and Nuts—
Contract No. 47.**

19748. In connection with these three contracts which you mention there was another one for bolts and nuts, probably to be used with these same rails, that is contract No. 47, and, as I understand it, was brought about in the same way: do your remarks apply to that contract as well?—That is covered by contract No. 47. Yes; these bolts and nuts were procured in precisely the same way and at the same time. I see the contracts for the rails did not embrace the bolts. The bolts had to be made at another establishment. The fish-plates were furnished with the rails, but not the bolts and nuts.

**Contract satis-
factory.**

19749. Was the mode adopted by Mr. Reynolds, as to the bolts and nuts, as satisfactory to your mind as the other about the rails?—I think so.

19750. Do you remember anything in connection with the contract that requires further explanation?—I have never heard any complaint, and I have no reason to think they were procured in an improper manner.

**Tendering—
Contract No. 48.**

19751. The next contract in order is No. 48, for the construction of a portion of the main line, with Mr. John Ryan; this work appears to have been let after public competition: did you take part in the letting of the work?—The Government decided to construct a section of 100 miles to the west of the Red River in Manitoba, and tenders were invited by public advertisement on the 16th of June, 1879. Tenders were to be received on the 1st of August following. A memorandum, or rather a special specification, was furnished intending contractors. That document is dated 16th of June, the same date as the advertisement, in which all the facts connected with the country known were alluded to. The survey was then in progress. Tenders were received but I was not then in Ottawa, I was in London. The result of the tendering was communicated to the Minister and to myself in London. Soon after that, I think a contract was entered into with John Ryan. It appears, from the abstract of tenders placed in my hands (Exhibit No. 131) that the tenders were received on the 1st of August and opened by Mr. Trudeau, Mr. Smellie and Mr. Burpe. On the 8th of August, Mr. Smellie reported on the matter to the Hon. Mr. Pope, who was then acting Minister of Railways and Canals.

**Smellie reported
on tenders to
Hon. J. H. Pope.**

19752. Mr. Smellie, I understand, was acting in your absence as the principal engineer in the Department here?—In the office here. The report gives full information on the subject. It would appear from this report that Mr. W. C. Hall, of Three Rivers, had sent in the lowest tender. In the last paragraph of Mr. Smellie's report I find these words:

Against Hall.

“Taking all these matters in consideration I am of opinion that Mr. Hall has neither the ability, skill or resources for carrying on this extensive work, and do not think it expedient that the Government should award him the contract.”

I find the correspondence is printed at page 44 and following pages of the Blue Book, dated January, 1880, respecting tenders since January, 1879, and in that there is a letter from Mr. Hall, himself, which is very short and I may read. It is dated August, 1879, the same day as Mr. Smellie's letter addressed to the Hon. the Minister of Public Works and Railways:

**Hall withdraws,
not ready with
deposit.**

“This being the first time that I tendered for any public works, I was not aware that I would have to be ready with the deposit at once, and having partners in the matter, although not appearing on the tender, and not being able to get them here-

Tendering—
Contract No. 48.

for a short time, and being informed there is an alteration of the specification, I decline to accept the work and hope you will take me favourably into consideration, and not compel me to forfeit the deposit I have already made.

W. C. HALL,
"Winnipeg Colonization Railway."

Then follow further letters which led up to the letting of the contract to John Ryan.

19753. Did you take any part in these negotiations?—I was not here. I took no part.

Witness took no part in regard to this contract.

W. B. SMELLIE'S examination continued:

SMELLIE.

By the Chairman :—

19754. Concerning this contract No. 48, you appear to have made a report to the effect that Mr. Hall was not likely to be able to carry out his tender, and that you had had an interview with him: can you tell from recollection the substance of your conversation with him at that interview?—The purport of the conversation I had with Mr. Hall is given in this report, and is as follows:—

"I have had an interview with Mr. Hall, who has been summoned here in connection with his tender, and find that he can afford very little information as to the basis upon which his prices were fixed, some of the other parties whom he names having taken an active part in the same. Mr. Hall states that he has for some years been engaged upon railway works, and is at present foreman of track-laying and ballasting on the Piles Branch of the Quebec Government Railway, under Mr. McGreevy. I have no personal knowledge of Mr. Hall, but have communicated with the engineer of the Government Railways at Quebec as to whether he knew anything of Mr. Hall's abilities or resources, and he replies by saying that he has never heard of him."

Reports against Hall.

19755. Do you remember whether, at the time of this interview with Mr. Hall, you were aware who was the next close tenderer?—Oh, yes.

19756. Do you know whether you communicated that to Mr. Hall, or whether he was aware of it at that time?—I do not think so. I did not communicate to him.

19757. In his letter of the same day to the Minister, he gives, among others, one reason for desiring to retire, that he was not aware that he would have to be ready with the deposit at once; now, in your report on the subject, you make no remark about his not being ready with the deposit: do you know whether you communicated with him at that time so as to lead him to understand that if he went on he would be required to make a deposit at once?—I did not.

19758. Do you know whether he got that idea from yourself or any one else in your presence in the Department?—I think he may have been told that by the Deputy Minister.

19759. Do you remember that he had an interview with the Deputy Minister?—Yes; I know he had an interview with the Deputy Minister.

19760. Were you present?—I think a part of the time.

19761. Did you hear that idea communicated to him, that if he went on he would have to make his deposit at once?—I think that if the idea was given to him about a deposit at once, that meant some short time—some very short period.

**Tendering—
Contract No. 48.**

19762. Do you think he was led to understand what it meant?—I think so.

19763. Or that that understanding was only in the mind of the person giving the information?—I think so.

Thinks Hall was given to understand he would have a reasonable period to put up his deposit.

19764. Think what?—That he was given to understand it would be a reasonable period.

19765. Do you remember the language that was used?—No; I do not.

19766. Then, I suppose your impression is upon the probability of the matter: that you do not know positively what was said?—Yes; and the term "at once" that was used meant some reasonable time.

19767. Do you think that the term you speak of at once was used?—I could not say.

19768. Is it because you see that term there, you think it meant a reasonable time?—Yes.

19769. And you think, then, that he should have understood that at once meant a reasonable time?—I do.

19770. Among other reasons he gives the alteration in the specification as one which led him to decline the work: do you remember what that alteration was?—Yes; it was the leaving out of the item of fencing and half ballasting.

19771. Was that provided for as a contingency at the time the tenders were invited, or was it a new arrangement altogether that such a change might be made?—That was an arrangement that was made just as mentioned in my letter, fourth paragraph.

19772. That fourth paragraph just states the fact that you were instructed to deduct these items which Mr. Hall mentioned, that is to say, the item for fencing and half of the ballasting: I wish to know upon what principle it was considered that you had the option, without affecting the rights of the tenderers, to withdraw those items from the work?—Under a clause in the general specification.

19773. There was no specific information in the forms given to the public that this fencing might not be required?—No.

19774. But I understand there is a general clause allowing the Government to withdraw from the contract such work as they consider not necessary?—There is.

19775. And it was under that general clause you thought proper to withdraw those items from this contract?—Yes.

Hall not dissatisfied.

19776. Did Mr. Hall protest in any way against the position which you informed him he had under his tender—I mean as to the necessity of putting up the money in a particular time, or as to the alteration in the items that you speak of?—Not to me.

19777. Are you aware that he expressed any dissatisfaction upon the subject to any one connected with the Department?—No, I am not.

19778. Have you any reason to think that there was any arrangement made by which the next lowest tenderer bought out Hall's tender or purchased his withdrawal?—I have no personal knowledge of any.

19779. Is there anything further that you wish to say about this contract No. 48, that you consider it necessary to explain?—I think not.

**Railway Construction—
Contract No. 48.**

SANDFORD FLEMING's examination continued :

By the Chairman:—

19780. It has been intimated to us that this contractor was not enabled to proceed with the work as soon as he expected, because the location of the line was not completed as soon as he was led to expect it would be : is there any information you can give on that matter?— There was a great deal of telegraphing between Winnipeg and Ottawa, even after I came back from England, in reference to that subject. Probably a reference to the telegraph book will give the information required. I have sent for that book, and, in the meantime, as a matter of information, nothing more, I wish to draw your attention to some of the matters that have reference to the questions asked Mr. Smellie. In the special specification, in the fourth clause, it is set forth that the quantities are assumed in order to give intending contractors some idea of the work to be done, and to admit of a comparison of tenders. This is the point I wish to draw your attention to: "These quantities may, in actual execution, be diminished, and the contractor will be paid accordingly, but on no account must the assumed quantities be increased." I draw your attention to that to show that the Department had power to reduce quantities to any extent they considered advisable in the public interest. Then, again, in the 18th clause it is pointed out that the printed quantities in the form of tender are not from any measurement; they are assumed maximum quantities. The contract will stipulate that while the work on completion may cost less than the amount of the tender, that amount shall not be exceeded. In reply to the question respecting the delay claimed by the contractor, I may say that I returned to Ottawa some time in September from England, and on the 18th of that month I addressed a letter to the Secretary of the Department of Public Works, referring at length to the question of delay. This document, probably, had better be put in—a copy of it. It was done for the purpose of putting the matter on record. It is as follows:—

Delay in completing location of line.

Witness addressed a letter to the Secretary of the Department respecting the delay.

"Sir,—For the information of the Department, I beg to hand you the following copies of telegrams transmitted and received, having reference to the colonization line of railway recently contracted for from Winnipeg westerly."

I may state, by way of explanation, that Mr. Smellie was at this time in Winnipeg. A telegram was sent on the 25th of August to W. B. Smellie, Winnipeg, from the Hon. J. H. Pope :

Minister telegraphs to have work proceeded with without delay.

"See without delay that Ryan commences immediately. There must not be an hour's delay.

"J. H. POPE."

On September the 8th another was sent addressed to W. B. Smellie, Winnipeg :

"Commence at the point west of the city where the two proposed lines on the plan sent by you intersect, and proceed northerly on the line recommended by you.

"J. H. POPE."

The same day, 8th of September, another was sent to Mr. Smellie, Winnipeg :

"Letter received: push the work under Ryan contract as communicated therein. Do not commence temporary station building on the spur opposite Broadway Avenue till you hear further.

"J. H. POPE."

**Railway Con-
struction—
Contract No. 48.**

On the 11th of September John Ryan sends the following to Hon. John H. Pope, Ottawa :

"Have just returned from visiting portion of line. Find there cannot be much done without rolling stock, which is ordered, and will be here shortly. Will write you particulars.

"JOHN RYAN."

The next is as follows :—

"OTTAWA, 11th September, 1879.

"JOHN RYAN, Winnipeg :

Ryan told to push on without delay.

"Push on your grading as fast as possible. Let there be no delay.

"J. H. POPE."

Next, I find one dated :

"OTTAWA, 15th September, 1879.

"MAYOR LOGAN, Winnipeg :

"Will the City Council furnish temporary right of way free of charge from river to Government reserve to enable contractor to proceed. If so, please describe the starting point on river and the street or other line across city to reserve.

"CHARLES TUPPER."

The next is :

"WINNIPEG, 15th September, 1879.

"SIR CHARLES TUPPER, Ottawa :

City Council of, Winnipeg granted temporary right of way.

"City Council have granted temporary right of way to Mr. Skead, free of charge, from river opposite station, from Point Douglas Avenue westerly to Dominion Government reserve on Point Douglas Common.

"ALEXANDER LOGAN,
"Mayor."

The next is :

"WINNIPEG, 15th September, 1879.

"SIR CHARLES TUPPER, Ottawa :

"City Council to-night unanimously chose Point Douglas as location for bridge. I leave to-morrow for Ottawa as delegation from city.

"ALEXANDER LOGAN,
"Mayor."

Again :

"WINNIPEG, 17th September, 1879.

"HON. J. H. POPE, Ottawa :

"Has Sir Charles returned yet? Ryan has been here nearly three weeks and not turned a spade. Working weather rapidly passing away. Waiting decision as to route of line and where to start from. Is any decision yet come to?"

"C. J. BRYDGES."

The next telegram is :

"OTTAWA, 17th September, 1879.

"JAMES H. ROWAN, Winnipeg :

17th September, 1879, witness telegraphed Rowan that right of way could not be accepted until meeting of Privy Council took place

"City has granted temporary right of way but cannot be accepted until the Privy Council meets when quorum of Ministers come to Ottawa. Meantime, if Skead has obtained right of way from common point, near McPhillips street, toward Penitentiary, direct Ryan, contractor, to proceed on that line, and instruct Murdoch to the same effect. The Minister telegraphed Smellie on the 25th of August to start Ryan without an hour's delay. Mr. Smellie probably did what seemed necessary. In his absence again give positive orders to commence work on line communicated. No change will be made.

"SANDFORD FLEMING."

The next is :

OTTAWA, 18th September, 1879.

"MAYOR LOGAN, Winnipeg :

"Inform Council that the Government accepts the temporary right of way offered by City Council, Winnipeg, from Point Douglas to reserve, to be used if required until permanent arrangements are effected. Directions have been given to lay track at once.

"CHARLES TUPPER."

Railway Construction—
Contract No. 49.

Next:

"OTTAWA, 18th September, 1879.

"JAMES H. ROWAN, Winnipeg:

"Government accepts temporary right of way offered by city of Winnipeg, free of charge, from Point Douglas, to be used if required until permanent arrangements are effected. Have track laid at once under Ryan's contract.

"SANDFORD FLEMING."

The above telegrams on the subject of right of way across the city of Winnipeg have been collected together and put in this form as a record of the whole transaction to date.

19781 As I understand the delay alluded to in this correspondence Causes of delay was for want of a communication from the river to some starting point on the outskirts of the city: is that correct?—I gather from these that there were several things; first of all, there was difficulty with regard to right of way across the city. Second, that Ryan, in view of that difficulty, was instructed to begin outside of the city; third, that Ryan was not prepared to begin, that he had no rolling stock, as I understand these telegrams; and in one of his telegrams he states to the Hon. Mr. Pope that he was expecting rolling stock up very soon.

19782. But would it not be possible to do some of the work without rolling stock, such as ditching and excavation, and that sort of work?—Yes; and that was the object of directing him to begin outside of the city.

19783. Are you aware whether there was any delay upon the part of the Engineering Department in locating a line at which he might begin outside of the city?—I am aware that the location was not completed over the whole contract; indeed, that when the contract was let the location was not adopted anywhere; when the tenders were invited the surveys were just then started. The acting Minister fixed the point of beginning as early as the 8th of September, and gave positive directions to have the work laid out at that time. On the 11th of September, Mr. Ryan replies to Mr. Pope and says: "Have just returned from visiting portion of line; find there cannot be much done without rolling stock, which is ordered and will be here shortly." The same day, as I have already read, Mr. Pope replied to Mr. Ryan, and said: "Push on your grading as fast as possible; let there be no delay." When contract let location was not adopted anywhere.

19784. Could you say whether, outside of the city, the line was located as fast as was required so as to enable the contractor to proceed with the work as soon as he was ready to proceed, or do you know whether he was delayed for want of the location of the line?—I am of the impression it was located a little faster than he could go on with the work. I was up there myself the following month, and there was very little preparation for going on that I could see, and very little done. It is only right, however, that I should say what I remember. The ground was exceedingly wet over a great portion of the line adopted, and the contractor could not do a great deal on account of its being so wet. Witness under the impression that the line was located faster than Ryan could go on.

19785. It turned out that the work was delayed, over the eastern portion of the contract, by a greater depth of water than was expected?—It was a wet season. The ground was very wet over wide areas that season. The contractor was disappointed, we were all disappointed, that greater progress was not made owing to the wet state of the ground for many miles out of the city of

**Railway Con-
struction—
Contract No. 48.**

Tenders were invited before surveys were made, as it was not considered necessary to wait for surveys, the country being flat.

Winnipeg; he could really do very little indeed. I think there was some five miles of very wet ground there; so wet, I fancy, that horses could not go there.

19786. I believe, in the execution of the work, there was a material change from the method originally intended for making the road-bed: do you remember that circumstance?—I remember something about it. I have already said that the tenders were invited before any survey was made. It was not considered necessary to wait for the survey to be completed, inasmuch as we knew it was a very flat country over which the line was to be built, and I prepared, at the request of the Minister, a specification in which the circumstances are set forth; and I said in that specification:

“The Government had determined to construct a colonization railway to the west of Red River in Manitoba, and, in order that delay may be avoided, it has been decided to invite tenders at once, the survey being in progress. Whatever improvement the future may call for the railway shall in the first place be of the cheapest description. The survey not being made and the precise location not determined, it is not possible to furnish plans and profiles and so on. The ground over which the railway will pass is for the most part level, and in many places the track may be laid almost directly on the level surface of the prairie, in other places a little grading will be required. The road-bed can be formed with a little light grading, the material being generally obtained from side ditches, the road-bed will thus be formed to a width of 15 feet, and except when crossing streams or depressions, to a height averaging 6 to 12 inches above the general prairie surface”

And so on, pointing to a cheap and what may be called a temporary description of road-bed, at all events.

Ground so wet and flat that nothing could be done but lay rails on ground and proceed to ballast

19787. Now it is in relation to that road-bed described in clause 5 that I am asking the question. We have been led to understand that this road-bed was not formed in the way mentioned here, with a little light grading and the material being generally obtained from side ditches; that in fact the ties were laid for a considerable distance on the surface and only ballasting put on; that no excavation took place in that neighbourhood, and it was by putting on an extra amount of ballast that the road-bed was made, and the question of the expense of that has been one of the questions between the Government and the contractor: it is upon that feature I wish to know if you have given the matter consideration, and what the explanation is?—The explanation is that the ground was so wet that the men could not work, and could not get the water away; attempts were made by ditches to get the water away but the country is so exceedingly flat, and the soil I suppose had something to do with it also, they could not easily drain such an extensive area. The winter season approached and it was utterly impossible to do anything after the frost came, except in the way you have just mentioned, by laying the ties on the frozen ground or on the ice as the case may be, laying the rails and drawing ballast by train to the spot. That is the explanation of it.

19788. Do you think that the road-bed formed in that way will be as efficient as if formed in the way that was originally contemplated?—Oh, I think quite as efficient; it is a mere matter of opinion. I have not been there since it passed out of my hands.

19789. I do not know whether this change took place altogether since you gave up the charge?—Not altogether.

19790. Have you had occasion to consider the relative cost of the work as done in this way by ballasting, and as originally intended by material from the side-ditches?—I have not.

**Railway Construction—
Contract No. 48.**

19791. Is there any other matter connected with this contract, No. 48, which you think requires explanation, and which you can give?—Nothing more occurs to me.

**Station Houses—
Contract No. 49.**

19792. The next contract in order is No. 49, with Richard Dickson, for building station house, Pembina Branch: do you know anything that requires explanation about this matter: we have nothing particular to enquire into?—The erection of this building may have been authorized before I left for England in 1879, but the contract was not entered into until the 15th of August, during my absence.

19793. Are you aware of any matter connected with the manner in which the work was done, or the closing of the transaction which requires explanation?—No. I understand the work was done and the contract closed.

**Railway Spikes—
Contract No. 50.**

19794. The next contract is No. 50, concerning some railway spikes with Miller Bros. & Mitchell, in September, 1879?—These spikes were ordered during my absence in England in 1879. I understand that they were found necessary and advertised for. This transaction was carried on in my absence.

19795. Is there anything connected with it which you think requires explanation?—Nothing. The same may be said with respect to the next contract, No. 51. Both these contracts were entered into after the matter was duly advertised and tenders received.

19796. Is there anything concerning contract 51 that you think you can explain, or that you think requires explanation?—There is not.

**Transportation of Rails—
Contract No. 52.**

19797. The next contract is No. 52, dated September, 1879, concerning the transportation of rails, and was made with Henry Beatty on behalf of the North-West Transportation Co.?—I can give no explanation with regard to that from recollection. There is a letter of mine to the Minister dated the 24th September, 1879, giving the facts with respect to this contract. It appears that eight different parties were invited to say at what rate per ton they would take the material forward. Four out of the eight sent replies, and the tender of one of these four was accepted, and the contract entered into and the work performed.

19798. Did you, beyond this report, take any part in the negotiations which led to the conclusion of the contract?—I do not remember now. I think I suggested to the Minister that inasmuch as the season was passing rapidly away, it would be inexpedient to advertise in the public papers inviting tenders in the ordinary manner; it would be quite sufficient for the Secretary to send a circular to a number of forwarders asking them to tender. This circular appears to have been sent by the Secretary of the Department to the eight gentlemen referred to:

Thinks he suggested instead of advertising sending circulars to forwarders.

"I am directed by the Hon. the Minister of Railways and Canals to enquire at what price per ton of 2,240 lbs. you will be willing to undertake the transportation of steel rails and fastenings from Montreal to Fort William this fall, you receiving the rails at ship's tackle at Montreal, paying harbour dues and insurance on \$25 per ton, and piling the rails at Fort William. An early answer is requested."

As I said before, four tenders were received on September 25th. I have already referred to a letter which I addressed to the Minister on

**Transportation
of Rails—
Contract No. 52.**

the 24th of September, and on the following day I sent him this letter :

“ Referring to my report of yesterday’s date on the tenders for transporting rails from Montreal to Fort William, I have discovered that the harbour dues in Montreal are 25 cts. per short ton. This is equal to 28 cts. per 2,240 lbs. This makes the tenders stand as follows :—

	Rate.	Including Harbour Dues Montreal.
1. Calvin & Breck, Kingston	\$5.75	\$6.03
2. Smith & Keighley, Toronto	6.00	6.00
3. Henry Beatty, Sarnia.....	6.00	6.00
4. Folger Bros, Kingston	5.75	6.03

19798. Then it made an alteration in the rank of the tenders. It raised two of them from being the lowest to the highest ?—That is the effect it had. It showed that the actual lowest were those of Smith & Keighley, of Toronto, \$6 ; and Henry Beatty, of Sarnia, \$6 ; the others being \$6.03 in both cases, and my impression is, that Smith & Keighley and Henry Beatty went into partnership and took the contract between them.

**The lowest tender
accepted.**

19799. The lowest price was the one accepted ?—Yes.

19800. Is there anything further in connection with this contract that you wish to explain ?—Nothing further.

**Purchase of
Rails—
Contracts Nos.
53-55.**

**Drew Minister’s
attention to the
fact that it was
necessary to provide
for supply of
rails.**

19801. The next three contracts concern steel rails, they are numbered 53, 54 and 55 : will you state, shortly, why the negotiations were entered into concerning those rails, and in what way ?—Early in June, 1879, I drew the attention of the Minister to the fact that it would be necessary to provide for a supply of rails for the portions of the railway under construction, and for the additional sections immediately to be put under contract.

Advertisement.

19802. Did you draw his attention to it by writing ?—In writing, yes ; by letter under 7th of June, which is before me. An Order-in-Council was passed soon afterwards, in reference to the same matter, authorizing the advertising for tenders for the supply of rails and a sufficient quantity of fastenings to be delivered at Montreal, one-third of the quantity by the 1st of October, 1879, one-third by the 1st of June, 1880, and one-third by the 1st of October, 1880. The advertisement was accordingly put in the English papers. The advertisement is dated 13th of June, inviting tenders to be received on the 15th of July, at the Canadian Emigration Office, 31 Queen Victoria Street, London, England, and informing parties that specifications, conditions, forms of tender, and all other information would be furnished on application either at the office in Ottawa or at the said Canadian Emigration Office. The tenders were opened on the 21st of July following, by the Hon. Finance Minister, Sir Leonard Tilley, in presence of Sir John Rose and myself, in the Emigration Office, Queen Victoria Street, London. Abstracts of all the tenders received were made as they were opened, the tenders were properly classified, and a complete history of the whole transaction, from first to last, is given in the report of mine dated October 1st, 1879. (Exhibit No. 205.) Which report was addressed to the Secretary of the Department, and enclosed with it were all the letters and telegraphs and other documents referring to the matter, numbering thirty-three in all. As the net result of all this, it appears that contracts 53, 54 and 55 were entered into; No. 53, with the Barrow Hæmatite Steel Co., for, I think, 30,000 tons ; No. 54, with Guest & Co., for 10,000 tons ; No. 55, with the West Cumberland Co.,

**Result of negotia-
tions.**

Purchase of
Rails—
Contracts Nos.
53-55.

for 5,000 tons, which, with the 5,000 tons previously referred to as having been procured through Mr. Reynolds, made 50,000 tons in all.

19803. Of that quantity 11,000 tons finally went to the Intercolonial Railway?—Yes; I think 11,000 of that 50,000 tons were to be delivered at Quebec for the Intercolonial Railway. I think it is referred to here "for relaying the Rivière du Loup section of the Intercolonial Railway."

Of 50,000 tons,
11,000 went to
Intercolonial.

19804. Was there any formal report made of the contents of the tenders at the time they were opened?—When they were opened in London it was done in the presence of at least one of the Ministers, Sir Leonard Tilley, and they were abstracted and classified; beyond that I think there was no formal report, because the Minister of Railways and Canals returned to London soon afterwards and dealt with the matter. Acting under his instructions, I sent and received the letters referred to in the appendix to my report of the 1st of October, 1879.

19805. Have you that abstract, or any copy of the original?—I have it before me.

19806. Would you please state who made the most favourable offer and for what quantity?—The lowest offer?

19807. The lowest offer?—It would be necessary to explain to you that we asked rail manufacturers to state the price at which they would deliver rails in Montreal. Indeed, if I remember right, a form of tender was prepared which they were called upon to fill up. Here is a copy of that document (pointing to circular). Twenty-one tenders for delivery at Montreal at the three dates I have already alluded to were received. Of these the Barrow Hæmatite Steel Co. put in the lowest tender; the next lowest was Guest & Co.'s tender; the third lowest was the West Cumberland Co.'s tender.

Tenders for rails
delivered at
Montreal.

19808. Are not these the three lowest who fulfilled their tenders? Was there not one from Wallace & Co.?—There was another class of tenders for delivery f. o. b.; there were seven of them altogether, none of which were accepted. There was still another class of tenders in which the parties did not state that they were to deliver in Montreal unless under certain conditions. There were four in that class. The lowest was that of the Ebbw Vale Steel Co.: they proposed to deliver them at Newport, Monmouthshire; the second, Fred. Krupp, he proposed to deliver the rails at Rotterdam; the third was a tender from John Wallace & Co., he proposed to deliver them at Montreal, but local dues and duties were to be extra; the fourth was from Panteg Steel Works Co.: they were to be delivered f. o. b. at Panteg, f. o. b. Newport, 3s. extra per ton. It was discovered some time after the opening of the tenders that John Wallace & Co.'s reference to local dues and other things in Montreal would not materially affect the price he proposed to deliver the rails for, and his tender was then accepted, after a good deal of correspondence, all of which is with the other papers. In the meantime the price of rails went up, and John Wallace declined to carry out the arrangement.

Tenders for rails
f. o. b.

19809. I understand that with these special conditions attached to his tender, his offer seemed to be the most advantageous one for the Government, and that it was accepted in the shape in which he made it?—Without regard to the conditions, his seemed to be the most

**Purchase of
Rails—
Contracts Nos.
53-55.**

advantageous—it was the lowest tender; but even having regard to them, I believe it was still considered more favourable.

19810. It was 2s. 6d. a ton lower than the lowest of the other tenders, which was the Barrow Hæmatite Steel Co.'s tender?—He had the opportunity, as I understand it, of fulfilling the offer he made.

19811. He had an opportunity to carry out the proposal he made?—
Yes.

Wallace had an opportunity of carrying out his proposal, but declined; the Government commenced proceedings against him.

19812. Did you take any part in the subsequent negotiations which led to a settlement of the transaction with him? I understand that the Government commenced proceedings against him for not fulfilling his offer?—I must refer to my letter. The whole correspondence with John Wallace & Co. is alluded to in my report dated October 1st.

19813. What I wish to know now is whether you took any part in the negotiations concerning the settlement of the claim?—I do not remember that I did, that was done after I returned to this country. The correspondence that I refer to as being mentioned in my report of the 1st of October, is the correspondence in England with John Wallace & Co.

19814. And yourself?—And myself.

An action brought against Wallace to compel him to deliver rails at the price quoted.

19815. What I wish to learn is whether you are aware of enough of the circumstances to say whether this offer made by Wallace & Co. was accepted with the view of making it available for the Government, if possible: it was not overlooked or neglected in any way, being a more favourable one than that of the persons who supplied the material?—On the contrary, Mr. Wallace's offer was accepted, but he declined to carry it out, and an action was brought against Wallace to compel him to deliver the rails at the price named in his tender.

19816. Then it was not from any negligence of the engineers or the Ministers, or any one acting on the part of the Government, that this offer was not finally available?—I think not; it could not possibly be. An action was instituted in the Law Courts in London, against John Wallace & Co., to compel him to carry out the terms of the tender; but he remonstrated, and in fact he sent in a memorial to the Government praying that the action might be withdrawn, inasmuch as it would drive his firm into insolvency, or something of that kind.

Lowest tender invariably accepted.

19817. As to these contracts which were actually completed, do you understand that in each instance the lowest price was given that the material could have been got for?—The lowest tender was invariably accepted, and very low tenders they were.

19818. And were these quantities supplied at the lowest price, as you understand, that they could have been got for?—As I understand, they were the most favourable tenders that were put in.

19819. I notice that a higher price was given on contract No. 55 for the rails to be delivered in October, 1849, than in contracts Nos. 53 and 54, by 1s. 6d. per ton: do you know how that happened?—According to the tender.

19820. Was it because the persons who contracted for 53 and 54 would not supply any more at the lower price, as you understand it?—As I understand it we took from the party who put in the lowest

tender all that they would furnish. We accepted the lowest tender before going to the next tender, and asked the party if he would furnish double the quantity at the same rate. I think the letter will show that—at least that is my recollection of it. The tender received from the Barrow Hæmatite Steel Co. was for 15,000 tons. That was the very lowest tender for the delivery in Montreal, with the exception of John Wallace & Co.'s tender. The contract entered into with the Barrow Hæmatite Steel Co. was for 30,000 tons, showing that double the quantity was secured from them at the same rates, £4 17s 6d. delivered the 1st of October, 1879; £5 delivered the 1st of June, 1880; £5 2s. 6d. delivered the 1st of October, 1880. The company offered to deliver, in the first place, 5,000 tons; we secured from them 10,000 tons at the same rates. The highest tender of the three was that of the West Cumberland Steel Co. They offered to deliver us 10,000 tons in their tender. We only took from them 5,000 tons.

**Purchase of
Rails—
Contracts Nos.
53-55.**

From those who put in lowest tender all was taken which they would furnish.

19821. So that the Government obtained an advantage in increasing the quantity upon the first mentioned offer, and in diminishing the quantity in the last mentioned offer: taking, for instance, double the quantity at the lower price, and only one-half the quantity at the higher price?—Yes; every advantage was secured that it was possible to secure.

Every advantage possible was secured.

19822. Are you able to say, from your knowledge of the market, whether these contracts resulted in a favourable bargain for the Government?—I think it was a very favourable transaction. I thought the first purchase of 50,000 tons was a good one, but this was very much better.

19823. Do you know of any other transaction in such material bought at lower prices than these?—I do not remember any. I dare say some lots may have been purchased at a shade lower prices, but not of rails manufactured for a special purpose on a specification, and of a special description. These rails were every one of them made to order and subjected to a very rigid inspection.

The transaction a most favourable one.

19824. Would any different course, as far as you are able to say, have resulted in a more advantageous contract for the Government?—Not that I am aware of.

19825. Is there any other matter connected with either of these three contracts which you can explain and which you think ought to be explained?—I have nothing further to say. I was particularly careful to have every matter bearing on the purchase of those rails put on record in the papers in the office of the Secretary, and they will speak for themselves. Here they are (handing over papers).

19826. The next contract in order is No. 56, with the Kellogg Bridge Co. for the iron superstructure of a bridge: do you remember anything about the contract?—Yes; I remember something about that. When I went over the Pembina Branch in the autumn of 1879 I found that the structure over the Rat River was a very temporary one indeed, and liable to be washed away by the freshets. Among other things it became necessary to get an iron or wooden bridge to span from one side of the stream to the other. It was only 60 feet, but when I reported the matter to the Minister he said: "You will have to invite tenders in the usual way." The matter seemed to me so urgent, I wanted to get the bridge manufactured without tender at some good

**Iron Bridge—
Contract No. 56.**

Lowest tender accepted.

**Iron Bridge—
Contract No. 56.**

establishment, but it could not be done. Tenders were invited and received. The lowest tender was that of the Kellogg Bridge Co., at Buffalo. The bridge was erected and paid for. There was some delay, and we had to send a gentleman to Buffalo to secure the bridge and take it forward and have it erected, charging McBride & Co. with the cost of moving it forward. The tender, in the first place, was very low; it was only \$1,384, while the one tendered for by the Hamilton Bridge Co. was \$2,798, while that of the Toronto Bridge Co. was \$3,403, the lowest being double that of the Kellogg Bridge Co. Some months after this I was getting alarmed about the state of the temporary bridge, and fearing an accident, communicated with the Kellogg Bridge Co. repeatedly. A great many telegrams passed. Finally it was necessary to send one of our own people to Buffalo to get the bridge and take it forward and erect it.

Bridge erected
and satisfactory.

19827. Has it been received and utilized?—Yes, it was erected by days' labour.

19828. Is there anything about it which requires explanation, in your opinion?—I do not think so; I need not read the telegrams that were sent on the matter.

19829. Has it answered the expectations of the Department, as far as its efficiency is concerned?—I have heard nothing to the contrary. I have not seen it since it was erected.

**Switch Frogs—
Contract No. 57.**

19830. The next contract in order is No. 57, for some railway switch frogs?—There is some report on that contract which will explain the transaction, I think.

Frogs had previ-
ously been got
from Kingston
penitentiary.

19831. The only point that struck us when hearing the evidence of Mr. Trudeau was that there was a contract without any public competition?—I think, perhaps, the papers will throw a little light on that. I do not remember very clearly. If I remember rightly, we were getting frogs made at the penitentiary in Kingston before, and there was something said about infringing a patent, probably; and those people themselves offered to make the frogs at a price that was less than we had to pay at the penitentiary for them.

19832. Do you remember who took part in the negotiations with these contractors?—I think it was done through me. I think a letter was sent them, asking at what price they would furnish—a letter or telegram—the frogs and switch frames and gearing, &c., complete. Here is an account of the transaction. It was on November 11th, 1879:

Truro Patent
Frog Co. offer to
supply frogs at a
lower rate.

"It became necessary some two months ago, during the absence of the undersigned in England, to procure a number of frogs and switch gear for use at Fort William and Manitoba, for the track about to be laid in both districts. Mr. Smellie, on the 1st of September, wrote the Department, pointing out the fact that these articles should at once be manufactured and delivered before the close of navigation. The frogs previously made at the Kingston penitentiary, cost as follows:—Frogs, \$80 each; connecting bars, \$16 50; switch gear, &c., \$40; making in all \$136.50. The Truro Patent Frog Co. offered to supply the same articles at a less price, as per the following telegram:—'We will furnish 120 Starratt's patent adjustable steel rail frogs of the angles mentioned in your message, for the sum of \$65 each, switch frames, signal posts, connecting bars and gearing complete, which includes woodwork, head blocks, and sliding chairs, \$35, every switch complete.' With the approval of the Minister, the order to manufacture all the frogs that were required was given to the Truro Patent Frog Co."

Here is a memorandum on the side of this document:

"Mr. Schreiber has brought under my notice a frog made by the Truro Patent Frog Co., which he considers better than the Mansfield frog, which we have hitherto used,

**Switch Frogs—
Contract No. 57.**

for the reason that the rails are perfectly interchangeable, and it has more inherent strength; and as it has been in use for some time on the Intercolonial Railway, he is satisfied that it is all that can be desired."

It would appear from that that there was a saving of \$36.50 a set of frogs and gearing by getting them from the Truro Patent Frog Co., and although there was no public competition the Minister concurred in the propriety of getting them from them.

19833. Did you think then, or do you think now, that the public interest would have been better served by offering this to public competition?—I think that is a complicated question, because it was answering a good purpose to employ the prisoners of the penitentiary. The prisoners of the penitentiary were employed at manufacturing frogs no longer.

19834. Well, considering the interest of the Pacific Railway alone?—There is a charge of \$36 50 less for a set of frogs and gearing than we had been previously paying, and, according to Mr. Schreiber's account of the article—and he had experience of it on the Intercolonial Railway—he considered it a better article for a less price. We were obtaining a better article for a less price.

Obtained better
article for less
price.

19835. Had you any reason to believe that you would have obtained them at a still smaller price by public competition?—I had no reason to believe that. Of course there was a difference in the geographical position of the two places. The Truro frog was chargeable with the cost of bringing it as far as Kingston. What that was, at this moment, I do not know, but it was certainly less than \$36.50.

19836. The point to which I wish to draw your attention, and on which I wish to get some information, is this: whether upon the whole the transaction was a proper one to be carried out without public competition, and whether, as it was carried out, it was as favourable as you could expect under the circumstances?—I think it was quite proper. I do not know any other place in the country where these frogs could be made. Of course they could be made almost anywhere if arrangements were made with the patentees. The patentees being the Truro Patent Frog Co., or at all events they had secured the right to manufacture the frogs.

19837. Do you know of any influence being used in any way to have this transaction carried out in this shape instead of by public competition?—There was no special influence that I know of.

No influence
used to prevent
public competi-
tion being invited

19838. Is there anything further about this contract that you think necessary to explain?—No; I do not think there is. I think it is a very proper transaction—just such a transaction as a business man would enter into.

19839. The next in order is contract No. 58, for turn-tables, with W. Hazlehurst?—I do not remember very clearly.

**Turn Tables—
Contract No. 58.**

19840. Tenders were received in reply to some invitation?—There must have been some invitation for parties to tender. Here it is. A circular seems to have been sent out by me with my name attached to it. It was sent to several parties—among others the Hamilton Bridge Co., Hamilton; the Toronto Bridge Co., Toronto; the Kingston Engine Works, Kingston. The circular is in these words:

Tenders invited
by circular.

"Several first-class iron turn-tables, fifty feet in diameter, are required for the Pacific Railway; the first in the engine house at Selkirk must be erected and placed

**Turn Tables—
Contract No. 58.**

by the 15th of March next. This must be decked, the deck supported in centre for the other tables required, separate prices are invited for deck and open work. Proposals will be received up to the 30th instant, February, 1880. Drawings should accompany proposals."

At the same time a telegram, in fact the circular, was telegraphed to Mr. Hazlehurst at St. John. Tenders were received from the four parties mentioned, and I reported on them on the 14th of February as follows:—

**Recommends
acceptance of
Hazlehurst's
tender.**

"I beg to enclose herewith a list of tenders received for the erection of the turn-table at Selkirk; also copies of letters sent to the following parties inviting them to tender for this work:—Hamilton Bridge Co., Toronto Bridge Co., Kingston Engine Works, and Hazlehurst, St. John. Four tenders were received and are enclosed herewith. The lowest is that of W. Hazlehurst, St. John. The deck table, \$2,016, and I would recommend its immediate acceptance."

Enclosed with that report is a list of the tenders.

19841. What appears to be the lowest tender for the open one?—The lowest price for the open one was that of W. Hazlehurst, \$1,360, and for the deck table \$2,016. We wanted a deck table for Selkirk. I recommended the acceptance of that tender and it was accepted. The tenders were opened by Mr. Trudeau, Mr. Braun, and myself.

**Lowest tender
accepted.**

19842. Was the lowest tender accepted in both instances—that is for the deck and open turn-tables?—Yes; we gave orders to have a deck turn-table manufactured at \$2,016, and three open turn-tables at \$1,360 each. The next lower tenders were, for the deck table, \$2,350, by the Hamilton Bridge Co., and for the open table by the Hamilton Bridge Co., \$1,700.

19843. Why was this mode of inviting competition adopted—I mean by circular instead of by public advertisement?—It was necessary to have at least one of the tables, the decked one, provided at an early day, the earliest day that we could have it, in connection with the working of the line in Manitoba.

19844. Is that the reason that you give for not inviting public competition by advertisement?—That is one reason. It would take much longer to invite competition by public advertisement.

19845. Would it not have been possible to have had it advertised earlier than the circulars had been sent?—It would have cost more money, and would not have obtained cheaper tables.

19846. Do you think you got as good articles at as low price as by public competition?—It would have cost a large part of the cost of the table to advertise.

**Thinks adver-
tising would have
been too expen-
sive.**

19847. \$6,096 is the amount involved: do you think the cost of the advertisement would have altered materially the result of that transaction?—We appealed to everyone in the business likely to send in a tender, and we saw no need, under all the circumstances, for inviting all the world to tender when we knew only a very few would tender for this particular article.

19848. I understand you to say now you think you got as much competition by this mode as by advertisement?—I think so; in Canada at all events. Possibly we might have got some competition from the United States, but the previous transactions did not result very satisfactorily. We had to take measures for putting up the bridge ourselves.

Turn Tables—
Contract No. 59.

19849. Is there anything connected with the manner in which this contract has been fulfilled which you think requires explanation?—Well, I left the public service not many months after this, and I cannot tell you.

19850. The next contract, No. 59, was for the supply of 100,000 railway ties, I think for contract 14, and was made with Whitehead, Ruttan & Ryan?—It was deemed expedient to secure ties for at least a portion of the second 100 miles west of Red River before the ice bridge broke up. I felt that if the matter was put off until the contract for the second 100 miles west of Red River was let it would be too late for the contractor to secure the ties necessary to enable him to lay a track, and the Minister concurred in the proposal to invite tenders for 100,000 ties before the winter passed away. I find a letter on the subject dated January 23rd, which will probably confirm what I have now said. I will read this letter addressed to the Minister :

Ties—
Contract No. 59
Witness advised that district engineer should be authorized to advertise for 100,000 ties.

"In view of the extension of the railway west of Manitoba, with as little delay as possible, the difficulty to be met in procuring ties along the first part of the line of the second 100 miles, the necessity of getting them on section 14, and of having them cut and conveyed across to the west side of Red River, while the ice bridge at Winnipeg is firm, I would recommend the following steps be taken:—first, that the district engineer be authorized by telegraph to advertise for 100,000 ties, to be delivered at convenient points along the track on section 14, tenders to be received at an early date, that he report by telegraph the nature and number of the tenders received. Second, that a contract be at once entered into with the parties sending in the lowest acceptable tender. Third, that arrangements be made immediately on the line being operated by the Government officers to transport the ties as they are made to the west side of Red River by the ice bridge, and there piled at convenient places until wanted."

The suggestion was concurred in, and I was authorized to send the following telegram to James H. Rowan, Winnipeg, on the 29th January:—

Rowan authorized to receive tenders for 100,000 tamarack ties.

"Receive tenders for 100,000 tamarack ties, to be delivered along track section 14 in time to be taken across ice bridge to west side Red River. Telegraph particulars of tenders on receipt."

On the 5th February, James H. Rowan telegraphed me as follows:—

"Ten tenders for ties received to-day. The following are the lowest, the price covering the Government charge for stumpage; deduct 3 cts. in all cases if stumpage will not be charged."

Here are the names.

19851. Give the lowest?—Charles Whitehead and Ruttan, 27 $\frac{3}{4}$ cts., and a number of others.

19852. These parties appear to be the lowest tenderers, I understand?—Yes; the others were all over 27 $\frac{3}{4}$ cts. They ranged up to 33 cts.

19853. These were the parties who got the contract, and we understand that the contract has been fulfilled and the amount settled?—On the following day I was authorized to telegraph to Mr. Rowan that the Minister accepts the tender of Charles Whitehead and Ruttan for 100,000 ties at 27 $\frac{3}{4}$ cts., and instructed him to make a contract to ensure delivery in good time. I believe Mr. Ryan's name entered into the contract with the approval of the Minister on being appealed to.

Tender of Whitehead & Ruttan accepted.

Tendering—
Contract No. 60.
B.C.

OTTAWA, Thursday, 21st April, 1881.

SANDFORD FLEMING'S examination continued :

By the Chairman :—

Though the work in British Columbia first advertised on the 13th of August, 1878, it was not until 3rd October, 1879, that tenders were definitely called for to be received on the 17th Nov.

19854. The next contract in order is No. 60 ; in the official list it is stated to be with Andrew Onderdonk : can you explain, shortly, what led to these British Columbia contracts?—The work in British Columbia was first advertised on the 13th of August, 1878. Tenders were then invited for the distance between Yale and Kamloops Lake, 125 miles. On the 19th December a notice was put in the papers to the effect that the time for receiving tenders for these sections in British Columbia would be extended to the 12th day of January, 1879. When the 12th day of January, 1879, arrived, I think no action was taken. The Government deemed it advisable to have some fresh investigations made with regard to the route in British Columbia, and it was not until the 3rd of October, 1879, that an advertisement was put in the papers definitely calling for tenders to be received on the 17th November following, for the works of construction required to be executed on the line from Yale to Lake Kamloops in four different sections, namely: from Emory Bar to Boston Bar, 29 miles ; from Boston Bar to Lytton, 29 miles ; from Lytton to Junction Flat, 28½ miles, from Junction Flat to Savona's Ferry, 40½ miles. Forms of tender were accordingly prepared for the use of contractors proposing to tender for these different sections, also a memorandum for the information of contractors dated the 3rd October ; also a specification and a form of contract which the parties sending in the tender to be accepted would be required to execute. All these documents were furnished intending contractors.

A telegraphed report from Edmonton respecting Peace River route.

Order-in-Council adopting the route for railway, Burrard Inlet being the objective point.

19855. Before recording the particulars of the transactions connected with these contracts, would you explain what led, as far as you know, to the decision that they should be entered into or asked for?—Yes ; I have a distinct recollection of it. I returned from England in September, early in September, after the purchase of 50,000 tons of rails, and it was my desire and intention to have proceeded immediately to Fort William and go over the line to Manitoba ; but I was not allowed to do so until we heard from parties who were engaged in making explorations by the Peace River. Towards the end of the month (the exact date can easily be ascertained) I received a telegraphic report from Edmonton respecting the operations of the exploring parties, and immediately thereafter, namely, on the 30th of September, I furnished the Minister of Railways and Canals a report on the question of route. Immediately thereafter, an Order-in-Council was passed adopting the route for the railway through British Columbia to Burrard Inlet. The same day, if I remember rightly, the advertisement which I have just spoken of was put in the papers calling for tenders.

19856. After the tenders were received I believe you made an official report on their comparative merits?—Tenders were received. They were opened by the Deputy Minister, Mr. Trudeau, the Secretary, Mr. Braun, and myself. As they were opened one by one the particulars of each were recorded on sheets of paper. The tenders were classified into regular and irregular tenders. All the particulars are given in my report dated 22nd of November.

19857. Whose tender do you find to be the lowest in your report for section A?—They were not designated by letters, if I remember right ;

Tendering—
Contract No. 60,
B.C.

they were called by their names—from Emory Bar to Boston Bar. The tenders themselves were lettered.

19858. Well, from Emory Bar to Boston Bar?—The lowest tender was that of D. McDonald & Co., \$2,727,300.

19859. In the record of the opening of these tenders, there appears a tender by another firm for a lower sum: will you explain how it was that that was not considered or allowed to compete?—There was a tender sent in by J. Battle, Symmes, Wood & Jackson, \$2,634,120. This tender was received through the post on the 17th, at half-past three in the afternoon, in a registered envelope. There was another tender from Brown & Corbett, Charlottetown, received by mail at half-past three on the 17th. This one contained no cheques, and no sureties were given. The former one, that of Battle, Symmes, Wood & Jackson, contained three cheques for \$5,000 each. According to the advertisement and the other papers, the tenders had to be received before noon on the 17th, and all the tenders but the two last referred to, were duly received according to the notice given. There were fifteen regular tenders and two what we call irregular tenders.

19860. Do you remember whether it was considered by the persons who were present at the opening from the beginning, that these two irregular tenders ought not to be allowed to compete, or was that opinion arrived at after noticing the amounts of the different tenders?—Before we compared the amounts we ruled them out of the regular class of tenders, as far as my recollection serves me, and we simply entered them on the abstract of tenders, because they were received and opened. Pardon me, I see a third tender received from a person named David Oppenheimer. It was not in accordance with the regular form of tender. He offered to complete the four sections for the lump sum of \$12,000,000.

19861. Do you know whether your attention was called to Battle's tender so as to discover that there had been a material erasure or alteration, at the time that they were opened?—I remember when the tenders were opened, before any reference was made to the amounts, we first ascertained if everything was perfectly regular. If there was any irregularity or singularity we could lay that tender to one side, and deal only with those that were perfectly regular. This was one that was laid to one side.

19862. In addition to the irregularity of the time, or the reception of it, do you remember whether that erasure was noticed—whether it cast any suspicion on the reason why it was sent in late, or in fact whether any notice was taken of it?—I do not remember that. I remember that we saw by the post-mark on the envelope that it was posted in Ottawa, and we felt it would be no great trouble to the party who posted the tender to have left it at the Secretary's office three hours and a-half sooner when it was ready.

19863. According to your understanding of the transaction, do you conclude that the lowest regular tender was accepted and acted upon and led to the contract?—Well, the lowest regular tender was that of D. McDonald & Co. There was a good deal of delay and a good deal of correspondence I think between the Department and various parties, and that work was finally put in the hands of Mr. Onderdonk, the present contractor.

Tender of D.
McDonald & Co.
the lowest.

Tendering—
Contract No. 60,
B.C.

19864. Did you take any part in the negotiations between the time of deciding upon the different tenders and the final conclusion of the arrangement by which Mr. Onderdonk became the contractor?—I took no part whatever that I remember of. The tenders were reported on by me on the 22nd of November, and the first letter that I have any knowledge of of my own is dated the 28th January following, which will speak for itself. Between these dates I have no recollection of having taken any part in the negotiations.

19865. Was that letter in regard to this same section of which you are speaking?—It was with regard to the section from Boston Bar to Lytton. It is not the same section; it is the next section above.

19866. It does not appear to be the same one we are speaking of now?—No.

19867. As to this section do you say whether you took any part in the negotiations which were consummated in the transfer of the contract to Onderdonk after making your report?—I took no part whatever.

19868. Is there anything about this particular contract which you think requires further explanation?—I do not know that there is. There was nothing done or very little done more than entering into the contract when I ceased to be Engineer-in-Chief. Any work that has been executed within the limits of the contract has been done since. I only remember having sent out the engineers to superintend the work, and writing elaborate instructions to them how to conduct operations.

Contract No. 61,
B.C.

19869. The next contract, No. 61, is also for a portion of the construction of the line in British Columbia, and was at first made apparently with Ryan, Goodwin & Co., and subsequently transferred to Onderdonk: upon that I assume that you made a similar report as to the merit of the tenders?—The tenders for that section are referred to in the same report of the 22nd of November, and from that it appears that the tender of Purcell & Co., \$2,573,640, was the lowest. There were fourteen regular tenders for that section and one irregular tender. The last was sent in by Brown & Corbett. It contained no cheques, and no sureties were offered, and it was received after the hour.

19870. Was that for a smaller amount than the successful tender of Purcell & Ryan?—I cannot tell. The amount does not seem to be given in the abstract. No; the amount was \$2,642,888.

19871. So that if the tender had been allowed to compete it would have made no difference in the result of the transaction?—It would have been about the fifth lowest.

Contract based
on lowest tender.

19872. This contract seems to have been based upon the lowest tender then, as we understand your report: is that as you understand it?—The contractors were originally Ryan, Goodwin & Co. The tender appears to have been Purcell & Co. Referring to the abstract I find that the names of the parties who sent in the tender were Purcell, Ryan, Goodwin & Smith. The present contractor is Andrew Onderdonk. I understand Ryan, Goodwin & Co. transferred the contract to Andrew Onderdonk. This transfer is referred to at page 190 of a Blue Book giving a list of tenders since January, 1879, and on the same page there is a communication from myself on the subject dated 28th of January, 1880.

Tendering—
Contract No. 31
B.C.

19873. Can you say whether you took any part in the negotiations which led to this transfer of the contract from Purcell, Ryan, Goodwin & Smith to Onderdonk?—None whatever.

19874. Have you any knowledge of the way in which it was brought about?—I have not. I have no personal knowledge.

19875. Have you any personal knowledge of the manner in which the transfer of the former contract from McDonald & Co. to Onderdonk was brought about?—I have not.

19876. Is there anything about this contract for section B, from Boston Bar to Lytton, which you think ought to be explained by you?—Nothing beyond what I have said respecting the other contracts. One of my last acts was to instruct the engineer how to conduct the measurements and operations connected with construction. These instructions were dated 19th March, 1880, and they may be put in as an exhibit. It will be seen from these that I took every care to prevent anything going wrong, as far as I could then foresee, and I hope these precautions, or better ones, are being carried out.

19877. The next contract refers to section C, from Lytton to Junction Flat, and appears to have been made with Mr. Onderdonk: that appears, also, to have been reported upon by you as far as the relative merit of tenders is concerned?—Tenders for that section were referred to in my report of the 22nd November, 1879. There were twelve tenders, I think, altogether—eleven regular tenders and one irregular. The irregular tender was from a firm of the name of Brown & Corbett. No cheques were enclosed and no sureties were given, and it was received after the hour appointed. The amount of the irregular tender was \$2,020,350. The lowest regular tender was that of D. McDonald & Co., \$2,056,950. There is no marked difference between the last two referred to.

Contract No. 62,
B.C.
Given to lowest
tender.

19878. The contract with Mr. Onderdonk appears to have been based on this tender of McDonald & Co.: did you take any part in the arrangements which led to the transfer to Onderdonk of the rights of those parties?—None whatever.

19879. Have you any knowledge of the way in which it was brought about?—I have no personal knowledge. I may have heard it explained on the streets, but if I did it has passed entirely out of my mind.

19880. Is there anything about this contract which you think ought to be explained by you?—Nothing special.

19881. The next in order is with Mr. Onderdonk for another portion of the British Columbia work, No. 63: that was, I believe, reported on in the same way, upon tenders received at the same time as the last?—I reported upon the tenders sent in for that section in the same report, dated 22nd November, and according to that the lowest tender was the tender sent in by T. & M. Kavanagh, \$1,809,150. There were eleven regular tenders for that section. There was also an irregular tender sent in by Brown & Corbett. It contained no cheque and there are no sureties given, and it was received too late. The amount of that irregular tender is not given in this abstract, but on reference to the tender I find the amount to be \$1,822,410.

Contract No. 63,
B.C.

19882. Higher than the tender which was accepted?—A little higher than the tender that was accepted.

**Tendering—
Contracts Nos.
60-63, B.C.**

19883. In this matter it appears that the successful tenderer asked for a short extension of time: do you remember whether you were consulted upon the expediency of granting that; they got on one occasion some days, and a further extension of some days?—I have no recollection of anything of that kind. I think I took no part whatever in the negotiations that took place between the receiving of the tenders and my reporting on them and their final acceptance.

19884. Do you remember whether you took any part in the negotiations between the final acceptance of the tenders and the transfer of the rights of these parties to Onderdonk, and the contract with Onderdonk?—No part, so far as my memory serves me.

19885. Have you any personal knowledge of the way in which the transfer was brought about?—I have no personal knowledge.

19886. Is there anything in connection with this matter relating to this last section D that you think ought to be explained by you?—Nothing special.

Results favourable to the public.

19887. Have you considered whether the result of this asking for competition was one as favourable to the public interest as might be expected and under all the circumstances?—I have no reason to think it was in any way whatever unfavourable.

19888. Do you think that the prices were as low as might be expected for work in that country at that time?—I think they were.

19889. Have you given any consideration to the question of the expediency of putting so much work into the hands of one contractor or firm, instead of into the hands of four separate contractors or firms?—I have referred to that point, I think, in my letter dated 20th January, 1880, page 190. I said there, that

“As the other three sections in British Columbia are already awarded to Mr. Onderdonk, and the one section intervenes between them, it would result in considerable advantages to have the whole in the hands of one contractor of sufficient strength to carry on the work, and from the letters furnished from the general manager of the Bank of Montreal and others of high standing, there would appear to be no doubt of Mr. Onderdonk's financial ability and experience.”

Of great advantage to have the whole of a great work in the hands of one capable contractor.

19890. This opinion, however, as I understand it, touches only the last state of affairs, that is after Onderdonk had got the other three sections, and the question was whether he should get the fourth; but I intended to ask you the broader question, whether, when the work was in the hands of four contractors, it was advisable to amalgamate the whole and place them under one contractor?—I have stated in what I have just read you, it would result in considerable advantages to have the whole in the hands of one contractor.

19891. That is, as I understand it, after the other three sections had been acquired by Onderdonk?—I think I have reported on that point somewhere else, but I cannot see it at this moment.

19892. Without reference to what has been formally reported, what is your opinion now upon that subject?—I would rather refer to my opinions as they were given when I was an officer of the Government, than to furnish fresh opinions at this time.

19893. Would you have any objection to say this: whether you have seen any reason to change the opinions which you gave then?—I have no reason to change the opinion. I have seen no reason to change the opinion.

Tendering—
Contracts Nos.
61-63, B.C.

19894. So that, as far as you remember the contents of the report, you are still of the same opinion?—Yes.

19895. I think you alluded to this subject at a former stage of your evidence when you were discussing the expediency of letting the work upon sections A and B, between Thunder Bay and Red River, contracts 41 and 42?—Yes.

19896. I understood you, then, to give this opinion on the subject: other things being equal, that you thought it would be as well for the interest of the public that one strong firm should have the work?—Yes; I think I did give an opinion of that kind.

Other things being equal it is best for public that one strong firm should have the whole of a large work.

19897. Have you any objections to say whether that is still your opinion upon the question in the abstract?—Oh, I think it, as stated here, resulted in considerable advantage; but I must say to you, that one is not in a frame of mind to give any deliberate opinion as I am now situated in the witness box, excited by the numerous questions asked me. When I give an opinion upon a question of such importance, I desire to give it deliberately.

19898. Then I understand you do not desire to be asked anything further on the subject now?—I do not object to give opinions on that or any other subject, but I cannot give a deliberate opinion on that or any other important subject situated as I am at this moment.

19899. Is there any other matter connected with this work in British Columbia, either as a whole or any section of it, which you think ought be given to us by way of evidence from you?—I know of nothing. The work is extremely difficult. It seemed to me at the time to be let at very low prices, lower in fact than I thought it would be let for, and if I am not entirely wrong, I think in every instance it was placed under contract at the lowest price offered.

Work let at very low prices and given in each instance to the lowest tenderer.

19900. That appears so from the report furnished us?—Except, perhaps, one irregular tender I had referred to to-day. One by Brown & Corbett; they offered to do it for a very little lower than somebody else—the lowest regular tender.

19901. The next contract in order is No. 64, with Ryan, Whitehead & Ruttan, for a temporary bridge across Red River: do you remember any special circumstance connected with that?—Yes; I remember something about it. Mr. Collingwood Schreiber was then at Winnipeg in the capacity of superintending engineer, I think; and on the 3rd of March I telegraphed him as follows:—

Bridge across Red River—Contract No. 64.
How the work was undertaken.

“If you think it advisable and practicable, while river is frozen, to construct temporary pile bridge at Winnipeg, you can invite tenders, giving a week's notice.”

The object was to secure railway connection between one side of the river and the other, to facilitate intercourse between the Pembina Branch and the town of Winnipeg and the country west of Winnipeg. Mr. Schreiber replied to that telegram on the 4th, the following day:

“It is advisable, in the interest of speedy construction westward, to have a bridge, but what about its obstruction to navigation? If it is to be built the piles and timber must be delivered at once; but I do not consider it would be prudent to erect it until after the ice flows.”

On the 6th of March, having received authority, I directed Mr. Schreiber to get out piles and timbers while the snow lasts, and on the 10th of March I requested Mr. Schreiber to make application to the corporation of Winnipeg to allow

**Bridge across
Red River—
Contract No. 64.**

a temporary fixed bridge to be erected; and that I considered it best to postpone erection until the ice moved, but that the materials should be obtained at once. According to the instructions referred to, tenders were received for the erection of the temporary bridge on the 10th of March, and I reported on the fact some time afterwards, on the 6th of April, the lowest tender having been accepted under the authority of the Minister by telegraphing in the meantime. The lowest tender was that of John Ryan, Charles Whitehead and H. N. Ruttan, \$7,350. The work was undertaken and completed after I ceased to be Engineer-in-Chief.

**Contract based
on lowest tender.**

19902. Then the contract appears to have been based upon the lowest tender: do you know whether up to the time that you ceased to have charge of the work it was progressing satisfactorily?—I heard nothing to the contrary up to the time I left.

19903. Is there anything special about the contract which you think it necessary to state?—Nothing at all that came under my knowledge.

**Rolling Stock—
Contract No. 65.**

19904. The next contract in order is No. 65, with James Crossen, for some rolling stock?—The rolling stock referred to was advertised for on the 19th of February. Tenders were invited and received on the 1st of March. The tenders were opened on the 2nd of March by Messrs. Trudeau, Smellie and Braun. The contract appears to have been awarded to Crossen, of Cobourg, his tender being the lowest, for four first-class cars. There was an official car added to the contract afterwards. The information with regard to the official car will be found in the correspondence.

**Contract given to
lowest tenderer.**

19905. Did the manner in which this contract was fulfilled come under your knowledge officially?—I do not think it did. I think that contract was filled after I left.

19906. Is there anything connected with the contract which you think it proper to mention?—No; there is nothing that I desire to say, or that I think attention should be drawn to.

**Tendering—
Contract No. 66.**

19907. The next contract is No. 66, with Bowie & McNaughton, for the construction of a portion of the main line, the second 100 miles west of Red River: that, I understand, was submitted to public competition?—This work was advertised on the 1st and 11th of February, 1880. The reception of tenders was postponed by a second advertisement dated the 22nd of March, until Friday, the 9th of April. Specifications and memorandum of information and forms of tender and all necessary documents were prepared and printed, and furnished to intending contractors. Tenders were received. Tenders were opened on April 12th, in the presence of Mr. Trudeau, Mr. Schreiber and Mr. Braun, and on the 15th April I reported on them to the Minister. From this it appears that the lowest tender was one sent in by George Bowie and Mr. McNaughton, the amount being \$438,914. A contract was entered into with these parties on the 3rd of May, but I have no personal knowledge of what has been done in the way of carrying out this contract.

**Contract based
on lowest
tender.**

19908. The contract appears to be based upon the lowest tender, according to your report at that time?—Yes.

19909. Is there anything further in connection with this contract which you can explain?—I do not think it is necessary to state that.

**Railway Location—
Contract No. 66.
Location not what witness would approve.**

this second 100 miles section was located in a position that I did not think the best.

19910. Who decided upon that location?—The Government.

19911. Contrary to your recommendation?—Contrary to my recommendation.

19912. In what respect did it differ from the line which you recommended?—It went over ground that involved very severe gradients, unnecessary as I thought.

19913. Do you mean that a line with lower gradients could, in your opinion, have been obtained between the same termini?—By a different route. However, my views were overruled, and the contract was let.

Witness believed a better line with lower gradients could have been obtained but his views were overruled.

19914. Was there any Governmental policy involved in the adoption of that line, or was it merely from engineering views different from yours?—I dare say a question of policy had something to do with it.

19915. What was that Governmental policy?—I am not prepared to say what their policy was. It was not very fully explained to me. I could not see it myself.

19916. Do you mean that you did not agree with the Government in their policy?—I was not called upon to agree or disagree; I simply stated my views with regard to the advisability of building the line on that particular route.

19917. Of course we have no wish to enquire into the expediency of any policy which was adopted by the Government, but we wish to enquire into the engineering features of the transaction: do I understand you to say that the same result could have been obtained, in your opinion, by following a different route?—Practically the same result could have been obtained on a better route.

The same result could have been obtained on a better route.

19918. Could you explain, generally, the main features of the difference between your opinion and the other engineering opinions which prevailed?—I think my reports that are printed will partly explain it. At all events you will find my report on the subject at page 246 in the Canadian Pacific Railway Report for 1880; you will find a reference to it also at pages 23 and 24, in which I say:

Explains.

“In June last surveys were commenced to establish the route from the western boundary of the Province of Manitoba, and thence north-westerly towards the River Saskatchewan. A general reconnaissance of the district has been made, and two lines surveyed—one running west, and terminating four miles beyond Fort Ellice, on the Assineboine; the second, on leaving the Province of Manitoba, taking a north-westerly course to Bird Tail Creek; a third was projected to run from the common starting point to the confluence of the Little Saskatchewan and River Assineboine. This line gave promise of favourable gradients on a section which ultimately might be used for coal traffic; but the first had the advantage with respect to mileage on the other route. The Government held that it was more important to continue the line which followed the general course of settlement along the western slope of the Riding Mountain, especially as it proved to be twenty miles shorter than the southern route. The north-westerly route was therefore adopted by Order-in-Council dated 22nd January last, and tenders were invited for the second 100 miles section west of Red River.”

That is the point that you refer to. The line that I favoured was the one leading from the western end of the Province of Manitoba to the Valley of the Assineboine, by the mouth of the Little Saskatchewan.

19919. Is that the one that you allude to as likely to be used for coal traffic?—Yes.

**Railway Construction—
Contract No. 66.**

19920. I suppose the work on this section was not much more than commenced at the time that you left the railway, and that therefore you are not able to say how the work was done on this second 100 miles?—I doubt if anything at all was done when I retired from the field.

**Rolling Stock—
Contract No. 67.
Simon Peters
lowest tenderer
for box cars.**

19921. The next contract is No. 67, with the Moncton Car Co. : had you anything to do with that?—These cars which are contracted for, under contract No. 67, were advertised for at the same time as the passenger cars furnished under contract No. 65. For this particular kind of cars—that is to say box, and freight and platform cars—the prices of the Moncton Car Co. were the lowest but one. They offered to furnish the box cars at \$690, and platform cars at \$490. They were actually the lowest for the platform cars, but there was a lower tender for the box cars—that of Simon Peters, of Quebec.

19922. By how much was that lower for the box cars?—\$5. But I think, on reference to the tender, you will find that Peters did not undertake to furnish the full number required, not more than half.

19923. He is reported to have offered to furnish only from fifteen to thirty instead of sixty?—Yes.

19924. Then I understand you to suggest that the offer of the Moncton Car Co. was the best in the public interest?—Here is a letter addressed to Simon Peters on the 3rd of March, by Mr. Braun, informing him that his tender for the box cars was the lowest—but it was not made on the proper printed form—and enquiring if he had seen the drawings and specifications, and if he was sure that the cars were to be delivered at Emerson, Manitoba. Mr. Peters was further asked to state if his tender was made on the conditions contained in the plans and specifications, to telegraph the fact at once and confirm the telegram by letter. He was also informed that a deposit of 5 per cent. would be required. On the 4th of March I see Mr. Peters telegraphed that he would proceed to Ottawa. On the 5th of March I find a letter from Mr. Peters, dated Ottawa, March 5th, stating that when he made up his mind to tender for the cars it was too late to procure copies of the specifications either from Ottawa or Moncton :

Peters with-
draws.

“Believing that the said cars would be the same as those I had previously tendered for for the Intercolonial and Grand Trunk Railways, I tendered upon those plans and specifications. Upon examination of the plans and specifications for cars for the Pacific Railway, made by me this morning, I find that those cars are much more expensive to build than the ones I have estimated for. I beg, therefore, to withdraw my tender, with the hope that it will not be prejudicial to me in the minds of the Government.”

Contract given to
next lowest ten-
derer—the Mon-
cton Car Co.

Mr. Peters' tender being withdrawn the Secretary was instructed to notify the parties in Moncton that their tender was accepted, and the contract was entered into, as I understood it.

19925. Did anything further come under your notice with respect to this contract which is necessary to be explained?—No further explanation is needed, I think. Nothing occurs to me as being necessary.

Contract No. 68.

19926. The next contract, No. 68, is with the Ontario Car Co., for two postal and baggage cars?—Two postal and baggage cars were advertised for at the same time as the cars last referred to. The lowest tender received was that of the Ontario Car Co., and the tender of the Ontario Car Co. was accepted. The price was \$3,115; the price of the next lowest tender was \$3,303. The contract entered into was dated 8th of May. I ceased to be engineer before the end of May, and

Contract given to
lowest tenderer—
the Ontario Car
Co.

the contract has, doubtless, been completed since. I know nothing of it of my own knowledge. The next contract was entered into after I left. I find in my letter-book a memorandum giving the required explanation of contract 69. It sets forth as follows:—

“With regard to the letter of Mr. Henry Beatty of the 13th instant, returned herewith, I have made enquiry and learned from the Hon. Mr. Pope, that he has no recollection of having asked a rate for 15,000 tons as claimed by Mr. Beatty. On September 30th, 1879, a letter was sent Mr. Beatty accepting his offer of \$6 per ton, for the limited quantity of 4,000 tons, from Montreal to Fort William, the rate to include harbour dues at Montreal, canal tolls, insurance to the value of \$25 per ton, and piling at the point of delivery. Late in the season 3,000 tons in addition to the 4,000 tons arrived in Montreal, and it was necessary to have them removed from the wharves and forwarded. Mr. Beatty was the only party available for this purpose, and he offered to take them to Emerson at the same rate as he had contracted to convey 11,000 tons for contractor John Ryan. This offer was informally accepted, and Mr. Beatty acted on the acceptance, but no payments have yet been made. As the sum is large, before certificates are issued, it would be necessary to have the understanding for the transportation of the 3,000 tons confirmed and approved.”

**Transportation
of Rails—
Contract No. 69.**

**Explanation why
competition not
invited.**

What was done after that I do not know, but I have no doubt at all an Order-in-Council was passed and the payments made.

1927. The arrangement made, as I understand you, was a desirable one for the Government to make?—I think it was quite a desirable one.

**The arrangement
desirable in the
public interest.**

1928. The fact of no competition being invited was not material to the public interest in any way?—We got the rails carried at the same price that contractor John Ryan got his carried for, and it is natural to assume that John Ryan made the best bargain he could with the Transportation Co.

1929. Have you any reason to think that it could have been done cheaper than it was done?—I have no reason to think it could be done at any cheaper rate.

1930. The next contract, No. 70, is with the North-West Transportation Co., represented by the same Mr. Beatty of whom you have been speaking, and is also for the transport of rails: will you say what you had to do with that contract?—I do not think I had anything to do with that. The tenders were received just before I left, and I do not see from the papers before me that I had anything at all to do with it, beyond probably preparing the advertisement and specification and the form of tender.

Contract No. 70.

1931. I am not aware of any other contract in which you took any part: are you aware of any that has been omitted?—I think we have gone over all. Yes; there is one other. There is a contract entered into with the Toronto Bridge Co. By advertisement dated 1st of April, 1880 tenders were invited for furnishing and erecting iron bridge superstructures over the eastern and western outlets of the Lake of the Woods. Specifications and other particulars were prepared and printed and furnished for the use of intending contractors. Tenders were received, and on the 20th of May I reported on them to the Minister of Railways and Canals. My report is available. They were also invited to tender for other spans at the same time. The tender of the Toronto Bridge Co. I found to be decidedly the lowest, and I recommended the acceptance of the tender of the Toronto Bridge Co. for the two bridges at the outlet of the Lake of the Woods. The acceptance of the tender of the Toronto Bridge Co. involved an expenditure of \$51,264.80. That seems to be all.

**Bridges over
eastern and
western out-
lets of Lake
of the Woods.
Contract No. 71.**

**Toronto Bridge
Co. the lowest
tenderers, got
the contract.**

Railway Location—

Contract No. 14. HENRY CARRE'S examination continued :

By the Chairman :—

19932. Did you locate the line as at present adopted on section 15, and the eastern portion of 14?—Not the eastern portion of 14.

19933. How far did your work extend easterly?—My location only extended to the west side of Cross Lake.

19934. You mean on that point of land then that extends into the lake?—Yes; at that station 1912.

19935. Is it upon that well known projection of land?—Yes; that was the end of my location. I then ran a trial line of my own afterwards to Red River.

19936. Which line was adopted first, that of 14 or 15 : I mean had you to work so as to join with some line already located, or had you the whole field open to you so as to select any line you liked, and somebody else would afterwards join with your line?—I had the whole field from Rat Portage to Red River, following the general direction of Mr. Jarvis's line run in 1871-72—the winter.

Laid out two lines in neighbourhood of Cross Lake.

19937. Do you remember whether you laid out many lines about the neighbourhood of this crossing of Cross Lake?—I laid out two; that is all. The present one is the first one.

19938. Was the other one the alternative line of which Mr. Fleming speaks in his report : have you seen his report upon the advisability of selecting this line in preference to the other one?—I have just seen the report for the first time now.

19939. Is the alternative line, there spoken of by Mr. Fleming, the one to which you are now alluding when you speak of the other line—I mean the one not adopted?—Yes; that is the other line at that point.

19940. Did you make any other locations in order to see what was the best line to be obtained, excepting the one that was adopted, and this other line of which you speak?—Yes; I made another line along the south of Shoal Lake and Lake of the Woods.

19941. That is still further south than this other line of which you first spoke?—Yes.

19942. How much further south?—Some ten miles I should say.

Laid out a southerly line which did not touch Cross Lake at all.

19943. So far that it could not come into comparison in any way with these two routes in this locality—I mean the crossing of Cross Lake?—No; it did not touch that lake at all.

19944. Are you aware of any other projected locations but these two?—Mr. Jarvis ran a line a little to the north of these.

Jarvis ran a line a half a mile north of present crossing.

19945. A little to the north of what?—A little to the north of the present crossing; about half a mile to the north.

19946. Are you aware of any other locations than the one you speak of by Mr. Jarvis to the north of the present line, and that one you speak of ten miles south of the present line, except these two that are compared in Mr. Fleming's report?—No; there are no locations, but I ran a trial line to the north of Cross Lake altogether, called the Dalles line.

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19947. Will you look now, at a map (Exhibit No. 100), and say whether you ran any of those other lines that are shown there besides these two that you speak of as being reported on by Mr. Fleming?—Well, there is only one line marked on that map which I have run.

19948. But there are several other lines : did you run any of these?—No; no others marked on that. I remember that Mr. Fleming proposed—sent up a sketch proposing—

19949. Although you did not actually run any of these lines was any suggestion made to you that any of them should be run that you find marked on this Exhibit No. 100?—Yes.

19950. How is that one marked on the exhibit?—No. 4, in red chalk.

19951. Now, what have you to say to that proposition?—It was referred to me in the office at Winnipeg by Mr. Rowan. I was asked what I thought of it, and I gave him from memory a profile of what I considered would be obtained if that line was adopted—a profile which would be obtained if that line was run. I handed it to Mr. Rowan and that was the last I heard of it.

19952. Could you say now how the profile of that would compare with the line actually adopted as to the probable expense or feasibility, in fact?—It would have made the crossing—as far as I believe it would have made a much heavier crossing of the lake, because we would have had to keep a higher level—the cuttings on either side would have been greatly in excess of what we have at present.

One of the lines suggested would have made a much heavier crossing.

19953. Then it was not so desirable as the one adopted?—Not there; but I think I could point out—there is a line marked on that which I think would be more desirable.

Points out in map a line which he thinks would have been better than that adopted.

19954. A line marked on this exhibit?—Yes.

19955. Have you ever seen this exhibit before?—No; but I know the country so well.

19956. Have you been questioned on this subject by us before?—No, never.

19957. Could you describe, so as to go down on the reporter's notes, the line that you think would be more desirable there than the one adopted, taking any means you think proper of identifying it either by numbers of the stations or otherwise?—I think No. 2 would have been better.

19958. Do you mean the red line here marked No. 2?—Yes. I have been told there was a line run through this valley on No. 2, and coming out to the easterly point of the promontory on which the line is now actually located.

OTTAWA, Friday, 22nd April, 1881.

HENRY CARRE's evidence continued :

By the Chairman :—

19959. When were you first connected with any work on sections 15 or 14?—In the spring of 1874.

19960. In what capacity?—Engineer in charge of a party.

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19961. Surveying party?—Locating party.

19962. That was before construction took place?—Yes; three years before.

Instructed to run from Rat Portage to Red River.

19963. Over what part of the country had you charge?—My instructions were to run a line from Rat Portage, crossing the eastern crossing of the Winnipeg River, eastern outlet, to Red River at or near a place called Sugar Point, following the general direction of a line run by Jarvis in 1871.

19964. Is that in the same general direction in which the line is now being built?—The same general direction, yes; but a little to the south of Jarvis's line.

19965. Over what extent of country did you locate a line, then, on sections 14 and 15?—I located from Rat Portage to the west side of Cross Lake, and from that to the eastern boundary of the province I ran a trial line.

Though first instructed to go to Red River subsequently ordered to join in with Brunel.

19966. Would you describe to me what you mean by the work involved in a trial line, as distinguished from the work in locating a line?—Before answering that I wish to say that I was instructed to join in with a line of Mr. Brunel's at this point, though my first instructions were to go to Red River.

19967. For the present, the location west of the province line will not affect the line we are considering, so that may be dispensed with; I remember what you said about that on a previous occasion. Will you describe, shortly, the difference between the work involved in locating a line, as you say you did, up to the west side of Cross Lake, and making a trial line, westerly from that?—In locating the line between Rat Portage and Cross Lake, I had first to run a trial line before I could run the location line.

How a trial line is run.

19968. Well what is done in running a trial line?—In running a trial line you run any number of lines in different directions, taking the angles or courses of those lines and chaining and levelling. Then when that work is completed, I would lay down the location line which would have to be run, putting in all the curves, stakes and everything, in exact position as the track would be laid or the grading would be done.

19969. In making what you call a trial line, is it done by instrumental examinations?—I did it with instrumental work all through.

19970. The trial line?—Yes; sometimes the trial line is run by compass measurement, compass bearings, sometimes astronomical bearings taken with a transit. In this case it was astronomical bearings taken with a transit.

Having run a trial line you proceed to locate by putting curves where there are angles.

19971. In making a trial line, do you follow a straight line through the country?—Straight lines and angles.

19972. Then, afterwards, when you adopt a location, you put in curves where those angles are, and otherwise shorten the length—is that what you mean?—Yes.

19973. I want to get upon the notes of evidence a description from you, so that persons not connected with your profession will understand the duties which you performed in this portion of the country?

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—As I say, between Rat Portage and Cross Lake I had both to run a trial line ahead of location, then back up and locate.

19974. With the same party?—With the same party. If the trial line did not suit, I would have to try back again, so it was double work—double distance work. After passing Cross Lake I had nothing but trial lines, taking the best direction I could, going ahead and getting the direction, directing the transit men to keep on what course I wanted them to keep upon. In fact, a trial line is more like a ship tacking against a head-wind; it is back and forward, trying to steer clear of rocks, swamps, lakes, and every sort of obstruction. With the location of a line you know what is ahead of you, but you have to be more accurate and run all the curves, and put in all the stakes, so a true profile of the line can be had.

Difference between trial line and location.

19975. In locating a line for a railway in the first instance, is it considered necessary that you should get the best possible line before adopting a location?—It is generally done. The best line is found, but you cannot know the best line, until the whole line is completed—until you have got the work finished and calculations made.

19976. Does it not happen that a line is sometimes run or a location adopted with the distinct understanding that it may be very much improved by subsequent investigation?—Certainly.

19977. Then is it necessary, in the first instance, to adopt what is considered the best line or only a line that is practicable?—Well, in that case I would understand you to mean the best route. If you take a line, you take a line that must be established, but you may take a route through a country—two routes—and adopt one as being generally the best, and then try and improve it as far as you can.

19978. You make a distinction between a route and a line: now speaking of a general course as a route what would be the technical word to express an exact allignment?—What I mean by a route is following the general direction of a country—following water-sheds, crossing lakes at certain points that are the only points can be used.

What witness means by a route.

19979. I understand now what route means?—But a line is the exact centre of the road-bed.

A line the exact centre of road-bed.

19980. Now you say what a line means; then is it necessary, in the first instance, to adopt what is considered the best line or only a line that is practicable?—It is usual to adopt the best line after all lines have been tried—all means have been tried to obtain that, to find what is the best line.

19981. That is usual, in the first instance, in locating a line, is it?—In locating you cannot tell actually what is the best line until it is located. In fact you must locate to be able to judge.

One must locate a line to be able to judge whether it is the best among rival locations.

19982. Then I repeat my question: is it necessary, in the first instance, to adopt what is considered the best line, or only a line that is practicable?—It is usual to adopt the best line, certainly.

19983. Do I understand that you refrain from locating any line until you have so thoroughly examined a country that you know which is the best line?—No.

19984. Then it is not necessary to find out the best line before you locate at all?—You must locate both lines before you can tell which is the best.

Both lines must be located before one can say which is the better.

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19985. Well, that reasoning seems very plain to me, but it is not plain to you. I will repeat my question: is it necessary, in the first instance, to adopt what is considered to be the best line, or only a line that is practicable?—Where does the location come in? That is what is bothering me. There is something said about location in the question.

19986. In other words, do you refrain from locating any line until you have made such a thorough investigation that you can say which is the best line?—In some cases we do; in other cases we do not.

Not necessary in all cases to make a thorough investigation.

19987. Is it necessary to be done in all cases?—No; it is not necessary.

19988. Did you adopt the location of this line which you say was done as far as the west side of Cross Lake, without making such a thorough examination of the country as would enable you to say which would finally be the best line?—I did not adopt it myself.

19989. Adopt what?—I did not adopt the line.

19990. I mean adopted for the work of your party. I understand you were a locating party?—My instructions were to run a trial location line and to do so I had to locate.

19991. I understand you to say that you made not only a trial line but a location; as far as your party and as far as your duty went you exercised a judgment and located a line as far as the west side of Cross Lake?—Yes; a trial location line. You had better put it that way.

19992. Was the first investigation and examination you made without instruments, or was it with instruments?—Yes.

(1) First walked over line with axe men—exploratory.

19993. You say your party backed up and went through another process; what was the first process?—There were three processes. I walked over the line first with my axe men.

19994. What do you call that technically?—We picketed and chopped out the line.

19995. What would you call that?—It is a trial location or exploration: an exploratory line.

19996. What would you call that operation technically?—A rough exploratory line.

(2) Transit men went over and took all the angles; chain men chained it; levellers levelled it.

19997. What was your next course?—The next thing was the transit men went over that picketed line and took all the angles; the chain men followed and chained it; the leveller came afterwards and levelled it, and then it was plotted.

19998. What would you call that second operation?—That is a trial line: an instrumental trial line.

19999. You say you went through a third operation?—The third operation we went back and I ran in the curves: straightened up the angles and ran in the curves.

(3) Trial location.

20000. What would you call that?—That was the trial location.

20001. That was as far as you went then in establishing the line to the westerly side of Cross Lake?—Yes.

20002. Was that done and decided upon because you considered that was the best line that could be eventually got, or because it was a line

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good enough to be adopted for that occasion?—I did it because it was the only practicable line in that direction I could find; that is, in that direction or on that route.

20003. Do you still think that was the only practicable line could be found in that direction?—On that route?

His line the most practicable.

20004. On that route?—With the grades I was given.

20005. You say you are still of the same opinion?—I am still of the same opinion. There were some slight deviations that could have been made.

20006. If you are still of the same opinion, that disposes apparently of the whole question of a better line being found crossing Cross Lake?—Crossing Cross Lake?

20007. Crossing in that locality?—With those grades.

20008. So you are of the opinion there is no better line to be adopted?—In that direction?

20009. Going east and west in that direction?—I consider there is a better line east or west from Rat Portage.

20010. Where is it?—According to this south line I ran?

20011. Assuming that you were going to Cross Lake, is there a better line in your opinion now?—No; not with this grade. I could not get a better line—at least I do not know of a better line.

20012. I understood you, in your conversation yesterday, to say that from your knowledge of locating, and what you could see of the country now since it has been cleared, you are of the opinion there is a better line there?—That is west of Cross Lake; that is not what I was talking of. I am talking of east of Cross Lake now.

20013. Do you mean this better line must diverge from the established line at some points west of Cross Lake? You do not consider there is a better line which can be found, starting from a point east of Cross Lake and crossing Cross Lake?—Yes; that is always qualified with the instructions as to the grades I received to work on.

20014. What were those instructions?—A list of grades was given to me. Gradients between Red River and Lake Superior: ascending for tangent and one degree curve, ascending westerly 1 per 100 maximum; easterly, .5 per 100. For a two degree curve, .9 per 100 ascending westerly; and .45 per 100 ascending easterly. Three degree curve, .8 per 100 ascending westerly; .40 per 100 ascending easterly. Four degree curve, .7 per 100 ascending westerly; .5 per 100 ascending easterly. And at the foot of these instructions there was a note:

List of grades.

“In making the trial location endeavour to get the above maximum grades. In some cases it will be sufficient to ascertain that it can be had without going over the ground again until the final location.”

That note was put in in consequence of the question which I asked Mr. Fleming, as to whether I should back up and try another line through the country altogether, if we were unable to get those grades. Mr. Rowan asserted that they could be got, and as I knew that Mr. Jarvis had no idea of using those grades at the time he was making the survey, I thought it was rather doubtful that they could be got through such a rough country. I found out that this was the case

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Found the above grades impossible on Jarvis's line.

afterwards by following up Mr. Jarvis's line, and finding old stations here and there and old bench-marks. I found that he was running to a different grade altogether, and that those grades were totally impossible and impracticable.

20015. You mean the Fleming grades?—Yes; these grades that I have read were totally impracticable on the line run by Mr. Jarvis.

20016. Now, I understand you to say that you made what you call your trial location as far as the west side of Cross Lake?—Yes.

20017. Did it go beyond the bay which is now upon section 14, or did it end at the crown of the promontory?—It ended on the crown of the promontory.

20018. Before adopting that as the end of your trial location, did you make examinations of the country south of it, within a quarter of a mile or half-a-mile, to any great extent, to see if any other crossing could be made?—I did to a slight extent.

20019. To what extent: could you describe it?—I climbed over the hills as well as I could, and worked through the bush. It appears that I missed a valley which I have seen since I missed it. I was running then a trial line to see whether a line was practicable at all, and if I could get through the rocks, but I did not think it was worth while to waste the time on the locating of it until I knew whether I could possibly get through.

20020. You say you missed a valley that you discovered since?—Yes.

20021. Where is that valley: how far south of the present line?—South of station 4000 on contract 14.

20022. For the present I wish to confine your attention to the part of the country covered by 15. I understand you to say that you adopted the terminus of section 15 on your trial location at the crown of this promontory: I am asking now whether you investigated the question as to the possibility of getting a better line on 15, towards the west end of 15, or whether you took it for granted that that was the best point for the terminus?—I took it for granted that that was the best point I found for crossing Cross Lake. We did not know anything of 15 or 14 at the time. I had got out of the worst part of the rough, bad country. There was an open country then. The snow had fallen deep and the ground was frozen, and it was difficult and more expensive locating. I then determined, as I had a long distance to go, and the season was getting late, to rush through with the trial line on which I knew I could lay down a location line.

20023. How did it happen that you ended your location at that particular spot when your work was to cover all the country, not only there but westerly?—Because I knew I had not time, and I had received—I did receive—a very sharp letter from Mr. Rowan saying that I had spent too long over it, and asking for an explanation why I was so long getting through.

20024. Can you say whether at that time there was any intimation to you that that was to be an objective point or governing point on the crown of the promontory?—Certainly not. Nobody ever spoke to me on the subject. It was merely because I just got across that lake on the first ice that the men could travel on, and then I under-

When locating missed a valley south of station 4000 on contract 14.

Took for granted he had found best point for crossing Cross Lake.

Chose Cross Lake as an objective point, merely because he had got across the lake on the first ice.

stood from my Indians that I could then get ahead a little faster, and I thought that the trial line would be sufficient to give all the information necessary at the time, and I thought that the line I had run was such a rough one that it was most likely there would be another trial made—another line tried.

20025. Then that location which you say you had made up to that time was, in your opinion, but a temporary one?—Certainly; it was a mere trial location. I did not back up to improve little spots here and there. I knew I could improve in certain spots. If I were making a final one I would have backed up. If a curve did not fit the ground or suit the ground exactly as I wanted it I would have turned back and run it over again; but in this case I kept on with the work if the line was at all practicable.

20026. Did it happen that there was a more thorough investigation, such as you say you expected would take place, before the line was finally adopted: did such an examination take place before this section 15 was advertised and competition invited for its construction?—Not before the first advertisement.

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Tendering.
Before second advertisement another line was run to the south.

20027. Was there a more thorough investigation before the second advertisement?—There was another line run.

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20028. By whom?—By me.

20029. Where was that run?—It was run to the south.

20030. How far south?—It followed the first line, the line of 1874 I call it. It followed it for five miles.

20031. From Keewatin you mean?—From Keewatin, and then branched off to the south following the general course of the shore of Lake of the Woods, Crow Lake, and the north side of Shoal Lake.

20032. Our present object is to ascertain something about the possibility of a better line crossing Cross Lake, and when I ask about a most thorough investigation, I mean in that neighbourhood: was there a more thorough investigation such as you say you expected would take place before the final location of the line, and was it before the construction was offered to public competition?—No; not before it was offered—not before the first offer.

20033. Was it before the second?—No; but there was before the third.

A more thorough investigation before the third call for tenders.

20034. Who made it?—I made it.

20035. Where was it?—I re-located the line I ran in 1874.

20036. And in making that investigation for the purpose of final location, did you examine the country thoroughly on the east side of Cross Lake?—Yes, I examined it.

20037. Did you find any portion of that country through which you think now a better line could have been obtained east of Cross Lake, provided that as good a line west of Cross Lake could have been obtained as was afterwards adopted; in other words, irrespective of the line west of Cross Lake, could you for that portion of the main line of the Pacific Railway, east of Cross Lake, have found a better line to locate than the one which was located?—No; not with these grades.

With grades could have found no better line than the one located.

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20038. Then the question of a better line in that locality will depend, according to your opinion as you have now expressed it, upon the possibility of getting a better line west of Cross Lake than the one which was adopted?—I did intend at one time to run to the south of Hawk Lake, and I believe I could have got a line passing at the south end of Cross Lake, which might have been as good or better than the present one, but I could not find at the time a line on the west side of Cross Lake. I remember now I worked hard at that, and examined it in every phase.

20039. That does not lead to an answer to my question. Do you understand that we are trying to find out whether proper attention has been given to getting a good line in the locality of the crossing at Cross Lake? Our attention is now directed to that point, and, among other things, we want to see whether proper care has been taken by you and other persons to examine all that country before this line, which has been adopted, was utilized, and the money spent on it: do you understand?—Yes.

Line as located on 15 the best possible; but there was a better line than the one adopted on 14, and had this been decided on he could have swung 15 to meet it.

20040. Do you say that east of Cross Lake you examined the country so that you are satisfied that no better line could be got there, and that consequently the question of a better line across Cross Lake in that neighbourhood must depend upon the possibility of getting a better line west of it than the one that was adopted west of it: do you say that the question, in your opinion, turns upon that point now?—I say that the line as located to Cross Lake was the best line that could be adopted in the interest of contract 15, as a contract separate from 14; that had I known of a better line on contract 14—on the east end of contract 14—I might have varied the line on the western end of 15 slightly, so as to have met an alteration on contract 14, and made a connection with it. It was possible to swing the line and move the line on the west end of 15 so as to meet a line at the east end of 14, if it was a better one, and which I considered would be a better one. It has been proved, I think, to be a better one.

20041. Without at present asking your opinion as to whether there is a better one west of Cross Lake: do you understand that the question of a better line in that locality crossing Cross Lake depends upon a better line being found west of Cross Lake; in other words, that unless there is a better line west of Cross Lake than the one adopted there could have been no better one for the crossing of Cross Lake?—That is what I have said.

20042. That is not what you have said; it may be what you intended to say?—That is what I mean; that I could not have got a better one, and my reason for saying so is that on either side I had firm rock foundations for the structure—for the foundations of masonry structure had that been put in, and I had the shortest possible water stretch.

20043. When you say you had those desirable features, you mean you had them at the crossing which has been adopted?—Yes; and that is why I stick to that crossing.

20044. Now that the question of the better line there has been reduced to the question of a better line west of Cross Lake, are you aware of your own knowledge whether there is any better line west of Cross Lake than the one which has been adopted?—In tra-

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velling over the line last fall, I think, with Mr. Forrest, I pointed out a valley to him and I said: "Why, Forrest, we might have got a better line through that valley." He said: "I tried that line." "How did it turn out?" I said. He said: "Splendid." I said: "Did Mr. Thompson approve of it?" "Yes," he said "Mr. Thompson approved of it." I asked then why it was not adopted, and he said that Mr. Rowan would not adopt it, or had not adopted it, greatly to his disgust and Mr. Thompson's. That was the impression left on my mind. I afterwards have seen the plan here showing that line, and it is exactly as he described it.

Forrest had found a better line on contract 14.

20045. Who was Mr. Thompson?—Mr. Thompson was the engineer in charge of contract 14.

20046. Will you look at these plans marked 112 as exhibits, and say whether if these plans are proper plans of the location of this line and of the profile of it: whether it is a better line in the public interest than the one that has been adopted, as far as you can judge in a hurried examination of them?—I consider that the line marked on these plans you show me, and called trial location line A and coloured black, is a much superior line to the one which has been built. The profile of it is better, and I have been told by Mr. Forrest that the second heaviest cutting, or that cutting at station 3985, is all earth or principally earth. On the present line there were very heavy rock cuttings and bad intervening hollows, and a great deal of waste, but I think that black line could have been still further improved had I known of it. The crossing of Cross Lake was finally located by me in October—in the early part of October, 1877. I see by these plans that this line was made something about the same time, the date on the profile being November 13th, 1877; but I did not know of it until long afterwards. It was not reported to me, and I never was asked whether I could do anything towards assisting them—whether I could assist them by altering my line in the least to help to improve it.

Witness recognizes on map a much better line than that adopted but he did not know of it until after the crossing of Cross Lake had been finally located by him.

20047. I understand you still to say that the improvement of which this was capable was only upon a portion of the country west of Cross Lake?—That is all.

20048. On the profile of this trial location line A, do you see another profile: I mean a profile of another line?—Yes; on the same sheet as the profile of the line which has been built.

20049. Looking at these two profiles, are you able to form any comparison of the cost of the two lines: I mean only from the profiles and without the knowledge which the actual construction has since given you. Assuming that those two profiles were before you to judge from in November, 1877, before you found out by actual work the nature of the muskeg, for instance, or other localities on the line, would these profiles give you materials enough to judge of the relative merits of the two lines?—They do, with the description given me and my own knowledge—with the description given me by the gentleman who ran line A and my own knowledge of the country—original surface of the country—on the present line.

20050. That information, I understand, is simply the fact that the cuttings between stations 3835 and 3990 would be principally earth and not rock: is that the information that you mean?—That is one portion of the information.

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20051. What other matter does your information cover? Understand that I am asking you whether this paper gives you sufficient materials upon which to form anything like a comparison of the relative merits of these two lines; you say it does if you add to it the information that Mr. Forrest gave you, and you say, among other things, that he told you the heavy cuttings were earth: is there still any other information that you would require so as to be able to make a comparison of these lines?—I do not think there is any other information that I require. I know that myself of my own personal knowledge.

Forrest's line would have had less rock excavation and would have followed a better country.

20052. In what respect do you say that this trial location line of Mr. Forrest's is a better one to be adopted than the one which was adopted?—There is far less rock excavation on it—much less I should say—and it follows a better line of country. It is a few hundred feet longer, some 300 feet longer, I see by the chainage.

20053. Could you state what advantages the profile shows on this trial location line over the adopted line?—It shows less rock cutting.

20054. Is that all?—And less filling also.

20055. Do you mean that the natural surface of the ground is more level, and that there would not be so much cutting and filling either of earth or rock?—Not so many heavy voids to be filled, and that bay of Cross Lake, which has swallowed up a great quantity of earth, more than was expected, is less on it—smaller and easier to fill, shorter distance, and it would require less quantity.

Both cuttings and fillings less.

20056. Is there any other point in the comparison which the profile shows you to be in favour of the Forrest line?—Both cuttings and fillings. From the appearance of the plan, both cuttings and fillings are less in quantity.

Less rock but 400 feet longer.

20057. Is there anything further?—And I believe there is less rock on the Forrest line than on the other, from my own knowledge.

20058. Is there anything further that you can gather from the profile?—On the other side there is about 400 feet more in length—in distance.

20059. On the other side of the question?—Yes; on the other side of the question.

20060. Is there anything further that the profile will enable you to say by way of comparison?—No; I do not think so.

20061. Please look at the plan of location and see if it enables you to form any comparison of the relative merits of the Forrest line and the located line, as far as the alignment is concerned?—The one is just as good as the other. There is a little more of the four degree curvature on it, but there is a longer portion of it straight. There is also another point in favour of the Forrest line; there is a portion of it on an easier grade. It breaks the long heavy maximum grade from station 3984 to station 4022. It is on an easier grade than the present line.

20062. That comparison you make from the profile?—Yes.

20063. Now, looking at the plan of location, is there anything further which you could remark upon as to the relative merits of these two lines?—I consider one location as good as the other if it were not about 400 feet longer.

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20064. You are speaking now of the alignment only, not of the whole merits?—Of the alignment only.

20065. Is there anything further that you could state by way of comparison between these two lines, either from your own knowledge or from what these maps show?—There is another point I observe here. There might be a little more stream diversion necessary. Forrest's line crosses and re-crosses the stream oftener.

20066. On which line?—On the Forrest line. It crosses and re-crosses the stream often.

20067. Is that a disadvantage?—It increases the work.

20068. It is a disadvantage?—It is a disadvantage; yes.

20069. Is there anything else that you could state by way of comparison?—No; I do not think of anything else.

20070. Then I understand the result of this examination by you of these plans and of your knowledge to be that there is no better line than the one adopted for the crossing of Cross Lake, unless this Forrest line is a better line?—None that I know of. No better line unless Forrest's be that.

20071. It turns upon that question?—Yes. I may remark that I speak very positively, because I know Mr. Forrest well. I know what he is capable of, and we had a long conversation on the subject. If he were a man I had no confidence in, and I did not know, I would not speak so distinctly about it; but having been on my staff for a long time, I know thoroughly what he is, and he and I understand each other as far as talking over a matter of that kind. I understand how much reliance I can place on anything he says.

20072. We have gathered from you that this opinion which you have been giving is based entirely on what these profiles show and your own knowledge of the country, with a single exception, and that is that certain cuttings are of earth: is there anything else that your opinion is based on besides what this plan shows and your own knowledge and statement by Mr. Forrest about the material in those cuttings?—The information from Mr. Forrest is one item.

20073. I understand it to be one item, and I understand that you have mentioned this earth cutting to be the only matter, but I am asking you whether your opinion now, in favour of the Forrest line, is based on any other information from Mr. Forrest beyond that about the material in the cuttings?—No; that is the only information I base it on.

20074. When this work was contracted for it was in two sections, one known as 14 and the other as 15, was it not?—Yes; it was.

20075. Which was first put under contract?—14 was first put under contract.

Contract No. 14 put under contract before contract No. 15.

20076. After that was put under contract were you engineer upon 14?—No; I had nothing whatever to do with it.

20077. Was it part of your duty, then, after that was put under contract, to revise any location of the line on the ground covered by 14?—No; it was not my duty.

20078. Your duty as to 14 had ceased then at that time?—Yes; it had. The only thing I did was to advise Mr. Forrest when he was making the location, as Mr. Thompson had never seen the ground.

**Railway Location—
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He would consult me on different points, and I gave him my advice, not as a portion of my duty, but as I had connection with it, and understood the matter; he would advise with me instead of Mr. Thompson, who had never seen the ground.

**Railway Construction—
Contract No. 15.**

20079. After that period, I understand you were engaged as engineer upon section 15?—Yes; next year I was engaged in running another line for 15; that was in 1875. Contract 14 was let in the spring of 1875; work commenced on it; and during that summer I was running another line for 15.

20080. Then since that time you have been connected with 15 alone?—Yes; up to the time that I left the contract.

20081. I understand that your duty, as the engineer on 15, would require you to make such deviations as you thought advisable, which would be improving the line, as long as they were within the termini?—If I obtained permission to do so after the contract was let. I considered then, but I didn't consider it my duty to make alterations—in fact I was instructed not to do so without permission.

20082. Is that not over part of the line?—Yes.

20083. You were restrained from making deviations, except with the consent of some superior officer; is that what you mean?—Yes.

20084. That of your own accord you could not adopt what you considered a better line?—No.

20085. How were those instructions conveyed to you?—Verbally.

20086. By whom?—By Mr. Rowan.

20087. That line that you spoke of having surveyed in 1875 was not adopted, I believe, as the one to be constructed?—No; it was not.

20088. Then did you return to the present located line?—Yes; in the spring of 1876.

20089. In what character?—As engineer in charge of construction.

20090. From that time, I understand you to say, you might suggest deviations, but had not the power of making them without the approval of the superior officer?—What I said was after the contract was let; but at this time the contract was not let. I was placed in charge of it, and I then considered I had a right to make those improvements which I had seen were possible, when I was making the trial location, because my first line was only a trial line.

Railway Location.

20091. Is this what you mean: that while you were engineer in charge of the survey of the country you might make deviations without any superior authority consenting to them?—Yes; that is it.

20092. But after you became engineer on construction you could not do so?—After the contract was let I did not consider I could do so.

20093. While you were engineer of the surveys, did you consider that you had any right to endeavour to get a better line which would extend beyond the meridian of this end of 15?—No, I had no right; because Mr. Thompson had parties in the field locating contract 14, and they might come out at any point on Cross Lake—might find a better line than I had ever found before, and as soon as they found that I would then try to work and connect with them; but I had no right

After contract was let, was restrained from making deviations unless with sanction of superior officer.

Thompson was working on 14, and witness had no right to interfere with him.

to go in and say: "I don't consider you can find this line; I will go in and try and find it,"—until they had failed.

20094. You mean on their territory?—Yes; I had plenty of other work to do.

20095. I am not speaking of your disposition to do it or not to do it, I am speaking of your authority what you considered to be your authority, on the subject?—I had no right to trespass on the other man, no more than he had the right to come in on me. If he had chosen to do it, I would have been very glad to have him help me, and I suppose he would have been glad to have me help him, but we did not interfere with each other.

20096. Do you mean to convey this idea to us: that, because the terminus had been temporarily fixed at what you say was the crown of the promontory of Cross Lake, that it would not have been proper for you, by new surveys over the line you had adopted as a trial location, to investigate whether a better line could have been adopted, if such better line took in any portion of the country west of that terminus?—It would have been proper to have asked about it, and have investigated it.

20097. Asked whom?—Asked any party who was working there.

20098. A party where?—On contract 14.

20099. You do not understand that I am asking you whether you consider it would have been proper for you to have investigated the territory within which No. 15 lay, so as to say whether a better line could have been found which, by joining some line, possibly a new line on section 14, would have been, as a whole, an improvement?—I knew I had done all that, and I knew I had the best as far as I could find out at that time.

Knew he had the best line which could be got on 15.

20100. I am asking you whether you consider you had the authority to find out whether it was the best if further investigation was necessary to find it out?—I did not consider it was my business to enquire; there were other men employed at that work, and were working at it.

20101. But they were doing it on 14?—That was 14. I could not do better on 15.

20102. I am asking you whether you had the authority to do it if you could have done better?—In 1876 I had.

20103. Then if you did not make any investigation it was not for want of authority to do it, but because you considered you had made sufficient investigation?—Yes.

20104. You did not refrain because you considered you had no authority?—No.

20105. Did you ever refrain from making an investigation up to the meridian, up to the end of 15, because you considered you had no authority to make it?—No.

20106. Although it might go farther west than the terminus adopted for 15, you considered yourself at liberty to come down half way on Cross Lake, for instance, if that would make a better line on 14 and 15 together?—Certainly I did.

**Ballway Location—
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If he had known of a better line on 14, could have changed line on 15 to meet it.

20107. Because yesterday in our conversation you led us to understand that you refrained somewhat from making as full an investigation as could have been made for fear you would trespass on some person's rights on 14?—If I had known of anything better on 14 I might have changed the line on 15 to meet it.

20108. But it is possible for a man to make an investigation without knowing what is ahead of him; you seem to think it was necessary that you should know there was a better line to the west of Cross Lake before you made further examinations on the east?—Certainly it was necessary.

20109. Then did you refrain from making further examinations either for the want of that knowledge or for the want of requisite authority?—No, there was no want of authority; there was no other place that I could cross than that, to get a better line. After you crossed there then, I say now that I believe it could be improved.

Repeats that up to end of 15 as located, nothing could be better.

20110. For the present I am not asking you about anything west of Cross Lake?—Then I say that up to the end of 15, as it is located now, I could not have done better.

20111. You consider you got the best location on 15?—Yes.

20112. No matter how good a one could have been got on 14, you could not have got any better on 15?—You mix it up with 14; I cannot understand it. If I knew there was a better line to be made on 14 I might get as good a line to connect with it for 15.

20113. If you had had the charge over both 14 and 15 as the engineer responsible for the whole matter, would you have made any further investigation on the east side of Cross Lake than you have made?—Yes, I would.

20114. Then why were you restricted in consequence of having only the charge of 15?—Because I was ignorant of there being any better line to be found at the time, and I considered I had no right to go on—I had no authority to.

20115. Then I understand you to say this: that because the authority happened to be divided between two persons, one person on section 14 and one person on section 15, the country has been examined to a smaller extent than it would if one person had had charge over both?—I say that it has been examined sufficiently.

20116. I will repeat my question: if you had had the charge over both 14 and 15 as the engineer responsible for the whole matter, would you have made any further investigation on the east side of Cross Lake than you have made? I understand you to say that the country has not been so fully examined as it would have been, because you say you would have made further examinations, and that that omission to examine it as fully as it would have been has happened because two separate persons were in charge of these two separate sections: is that what you mean?—I cannot say so, because I know that the examination which I think I would have made if I had full charge of both sections, has been made—was made.

20127. By whom?—By Mr. Forrest.

20118. On the east side of Cross Lake?—On the east side.

**Railway Loca-
tion—
Contract No. 15.**

20119. When did you examine it on the east side of Cross Lake?—
In running that line A.

20120. I thought that was west of Cross Lake?—West of Cross
Lake I mean.

20121. *To Reporter*:—Repeat my question.

20122. *Reporter*:—If you had had the charge over both 14 and 15
as the engineer responsible for the whole matter, would you have made
any further investigation on the east side of Cross Lake than you have
made?

By the Chairman:—

20123. Now, remember that is the east side of Cross Lake?—I beg
pardon, I misunderstood the question. I would not have made any
further examination east of Cross Lake than I had made, even if I had
been in charge of both sections.

20124. I wish to ask you whether, from your knowledge now and the
information gained from any source whatever, you think a better line
could be got crossing Cross Lake than the one now adopted, and
irrespective of the question whether it would come upon 15 or 14 or
part upon one and part upon the other?—I believe that it could, as I
have stated; there could have been a better line.

20125. Is that the west one: the Forrest line?—The line on 15 could
have been altered slightly to allow of as good a crossing of Cross Lake
—that is as good in the interest of contract 15—as the present line, but
which would have improved the eastern end of 14.

20126. Would that crossing have been further south than the present
crossing?—It would not have been 100 feet off it at one end.

20127. Would it have been further south?—No; it would have been
a little to the north. I have sketched it on the plan. It would have
given a little better swing to the line, and would not have injured 15
in the least.

20128. Is that improvement which you speak of in effect a continua-
tion of the line suggested by Mr. Forrest, or nearly that same line?—It
is a slight improvement on the present location on the west end of con-
tract 15, and also a slight improvement on the eastern end of contract
14 as proposed by Mr. Forrest on that line A.

20129. If you had had charge of both 15 and 14, would it have been
within your authority to make that improvement which you now say
could be made?—I consider so.

20130. Would the probability or possibility of it have engaged your
attention?—Certainly.

20131. Then if you had been in charge of both 15 and 14, would you
have made any further examination east of Cross Lake, or of any por-
tion of the line east of the terminus of 15 than you made?—No;
I would not have made any more examination, because I knew it
sufficiently.

20132. Would you have made any change?—Certainly I would have
made a change; without any doubt I would have adopted that line.

20133. Would that be any better line in the public interest?—I
believe it would.

Had he charge of
the two sections
he would not
have made any
further investiga-
tion for a better
line east of Cross
Lake.

But there could
have been a better
line; 15 could have
been slightly
diverted and the
eastern end of 14
could have been
improved.

Had he been in
charge of 14 and
15 he would have
made the change.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

20134. Then do you say that the public interest has suffered because one person had not charge of both sections?—I say that it has suffered because that alteration was not made. Whose fault it is, is another question.

20135. I understand you to say that you would have investigated the probability of that improvement if you had charge of both sections?—I would.

The public interest has suffered because one man had not charge of the two sections.

20136. Then has the public interest suffered because some one man—either yourself or some other person—had not charge of both sections?—Because some one man did not do that work?

20137. I understand you to say that if one man whom you name (Mr. Carre) had had charge, it would have been done?—Yes.

20138. Then has the public interest suffered because some one man had not the charge?—I should say so.

20139. Why do you say now, after all this questioning, that you did not make that investigation and suggest that improvement?—Because I did not know of it until too late.

20140. What was it that you did not know of?—I did not know that there could be an improvement made.

20141. Do you mean on the west side of Cross Lake?—On the west side of Cross Lake.

20142. Then I understand you to say that the suggested improvement on the west side of Cross Lake is what leads you to think that this improvement might be made from the western terminus of section 15 easterly?—Yes.

20143. And that that improvement even, which you have last mentioned, depends entirely upon the question whether the Forrest line is an available line, or a better line than the adopted one?—Yes.

Question of possible improvement in section 15 narrowed down to the adoption of the line run by Forrest on 14.

20144. So that the whole question of improvement comes to be narrowed down at last to the question of the Forrest line?—Yes.

20145. How would this deviation to the north from the west end of section 15 affect the cost of the filling of that portion of Cross Lake?—Of the main lake?

20146. The main lake?—You do not mean the bay?

The change would have made very little difference in the fill at Cross Lake.

20147. No; that could not possibly be easterly from the west end of 15, because it is westerly from the west end of 15?—The alteration that I propose would make very little alteration in it. The east shore of Cross Lake is nearly at right angles with the line, and a short deviation to one side or the other would make a very slight increase in the quantity of filling. It might increase a little the excavation on the main line below the western end of 15, but any increase that would be caused by that would be saved greatly in the filling of the bay.

20148. I think you said you had some memorandum in a diary as to the feasibility of this terminus, in connection with any work that might be done upon section 14: will you read the note in your diary?—I will:

“October 10th, 1877, Wednesday—Walked over line to Ingolf; saw gang of Mr. Sifton's men burning on the line. Cannot see any improvement can be made in location of that portion [that is, of the line] can join in with any location on 14 [that is, contract 14] which may be made to present crossing of Cross Lake.”

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14 and 15.

I read this to show that I had thought over the matter of a slight change being made in the last portion of the location, of the easterly end of contract 14.

20149. Have you seen the printed memorandum by Mr. Fleming addressed to the Minister of Railways and Canals, speaking of these two lines, the one adopted and another one to the south of it, which he calls No. 1 and No. 2?—Yes; I saw it yesterday.

20150. Do you know who ran the line which he describes as No. 2?—One of my assistants, Mr. Louis Watters, who was drowned. Line No. 2 run by Watters.

20151. Was he under your control at that time?—He was under my control, and I gave him the general course and directions.

20152. That is a line which takes in part of 14 and a considerable part of 15?—Yes, it is.

20153. So that, at all events, one other line covering portions of both these sections and the one adopted have been subjected to comparison?—Yes.

20154. Have you any knowledge of another line being called to your attention through the suggestion of Mr. Fleming—I mean one which started somewhere about station 1860, on 15, and deviating in a direction to a point on the east side of Cross Lake and then westerly to strike a portion of section 14?—I remember that Mr. Rowan placed in my hand a tracing of a portion of my location with a line as you describe it traced on it by Mr. Fleming, and asking for my opinion as to the feasibility of that line. Rowan pointed out to him a third line and asked his opinion.

20155. Did you give him any opinion on the subject?—As well as I remember, it was two years since I had seen the country. I made an approximate profile of what I considered would be the effect of the change.

20156. Was it considered to be a better line than the one which was adopted?—I do not think so. Not a better line than? one adopted.

20157. Was it in your opinion a better line?—It was not.

20158. Then that was another alternative line which had been considered, taking in also a portion of 14 and a portion of 15?—It was.

20159. Are you aware of any other line embracing portions of both 14 and 15 which were compared with the one now adopted?—At Cross Lake?

20160. At Cross Lake or anywhere else, as long as it comprised portions of 14 and 15?—None at Cross Lake that I know of. There was another one much to the south that I have spoken of before. There was yet another line to the south of Cross Lake.

20161. How far south of Cross Lake crossing was that line that you now allude to? I suppose you mean your location of 1875?—Yes; my south line: about ten or twelve miles.

20162. I understand that you did not locate that line the whole way to the westerly limit of it?—It was located to what was then known as the end of location on contract 15.

20163. About what place?—About three or four miles to the east of Bog River.

20164. And what is the westerly end?—There was another line tried to a point near Brokenhead.

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Sixty-four miles
the length of line
run by witness.

20165. And did you locate the whole of this 1875 line?—No; I had nothing to do with that line ending at Brokenhead. That was a trial line run by Mr. Forrest and Mr. Armstrong.

20166. As to the one which you ran yourself can you say now the whole length of it?—About sixty-four miles I see marked here, or seventy miles—seventy miles from Rat Portage is marked here. I cannot remember, the profile is in the office. I also ran a line from the Dalles to the north, ending about the same point as the line of 1875, that is at the end of location on contract 15.

20167. How much of section 15, as now located, is common to that and this line which you now speak of?—280 chains—280 or 290 chains.

20168. That is at the easterly end of section 15?—Yes; from Rat Portage westerly.

20169. How much longer is this southerly location than the one actually adopted?—To the end of location?

Southerly line
about five and a-
half miles longer
than the one
adopted.

20170. Between the two nearest common points?—I think five and a-half miles was the difference as well as I can remember. It is marked six miles: five and a-half miles, I think, according to the chainage.

20171. Would you describe, generally, the country through which this southerly location passed?—For the first five miles it was identical with the present line. After that it passed, up to the twenty-fifth mile, through a very broken country—as broken, in fact, as any portion of the present location; but, in my opinion, a more favourable country for the construction of a road.

But more favourable
being more
accessible, better
for roads and for
rock work.

20172. In what respect more favourable?—In one respect as it was more accessible for the contractor to bring in supplies; and had a contractor been estimating for that section, I would have told him that he could plant his supplies on the line at almost every three miles within the whole distance with about an average of half a mile to a mile of land haul from the waters of Shoal Lake and Lake of the Woods; that he would have a better country to make roads through; that the rock was more favourable for working, and that the quantities as given I considered would be more accurately obtained—could be more closely given and estimated from the information that we had.

20173. Was that from some peculiarity of the country that you could calculate more closely?—Yes; that there was less steep hill-sides; that there was also less of those bottomless water stretches. I think there were thirteen on the line first adopted, and on the south line there were only six.

Did not know
when the survey
was made that
the water
stretches on
section 15 was “so
bottomless” as
they proved, but
knew that they
were pretty bad,
and therefore
preferred the
south line.

20174. Was it known as early as the time you made that survey that there were bottomless water stretches on the line of 15?—We did not know that they were so bottomless, but I knew they were pretty bad, looking at the holes to fill. I had no means of sounding.

20175. At that time your comparison could not have been based in any way on the bottomless character of the water stretches that you describe?—Yes, I think so.

20176. I thought you said you were not aware of that?—Yes; because I knew it was more expensive to make an embankment in water than on dry land. It would require protection work of some kind, and also that the quantities, as I calculated them, were less. That was another feature in favour, I considered, of the south line.

**Railway Location—
Contracts Nos. 14 and 15.**

20177. Less on the whole line or per mile?—Less on the whole line—that is on an equivalent distance.

20178. Do you mean the same mileage?—On a greater mileage on the south line they were less than on the straightest line. They were less on a distance which would leave contract 14 the same length as at present.

20179. So that if you added the excess of distance, which you call five and a-half or six miles, altogether to the eastern end of your new survey, still the mileage covered by that would cost less or would require less quantities to be executed than on the northern line?—It would.

South line would have cost less.

20180. You have been describing the character of the country on the eastern portion of this location: will you please continue now the description of the country on the westerly portion of this location of 1875?—From about the forty-second mile, the point at which I finished estimating for a comparison between two lines, to its junction with the contract 14 location, the ground was broken by a number of hillocks of rock. The line that was run was a perfectly straight one for a long distance, over twenty miles, and it crossed a great number of little islands of rock in the level country. These could have been avoided by swinging the line—curving the line to pass round them. It was not a very favourable country. It was not a very difficult one, nor was it a favourable country; not so favourable as the one that was afterwards tried as far as Brokenhead, as far as I have been informed of it.

Many little islands of rock could have been avoided by swinging the line.

20181. As to that westerly portion of your 1875 location, was it upon the whole as favourable a country as the equivalent length upon the present section 14?—I may say that I never myself travelled that, because I was then engaged upon the Dalles line trial locations, and the location was finished by Mr. Fellowes, one of my assistants. From the profile I should say as good a line could have been obtained upon the westerly portion of the south line location as upon the present line.

Judging by profile as good a line could have been obtained on the south line as on the present contract 14.

20182. Have you seen the profile of that westerly portion of what is called your 1875 location?—Yes, I have. It is some years since I have seen it.

20183. Where did you see it?—I saw it in the office here, in Ottawa, after it was made up. I assisted in making it up.

20184. Was there a profile made of the line which you located from Keewatin westward to the neighbourhood of Falcon Lake?—Yes.

20185. Then a profile has been made of the whole of that 1875 location?—Certainly; it is in the office. I saw it in 1879.

Witness's line of 1875, would have given an engineer data to compare that line with the northern one which was adopted.

20186. Would that profile give an engineer data sufficient to make a comparison between the availability of that line and the northern one which was adopted?—It would give him the same information—equivalent information to the line with which it was compared.

20187. Are you aware of the result of any comparison of those two locations?—I am.

20188. By whom?—Comparison by whom? By myself.

20189. Did you, yourself, compare the result of these particulars upon the two different locations?—I made the quantities out for forty-two miles of the south line, against thirty-six miles and three-quarters of the north line, and also with the same description of grades, and

**Railway Location—
Contract No. 15.**

also with grades raised on both lines. I made a comparison, comparative quantities, got the original schedules which I made out at the time and submitted to Mr. Rowan.

20190. Have you had the means before you of forming an engineering opinion upon the comparative merits of these two locations—I mean for construction merely irrespective of the operating in future?—Yes; I have.

Trial location of 1874, data as to quantities on located line, but with a two feet lower grade than was decided on ultimately.

20191. What was the result of your comparison?—The first calculations were made by Mr. Frank Moberly and his party. The quantities were taken out by scaling from a copy of my profile of 1874. These calculations were made, and I was instructed to put them in schedule form, and the result was, as the bill of works gave at the time: 600,000 cubic yards of rock, at \$2.75, would be \$1,650,000; loose rock was estimated at 40,000 cubic yards, which, at Mr. Whitehead's rate, would be \$70,000; earth estimated at 900,000 yards, at 37 cts., \$333,000—total, \$2,053,000 for a distance of thirty-six miles and three-quarters; rate per mile is \$55,864.

20192. Is that upon your 1875 location?—That is the 1874 location.

20193. That is the adopted line?—That is the adopted line nearly. There have been some little alterations made since.

20194. I was asking you a little while ago what you found on this location of yours of 1875: you appear to have been giving the quantities of the existing line?—I thought you were asking me what comparison I had made between the two quantities.

20195. Are you stating now, what you have stated as a portion of the comparison?—Yes; that was the first estimate.

20196. Proceed.—After this tenders were called on that bill of works, but none were accepted.—

20197. Then these were the quantities which were estimated at the time of the first advertisement?—Yes.

20198. Was that at a higher or lower grade than the present one?—It was about two feet lower grade.

20199. Then the cuttings would be greater?—The cuttings would be greater; yes.

20200. Then the data you have so far given concern the present location of section 15, but at a lower grade than was finally adopted?—That is right.

1875 location.

20201. Well, proceed.—In the spring of 1875 it was determined to try for a better line, and I was instructed to proceed to make another trial.—

Southern line, 42 5/100 miles; northern 36 75/100.

20202. Is that the trial of which you have been speaking, and which is called your 1875 location?—Yes; with the same sort of grades, that is, grades to equalize cuts and fills as I have laid them down on the line of 1875, which was 42 ⁵/₁₀₀ miles in length.

Quantities on located line of 1875.

Difference in total cost in favour of southern line \$472,988.

20203. That is, against the 36 ⁷⁵/₁₀₀ of the present location?—Yes. The quantities I returned were: rock, 445,261 cubic yards, estimated at \$2.75, the same rate, is \$1,224,467; earth, 960,936 yards, at 37 cts., \$355,546, leaving out cents—total, \$1,580,014; the rate per mile is \$37,574, showing a difference in total cost of building forty-two miles of the

Railway Location—
Contract No. 15.

south line against thirty-six miles and three-quarters of the present line of \$472,985, and in the rate per mile of \$18,290. The grades in both cases were intended to balance cuts and fills, and in this latter case the centre heights were calculated accurately from the level and grade book instead of being scaled from the profile. I was then instructed to raise the grades on the line of 1874 an average of four feet throughout—

20204. That line of 1874 is the present line?—Yes: an average of four feet throughout the whole distance, which I did; and calculating from centre heights, as in the last case, returned the quantities as follows: rock, 369,390 cubic yards, at the same rate, is \$1,015,822; the earth I returned at 1,979,506 cubic yards, at the same rate, \$732,418—total, \$1,748,240; rate per mile, \$47,571, showing a difference in favour of the south line in total cost, of \$168,266, and of \$10,000 in the rate per mile.—

20205. Now was that comparison made between these lines upon the condition that the voids should be left and not filled with trestle or embankment?—No; that is for solid embankments in both cases. There was no talk of trestle work then.

Comparison made on the basis of solid embankments.

20206. Then that was not on the terms of the second advertisement for section 15?—No; these were my returns that I made myself.

20207. These were made for the purpose of comparison, and not as they were submitted to the public?—Yes.

20208. In order to ascertain the relative merits of the two lines?—Yes. This I considered was scarcely fair by the south line, as the present route had the grades raised and the quantities diminished greatly, so I made another estimate of the south line, raising the grades on it only an average of two feet instead of four, as on the present route, and having calculated the quantities in the same manner as the last case, but for a shorter distance, I obtained the following. It was made a shorter distance, because it was then intended to try and run for Brokenhead, and we calculated what the distance would be, and it would make contract 15 shorter, so we only calculated for $40\frac{4}{16}$ miles. I returned the quantities as: rock, 356,558 cubic yards, calculated at the same rate as before, \$980,534; earth, 1,427,600 cubic yards, equals \$527,990—total, \$1,508,524; rate per mile, \$31,675, making the difference in favour of the south line still greater, being \$239,716 in the total cost of building forty miles of the south line, against thirty-six and three-quarters of the present route.—

Another comparison on the southern line ran from Brokenhead and made only 40 4-100 miles long gave a difference of \$239,716 in favour of southern line.

20209. Were the cuts and fills equalized in this last comparison?—They were raised two feet.

20210. Would that leave voids?—On the south line it was raised two feet, on the north line four feet.

20211. Would the effect of thus raising the grades be to leave voids unfilled?—No; that was a calculation for solid bank throughout.

20212. That would have given a solid bank?—That was the calculation.

20213. Would this first calculation you speak of, when the grades were raised, have given a solid embankment on the two lines?—Yes; that was the calculation.

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20214. Then, if the comparison was made upon a condition of solid embankments in both cases, why add another height to this lower line in order to make a different comparison: what was the object of adding two feet to the lower line for the purposes of comparison, if you had already, in your second comparison, obtained a line that was efficient with full embankments?—I thought I might gain a little more than I did.

20215. Gain a little more in what?—Make it a little cheaper, that the line might be built a little cheaper than with the first grades put in—two feet less cutting.

20216. Would that have accomplished the object of having solid embankments on the southern line?—Yes.

Still further comparison made.

20217. Have you made a still further comparison between these two routes?—Yes.

20218. Explain upon what foundation?—The item of loose rock does not appear in any of the above calculations. As it was necessary to have a price for this class of work a nominal amount was put in the bill of works.

20219. What bill of works?—The bill of works presented. I have not given you the bill of works yet, but I will; and as it was considered I had over-estimated the quantity of solid rock in cuttings, it was decided to deduct this nominal sum of loose rock from my solid rock quantities. Bills of works were therefore made up from calculations Nos. 3 and 4 above mentioned, quantities put in for clearing, close cutting, grubbing, &c., &c., and moneyed out at the average price obtained from all the tenders received from the first bill of works —

Quantities in original bill of works he gives from memory.

20220. Tenders received for what section?—Section 15. That is 600,000 yards of rock. The original bill of works made out for this time (winters of 1875-76) I deposited with the Engineer-in-Chief, May, 1879, and can be obtained by the Commissioners. Some notes of these calculations were also deposited at the same time. I can, therefore, give the quantities only as near as possible from memory, as these papers were refused when claimed by me, and I give the quantities as I remember they were calculated—rock, 340,000 cubic yards, at \$2.40, equals \$816,000; —

Estimate of cost of present line over section 15, \$1,540,150.

20221. On which line was that?—That is on the present route, thirty-six miles and three-quarters long: loose rock, 30,000 cubic yards, at \$1.05, \$31,500; earth, 1,979,000 cubic yards, at 35 cts., \$692,650—total, \$1,540,150; rate per mile, \$41,909.—

20222. That is your estimate of the cost of the present line over section 15?—Yes.

20223. Is that for solid embankments?—That is what I gave at the time as well as I can remember: that is for solid embankments. I should like very much to see the other three which I deposited with Mr. Smellie. There is one of them (Exhibit No. 295) headed by Mr. Rowan in Mr. Rowan's handwriting.

20224. Do I understand you to say that the estimate of which you are now speaking was an estimate based upon quantities with the prices averaged upon the tenders made for that work, and with a view of making solid embankments all through?—Yes.

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20225. No trestle work and no voids?—No rough trestle work and no voids.

20226. When was that estimate made?—That was made in the spring of 1876.

This estimate
made in spring
of 1876.

20227. Now, I understand that to be your estimate in the spring of 1876 of this work which you have described, and for the whole of section 15?—Yes.

20228. Solid embankments?—Yes.

20229. In round numbers \$1,500,000?—Yes.

20230. Proceed.—On the south line the quantities in a similar bill of works were calculated as: rock, 311,600 cubic yards, at \$2. 0, equal to \$747,840; loose rock, 45,900 cubic yards, at \$1.05, \$47,250; earth, 1,427,000 cubic yards, at 35 cts., \$499,450—total, \$1,294,540; rate per mile (that line was $40\frac{1}{4}$ miles in length) \$32,331, being a difference in favour of the south line of \$245,610 in the total cost, and \$9,578 in the rate per mile in these three items only.—

\$245,610 in favour
of south line.

20231. Then I understand you to say that, according to your calculations at that time, the southerly line, although more than three and a-quarter miles longer than the northerly line, would cost upon these items alone, in round numbers, \$250,000 less than the northern line: is that the conclusion you come to?—Yes.

20232. Have you any further particulars of a comparison between these lines?—Yes. I would wish to explain some evidence that I gave before a Committee of the Senate in May, 1879. I was then asked to state from memory what the result of the calculations was. I then stated the amount to be \$360,000, which was the sum spoken of at the time the calculation was made. I also stated that there was against the southern route, the cost of building and equipping of three and a-half miles of line and the maintenance of it. I also mentioned that were this line adopted, a large sum of money expended on contract 14 would be lost, that is on works between Brokenhead and what was called the end of location, I think that was the place. I stated these things because that \$360,000, as I considered it, was to build nearly the same length of line on both routes from Rat Portage westward, and therefore I gave the items that were against it. My impression now is that the sum of \$360,000 was roughly arrived at in this way, as the difference in cost of building thirty-six miles and three-quarters of the present route against the same distance on the south line. The real difference, according to these figures which I have given, is: the cost of building thirty-six miles and three-quarters of the present route, at \$41,909 per mile, \$1,540,150; the cost of thirty-six miles and three-quarters on the south line, at \$32,331 per mile, is \$1,163,916, and the difference is \$376,234, and that was called, in talking over the matter, \$360,000. There was almost a difference of \$10,000 per mile between the two routes. There were thirty-six miles at \$10,000 a mile talked of, and that was put at \$360,000, and that was the way it came.

Explains evi-
dence given
before Committee
of the Senate in
May, 1879.

Had stated that
the difference
would be \$360,000
in favour of
southerly line,
the real difference
\$376,234, but this
was on a mile to
mile comparison,
and would there-
fore be reduced
by the longer dis-
tance to \$245,610.

20233. This difference of \$360,000 would be reduced, as I understand it, because you only gave mile for mile, when, in fact, it took more miles on the southerly line to reach the meridian on the end of 15?—Yes.

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20234. And that reduces this difference from the amount you now name, \$360,000, to the sum of \$245,000?—Yes; but if you take the \$245,600, that is the calculated difference in the cost of construction of the two lines, this is the difference in cost, minus three and a-half miles. I might here state that in reading up this matter I find there is a great difference of opinion among engineers as to what the actual cost of running and maintaining a mile of road for all time to come is worth. It has been stated by one man that it is as much as four hundred and odd thousand dollars—it was worth that to save one mile in distance where the traffic was very heavy. If it was worth that to do it we could build a straight line over almost anything.

20235. In comparing these lines, or rather the probable cost of them, did you take into account the cost of ballast, ties and rails?—No; oh, no; there was nothing.

Cost of ballast, ties and rails on three and a-half miles to be added.

20236. Is that to be added to the cost of this three and a-half miles of road?—Yes; that is to be added.

20237. That would diminish the difference you now describe as \$245,000?—Certainly.

20238. What difference would that make in the cost of ballasting, ties and rails for three and a-half miles?—I have not made the estimate. I would not like to say it without knowing the cost of rails.

20239. In order to make a comparison merely in the cost of construction, the cost of these items would have to be deducted from that \$245,000?—Oh, yes.

20240. Then, in addition to that cost of construction, for the purpose of comparing the expediency of adopting one of these two lines in preference to the other, you would have to set against the south line whatever the amount of operating and maintaining three and a-half miles for all time would cost?—Yes.

Would have crossed fewer water-stretches on southerly line.

20241. Did you state that you would have to cross more water stretches on the southerly line or fewer, as far as you remember now?—I stated we would have crossed fewer.

20242. Do you remember whether there was any great difference in masonry in these two lines?—I made no calculations for masonry. There was no masonry intended that was not common to both lines.

20243. You think the expense of masonry would be about equal on the two lines?—Yes; according to the bill of works of Mr. Whitehead. If it was let on the same bill of works as Mr. Whitehead's, I wish to correct the cost of the thirty-six and three-quarter miles of the south line at \$32,331. It is \$1,188,168. The difference is \$351,982 instead of the figures I gave you. I did not calculate the three-quarters of a mile.

SMELLIE.

W. B. SMELLIE'S examination continued :

By the Chairman :—

\$12,750 cost per mile for ballasting, ties, rolling stock, &c., at Cross Lake.

20244. Could you state, in round numbers, the cost per mile for the ballasting, ties, rails, track-laying, rolling stock and everything connected with the construction and equipment in the neighbourhood of the Cross Lake locality?—I estimate \$12,750.

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20245. That is per mile?—Per mile.

20246. At what price have you put the rails?—\$77.

20247. That was the cost of those got about that time?—Yes.

20248. Could you state the probable cost per mile of operating with such a business as might be calculated on with tolerable certainty in that locality?—Not at the present moment.

20249. Is there no well understood rule about that?—I do not happen to remember.

HENRY CARRE'S examination continued :

CARRE.

By the Chairman :—

20250. Had the present line of 15 been adopted as a final location at the time that you made this comparison and submitted these views to the Department?—It had not.

When above comparison made the present line had not been adopted.

20251. How do you explain the fact of your getting the prices from some set of tenders then?—Mr. Rowan had a copy of all the tenders, all the prices in his letter-book, and from these he struck an average for every item.

20252. What prices had he : you say he had the prices in his letter-book?—The prices received for the first tenders asked in the first bill of works.

20253. Do you mean at the first advertisement for section 15?—For section 15, dated some time in the winter of 1874-75—the spring of 1875.

20254. Do you say that at the time you submitted these views some work had been done on section 14?—Yes. Those were submitted in the winter of 1875-76—that comparison was made then.

These views submitted to Department in winter of 1875-76. \$68,000 had been expended at that time on section 14, which would have been lost had the southerly line been adopted.

20255. Do you remember about the amount that was understood to have been then expended on section 14?—I overheard Mr. Rowan talking to Mr. Thompson on the subject, and to the best of my recollection it was some \$68,000 had been expended in clearing and work between Brokenhead River and the end of location.

20256. That would have been lost if this southern route had been adopted finally?—Yes, it would.

20257. Then that sum has also to be taken from the difference of \$245,000?—It has.

20258. I understood you to say the whole length of the line would have been increased by some five and a-half miles if the location which you made in 1875 was adopted?—Yes.

20259. Then taking \$12,750 per mile, the amount which Mr. Smellie gives as an estimate, and multiplying that by five and a-half, we get at the actual outlay in construction for this increased distance?—Yes; but it was intended then to run a line which would be only three and a-quarter miles longer, and these estimates were made on that calculation of distances—comparative distances.

20260. Is there any person who can tell us now as to the comparative merits of that extended line which you say would only have increased the distance by three miles and a-half as against the equivalent distance on the present located distance of section 14?—Yes.

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20261. Who is that person?—Mr. Forrest ran half of the line and Mr. Armstrong met him.

20262. Are you prepared, as a matter of evidence now, to say whether that was as cheap a line as the present section 14?—I am not, from my own personal knowledge.

20263. Then, according to the data we now have before us, we must assume the line was that which would increase the distance five miles and a-half. That is the only evidence we have, and that is why I take the length at five miles and a-half: the result of this gives \$138,125, to be taken from your difference of \$245,610?—Yes; if I am right about that \$68,000.

\$100,000 net sum
in round numbers
in favour of
southern line,
which however,
would be five and
a-half miles
longer.

20264. That leaves, in round numbers, \$100,000 in favour of your southern route, and against that has to be put the cost of running for all time to come five and a-half miles of road: is not that the general result of the comparison as far as the evidence now before us goes?—Yes; that is it.

20265. So that unless it is wise to run five and a-half miles of road for all time to come rather than spend \$100,000, then the selection of the present line is the best; is that the result of your calculation?—No; I will not go that far, because I say it was found impossible to build the line by the grades on which these calculations were made on the present route. They had to be lowered two feet.

20266. But I am speaking of the judgment at that time?—Yes; according to those calculations that is it.

20267. Those calculations were all that any one had before them at that time to lead to that judgment?—Yes.

20268. Then the judgment at that time was this: that the country had either to run five and a-half miles of road for all time to come, or to spend an additional \$107,000?—If you stick to the five and a-half miles of course it kills it; but we knew it was possible to bring it down to three and a-quarter miles, and the calculation, \$245,610, is made on the calculation as forty miles compared with thirty-six miles and three-quarters. There is another point I wish to bring out if there is a comparison with the other route.

Julius Muskeg
would have been
avoided by adopt-
ing the south line.

20269. Proceed.—I say had forty miles on the present route, which would have taken in one and a-half miles of costly work on 14, west of Cross-Lake, been estimated against forty-three and a-half miles on the south line, or had the total distance on the present route between Rat Portage and Red River been estimated against the total distance between the same point by the south line it would have been much fairer, but would have shown a much greater difference in the cost of construction. The Julius Muskeg would also have been avoided by adopting the south line. That mile and a-half of expensive line, and the Julius Muskeg, as far as I understand, had no equivalent by adopting the south line.—

20270. I understand you to suggest that the judgment made by the Engineering Department in 1876, was not a good judgment?—That the comparison was not a fair one.

20271. Do you mean to say that at that time they could form a judgment based on the result of the Julius Muskeg filling, or the filling

of the bay of Cross Lake, or on other items which you mention now as being so objectionable in the present location?—No.

20272. Then how could they form a judgment on it if they had not these data?—They had a portion before them; they had the soundings taken in the Julius Muskeg, and they had also the approximate profile of that mile and a-half of expensive work.

20273. Do you mean the approximate profile of that expensive portion of 14 gave them any adequate idea of the cost as it turned out in execution?—It turned out a great deal more, but it gave them a good idea of what it was supposed to be—as good an idea as any other portion of the line. The last ten miles of the south line was easy work. The last five miles, I may say, was almost as easy as any portion of 14, but here was a mile and a-half left out of that calculation altogether at the rate of \$41,909 per mile, for a mile and a-half of difference, which ought to be added on the total cost instead of the average cost of 14.

20274. Do I understand you to suggest that a portion of section 14 westerly from Cross Lake would cost a good deal more than the same distance on your southerly route?—I believe it would. I know it would.

20275. How much more?—According to these calculations about \$30,000 a mile, I should say—that is, \$45,000 for the mile and a-half

20276. That is the additional expense as I understand it?—Yes.

20277. So that this difference of \$107,000 ought to be increased by \$45,000, in your opinion, to make a fair comparison?—It would.

20278. That would give the difference in favour of the southern line at \$152,000; and the question then presented to the Department was, as I gather from your evidence, whether it would be better to spend an additional \$152,000 or to work five and a-half miles more for all time?—That was the question at the time.

20279. And you think their judgment was wrong?—I am not prepared to say. At the time I stated more distinctly that I considered those estimates made on the north line—the present route—were not correct, and could not be expected to be correct on account of the roughness of the ground; but that those on the south line were far more accurate, and had the grades on the south line been raised four feet it would have made a wonderful difference in that estimate; had they been raised a similar height to the others, I think it would have made a great difference. The comparisons were not made in the same way from the same data. I wish more particularly to show that I was perfectly correct and honest in the statement I made before the Senate Committee, as it was called in question, and I was blamed for giving inaccurate evidence. I have been told that the Minister was not satisfied with my evidence in some case or other, and I want to find out what that evidence was so that I can correct it.

20280. There is another matter upon which I understand you wish to explain your views more fully—that is to say, the estimates of the quantities submitted to public competition of section 15, and to explain how it was that those quantities differ so much from the quantities as executed finally: could you state, shortly, your views upon that matter?—I can. I first of all wish to say that in my opinion I am not responsible for the actual quantities, as the grades were altered mate-

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The above \$107,000 in favour of southerly line should be increased by \$45,000.

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Witness says he is not responsible for the actual quantities as the grades were altered.

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rially in the meantime, between the time of letting and after the contract was let. I have been accused of making errors in my calculations to the amount of \$763,000, being the discrepancy between Mr. Whitehead's bill of works for quantities for earth, rock and loose rock.

20281. You mean the line that he got at the time he tendered for section 15?—At the time he tendered for section 15, and the estimate which I made in January 1879.

Explains discrepancies as to earth, rock and loose rock.

20282. What was that estimate in 1879—I mean of what works?—Of those three items: earth, rock and loose rock.

20283. On the same section?—Yes; on the same section.

20284. And were they of the works then executed or to be executed, or both?—Partly executed, and partly to be executed.

20285. You mean of the total work which would be accomplished when the work was finished?—All the cost to complete the work when it was finished.

20286. The cost from the beginning?—Yes; from the beginning. I was to show how that discrepancy occurred. I have given, I think, the evidence all in different forms at different times, but I do not think it was ever moneyed out so as to make it plain. I may as well state how it came about—how the quantities in the bill of works were first of all estimated. In the summer of 1876, before the location was finished, I was asked—that is before the re-location was finished—I was asked for a new estimate of the quantities on contract 15. I was asked whether I had reduced the rock cutting in any way.—

20287. Was that between the first and the last advertisement for tenders?—Yes; that was in July or August of 1876, while the re-location was being made. The bill of works dated April 18th, 1876, was made out from my calculations. No. 3 gives the quantities as 320,000 cubic yards of rock, 30,000 cubic yards of loose rock, and 80,000 cubic yards of earth. My estimate above mentioned was for 369,390 cubic yards of rock. This amount was reduced to 320,000 yards as in the bill of works.—

20288. Why was it reduced to 320,000 in the bill of works?—The 30,000 cubic yards was deducted for loose rock, and some 19,390 yards were thrown out altogether.

The whole of the quantities estimated by witness were not put in the published bill of works.

20289. By you?—No; they were left out in making out the bill of works.

20290. Do you mean that the whole quantities which you estimated were not mentioned in the published bill of works?—They were not.

20291. Will that account for the disappearance of the 19,390 cubic yards?—Yes. In the summer of 1876, before the re-location of the line or the cross-sections were completed, I was asked by the district engineer to assist in making up the bill of works,—

On information given by witness bill of works dated August 1st, 1876, made out by Rowan.

20292. Who was he?—Mr. Rowan: with trestle work to fill up large gaps for which material could not be obtained from the cuttings. No time was given for calculations, and the only question asked was: "Have you reduced the rock work?" By applying a tracing of the new line as far as located to the old profile, I showed him that great reductions had been made in the quantity of rock at several points, which I roughly estimated at 20,000 cubic yards. On this information,

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the bill of works dated August 1st, 1876, was made out, Mr. Rowan calculating the quantities of timber in trestle work from some plans he had made. The items were rock, 300,000; loose rock, 30,000; earth, 80,000 cubic yards, no alteration being made in the quantities of loose rock and earth.—

Rock, 300,000; loose rock, 30,000; earth, 80,000 cubic yards.

20293. Then this estimate still omitted the 19,000 yards of rock which you had formerly mentioned as part of the expected work?—It is a new estimate altogether, and that 19,000 yards I suppose, was cast out.

Rowan's estimate omitted 19,000 yards of rock.

20294. I understand you to say it was cast out in this way: that Mr. Rowan first of all took it out upon his own responsibility from your estimates, and that he afterwards reduced that amount by 20,000 yards because you said the profile showed that that amount would not probably be required, so that the original deficiency still continues in this new estimate without any fault of yours: is that what you mean?—I forgot about that 19,000 yards at the time, and so I suppose I am responsible for it—for that error. I said 20,000 was the difference, and 320,000 yards of rock having been considered the original quantity, or the quantity in the last bill of works, I knew I had reduced about 20,000 yards by the line I had located up to that time, and therefore I gave it as 300,000 yards.

20295. Proceed.—The earth quantity given in this as well as in the former bill of works, that is Whitehead's bill of works, being only that calculated as coming from cuttings, no provision being made for earth to fill voids too shallow for trestle work, or for the grading of long low banks which had to be made either from borrow-pits or side ditches.—

Earth: Bill of works did not include fillings for shallow voids and grading for long low banks.

20296. Why did it not include that earth as well as the earth from the cuttings: if you were asked to make out a bill of works why did you not put in the earth from borrow-pits as well as from the line cuttings?—In the last bill of works, that is in the one of 1876 (of April, 1876) the intention was merely to take out the excavations—the cuttings—and make as much bank as possible from these.

20297. Then do you say that your instructions were only to mention so much earth as you supposed would come from line cuttings?—That is as I understood it at the time.

Understood his instructions were to mention only the earth that would come from line cuttings.

20298. And is that the reason that you kept it down to the 80,000 yards?—That is the reason it was kept down in April, 1876. I received no instructions to make any calculations for any other in the one of August—the following August.

20299. Then you repeated your calculations of the April estimate because you had no fresh instructions upon that subject?—Yes; I did not really know how the work was going to be done. Mr. Rowan had it all in his own hands and he asked me the questions and told me what to do, and I did it.

20300. Did he ask you them in writing?—No; he did not. Working in an office together a man does not write a question and hand it to you to answer. You are asked to do a thing and it is done, and nobody ever thinks it will be contradicted, or denied, or anything.

20301. Then you say now that, as far as this earth item is concerned, you never had instructions to estimate more than that which would

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come from the line cuttings?—No; I had not. The location and cross-sections being finished a plan and profile showing the changes made and also the cross-sections of the whole line, was forwarded during the winter of 1876-77 to the head office in Ottawa, in order that the grades might be finally adopted and sanctioned. On the cross-section sheets I showed the advantage of making some slight alterations in alignment.—

No cross-sections that he could use on which to base his estimate of quantities. Astonished therefore when told that not a stake was to be moved.

20302. I understand that these quantities which you have named so far were arrived at only from the centre line, the profile line, without cross-sections?—There were no cross-sections in existence at the time that I could use. As the contract was then let I wished for permission to make these alterations, and fully expected it, but was astonished on being told that not a stake was to be moved.—

20503. Who told you that?—Mr. Rowan.

20304. Verbally?—Verbally, on the line.

20305. On what part of the line?—Walking over the line. He has referred to it in different instances since. I think he told Mr. Smellie so; I think I heard him. I counted on being allowed to do this—that is, to make those alterations—and thus make a reduction in the work when I was making the estimate for the bill of works. I knew that it was possible by slight alterations, after the work was thoroughly cross-sectioned and cleared, it was quite easy and quite possible to make a number of changes so as to reduce the work materially, and on that I felt more certain in reducing the quantity down to 300,000 yards.—

The 300,000 yards of rock returned by witness as the probable result of prospective alterations—this a new explanation.

20306. That is a new explanation: do you say now that you returned this 300,000 yards as the probable result of the work when these alterations were to be allowed, which you say you expected, and which were not permitted?—There was only one-half of the road located at the time. I had made great reductions on that half, and I expected to make more, and did make more, on the remainder, and in making a hasty calculation of that, I said to myself: "Well, I know two or three places where I can knock out a lot of work," and I thought I was safe enough in reducing it 20,000, and I know I was, and I know I reduced it a great deal more than that. On the 9th of March, 1877, I mailed the last of the cross-sections to Ottawa, and received from time to time the revised grades on short portions of the line; but it was on the 29th of June before the final grades were received.—

20307. How were they received?—First of all they were received by telegraph, and afterwards by letter.

20308. By letter from Mr. Rowan to you after the telegraph from head-quarters to him: is that what you mean?—I don't know how he got them.

20309. To whom was the first by telegraph: to Mr. Rowan?—No; to me. I received them first by telegraph, and afterwards by written direction. I think I have it here, a copy received from Ottawa, dated June 21st, 1877, statement of grades. (Exhibit No. 296.) After completing these grades I found that on the average they were some two feet lower than those which I had sent down, and from those on which the bill of works was calculated. In every case where work had been laid out by the old grades, or work done by the contractor, he had to take up bottoms and lower dumps, &c. As I have been taxed with the difference in quantities between the original bill of works and the estimate made by me in January, 1879, after this lowering of the grades was decided

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on, I therefore beg leave to ask, was no calculation made of the effect of lowering the grades to this extent when they in Ottawa had everything in their possession necessary, except test-pits, for obtaining accurate quantities, while the estimate made by me was calculated without this information, that is, without cross-sections. I contend then, that the final determining of the grades determined the quantities irrespective of any calculations made by me; that it was possible to arrive at something like accurate quantities before the final settlement of the grades, and if it was deemed of such importance that the quantities in the bill of works should not be exceeded, then a calculation of some kind ought to have been made, in my opinion.—

Contents that the determining the grades determined the quantities irrespective of any calculation made by him.

20310. Made by whom?—By those who arranged the grades—determined the grades.

20311. Who were they?—Mr. Smellie signed the list of grades, I think. In February, 1878, I was asked for an estimate to complete the contract, and for the first time, calculated total quantities from the cross-sections, the result being, rock 526,646; loose rock, 30,000 (put in at the same amount); and earth, 1,657,000. This was to complete the grading with solid earth banks. I was also asked for an estimate to complete with earth banks, and protection walls across all water stretches, with earth banks over heavy land fills where material could be obtained from local borrow-pits without extra haul, and then for trestle work to fill all voids for which material could not be obtained from cuttings or borrow-pits. In order that everything could be made as clear as possible, I sent a schedule giving the quantities in every cut and fill on the contract, and a statement of the comparative cost of completing the heavy land voids, either with earth or trestle work. I will put in a copy of the schedule of quantities that I sent down at that time. I have not got it with me now, but I will put it in to-morrow morning. I put in a written estimate of the comparative cost of earth work and trestle work on section 15. (Exhibit No. 297.) That is a copy of what I sent to Mr. Rowan at this time. I sent this estimate in this shape, so that everything might be laid before the district engineer as plainly as possible, at the same time calling his attention to the fact that the superstructure alone was so expensive in the plans for trestle work sent by him, that it would in all cases be cheaper to build solid earth bank where the fill did not exceed eighteen feet, than to put in the superstructure alone without the bents to support it.—

Estimate of quantities in 1878: rock, 526,646; loose rock, 30,000; earth, 1,657,000.

20312. Do you mean that the superstructure of the trestling designed at that time by the Department, was of a very expensive character?—I think so.

Superstructures designed by Department very expensive; earth work, 37 cts. a yard; superstructure, \$9.83 a foot.

20313. Was it more expensive than that which is now in use on the line?—Vastly more expensive. The earth work in that statement was calculated at 37 cts. a yard; the superstructure cost \$9.83 a foot.

20314. Do you mean over the whole line?—Those were the plans for all heights of structure.

20315. Do you mean that it averaged that over the whole line?—Yes.

20316. Wherever the trestles were used?—Yes.

By Mr. Keefer:—

20317. That is for superstructure alone?—Yes; the schedule that I sent gave also the cost of the bent for every height. I called

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his attention to this fact, expecting that at least a cheaper style of trestle work would be adopted for low fills—shallow fills. By reference to this statement he could have seen that out of the twenty-six voids calculated only twelve could be filled with trestle work at a less cost than with earth, while in the remaining fourteen voids the trestle work would cost just double the price of solid earth banks at 37 cts. a yard. Mr. Marcus Smith, acting Engineer-in-Chief, walked over the whole contract with me in September, 1878—Mr. Rowan having returned to Winnipeg a day or so before he arrived—and to him the question of loose rock estimates was referred; as he walked along the line places were pointed out, and the proportion of stones and boulders to earth discussed, in presence of the contractor's agent and engineer. After Mr. Smith's return to Winnipeg, I was sent written instructions to increase all previous estimates of loose rock, and a new definition of loose rock was given me, which will be found printed on page 113, Evidence taken before the Public Accounts Committee, May, 1879. I pointed out several deviations in the line to avoid heavy water stretches and steep side hill fills, which I told Mr. Smith I would have made had I not received instructions from Mr. Rowan in no case to increase the rock excavation a yard. Instructions were given, and these deviations were made in the fall and winter following. In January, 1879, I was called on for another estimate of cost of completion, and returned the quantities as: rock, 516,226 cubic yards; loose rock, 69,945 cubic yards, in earth cuttings, as computed in accordance with Mr. Smith's instructions; loose rock, 25,811 cubic yards, being solid rock outside slopes returned at loose rock prices; earth, 1,720,714 cubic yards, to form solid banks throughout. I purposely divided the loose rock quantities into two classes as above and in making up the approximate estimate increased the first class to agree with the new definition. The second I kept separate, as it never was intended to pay for this work, and as the specification distinctly states that it shall not be paid for, no calculation was made for it. Rock-borrowing was also ordered by Mr. Smith at several points, and the estimated quantities of this work, together with the increased quantities of solid rock, caused by deviations referred to above, are included in the total quantities of solid rock excavation. On the other hand, many of the cuttings had turned out less rock than calculated in 1878. These are all the calculations made by me up to May, 1879, when the examinations were made before the Committee of the Senate and the Committee of Public Accounts. A number of estimates were put in by the district engineer which are printed in the published accounts of the proceedings, and are, with the exception of that on page 109 of the Senate Report, compiled by him from the estimates made and given by him in this statement. That on page 109 is a copy of mine made in January 1879. A comparison was made between the quantities given of rock, loose rock, and earth in the bill of works, on which Whitehead took the contract and those given in the estimates of January, 1879, and the difference was found to be \$763,025. I will now show how the principal portion of this large sum may be accounted for. By a calculation which I had made by my assistants, the lowering of the grades, after the contract was let, increased the rock excavation, 113,203 cubic yards, at \$2.75, \$311,308; changes in line and rock-borrowing, 60,000 cubic yards, at \$2.75, \$165,000. This was brought about by the rock. Borrowing was made to assist in forming the protection walls which had been

A new definition of loose rock given witness.

In January, 1879, called on to supply another estimate of quantities.

Lowering grades after contract was let increased the rock excavation, 113,203 cubic yards at \$2.75, \$311,308, and changes in line and rock-borrowing, 60,000 cubic yards, at \$2.75, \$165,000.

decided upon, or was supposed to have been decided upon at the time Mr. Smith passed over the line.—

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By the Chairman :—

20318. Do you mean that was some work that could not have been estimated by you in the original bill of works?—Yes; it was never intended, and therefore I would never have estimated for it.

20319. It was the result of a change adopted after the contract was let?—Adopted after the contract was let. In loose rock the increase due to solid rock outside slopes, returned at loose rock prices in accordance with instructions received from the district engineer, 25,811 cubic yards, at \$1.75, \$45,169. That is the amount as I returned it in this estimate of January, 1879. The solid rock outside of slopes was ordered to be returned at loose rock prices by Mr. Marcus Smith, and that also was never intended in the specification made by me, and I was instructed to deduct it by Mr. Fleming and only pay it at earth prices, so I now deduct it or use it to show it was an item I never ought to have been charged with.—

In consequence of Smith's instructions the increase in loose rock 25,811 cubic yards, at \$1.75.

20320. Charged with having estimated you mean?—Charged with having estimated. That amount, \$45,000, was charged to me as an error in my estimates.

Thus an error of \$45,000 apparently in his estimates, for which he was in no way responsible.

20321. I understand you to say it could have formed no part of your estimate?—No.

20322. Because it arose from what took place after the contract was let?—Certainly.

20323. Proceed.—There is another item: loose rock and cuttings, due to changes in definitions given by Mr. Smith. At the time I was making the estimate I said it would increase it some 40 per cent. I think that was a very low estimate indeed taking the two definitions, 40 per cent. on 69,945 cubic yards, is 27,978 cubic yards, equal to \$48,961 at the contract price.—

Item due to changes in definitions given by Smith, \$48,961.

20324. Should you not charge yourself against that item with the quantity represented by it against the earth embankment?—Yes; I should. No, no. I beg your pardon. I should charge myself with 25,811 cubic yards at 37 cts. a yard.

20325. It took the place of some earth which you ought to have estimated at the beginning?—No, it is returned at earth prices instead of at loose rock prices, as I estimated it, but in no case ought I to do that, because it was never intended that that item should be in it at all, either paid as earth or any other class. Then there was an increase in earth due to lowering the grades, 144,138 cubic yards, at 37 cts., \$53,332—total, \$623,770. I give myself credit for that earth due to lowering grades, because in the two estimates which are compared together, there is only the earth estimated, which we supposed would be found in excavation in the cuttings.—

Increase in earth in consequence of lowering grades 144,138 cubic yards at 37 cts. \$53,332.

20326. This excavation was of a greater depth?—Yes.

20327. And turned out more earth to that extent?—Yes; turned out more earth. The total of solid rock given in the estimate of 1879 was purposely kept some 12,000 or 13,000 cubic yards in excess of what we expected, in order that there might be no more underestimating of quantities; and through fear that some heavy cuts, still to come out, might overrun our expectations and turn out more rock than we

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Claims that he accounts for \$656,770 leaving a balance of \$106,255.

expected, we wished to be safe. That our expectations were fully realized, I think will be proved when the final estimate is received. I have not seen what the final estimate of rock on the contract is, but I think it will be a good deal under 500,000 yards. I only asked for 12,000 or 13,000, which I put on to make myself safe. I think I can then fairly claim a still further reduction of 12,000 yards of solid rock, equal to \$33,000, making the total amount accounted for, \$656,770, and leaving a balance of \$106,255, or a little over 6½ per cent. increase on Whitehead's bulk sum—I am not sure, but I think about 6½ per cent. That the amount of solid rock due to a lowering of the grade of two feet is not excessive, may be proved from the calculations already given. The first calculation with grades to balance cuts and fills was 640,000 cubic yards of rock. I am only taking the rock quantities now; I know very well the loose rock was deducted from the quantities I returned then. The second calculation on the same line with grades raised four feet was 369,390 cubic yards. The difference is 270,610 cubic yards. The grades were again lowered on the same line some two feet, and the difference claimed now is 113,203 cubic yards, not half the amount of the four foot change. Of course the second foot, if it had been again lowered two feet, it would have been a larger sum than I claim. The second two feet would have made a larger difference. Again, the calculations made for south line, the rock excavation, is given as estimate No. 2, 445,261 cubic yards; No. 4, 356,558 cubic yards; total difference, 88,703 cubic yards. The amount of increase due to changes of line and rock-borrowing is, I am certain, below the mark, but can be easily verified. Solid rock outside of slopes returned at loose rock price, has been deducted by order of Mr. Fleming and paid for only as earth. The loose rock in cuttings was increased by Mr. Marcus Smith's definition, and again decreased by Mr. Fleming's instructions to measure in exact accordance with the specification. I deduct earth in cuttings because in both bills of works the amount of earth only in excavation is estimated. I would also draw attention to the fact that Mr. Rowan gives the same bill of timber for trestle work in his estimate given on page 126 with the increased quantities of excavation as that given in Mr. Whitehead's bill of work, so that according to him it would appear that he considered the lowering of the grades merely increased the cost of the work, without giving any more material to form banks or reducing the quantity of trestle work to complete the grading, \$1. I compared the two bills of works then as follows:—

Table of witness's and Rowan's estimate.

	Bill of Works.		Mr. Rowan's Estimate.	
		\$		\$
Rock.....	300,000	825,000	516,226	1,419,621
Loose rock.....	30,000	52,500	95,756	167,563
Earth.....	80,000	29,600	224,138	82,931
Trestle work.....		380,700		380,700
Extra haul.....				18,000
Wages.....				2,500
Items common to both.....		306,285		300,784
		1,594,085		2,372,099
				1,594,085
Total difference.....				778,014

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There is another item that I want to call attention to. There is nothing in the bill of works for extra haul; that is \$18,000 in the estimate made by Mr. Rowan. There is nothing in the bill of works on which Mr. Whitehead took the contract for wages, and in the other there is \$2,500. It makes a total accounted for of \$677,270, and the balance unaccounted for is only \$100,744. Now, I say, that taking it at a low estimate, the enormous increase in the quantities is worth 8 per cent. on the cost, and would decrease the cost of the trestle work some 8 per cent., and if I am allowed that the whole discrepancy is reduced \$70,288, or about 4 or 5 per cent. on Mr. Whitehead's bulk sum. Mr. Fleming in his evidence before the Committee of the Senate, states distinctly that the quantities given in the bill of works were never intended or supposed to be perfectly accurate. The data on which I had to work has been admitted on all sides to have been very inadequate for making either of the calculations between which the comparison has been made. The country was the roughest and most difficult that it has ever been attempted to build a line through in the Dominion at that time. I ask, then, is 5 or 6 per cent. a very large discrepancy taking all things into consideration. I am prepared to verify my statements and make any further explanations necessary.

Points out that in bill of works are neither extra haul nor wages, and contends that only \$100,744 is unaccounted for, and that the increase in the quantities reduces this sum to \$70,288.

20328. You speak of the superstructure of the trestle work as originally described by the Department as being worth some \$9.83 per foot run?—Yes.

20329. How much per mile would that superstructure cost—the trestle work?—That would be \$52,180 per mile.

Trestle work such as originally described by Department worth \$52,180 per mile.

20330. That would be say \$52,000 per mile for the superstructure alone?—Yes.

20331. About how many miles was it designed to cover with trestle work?—The first estimate was for some sixteen miles, I think—no, eight miles—sixteen miles of lineal feet of 15 x 12 timber.

20332. Have you any means of stating now the mileage of the trestle work?—I can tell it on the estimate that I made myself. I make it about 1,550 feet in length, what I estimated for after lowering the grades.

20333. Is that the whole length of trestle work intended to be built originally by Mr. Whitehead?—No; estimated by me. The total cost, according to this, of the trestle work, is \$206,955.

20334. A quarter of a mile of trestle work could not cost that?—Yes; but there is foundation and bents.

20335. Do you mean that a quarter of a mile of trestle work was all that you thought would be necessary at the time you made this calculation?—That is all, because at this calculation the water stretches were thrown out.

Calculated only a quarter of a mile of trestle work.

20336. Can you tell me how much was estimated for trestle work when the contract was given to Mr. Whitehead?—I could not from anything I have now got. I think myself it was about four miles, but I would not like to say.

When work given to Whitehead thought there would be about four miles of trestle.

20337. Did you notice that the original design of the work, and of the filling, was impracticable? Mr. Whitehead has mentioned to us at Winnipeg that, from the way it was designed, it was impossible to do

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the work as was originally intended : now you were on the spot as engineer of construction, can you say how that was ?—It was quite possible, if he could find the timber to build it in accordance with the specification.

20338. Well, irrespective of the timber, was there any difficulty about making the rock bases that were required according to the directions of you or your superior officer ?—It would have been difficult for him to have formed the full rock bases from actual line cuttings.

20339. Originally it was not intended to put a rock base for the earth embankment ?—It was not.

20340. As the contract was let, all that was designed was a rock base wide enough to support a trestle structure ?—That was all.

In consequence of change from trestle to earth embankment a much larger amount of rock required for bases.

20341. Was that portion of the work changed in its character so as to make it necessary to provide a much larger amount of rock for bases ?—It was.

20342. How was it changed ; by what order ?—By Mr. Rowan's orders.

20343. In writing ?—I have not got it exactly in writing, but I have got references to it and telegraphs of my own to him and of his to me, and in calculations he has made and in letters which I have written to him to show him that this was intended at the time.

20344. Was it a positive direction, or one contingent on some event likely to happen ?—It was a general direction for all cases.

20345. That all the water stretches were to have rock bases wide enough to support earth embankments ?—Yes ; except where it was found that the rock bases would require as much rock as would make a full solid rock embankment. Then I was to make the solid rock embankment to grade.

20346. The same amount of rock that would be necessary for a base for an earth embankment was required in all these fillings, either in the shape of bases for that purpose or in the shape of an embankment itself ?—It was.

20347. Coupled with that change in the character of the work, was there any direction as to where the rock should be taken from or should be retained in case it should be wanted ?—The instructions were these : in no case shall rock from cuttings be used to make up land voids until the water stretches bases are fully completed to three feet above water, and wide enough to receive an earth top with a three feet berm.

Changes in quantities would delay the contractor seriously.

20348. How would the carrying out of those instructions affect the prosecution of the work by the contractor ? Would it hasten it or delay it, or make it more difficult ?—The changes in the quantities would delay the contractor seriously.

20349. Why ?—Either delay him or cause him a very large amount of extra expense—put him to an immense deal of extra expense upon it, because he would have either to take out the cuttings all from one end and wait until a cutting was out before he could commence the next one, in which case he would lose a great deal of time, for he would have to commence all the cuts at the same time, making tote roads and haul the material over the intervening hills and through the hollows. A horse would not be able to haul anything like the load in that way

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that he would be able to haul in a dump. That would be another cause of increasing the cost.

20350. Was there any complaint by the contractor against these instructions?—Yes; I notified Mr. Rowan that the contractor had demanded a return of all the rock that was put into water stretches over and above the quantity sufficient to form a base to carry trestle works, as he intended to put in a claim for extras for that amount.

20351. Do you mean in consequence of the work?—Yes.

20352. How was that difficulty obviated at last?—I wrote to the district engineer, Mr. Rowan, and suggested that instead of using such an immense quantity of rock as was necessary to make the full rock bank, we should make a rock tip or protection wall at the toe of the slope on either side. I calculated that the amount of rock as a general rule necessary to make those two tips would be equal to the amount necessary to make the base for trestle work. On this recommendation or proposal of mine being laid before Mr. Marcus Smith it was adopted.

20353. Then the work progressed from that time upon the condition of no more rock being required for these stretches than was originally contemplated for the trestle base?—About that. In some cases it would be less, in some cases it would be more, but it would average that.

After some disputes work progressed on condition of no more rock being required for water stretches than would have been necessary with trestle.

20354. Was there any muskeg work on your section 15?—A little.

20355. Had you any special instructions as to the mode of measuring or certifying to work done in muskeg locality?—No special instructions.

20356. What is this muskeg material?—In some places it is nothing but the old Irish peat—turf. It would make splendid fire. In other places it is so soft that it is more like pease soup in consistency.

20357. Have you seen any excavation going on, on your own or any other section, in this material?—I have.

20358. What section?—Both on my own and on contract 14.

20359. Would you describe what you saw in connection with the work of removing it?—I saw on my own that after the ditches were taken out the bottom rose slightly, so that we had to cut a water table again to let the water pass, and that a heavy percentage ought to have been allowed in calculating to make a certain amount of embankment.

20360. You mean to say that a cubic yard of this excavated will not make a cubic yard in the embankment?—No; it will not.

20361. And that in order to provide for the quantity required for an embankment a heavy percentage ought to be added to the amount excavated?—Yes; in other places I saw where a rock dump was made across a piece of muskeg; the whole surface of the muskeg sank with the weight of the dump, and that there was clear water right through the dump—that is, that the bottom of the rock dump sank far below the original surface or level of the muskeg. On contract 14, I have seen the men taking it out with a broad axe in large pieces over a cubic foot in size and pitching it on to the barrow with a prong fork instead of a shovel. I have seen a man wheeling a barrow full of this stuff out of the ditch placing it in a dump, and when he was running up the board, the plank on which he was wheeling, the top of the load was higher than his head. It had no consistency, it was mere sponge.

Muskeg like Irish peat; like a sponge, no consistency.

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20362. Had it any substantial weight?—Well, it had the water in it and it made the greatest portion of it. It was frozen the time I am speaking of. I have been told by the assistant there that some of those ditches were taken out three different times, and there are some of them now that are on the level of the muskeg. You would not know there had been a ditch dug there except that the grass is all gone and there is nothing but a black streak.

The lighter the bank which can be put on muskeg the better.

20363. Was it good material for an embankment?—No; it was not. If there was enough of it it would make a good embankment. In some cases I consider it is better, as in the Julius Muskeg, where it is 19 feet deep. The lighter the bank you can put upon it with consistency to carry the ballast, the better it is, and as far as I have been told on the Northern Pacific, they made banks across these sort of places, and they worked and held first rate when the trains were running. A new engineer came along and he thought he was going to do wonders, and raised the grade and put on two or three feet of earth, and broke the bank and the whole thing went down; and they had to leave it altogether—nothing but fresh water.

20364. This latter part of your evidence, I suppose, is not within your own knowledge?—No; it is not. I give it as my opinion and from what I have heard—the experience of others, and what I consider to be correct.

30365. Is there any other matter connected with this section or your experience in the affairs of the Pacific Railway, that you think proper to give by way of further evidence?—I think so; I think there are other matters.

20366. What are they?—I do not remember just now; I do not remember anything just now.

OTTAWA, Saturday, 23rd April, 1881.

SMELLIE.

W. B. SMELLIE'S examination continued:

**Railway Location—
Contracts Nos. 14 and 15.**

By the Chairman:—

20367. I understand that you have some communication which you wish to make to the Commission?—I have, Sir.

20368. What is it?—A letter that I received from Mr. Fleming in reference to the evidence that was taken yesterday. Mr. Fleming informs me that he addresses the letter to me in the absence of the Chief Engineer.

20369. Are you the chief officer of the Engineering Department in the absence of the Chief Engineer,—inside service?—I am.

20370. Read it please?—I will.

“ OTTAWA, April 22nd, 1881.

Letter from Fleming respecting Carre's evidence, which, in the opinion of the writer challenged the judgment of the Department.

“ DEAR SIR,—I feel it due to the Department of Railways and Canals to notice the evidence which Mr. Carre has just given before the Royal Commission. Some years ago I had formed a favourable opinion of Mr. Carre, as a locating engineer; he had considerable experience on the Intercolonial Railway. He was familiar with my system of operation or difficult ground and had, under my direction, carried out in a very satisfactory manner one of the most difficult location surveys on the Intercolonial. Mr. Carre was selected to locate section 15. Two lines were surveyed. A comparison was made. Estimates of the relative cost were prepared, and all the

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information acquired by Mr. Carre was gone over by Mr. Rowan, and I had, or believed I had, the benefit of every particle of information in Mr. Carre's possession. Mr. Carre has now come forward and voluntarily produced elaborate calculations and arguments to prove that the line selected and constructed on the information formerly furnished, is a mistake, and that the selection is a very injudicious one. I need not say to you, that the selection of the lines was made with a strict regard to the public interest, and the Department was governed by the data supplied by Messrs. Rowan and Carre, and laid before the Minister by me, as Engineer-in-Chief. I am not now an officer of the Government, and I am not in possession of the documents which would meet the statement made by Mr. Carre; but as Mr. Carre has challenged the judgment of the Department and its officers, it appears to me necessary that you should send for Mr. Rowan, that is to say, if the Royal Commission attach any weight to the evidence of Mr. Carre. I deeply regret the course taken by Mr. Carre. If his calculations just given to the Commission, are recently made, they are too late to effect any good purpose. If they were made long ago, before construction commenced, and he was sincere in the belief of their accuracy, it was his bounden duty to have submitted them to the head of the Department; and I feel strongly that the relations between Mr. Carre and myself rendered it imperative on his part personally to submit them to myself.

" I am yours, &c.,

" SANDFORD FLEMING.

" W. B. SMELLIE, Esq.,
" Canadian Pacific Railway."

20371. Were you present when Mr. Carre was giving the evidence to which Mr. Fleming alludes?—The greater part of the time.

20372. How have you always understood Mr. Carre to have been employed in the location of the line up there—I mean over what section?—Since I became connected with the railway Mr. Carre has been almost entirely on construction.

20373. What construction?—Section 15.

20374. During his evidence did he describe his duties, so far as stating the section over which he had charge: you say you were present while he gave his evidence?—So far as construction was concerned his duties were confined to section 15.

20375. And before construction?—And before construction his surveys extended from Rat Portage to Red River.

20376. Did you understand from his evidence that so far as that portion of the line is concerned, which is west of Cross Lake, he only made a trial location?—Oh, yes; he made a trial location and made the subsequent revision as well.

Carre made trial location and subsequent revision.

20377. On section 14?—No; on section 15.

20378. I am speaking now of west of Cross Lake. I confine my question to the portion west of Cross Lake: I ask whether, during his evidence, he did not plainly indicate that west of Cross Lake he had undertaken no more than a trial location?—Certainly.

20379. That was the substance of his evidence?—That was the substance of his evidence.

20380. Did he also, during his evidence, indicate that as far as section 15 was concerned he had as yet found no better line than the one located?—He said that most positively.

20381. Then what part of his evidence is it that Mr. Fleming complains of, for the reason he had withheld information from the Department which he ought to have communicated?—The knowledge which he now possesses relative to a line in the neighbourhood of Cross Lake.

20382. West or east of it?—Just in its neighbourhood.

**Railway Location—
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20383. Has he said that in his evidence: has he not plainly said that the whole question of a better line depended on the possibility of a better line west of Cross Lake on section 14?—Yes; but Mr. Carre has also explained that a better line west of Cross Lake would necessitate the alteration of a short portion on section 15.

20384. But did not that alteration all turn upon the feasibility of a better line west of Cross Lake being first discovered?—Yes; altogether mostly.

Unless Carre shows that there was a better line west of Cross Lake, no point in Fleming's letter.

20385. Then, unless Mr. Carre now shows there was all the time within his knowledge a better line west of Cross Lake there is no point in this letter, is there?—I think there is not.

20386. You think there is not any point?—No.

20387. I will endeavour to make my meaning more plain to you: Mr. Fleming now complains that Mr. Carre has withheld, until this period of investigation, some information which, on account of Mr. Carre's official relation to the Department, he ought to have communicated to Mr. Fleming long ago?—Yes.

20388. Now there is no point in that, as I understand you to say, unless Mr. Carre has withheld some information either relating to the construction of section 15 or relating to some knowledge which he had during the trial location of section 14, because those are the two offices and charges which he undertook to fulfil at that period of the service?—Mr. Fleming, in my view of the letter—I have not read it very often, but he seems to understand, and I understood from Mr. Carre that Mr. Carre now gives to the Commission information, and states that there is a better line than the one now adopted.

20389. Where does he say that better line is?—At Cross Lake.

20390. But on which section?—Well, you cannot separate the sections.

20391. Does he not say that everything connected with this section about a better line turns upon the question of the Forrest line being a better one than the one on section 14?—Yes; I think he does.

20392. Then does it not follow as a certain sequence, that if that was not known to him during his official connection with the Department he withheld nothing he ought to have communicated?—I think if he did not know it during his official connection with the railway he could not have communicated it.

Carre had said that the line he considered better had come to his knowledge long after the period of location.

20393. Does he not say, in his evidence, that it was long after the period of location of section 14 that it came to his knowledge?—He said that it came to his knowledge before he left the service of the Government.

20394. Was that while he was locating engineer that it came to his knowledge?—Yes; locating engineer. I do not know what you mean by locating engineer.

20395. I understood you divided his services into two periods, the first when he was appointed to locate, or survey, or examine the section?—In 1874?

20396. And afterwards he became engineer of construction on section 15 alone?—Yes.

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20397. The suggestion, as I take it, in this letter is that he has had some knowledge of a better line which turns out to be the Forrest line on section 14, and that he has withheld that information until now when it may damage some person's reputation, because it imputes negligence and want of care in surveying the country?—That is what is indicated in that letter.

20398. Do you say now that he gave evidence at any time which appears to show that he withheld information of this Forrest line at a time when it was his duty to communicate it?—I think it was his duty to communicate it at any time that he discovered it.

20399. Do you think, while he was engineer on construction of section 15, if he had been told that the persons in charge of section 14—Mr. Forrest for instance, who was a subordinate to Mr. Rowan—was of the opinion that he had discovered a better line, and Mr. Rowan or his superior officers had rejected it, it was still the duty of Mr. Carre, who was constructing engineer on section 15, to communicate that fact to the Department?—I do not.

Witness thinks it was not Carre's duty at the time he heard of Forrest's line to communicate it to the Department.

20400. Well, is not that in substance what he said yesterday in his evidence?—It is.

20401. Then do you see that he has been guilty of any breach of duty by withholding information?—Mr. Carre, as an officer of the Government, has given to the Commission information regarding the location of section 14 as an officer of the Government. That letter seems to convey that if Mr. Carre had any information in his possession, while in the service of the Government, that ought to have been conveyed to the Chief Engineer.

20402. Is that your opinion?—I think if I had been in the position of Mr. Carre, and I had known there was a better line there, even if it was off my section, I would have communicated it to some person to come to the knowledge of the Chief Engineer.

20403. Would you have considered it your duty, although informed by the person who knew of the better line that he had communicated it to a superior officer and he had rejected it?—No.

20404. Is not that the state of affairs that Mr. Carre describes—when he discovered it he was told in the same breath that the superior officer had rejected it?—Yes.

20405. Then, do you see, according to your knowledge of the practice and etiquette of the staff, that he has been guilty of any negligence in not communicating it?—No; I do not think he has.

20406. Do you understand that this letter alludes to the Cross Lake crossing or not, after what has been said, or that it relates to a comparison between the 1875 survey, the Carre survey, which was a deviation from a point near Keewatin?—I understand this to be the existing line.

20407. At Cross Lake?—At Cross Lake.

20408. But Mr. Fleming does not complain of his withholding information respecting the line surveyed in 1875?—He does not, not to my knowledge.

20409. When did you enter the Department?—In 1876—I mean Entered Department in 1876.
on the Canadian Pacific Railway.

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20410. Was it at that time you had first any knowledge of the plans and profiles connected with the Pacific Railway?—Yes; the first time.

20411. Do you remember whether any plans or profiles connected with this line near Cross Lake have come under your own notice?—Nothing but what is before the Commission.

20412. Have you not had occasion at any time to supervise calculations or plans sent in by Mr. Rowan to the office?—Yes; generally anything of that kind always came under my observation.

Never saw the line (A) known as Forrest's line until yesterday.

20413. Do you remember whether those plans which were before us yesterday—I mean the plans of the line west of Cross Lake—were more closely examined into than they appeared to have been from the evidence?—I never saw that line that Mr. Carre calls A, to my knowledge, before yesterday.

20414. That is identical with the Forrest line?—Yes; I never saw it before yesterday.

20415. Could you say whether any of the particulars respecting that other survey of 1875—the more southern line, some ten miles south of Cross Lake crossing—has come under your knowledge in the Department?—No; it never was dealt with in my time.

20416. Have you found any records connected with it, although it was not dealt with: for instance, have you come across any plans, calculations, profiles or locations of that particular line?—No; nothing. I never had occasion to refer to it in any way, the line having been definitely settled at the time when I first became connected with the Department.

Cannot say whether plans of the 1875 survey of Carre are in office or not.

20417. Are you aware that there are, among the records of your Department, either plans, locations or profiles of that southerly line—the 1875 survey by Mr. Carre?—I dare say there may be.

20418. Are you aware that there are?—I am not aware; I could not state.

Witness understands Fleming to complain of Carre withholding information regarding the Forrest line which information Carre did not receive until long after the construction of section 15, or long after the possibility of adopting the Forrest line.

20419. It is quite possible that this letter of Mr. Fleming's may allude to a comparison made by Mr. Carre of that southerly (1875) survey with the present located line, and not with a line so immediately in the neighbourhood as you allude to, namely, the Forrest line: can you say whether, in any conversation with Mr. Fleming, you have been led to understand which of these two comparisons it is he complains of—I mean as now being made on data which ought to have been furnished to the Department long ago?—So far as I understand, Mr. Fleming does not complain of any information concerning that southerly line having been withheld at the time the route was finally concluded. He had all the information that Mr. Carre had, or any one else.

20420. Then it is with regard to the other line more immediately in the neighbourhood of the crossing?—I understand that to be so.

20421. Is it from conversation with Mr. Fleming, or from this letter, that you understand it?—Yes; from the letter and from the conversation I had with Mr. Fleming here, yesterday.

20422. Could you say what impression you got from Mr. Carre's evidence, as to the time when he was first made aware of this Forrest line which he considers to be a better line than the one adopted?—I understood it to be a very short time before Mr. Carre left the service.

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20423. That was really, then, long after the construction of 15 had commenced?—Oh, yes.

20424. Was it not long after the construction of section 14?—Yes. It may have been long after the construction commenced.

20425. Was it not long after the possibility of adopting the Forrest line that he was made aware of the existence of it?—Yes, it was. I understood it to be so.

20426. Then his withholding information obtained at that time could do no wrong to any other person, even assuming it had not been communicated by Mr. Forrest or by any person else?—It could not better anything.

Carre withholding information at the time he received the information in question could do no wrong.

20427. Did you notice, during the progress of Mr. Carre's evidence, that he volunteered statements without questions being asked on the subject?—I did not hear the beginning of Mr. Carre's evidence yesterday after recess.

20428. Mr. Carre, who is present, seems to think that this is an insinuation against him, as if he were showing some animus in the matter; when Mr. Fleming speaks of his volunteering information, that is hardly correct: I ask you whether you were present during his evidence, and whether you know if he volunteered statements without first being questioned on the subject?—Yesterday afternoon, so far as I heard, Mr. Carre's information that he was giving to the Commission was entirely voluntary, what I heard of it.

20429. Did you not understand that he was asked from time to time to proceed with the subject, and that he had a prepared statement, but that before he began he was also asked to give all the evidence he could on the subject covered by that statement?—I did not understand it.

20430. Is there anything further about this matter which you would like to add?—No; I do not wish to add anything.

HENRY CARRE's examination continued:

By the Chairman:—

20431. I understand that you wish to make some correction about figures given by you yesterday?—I do. I was asked by you what was the length of trestle work, the lineal feet of superstructure for trestle work, for which I made calculations. I ran up a long tot here and some of the figures were very badly copied, and I gave a wrong result. The total distance, as I make it, is 11,841 lineal feet of superstructure at \$9.83 a foot run. I also made a calculation of the cost per mile for superstructure, and there was a slight error in that calculation also. The true amount is \$51,902.40. You also asked me the length of trestle work calculated in the first instance and for which bills of timber were made out in Mr. Whitehead's bill of works. You asked me the total distance of trestle work, which was as closely as I could make it, eight miles in length; that was to cost \$380,700, according to this estimate of Mr. Rowan given on page 127 of the evidence taken before a Committee of the Senate in 1879; he tots it up \$380,700 for eight miles of line of trestle work. The calculation sent him by me in February, 1878, was for nearly two and a-quarter miles of line

CARRE.

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Corrections:
Total length of
trestle, 11,841
lineal feet at \$9.83
a foot.

Cost per mile
really \$51,902.40.

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according to new plans or the plans which he sent me. The cost would be \$206,955 for two and a-quarter miles in length; that is over \$90,000 a mile. I would call attention to the fact that it was from calculations based on these trestle plans that the Government were induced to substitute rough trestle on contract 15.

20432. Do you make out that Mr. Rowan's calculation of \$380,000 for about eight miles is about the same in substance as what you have described—that there is no great difference between your calculation and Mr. Rowan's?—I think there is a great difference.

20433. In what respect?—In the cost.

Thinks Rowan's calculations must have been made on less expensive plans than witness's.

20434. Will you explain how you make the difference?—I think the plans must have been different on which he made the two calculations; that is, that the plans on which I made my calculations in 1878 were more expensive than the ones which he used in 1876.

20435. In the first place, as to the two calculations, yours, I understand, is some fifty thousand odd dollars per mile for the superstructure alone?—Yes, \$52,900.

20436. While his for the whole work, the foundation and all of the superstructure, is \$47,500 per mile, assuming it to be about eight miles?—Yes; in the bill of works.

20437. So his estimate differs from yours to the extent of \$4,500 a mile, and also an additional amount, whatever it might be, which would be required to furnish all below the superstructure?—The sub-structure; yes.

Rowan's calculation perhaps made on different plans of trestling.

20438. And how do you explain this great difference in your estimates?—I cannot explain it otherwise than their being made upon different plans of trestling. Mr. Rowan, in his evidence before you in Winnipeg, is reported to have said that he made all these improvements.

20439. Do I understand you to say that your estimate of \$9.83 per running foot was for the cost of the superstructure which he had described?—Certainly; according to his own bill of timber.

20440. Then how could there be that difference; he appears to be making a calculation for a different superstructure while you say this was for the superstructure which he had designed and planned?—But he did not make any calculation, I think, of the cost by his new plans in 1878. I am talking of my estimate by his plans in 1878, and I say that his plan must have been different from the plan in 1876.

20441. Is this what you mean: that when he estimates the whole cost at about \$380,000 he was basing that upon a different superstructure from that which he had first designed and which you had estimated the cost of?—He was. I believe so.

20442. So that in order to arrive at this \$380,000 he has taken a less expensive superstructure than that which was first designed and on which you made your estimate?—I believe so. That is all I can gather from the estimates that he has put in—from the work that he has put in.

20443. In calculating the cost of your superstructure at \$9.83, could you give, shortly, the items which made up that \$9.83?—I can give some of them. There are six pieces 15 x 9—I am speaking from memory now of a very complicated plan—

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20444. You understand we are only questioning the superstructure?—Yes; six pieces of 15 x 9 stringers; there are corbels, I am not exactly sure of the length, but I think they are 12 x 12 inches and 17 feet long. It took two of those to each bent. The ties there, I think, were 20 feet long. I think I have got the original plans, and I had better deposit them with you; that would be more satisfactory.

20445. There has been some mention made of the information which you had concerning the survey of 1875—the alternative line which was some ten miles south of Cross Lake crossing—and yesterday you furnished us particulars of a calculation at different grades: did you furnish any such information as you gave us yesterday on any previous occasion to any one connected with the Department?—I did.

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20446. To whom?—They were made under Mr. Rowan's instructions in January or February or March, I think, of the year 1876, and the result was handed to him signed by myself.

Calculations at different grades furnished to Rowan.

20447. Did you give, upon that occasion, all the particulars as fully as you have given them now in your evidence?—I did; yes, more fully than I have given them now, because I gave them full bills of works similar to that in which I put in to you, headed in Mr. Rowan's handwriting.

20448. Have you at any time withheld from the Department any information which you furnished to us on the subject of that southerly line—the alternative line of the 1875 survey?—No; I think not. In answering that I might be allowed to say that, had I been asked further, I might have given more information. I did not withhold it. I knew it and I gave all I was required to give.

Did not withhold from Department any information furnished to Commission

20449. In addition to the written information, did you give any information verbally to any one connected with the Department upon the same subject?—I did.

20450. What was the nature of that information?—I spoke very strongly in favour of the location of the south line. I described the country as accurately as I could. I stated that the estimates made on the data which I had in my possession were, in my estimation, far more accurate than any I could make on the northern line, because the country was more level at right angles to the direction of the line.

20451. Cross-sectioning was not so necessary in order to arrive at accurate information?—Just so.

20452. To whom did you give that additional information?—I gave it to Mr. Rowan.

20453. Where?—In the office and out in my camp, after the work was done. After the present line was adopted, I spoke very strongly, and at all times I have spoken so.

20454. While you were surveying that southerly line, in 1875, was Mr. Rowan with you on the ground at any time?—No, never.

20455. Are you aware whether he has any personal knowledge of the features of the country?—He never walked half a mile of either line until after the present route was adopted. He never even called at my camp during the time that those surveys were made, or up to the time that the line was adopted.

Rowan never on line in 1875, and never walked half a mile of line until present line was adopted.

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Line adopted,
March or April
1876.

20456. At what date do you consider the line was adopted when you speak of that?—It was adopted about March—either March or April, 1876. I think I state so in my statement.

20457. You have heard read this letter from Mr. Fleming to Mr. Smellie, which Mr. Smellie has read before the Commission: is there anything you wish to say concerning the charge there made against you as to withholding information from the Department which you ought to have communicated?—I do not wish to lie under the imputation that he would seem to convey, that I was doing things in a spiteful manner, volunteering information to injure others that would do no good to the country. I was asked a question about that line to the north and I answered it. It was contradicted, and I still asserted and I proved my statements by the plans and the data of the time at which the work was made. I stated also that Mr. Fleming knew nothing whatever about it, as far as my knowledge went. I saw Mr. Fleming last night and had a talk with him, and I cannot understand how he would write that letter after the conversation we had.

20458. When you say you think Mr. Fleming knew nothing about it, what do you mean by that?—That he was never informed of anything whatever about that line. I stated so very publicly yesterday.

20459. You think the matter did not pass under his individual judgment that he never had the data on which to form an opinion: is that what you mean when you say he knew nothing about it?—Yes; he spoke to me and told me last night that, speaking candidly, he did not see any advantage in bringing up that old matter. I said I was asked the question and I stated what I knew.

20460. Has this information been given by you in obedience to the wishes of the Commission?—It was in direct answer to one question which you asked me: whether I knew of any line on the west side of Cross Lake that was better than the present one; but it was never spoken of or mentioned by me to you or by you to me before that question was asked. I, therefore, deny that I volunteered any information about it.

20461. Is there anything further that you wish to say upon that subject?—Which?

20462. The subject of this letter of Mr. Fleming's which has been read to-day to the Commission?—No; nothing further. I deny it.

Never withheld
anything from
Department that
was of use.

20463. Deny what?—Deny that I have done anything, or withheld anything that was of any use.

20464. You mean withheld from the Department or from the Commission?—From the Department; and that I had no right whatever, or that it was none of my business to interfere with the matter. It did not lie in my province.

20465. If it had been your business, was there anything that would have helped them to decide the question at the time when it was open for decision?—No; there was not.

20466. Is there anything further that you wish to say upon the general subject, I mean the Pacific Railway, which you have not yet said, which you think ought to be communicated in the public interest?—I might say something, and it would be told I was volunteering information.

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20467. Well, you understand you are now under oath, to tell everything which you are aware of concerning this subject, and whatever you may think about being accused of volunteering will not in any way relieve you of the responsibility which you have assumed as a witness: I ask whether there is anything further which you can communicate of public interest—we do not wish to open up any personal controversies?—Well, I have been informed that a great handle has been made over changes and the cost of construction of 15, which have been made since Mr. Schreiber took charge of the work; that from the 1st of January up to the end of June, when I was dismissed—

20468. Do you mean, when you say that a handle has been made of this, that accusations have been made that the work could have been and ought to have been done cheaper under your supervision?—The line could have been altered and changes made in the alignment so as to reduce the quantities very materially; that this has been done under the new *regime*, and I am accused of not having done this before.

20469. You mean that you have omitted to take advantage of the same opportunities which some other person is now taking advantage of, in the public interest, and lessening the cost: is that what you mean?—That would be what it would appear to imply, and I would like to explain why I did not.

20470. Please proceed.—I will just say, shortly, that I never was allowed to use the grades and curves that have been used since. Had I been allowed to do so, I could have built the road for many hundreds of thousands of dollars less than it is at present.—

Witness never allowed to use the grades and curves ultimately used under Schreiber's directions.

20471. Do you mean that these grades which have been since adopted, and these curves, enabled the line to be built at a smaller cost?—Yes; that the maximum of grades and curvature has been increased over and above Mr. Fleming's instructions and Mr. Fleming's maximum, and that, therefore, any man with a knowledge of engineering must know that great reductions were possible under the present grades and curvature. I wish to state, now I have been placed in this position, I have been working out in the woods there attending to my business, whilst stories have been circulated which I hear on every hand here, stating I was not doing this and doing that, and injuring my character professionally; and it is a mere matter of protecting myself—defending myself—that has caused me to say anything before this Commission other than that which has been drawn from me by direct questions. So that anything that I might say, volunteering evidence, that might be called volunteering evidence, is merely in self-defence so that I may be able to earn my living. I have been told distinctly and plainly that I shall not be employed by different parties until I defend myself and explain to the public how it is that these things have occurred, and how it is that I am not to be blamed for it, and show that I am not to be blamed for it. My professional character has been assailed, and my means of earning a livelihood have been injured seriously. I have been thrown out of employment for a whole year, and I have been told by Mr. Schreiber, when I asked why I was dismissed, that there was a strong feeling in the country against me.—

20472. It is not necessary for us to listen further to your reasons for telling the truth; we only say to you to go on and state what is within your own knowledge: as to these grades and curves, do I understand

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you to say that since you left the work less expensive grades and curves have been permitted than before?—Before I left the work they were permitted.

20473. At what time did they first take place?—I could not say exactly; in the spring of 1880—May or June.

20474. Under your superintendence?—Yes.

20475. By whose directions?—By Mr. Schreiber's directions.

Maximum grades increased from .35 per 100 to .50 per 100.

20476. What difference was made in the grades, for instance?—The maximum grades were increased from .35 per 100 up to .50 per 100.

20477. In more than one place on section 15?—Yes.

20478. How many places?—Well, there were two places that I know. I cannot tell exactly what the grade is now, but I got instructions to increase them in one place to that.

20479. From whom did you get the instructions?—From Mr. Schreiber himself.

20480. And as to curves, were you permitted to allow the contractor to make less expensive curves—I mean curves which would lead to less expense in constructing the road?—I was.

20481. In more than one place?—Yes.

At station 435 there was by Schreiber's directions a 4.30 curve put in.

20482. By whose directions?—Mr. Schreiber's. I am just thinking whether it was not in more than one place. I will just mention one place in particular: station 435. There was a 4.30 curve put in.

20483. And before that what was the maximum?—The maximum was four degrees; since then I have been told that shorter curves have been put in.

20484. I would rather you would not give us, by way of evidence, matters that have been told you by other persons: I understand you to say that as far as grades are concerned, you know, within your own knowledge, of two instances where grades were permitted which would lead to less expense than those which you were formerly allowed to permit?—Yes.

20485. And that a curve in at least one place was permitted because it would lead to smaller expense?—Yes. Had I been allowed to adopt those in the original location and construction of the work—

20486. And you mention this now, I understand, to show that you were not to blame for the expense of the road being kept up in your time and diminished since?—Yes.

20487. Is that what you say?—That is what I say. I do not deny the propriety of any instruction I received, but I show the effect that was produced by it.

20488. In other words, you were originally obliged to insist upon the contractor making a better road than he has since been permitted to make?—Yes.

20489. And that is the reason why it was more expensive in your time?—Yes.

20490. When you speak of this '35 per 100, do you mean easterly or westerly ascent?—Ascending easterly. It was increased from '36 to '50 per 100—that is from three inches to six inches going eastward.

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Grade increased from three inches to six inches going eastward.

By Mr. Keefer :—

20491. It did not exceed the maximum?—Yes; because the maximum on the four degree curve was originally '35, and it is now permitted at '50. There were also some changes made in the structures: dry stone masonry was adopted in lieu of stream tunnels.

By the Chairman :—

20492. Is there any other matter in which the efficiency of the road was diminished in your time so as to make it less expensive than you were originally instructed to have it?—There are some other minor things. I did not like the way in which the work was done. In fact it was taken out of my hands altogether, and I refused to certify to some of the work—some of the kinds. I stated in my official diary that I could not pass some of the work.

20493. Over what length of the line has this grade been altered in the way you describe?—Without the profile I could not answer very distinctly; about half a mile in one place.

Grade thus altered on about half a mile.

20494. And in the other?—The other under the curve.

20495. I understood there was another alteration in the gradient?—There were several places in which bottoms were left in the cuttings, and yet on maximum grades, and were not taken out, and the gradient was increased to get over them. What the final gradient is now I do not know, but it was an increase over the maximum gradient at the time.

Bottoms left in cuttings in some places.

20496. Leaving the bottoms in the cuttings?—Leaving the bottoms in the cuttings and filling in the cuttings, and filling in rock cuttings that were excavated out—filling it to assist in climbing over this portion of the bottom.

20497. Do you mean that in some of the rock cuttings the bottom has been raised by putting in earth filling in order that they may be on a line with some higher point at another place so as to raise the grade in the way you describe?—Yes.

Explains.

20498. And the necessity of filling in that rock cutting with earth arose from the fact that the grade was increased in the way you describe: if it had been kept down there would have been no occasion to fill that cutting?—According to the old contract, I would have compelled the contractor to take out that bottom—to take it down to grade.

20499. You do not mean that bottom which was filled with earth, but you mean some other higher one: you understand that you are speaking of two kinds of bottoms, one that had to be filled up, and one that had to be taken out to make it lower?—What I mean by it is this: a portion of a cutting which is not down to grade is called a bottom—that is, the contractor, in going over it first, has not taken it down to grade, and he is ordered to take up the bottom.

20500. There is a rock bottom left there which ought to be removed?—No, there is no rock bottom; there is a clay bottom that he put in in one case. He was taking out on a down grade and the

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Contractor, as he took out rock on a down grade, filled in with earth to prevent the water following him, this earth filling which witness could have compelled him to remove, had been allowed to remain thus raising the grade.

water was following him, and he had great trouble to keep it pumped out, so he filled in as he went—as he took out the rock he filled in with earth to make the water run up hill as it were.

20501. To prevent it going down hill?—To prevent it going into his cutting he filled in, and that was not taken out as I would have made the contractor take it out.

20502. It was allowed to remain there, which had the effect of raising the grade at that spot?—Yes; it raised the grade at that spot, and the remainder of the cuttings where that did not occur had to be filled in with sand to lift the track, and in that way increased the gradient—I don't know how much exactly.

20503. Has that work which you describe as leaving the bottom in the effect of increasing the gradient itself, or only increasing the length of the line at which the particular gradient is used—I understand gradient to mean a slope?—Yes, and in one case that I have in my mind at present to make a parallel grade there would have to be a distance of about over four miles raised some two feet to make a parallel grade to the old one. I cannot say that was done, and do not believe it was done, because it would be a most expensive piece of work to make a parallel grade to the present one. This case that I speak of occurred in the centre of a long maximum grade of nearly, I believe, four miles in length.

20504. About what station, in round numbers?—I would rather speak accurately from the profile. I do not believe it was done; I know it was not done while I was there, and the track was laid and ballasted there. The place I speak of occurs at about 1760 and 1763, or somewhere there. There is a maximum grade from 1635 down to 1830.

A maximum grade for 19,500 feet.

20505. What distance would that cover?—195 chains—19,500 feet; between three miles and a-half or three miles and a-quarter. In this case I would say to adopt the plan alluded to by Mr. Smellie, the grade might be raised about two and a-half feet for about seventy chains. That would overcome, by putting in a little piece of level, the difficulty.

Was not satisfied with the masonry for some time before he left the contract.

20506. Is there anything further that you have to say concerning the manner in which this work has been executed on section 15 for some time before you left the service?—I did not like the way in which the masonry was put there—the style of the masonry—nor did I think the style of masonry was in accordance with the specification, and I did not consider the foundations in all cases to be such as were safe.

20507. Did you complain of this to the contractor?—I complained of it. I reported it in my diary.

20508. To whom?—To my superior officer.

20509. Who was that?—Mr. Rowan.

20510. In writing?—In writing; yes.

20511. Was it in the shape of a letter or formal document?—A formal document: a diary which I was bound to put in every week.

20512. Then I understand that you kept a diary of the transactions under your notice, and that you forwarded that diary to your superior officer at the end of each week, or at some particular period?—A synopsis of it.

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20513. And you did transfer a synopsis of those opinions of yours?
—Some of them.

20514. Did you of the opinions that you are describing to us now?
—Yes; I did.

20515. In fact you conveyed those ideas to Mr. Rowan?—Yes.

Reported his
views to Rowan.

20516. And before you left the service?—Yes.

20517. Is there anything further in connection with the manner in which this work has been done under your notice?—No; I do not remember anything. There are a great number of minor things that would take up too long to speak of.

20518. Is there anything further connected with this Pacific Railway that you can communicate in the public interest?—I do not recollect at present.

W. B. SMELLIE'S examination continued:

SMELLIE.

By the Chairman :—

20519. Being present you have heard this evidence which has been just given by Mr. Carre?—Yes.

20520. Have you anything to say by way of explanation on behalf of the Department or the engineers concerning this work which he describes to have been done so as to make the line less efficient than was originally intended?—I do not know, of my own knowledge, what changes have been made, as described by Mr. Carre. This increase of grade can only extend over a very short portion of the line, and can have but a very slight effect in deteriorating it.

The increase of
grade described
by Carre can
extend only over
a very short
portion of line, and
can but slightly
deteriorate it.

20521. For what distance do you think the line would be affected by the transaction which he has described: name the length, the profile is now before you?—I do not know the points. I am not acquainted with the points.

20522. Assuming that there was a bottom left in of about two feet nine inches in height at station 1760, being used as a dam to prevent the water from the east flowing over the work done by the contractor, what distance of the line would be affected by that matter, this bottom being about that height at the westerly end and sloping gradually to nothing in a length of about 300 or 400 feet?—If I were asked about such a thing as that I should say it was only put over it for a temporary purpose, and that it would eventually be taken up. I may say that when the rails were being laid over this line such obstacles as this were got over in the way Mr. Carre describes, by laying rails over the top of it for the purpose of getting in the supplies for the section east of this, and such obstacles as this were not allowed to interfere with the track-laying.

20523. Then, I understand you to say that this has been permitted only as a temporary arrangement, to hasten the construction of the work?—It may be explained in that way. It seems a sensible view to take of it.

Thinks what
Carre described
permitted only as
a temporary ex-
pedient.

20524. Then it is not a permanent deterioration of the line?—I think not.

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struction—
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20525. It will explain, however, the reason why the work is hastened and finished at a less cost, in the first instance, than would have happened if the strict construction of the contract had been continually enforced?—Yes.

20526. So that the saving in the expense which Mr. Carre speaks of is not a permanent saving—the work must yet be done in order to make it according to contract?—It would be much the cheapest way of doing it, to take the rails up and take the rock out, because it would really take but a very short time.

**The saving of ex-
pense not per-
manent.**

20527. Yes, but the saving of the expense which Mr. Carre speaks of is not a permanent saving?—No; not at all.

20528. In the meantime the work has been done less expensively and less efficiently, but with the probable view of having the bottom eventually taken out and thereby the expense increased so as to make the work according to the original intention of the contract?—I have no doubt that that is the explanation.

20529. And up to the originally intended cost at the same time?—Of course.

20530. Is there any further explanation which you would like to give of these matters spoken of by Mr. Carre? Of course I understand that these are only theories of yours: you have no practical knowledge of the circumstances?—I am aware that a number of changes have been made in the location of the line, merely moving it a few feet in some places, and introducing slight curves in some places where there has been a straight line, but on those places the line is not materially deteriorated because the curve would still be within the figures desired by Mr. Fleming.

20531. But I understood Mr. Carre to speak of an instance of curvature where it was in excess of the maximum, so that this explanation of yours would not affect that locality?—It would not; Mr. Carre, may be quite right.

**A great reduction
has been made by
moving the line a
few feet on one
side.**

20532. Is there anything further that you wish to add by way of explanation of this matter?—I was going to say just in that way, that a number of changes have been made where the line has been moved a few feet one side, and by that change a very great reduction has been made in the cost of the work.

20533. Those changes then are, in your opinion, changes which might have been made by Mr. Carre within the limit of his jurisdiction?—Yes.

20534. And they affect the efficiency of the work or the maximum curves permitted by the contract?—Yes.

**This saving, an
opportunity lost
by Carre.**

20535. The omission to do so, to save that cost in the way described by you, has been an opportunity lost by Mr. Carre?—Yes.

20536. Is there anything further that you wish to say?—I do not think of anything.

HENRY CARRE's examination continued:

By the Chairman:—

20537. You have just heard Mr. Smellie's evidence?—I have.

20538. Have you anything to say with regard to any of his explanations or suggestions?—He has stated that a great number of changes have been made that I might have made. I wish you to ask him whether he does not know that I was continually making changes after I got permission to do so, and that many of those changes that he speaks of could not have possibly been known or made until after a certain amount of work had been done; that is, until the rock had been stripped, it was impossible to know how to change the line these few feet in a great number of places.

20539. You are asking me to question him, but at present I would prefer that you should state yourself what you know about it instead of depending on the answer of any one else; please give your own evidence?—As far as within me lay, wherever I found a chance of decreasing the work I did so to the best of my ability, after I received permission to make those sort of changes. I proposed many changes on the line, a great many of them were adopted. In fact I proposed most of the changes, and made many changes, very serious changes, up to the time I left. Those changes, Mr. Smellie speaks of, are slight alterations.

Insists that wherever it was possible after he received permission to make changes, improvements were made.

20540. Are they alterations which you might have made within your jurisdiction as you understood it?—Yes; they were at the time, and many of them would have been made when the work commenced, and when the work was in a state to admit or necessitate the alterations being made.

20541. Do you mean that the opportunity for making them arose after you had lost control of the section?—Yes; a great number of them—at least it was not necessary to make them until after.

The opportunity for making the changes referred to by Smellie arose after witness left work.

20542. Then the opportunity arose afterwards?—Yes.

20543. The best opportunity for making them arose after you lost control?—Yes.

20544. While it was within your control had you not the opportunity of making those alterations which Mr. Smellie alludes to?—In some cases I had not the opportunity; in other cases I had, but it was not necessary because the work had not progressed that far.

20545. The best opportunity had not arrived?—It had not arrived. In taking out the cuttings, when the earth was taken off the rock, I found in several cases that I could change the line and decrease the rock in the bottoms, and I telegraphed to Mr. Rowan to be permitted to do those things, and he has given me, in many cases, permission. I can show I have made far more changes and said nothing about them than all those that have been made so much of since I left the line.

20546. Is there anything further that you wish to say in answer to Mr. Smellie's evidence?—There is a case which I did not mention before, in which the grade has been raised above the maximum; lessened the quantity of rock to be taken out of the cuttings, and a portion of the rock cuttings filled in with sand that had been taken

Grade raised above maximum at station 700 where it can never be altered without taking out heavy rock bottom.

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out, and the old grade has been filled in with sand to raise it. In that case it can never be altered hereafter without taking out heavy rock bottom some three feet.

20547. About what station is that?—Station 700.

20548. Has it increased the maximum grade formerly permitted?—It has, I think, from station 720 to 793; the grade has been raised above the maximum to reduce the quantity of rock in the bottom of the cutting at station 700.

20549. What distance of the line would be affected by that deterioration?—About half a mile. I would also state that in that very cutting, 700, I twice or three times altered the line as the rock was exposed and reduced the quantities. Since I gave up control of the work, the stripping has been more accurately done. There was more of the sand taken out of the bottom, and I believe it has been again altered, and I had altered it three times before to get it as near as possible. It is very heavy sand cutting. I had altered it three times to get it to the right place, and it has been again altered, and this is one of the places, I suppose, that Mr. Smellie refers to as being a serious omission on my part.

Gave up control at end of June, 1880.

20550. You say before you gave up control: when did you give up control?—The end of June, 1880.

20551. Then this last matter you allude to happened since the 16th of June, 1880?—Yes; I have been informed that there have been changes there.

20552. If they have been made since the 16th of June, 1880, they are not within our enquiry?—It is in answer to Mr. Smellie's statement that there has been a great number of changes.

20553. I understood you before to say that you really gave up control at a period much earlier than June, 1880 - that is to say, you had not the same charge and supervision over the work that you had originally?—I had not.

But in effect control taken out of his hands about February or March, 1880.

20554. At what time do you understand that the control was in effect taken out of your hands?—About February or March, 1880. First a man named Haney was sent on to take charge of the construction, and he stated, and showed a letter to a person that spoke to me of it—a friend of mine—in which he had received instructions to go ahead and do just as he liked.

20555. You would not depend alone on what some friend of yours told you he had seen in a letter to Mr. Haney?—No; I asked Mr. Schreiber whether Mr. Haney had anything to do with the engineering. Mr. Schreiber told me no, he had not, but still he did do the work, and he was supported in every case.

20556. Was he supported contrary to your representations on the subject?—Yes.

20557. To whom did you make any representations?—I made reports in my diary.

20558. To whom did you submit them?—To Mr. Rowan.

Things suggested by witness not done, Haney's views being carried out.

20559. And did you find out that matters upon which you had made suggestions were done in a way different from your suggestions, and in accordance with Mr. Haney's wishes?—Altogether in accordance

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with Mr. Haney's wishes and instructions. In fact, I was told by Mr. Schreiber to give no instructions to the foreman on the line; that all instructions must come through Mr. Haney, who was a great portion of the time in Winnipeg, and it was impossible to give instructions through him—that is within a reasonable time to carry out the work. The control was virtually taken out of my hands; there was no use in my saying a word.

20560. Are you aware of any occasion upon which Mr. Haney's suggestions and wishes were followed and yours were rejected?—He would send his own engineer on and make alterations on the line without consulting me in the least.

20561. Did you make any representation on that subject to your superior officer?—On that special subject?

20562. Yes?—No; I admitted the correctness of the work that was done when I adopted the line.

20563. Do you remember any instance in which you made one suggestion or expressed one wish about the engineering, and Mr. Haney expressed another, and on which his was followed and yours was rejected?—There was one case of a mattress that had been ordered in Fellowes Lake. I gave instructions that it should be loaded evenly, and the sand and gravel put upon it—carried into it by a temporary bridge. There was no attention paid to my instructions, and the work was carried on—the dump carried on ahead in such a way that it sunk both ends of the mattress and destroyed the utility of it. My instructions were laughed at apparently. They did not carry them out at all.

Witness's instructions in regard to Fellowes Lake not carried out.

20564. Who laughed at them?—I do not know that they were laughed at; they were not obeyed.

20565. Who refused to obey them?—I believe that Mr. Haney said: "Go ahead and dump away," and James M. Ross, another man, was there, and he didn't follow my instructions.

20566. Who was Ross: was he one of the men under your control?—He was walking boss.

20567. Under whose control was he?—Under Mr. Haney's control.

20568. Was he the contractor's man or a Government man?—He was the contractor's man.

20569. Had you the control over the contractor's men?—Yes; the contract says that the contractor shall keep a certain number of men steadily in the field, so as to receive instructions from time to time from the engineer.

20570. In the instance that you describe, did you report to your superior officer that the contractor's man refused to do the work as you directed, and that it was made less valuable on that account?—I reported the circumstance.

20571. To whom?—In my diary. I cannot remember, but I know there are a great number of circumstances. There is another place in which a culvert was put in contrary to the way my assistant laid it out. It was put in in accordance to Mr. Haney's instructions, and the

In another instance a culvert was put in contrary to the way witness's assistant laid it out.

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struction -
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end of that culvert is now located on the top of an old pole drain that choked up. There are lots of things.

20572. Who did you understand employed Mr. Haney?—Mr. Schreiber. I was told he was recommended by Mr. Ryan, on the first 100 miles west. He told me he had recommended him to Mr. Schreiber, and Mr. Schreiber had employed him.

20573. At this time the work was being carried on by the Government, and not by the contractor?—It was carried on under the Government's supervision.

20574. So the Government had the management of the work as well as of the engineering?—Yes; I will give you the station for that culvert—station 402. There was a pole drain put in according to specification. There were two drains. There was another at station 401. These were to carry a very small supply of water around a point of rock which was covered by the embankment. The pole drain at 401 kept open and carried the water to another at 402, which had to pass it back again to the same side from which it came. It choked up; the water collected on the north side of the bank and washed the whole bank away—or a great portion of the bank away. I gave instructions to have a dug stone culvert put in at that point, and I gave instructions to my assistant to have the foundation taken out to solid bottom.

20575. You mean the foundation of the old pole drain?—No; the foundation for the new culvert.

20576. Prepared for the new culvert?—Yes; to get the best foundation possible my assistant had laid it out at an angle with the line of about, I should say, 45 degrees.

20577. Crossing the embankment?—Crossing the line instead of at right angles, at an angle of about 45 degrees. This was objected to by Mr. Haney, and a great how-do-you-do, and it was ordered not to be put in.

20578. You mean ordered by him?—Ordered by him. The whole work was changed by him, and my assistant's work was not adopted because it would save some small distance in the actual length of the culvert. To save that distance it had to be put in at right angles at almost the same spot on the centre line, and the south end of the culvert is now located on the top of the old pole drain that originally choked up, and the foundation is now partly in rock and partly on the old, washed out dump.

20579. When did this interference with your duty happen?—That was in about May, I think, 1880.

Haney signed as
superintendent of
work on behalf
of Government.

20580. Mr. Haney was then a Government officer?—He signed himself as superintendent of the work in the interests of the Government, and in the interests of the contractor.

20581. Is there anything further which you wish to say concerning that work as to matters which happened before the 16th of June last?—There were other cases in which Mr. Schreiber gave instructions contrary to mine which I do not know whether I have any right to object to. I did object at the time.

20582. He was your superior officer?—Yes.

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Reasons why
witness left.

20583. Is there any other matter?—I objected to signing the estimates for work done in this way, which I considered was done contrary to the specification, without written instructions to do so. These were my private reasons for giving up the work—leaving. I was told verbally to let these go.

20584. Who told you?—Mr. Schreiber told me to allow Mr. Haney to do just as he liked. If I had wished to remain there and certify to the estimates I might have been there still drawing my pay.

20585. Did he tell you that, or is that your own opinion?—He told me so; he asked me if I would allow these things to go on.

20586. Did he tell you that you could remain there if you did?—No; he did not tell me that.

20587. That is a matter of your own opinion then?—Yes.

20588. As our enquiry ends with the 16th of June last, your opinion as to the probability of your being employed there now, is not material: is there any other matter which happened before the 16th of June last which you wish to speak of?—Nothing else, except this difference of opinion between myself and Mr. Schreiber, which, I suppose, I had no right to object to.

MARCUS SMITH, sworn and examined:

MARCUS SMITH.

By the Chairman:—

Surveys, B.C. :
1872.

20589. When were you first connected with the works of the Pacific Railway?—I find, on referring to my papers, that in March, 1872, Mr. Fleming, by the authority of the Minister of the Department, proposed that I should take a position on the Pacific Railway. I was then engaged on the Intercolonial Railway. After some correspondence I accepted the offer that was made to me in April—April the 8th I find it is dated—that an engagement was concluded to go to British Columbia to take charge of the surveys there for the beginning of the Pacific Railway. That was the first office under the engineer.

20590. Did you go to British Columbia?—I went there immediately afterwards. I went over the Intercolonial Railway and delivered over my work there to my successor, and I think I arrived in British Columbia in May. I think I will find it in my report here. I find that I arrived in Victoria, British Columbia, on the 26th of May, 1872, and immediately entered upon my duties.

Arrived in
British Columbia,
26th May, 1872.

20591. Had you before that been long in the employment of the Canadian Government?—Yes; I had been in the employment of the Canadian Government since September, 1868.

20592. In what capacity?—As district engineer on the Intercolonial Railway. The Intercolonial was divided into four districts. I had one of those districts—the Restigouche district—that is the second one travelling southward. The first one was the St. Lawrence district; the next one was the Restigouche district; it was just one-fourth of the line.

20593. Before your connection with the Intercolonial Railway had you been in the service of the Canadian Government?—No; I had not.

**Surveys, B.C. :
1872.**

20594. Had you had much experience in engineering before that?—Yes; I had had many years experience. I came to Canada in 1850 and was engaged on the Great Western and Hamilton and Toronto, which was a branch of the Great Western, and also on the Canada Southern line up to about 1860.

Witness's standing in engineering profession.

20595. What is your standing in the profession?—I entered on the Great Western first as a draughtsman. After being a year there, I was appointed associate engineer on the Hamilton Railway. Associate means assistant to the engineer-in-chief. I remained there until I completed that work; about 1856 I think it was completed. I then went on the Canada Southern line, and while I was connected with it, I was in the same position there—I was associate to the chief engineer. I stayed there until the spring of 1860 when the work was stopped. They did not succeed financially in getting funds to go on with it. I left Canada and went to England. After being, I think, a week or so in England, I got an appointment to go to the Cape of Good Hope. It was a very important appointment: it was to act as arbitrator between the contractors for the construction of a railway, and the financial company who had the contract from the Government. It was a Government railway. I remained on that until it was nearly finished, two years, and I was appointed chief engineer of a railway of a private company in the same colony, Cape of Good Hope. I remained until I finished that, and left there in September, I think, 1865. From that time for I should say about three years, I was engaged in various railways in England, and had offices of my own in general business. In 1868 I came out to Canada again under a promise of employment on the Intercolonial from Sir John Macdonald, who had known me many years before, and was accordingly appointed as soon as the work commenced. From that time to this—that was in September, 1863—from that time to this I have been continuously in the employment of the Government.

20596. Are there any recognized ranks in the profession of Civil Engineer?—No; there are no legally recognized ranks; but in England there is an Institute of Civil Engineers who have a charter from the Government of their own body. They have no legal rights to prevent any one from practicing; but of course any one who is admitted there has to be a man of some eminence in the profession, and it gives any one belonging to it some standing.

A member of the Institute.

20597. Have you been a member of that Institute?—Yes; I have been a member for many years.

In charge of works in British Columbia from 1872 to 1876.

20598. How long did you remain in British Columbia before returning to this part of the country?—I had charge, general charge, of the works there from the time I entered in May, 1872, until 1876. I spent all the summer season there, and as long as we could remain out of doors. I came home every winter.

20599. Do you mean to this part of the country?—Yes; I came home to give all the information that had been obtained from the engineers, and complete the plans and get instructions for the next season. I had instructions from season to season what was to be done.

Still holds the same position though from circumstances called to the capital as acting Chief Engineer.

20600. When did you say your connection with British Columbia ended in that capacity?—It has never yet ended. I am still in the position to which I was appointed; but from circumstances I have been called to act in different parts. I am under still the same engage-

Surveys.

ment. There has been no change in my appointment since then; but in the spring of 1876, Mr. Fleming, who was in ill-health, got leave of absence for a period, I understood of half a year in the first instance; and, as his first officer, he requested me to take his place during his absence, and conduct the works as acting Engineer-in-Chief.

20601. Did that necessitate your remaining in this part of the country?—It necessitated my remaining here while in that office. I still had the general charge of the works in British Columbia, and the surveys that had been projected by me were carried out by Mr. Cambie in my absence.

20602. Was he the superior officer in British Columbia in your absence?—[In my absence; yes.

Cambie the superior officer in British Columbia in absence of witness.

20603. Since you came to Ottawa, in the spring of 1876, have you gone back to British Columbia?—Yes. In 1876 I endeavoured to make myself acquainted with as much of the country on this side of the Rocky Mountains—on this side of the boundary of British Columbia—as possible. I went to Lake Nipissing, travelled round the lake and explored a good deal of the country north of Lake Huron and Lake Superior, and went over these sections that were under contract west of Lake Superior, from Lake Superior to Red River. As much of them as were then under contract or under survey I examined, and I extended my examination some distance further west as long as the season lasted and returned again. I did not go to British Columbia in 1876, but in 1877 I extended my explorations from Red River westward, examining the country westward to Red River. You are aware that the line had been located—the line from Red River westward—through what they called the Narrows of Lake Manitoba, and near Fort Pelly, just a few miles north of Lake Pelly. There was a good deal of discontent with that location. The people in Manitoba petitioned the Government to have a further examination of the country. I was sent out to make that examination. I had an assistant with me, Mr. Lucas, who had charge of one party. I went with another, and made a general examination, and examined generally the crossings of the valleys. We did not make a continuous survey. We examined the crossings of the Little Saskatchewan, Bird Tail and Assineboine. The line had to cross all these. All those valleys are of considerable depth, 200 to 300 feet below the general level of the prairie. It had been reported it was impossible to get a line there. I extended my examination. When I reached Edmonton I went as far as Lac la Biche.

Discontent prevailed regarding location of line westward from Winnipeg.

20604. That was in 1877?—Yes. When I started I had no instructions to go beyond Battleford, or the elbow of the Saskatchewan—not quite so far west as Battleford—but when I arrived at Carleton, I found a steamboat was going up to Edmonton, and that it would enable me to extend my observations further, and I did so as far as Lac la Biche, almost due north from Edmonton, some 100 miles or more. Thence I went to Edmonton; I waited there some time. The steamer did not come; at last a mail arrived saying the steamer would not come. There was a pack train of horses and mules which had come from British Columbia, and which was about to return to British Columbia, and I took advantage of that, and instead of returning home by way of the plains, I went direct by the Athabaska and the Yellow Head Pass to the Pacific coast.

In 1867, with Lucas re-surveyed the country, and instead of returning to Ottawa proceeded via Yellow Head Pass to the Pacific coast.

Surveys.

Examined route critically from Edmonton.

20605. That was in 1877?—I arrived in British Columbia in the fall of 1877, at Victoria, so that by that means I examined the whole of that route, in fact, from Edmonton. I was close to the route from Red River; I saw portions of it here and there, but from Edmonton I examined critically that route, and one reason I went that route, a re-survey was being made of that route that year. I saw all the different surveying parties on my route and saw their work, and gave instructions how to finish the work.

20606. Were you still acting as Chief Engineer at that time?—Yes.

20607. How was it you were able to be away from the capital while you were Chief Engineer?—That was in the summer season. There was very little to be done here in the summer season—simply the estimates for the payments to contractors. I signed some of those myself on the road, and Mr. Smellie was authorized to sign them for me in my absence. These estimates are made out by the resident engineer in charge of the section under construction, and he is really the responsible party. It requires the signature of the Chief Engineer or one acting for him. By law it requires that, but really he has no control over the estimate: it is the engineer on the ground who makes out the certificate.

Not so necessary in summer as in winter for the Engineer-in-Chief to reside at the capital.

20608. Do I understand you to suggest that it is not necessary for the engineer to reside at the capital during the summer as a rule?—Not so much as in the winter. Of course it is an inconvenience for the engineer to be away any part of the year, but it is less in summer than in winter.

20609. Why is it more necessary for him to be here in winter?—He has everything to prepare for the report of the Minister, and all the information that has been obtained in the field during the summer has to be prepared for the report to the Minister of Railways and Canals for Parliament.

Office work of Engineering Department done principally in the winter.

20610. The office work of the Engineering Department is done principally in the winter?—Principally in the winter. I returned, and that same season I returned by way of San Francisco back to Red River and examined the works under construction.

20611. Without coming to Ottawa?—Before I returned to Ottawa.

In 1877, from spring to fall, saw every work connected with railway.

20612. That was the fall of 1877?—Yes. So that from the spring of 1877 to the fall I really examined every work, whether of surveys or of works under construction, during that year. I saw every portion of the work where operations were being carried on.

20613. Then I suppose you remained in Ottawa during the winter of 1877-78?—Yes.

20614. And the summer of 1878, did you still remain?—Mr. Fleming returned—I do not remember the date exactly when he returned—in the spring of 1877 Mr. Fleming returned to Ottawa and remained several months in Ottawa. He was engaged principally writing his report of that date: it is a very large report, if you remember. He did not interfere with the active operations of the staff during that time, but he acted in other respects as the Chief Engineer, in the matter of appointments and communications with the Government. I did not communicate with the Government while he was present.

20615. Then, perhaps, that would account for your being away from Ottawa so much that summer, Mr. Fleming being here and acting

Surveys.

formally?—Just so; so everything was arranged that was necessary that required the Chief Engineer's sanction before Mr. Fleming left. He left again some time in May or June, I think, 1878. I went out again in 1878. Witness went out again in July, 1878.

20616. Over what portion of the country?—I examined the works chiefly under construction between Thunder Bay and Red River.

20617. Do you remember what portion of that season you occupied in that country?—It is in the report for 1878. I left here in July, 1878, and went direct to Thunder Bay. In July, 1878, I was directed by the Minister of Public Works to make a careful inspection of the works under construction on the Pacific Railway and endeavour to discover the cause of the quantities exceeding the original estimates on some of the sections. I accordingly went over these sections, 13, 14 and 25—I think they were under construction at the time—and I examined them very carefully and gave the result of my examination, which I also gave in my evidence before a Committee of the House of Commons and the Senate two years ago. Went over contracts 13, 14 and 25.

20618. About how long were you out that summer inspecting the works under construction?—I was out to the end of the season, up to the end of October, when I returned. I also went over section 15 that season. There were sections 13, 14, 15 and 25 under construction. I examined all those. You will understand that they do not come on the map consecutively. Also Contract 15.

20619. Those sections would embrace all the works then under construction between Red River and Thunder Bay?—Yes; there was an intervening portion not under construction at that time. It is called sections A and B at the present time. The survey of those sections was going on at that time, and I also gave some written instructions with regard to that section. Also inspected contracts Nos. 41 and 42.

20620. You mean A and B, or 41 and 42?—Yes.

20621. Did you return for the winter of 1878-79 to Ottawa?—Yes; I returned to Ottawa in that winter as usual.

20622. And after that winter?—That would be the spring of 1879. During the winter I was doing various duties—making plans.

20623. The usual office work?—The usual office work in the winter. In the spring of 1879, when I had got through with the office work, I informed the Chief Engineer of it and asked for instructions; I asked to be allowed to assume my work in British Columbia as he had returned permanently. Mr. Fleming had returned to Ottawa from England to remain, in November or December, 1878. I was informed that there was not going to be much work done in British Columbia that year—that was the season of 1879—only some explorations in the northern part of it, in the neighbourhood of Peace River, and that there was some very important work to be done in Manitoba and the North-West Territories—that the Government had determined to change the line from Red River westward to the south side of Lake Manitoba. It had been understood before, and, I believe, the Chief Engineer repeated, that it would be impracticable to adopt that route for the main line—that it would only be a branch line for the Province of Manitoba, and that west of that it would be impracticable to continue the main line; but the Minister, in conversation with me, when speaking to me, said Witness wanted to assume work in B.C. in 1879, but was informed that not much would be done there that year.

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Informed that the Government intended to run the line to the south of Lake Manitoba, and accordingly witness instructed to examine the country as far as North Saskatchewan, the extent of country examined being 500 x 200 miles.

The first and second 100 miles west of Winnipeg decided on.

Returned to Ottawa in fall of 1879.

the Government were very anxious to have exhaustive surveys of the country made, to see if that line could not be made practicable.

20624. South of Lake Manitoba?—South of Lake Manitoba; and I was instructed to take charge of those surveys and examine the whole country out west as far as the North Saskatchewan, and to use my discretion in reference to the line, to search the whole country in search of some practicable line. The field extended from Red River westward to the North Saskatchewan at the elbow near Battleford, and transversely from the Assineboine and Qu'Appelle on the south to the Riding and Duck Mountains on the north. That was the extent of the field. It embraces a length of between 400 and 500 miles and a breadth of about 200 miles possibly. There was the whole of that country to be examined to endeavour to get a practicable line through. I did that accordingly, and I had two surveying parties under me. I went in advance of those and selected the country for them to survey. The result was that the first 100 miles through the Province of Manitoba was decided or nearly so, and that the second also was decided. We had two surveys of the second 100 miles, one called the north-western line, which took a north-west course and went up very near—some distance up—the slope of the Duck Mountain, and struck the Bird Tail pretty well up north towards its source

20625. Did that line go north or south of the Riding Mountains?—South of the Riding Mountains.

20626. Both of those lines were south?—Yes; all the field I had to examine was south of the Riding Mountains. It crossed the Little Saskatchewan where the northern cart trail crosses; it is called Tanner's Crossing from the name of a man who lives there and used to keep a ferry there. The other line went further south, in a course nearly due west, and terminated at the mouth of the Qu'Appelle River near Fort Ellice where the Qu'Appelle and Assineboine join. You will find the report of that season's survey at page 251, report of 1880. You will find a report of the result of that season's work. But I must state that although I had found a good line for 200 miles, in fact two lines, the season closed before we could extend the surveys further westward into the third 100 miles, and there were some difficulties in that third 100 miles. We had the Assineboine to cross. It was a difficult country, so we could not decide which line to adopt until further examinations were made. But the Government had to let a contract, and let a contract on the north-western line. That was in the spring of 1880.

20627. That is generally known as the second 100 miles west of Winnipeg?—The second 100; they let the contract.

20628. Then did you return to Ottawa in the fall of 1879?—I returned to Ottawa in the fall of 1879, and was engaged that winter in making out this report, and the quantities and plans and profiles and other information for letting the contract. The contract was accordingly let, I think, in May, 1880—the date is given here somewhere. I find that the contract was let on the 3rd May; that was let on the information that I had obtained from the surveys of 1879.

20629. After the winter of 1879-80 did you remain in Ottawa?—I remained till the season for field work arrived, and I wrote to the Chief Engineer reminding him that the contract was let for the construction of that work, and that the line was not thoroughly located; there might be changes necessary after the surveys were extended further

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westward, and a few days afterwards I had instructions from the Minister. My instructions were from the Minister that time to take charge of that work and continue the surveys westward.

In 1880, instructed by Minister to continue the surveys westward.

— 20630. Do you mean to take charge of construction on the second 100 miles?—Both the construction and extension of the surveys westward from that. We immediately located a sufficient portion of the east end of that second 100 miles to enable the contractors to go on with their contract without interruption, and then proceeded to extend our surveys westward. I made a thorough examination of the country. I had three different surveying parties with me, and from that examination I projected a new line for the third 100 miles and a portion of the second 100 miles, an intermediate line between the two that had been surveyed the year before. This was in connection with that line. The location of the second 100 miles was continued east—that was Messrs. Bowie's contract—and the location of the third 100 miles; also made a part of the fourth 100 miles, and I also, so as to give the Government a choice of lines, continued the location from Fort Ellice or the mouth of the Qu' Appelle, north of Fort Ellice, north-westerly from the mouth of the Qu' Appelle to a common point with the other line, meeting on the old located line—the originally located line on which the telegraph line was put.

Location of second and third 100 miles proceeded with; a part of fourth 100 miles made, and to give a choice of lines continued location from Fort Ellice, north-westerly to a common point on the old located line.

20631. You mean the second location by the Narrows of Lake Manitoba?—Yes; these two lines converge to a point a little north of Quill Lake. If you wish to go more particularly into that I have a map to show the points.

20632. Our enquiry will end with the 16th of June, 1880, so that we shall not probably ask you the particulars of that survey?—I got the particulars last season and since that the Syndicate got the plans. I delivered them over a week or two ago.

20633. Your first work was in British Columbia?—Yes.

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20634. And you had charge of all the work in that section, the mountainous section, the work at that time being only surveys?—Only surveys; yes.

20635. Had you the responsibility of deciding in what way the examination of the country should take place, whether it should be instrumental surveys or simple explorations?—Yes; that was arranged before I went out. Each season the work to be done was arranged.

20636. Was that portion of the work arranged in Ottawa?—Arranged in Ottawa; yes.

The manner in which examinations should be conducted decided by the Chief Engineer.

20637. By whom?—By the Chief Engineer.

20638. Then, so far as your charge of the work is concerned, it was following out the directions which came from the head of the Department here?—Just so. It seems to me those directions were based a good deal on the information I had given from year to year, from season to season.

20639. But for the first season you would not have that information?—No; I had not. I might explain to you that surveys had been commenced in British Columbia before I went out there; they were commenced in British Columbia in July, I think, 1871. If you

Surveys in British Columbia commenced before witness went out there.

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turn to my report, the appendix with this, page 105 of the report of 1874, that gives an account of the position of the surveys when I arrived there, and the result of the surveys during the season. I may state now that—

Fleming responsible in first instance for directing the manner in which the surveys should be made.

Plan of surveys when witness arrived on the scene.

20640. At present I am endeavouring to ascertain who was responsible for directing the method in which the surveys or examinations were made?—The Chief Engineer, Mr Fleming, was responsible in the first instance. When I arrived in British Columbia, I found that the surveys were under three different officers who were called district engineers. Each of them had more—one, two or three—survey parties under him, and they were making surveys as directed, in writing, by Mr. Fleming. There had been originally two lines marked out for survey, or at least one line branching into two; that was up the Fraser River to Kamloops, and from Kamloops the surveys branched one following the south branch of the Thompson River. When I say up the Fraser River to Kamloops, up the Fraser River to Lytton, and from Lytton thence up the Thompson River to Kamloops—two branches of the Thompson River there—one survey was carried up the south branch of the Thompson River to Lake Shuswap, the other survey was carried up the north branch of the Thompson River towards the Yellow Head Pass. In continuation of that survey of the south branch of the Thompson, Mr. Walter Moberly who was one of the district engineers in charge of the surveys, was making a survey through a pass in the Rocky Mountains, called the Howse Pass.

20641. Had he received instructions before you took charge?—Yes; I found them employed under the directions of Mr. Fleming when I arrived there.

20642. So that his operations of that season when you first went to British Columbia were under the direction of your superior officer, and not controlled by you at all?—Not controlled by me at all.

20643. Were there any of the operations of that season controlled, or rather directed, by you as to the method in which the examination of the country should be made?—No; not during the first season.

Duty of witness during his first season to see that Fleming's directions were carried out.

20644. Then are we to understand that your duty that first season was to see that the previous directions of Mr. Fleming were properly carried out, as far as the surveys were concerned?—Yes; I may state, however, that before I left Ottawa some plans and profiles had arrived in Ottawa from Mr. Moberly, who was engaged in surveying the Howse Pass through the Rocky Mountains.

20645. Had he been engaged the previous season in that same work?—He was engaged the previous season. He was one of the district engineers who had been engaged from the beginning.

Before he left Ottawa in 1872, Fleming had decided to abandon Howse and adopt Yellow Head Pass.

20646. Then do I understand that his operations of 1872, in the direction of Howse Pass, were really the continuation of the work of the previous season?—I was going to explain that to you; that before I left Ottawa some of Mr. Moberly's plans and profiles of the Howse Pass—of the surveys through the Howse Pass—had arrived in Ottawa, and were considered by Mr. Fleming, and Mr. Fleming decided to abandon that route and directed all the surveys to Yellow Head Pass, and I believe the Government, I suppose through the advice of the Chief Engineer, adopted at that early period the Yellow Head Pass—

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at least all the surveys were directed to that, and Mr. Moberly had instructions, in the spring of 1872, to abandon the Howse Pass and take his parties to the Yellow Head Pass to make surveys there.

20647. As I recollect Mr. Moberly's evidence upon that matter he was directed to withdraw from his investigation of the Howse Pass locality, and to retire over some of the ground that he had previously passed over, and to direct his attention to a point further north by the Athabaska Pass towards the Yellow Head Pass?—Yes.

20648. Do I understand that that movement was directed by you—I mean his retiring from the investigation of the Howse Pass and taking up the line of country through the Athabaska Pass towards the Yellow Head Pass?—It was not directed by me except by letter from Mr. Fleming. I do not remember whether the direction came from him through me, but I was not the controlling power. It is very possible as I took charge. When I was sent out there I took the direction of the whole of the surveys, and all the parties there then acted under me, and in that position all the instructions from the engineer would come through me; but my impression is—I know it was directed from Ottawa that Mr. Moberly was directed to withdraw from there

Moberly's withdrawal from Howse Pass directed not by witness but from Ottawa.

20649. Are we to understand that the method of the operations of that season of 1872 for the examination of the country in British Columbia were not controlled by you?—Of 1871 they were not; of 1872 they were. I had charge of all the surveys of 1872.

20650. I understood you to say that the method of them had been arrived at before?—Yes.

20651. Then I am asking you whether the method was prescribed by you?—It was Mr. Fleming's method. I was carrying out Mr. Fleming's instructions for that year.

20652. Do you remember what your own operations were for that year: what portions of the country you visited, and what course you took?—Yes; it is given very fully in the report of 1874, in appendix E of the report of 1874. My operations and journeyings are given very fully.

20653. Did you return to Ottawa in the fall of 1872?—No; I did not. After the completion of the season in 1872—they cannot continue working there in the winter—after the parties completed their season's work, several of them went home to Ottawa to make their plans there; but I had a telegram from Mr. Fleming to remain there; that there was a very large expenditure up to that date—it was the fall of 1872—and much of it was not accounted for, and he wished me to remain and examine the accounts with Mr. Watt. He was the accountant and commissariat officer for British Columbia. Accordingly I remained and went over the whole of the accounts with him to find out how the money was spent.

At close of season in 1872, directed to remain in British Columbia and examine the accounts of Watt.

20654. Where were your headquarters that winter?—In Victoria.

20655. And Mr. Watt's headquarters also?—In Victoria. I remained there until March, I think, 1873; I do not know exactly the time I did return, but I know it was the spring of 1873 before I got through with those accounts. I find that I was still in British Columbia the 1st of March, 1873, and it was during that month I came to Ottawa to report on the condition of the work. I remained but a very

In March, 1873, came to Ottawa to report on the condition of the work.

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short time, and went back to British Columbia. I think I only remained a few weeks in Ottawa, and went back again to take charge of the surveys again.

In 1873, only two parties engaged; only a supplementary survey made.

20656. How was the system of the survey for 1873 arranged: was it arranged before or after you left Ottawa, or by you in British Columbia?—It was arranged in Ottawa. There was very little done in 1873. There were only two parties engaged, and it was simply making a supplementary survey or deviation on one route that had been surveyed in 1872.

20657. Do you remember who were the district engineers in charge of that, or were there more than one?—There were two, Sir. There were two parties, Mr. Jarvis was one and Mr. Gamsby was the other.

Of the method of this survey witness had direction; it was instrumental and was made from Howe Sound to Lillooet thence to Cariboo waggon road, thence to the central plateau.

20658. As to their operations, who had the direction of the method in which the examination was to take place?—I had the direction of it. It was an instrumental survey. It was made from Howe Sound, which is a little north of Burrard Inlet, made up by a pass through the Cascade Mountains, and up to Lillooet, and from Lillooet across what is called the Marble Canyon. That brought us to the Cariboo waggon road. Thence the survey followed up the valley of the Bonaparte River up to the plateau—the central plateau we generally call it—then across the same, joining the survey of 1872—which joined the survey of 1872 at a point almost seventy-five miles from Kamloops, some little distance below Clearwater. I may tell you that it was not until the fall of 1873 that I met Mr. Moberly, although he had been under my instructions, the distance had been so very great. He went to the Yellow Head Pass and made some surveys east towards Edmonton, and Mr. Fleming came through there. He travelled through the country by the Yellow Head Pass to the Pacific in the fall of 1872. He saw Mr. Moberly on his road and gave him directions, and I met Mr. Fleming myself. I was going to meet him, and I met him some 150 miles up the North Thompson.

Moberly's movements.

20659. Then do you mean that the Moberly operations for 1873 had been previously directed by Mr. Fleming in 1872, and were not controlled at all by you in 1873?—No; in fact I had very little control of Mr. Moberly at all until I ordered him to come home in 1873, because he had his first instructions to go to the Howse Pass from Mr. Fleming. He left the Howse Pass by instructions from Mr. Fleming to go to the Yellow Head Pass. He made surveys in the Yellow Head Pass, and eastward from the Yellow Head Pass, and it was not until he returned that he got his instructions from me in 1873. I had not met him before. He returned to Kamloops under my instructions.

20660. He had, during the season of 1873, made some survey towards Cedar Lake from Albreda River?—He had made surveys on the east side of the mountains towards Edmonton, and from the west side towards Cedar Lake, and that was under my instructions.

20661. Did you direct that the examination should be an instrumental or an exploratory one?—I think it was exploratory. I directed that.

Parties under authority in 1873.

20662. Beside these two parties which you have named as being under your authority in 1873—that under Mr. Jarvis, and that under Mr. Gamsby—there was therefore another district engineer under your control, Mr. Moberly,?—Yes; up to the end of 1873.—the fall of 1873.

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20663. This examination of the country between Howe Sound and Lillooet was not made under Mr. Jarvis's authority?—One part of it. Mr. Jarvis had charge of the party as the division engineer.

Gamsby and Jarvis's surveys.

20664. Was not his charge from Lillooet north-westerly?—Yes; the first was Mr. Gamsby, from Howe Sound to Lillooet, or some point near Lillooet, and Mr. Jarvis took up and connected with him there. His was the most north-westerly part of it.

20665. Then the first portion of the exploration was under Mr. Gamsby's charge alone, and not under Mr. Jarvis?—It was under Mr. Gamsby alone.

20666. What was the nature of that examination?—It was an instrumental survey through a very rugged pass. Through all the Cascade Mountains the passes are so rugged that a simple exploration with an aneroid to get the height would not be sufficient data from which to make out any approximate estimate of the cost.

Gamsby's from Howe Sound to Lillooet instrumental through a rugged pass.

20667. Could you not ascertain the feasibility of the line from a bare exploration?—Yes; we could find the feasibility by travelling through it; but we wanted more than that—we wanted a comparative estimate of the cost of different passes.

20668. Had the feasibility of this particular portion of the country been established before by exploration or any other examination that you know of?—There had been parties through it that got information from people who had travelled through it, and it seemed feasible.

20669. Then this was, in fact, a continuation of the previous examination, but a closer one?—It came through a different pass. The first survey was by the Fraser River to Burrard Inlet. This examination was also from the Fraser River from a point farther up, through a different pass to Howe Sound. It was a branch of the same line I may say, a deviation, an alternative line.

20670. And the Jarvis exploration was also instrumental?—Yes.

20671. Were quantities taken out from those surveys and examinations?—Yes.

20672. So as to make a close comparison between the cost of that line and the Burrard Inlet line?—Well, quantities were taken out of all the different surveys through the Cascade Mountains, the Cascade Mountains being the more difficult of the two. The Rocky Mountains were much more easy of the two.

Quantities were taken out from all the surveys through the Cascade Mountains.

OTTAWA, Thursday, 28th April, 1881.

RODERICK McLENNAN, sworn and examined :

McLENNAN.

By the Chairman :—

20673 You have had some connection with the works on the Pacific Railway?—Yes.

20674. In what capacity at first?—I first went on the surveys in British Columbia, in 1871.

On surveys in British Columbia in 1871, as district engineer of the Yellow Head Pass region.

20675. In what capacity?—As district engineer of the Yellow Head Pass region. I was the first man in the Yellow Head Pass on the survey.

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20676. How many district engineers were there in British Columbia that season?—Two.

Moberly was district engineer in Howse Pass.

20677. Who was the other?—Mr. Walter Moberly and myself. Mr. Moberly was in the Howse Pass and I was in the Yellow Head Pass.

20678. Where did you begin your operations that season?—I began at Kamloops—Fort Kamloops.

Witness in 1871, began at Kamloops with about thirty-five men who went up the North Thompson to explore the Yellow Head Pass, and another party went up to Cariboo.

20679. With what sized party?—I had between thirty and forty men with the party that went up the North Thompson River, to explore the Yellow Head Pass, and there was another party that went up to Cariboo to intercept my way going northerly. They were to meet me at Tête Jaune Cache.

20680. When you speak of the size of your party, do you mean the combined party?—No.

20681. That is, the one that started from Cariboo as well as the other one that started from Kamloops?—No; the nature of that service was to explore that country, to get a way through it, and a number of packers with animals took through our provisions.

20682. What do you say was the size of your party?—From thirty-five to forty men, all told, packers, axe men and all.

20683. How many of the engineering staff?—Well, with me, going up the North Thompson, there were two assistant engineers and one or two younger men in the position of rod men.

Of the North Thompson party, five belonged to the engineering staff.

20684. Then, for the purposes of the survey there were five men employed?—Five men actually—that was, men supposed to use instruments or anything of that kind.

20685. They were examiners of the country?—Yes.

20686. The rest of the party, as I understand, was made up of persons who were required to carry provisions and to do other work necessary to your efficiency and comfort?—Cutting trails through the country. You see there had never been anybody through the country and we had to cut our way through it.

20687. Then, between twenty-five and thirty men, besides the engineering staff, were employed on road making and taking forward supplies?—Yes.

20688. Were they ordinary labourers?—Yes.

Forty animals with party.

20689. Had you animals also connected with your party?—Yes; we had nearly as many animals. We had forty animals, all told.

Started from Kamloops, 1st August, 1871.

20690. What time in the season did you start from Kamloops, your base of operations?—It was about, as near as I can recollect now, the 1st of August, 1871.

20691. Who had the responsibility of making up your party?—I had myself of making up the labourers, but not the staff.

20692. Who selected the staff?—Mr. Fleming.

20693. Did they go from this part of the country, or did you get them in British Columbia?—Some of them went from this part of the country. There were one or two, however, I took up there at Mr. Fleming's suggestion—that is giving me a number of names of parties who were there. They were reported by him as residents, and would be available for that service.

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20694. Then you selected on the spot some who were suggested by Mr. Fleming?—Yes.

20695. Did you select any entirely on your own responsibility?—No; none of the staff that I recollect at all.

None of the staff selected on witness's own responsibility.

20696. The labourers, I understand, you selected entirely on your own responsibility?—Oh, yes.

20697. Who decided upon the number of persons to be engaged in your party and the number of animals?—Well, I decided myself—that is, based on the information I could get of the country (of course, I never was in that country before), after consulting with people who had been, as to the nature of the service, which was unknown to almost everybody, and on consultation with Mr. Moberly, who had been in that country for some years; and, of course, I formed my party with a view of the certainty of getting through to Tête Jaune Cache, or Yellow Head Pass, because it was important to get through before the winter set in, otherwise the exploration would extend over another year.

Number of other persons and animals decided by witness.

20698. Where did you meet Mr. Moberly to consult with him?—Mr. Moberly was on the train with me going to British Columbia. He was here at the time I started for British Columbia.

20699. Would you please commence with the description of your operations by stating when you left Ontario, and how many went with you, and so on?—I left Ontario about the beginning of June, early in June, and with me, as one assistant, I had W. W. Ireland, that went from this place, and another, L. N. Rhéaume. Those were the only men of the staff that I had, and accompanied by Mr. Moberly who had one or two other men with him, and we went to British Columbia—went to Victoria—and we were also accompanied by Mr. George Watt, who was commissariat officer.

Witness left Ontario in June, 1871, and remained in Victoria long enough to supply Mahood's party which started on Dominion Day for the Cariboo district, where they commenced their operations.

20700. How long did you stay at Victoria?—Some days, long enough to supply the party that was sent out under Mr. Mahood.

20701. Was that party going out to the Cariboo district?—Yes. They left Victoria on Dominion Day.

20702. But Mahood's party, as I understand it, were making their way as quickly as possible to start an easterly exploration from that point to Cariboo?—Yes; but they started for their operations from Victoria.

20703. They did not make an examination of the country from there?—They made no examinations until they reached Cariboo.

20704. What was the base of their operations?—That was the base of their operations.

20705. You stayed long enough in Victoria to get supplies for Mr. Mahood's party and your own?—To get supplies for Mr. Mahood's party, see them off and prepare for the party that went by Fort Kamloops.

20706. Was the Mahood party under your charge?—Yes.

20707. Who was the next in command under you in the Mahood party?—Mahood was the next, and a young man named Dickey—I forget his Christian name now—from Sackville, New Brunswick.

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Moberly joined witness at Fort Kamloops.

20708. What time did you leave Victoria: do I understand that Mr. Moberly accompanied you from Victoria up to Kamloops?—No, not all the way; he sent some of his men up. At Hope he took a short cut through the country to try and pick up some pack animals, and some of his men went up with me to Fort Kamloops, and he there joined me with some pack animals. We divided—at least, I got some that I wanted.

20709. What time did you leave Victoria?—We left Victoria sometime in July. It was a few days after Mr. Mahood left.

Spent some time at Kamloops organizing and getting horses, &c.

20710. What time did you reach Kamloops: did you say in August?—No; we went there before the end of July, but we were there some days organizing and getting the horses and pack saddles and outfits necessary to carry supplies to the mountains, and some time was spent there getting packers for the horses, that is, men skilled in leading horses over the mountains.

20711. Were these animals horses or mules?—We had some of both.

Watt supposed to buy supplies but Moberly bought some also.

20712. Who had the responsibility of purchasing and fixing the price of those animals on behalf of the Government?—Mr. Watt made the purchase, or was supposed to be the man who supplied us with those animals. In some cases he did, but he could not be with us in all cases, and we had to pick them up. You see, we were hurried, and Mr Moberly went through the country, and knowing the Hudson Bay Co.'s agents, he bought some.

Witness also bought some.

20713. As to those which Mr. Moberly did not buy, did Mr. Watt buy them and fix the prices?—Mr. Watt bought some and I bought others.

20714. Then you did buy some and fix the price, on your own responsibility?—Yes.

Bought a pack train of twenty mules.

20715. About how many of the animals were mules?—I think I bought one pack train, they call it there—about twenty mules, as near as I can recollect the number now.

20716. Have you any recollection of the price?—No; I think it is something like \$110 or \$120 apiece.

20717. Did that cover anything more than the animals: did it cover the harness?—In that case it embraced the apareos, as they call it. Those are things that are put on the animals backs to protect them carrying packs.

By Mr. Keefer :—

20718. Pack saddles?—No; the apareos is distinct from the pack saddle.

By the Chairman :—

Watt responsible for purchases.

20719. As to the supplies, who had the responsibility of purchasing them and fixing the prices?—Mr. Watt, as a rule, had the responsibility of purchasing supplies and fixing the prices.

20720. Did he purchase what was necessary for your party that season?—He did. I do not know but we might have supplemented it, some, with supplies at Fort Kamloops—some things we needed there.

20721. Who would have the responsibility of buying those supplementary articles?—Well, anything that was purchased in Mr. Watt's

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absence, I would, of course, have the responsibility of. Those were unimportant. The staple articles were purchased by Mr. Watt.

20722. Would you describe, shortly, the object of that season's operations as you had planned them at the time you left Kamloops?—Well, in accordance with instructions I had from the Government, they thought it very desirable that a line should be had from Yellow Head Pass in the first place, that Yellow Head Pass should be well tested, and that being found satisfactory, the line should be continued westerly from that through the gold region through Cariboo to Fraser River.

Instructed to test Yellow Head Pass and finding it satisfactory to run a line through Cariboo to Fraser River.

20723. *Via Tête Jaune Cache?*—*Via Tête Jaune Cache.* If Tête Jaune Cache was found practicable it was highly desirable a line should be extended west to the gold fields.

20724. That would be crossing what is known as the Cariboo range of mountains?—Yes.

20725. And, as far as your party was concerned, I understand that you were not to survey westerly from Tête Jaune Cache, but the operations of your party proper were confined to this north-easterly country?—Could I get to Tête Jaune Cache and it be found practicable, I would have done so. My instructions were to examine Yellow Head Pass, and that being found good for a line, to run westerly, but I had no means of getting there.

20726. I am asking what was your plan of operations when you started from Kamloops?—My plan of operations was to get to Yellow Head Pass by the North Thompson River, the only supposed way I could get there.

20727. Did you expect to take all your party by the North Thompson River to Yellow Head Pass?—Yes.

20728. In a body?—In a body.

20729. Were there roads along the North Thompson?—There were none.

20730. Then you had to make your roads as you went on?—We had to cut our way through the forest.

Had to cut their way through the forest from Kamloops as they went along.

20731. It was not a travelled country on either side of the river?—There was a settlement five or six miles beyond Kamloops, on the North Thompson, and then we got out into the vast wilds.

20732. Had you formed any idea at the time of starting of the probable time it would take your party to reach the Yellow Head Pass?—I had hoped to get there early in October—as early in October as I could get there.

20733. In doing that you would necessarily pass through a part of the country which, you say, would form a part of the location afterwards—I mean from Yellow Head Pass westerly—Tête Jaune Cache all the way to the Cariboo district?—I would simply have some knowledge of the grades adjacent to the valley that I went through up the North Thompson River, but would have very little knowledge of the interior.

20734. You mean you would have some knowledge of the immediate neighbourhood of the river?—Of course I would have a good knowledge of that going up the heights on each side as we went to the north; but the interior, west of that, I could not explore very much,

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I did not have the time, and Mahood was working to meet me, was expecting to meet me at the Tête Jaune Cache.

Took his party to Cranberry Lake; sent back all the packers and as many animals as possible, and with a few men and Selwyn of Geological Survey went to Yellow Head Pass.

20735. Did you take your party to the Yellow Head Pass?—I took the party to Cranberry Lake. The season was pretty short, and I sent back as many packers—in fact all the packers—and as many of the animals as could go back. Some of them were reduced and could not go back. I then took a few men from the party and went to the Yellow Head Pass myself, accompanied by Mr. Selwyn, Director of the Geological Survey.

20736. Who else?—One or two other men I took to take animals and carry supplies, bedding and tents.

20737. Any animals?—Yes; we had some six or eight animals.

20738. How far is it from Cranberry Lake to Yellow Head Pass, in round numbers?—Oh, I suppose it is about fifty miles.

20739. About what time did you diminish the party, as you say, at Cranberry Lake?—Well, it was early in October, very probably the 5th—about the 5th of October. Then, having reduced the party, I kept a sufficient number there to explore and examine that country and use the instruments there as much as they could through the winter, and not any more men than I was assured could be fed with the supplies we brought there until the spring.

20740. Was Cranberry Lake reached before Tête Jaune Cache?—Yes.

20741. Was it on any part of the line which might eventually be located between Kamloops and Tête Jaune Cache?—Yes.

20742. In round numbers, what is the distance between Kamloops and Cranberry Lake?—I forget now—something like nearly 200 miles.

20743. In round numbers, what would you call the whole distance from Kamloops to Yellow Head Pass?—I think it is something like nearly 250 miles.

20744. You say that you retained enough supplies and men and animals to carry you through the winter season, in making a closer investigation of that country?—I retained what supplies I brought there, and reduced the men so as to have no more than could subsist well until the next spring.

20745. And you thought that the supplies which you had left would be enough to carry you through until spring?—Yes.

20746. When you started from Kamloops did you expect that you would be able to discharge a portion of the party as soon as you reached this lake?—I so expected.

20747. So that was carrying out your plan of operations?—Yes.

20748. It was not found to be necessary in consequence of something which happened on the journey?—Oh, no.

20749. It was part of your original scheme?—It was part of my original scheme, winter setting in as I expected it would.

20750. Did you think it was necessary to have taken so large a party of men and animals, in order to carry the supplies from Kamloops up to that point?—Yes.

20751. Did you find that there was as much necessity for a large party as you expected when you started?—It was quite necessary

Distance between Kamloops and Cranberry Lake 200; from Kamloops to Yellow Head Pass 250 miles.

Believed that supplies would last until spring.

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to take those animals to take the supplies for the men there, although at the time I did not think it was necessary to take such a party. My own opinion was, only a skilful party with Indians and packers to make an exploration through the country and acquire information would be better.

20752. Did you mention that idea to anybody?—Yes; I think I spoke of that idea to Mr. Fleming when I returned. Taking a number of men into an unknown country, of course you have to provide them with supplies and provisions, and you don't know what the country will be. A smaller body would accomplish the same result with less expense.

A smaller body of men would have accomplished the same result with less expense.

20753. Are you speaking of your opinion before you left Kamloops or after the event?—It was after the event. I knew nothing of the country at all.

20754. I was asking whether the event turned out as you had anticipated at the time you left Kamloops?—I simply required to take the transit men and levellers, &c., a full party of men, and, therefore, I had to take provisions for them.

20755. Who settled, before you started from Kamloops, upon the size of the party—I mean the number of men and animals that you were to take?—I settled, to a great extent, that myself; that is, getting advice from others who pretended to know something about the country and the requirements of the work.

Witness responsible for size of party and price of provisions.

20756. Was the price of supplies and animals a matter left to your discretion?—Of course I was not directed as to the price, I was left to my own discretion.

20757. The , in adopting the number of men and animals for the party, you acted on your discretion?—Certainly.

20758. When you discharged a portion of the party, did you find your judgment had been a good judgment as to the number of men and animals required, or at the end of the season did you think you had employed more than was necessary?—No; I found I had barely enough provisions to keep a small party (somewhat reduced, but not to destroy their efficiency so much), I had scarcely enough to supply an ordinary surveying party until spring. What with getting them up there and cutting roads to get them up there, and making bridges and boats and other things to get across streams, it constituted a great part of the work and took up a great part of the time. When I arrived there I had no more than sufficient provisions to supply an ordinary party. I would run no risk until June, as the time would probably be nearing to get fresh supplies.

20759. I understand, when you reached Cranberry Lake, or before you proceeded farther, you discharged all your party and animals, except one or two other men of the staff, and six or eight assistants?—I beg your pardon, I sent back all the packers and all the animals they could take back; I left an ordinary surveying party in the neighbourhood of Cranberry Lake to survey that country and continue examinations during the winter. I then left with one or two pack animals, accompanied by Mr. Selwyn, of the Geological Survey, going that far beyond where the party were left.

When he sent back all the packers from Cranberry Lake and proceeded to Yellow Head Pass he left in the neighbourhood of Cranberry Lake to survey that country two assistant engineers, a couple of rod men and about eight or ten axe men.

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20760. Please describe to me the party you left in the neighbourhood of Cranberry Lake for operations there?—I left two assistant engineers and one or two younger men for rod men and chain men and about eight or ten axe men.

20761. That would be a party of somewhere between twelve and fourteen altogether?—Yes.

Four or six of a party that went to Yellow Head Pass and returned.

20762. Please describe the party which you took with you further northward and easterly?—I took two men with me and Mr. Selwyn took two others. I think we had four or six of a party that went to Yellow Head Pass and returned.

20763. That would be fourteen and six—somewhere about twenty altogether of your original party that did not go back?—No; did not go back, and the rest were all sent back, packers and all.

20764. Do you think now, after the event and after the experience of that season, that it was good judgment to take the party as large as you did originally, in order that in the fall you might have the twenty men you describe for the operations near Cranberry Lake and more easterly, and the provisions for them that you did, or do you think that you could have started with a smaller party and accomplished the work as efficiently?—If I contemplated supplying a party for the winter I had barely enough, but if I contemplated the risk of taking one or two men and going lighter, much less would do. But that was not the plan of the survey. The plan of the survey was to make an instrumental examination.

Had he known the country might have got the information at less cost.

20765. Assuming the object of that season's explorations to be just what happened, namely, in October, when you got to this lake you kept two parties of about twenty men and provisions about enough for them: I am asking whether, in your present opinion, that object could have been accomplished by having started with a smaller party than you did from Kamloops?—Oh, I would have acquired the information that I had up to that time with less expense by arranging and planning differently, but that was simply on the basis that I knew the country, which I did not.

20766. I understand that the object of this season's operations was two-fold: in the first place that you should acquire a knowledge of the country up, we will say, as far as Cranberry Lake along the river, and that from Cranberry Lake you should have party sufficiently large and supplies enough to enable you during the winter to make further explorations?—Yes.

20767. I am asking whether you think that that object, or those two objects, could have been attained by having started with a smaller party from Kamloops than you did?—No; I could not have changed it with any different results.

Nevertheless thinks that the number of men and animals employed by him in that season's operations were necessary to the actual result.

20768. Then you think the number of men and animals employed by you in that season's operations and the expenditure connected with them were necessary and material in order to reach the result which you did?—I do.

20769. What was the name of the person whom you left in charge of the party near Cranberry Lake?—F. W. Green.

20770. What were his duties after the fall of 1871?—His duties were to examine the country thoroughly around that region and explore

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both north and west particularly with a view of finding a valley or a pass through into the Cariboo country westward.

20771. And what was the object of the party under your immediate charge?—There were only a few men. I left only a few men more with Mr. Green, and when I came back from Yellow Head Pass—

20772. That is the return. I am speaking now of the time you started northward and easterly from Cranberry Lake with Mr. Selwyn: what was the object of that examination?—To examine the pass and to acquire some knowledge of its character. Accomplished object of examining pass.

20773. Did you accomplish that?—Yes.

20774. What time did that take?—That took— I recollect distinctly now, we returned on the 26th of October.

20775. What time did you leave Cranberry Lake on that little expedition?—We came down in four or five days.

20776. I am speaking of leaving Cranberry Lake on that expedition?—It would be after the 15th—perhaps the 15th to the 18th.

20777. When you left for Yellow Head Pass?—Yes.

20778. And when do you say you returned?—We returned on the 26th of October. Returned on 26th October, 1871, having examined the pass in eight days.

20779. So that in eight days, you and Mr. Selwyn and your exploring party of one or two other men accomplished the investigation which you started to make?—Yes.

20780. And that was fifty miles to go from Cranberry Lake, including the Yellow Head Pass?—Yes.

20781. That was not an instrumental examination?—No; it was simply with an aneroid. I carried an aneroid in my pocket to acquire a knowledge of the grades. Simply an aneroid examination to acquire a knowledge of the grades.

20782. And the distance you estimated as you passed over it?—Yes; we just estimated the distance as well as we could at the time.

20783. That party was the first, as I understand you to say, who had examined the Yellow Head Pass under the Canadian Government for the purposes of the Pacific Railway?—Yes.

20784. How far easterly did you proceed on that occasion?—We went very nearly to what is called Yellow Head Lake, not far from the summit.

20785. Is that east of the summit?—No; it is on the west side of the summit.

20786. Did you not go farther east than the west side of the summit?—No.

20787. Did you not go over the summit?—No.

20788. Then you did not actually go through the pass?—No. Through the pass is ninety miles. We went to that part of it which is considered and is the roughest part on the west side. Did not go through the pass.

20789. Then you did not make the first investigation of what is called Yellow Head Pass proper?—Up to that point only, subsequently followed by Mr. Moberly in 1872, who was sent to that part.

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Went within ten or fifteen miles of the centre of the pass.

20790. How near on the westerly side did you come to the pass proper?—I do not know. I suppose, may be, ten or fifteen miles, where the water turns the other way, as near as I can recollect now.

20791. Where the water turns which way?—To the eastward. You see the water flows both ways through the pass.

20792. Did you go to that point?—No, within ten or fifteen miles. You see we went as far as we could to take the risk of coming out for the winter. When it commenced snowing on the 26th of October we returned. Mr. Selwyn was anxious to return, and I thought so too.

20793. What was his office connected with the survey?—It was the geological examination.

20794. Then you returned to Cranberry Lake about the 26th of October?—We returned back on the 26th of October and came by Cranberry Lake, I suppose, about the end of the month—between the end of October and the 1st of November.

Got to Cranberry Lake about 1st of November, thence retracing to the Albreda River.

20795. And then how did you proceed?—Then we retraced our steps by the trail and got to the mouth of the Albreda River. This is one of the tributaries of the Thompson. It is a short stream.

20796. That is near Cranberry Lake?—Yes, very near it. There is a divide there. The waters of the Albreda River go into the North Thompson and the northern stream goes into the Canoe River.

20797. And what were your next operations?—After getting to the mouth of the Albreda River we stopped there a couple of days to make canoes.

20798. Did you take up your other party that you had left in the neighbourhood?—No; I left the party with Mr. Green and went down with Mr. Selwyn, taking a few men with me. Mr. Selwyn's men we had left with Mr. Green. We got to the mouth of the Albreda River and made canoes with pine logs.

From Albreda River to Kamloops where they arrived 20th November.

20799. And then?—Worked our way down to the mouth of the Clearwater River, where there was a man left for the winter to take charge of the stores that could not be got up that winter. They were sent there anticipating the wants of next spring. They got there about the time the river was frozen up.

20800. And then?—We made our way to Fort Kamloops.

20801. What time did you get there?—I forget; about the middle of November—the 15th to the 20th of November, as near as I can recollect.

Left for Ottawa with report of explorations.

20802. And then?—Then, I think, we made some small settlements with the Hudson Bay officers there, and then went by the Cariboo road, to the telegraph office and telegraphed Mr. Fleming at Ottawa, who answered by requiring me to come to Ottawa and bring a report of my explorations, which I did.

20803. About what time did you leave British Columbia for Ottawa that fall?—It was very near—it must have been about the beginning of January. I was waiting some time to hear of Mahood's party, who did not get through to Tête Jaune Cache as I expected.

20804. Where were you waiting?—I was part of the time at Cache Creek on the Cariboo road, telegraphing to Cariboo to see if I could get any tidings of them, which I could not; and then, after getting the

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order from Mr. Fleming to come to Ottawa, I still waited for some time to get information of Mahood and see what success he had, until finally he got out to Cariboo.

20805. Who?—Mahood, and telegraphed me where his party were; and I asked him to bring in his maps and sketches that he had with him, so that I could take them to Ottawa. He was unable to go through that country. He went over glaciers—one he estimated was 2,000 feet in thickness.

20806. Then, of the party which you originally started with, there were left only those in the neighbourhood of Cranberry Lake, some fourteen altogether, in the charge of Mr. Green?—Yes, and some of Mahood's men, who ran his party somewhat in the same way I did; that is, by sending out all the men he could send for the winter. After getting to a certain point and finding he could get no further, he adapted his party to the supplies he had.

20807. These detached parties were instructed to investigate the country as well as they could by way of explorations, not instrumental surveys?—Exactly. Wherever they found anything promise well, to examine with instruments; but, of course, to make explorations first before doing so.

These parties instructed to make simple explorations, and wherever anything looked promising to examine with instruments.

20808. Then you reached Ottawa about the middle of the winter of 1871-72?—Yes.

20809. Next after that, how were you employed?—Next spring again I went back, and after leaving here I went back, as I supposed, to continue my operations in Yellow Head Pass, and try if possible to get to Cariboo.

20810. You say you supposed you went back for that purpose: did you not know for what purpose you went back?—I started back for that purpose, and at Toronto I was intercepted with different instructions. Between the time of leaving here and going to Lancaster to pack up my traps, Mr. Moberly's report on Howse Pass came in, and I suppose the plan of the surveys was changed, and I was telegraphed at Toronto to wait for instructions there, which I did; and the instructions were that I should take my parties and try and work through across the Chilcotin Plains, across the interior of British Columbia, and allow Mr. Moberly, who was supposed to be in Howse Pass, to take his men on the east side of the range. There was no place he could find more accessible than that ground.

Spring of 1872, instructed to work across the Chilcotin Plains.

20811. Then your instructions were to examine the country between the two main ranges?—Yes; to see what was the best line I could get west towards the Chilcotin Plains.

20812. West from what point?—A supposed continuation, making Tête Jaune Cache the gateway or a central point, by which a line could diverge either down the South Thompson River and then to take the first ready means of getting to the western country by the Clearwater River, the first good ground we found to offer any opening to that country; so I took the parties out and got down to the Clearwater, and commenced work westerly, which was the only point I found presented any opening at all. Other parts have been tested since and they had to come back to that. In 1872 I worked from Clearwater.

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Worked westerly from the junction of Clearwater with the North Thompson.

20813. When you say from Clearwater, do you mean from its junction with the North Thompson?—Yes; or very near there. Taking the parties out, I brought them down there.

20814. You worked westerly from that point?—Westerly from that point.

20815. Where was your base of operations that season, 1872?—I had fixed that as the only point by which there was any hope of getting a line through the country at all, westerly.

29816. Did you start with a party from that point—the junction?—Yes.

Party numbered about thirty men.

20817. What sized party?—Well, I should say about medium sized; about thirty men, as near as I can recollect now.

20818. Including the engineers?—Engineers and everything.

About twenty-five animals.

20819. And how many animals?—Animals: we had about twenty or twenty-five.

20820. Was that the size of the party under your immediate charge: twenty men and twenty-five animals?—Yes; or Mahood's party. Mahood, the man that went from the Cariboo Mines easterly. I got him out and started him there at Clearwater, and then I took the Green party, the party I had brought up the previous summer to Cranberry Lake. I took that party and got them out into the interior about 100 miles, and started them operating westerly.

20821. Where did you get charge of these two parties in the spring of 1872, less the Green party and the Mahood party, so as to be able to direct them?—I had to go for them. I had to get Green's party from Cranberry Lake, and Mahood's party, who had at that time made their way up to Tete Jaune Cache, I got them out there.

20822. About what time of the year?—That was in June some time.

20823. Was Forrest under your charge that year?—He was.

Forrest went westerly past Lake Mahood.

20824. He went westerly past the lake now called Mahood Lake?—Lake Mahood, he did.

20825. Did the Green party and the Mahood party come down southerly so as to be under your immediate charge at the junction of the Clearwater with the Thompson, or did you direct their operations by letter?—No; I got both parties down and got Mahood's organized and started at Clearwater. Having done that, I got Green and his party, and worked round and got in about 100 miles west of Mahood and started them there.

Mahood's party—about thirty men.

20826. First, about the Mahood party, what size was it?—About thirty men, as near as I can recollect now.

20827. Is that the party you have just described as your own?—No; I beg your pardon, Green's was mine.

20828. Then the Mahood party consisted of thirty men?—Yes.

Directed them to find the best country they could going west telling them at the same time he was going to start with Green's party 100 miles west.

20829. And how many horses?—Twenty or twenty-five animals.

20830. What operations did you direct them to undertake that season?—To endeavour to find the best country that they could going west, and as near that parallel of latitude going nearly due west. I told them where I was going to start with the other party, some 100 miles west of that and to form a junction.

20831. Was Forrest with the Mahood party?—With the Mahood party.

20832. Now the Green party, where do you say you started them from?—The Green party, I started them. I took them out and got them on near what is called the Cariboo road and not very far from the 150 mile house.

20833. Near the Big Bend on the Fraser River?—No; oh, no. It is lower down.

20834. Is it between Lillooet and Big Bend?—About latitude $51^{\circ} 30'$ —between 51° and 52° .

20835. You say you took them out, but I do not know to what point. Now that is the latitude: can you give me the longitude or some point well known on the river or somewhere?—No; I do not see any marks on this map (looking at one).

20836. Was it on the Fraser River?—No, Sir.

20837. Was it east of that?—Some twenty-five miles east of Fraser River.

20838. Was it anywhere near the junction of Big Creek?—It was near there. To work down the Fraser River.

20839. In what direction were they to move?—They were to move down the Fraser River to ascertain what gradients could be had going down Fraser River. That was near the height of land. They were to work down to Fraser River.

20840. Then you say you took them out from the Thompson River to a starting point further west?—Yes.

20841. How did you get them to that starting point: was the country well travelled or easily travelled?—No, Sir. I got some Indians to guide me through. There were some few Indian trails and I got some Indians to guide me and went through there.

20842. Then that was the Green party?—Yes.

20843. That is the party you describe as yours?—Yes.

20844. How long were you getting to this starting point?—I think some fifteen or twenty days.

20845. Was it along the Blackwater Valley, or anywhere further north that you travelled to get to that starting point?—We went to the Blackwater and over some high ridges there. We took as nearly a direct course as we could.

20846. Did you expect the Mahood party would join in with the line you were then taking?—I expected it would serve them to some extent in making their camps.

20847. What I am asking is: whether you expected the result of their examination to be that they would find a country which would make a line available somewhere about the starting point which you then took?—Exactly.

20848. And you would be continuing the same course?—Exactly.

20849. So that the line from this starting point westerly, you supposed would be nothing more than a continuation of the general course

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of the examination which they were making in effect, although not exactly to the point of junction?—Yes.

Mahood's party got through to where witness started Green's party, which met one of Marcus Smith's on west side of Fraser River.

20850. What was accomplished by the Mahood party that season: they were under your charge and, I suppose, reported to you?—Yes. They got through to where I started Green's party, and Green's party met with one of Mr. Marcus Smith's party, from Bute Inlet, on the west side of Fraser River, near Tatla Lake.

20851. For the present we will confine our questions to the Mahood party; you say they reached the starting point of your party, the Green party: how far was that from the starting point of the Mahood party?—I cannot say with certainty now.

20852. Could you not say in round numbers?—Well, I suppose it would be between sixty and seventy-five miles—perhaps about seventy-five miles would be something near it.

20853. What was the nature of their examination during that expedition?—They had gone up a chain of lakes and outlets from those lakes.

Mahood's survey exploratory and instrumental.

20854. That is the result of their examination: I am speaking of the nature of it, whether it was instrumental or not?—It was exploration and instrumental, both.

20855. Did they take such close examination as would permit of a profile being made of the country?—We did. We made a profile. We ran a transit line and level line—some levels over it. We examined it with the instruments.

20856. About what time did they complete that work?—The beginning of the winter.

20857. That was the result of the whole season's operations of the Mahood party?—Yes.

Made an instrumental survey over seventy-five miles.

20858. They made an instrumental examination over seventy-five miles?—Seventy-five miles, as near as I can recollect now.

20859. And their party was composed of about thirty men and twenty-five animals?—As near as I can recollect now.

20860. What is your opinion about the necessity of a party of that size for that work? Does the result show you whether it was too large a party?—They could not have got along with any less—that is, using instruments—than they had.

20861. You think the size of the party and the expenditure occasioned by it were both justifiable considering the operations?—They were gauged according to the supposed wants of the country as near as possible.

Fleming directed an instrumental survey.

20862. Were you directed to make an instrumental survey?—Oh, yes.

20863. Was it not a matter of discretion with you whether it should be a bare exploration or an instrumental examination?—No, no.

20864. Who directed you to do that?—Mr. Fleming.

Examinations showed that a line, but an expensive one, could be had.

20865. What was the result of the examination, as to the feasibility of the line?—It demonstrated the possibility of getting a line, but it was expensive. Some of that country was very rough; but it showed a line could be had there.

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20866. Were the gradients extreme?—No; but about thirty miles of the line would be very heavy.

20867. Cuttings and that sort of work?—Yes: ravines and rocky points.

20868. As an engineer would you say whether it was an expedient thing, considering the state of the undertaking at that time (the Pacific Railway) to make that examination in the way it was made—I mean by instruments through that section of the country, or whether it would have been a more expedient thing to have explored the country without instrumental examinations to ascertain the character and probability of a line being located there?—I have always maintained it would have been better to have explored for two or three desired or desirable points before making instrumental surveys at all. I have always maintained that.

It would have been better to have explored for two or three desirable points before making an instrumental survey.

20869. Had you communicated that idea before this year's operations to any of your superior officers?—Yes; I think I spoke to Mr. Fleming about it—about making explorations first.

20870. That would be between 1871 and 1872?—Yes.

20871. Was that opinion based in any way upon the experience you had gained during the previous year of 1871?—It was.

20872. Was it based upon the general character of the country, the roughness of it, and the probability of encountering obstacles?—It was, for this reason: that a few men with Indians can get through a country well, because the Indians, as a rule, are very good packers; but when you get a large party for an instrumental survey, that you have to fit out for surveying, you increase the weight of the whole expedition, that is, without knowing you can get a line through at all. You simply get routes without a certainty they will even be utilized.

20873. What experience have you had as an engineer before your connection with the Pacific Railway?—I was sixteen years in the United States, and the greater part of that time with a pupil of Col. Whistler, of Massachusetts, who built the St. Petersburg and Moscow Railway.

20874. What length of experience do you consider you have had in your profession?—Altogether?

20875. Yes?—About thirty years.

Witness has had thirty years experience as an engineer.

20876. Have you anything more than the ordinary standing in the profession—I mean have you any particular rank?—No; I made no application to the Institute of Civil Engineers of England. I have been part of the time in the United States and since then here.

20877. When you laid these views before Mr. Fleming in the winter of 1871-72, as to the expediency of exploring the country before surveying it more closely with the aid of instruments, do you remember what his views were, or did he express any upon the subject?—Well, I do not know that he expressed anything very pointedly; but this I gathered from him, of course, that he wanted to see the section of the country for himself here.

20878. What section of the country?—That is what is acquired by running levels.

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20879. When you say section you mean technically a cutting of the country horizontally—a profile plan of the country?—Exactly. I saw he was desirous to get these things himself in the head office to judge that way; in other words, he seemed to hesitate about detailing discretionary power to the man to select the ground to survey—at least that was my construction of it.

Fleming desired a profile of the country such as would enable him to judge for himself the different lines.

20880. Do you mean that he wished to guide from Ottawa the operations exactly, and not to leave it to the discretion of persons on the spot?—Not exactly; but he wished to acquire a knowledge of the ground by getting a profile of it at Ottawa for him to judge and compare the different lines. Well, of course, that in the main would do, but sometimes these lines were run where they would never be any use except to show it was impossible to build a railway there.

20881. That information you could get by a bare exploration?—Yes.

20882. Without instrumental examinations?—Yes.

20883. And that exploration would be very much less expensive?—Precisely.

20884. I suppose you are aware there has been a good deal of discussion about the expediency of this examination of the country having been made in this particular way?—Yes.

20885. And that I am asking your views because you have had some experience on the spot?—Yes.

Witness made an instrumental examination across the Fraser River into the Chilcotin Valley.

20886. Now, as to your own party's operations for that season, from the end of the Mahood examination westerly, will you describe what was accomplished that season?—Well, we made an instrumental survey from that point at which we started down by the San Lozé Valley, crossing the Fraser River, going into the Chilcotin Valley, and ending a little to the east of Tatla Lake, where we met one of Mr. Smith's parties, formed a junction with a party that came up or that had been working between Bute Inlet and Tatla Lake. We covered a good deal of ground.

20887. That was a longer stretch of country that you examined?—Yes; you see it was the Chilcotin Plains. It was partly open, and there was not the labour of getting through it, and measuring it there was in the other. I was between the two parties, largely with Green's party, for the reason I wanted to make sure of meeting the parties from the west side and I counted on Mahood coming to our initial point, so I pushed on the party as fast as I could.

20888. Was the nature of your examination the same as Mahood's: entirely instrumental?—Yes.

20889. Preceded by a detailed party for explorations?—Yes. Valleys sometimes fix you there. You get into it and you cannot get out of it until you are near the end of it. How to get out and where to get out into the next valley is, of course, a subject for exploration to determine.

Got such a profile as Fleming required.

20890. Did you complete such an examination as would enable you to furnish such a profile as Mr. Fleming said he would desire of the country?—Yes.

20891. And you did get a profile of that work?—Yes.

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20892. About what time did these operations end?—With the beginning of winter—the second winter.

20893. That was the fall of 1872?—Yes, the fall of 1872.

20894. And then what did you do?—Then we got the parties together on what is called the Cariboo road, or the only road in that province, and paid off all the axe men and everybody we did not employ in Victoria—paid them off in the interior, and brought the rest down to Victoria, and paid the remaining axe men there, some few we had taken from the town, and employed the staff until some time in February, some two months, making up our plans and profiles of the survey, after which I came to Ottawa.

Paid off the party in fall of 1872, and employed staff making plans and profiles until February, 1873.

20895. What do you say as to the necessity for the expenditure made by you with your own party—I mean the Green party, supposing it to have been necessary to accomplish what you did accomplish, that is to make such an examination as to get a profile of the country: could that have been done, in your opinion, with good management, at any materially less expense?—No; not a profile based on accurate levels—you could not.

20896. Then I understand the doubt, if there is any, in your mind as to the expediency of your expenditure, to rest on this question: whether the examination ought to have been an exploration, in the first instance, or an instrumental survey?—Yes; exactly.

20897. But if an instrumental survey was the proper one, then all the expenditure was necessary?—Yes; of course we could not have done anything else than we did.

If an instrumental survey were necessary expenditure could not have been less.

20898. That has brought you down to the winter of 1872-73: what was your next operation?—Then I came to Ottawa with the plans and profiles of these surveys, and I think it was about June of 1873 I left the service of the Canadian Pacific Railway.

20899. When did you return to it?—In 1875.

20900. Had you in the meantime been engaged in your profession in other places?—No; not in my profession.

20901. Where did you go in 1875 at the time of your next connection with the Canadian Pacific Railway?—I went up to Lake Superior.

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20902. Upon what section?—Beginning on section 13.

20903. As construction engineer?—Yes; in charge of that section under Mr. Hazlewood who was the superintending engineer or district engineer.

20904. Had he more than one under his charge?—Yes.

20905. Then you were resident engineer?—Yes, resident engineer of that section.

20906. At the beginning that line was projected to Shebandowan Lake was it not?—Yes.

At first line projected to Shebandowan Lake.

20907. Then you were engaged before the western end of that section was abandoned?—Yes.

20908. It was finally constructed only as far as Sunshine Creek on that particular location?—Yes.

Finally constructed to Sunshine Creek.

20909. The continuation of it really became the subject of another contract?—Yes.

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Started a line to set the men to work. The line the road built on not located at time contract was let.

20910. Contract No. 25?—Yes, No. 25.

20911. Had you the responsibility of taking out the quantities in the first instance?—No; I had nothing to do with it.

20912. It was after the contract was let?—It was after the contract was let I went out there.

20913. Would you describe, shortly, what you found necessary to be done as constructing engineer, and whatever you think proper concerning the way the work was done?—I got up there on the 19th of May, 1875, and after waiting a few days for some men to join me as assistants, I went to work locating the line for that contract. There was a line that had been previously located or run, I do not know what they call it, and they claimed it was a location. Anyway I started a line to set the men to work, of which there were 150 men on the boat with me going up.

20914. Do you mean the contract was let before the line was located?—The line the road was built on was not located at the time of the contract.

20915. When you say there were 150 men on the boat, do you mean 150 men belonging to the contractor's party?—Yes.

20916. When you got to the ground, did you find any work laid out so that the contractor could take proceedings at once to do his work?—No.

20917. What was the state of affairs there?—Well, those 150 men were there a few days. They utilized them putting up camps, storerooms, &c. While I was waiting, or rather while some assistants were coming to join me—some few I expected to join me there—I took occasion to go some twenty miles over the ground myself, taking an axe man that was living there, who carried a blanket and axe and made fires; so I went through the woods, and by the time those men had arrived, some few days, I had acquired some knowledge. I had never seen it before. As soon as those assistants came, I went and located a line just as rapidly as I could to set these men to work.

Witness found his own ground.

20918. Was it over the same ground over which there had been a trial location, or did you take new ground?—Took new ground. I found my own ground.

20919. How near the water was the point at which it was possible for the contractor to commence the work at that time—the first of his work: how near Fort William?—There was about a mile and a-half there that was very wet—at Tamarack Swamp. It was wet up to very near the middle or end of June.

20920. Over that wet ground there had been a location previous to this?—Yes.

20921. By whom was that made?—By Mr. Murdoch or Mr. Hazlewood—some one who had been there before I had been. Mr. Murdoch, I think, was the man.

20922. Do I understand you that, at the time the contractor first commenced work, you put them upon a location of your own, and one which had not been adopted by any engineer previously?—There is a little piece there that is common to the two lines, but at the first place the contractor commenced work at the Kaministiquia River, twenty-

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two miles out, the Kaministiquia River crossing, because it was dry ground, and as soon as we could make a line to start them to work we did.

20923. Then do you say the contractor commenced his work at a point twenty-two miles away from Prince Arthur's Landing?—Yes; he divided the party and sent them twenty-two miles up where it was dry ground, and kept a few at the dock at Fort William.

Contractor commenced his work twenty-two miles away from Prince Arthur's Landing.

20924. But the main body was twenty-two miles out?—Yes, at the crossing; the others continued. Some kept at Fort William, and they kept increasing them there and extending them both ways.

10925. Where they commenced work twenty-two miles away, was it on a line previously located, or a new line?—It was very near. I found I was going to be pressed for time and I changed the line as little as I possibly could so as to set those men to work. I had only a day or two to do it, and after changing the line I set them to work. Then I went to the other end and began regularly to continue the line from the lower end. I went near Fort William and commenced locating the line regularly and continuously on.

20926. You say at the point at which they did commence you did the location very hurriedly?—Yes.

20927. If you had had more time would you have made a better location there?—Possibly some better, but I was in a great hurry.

20928. I am not speaking now of the reason why you did not get the best location, but I am asking whether you could have got a better location?—Oh, yes. I could have got a better if I had not been so hurried, but not a great deal.

Could have got a better location if he had had more time.

20929. In what respect would it have been better?—The work would have been some less.

20930. You mean the cost of the work?—Yes.

20931. How much less?—I could not make a comparison of that without having a line run.

20932. Would the better line have been north or south of this?—There was a valley there which would have been by shifting the road. A combination of lines and curves would have made a difference.

20933. Is it not the experience of engineers that if time is taken in locating, money can be saved in the location?—Yes.

20934. Is it possible to get the very best line in the first instance?—It is not a possibility in a wooded country to get the best line in the first instance.

Not possible in a wooded country to get the best line in the first instance.

20935. Then time is required before construction to make as full an exploration as possible, in the interest of the country or the proprietors who have to bear the cost?—It is.

20936. In this case was there sufficient time taken before contracting to secure the best location?—I cannot say; I was not there.

20937. After you got there, do you not say you were hurried?—The contractor was there on the spot with me with 150 men to set to work.

20938. The line you got was a better line than the previous one?—It was a little over a mile shorter.

Witness's line better than the one previously located.

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20939. Is there some corresponding disadvantage in your mind?—The grades are not exceeding one in a 100 in my line—less than on the previous line.

20940. Then do you mean that your line was better than the previous one?—Yes.

20941. I understand you to say that you think your line was a better one in the interest of the country?—Yes.

20942. Because it saved the cost, and was as good or a better line: is that what you mean?—Yes.

20943. Is there any question that that is what you mean?—No; I do not think there is any question about it.

20944. The line is quite as easy, less expensive, and just as efficient?—Yes.

20945. And I understand you to say that even when you started them at work you did not secure the best location at that point, because you were pressed for time?—Just at that point I had to do the best I could at the start. I had to look at it from a local stand-point.

At the point of starting could have done better had he had more time.

20946. I repeat my question. I understand you to say that even when you started them at work you did not secure the best location at that point, because you were pressed for time?—Yes; at that point I could have done better if I had had more time.

20947. Do you know that a claim was made by the contractors for damages, because they lost time in not being able to go on at once with their work?—Yes; I do.

20948. Who had the settlement of that claim?—Mr. Marcus Smith.

20949. Then, I suppose you kept ahead of the working parties as well as you could with your locating party?—After the first twenty-two miles, after we got that done, of course we kept ahead of them.

20950. Was there any further complaint after they once got to work that they were delayed for want of location or anything else?—No; I have no knowledge of anything else.

Contractors notified by Hazlewood not to do any more work on the line as first located.

20951. For how long was the work continued upon the supposition that it would go to Shebandowan Lake?—After I made that location of the twenty-two miles—about twenty-two miles to the Kaministiquia River crossing—Mr. Hazlewood notified the contractors not to work beyond that, although we continued our location north or north-westerly. He notified them not to do any work beyond that for some time.

They were ultimately allowed to go as far as Sunshine Creek.

20952. When you say you continued your work north and north-westerly you mean towards Shebandowan?—Yes. He notified them not to go beyond that, I think it was until about September or October of that year. Subsequently he gave them permission to extend it to Sunshine station, which is thirty-two and a-half miles, at which point their operations stopped.

20953. Did the contractors do any work west of Sunshine Creek?—They did not.

20954. Then whatever work was done at any time was by the engineering staff, in the shape of surveys and locations?—Yes; west of Sunshine Creek.

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20955. Going back to your surveys in British Columbia, for a moment, I think you omitted to describe what the Green party did during the first winter that you left them in the neighbourhood of Tête-Jaune Cache?—They had made some explorations and made some instrumental survey from Albreda Lake to and beyond Canoe River. That is about the extent of their operations that winter.

Green's party during first winter explored and instrumentally surveyed from Albreda Lake to and beyond Canoe River.

20956. Would you describe a little more circumstantially the extent of their exploration first?—In the first place, they tried by several valleys for about twenty to twenty-five miles westerly, one or two places that seemed to promise an outlet, tried those in succession, and subsequently being driven out of that, they commenced an instrumental survey from Albreda by and beyond Canoe River. That embraces about the operations.

20957. Then that instrumental survey was northerly?—Northerly; yes. It was going northerly looking to an extension through the Canoe Pass.

20958. Was it looking to the exploration you had made with Mr. Selwyn?—Yes.

20959. And what did that instrumental survey show?—It showed for that distance a very favourable ground.

Survey showed for about twenty-five miles a favourable country.

20960. About what distance?—I suppose about twenty miles or something. I would not be positive about the distance—twenty to twenty-five miles.

20961. Were profiles taken out?—Yes.

20962. Is that a portion of the line that has been adopted so far as the line through there has been settled?—Yes.

20963. And the Mahood party, what did they do: I understood that he had pursued the same course, detaching a portion of the party for winter operations?—He reduced his party and made explorations looking for a way out to Fraser River towards spring. They made no instrumental survey.

20964. Within what limits did they make that exploration during the winter of 1871-72?—They came out at a place called Camp Creek. It is the first stream on the south-west side of Fraser River. Going down from Tête Jaune Cache they got to the first stream, some thirty miles from Tête Jaune Cache. They went up that stream some thirty miles.

20965. In what direction?—South-westerly.

20966. That is towards the crest of the Cariboo range?—Yes. Having crossed the crest of that range they went down that river some distance. Winter set in. He reduced his party and retained all he could there for the winter. His explorations consisted in examining both down stream—down the Fraser as well as up, towards Tête Jaune Cache, for a valley looking westerly back from the direction he came—south and north of the route he took.

20967. Then the exploring operations of both those parties were not successful to the extent of finding any practicable country?—No; they were not.

Neither party of Mahood nor Green successful in finding a practicable country.

20968. Neither the Green party under you nor the other party under Mahood?—They were unable to get any outlet west that was so

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much desired, so the result of the winter's operation was a failure of getting any pass there.

20969. But they showed that it was unnecessary to proceed to instrumental examination?—Exactly; oh, yes.

20970. They were effective so far as that?—Yes.

Railway Location and Construction—Contracts Nos. 13 and 25.

20971. Did you continue as the engineer on construction of section 13 until the end of the work?—Until the work was finished.

20972. Before it was finished did you take charge of any other division or section?—Yes.

While engineer on construction of 18 ordered in winter of 1875-76 to make a survey north of Lake Shebandowan.

20973. Which?—The winter of 1875-76 I was ordered to make a trial survey to see how best I could get in a westerly direction going somewhat north of Lake Shebandowan, still running the direction that way, but some miles further north.

Lac des Mille Lacs and English River objective points.

20974. What was the nearest objective point in all this locating of lines?—Sturgeon Falls at that time—an arm of Rainy Lake at that time, was an objective point up to the winter of 1875-76. I was extending the survey on different ground, looking westerly in that general direction and leaving Lake Shebandowan, the east end of it what was first fixed as the terminus of contract 13, to the south. That is taking the parties that were detailed for section 13, as many as were available that winter. In the month of November, somewhere about the end of it, I was instructed from Ottawa to commence a survey from Sunshine station, looking for a more northerly line to touch at Lac des Mille Lacs, and the other point was English River where the survey had been made before. Those two points were named, and I was asked to see what the country would admit of there, so I took the party and started a hurried line over that country. I was urged very much to ascertain the grades the country would admit of as soon as possible.

20975. Instrumental?—A fair trial line.

20976. Trial location?—Scarcely a trial location. A trial line is the first line run. Trial location is reducing that somewhat more until improved by a permanent location, but this was a trial line which we had made to see what grades it would admit of, so I took the party and turned them in that direction, and turned the line to a place called Fire Steel River, passing Lac des Mille Lacs. I sent a profile of that survey out to Ottawa to meet an urgent request for it to see what the country was like, and on that—which is some twenty or twenty-five miles short of English River the point we were making for—on that I suppose in the head office here they made out an estimate of quantities for section 25, and the work was let on that.

20977. During that time you remained still the engineer on construction of section 13?—Yes.

20978. Until the finish of section 13?—Until the finishing of 13.

20979. Who were the contractors for section 13?—For 13: Sifton, Ward & Co.

Sifton, Ward & Co. contractors for 13.

20980. Did you know them before they were contractors?—No; never saw them before.

Railway Location and Construction—Contracts Nos. 13 and 25.

20981. You had no part in any of the negotiations which led to their getting the contract?—No; I did not know the men.

20982. Who were the contractors for section 25?—Purcell & Ryan : Patrick Purcell and Hugh Ryan.

Contractors for 25, Purcell & Ryan, witness knew for number of years.

20983. Did you know them before the contract was let?—Yes; I knew them for a number of years. I know them on the Intercolonial Railway.

20984. Did you have any communication with them before they got the contract?—I did not.

20985. Neither directly nor indirectly?—No.

20986. Did you take any part in the negotiations which led to their getting the contract?—I did not.

20987. Had you communicated to them in any way, directly or indirectly, any information as to the probable quantities on the line?—I did not.

20988. As to section 13, do you remember whether there was any great difference between the quantities as executed and those estimated at the time tenders were called for?—Yes; there was some. It was claimed there was an excess in the quantities executed over those estimated.

On 13 claimed that executed quantities in excess of estimated.

20989. That would be, I suppose, between Sunshine Creek and the eastern terminus?—Yes.

20990. What do you say about that matter: was there much difference in the quantities do you think?—Well, I never had anything to do with the making up of the original quantities, and I do not know how they were made out.

20991. The contract was let on the quantities made out of Mr. Hazlewood's survey?—I suppose so. We put the line on lighter ground.

20992. That would diminish the quantities then?—Yes.

20993. That would not have the effect of explaining the increased quantities?—No.

20994. If anything it would show the first estimate was materially incorrect if it exceeded the quantities, notwithstanding your lighter work?—Yes. As an instance of that, one great complaint with Sifton, Ward & Co. was that I had reduced the work so much on the first fifteen miles that it almost made their contract worthless as they claimed.

20995. What do you say about the quantities on 25: the estimate apparently was made up upon your trial line, as you call it—that is a hasty survey, less accurate than the trial location?—It must have been, for they had no other data that I know of in Ottawa to make it out of.

20996. What sort of country is that: rough or smooth?—It is not very rough. There is a good deal of it that is flat, but dotted with rocky islands, like small hills.

A good deal of 25 flat but dotted with little islands.

20997. In a country of that kind can you make any accurate estimate of quantities without cross-sectioning and taking out the quantities from cross-sections?—No. Taking out quantities without cross-sections assumes the normal condition of the ground to be level.

Railway Location and Construction—Contract No. 25.

In such a country accurate quantities cannot be taken out without cross-sections.

20998. In such a country as you are describing, covered by 25, was it possible to take out accurate quantities or approximate quantities without cross-sectioning?—No; it was not.

20999. Was cross-sectioning done before the tenders were asked for?—Oh, no; the line was not located when the contract was let.

21000. You had merely, as I understand it, decided upon something like the approximate quantities?—Something near the ground we would go, to the extent of something near sixty miles, whereas the distance was eighty-one or eighty-two miles, and we had only gone a part of the way.

21001. Do you say, from what you know of the examination of that line, before the tenders were called for, that approximate quantities could have been ascertained so as to offer them to tenderers for their consideration?—No; they could not be ascertained with anything like approximate accuracy at all.

Quantities proved very different from those given in tenders.

21002. Did it turn out that the quantities were very different from those mentioned in the information for the tenderers?—It did.

21003. And to what do you attribute that fact that they were very different?—There were one or two factors that operated in that. In the first place, I take it that the grades put on that for construction were somewhat higher than those that were assumed in making out the quantities on those sixty miles, or nearly sixty miles, and it must have been assumed that the rest, in continuing that line, would be like that, or very near like that, and the grades put on for construction were some higher than these on the first sixty miles.

21004. That involved greater quantities in the embankments?—Yes.

21005. But less in the cuttings?—The quantity that goes to make up the cavities, to make up the voids, regulates the quantities in the work.

21006. You mean that when the voids are filled there is no occasion for any more material?—No.

21007. You take all you can for that purpose out of the cuttings, and the rest you borrow?—Yes.

Material changes made in location.

21008. After this work was let for construction—I mean section 25—did you make any material changes in the location from the line which you had first laid down at the trial location?—Yes; in one instance. The nature of our instructions was to see what was the best and easiest line and work we could make amongst those hills. In some of those hills we made quite a detour—made an S shaped line to get through some gaps between rocks. With reference to that I wrote to Ottawa stating that I was going to examine that line so as to make a cut-off that I expected to make of from one to two miles, and stated that it would be considerable cost and would be worth doing it; that I expected to reduce the distance one to two miles. I was not sure at the time. So in the spring, prior to Mr. Hazlewood getting out (Mr. Hazlewood was in Ottawa at the time), I arranged it by getting Mr. Middleton to go and examine that ground and see what was best to be done with it. By the time that Mr. Hazlewood had got out we had commenced those examinations, and had a pretty fair idea of what could be done, and I showed it to him, and he said, of course, it was a very proper thing to do, and that it was worth a trial, and he submitted

that change of line to Ottawa, which was accepted by the Government; that, in money value, enhanced the cost from something like \$90,000 to \$100,000. We shortened the line a mile and seven-eighths, but increased the cost from \$90,000 to \$100,000.

Railway Location and Construction—Contract No. 25.
Shortened the line one mile and seven-eighths but increased the cost from \$90,000 to \$100,000.

21009. Then did you consider it expedient, for the sake of the future operation of the line, to lay out this \$90,000 or \$100,000 in order to save this mileage in working the road?—I did.

21010. How much a mile do you think it would be justifiable to lay out in the case of work through that region, and for the traffic which is expected over such a line, in order to save the future operation and working expenses of that mile?—It is ordinarily estimated in locating a line that every mile we reduce in distance is worth from \$50,000 to \$60,000.

Every mile by which distance reduced estimated as worth from \$50,000 to \$60,000.

21011. That would depend, of course, upon the amount of business to be done over the road?—Yes; where there would be a small traffic it would not be so valuable.

21012. There would be less wear and tear of rolling stock on the road if there were fewer trains per day?—Yes.

21013. Therefore the more traffic the greater the expense there would be in working the line?—Yes.

21014. Therefore, I ask you, in that country and with such a business as that road was expected to do, how much might be laid out per mile to save the working of a mile; in other words, what would be the equivalent of the working expenses?—I should say at least \$50,000 or \$60,000 a mile.

21015. Then, in this problem that you speak of, you thought that a saving of \$90,000 to \$100,000 would be effected in the working expenses of the road, although it added to the first cost?—Yes; exactly so.

21016. Then that would make the matter financially about equal to the longer distance?—It would about neutralize the thing.

21017. Then what would be the gain if the matter was equal, as far as money is concerned?—Another feature in the gain would be this: that a great deal of that work being rock, and carrying on that work, which they did, in the winter continuously without any break, whereas if they were in ordinarily light soil two or three feet deep that would be frozen up and they could not do it in winter.

As the work was rock work this change by which line was shortened hastened the completion of the line.

21018. So it hastened the work?—Yes; it hastened the work.

21019. Does it not save the time in which a train can go from one point to another, and so make the road more attractive to business?—Yes.

21020. Were there any other material changes in that contract?—No; not to add to the cost, there was no change. Any change that was made other than that change alone was made with the view of reducing the cost. After the line had been better known and better examined, changes were made that it admitted of. For instance, at the footings of hills or rocky points which at first held the grades up, and involved heavy banks, approaches were subsequently reduced by changing the line to admit of bringing the grades nearer the original surface.

21021. Were you the resident engineer?—On section 25, I was.

21022. Who was the district engineer?—Mr. Hazlewood.

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Contract No. 25.**

21023. His authority covered 25 and 13 ?—Yes.
21024. And no more ?—Some surveys that they were making west of that.
21025. But not on construction ?—No ; not on construction.
21026. In making those changes which you say decreased the cost, had you the responsibility of deciding upon them, or did you suggest them and Mr. Hazlewood approve of them ?—I suggested them, and often made them where I found it was very palpable.

Generally the changes must have decreased cost considerably.

21027. To what extent, do you think those changes, all of them put together, would decrease the work on that section—I mean the cost of that work ?—I do not know. I kept no tabular account of the reductions at all.

21028. Have you no rough general idea what the saving was in the cost ?—It must decrease it very considerably. There was one point ten or twelve miles near the west end, where we had estimated the approximate value of the work \$30,000 to \$40,000 near the west end, near English River. That is the only point I recollect, or can figure in at all.

21029. Could you give any sort of a rough estimate of the other changes—I mean to the extent to which they would save the cost ?—No ; I would not pretend to say now, because it would simply be guessing.

21030. Do you feel pretty sure your saving was as much as \$10,000 on the rest of the line ?—I should suppose so.

21031. Have you a doubt whether it was as much as that ?—No ; I do not think I have any doubt about that.

21032. Have you some doubt whether it was \$20,000 ?—Perhaps not that much, and for the reason that we kept no record of quantities where we threw out the line or reduced it very much. Of course we never footed up quantities for that. Of course where a thing was very marked and palpable we ran the line.

21033. Those were reasons for doing the work ?—Yes.

21034. But I am speaking just now of some kind of estimate of the probable saving ?—No ; I would not pretend to say ; that is one point upon which we counted.

The saving \$40,000 perhaps on the whole.

21035. Then you feel pretty sure it was \$40,000 at least upon the whole ?—I should say, perhaps, yes.

21036. Your extra expenditure upon that point where the cost was increased, I think you said was from \$90,000 to \$100,000 ?—Yes.

Thus the extra cost consequent on changes was some \$60,000.

21037. So that the extra cost upon the whole construction, if your ideas now are nearly right, would be somewhere between \$50,000 and \$60,000 : is that right ?—Yes ; that is right, if you start out with the assumption that the quantities were right originally.

21038. I am speaking now irrespective of the quantities being right : I am asking as to the result, in your mind, upon that work which you directed, whether you had saved, in your opinion, \$40,000, and had expended \$90,000 to \$100,000, whether there should be debited to the changes \$30,000 or \$40,000 ?—Yes ; I think it probable.

21039. Then, if the difference between the cost of the executed work and the cost of the estimated work should be more than that, to what

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would you attribute that circumstance?—In the first place there was a great deal of that country—as I said one of the reasons of the change, to get the grade as near the surface as possible, was a great deal of that country was swamp or muskeg, and it was desirable to get the grade low down, for the reason that the greatly accumulated weight placed on the surface by embankment only tended to depress the original surface down.

A great deal of the country muskeg.

21040. I understand there has been a serious difficulty between the contractors and the Government upon the subject of the measurements on this section: do you so understand it?—Well, there was.

21041. What was the nature of the difficulty or difference of opinion?—The quantities of the constructed work largely exceeding those that were estimated for in the letting of the work.

Quantities exceeded estimates and the works executed appeared on revision to be less than was certified for.

21042. Was there any other difficulty: was there not a difficulty that the works executed and measured and certified to appeared upon revision to be estimated more than the locality then showed?—Yes.

21043. The appearance of the locality subsequently gave rise to the opinion that the first measurement was too high?—Yes; that was the cause of the difficulty.

21044. In other words, the engineers in charge were said to have given the contractors too favourable measurement, more than the work executed justified: was that the nature of the difference between the Government and the contractors?—Yes; I think it was something of that character.

21045. I understood you to say that the increase of the cost of this section was to be attributed to some extent to this muskeg locality, and the way that the work affected the general surface?—Yes; very largely to that.

21046. Would you explain, so that a person outside of the profession would understand, how the making of the embankment of that material would affect the general surface of the locality, and so exhibit afterwards perhaps a different state of affairs from that which existed at the time of the first measurement?—In forming the road-bed through the muskeg originally the material that was taken out of the borrow-pits, or side ditches, a good deal of it was of a wet nature and in some light; when placed in the embankment, the embankment got compressed within itself and subsided on the original surface of the soil. Those are the main reasons for the inability of any person going subsequently to make measurements to determine where all the lines were lost by changes of position in both lines, side ditches and embankments.

The material taken out of the muskeg borrow-pits compressed when in the embankment, and this having subsided, there was nothing adequately to show the amount excavated.

21047. Do I understand you to say that placing the embankment over a muskeg would cause the immediate locality to sink, and also the surrounding surface?—I do.

21048. To what extent would a bank, for illustration, say of five feet in height, cause the surface to sink immediately under it?—There has been instances in which it sank from three to four feet.

21049. Would that be a sinking only of the surface immediately under the embankment, or would it carry with it the surface of the neighbouring muskeg on either side?—It would, for a distance varying from 100 to 150 yards, affect the whole neighbourhood from 100 to 150

The muskeg under the weight of an embankment used to subside

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The subsidence of muskeg such as to give the impression that the line had been made in a valley.

yards on the immediate sides of the road-bed, giving the appearance of the road now and embankment, giving it the appearance as if it had been formed or made in a valley.

21050. Then, in effect, the top of the embankment after the sinking, would be somewhere near the horizontal line of the original surface?
—Yes; of the original surface.

21051. In sinking, would it retain its original sharp angles of surface line, or would these become changed and rounded?—The embankment itself would become somewhat rounded; in fact all the lines, both in formation and surroundings, would be changed.

21052. Was this sinking, which was the result of this weight of embankment being placed on the original surface, immediate or gradual?
—It was gradual. To some extent it was immediate; but then it is continuing, I have no doubt, yet, but not so perceptible.

21053. More rapidly at first?—Yes; more rapidly at first.

21054. But more gradual, or more slowly at the last?—Just so.

21055. Have you known of other localities where the drain by off-take ditches or otherwise would have the effect of making the surrounding surface to a great distance sink to a lower level than it was originally?—Yes; but I could not say with accuracy to what extent. I have noticed in a number of places where off-take drains were made that the surface became generally sloped towards the system of drainage—towards the ditch.

When water drained away the surface sank.

21056. Then your explanation appears to be that the original surface of that sort of country, muskeg country, was kept up to its first level by water, and that when an opportunity was given for the water to get away, the whole became compressed, and the surface sank; is that your conclusion?—Doubtless to some extent it was, and then the cuttings of the sides allowed in some cases the bottoms of the side ditches becoming convex instead of being horizontal or flat, as originally cut out.

21057. Is that owing to the consistency of the material being partly liquid—more liquid than material which is ordinarily excavated?—It is owing in part to that and to the pressure that is on it on the surface; but in another place that will not apply to that kind of material. On the fortieth mile out from Fort William, there is an embankment that is made of clay and gravel, that when we put heavier material, loose rock and gravel on it, the sides went out from 100 to 125 feet; there was a widening out of the foot of the embankment—the embankment spread out to that, and rose up again, forming a valley between that and the general body of the embankment. That was clay. That was done by the weight. Of course it was a heavy embankment. You see the material came up; it took a shape something similar to those ditches.

21058. To what do you attribute that?—That was due to some extent to the character of the clay, I think—in the spring time absorbing water and thus heavy gravel material forcing it out, and making a way for the sand—the sand and gravel taking its place and pressing this clay out. A noticeable instance of that is the fortieth mile from Fort William, where any person at all can see it.

21059. Do you know whether any person was employed to supervise your measurements and to ascertain, if possible, whether there was any mistake in them?—I do. I was notified by the Department of Railways and Canals that Mr. Bell had made a re-measurement of the works on contract number 25, and that he failed to verify my original measurement of the work.

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Witness notified that Bell had re-measured work and failed to verify his measurement of the work.

21060. Did he find the quantities less?—He found the quantities less.

21061. Was he alone, or was any one associated with him?—Mr. Hill—Albert J. Hill, I think, was with him, and I think Mr. Mortimer was with him part of the time, but not all.

21062. Were you asked to go upon the line with him to ascertain whether they were measuring correctly?—No.

21063. Had you any opportunity to go with him?—I had not.

21064. Were you informed of the result of their examination?—I was on asking for it first, and then subsequently notified by the Secretary of the Department.

21065. This discrepancy which you explain as likely to happen in the muskeg material would not explain all that difference in the measurement, would it?—No; there was some difference in the classification of material as well.

21066. In which classification?—The classification of loose rock and solid rock too, I think.

21067. In what respect did the Bell party measure that differently from you?—I do not know.

21068. Could you explain how the difference of opinion arose about the classification?—In the first place the road-bed, as formed in a great many instances—or at least in a number of instances—two or three places that I recollect—I don't recollect the mileage without the profile—where there was no soil on the surface and we had a filling of from two to three feet in getting over it, there was nothing but loose rock. We were going over a country of broken rock with no soil on it. We had nothing to form a road-bed there, in the first place, except to take those stones and make a road-bed about ten feet wide and putting ties on them to get up to grade, and then taking the train and filling up this embankment.

Difference of opinion as to classification of material and how it arose.

21069. You would make a foundation for this embankment in the first instance of loose rock?—Exactly.

21070. Then I understand you to go on with constructing trains and cover that with gravel or clay?—Yes.

21071. In their measurement do you understand that they measured the whole of that embankment as being made only of the material that showed on the top?—Of course. They had no knowledge—they could not have had any knowledge—of the dimensions of the bank, because they could not see it at all—the material in the bank.

In some instances where embankment was made of loose rock and covered with earth the revising engineers measured the whole embankment as being made of earth.

21072. Do you suppose that to be one of the reasons why they make less loose rock than you do?—I think that is probably one of them.

21073. You understand, I suppose, that they make a difference of something like 103,000 yards in loose rock alone?—Yes.

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21074. Would that explanation of yours, do you think, cover as much as that quantity of loose rock?—I do not know whether it would or not. Another feature in it even without those embankments that were formed first, the heart of them with rock, all the embankments where the loose rock were put in they had nothing to guide them in forming an estimate of the rock except what they could see on the slopes. They knew nothing of the stone part of that, the track was on it, the ballast was on it, and the train running over it.

21075. Do you think they may have been misled as to the real quantity of loose rock by supposing that the embankments they saw were composed of the materials they saw on the surface?—I suppose so.

21076. And therefore they did not give you credit for correct judgment, although you measured the loose rock now out of sight: is that what you mean?—Exactly.

21077. Then, assuming that to be the explanation, that quantity as earth ought to be added to the discrepancy that they found in your earth, should it not: suppose, for instance, the earth discrepancy is 305,000 yards, and without this loose rock which they struck off your loose rock, because it was earth embankment, how would that affect your measurement: would not that add the same amount to the discrepancy in your earth?—Yes, it should; it should, provided they had the measurements throughout, but—

21078. In other words, let me put the question in this shape: if they found in the actual quantity now executed 103,000 yards less of loose rock, and 305,000 less of earth, could you say that the fact of the loose rock being really under the earth explained that item?—They don't give loose rock enough by that quantity.

21079. Do they not in effect find that you are short 408,000 yards in your measurements altogether of some kind of material?—Yes.

21080. Do you remember about the discrepancy in the solid rock as found by Mr. Bell?—I forget: 24,000 yards.

21081. 24,000 yards: how do you explain that?—I suppose that a great many of the surfaces of the rock and rock cuttings had been effaced, and they could not get the cross-sections in the shape they could when the work was first clean made, because the face of the cuttings got covered in with washes and you cannot see it in the same shape as originally. When it was executed, everything was taken out and the levels taken. Subsequently, the washes came down and covered up the rocks. I don't know that that was the reason, and I don't know how literally they tried to get the rock lines.

21082. Do you think there was any possibility of their making that correction because they did not classify it properly, or that the dispute is only one of classification and not one of actual quantity?—Well, of course, there is a dispute of actual quantity to some extent, and classification as well.

21083. Should that quantity be added to your 408,000 yards in order to show the difference between your measurements and theirs of some kind of material?—No; the 408,000 is the total quantity.

21084. That is the total in line cuttings and borrowing, but the solid rock item is an addition of 24,000 yards to yours: have you any explana-

Revising engi-
neers found wit-
ness had allowed
408,000 yards of
material in excess
of what the
work showed.

Explains
discrepancy.

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tion about that?—I cannot give any explanation except as I said, that in a great many places where there was solid rock they could not see very well. In some places we had solid rock in off-take drains and in diversions, and those are all washed over. Two years after the work is executed they pretend to re-measure it, and I think it would be a most miraculous thing. In a normal condition of ground there should not be so great a difference, but where there was such a vast change in parts of it, it would be a venture to undertake to do it.

21085. There is another item of off-take ditches, in which they found a discrepancy of about 31,000 yards: how do you explain that—is that on the explanation of the muskeg material?—That is from the now apparent depth of the ditch as distinguished from the appearance of it long ago—from the depth as executed.

Discrepancy in off-take ditches amounting to 31,000 yards explained by difference between the apparent depth of ditch at time of revision, and the actual depth of it two years before.

21086. The apparent depth now is different from the depth as originally executed?—Exactly.

21087. And the depth now is not so great?—It is not so great.

21088. Have you any idea, in round numbers, of the whole amount of earth excavated and certified by you on that section?—I have not now. Of course it is two years since I saw any of those things at all. I think I have the paper though—I have Mr. Bell's report.

21089. Could you say, in a rough estimate, about what proportion of the work on that line was excavation in the muskeg district or districts?—Well, I should say very nearly one-half.

21090. Looking at a portion of the return made by Messrs. Bell and Hill I find that the quantities certified to up to the 31st of December 1878, according to the returns of the engineer in charge, were 1,929,546 yards of earth, which would include the line cuttings and borrows and off-take ditches; now, if your estimate is right, there would be somewhere, altogether, about 1,000,000 yards of muskeg material, in its original shape, excavated and used in those localities: do you think that is anywhere nearly correct?—I suppose, assuming that they would be half the distance, and that this muskeg material—in a great many instances it took two yards to be equal to one—even in half the space there would be two yards—it would require two yards to be equal to one of gravel or other material.

21091. I do not know that my question was put in proper shape, but I want to ascertain whether you thought there was about 1,000,000 yards of excavation of ordinary earth, for instance, or sand, irrespective of muskeg material?—That might be so, but I would not pretend to say with any certainty.

21092. Could you if you had the profile now take out the quantities?—I returned all the quantities. There is a schedule of quantities in 1878. I could not tell exactly where that muskeg country is, but I could get pretty near it by saying there is about half of it muskeg.

About half the country muskeg.

21093. The whole discrepancy in the measurements between Mr Bell and yourself is about 439,000 yards, irrespective of solid rock, that is assuming the explanation which you give to be correct—that the embankments were made partially of loose rock and that they ought to be called loose rock and not earth?—Yes.

21094. And if the whole quantity of muskeg used would be 1,000,000 yards, then the discrepancy between the amount used and the

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amount now to be shown and ascertained by the Bell measurement, would be somewhere about half?—Yes.

Instances in which one could not get more than one-half of what was placed in bank.

21095. Do you think that the muskeg material itself became compressed to that extent so that on an average each yard taken out of the excavation, and measured in the ordinary way in the excavation, would not exhibit now more than one-half of its cubic contents in the embankment: do you think that is anything like a fair proportion?—I know instances in which you could not get, by any measurement you would make now, over one-half of what was originally placed in that embankment.

21096. When you say you know now instances of that kind, do you mean that that would be a fair average estimate of the whole?—I do not know that it would be of the whole. It would be different in degree, but there would be some cases in which there would be more, but I know of places—

21097. Could you form any opinion now about what would be an average of the quantity which would be shown in the embankment, as compared with the quantity which was put into it?—I suppose, to take the whole muskeg, about an increase of from 60 to 70 per cent. would probably be a fair average of the whole of it.

21098. You mean an increase from the amount now shown in the works?—Yes.

Of 160 yards excavated only 100 yards would show in works.

21099. So that 160 yards excavated would now show in the works about 100?—Yes; I suppose it would average about the muskeg region something like that.

21100. The embankments made of muskeg material would now represent, in other words, ten-sixteenths of the cubic contents of the original material as it stood before removal?—Exactly.

Material measured by witness in excavation.

21101. Was this material measured by you in excavation or in embankment?—In excavation.

21102. Did you ever get any instructions from any one superior to you in rank that you should measure it in any other way?—I did not.

21103. Did you ever understand before you left the works that there was any opinion in the Department that it ought to be measured except in the excavation?—I did not. I am going back to say that so well was I aware of this state of things, or so great the excess would be in 25, that I took occasion to talk to Mr. Hazlewood, who was then in very poor health, and to take him out to see the way we were treating that muskeg district, to see if he could advise any remedy, and telling him that I then knew there were instances in which it would take double what it would be representing in future years in the work. Some of the engineers wrote me, for instance, about decaying long roots, that were found in the muskeg. They commenced piling them up on the outside and taking them out, but it occurred to me that was just the place to put them, into the embankment, for the reason they would subside with the rest and hold them together, and I told them the common sense way of dealing with that was to put them in the embankment. Then, after getting down to Fort William, I told Mr. Hazlewood what I had done, and he thought so too; but I insisted upon his coming out with me to see the line and to see the muskeg, and we got him over all the ground where the ground

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had been broken, and in fact had a fair sample of the whole thing, and he said: "In fact, I have no suggestion to make. I can suggest nothing further." The engineers along the line we called upon them in person, and on speaking to some of them about the mode of making the embankments, small roots and things that I instructed them to put in, and there was a question about putting them in, and they showed it to him, and he, in fact, endorsed my course—in fact, there was no alternative than to put that material in the embankment.

Small roots put
in embankment.

21104. To the extent that they were put in the embankment that was a saving, was it not: they would otherwise have been wasted on the outside of the ditch?—Yes.

21105. So that whatever space they took up in the embankment was a saving against the habit of throwing them outside the ditch?—Yes.

21106. Do you know whether in the re-measurements Mr. Bell had access to the original cross-sections of that country, for I assume that you made cross-sections at some time before the work was actually done?—I gave all the books and measurements, cross-sections and everything else when I returned. I handed over to the office here in January, 1879. They had all those things.

21107. What do you say now upon this subject of over measurement: do you think, after careful consideration (for I have no doubt you have given it that both now while under oath and on previous occasions) do you say that it is likely that you made any serious over measurement?—I do not think so at all, for the reason that I was alive to those things all the time; and I charged most of the engineers, and they were good men, to be particular about the thing, for I foresaw there was going to be this grave question. We were not insensible to it at all, and every man was on the look out, and every man deprecated the large quantities that were shown, but they were powerless or helpless.

Does not think he
made any serious
over measurement.

21108. Who actually made those measurements in the first instance: did you or some one under your charge?—Some few of them I made, and some of them were made under my charge by my assistants. There were some of them on the ground all the time to give the foremen measurements.

21109. Were your measurements arrived at principally from data furnished to you by your subordinates?—Yes.

21110. Mr. Bell mentions that in numerous places the engineers in charge have made allowances, many of which he believes ought not to be admitted: do you know to what subject that alludes?—I do not know. Those are all minor; I do not know what he alludes to there. It is not expressed. He says some small things that I don't know.

21111. Were you called upon to give your explanations as to these over measurements shown by Mr. Bell's re-measurement?—I was.

21112. In what shape: by letter?—By letter. There is one of my replies I brought to show, and here is a letter that I got from the Department; there are one or two others. I have not got them by me, but I have them in the city, I think.

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struction—
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21113. Please read the letter that you got from the Department?—

“OTTAWA, 10th February, 1881.

Letter from De-
partment exoner-
ating witness
from all blame.

“SIR,—With reference to the two letters addressed by you to the Department, dated the 15th and 21st ult. respectively, in relation to the re-measurement of the work comprised in contract section 25 of the Canadian Pacific Railway, I am directed to say that the explanations furnished by you are satisfactory to the Minister, and that you are exonerated from any imputation of an improper motive in the making of the measurements of the works referred to. I enclose for your satisfaction a copy of the report made by the Chief Engineer upon the subject.”

21114. Are there any other documents or letters between you and the Department which you wish to put in as exhibits?—This is the letter that Mr. Braun refers to, from the Chief Engineer, from Mr. Schreiber. (Exhibit No. 299.)

21115. Is there anything else that you wish to put in?—No; I think not—nothing that I have here.

An expensive
tunnel which
formed no part of
estimated work.

21116. On section 25 I believe there was an expensive tunnel; was there not?—Yes.

21117. Was that part of the originally estimated work?—It was not.

21118. At whose suggestion was that built?—The line for the tunnel was first run at my suggestion to make a cut off in an S shaped line that was round and near the tunnel, a very ugly looking tunnel, but making light work, for the reason we were unable to go near the surface, and I suggested the advisability of cutting that off.

21119. Was it to connect two waters, or was it only for drainage?—It was to connect two valleys; in other words, there was a ridge; there was two streams at some distance from that point. Here is a valley on one side, and here is another, and they both ultimately fell in together, and there is a point between those that we rounded so as to make light work, and when I saw the shape of the line in the shape of an S I proposed to cut that right off, and made a survey for that purpose, and submitted it to Mr. Hazlewood, having notified him in the first place that I was doing that, because I saw the thing was promising well, and I assumed the responsibility of deciding it in that way, and by the time Mr. Hazlewood got out the work was under way; and in a few weeks after he got out from Ottawa I had a profile and plan, and, of course, he approved of it and sent it to the Department of Railways and Canals for approval.

21120. Who was Chief Engineer then, do you remember?—I am not sure whether Mr. Fleming was in Ottawa or not.

Total cost of
tunnel from
\$90,000 to \$100,000.

21121. What was the total cost of that tunnel, in round numbers?—The total cost, as near as I can recollect now, was from \$90,000 to \$100,000.

21122. What was the length of it?—That includes the approaches.

Length of tunnel
515 feet.

21123. What was the length of the tunnel?—The length of the tunnel was 515 feet.

21124. And the dimensions?—The dimensions fifteen cubic yards per running foot. It was about twenty feet wide, I forget the height, a single track tunnel.

21125. You say about fifteen cubic yards per running foot?—About that for 515 feet in length.

7,700 cubic yards
in contents.

21126. That would be about 7,700 cubic yards in contents?—Yes.

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21127. Who fixed the price for that tunnel work?—It was fixed by the Government, I think—fixed here in Ottawa by the Department at the head office.

21128. It was not one of the items on which the tender was based?—No.

21129. It was a new item?—It was a subsequent item.

21130. Do you know what the price was?—\$9 a yard, I think.

\$9 a yard paid for tunnel.

21131. When you designed the tunnel as an expedient piece of the work, did you expect it would cost \$9 a yard?—Well, no; I did not.

21132. What did you expect it would cost, because I suppose the cost is one of the elements on which you based your calculations?—I think \$8 is what I based my calculations on.

21133. What was the greatest depth of rock over that tunnel: was it rock all over it?—Yes; very nearly. There was a little soil in some depressions in the rock.

21134. What was the greatest depth?—Something like fifty-one or fifty-two feet. I would not be sure, but I think it was something near that.

Greatest depth about fifty-two feet. (See Ques. 21141.)

21135. Did it slope off gradually from that height?—Yes.

21136. An ordinary curve?—Yes; something like an irregular curve.

21137. Would you please make up an estimate of the quantity of rock to be taken out to make that an open cutting instead of the tunnel from your knowledge of the country, and as closely as you can?—From memory, as near as I can judge, there would be about 40,000 cubic yards of rock excavation to make it an open cutting.

40,000 cubic yards of rock would have had to be taken out to make it an open cutting.

21138. Why do you say from memory—do you mean from your memory of the depth?—Yes.

21139. Then from your memory you have assumed a certain depth?—Yes.

21140. What have you assumed?—Fifty feet.

21141. I thought you said fifty feet from the top of the tunnel—you mean from the bottom of the tunnel?—Yes; the tunnel itself is twenty feet high.

Depth of tunnel from floor to roof twenty feet.

21142. In that tunnel what would the width of the open cutting have been at the bottom if you had made it an open cutting instead of the tunnel?—Twenty-two to twenty-four feet.

21143. At the bottom?—Yes; at the bottom in the open cutting.

21144. Since your last answer have you made a calculation based upon the length of this tunnel, the average width and the average height, so as to ascertain the probable quantity of rock which would be excavated in case it had been an open cutting instead of the tunnel?—I have assumed for the length of the tunnel 515 feet, and an average width of thirty-four and a-half feet, and an average depth of forty-two feet.

21145. And have you made your calculations upon that basis?—I have.

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Solid contents of open cutting had that been made where tunnel is: 27,640 cubic yards.

\$1.50 for solid rock cutting.

Hence open cutting would have cost \$41,500.

So that, according to lowest estimate tunnel would have cost \$20,000 more than open cutting.

Contractors instructed from Ottawa to go on with tunnel.

21146. Are those as near the correct length, height and width as you can estimate them?—Yes; it is as near as I can now recollect, in my judgment.

21147. Then what do you make the solid contents of the open cutting in case that had been adopted instead of the tunnel?—I make it 27,640 cubic yards.

21148. Do you know what the price per yard for solid rock cutting was between the contractors and the Government?—\$1.50.

21149. What would that have cost the country if it had been an open cutting?—In round numbers, \$41,500.

21150. I understand when you designed the work that you supposed it would not cost as much as it did cost; you estimated it to be worth about \$8 instead of \$9 per cubic yard: is that right?—That is what I estimated it.

21151. What would that have cost, then, if your estimate had been adopted instead of the higher price by the Government?—\$61,800.

21152. Then, according to your estimate and your design, you expected that it would cost about \$20,000 more than the contractors' price would have been if it had been an open cutting?—I think so now.

21153. Is an open cutting as effective for railway purposes as a tunnel?—It is, with the exception of the objection to snow. It fills up a deep cutting like that. Of course they put snow sheds or houses in it to keep the snow out, but it accumulates snow greatly, a place like that, whereas in a tunnel there is no snow can get in.

21154. Is it expected that there will be snow sheds in that part of the country wherever there are cuttings as deep as this?—It is likely there will be when they commence to keep up the permanent way.

21155. Can you give any other explanations of your reason for designing this tunnel to cost about \$20,000 more than what you supposed it would cost as an open cutting?—As far as the design is concerned, of course when I made the survey and showed the profile, it was left optional with the district engineer to take an open cutting or a tunnel.

21156. I understand you to have said a little while ago that it seemed so natural that it should be done that you went on with the work?—Certainly, so natural that this cut-off should be made that I went on with the survey.

21157. Did the contractors go on with what you had said?—No.

21158. How did they get their instructions to go on?—In accordance with instructions that were sent from Ottawa.

21159. Who came to Ottawa to see about this work being done, and to have the plan changed?—I don't know who came. Mr. Hazlewood wrote and sent a profile and plan of the line to Ottawa.

21160. Don't you know there was some negotiation with the Department whether it should be done or not?—Yes; he referred this thing to the Department at once, just as soon as I made the plan and profile, and the question of tunnel was left between him and the Department. It was a thing I did not interfere with. I left them to decide themselves what they should do.

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21161. Did you make no recommendation on the subject?—No; never. I did not.

21162. Did Mr. Hazlewood lead you to understand that he had done so?—Yes.

21163. Did he tell you so?—Yes; if my recollection is good, he told me that he recommended the tunnel to be made.

21164. Did you see any authority from the Department to him to authorize its being done?—I would not charge my memory with it. I think it is very likely that they did. I think it is highly probable that the first authority he had to make a tunnel instead of the open cutting was from the Department; but still I have no recollection of seeing the letter.

21165. By giving the \$9 a yard, instead of \$8 you supposed would be the price for it, the country were giving \$7,725, or thereabout, in addition to the loss of \$20,000 which you have already spoken of?—Yes. Of course there is the difference between \$8 and \$9 a yard.

21166. It is an addition of \$1 a yard for about the quantity of 7,725 yards is it not?—Exactly. The contractors worked night and day gangs in taking out the tunnel, and by this means were enabled to make double time.

The work was pushed forward by the contractors, the country thus gained in time.

21167. Do you mean that that hastened the completion of the whole work?—Yes.

21168. To that extent then the country gained some equivalent advantage for the extra cost?—Yes; for the extra cost.

21169. How much do you think that would save in the completion of the whole work?—Well, it might possibly affect it for six months or half a year.

21170. Do you mean that the whole of this work of 25 was finished six months sooner than it otherwise would have been, because of this passage for the trains being in the shape of a tunnel instead of an open cutting: is that your evidence upon that subject?—It might at such a season of the year. The actual circumstances—of course I do not know it very closely, but it would certainly expedite it three months; but it might have been at such a season of the year as to affect it a greater length of time.

21171. What time of the year was this tunnel commenced?—It was commenced either in September or October.

Tunnel commenced in September or October.

21172. When was it finished?—September or October, 1876. I forget when it was finished.

21173. Could you say, in round numbers, about how many months—was it a year?—I should not like to state that without being satisfied.

21174. How do you make out that you can tell how much the completion of the line was affected in time without knowing about when the tunnel was finished?—Simply from recollection of the work, and talking of it at the time when the work was being carried on—my observation of it at that time; but the dates and things I have not here. Of course I have no books or reference.

21175. Was that the last work done on that contract?—No; that was forty miles out; it was about ten miles from the east end of the

**Railway Con-
struction—
Contract No. 25.**

Tunnel hastened
completion of
work by three
months.

contract. I would simply say, if my memory serves me well, it was about a year they were at it.

21176. Would you explain how that affected the time at which the whole work on the contract would be completed?—It would affect it to at least three months, for the reason that they worked gangs night and day continuously, summer and winter, whereas, in the open cuttings they would—I do not say they could not—they would only work day gangs and probably only for the summer months. I do not know that there is anything else I can say.

21177. At what time in that country does the main work cease in the year?—Generally about the end of October.

21178. Then, from that time until spring what is generally done?—Well, they ordinarily work. In some instances we have had winters where there was very little snow, and in which they did a good deal of work—earth work and rock work as well.

21179. What sort of rock work do you mean: open cuttings?—Open cuttings.

21180. Could they have done it during this winter that you speak of this work going on?—I forget, particularly about the depth of snow, that winter; I am not clear about that.

As a rule in win-
ter not work
enough for men.

21181. As a rule, is there enough work on any of those works during the winter to keep the contractors' men fully employed?—Oh, no.

21182. They, as a rule, have more men to do work than they have got work for the men: is that the rule?—Yes; as a rule, they have to reduce their forces at the beginning of the winter.

21183. How does that state of affairs affect this work: I understood you to say that this tunnel was completed about the end of the year?—It was commenced then.

21184. But you say it took a year?—Yes.

21185. Then it was ended about the same time of the year that it was commenced?—Yes.

21186. Then it was completed at a time when the contractor had more men than he had work for them to do?—I don't know that he had more men in the summer.

21187. You say the object of getting this tunnel completed was to run trains through it, because it was necessary to have trains through?—He got his track through the tunnel, and run trains some distance west to supply camps west of the tunnel for the winter.

21188. As far as the railway work is concerned, I understand you to say that it is no advantage to a contractor to have an opportunity of going on with work from October forward, because there is always more ready for him than he can do; the men do not work, as a rule, do they, during the winter, from October forward?—Most of the men who can get work do.

21189. Is it not a fact that contractors cannot get their men to work during the winter and make much progress?—No; they cannot.

21190. Then it is no great advantage to have an opportunity of doing work from October forward—to have work laid out for them?—Oh, if there is work there men could do they could get men to do it.

Railway Con-
struction—
Contract No. 25.

21191. But they cannot do it, you say?—No; they cannot do all kinds of work in winter like summer—certainly not.

21192. Now if this work had not been done by tunnel, you say it would not have been finished for three months longer?—Yes.

21193. Then when would it have been finished: if the tunnel was finished in October, 1877, and the open cutting would have been finished in January of the following year, what advantage was it to the contractor to have it opened in October?—There was this advantage: we have got the track through the tunnel and a number of miles that had been graded on the other side. Just as soon as they were through with the tunnel they extended the track. They sent supplies up there some fifteen miles and made a depot to distribute from the next season.

21194. Then, it was preparation for construction work, but not work itself?—Which? The tunnel?

Tunnel enabled preparation to be made for next season, and to have supplies got up.

21195. This work that the contractor was enabled to do by having it finished that fall: it was preparation?—Preparation for the next season and getting the supplies up for the men as well.

21196. Was there any other work done by the contractors for section 25 which was not properly chargeable against section 25: for instance, raising embankments on section 13, or cuttings?—There was some ballasting. In ballasting 13 and 25, there was some ballast used in making up embankments on contract 13. In another place, I spoke of the excess of quantities eliminating about 3 per cent. on 13.

21197. Do you mean by this to say that 3 per cent. of the whole work charged to section 25 was really done by the contractors for 25 on section 13?—Yes.

3 per cent. of the work charged to contractors for contract 25 should be charged to contract 13.

21198. What is the nature of that work?—Widening embankments and raising them up as well where the track came on Sifton, Ward & Co.'s work. Before they had completed their work they had, of course, to step aside and give way, leaving the work imperfectly finished.

21199. The contractors of section 25 had also the work of track-laying section 13?—Track-laying and ballasting section 13.

21200. And before they finished track-laying and ballasting they had to do some work on the embankments?—On the embankments of section 13.

21201. Which ought to have been done by the previous contractor for section 13, or might have been?—Which might have been done.

21202. Does it follow that section 13 ought to be charged with that 3 per cent. of the whole cost of section 25 in order to ascertain what the real cost of section 13 was?—Yes; the quantities taken off 25, ballasting, put on 13.

21203. Now what did that 3 per cent. amount to, in round numbers?—3 per cent. would amount to something like \$30,000.

21204. That is to be added to the cost of section 13?—Should be added.

21205. That makes so much more discrepancy between the cost of section 13 and the estimated cost of it at the time of the contract, does it not?—Yes.

**Railway Con-
struction.
Contracts Nos:
13 and 25.**

Contract 25 in-
cluded the track-
laying and bal-
lasting for
section 13.

Besides track-
laying and bal-
lasting contract
25.

21206. That increased cost of section 13 has only been ascertained since the completion of section 25 by deducting so much from 25 and adding it to 13, which could not have been ascertained, or had not been ascertained previously, for the reason, as I understand it, that all the certificates for that work went in and were settled through the contractors of section 25?—Yes; it is in this way too: that there was more material taken to ballast 13 than would have been had the work been finished before Purcell & Ryan commenced track-laying it, and they, having the contract for track-laying and ballasting 13 and 25, it is grouped in that way; section 25 constituted the grading of eighty-one miles west of Sunshine Creek, the track-laying and ballasting of section 13, thirty-two and a-half miles, and extending it over their own grade of the section eighty-one miles, so that was really the contract 25.

21207. I understand you now that, in addition to the work which they had contracted to do over section 13, they did some additional work on section 13: did they not do some work in addition to the ballasting and track-laying?—Yes.

21208. What was that: was that embankments and generally raising the grade level?—That was one or two cuttings that were left unfinished, that they took out. When the track got up there, Sifton, Ward & Co. hadn't them done, and more, they were intercepted there going back.

21209. Who were intercepted?—Sifton & Ward were intercepted by Purcell & Ryan; in other words, crowded out and hurried off the contract. There was a cutting near the Kaministiquia crossing left unfinished that was taken out by Purcell & Ryan and other cuttings dressed.

21210. Who certified for this work to Purcell & Ryan—this on section 13?—I did.

21211. Did it not go in as part of the charges against this new contract of Purcell & Ryan's; because, if it did not, there is no reason in your saying that it should be diminished by 3 per cent.?—You see, this is not the ballasting; this is dressing and widening cuttings.

21212. Is it not charged through your certificates to contract 25?—No; that widening and dressing of cuttings was charged to section 13.

21213. Originally under your certificate?—Yes. It was for work done on 13. It was for work done, some of it by measurement and some by days' labour.

21214. Is there anything more that you know and consider material concerning either section 13 or section 25?—There is nothing that occurs to me now, Judge Clark.

**Surveys, B.C.—
Yellow Head
Pass.**

21215. I think you said that you had ascertained the practicability of the Yellow Head Pass in your first season's explorations?—Yes.

21216. Did you consider that to be ascertained at that time?—Yes, so far as the west side of it was concerned; and, subsequently, the next spring, Mr. Fleming had returned or directed Mr. Moberly to leave the Howse Pass and go to that region of country and get a line looking for an outlet—looking for a northern line. Howse Pass is a good deal south of the Yellow Head Pass. He was recalled from that.

21217. Of course, when you say that you had ascertained it at that time, it was only by a bare exploration: there had been no instru-

Surveys, B.C.—
Yellow Head
Pass.

mental examination?—No; but I was satisfied with the grades, and I knew the character of the country too. The grades that I reported have since been verified by actual measurements.

21218. Do you know whether the eastern slope had been examined at that time?—It had not.

21219. And you did not examine it?—I did not.

21220. So that the feasibility, as far as you ascertained, was that of the western slope?—Exactly.

Feasibility of line
as far as ascer-
tained by witness
confined to
western slope.

21221. Is there any other matter connected with the Pacific Railway which you think it proper to explain by way of evidence?—I do not know that there is anything particularly that occurs to me now.

21222. Is there anything further that you wish to say on the subject?—No; I think not. I think I have said all I wish to say.

OTTAWA, Wednesday, 4th May, 1881.

MARCUS SMITH's examination continued :

MARCUS SMITH.

By the Chairman:—

Surveys, B.C.

21223. Is there anything that you wish to say by way of addition or explanation to your former evidence?—No; I think not.

21224. Is there any matter which you wish to call attention to upon the subject or any of them upon which you have been previously examined?—No, not so far; there may some questions arise as the evidence goes on.

21225. Is there any matter connected with your first duties in British Columbia which you desire to explain?—My first duties were to find out the position of the different parties that had been sent there the year previously (these are described in the report), and also to enquire into the cause of the large expenditure.

21226. Are you alluding now to the instructions which are described on page 105 of the report made in 1874?—Yes.

21227. Will you read what portion of it you think bears on the subject?—

"My position and duties in regard to these surveys and the lines to be explored, are clearly defined in your letter to me, of March 30th 1872, offering me the appointment, and that of May 8th, received on my way to British Columbia, of which the following extracts give the substance, viz : Instructions to witness for season 1872-73.

"In the event of your accepting the position offered, it will be expected that you will proceed to British Columbia with as little delay as possible, and immediately on your arrival take under your special charge the surveys deemed necessary between Victoria, Vancouver Island, Bute Inlet and the Fraser River, at the same time assuming general charge as my principal resident assistant, of all the other surveys now going on in British Columbia."

"I may state to you generally that the great object of the important service upon which you will be engaged is to determine—approximately at all events—the most practicable line or lines from Tête Jaune Cache, to such point or points on the Pacific coast, as may be considered most eligible for the terminus of the Railway.

"You will see Mr. George Watt, commissariat and paymaster at Victoria: his duties are, as you are aware, in connection with the furnishing of supplies and the payments of accounts.

"The expenditure in British Columbia has already been great, perhaps unavoidably so; but I must impress upon you the importance of seeing, as far as in your power, that no expenditure is incurred that cannot be fully justified by the circumstances."

These are my instructions.

Surveys, B.C.—
Accounts of
Watt.

21228. I understood you to say, in your former evidence, that you had taken pains to investigate these accounts at the end of the operations of 1872?—Yes; that was later in the season.

21229. That was when you returned from the field work to Victoria?—Yes; before returning to Ottawa.

21230. Did you make any written report on those investigations of the accounts?—I did not make any report of the accounts themselves, but I wrote a letter very early in the season—in fact the first I ever wrote after getting to British Columbia. It is dated 14th June, 1872—a letter to Mr. Fleming.

Character of
Survey.

21231. Would you put that in as an exhibit?—I think I may as well: it will lead to further questions. (Exhibit No. 300.) You see the first part is the only really important part. The first part describes the mode in which, in my judgment, the surveys ought to have been made, by exploring simply at first. The latter part has reference simply to details.

21232. Please read that portion to which you allude?—

Points out that it is impossible for him to reduce expenses, as large parties were in the field, whereas exploring parties would have been sufficient.

“It is impossible now for me to reduce the expenses very materially, as all the parties are in the field at a great distance, and the mistake was made at first in placing large surveying parties in the field. They ought to have been simply exploring parties, each party consisting only of two thoroughly competent engineers, each having a mountain barometer, compass, and tape-line, and a few guides and horses, altogether not over one quarter the size of the present parties, as these could have made surveys (if done with judgment) sufficiently close to determine the general route of the railway which would have left only one line with minor deviations to be surveyed or located; but as it is I can only reduce the expense by pushing the work through as rapidly as possible and disbanding the parties as they each complete their task, retaining the best assistants.”

21233. You appear to have arrived at this opinion very early in your experience in British Columbia, because your letter is dated in June, 1872?—Yes; after finding out what the parties had done the previous year I came to that conclusion at once. I found, for instance, that two parties under Mr. Moberly had been travelling all the time and had done very little work, because they had scarcely commenced work—or had done very little work—at Howse Pass before they were recalled to another pass, and it took them the whole summer, the next summer—in 1872—it took them the whole of that summer to transfer the parties and supplies from the Howse Pass to the Yellow Head Pass, and it was nearly eighteen months before they did work of any importance.

Information obtained by Moberly, might have been accomplished at much less expense.

21234. Do you mean that the information which was obtained under Mr. Moberly might have been accomplished with much less expense and with a smaller party?—I think so.

21235. Assuming that it was necessary to ascertain the practicability of the Howse Pass, what would have been your plan of gaining that information?—I should have sent out a small party of one or two engineers, with guides and pack train for carrying their supplies, and they could have examined the most difficult portions of that route by taking the bearings with a compass and the heights with the aneroid barometer, and an experienced engineer could have judged then of the character of the line, in the same way that the country had been explored in 1858, 59 and 60. It was, I think, by the Palliser expedition, they made such explorations as I am describing.

Palliser's
edition.

21236. With what object were those explorations made at that time?—To ascertain the practicability of a railway to the Pacific Ocean within British territory.

21237. Those explorations were not satisfactory, were they?—I think they were. They were very well done, exceedingly well done; but if you will observe, in the instructions to Capt. Palliser, the field was limited. It was limited on the north. It extended from the international boundary on the south, northward to the Saskatchewan River. That was the northern extent of the field of their operations. Up the Saskatchewan River from Lake Winnipeg to Edmonton, thence from Edmonton to Fort Assiniboine on the Athabaska River, to near its source, and across the Rocky Mountains to the bend of the Columbia River called the Boat Encampment. That is the trail travelled by the Hudson Bay Co. That was the northern limit of their explorations according to instructions, so that they did not know anything of the Yellow Head Pass. The Yellow Head Pass is north of the field in which they were instructed to explore, and I may say, of course, that all the other passes north they did not explore at all.

Surveys, B.C.—
Seeking a Pass.

The field of Palliser's parties limited.

Yellow Head Pass north of the field Palliser instructed to explore.

21238. What do you understand to be the latitude of the northern limit of that field of exploration by Capt. Palliser?—The most northern part of it touched the 54th parallel of north latitude.

21239. Was that in the neighbourhood of Vermillion Hills and Moose Hills?—No; that is at Cumberland House, not very far from Winnipeg, and again at the Moose Hills it touches the 54th parallel.

21240. And then in the westerly direction, how were they circumscribed?—Travelling westward, following the river, it bears more to the south. Fort Edmonton is about $53\frac{1}{2}^{\circ}$ north latitude. Then, in the instructions, they were to take the trail travelled by the Hudson Bay Co. to the bend of the Columbia River—to the Boat Encampment, as it is called. That trail is usually called the Athabaska trail. That comes further south.

21241. Does that go to the south from the neighbourhood of Henry House?—Yes; almost direct south from Henry House—in fact from Jasper House.

21242. And takes the direction of what is known as the Athabaska Pass?—Yes; and touches the Columbia River at the bend called the Boat Encampment.

21243. Do you intend to say that this Palliser exploration was not effective in finding the best pass (that is the Yellow Head Pass), as far as we know yet, because they were restricted in their instructions?—Yes; because they were restricted in their instructions. The Howse Pass was the most northerly pass through the Rocky Mountains which they examined. The next is the Yellow Head Pass, which is 1,000 feet lower, and which they did not explore, nor any of the passes further north.

Palliser expedition failed to find best pass (Yellow Head) because its field was restricted.

21244. Would you please name the different passes which were the most known at the time of this first exploration, beginning from the southerly portion of the country, on the boundary line, for instance?—The most southerly is the Kootenay Pass on the boundary line—very near the international boundary line, I mean; then the next prominent pass northwards, explored by the Palliser expedition, was the Kananaskis Pass. Still going northward, the next one is the Vermillion Pass; then the next is the Kicking Horse Pass; then the next pass is the Howse Pass. These are the main passes; there were some transverse passes between these. I may state—probably it will explain why the Howse Pass was surveyed so expensively in the first instance,

The passes best known at period of first exploration

Surveys, B.C.—

Seeking a Pass.

instead of being simply explored—I may explain that of all the passes examined by the Palliser expedition, there were two of them that seemed very feasible for taking a railway through, that is, the first most southerly is the Vermillion Pass. That is approached from the east by the South Saskatchewan, the Bow River, which is the same river in fact; it is called the Bow River, as it issues from the Rocky Mountains. The Howse Pass seems rather, according to the description in the reports, more favourable still. That is approached from the east by the valley of the North Saskatchewan. I have not the report here—Mr. Palliser's report. However, here is an extract from it, which will perhaps be enough, from the report of 1860. It is the report of Dr. Hector, one of the parties employed on that expedition—page 26. He gives the height of land at the summit of Howse Pass at 4,800 feet. In descending the west side of the main range the descent was made by the Blacberry—the descent on the west side of the Rocky Mountains to the Columbia. Dr. Hector says that the descent is through a contracted valley thirty-five miles long, in which the fall is 2,000 feet. That gives an average gradient of about sixty feet to the mile, which is not excessive for mountain work, and it is a really practicable pass for a railway, but Dr. Hector went no further than the Columbia River, and westward of the Columbia River (I must get the map to show it) you will find that on descending the western slope of the main range of the Rocky Mountains you strike the Columbia River almost at right angles to the general course of the line. The river there takes a great bend to the north and north-west up to the Boat Encampment and then turns to the south. Enclosed within that bend of the Columbia River is a very high range of mountains called the Selkirk range. No pass has ever been found across that range. Mr. Moberly could not find a pass through it, so the line had to be deflected when it struck the Columbia River away to the north-west to the Boat Encampment, seventy-five miles.

According to Palliser's report Howse Pass seemed favourable.

An average gradient of sixty feet to the mile which is no excessive.

But Moberly could not find a pass.

Palliser expedition went no further than the Columbia River.

21245. Which line are you speaking of: the Palliser line?—No. Palliser did not go beyond the Columbia River.

21246. When you speak of this line being deflected, which line do you speak of?—I am speaking of the line which Mr. Moberly suggested. Perhaps I ought to have stopped at the Columbia River.

21247. You were speaking of the Palliser expedition: how far did they go?—They went no further than the Columbia River, but some parties in British Columbia—in fact I think Mr. Trutch, who was the delegate from British Columbia in 1871, when the province was to be entered into the Confederation, suggested that he knew a line from the Pacific up to Howse Pass to connect with the line the Palliser expedition had reached from the east, and I have no doubt on that assurance Mr. Fleming considered that line practicable, and intended to make a complete survey of it.

Trutch suggested that he knew a line through Howse Pass and Fleming seems to have acted on this.

21248. I understood you to say that the reason for this expensive examination by Mr. Moberly was because the Howse Pass had been recommended or suggested by the Palliser expedition?—I do not know that it was recommended, but it appeared to be feasible.

21249. It recommended itself in consequence of their report?—It recommended itself as a feasible line.

21250. Do you give that as a reason for the particular manner in which the examination was made by Mr. Moberly?—I think so. I think that from the information that Mr. Fleming had derived from the Palliser reports, and information received from parties in British Columbia for the extension westward of it, that he must have felt that the line was practicable and required a thorough survey.

Surveys, B.C.
Thinks from the information Fleming derived from the Palliser reports and from other parties, he must have thought the Howse Pass was practicable, and therefore worth a thorough survey.

21251. Then this particular expedition of Mr Moberly's was not one of those which you considered had been made in too expensive a manner, because I understand you now to say that it was justified in consequence of this hope being held out by the Palliser expedition?—It may have been justified by that; it turned out afterwards that the line was not so good as expected.

21252. But just now I am directing your attention and my own to the question of the manner in which the Moberly expedition was started and the number of people attached to it, because not long ago I understood you to say if you had been starting that expedition you would have started it with a much smaller number than he did, and now I understand you to say he was justified in starting it in consequence of the examination of Capt. Palliser suggesting the feasibility of the route shown?—It was the best line known at that time.

Character of Survey.

21253. You understand now the bearing of my question; considering what was known at that time of the results of the Palliser expedition, was the expedition justified in your opinion?—I think it may have been justified in consequence of the short time allowed. It was intended to commence the construction of the railway—in fact it was a condition of the agreement with British Columbia, that the construction of the railway was to be commenced within two years from the date at which the Province entered the Confederation—from the 26th of July, 1871. That left very little time for many explorations; and I suppose Mr. Fleming seized upon the best route that was known at that time—the most feasible route that was known at that time—and made location surveys or instrumental surveys with the expectation that that route would turn out practicable. It would have been better if more time had been granted to make explorations before surveying any route. I do not blame Mr. Fleming for making the surveys; he was placed in that position in consequence of the shortness of the time. It is possible that he was determined to make a thorough instrumental survey to commence work. Had there been more time it would have been better to have had explorations made of other routes.

The pressure of time may be held to justify Fleming in directing an instrumental survey.

21254. Do I understand you to say that if you were placed in the position of Mr. Fleming in the season of 1871, you would have taken the same course as to starting Mr. Moberly with the party he was started with?—I do not say that: it is not my way of doing it. I generally prefer, however short the time may be, to make some preliminary explorations first, to see which line is worth surveying. Surveying is very expensive work.

Witness's own plan is always to precede surveys by exploration.

21255. I may have been misled as to your opinion on the subject, but as I understand it I have got two opinions from you: one that if you had been starting Mr. Moberly's expedition at the time it was started you would have taken the course of sending out one, perhaps two engineers and a sufficient party to support them?—For that I would have sent out several different parties, each party being very small.

Surveys, B.C.—**Character of Survey.**

Witness would have started much smaller parties.

21256. To the Howse Pass?—Yes.

21257. Making the Howse Pass the objective point, you would have started several small parties?—That and another pass I would have explored with several small parties.

21258. Assuming now that fuller information as to the feasibility of the Howse Pass was the object of the expedition, I understand you to say you would have started a much smaller party than Mr. Fleming started?—I think I should.

21259. Again, I understand you to say that Mr. Fleming having got the idea that was naturally to be drawn from Palliser's report, it was quite justifiable to send out the large party he did?—He may have considered himself justified.

21260. Do I understand you to say that he was justified?—It is not for me to say whether he was or not.

21261. I understood you to give that opinion?—That is my opinion: I would rather have made explorations first. Another engineer might have thought differently. I am only telling you that there were good grounds for expecting a good line there, and that may have induced Mr. Fleming to commence the survey earlier than he would have done.

Witness would not have sent out Moberly with so large a party to ascertain the feasibility of the Howse Pass.

21262. Now, assuming these data which you describe, that is to say that the Palliser expedition had exhibited the feasibility of a route through the Howse Pass as far west as the Columbia River, and that it was desirable to ascertain the feasibility of a line from the Pacific easterly to that point, and that the time was limited, as it was by the agreement with the Province of British Columbia, do you say, as an engineer, that it was an expedient and proper thing to send out Mr. Moberly to ascertain the feasibility of that line easterly to Howse Pass with the sized party that he took with him?—I should not have done so.

21263. What, in your opinion, would have been the proper course?—In my opinion? I expressed it: I would have explored that and other routes before making instrumental surveys. I give my opinion in a letter to Mr. Fleming.

21264. But if your object was only to ascertain the feasibility of a route from the Pacific Ocean to Howse Pass it would not have been necessary to send out other parties, if that was the single object of the expedition?—I think not. Perhaps I did not understand you exactly; please repeat it.

21265. I wish to get from you an expression of your opinion as an experienced engineer: whether or not, under the circumstances which existed at the time that the Moberly expedition was started, it was a proper course to take from an engineering point of view; but, first, I will repeat what I consider to be the data at that time—that the Palliser expedition had exhibited the feasibility of a railway line over the North-West Territories as far west as the Columbia River through the Howse Pass, and it became necessary, in order to decide whether that could be continued to the Pacific Ocean, to ascertain the feasibility of a line from the Pacific coast easterly to that same pass; now, that being the single object of the Moberly expedition, as I understand it was, I ask you, as an engineer, whether Mr. Moberly, in taking with him the party which he did, took a proper course?—If that had been the only object of the expedition perhaps the course was correct, but that

Surveys, B. C.—
Character of
Survey.

was not the only object. There were other passes being examined at the same time. The Yellow Head Pass was being examined the same year, and I would not have made any instrumental survey until all the feasible passes were examined.

21266. Then do I understand you to say, that inasmuch as that was not the only pass, at least, not certain to be the only pass, that it was desirable and necessary to ascertain whether other passes would compete with it before it was decided to survey the route through that particular one instrumentally?—Yes; I should have waited till the results of the exploratory examination of the different passes were ascertained, and then surveyed the best one—only the best one.

21267. Do I understand you to say now, by way of evidence, that there was a mistake made, from an engineering point of view, in starting an expensive expedition to find out the feasibility of a route from the Pacific Ocean to the Howse Pass, without first ascertaining the value of that as compared with other routes, by some simpler and less expensive mode?—Well, as it turned out the better pass was found; it was therefore a mistake, but if a better pass had not been found it would not have been a mistake.

It turned out to be a mistake; but it might have turned out the reverse.

21268. Then, you think the answer to the question “mistake or no mistake” depends upon the result?—Yes; but the certain way is to examine all the feasible passes before surveys are made. Then there is no necessity in that case for making more than one survey—the survey of one route.

21269. You mean an instrumental survey?—Yes.

21270. Please understand that I wish to get from you now an expression of your opinion as an engineer, an experienced engineer, on the propriety of the course which was adopted in this case—I mean sending out the Moberly expedition. I wish to ascertain whether you, as an engineer, consider the course which was taken to have been a proper one under the then existing circumstances?—I said I should have taken a different course. There were two passes being examined, and I should not have made an instrumental examination of either of them until the result of those examinations was discovered.

But witness would have taken a different course.

21271. Then do you say that the course which was taken by whoever was responsible for it in this matter, was not a proper one under the circumstances?—You may infer that I think it was not the proper one.

21272. Notwithstanding the result of the Palliser exploration?—The Palliser exploration was only partial; and it was not, I believe, as far as the Palliser exploration went, that the feasibility of the line was to be proved, but it was west of that that the difficulties were found, between the terminal point of the Palliser exploration and the Pacific Ocean. That is where the difficulties were found.

21273. I wish to have this matter very plainly down in the evidence, and I may not put the questions so as to make you understand what I intend: but, to my mind, it does not appear that the result in any way affects the expediency of the expedition. I do not see that the discovery afterwards that one pass is better than another in any way touches the question whether the exploration or examination was made in the way it should have been made. I wish to have recorded, beyond any doubt, what your opinion is on the subject—I mean, after the Palliser exploration had shown that there was a possi-

**Surveys, B.C.—
Character of
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So large a party
as Moberly's not
necessary.

bility of a route through the Howse Pass as far west as the Columbia River, and the country being under contract with British Columbia to commence the railway within a limited time, whether it was necessary or desirable that this particular expedition of the Moberly party should be made in the way it was made?—I do not believe it was necessary. It would have been much more economically done in the way I have just stated, by making simply an examination by small parties of different passes before any instrumental survey was made. The same result could have been obtained with regard to the pass from an examination without an instrumental survey as Mr. Moberly ascertained from a very expensive one.

21274. What is the engineering force required to make such an instrumental survey as Mr. Moberly started to make?—I do not remember the number of the party, something between thirty and forty altogether.

21275. But that would not be the engineering force?—No.

21276. I am speaking now of the engineering force?—There was the engineer-in-chief, Mr. Moberly; there was the transit man, two levellers, I think; then there were picket men, chain men, and the number of packers, of course, was increased.

21277. But they are not engineers—I am speaking just now of the engineering staff: what would you say, in round numbers, would be the number of the engineering staff for such an examination as he started to make?—Well, the staff, there is only the engineer in charge, the two transit men, and two levellers—only four on the staff. The picket men and chain men are not considered part of the staff.

21278. I mean the persons who would take charge of the examination of the country for engineering purposes, and putting out of the question at present those persons who transport the provisions, or do any ordinary labour?—Do you mean in an instrumental survey?

In such a party
as Moberly's, ten
men would be
connected with
the instruments.

21279. I mean Mr. Moberly's survey?—Well, I have described them. There would be four engineers, two picket men, two rod men and two chain men, at least.

21280. Then, to do the surveying or engineering work about ten men would be employed, irrespective of labourers?—Connected with the instruments; yes.

For an exploring
party one engi-
neer would do the
work; two
ample.

21281. For such a party as you describe as a more expedient party under the circumstances, please say how many would be required, irrespective of labourers, for the purpose of engineering, surveying, or examining?—I made a great many examinations of that sort. The whole party consisted of myself, besides Indians. Two would be better. There ought to be two engineers. You ought to use two aneroids to get the levels properly.

21282. Then, for such an exploration as you consider to have been a proper one to make under those circumstances, two of an engineering party would be sufficient, and under the other which was made, about ten?—Yes.

Every man added
to a party re-
quires an extra
horse and packer.

21283. Do you say that the party would be correspondingly increased for transporting provisions and other purposes?—Yes; oh, yes. It would be correspondingly increased, perhaps more so; for a large party it takes more men to transport luggage. Every man added to a party requires a horse and packer extra. The provisions had to be

carried some 600 miles into the mountains, and supplies had to be taken for six months. There was between thirty and forty people connected with Moberly's expedition.

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21284. How many, altogether, do you think would have been a party sufficient to serve the purposes of such an exploration as you say would have been expedient?—Oh, certainly under ten: two engineers and half a dozen men probably—packers.

21285. Do you mean to convey this idea to us as part of your evidence: that this result could have been ascertained, and, under the circumstances, ought to have been ascertained by a whole party composed of not more than ten men, rather than by a party of somewhere about forty?—Yes; I say that the comparative advantages of different passes could have been ascertained in that way. You could not ascertain the details, of course, the same as you could by an instrumental survey, so as to give an estimate of the cost; but an engineer with judgment could ascertain with a very small party, from an examination made in that way, the comparative advantages of different routes.

The result ought to have been ascertained by a party of ten men instead of by one of forty.

21286. But I have understood that this particular expedition of Moberly's was directed entirely to the object of ascertaining the feasibility of a route east of the Howse Pass, and that the doing so in the expensive way in which it was done did not operate as preventing a different exploration of another pass, so that, in effect, if I am right in understanding what you say, all this expenditure was created for the purpose of ascertaining the feasibility of the Howse Pass line?—All the expenditure of Moberly's parties?

21287. Moberly's party I mean?—Yes.

21288. It did not stop the exploration by other parties?—They went on all the same, but you will observe that the result of Moberly's surveys could have been arrived at at much less expense. It was found that a better pass existed further north, and it was abandoned. That could have been found by a simple exploration without an instrumental survey.

21289. Do I understand you to mean this: that the expenditure on the Moberly party, which was apparently incurred upon the supposition that an instrumental survey was necessary, ought not to have taken place until after bare explorations had exhibited the feasibility of that as compared with other passes—that the comparative merits, in fact, of the different passes ought first to have been ascertained before an instrumental survey of any pass was resolved on?—That is the method I should propose in all cases.

The comparative merits of the different passes should have been ascertained before an instrumental survey of any was directed.

21290. I am dwelling upon this because I am not quite sure that I have got your opinion down exactly as you intended it; the expenditure was a large one and I wish to have down unequivocally what you think of it as an engineer: will you please say, after discussing this subject as we have done, what is your opinion, as an engineer, of that expedition of Moberly's in 1871?—I think it was premature going into such expensive surveys as he did. It must have been assumed that that would be the line. I think it was generally assumed that that would be the line to be adopted, but it was premature to assume it.

It was premature to go into such expensive survey.

21291. Was that good engineering judgment to assume that that would be the line before other passes had been examined further north?—I think it was not. I think it is very wrong to assume any line if there is time to examine other lines.

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21292. Having gone over these accounts at the end of the first season, could you say, even in round numbers, what was the amount of expenditure incurred during that year of 1871 by the Moberly party?—No, I could not. I examined the accounts item by item as vouchers. These vouchers were sent to Ottawa, and Mr. Watt, the accountant, went home with them, and I never knew what the totals were. I simply knew them in detail, and a great many of the accounts came in long after. In 1873 accounts came in for the survey of 1871, and these I certified if they were correct, and sent them on to Ottawa, and the ledger was kept here, I have no idea of what the amount was.

McLennan's party.

21293. Do you remember any other feature of the first year's operations which took place before you went to British Columbia, but which were shown in some of their bearings at all events by the accounts?—Yes; there was a Mr. McLennan had two parties under him. With one of those parties he went up the North Thompson River to Tête Jaune Cache to examine the country there. Another party was instructed to go from the mouth of the Quesnelle, on the Fraser, and go up the Fraser by Fort George to Tête Jaune Cache.

21294. Then easterly from Fort George, do you mean?—South-easterly; to follow the Fraser to Tête Jaune Cache and to meet the other party there.

Mahood's party.

21295. That is the Green party—the other party?—That is Mr. Mahood's. The first party I mentioned was Mr. Green's. He went up the North Thompson.

21296. He was detailed in the neighbourhood of Cranberry Lake?—Yes; the other party was Mr. Mahood's. He was instructed to go up the Fraser from the mouth of the Quesnelle to Tête Jaune Cache; but on arriving at the mouth of the Quesnelle, he was advised it was too late in the season and it would be better for him to go overland to Richfield, the principal town in the Cariboo district. From Richfield he went in a generally easterly direction towards Tête Jaune Cache. He found the country very rough. One ridge was something like 9,000 feet high, and covered with snow.

Expedition badly managed and large expense incurred.

21297. Was that in the Cariboo range?—That is in the Cariboo range. There was a very large expenditure incurred on that expedition. It was very badly managed. Mahood had delayed on the road before starting, and got into difficulties on account of the climate. He lost a great number of mules and horses, and the packers had large claims. He engaged packers, and the packers presented large claims for loss of animals and packing. I think between the two parties there was something like between eighty and ninety mules and horses lost—perished.

Of mules and horses something like ninety lost between the two parties.

21298. Do you mean between Green's and Mahood's parties?—Yes; the Mahood party wintered on the Fraser River at Castle River, a few miles below Tête Jaune Cache. The Green party wintered at the Lake. There was very little feed for the animals, and I think they lost between eighty and ninety horses and mules that winter.

Mismanagement chief in the delay in starting.

21299. Do you know whether that loss was to be attributed to bad management: did you find that from the accounts?—There was bad management, and I reported that to Mr. Fleming, partly in consequence of the lateness in starting. The country was unknown, and perhaps they did not expect the climate would be so rigorous. The larger part

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of the loss was from the rigour of the climate; there is no doubt of that. There was some mismanagement in delay in starting.

21300. Then, do you not think that fair ordinary precaution would have prevented a good part of the expenditure?—Not if they were obliged to leave so late in the season as they did—in September. I think it was far too late. If they had known more of the country I do not think they would have done so, but the surveys were pushed with great haste immediately after the confederation of British Columbia.

21301. Is there any other matter connected with that first season's operations which was disclosed to you by the state of the accounts, or by the reports to you from the persons connected with them?—There is some part of the Lower Fraser survey, from Yale to Lytton, and from Lytton to Shuswap Lake on the North Thompson, that the parties employed had not the necessary experience. The surveys were not worth much, but the expenditure was not large. Parties in British Columbia had no experience of engineering—railway engineering; they were put on the parties and the surveys had to be done over again afterwards.

Some of the surveys useless owing to inefficiency of those employed.

21302. Is there any other matter connected with that first season's operations which was disclosed by that investigation of yours?—I think those are the main points that account for the large expenditure; a large number of animals was lost in Mr. Moberley's party, and provisions too, that were too expensive to go and bring afterwards.

21303. I think, upon a former occasion, you gave us the particulars of your operations in British Columbia between 1872 and 1873, or was there any portion of 1873 not finished?—I think so. They are very fully given in the report of 1874. An account of the operations in 1872 was given in the report of 1874, page 105 to 156.

21304. That report was made for the public, I suppose?—Yes.

21305. But sometimes things occur which are not considered desirable to mention to the public—I am speaking of these: are there any other matters connected with that year's operations which bear on the subject we are examining?—Nothing of special interest. Of course I had very frequent communications with Mr. Fleming. Everything was discussed and every effort was made to reduce the expenses and to do the work as economically as possible. Frequent confidential communications took place between Mr. Fleming and myself, both verbally and by letter. I may state that another cause of increasing and increased expenditure afterwards was the fire that took place in the offices here.

The fire which took place in offices in 1874, another cause of expenditure.

21306. At Ottawa?—At Ottawa. That was in the spring of 1874, I think. That burned up all the papers in the office—destroyed, I think, the whole work that was done in 1872. It was burned up except one plan, and subsequently had to be re-surveyed.

This fire destroyed all the work of 1872.

21307. After your operations in 1873 in British Columbia, did you come directly to Ottawa?—Yes; I came home to Ottawa. I left Victoria on the 12th of December, 1873, and returned to Ottawa.

21308. And after your arrival here, how were you occupied in connection with this railway?—Superintending the making of the plans during the winter.

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Left Ottawa 15th May, 1874, with three parties, and several exploratory examinations were made.

21309. Until about what time?—I left Ottawa on the 15th of May, 1874, taking three parties with me. You will find in the report of 1874 that there were several examinations of the country made in the manner that I had suggested in my first letter to Mr. Fleming; some in the neighbourhood of Blue River and Clearwater, and also there was an examination made from Fort George up the north branch of the Fraser and across the Rocky Mountains, by two engineers—Mr. Jarvis and one assistant—and a few Indians.

21310. You had charge of the operations in British Columbia in 1874?—Yes.

21311. You were there?—Yes; I was there that season.

21312. Were the examinations principally by the help of instruments, or in the shape of explorations?—The first operations in 1874 were examinations from the valley of the North Thompson up to Clearwater River, and thence north-westward towards Lake la Hache; and another examination up the Clearwater River to Lake Clearwater, and along the side of the same, thence easterly across a part of the Cariboo range into the valley of the North Thompson; at the last part being very nearly the same line that Mr. Moberly had partly examined in 1873. These examinations showed that no feasible line could be obtained in that neighbourhood; consequently the parties went on up the North Thompson River and Albreda, until they arrived at Tête Jaune Cache. Then they made an instrumental survey down the Fraser Valley from Tête Jaune Cache to Fort George.

21313. Why an instrumental survey?—It was the only line left from the Yellow Head Pass that was feasible then. It was the only feasible line left going towards Bute Inlet, the others having been proved impracticable.

Bute Inlet one of the probable termini.

21314. Then had Bute Inlet been adopted as one of the probable termini on the Pacific?—Yes; one of the probable termini. You will find in my instructions of the first year, 1872, my special work was the survey from Bute Inlet up to Tête Jaune Cache. While these instrumental surveys were being made, I chartered a steamer and went along the coast examining numerous inlets from Burrard Inlet northward as far as Port Simpson, at the same time Mr. Horetzky was employed making examinations of two of those passes, one from Gardner Inlet eastward across the Cascade Mountains, the other from Dean Inlet eastward.

Coast examined.

21315. These Horetzky examinations were simple explorations I understand?—Yes; simple explorations. After I returned from the coast examination, I went and examined a large part of the southern part of British Columbia, from Fort Hope, I think it was in that year. My exploration from Fort Hope is described in the report of 1877, pages 115 to 118. After that I continued with my simple exploring out on the route to the mouth of the Quesnelle.

21316. From what point did you start with that exploring party?—I started from where I left off the last exploration. The first exploration was to the south-east by Similkameen and the Okanagan Lake, and back of Kamloops and Lake Nicola by the Cariboo wagon road, near Lytton. From that point I followed the wagon road up to the mouth of the Quesnelle, and across the river there, and made an exploration northwards parallel to the coast on the inner flank of the Cascade Mountains, as far as Lake François—about the 54th parallel. From

that I went to Fort Fraser and down the Nechaco River to Fort George. There I met the instrumental parties.

21317. Under the charge of Mr. Jarvis?—Under the charge of Mr. Jarvis. Mr. Jarvis's party had come down the Fraser. There was another party under Mr. Bell that I employed from Fort George south-westward up the Chilaco Valley towards Bute Inlet—on the line towards Bute Inlet.

21318. Was Mr. Horetzky under your charge that season?—Yes; all the parties were under my charge while I was in British Columbia.

21319. You heard him give some evidence concerning one of those explorations, did you not?—Yes; a very small part of it. I think he was giving his evidence about an inlet that I saw there, the Kitimat River. I was at that point and saw the pass that he mentioned, but it was going northward towards the Skeena River, and I saw in a direct line eastward from the Kitimat.

21320. I think he said that he had come to the conclusion that there was a pass from the Douglas Channel up through the Kitimat Valley to the Skeena River; he had not actually traversed it, but he believed there was one: do you say you were through that pass?—I was not through it, but I saw it from the head of the Douglas Channel. There is a broad valley extending as far as the eye can reach from the high hills.

A good pass from Douglas Channel through Kitimat Valley to the Skeena River.

21321. Was it your conclusion that there was a good pass through there?—Yes; there was a good pass through there to the Skeena in that direction. As far as the eye could reach the valley was very broad and level. I mention it in my report. You will find on page 111 I state this:

"The Kitimat Valley at the head of the channel appears to be three to four miles wide and very low. It stretches away to the north affording an easy route to the Skeena River. On the west the hills rise to an altitude of from 1,000 to 3,000 feet covered with the irrepressible fern. On the east side the hills butting on the channel are of a similar character, but through low gaps in the range we got glimpses of higher mountains capped with snow, leaving scarcely a channel of a practicable route for road or railway through the Cascade chain to Lake François or the River Nechaco."

21322. I think that inlet is sometimes called Kitimat Inlet, is it not: it is marked on the map the Douglas Channel?—It is the head of the Douglas Channel.

21323. Then I understand the result of this exploration by Mr. Horetzky, corroborated by your view, to be, that if this Douglas Channel was available for an outlet, it could only be approached from the Skeena River and not direct from the François Lake?—That is my opinion.

21324. Was it considered one of the probabilities at that time that this Douglas Channel might be made available for a port on the Pacific?—That was the object of my exploration, to examine all the channels and survey the most feasible ones.

21325. As a port then, this was considered feasible, was it?—Yes; it is a pretty good harbour there. It might be made a good harbour in the Kitimat River.

21326. Did you ascertain whether the Douglas Channel was, as a rule, frozen in winter?—No, I did not; not at that time. It was found afterwards the Douglas Channel was not examined in winter.

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21327. Do you know whether it is, as a rule, frozen in winter: have you had sufficient information on the subject?—I have not.

21328. Have you information that it is not frozen, as a rule?—No; I have not any information about its position in winter.

21329. Was it adopted as one of the probable outlets or ports without ascertaining that fact?—No; it was not. A channel branched out of it called the Gardner Channel. That was one of the channels to which the surveys were mainly directed.

21330. But that could not be approached from the Skeena River through the Kitimat Pass?—No, it was approached by a different pass.

21331. I understood you to say that this Kitimat Pass was explored with a view to having a port possibly in the Douglas Channel?—I explored all the different inlets with that object, but from my statement, which I have just quoted from the report, that did not appear so feasible on account of no approach being obtainable between it and Lake François.

A port which seemed eligible in the Gardner Inlet and Horetzky was exploring across the mountains with a view to it.

21332. Were those explorations on the land going on to ascertain whether there was a feasible line for a railway without first ascertaining whether there was any port proper to be adopted?—No; the channel was examined first, and there was a port that seemed feasible in the Gardner Inlet, and Mr. Horetzky was making an examination in connection with it across the mountains.

21333. Was it in connection with the Gardner Channel that the Kitimat Pass was examined?—No.

21334. How did it come that the Kitimat Pass was examined, if the port was to be first ascertained to be feasible and the Douglas Channel was not feasible?—The Kitimat Pass was not examined; it was only seen from the hills. I looked up it from the hill at the head of the inlet.

21335. Then there was no land exploration made from Gardner Channel, that being the channel that Mr. Fleming had selected as a feasible point for the harbour: is that called Gardner Inlet in the general description in your Department?—The route is called the—it was not from the head of the channel. It is the Kimano Pass. That is a little elevation that comes into the Gardner Inlet, some twenty miles from the head of it on the north side.

21336. Then I understand you to say, that before these land explorations, that inlet was approved of as affording a sufficient port for railway purposes?—Yes, it was. It was adopted for survey. Several were selected. That one was selected for surveying on account of its position. At that time it was thought to be very desirable to get as straight a route as possible to China and Japan, and that port lies in a very good position for that purpose.

21337. Was it ascertained to be a good port, if a good railway could be got to it?—Soundings were made in the Kimano basin and it seemed to be feasible.

Cooper's report of no value; his knowledge was not first hand, and he was interested, holding land in the neighbourhood of Burrard Inlet.

21338. Have you seen the report of James Cooper on page 307 of the report of 1877?—I may say that I pay very little attention to Capt. Cooper's report. He really knew very little about it, except what he had gathered from the surveys, and he was interested in the Burrard Inlet—he had a land interest, and his report had very little effect. It was not reliable at all.

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21339. Do you know whether the land explorations were carried on with the view of carrying the road to particular points on the coast without first ascertaining whether those points could be used as ports?—No; they were carried on simultaneously. In 1874, I examined the coast, and I also examined the mountains parallel to the coast in the interior, and Mr. Hortezky was examining two passes, one to the Gardner Inlet and one to the Dean Inlet, at the same time that I was making those explorations. From the result of our general explorations a survey was made the following year, and the Dean Inlet seemed to be the most feasible. I may suggest that, after the surveying parties of 1872 came in, on all subsequent surveys my suggestions of examining the country before making instrumental surveys was generally taken. We generally made examinations after the explorations. Mr. Fleming agreed with me at once that that was the best way to do after I had written to him. All subsequent surveys, after 1872, were examinations made in advance of the instrumental surveys, and from those examinations instrumental surveys were never made at all when we found that they were not worth surveying.

Examination of possible route on land and of possible terminal on the coast carried on simultaneously.

21340. Did you say that more than one instrumental survey was made in 1874—that by Mr. Jarvis?—Yes; Mr. Gamsby had a party; it was on the same route. The instrumental survey of 1874 was made to connect the Yellow Head Pass with Bute Inlet. Mr. Jarvis had the surveys from Tête Jaune Cache down the Fraser, and then there was Mr. Bell had part of the survey and Mr. Gamsby another. There was a complete survey made during that year from Tête Jaune Cache to the head of Homathco Pass, which leads to Bute Inlet.

21341. Sufficiently close to permit of profiles being taken?—Yes; and quantities have been obtained from that survey.

21342. Then have you described that season's operations as you understand?—I think so.

21343. Where did you winter after that season?—I returned to Ottawa again in the fall of 1874.

Returned to Ottawa in fall of 1874.

21344. When did you leave Ottawa again?—I left again in the spring of 1875. I find that I arrived in Victoria on the 13th of May, 1875.

Left Ottawa in spring of 1875.

21345. Was Bute Inlet considered a probable terminus at that time?—It was considered a probable terminus at that time, so that the surveys of that year were nearly all directed to there. There was one survey directed to the Dean Inlet; but the principal surveys of that year in British Columbia were improving the previous surveys and directed to Bute Inlet.

Principal surveys for 1875, improving previous surveys and directed to Bute Inlet.

21346. These surveys were over lines that had been explored before?—Yes, and partly surveyed instrumentally.

21347. So that they were closer examinations than you had made the previous season?—Yes, much closer. In fact the work then lay between, I may say, the Bute Inlet and the Dean Inlet. The Burrard Inlet had been given up almost at that time.

21348. Will you describe, shortly, the operations for that season: I have your report before me, but I wish to get down in evidence an outline of the operations?—I find a very important survey was made that year from the pass across the Cascade Mountains. The first survey was made by the northern pass. The Homathco leads from the head of Bute Inlet into the interior of the country eastward. Some

Surveys of 1875, described.

**Surveys, B.C. :
1875.**

Survey on the
south branch of
the Homathco.

Re-survey from
the Yellow Head
Pass down Fraser
to Fort George.

From the end of
1872 to 1875 sur-
veys made with
great judgment.

The instrumental
examination of
the route to Bute
Inlet decided on
by Fleming be-
fore witness left
Ottawa.

forty miles up from the head of the inlet it divides into two branches. The survey of 1872 was made up the north branch of the Homathco; in 1875 it was made on the south branch, after an exploration by myself. I went through with some Indians and found it a feasible route, and had an instrumental survey made of it. Then east of that towards Fort George the line was made—deviations were made, and the line generally improved by good instrumental surveys, and a re-survey was made from the Yellow Head Pass down the Fraser to Fort George. The first survey was a rapid survey—a flying survey, as we call it. This was a thorough survey from which quantities could be obtained. Mr. George Keefer had charge of one portion of the survey, Mr. Trutch of another, Mr. Gamsby of another portion, Mr. Cambie of another portion, and Mr. Jennings also. There were a number of parties—in fact the whole survey was made complete that year from Yellow Head Pass down to the head of Bute Inlet.

21349. That was the principal object of that year's operations?—Yes.

21350. It had been ascertained by previous examinations that such a route was feasible?—Yes.

21351. And this was for the purpose of examining the quantities necessary to estimate the works if desired?—Yes; necessary to estimate the cost of the works.

21352. Is there anything particular connected with that season's operations which you think necessary to explain now, beyond what your report mentions?—There is nothing special any more than the general fact that the parties were very greatly improved. We had an excellent staff for the first year (1872) that I was out. The best parties for the succeeding year were selected, and the staff was really a very excellent staff. From the end of 1872 up to 1876—coming to the end of 1875—surveys were made with great judgment and as economically as could possibly be done. The parties worked very hard.

21353. Were the operations in British Columbia directed by yourself, or under the directions of the superior officer after 1872?—I had the general direction, but the officer at the head of a party received his instructions from me, and he directed the operations of his own party.

21354. I mean, did you select the locality for the examination; for instance, as you say in the year 1875, the principal object was to get a closer knowledge of this route to Bute Inlet: was that done upon your responsibility, or was it under the directions of the superior officer?—It was on my responsibility, but before starting from Ottawa the whole subject was discussed between Mr. Fleming and myself, and the general course of the work selected; but in British Columbia I had the direction of the whole, and I used all my time in examining the country ahead of the survey parties, and sent them back sketches and instructions as far as I was able. I was responsible for the work.

21355. Were you responsible for the selection of that particular work for that season—I mean the instrumental examination of this previously explored route to Bute Inlet?—I was just saying that that was decided, before I left Ottawa, by the Chief Engineer.

21356. Did you return to Ottawa that winter?—I may state, besides the line to Bute Inlet, there was a line branching off in the neighbourhood of Fort George to the Dean Inlet. That was also surveyed that year, a good instrumental survey made of it, that is a little further north,

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these being the two objective points for the termini of the railway, of that season.

21357. Then there was very little simple exploration in the season of 1875?—No; most of the explorations had been done in 1874.

Most of the simple explorations finished in 1874.

21358. Was it considered that you had discovered enough feasible routes to be examined more closely?—Yes; just so.

21359. Did you say you returned to Ottawa in the winter of 1875-76?—Yes; I returned to Ottawa in the end of 1875, I do not know the exact date. It was about the end of 1875 that I returned to Ottawa. I find that I was still in Victoria the 29th of October; it was about the end of the year, about Christmas, I arrived in Ottawa.

Returned to Ottawa Christmas of 1875.

21360. Then, in the following spring, the spring of 1876, what was your occupation?—The first thing I did I went out to the French River to examine the route generally called the Georgian Bay Branch. I started a party to work there, and started a party under Mr. Lumsden to locate that branch from a point on French River to Lake Nipissing, near South River on Lake Nipissing.

Railway Location—Georgian Bay Branch.

In 1877 started a party under Lumsden to locate that branch.

21361. That was a different route from the one which had been adopted some years before and contracted for by Mr. Foster?—It was a little further north.

21362. Did it commence at the mouth, or further inland?—About twenty miles from the mouth of the river at an Indian reservation.

21363. Why was a point twenty miles up the river selected instead of the mouth of the river?—Because the country is very rough towards the mouth—rock, in fact, with hardly any soil whatever, and the French River has several branches, four or five different branches, and we could not have continued the line westward from a point any lower down the river than that point—Cantin's Bay.

21364. Was it considered that the river might be made navigable from that point to the mouth?—Yes; made navigable with some improvement, but it would have required one or two locks.

Survey commenced at Cantin's Bay to which point it was thought the river could be rendered navigable.

21365. So that that branch might be made available for the Georgian Bay traffic by improving these waters between the point you name and the mouth of French River?—Yes.

21366. Had you given up charge of the operations in British Columbia, or how was it that you came to have charge of this portion of the country?—The surveys in British Columbia were continued, and Mr. Cambie was sent out to take my place temporarily.

Surveys.

Cambie sent out to take witness's place temporarily in British Columbia.

21367. But did you not occupy a different position, in respect to this railway, after the spring of 1876, from what you had occupied before?—There was no difference made in my appointment. I had no official notice that any change had been made in my status in the staff, but as first officer, next to the Chief Engineer, I took charge in his absence.

21368. Whose absence?—Mr. Fleming's.

21369. What absence was that?—He left Ottawa and went to England. He got leave of absence, and he asked me to take charge in his absence, which I did, and it was approved of by the Minister that I should take that charge temporarily.

Fleming went to England; witness in charge.

21370. Then, at this time, the spring of 1876, you were acting Chief Engineer, I understand?—Yes.

Surveys.

21371. In addition to your ordinary duties?—Yes; I had the general direction of the whole works on the line, both under construction and survey.

Went westward.

21372. Will you proceed, please, after this examination of French River?—I went westward, north-westward rather. I went up the Wahnapiatapee River, and thence across to the Long Lake, White Fish Lakes and Vermillion River—that is, a general north-west course.

Examined works going on from Fort William westward.

21373. Toward Nipigon?—Yes; towards Lake Superior. I went by canoe up the Wahnapiatapee River and across to Long Lake, to the White Fish Lakes and to the Vermillion River, and down the Vermillion River and Spanish River to Lake Huron. I made a great number of portages in that distance, some seventy I think, and then I took the steamer at a point on Lake Huron, and went up with my party to Thunder Bay on Lake Superior. I examined the works that were going on there then from Fort William westward.

Railway Construction.

Contract No. 13.

21374. The first contract in your course would be contract 13?—Yes.

Found line partly graded.

21375. In what state did you find the work?—It was partly graded. I walked over twenty miles of it. I walked over it from Fort William to the crossing of the River Kaministiquia, I think it is about twenty miles. Portions of that distance were graded, and some portions above that point.

21376. Was the work then understood to end at Sunshine Creek, or was it projected as far as Shebandowan?—I think it was to end at Sunshine Creek; I am not very sure though.

21377. Do you remember that the work, as originally projected, was shortened?—The original contract went to Lake Shebandowan, and then it was shortened by stopping at Sunshine Creek.

Work shortened and deviated north-westerly.

21378. Deviating north-westerly?—Yes; I think at the time I went over it it had been shortened. They had instructions to stop there; but I am not quite sure.

21379. Who were the contractors?—The contractors were Messrs. Sifton, Ward & Co.

21380. Who did you find in charge as engineer?—Mr. Hazlewood. Mr. Hazlewood was in charge as the district engineer.

21381. I suppose you had some consultations with him on the subject of the work?—Yes.

Found work progressing very well.

21382. How did you find the work progressing?—It was progressing very well. There had been some changes made in the location of the line—slight change, deviations.

21383. Did you consider that the line had been well selected?—Yes; it appeared to be very well selected, what I saw of it.

21384. The work was satisfactory, you say?—Yes.

Not satisfied with measurements.

21385. Was there anything about that particular contract that attracted your attention?—No; there was nothing to call my attention. I gave them instructions about the measurements of the works; I do not know whether that was that year or the subsequent year. I did not think the mode of measuring the works was satisfactory, and I gave them other instructions. I am not sure whether that was the succeeding year.

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struction—
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21386. In what respect was it inexact; do you remember any particular feature about it: was it rock, or loose rock, or earth?—No; it was the mode of keeping the books. You understand that measurements are made monthly to pay contractors on account of their work. These measurements are not so close as the final measurement.

21387. But they are made always to show the total quantity executed up to that time?—Approximate.

21388. But I mean they are not made from what was measured one month up to the next month?—The total quantities are returned up to date.

21389. And the quantity for the month is ascertained by deducting the amount shown by the previous measurement from the last?—Yes.

21390. In these measurements, which you say were not accurate enough, were they made too much in favour of the contractor or too much in favour of the Government?—No; I could not state that. When I say accurate enough I do not know that the measurements were inaccurate; but I found they were being left to minor assistants, and I gave instructions to the engineer in charge to be careful and superintend the re-measurements himself, that he was responsible for them.

Found measurements were left to junior assistants.

21391. Then it was not because you discovered errors in the quantities?—I discovered nothing wrong.

21392. But they were a little lax?—They were lax, I think. The subsequent year I gave them little instructions, very close in detail, respecting all the details.

Lax.

21393. Did you notice any reason why their measurements were not likely to be correct finally?—There were some portions where the cuttings were on sidling ground, and the tables that they were getting the quantities from, they simply took them from the average height, or the average depth of these cuttings. That does not give the exact quantity if the depths vary very rapidly. I supplied them with tables that were more exact.

Supplied them with more exact tables.

21394. Is that difficulty in ascertaining quantities where the ground is rapidly falling?—Rapidly falling each way; rapidly falling lengthways and sideways as well—what we call sidling ground—where one part of the cutting may be two feet at one end of it, and the other would be twenty. The average of that is eleven, but taking the averages from that quantity does not give the quantities. The tables are constructed from the prismoidal formula, which gives exact quantities under any conditions.

21395. What do they require then for data to apply to these prismoidal tables?—They simply look at the ends of the stations. The stations are 100 feet apart, and they note the height or depth at each end of the 100 feet, and these are marked on the tables, the line of figures on the top of the table horizontally, and the other vertically. Running your finger down to where these meet gives the quantity exactly.

Prismoidal tables.

21396. Was the inaccuracy of the tables which were in use in favour of the Government or in favour of the contractor?—It depends. Sometimes they might be one way, sometimes the other. There was nothing intentional to make matters wrong.

**Railway Construction—
Contract No. 13.**

21397. It was not because the tables in use were in favour of the contractor?—No.

21398. The ones that were in use might as well favour the Government as the contractor?—Yes. In fact I think generally in the cuttings they would favour the Government; the table would not give such quantities as those I supplied them with.

The principal change, as to measurements was arranging that the engineer in charge should look after them himself.

21399. As to measurements, I understand that the principal change was that you directed the engineer in charge to look after them himself instead of trusting them to subordinates?—That was the principal. Mr. Hazlewood was the engineer of the district, but Mr. McLennan, under Mr. Hazlewood, had charge of the operations.

21400. Of this particular locality?—Yes.

21401. Mr. Hazlewood's district was a more extensive one than Mr. McLennan's?—Mr. Hazlewood's district extended a very considerable distance, and more than one engineer was employed under him at different lengths. Mr. McLennan had a sub-division of Mr. Hazlewood's district.

21402. Was there at that time at that end of the line any more work under construction besides this section 13?—I am not sure whether contract No. 25 was under construction. If it was, it was just about the time it was begun I think. You will find by the date of contract No. 25.

By Mr. Keefer :—

Contract 25 let at this time, but very little work done.

21403. It is dated June, 1876?—The contract was let but there was very little done when I was there.

By the Chairman :—

21404. How did you proceed westward from this point?—I went by canoe over what is generally called the Dawson route.

**Railway Location—
Contract No. 15.**

21405. And where did you strike the present line of railway?—I went to Rat Portage—that is the outlet of Lake of the Woods. They were engaged making the final surveys then for section 15—location surveys.

21406. That was before the contract was let?—Before the contract was let.

21407. Who was in charge of that particular section?—Mr. Carre had charge of that section.

21408. Did you stay long upon that section?—No; Mr. Carre was absent, and one of his assistants, Mr. Fellowes, was on the ground. I examined a few miles of it, the roughest part of that end.

21409. Which end?—The east end, at Rat Portage. I then proceeded to Winnipeg where I met Mr. Carre and Mr. Rowan. Mr. Rowan had charge of the district. His district extended from Rat Portage west to Red River.

21410. Speaking of section 15 alone, at present, Mr. Carre was the engineer who had charge of it?—Mr. Carre had charge of that section.

21411. You did not see him until you arrived at Winnipeg?—Not until I arrived at Winnipeg.

Railway Location—
Contract No. 15.

21412. How many miles of section 15 did you traverse at that time?
—I did not traverse many. I examined a small portion of it.

21413. What was your opinion about the location adopted?
My examination was to get a general knowledge of the character of the line, and after having done that I examined it on the profile with Mr. Carre. I found the works were going to be very heavy, and I asked Mr. Carre if he could not improve the line. He said he could not do so without making the grades steeper than those which he had been instructed to keep to, by the instructions of the Chief Engineer to him.

Found that the works would be heavy, and asked Carre to improve them, who said it could not be done without making grades steeper.

21414. Did you take any steps towards improving the location or otherwise benefitting the work?—I asked him to make a survey of six or seven miles, especially at the west end, where he thought the greatest improvements would be made, and to get the best gradients, natural gradients, that he could—gradients that would give less work. I telegraphed to Ottawa that I had done this, and there would probably be a change in the quantities.

21415. Was that before the contract was let?—Before the contract was let. Mr. Carre went on and made that survey, and it was submitted, I think, to—this was in the autumn of 1876, in October, I think. Mr. Carre made the survey, and in the ensuing spring the profile was submitted, I think, to the Chief Engineer at Ottawa. The gradients, instead of being twenty-six and a-half feet to the mile, rising eastward, were about forty feet.

When profile was submitted found that the gradients instead of twenty-six and a-half feet to the mile were about forty feet.

21416. You have seen the profile of the trial line made by Mr. Carre?—Yes; I saw it then.

21417. Not that fall?—I saw the first line, the line that they had surveyed.

21418. I am asking about the trial line, the grades of which you say reached forty feet per mile?—No; I did not see it there. It took some time to make it.

21419. Did you see it afterwards?—I saw it some time afterwards. The report was these were the gradients, and they were objectionable to the Chief Engineer and no change was made.

21420. Had you ever considered to what extent it would have saved the cost of the line, if the gradients had been forty feet instead of twenty-six and a-half feet to the mile in this particular location?—No. I suppose there was an estimate made. There was a saving, but I do not recollect what it was.

21421. Did you go over the portion of the line now adopted near Cross Lake, or over Cross Lake, at the time that you took this trip?—I did not then; subsequently I did.

21422. But not in 1876?—No; not in 1876.

21423. Was it during 1876, while you were acting engineer, that the terminus of this section 15 was fixed upon?—The western terminus

?

21424. The western terminus?—Yes; I suppose it was. There were tenders asked for and the profile submitted, so it must have been fixed before that. The tenders were called for construction of that line before

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Contract No. 15.**

Mr. Fleming left, or about that time—before I had anything at all to do with it.

21425. The contract is dated in January, 1877?—Yes; but there were three different sets of tenders called for. The first two were withdrawn. I am speaking of the first—the first advertisement for tenders.

21426. Perhaps this will help you upon the point to which I am now giving my attention—that is the western terminus of section 15: is it not a fact that that was established because section 14 had been previously let, and the east terminus of section 14 had been established?—Yes; the line was run to meet the end of 14.

Terminus of 15 practically established by letting 14.

21427. So it was established, in effect, by the letting of section 14 previously?—Yes; perhaps the exact point might not have been established.

21428. The longitude at all events was?—Yes; it was practically established by the letting of 14.

21429. On this occasion, 1876, when you went over the line did you, in Winnipeg or any place, have any conversation with Mr. Rowan on the subject of the crossing of Cross Lake, and did you consider the point at which it could be best crossed?—I do not recollect exactly.

21430. You are aware that there has been a good deal of discussion about the expenditure at that crossing, both on the west end of section 15 and the east end of section 14—the filling—and I wish to find out now whether you had given your attention to that subject at any time up to the end of 1876?—I did not see it until 1877—until the end of 1877.

Witness was not at Cross Lake in 1876.

21431. But I thought you passed over it on this trip of 1876?—No; I was not at Cross Lake.

21432. I thought you went by Rat Portage?—I went by water by the Dawson route to Winnipeg, and then I went over the western portion of 14.

21433. Then you were only on that portion of section 15 close to Rat Portage during that season?—Yes.

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Contract No. 14.**

21434. Then going east from Winnipeg you saw a portion of section 14?—Yes.

21435. How much of it?—From the western end of it. I do not recollect how much. I suppose about twenty miles—about as far as it was constructed at that time.

21436. Do you remember who was engineer in charge of that?—Mr. Thompson.

21437. How did you find the work progressing, and what did you think of the location?—The work was not progressing very rapidly. The engineers complained—the resident engineer, Mr. Thompson, complained of it going on too slowly, and there was one part of it very wet, over a muskeg, called the Julius Muskeg. The location had been approved. I made no remarks about the location, it had been submitted to Mr. Fleming, and the grades laid down and approved by me previous to the time I saw it.

Location not improvable by deviation.

21438. Was it not susceptible of improvement by deviation, or some change in the location under your own eye?—Not as far as I could see.

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Contract No. 14.**

Instructed them to lower the embankments.

I gave some instructions about the embankments. They were making the embankments, I thought, higher than necessary, and I gave instructions to lower the embankment and follow more nearly the undulations of the ground, as the natural gradients were very easy; but I could not judge of the location of the line from merely walking along it, as there was a great deal of brush and it was a flat country.

21439. But they were constructing; they were taking out the material from the Julius Muskeg and putting it in the embankment?—Yes.

21440. Did you give any attention to the kind of material that was being used?—There was a good deal of it black soil, almost peat, and it was tolerably firm what they were using.

21441. What time of the year was that?—It was in the fall of 1876; it must have been in October or the end of September.

21442. Do you think it was good material for embankment?—It was not the best, but there was nothing very objectionable to it. It was the only thing they could get at all events for mileage.

21443. Did you give any consideration at that time to the mode of measuring that material, whether it should be in the excavation or in embankment, or whether any change should be made in future contracts over similar ground?—In the specification of the contract it is stated that measurement must be made from the cuttings. It would not be possible to make even an approximate measurement from the embankment, because the embankments sank down in the swamp, in the muskeg, when the weight was put upon it.

Muskeg can only be measured from the excavation.

21444. Was that because the material was very open, subject to be compressed by weight?—The material was open, and the top part of it was, a great deal of it, moss and grass, like a sponge, that sank down very considerably, but that was not allowed to be used, to be put in the bank. That was stripped, and the material that was put in the embankment, that was stripped off first, at least I ordered it to be stripped off, and the better material under it was used. Still when that was put on the natural surface it sunk down. Some of those muskegs will sink down two feet in matted grass like a sponge before you come to the water.

21445. When you came to the natural surface of the ground as distinguished from this moss, did you consider then the material to be fair material to be used for embankment?—It was fair material that they were using when I saw them.

21446. Did it become compressed very much after use—after being put in embankment?—Not very much if they carried out my instructions by taking the mossy part off the top.

21447. There has been a good deal of evidence before us to the effect that this material became compressed very much after it was in the embankment, perhaps four-tenths or more?—I do not think that the material that was authorized to be put into embankment would compress much, I think it is more from sinking down.

Thinks the material authorized to be put in the embankment would not compress much; the difficulty of measuring it would arise from its sinking down.

21448. For both reasons it appears that a great deal more was used to make up the embankments than was expected, for the reason that it sank and became compressed?—I believe the greatest portion was due to subsidence more than compression, but the reason why so much

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more was used than expected was this: that line was located and the levels taken in the winter time when the surface was all hard, whereas it was afterwards found that in some parts of that muskeg you could put a rod down eleven or twelve feet.

21449. Then, in taking out the original quantities, it was not supposed that the embankment would go deeper than what was then the surface? —That is what I mean.

The muskeg should have been sounded.

21450. So that all the embankment that went below that surface, as shown in the winter, was so much in addition to the estimated work?—Yes; the original quantities were very far from being correct. There had been no allowance made for anything of that sort. Those muskegs ought to have been sounded, and allowance made for subsidence.

21451. Could they have been sounded for engineering examination? —Yes.

21452. In what way?—They could have been sounded with an iron bar. The best way is to bore where the muskeg is very deep, but you can sound to a considerable depth with an iron bar—what they call a jumping rod—and get approximate quantities, depths, from that.

Never knew any work in Europe being let without all possible information having been obtained beforehand.

21453. Is that the ordinary way of ascertaining depths of such localities in engineering, or is it something very unusual?—It is altogether usual in England and in Europe at any rate. I never knew any work to be let without every information possible being obtained beforehand. In this country the surveys are much more lax, and there is no care taken to ascertain what works are required beforehand. There is a different mode of measurements. They pay them by the yard here; in England the quantities are ascertained and the contractor puts his prices to them, and he undertakes to build a railway so many miles in length in the same manner that he undertakes to build a house—to do everything that is specified.

21454. Then there is a maximum price fixed by the contract?—Yes; unless there are extra works.

21455. Assuming no change to be made for the contractor, they fix a limit of total cost?—Yes; and I think it is a very good thing, in this way, because it settles all questions about measurements. The measurements made during the progress of the work were simply for the payment of the contractor on account. The ultimate sum is fixed.

Usual to dig test pits, and contractors are invited to examine the ground.

21456. That would involve, of course, the necessity before contracting of very accurate information as to classification of the different kinds of material, not only quantities but classification?—It is usual to dig test pits, and the contractors are invited to examine the ground for themselves, as they are to be responsible for the material. The engineer is not responsible. They get the best information they can, and the contractor is responsible for the material himself, the nature of the ground and everything.

21457. After seeing this locality as you did on section 14, particularly the Julius Muskeg, which has given rise to a great deal of discussion, did you then come to the conclusion that a proper examination had been made in order to ascertain the nature of the material, and the probable quantity to be executed?—It was very evident that a proper examination had not been made.

21458. Did you give any directions about the method of dealing with this muskeg material, or was it permitted to go on as you supposed the contract required?—I ordered a better examination to be made, and after that had been done we knew pretty well the depths of the muskeg, and altered the plans with regard to the off-take drains accordingly.

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Ordered a better examination to be made, and learning the depth of the muskeg made plans for off-take drains accordingly.

21459. Did you, in that season of 1876, have an examination of this muskeg, or any others?—In 1876, the examination was not made in my presence.

21460. Was it made under your direction in 1876?—It was made subsequently. There may have been some examination made then.

21461. What I mean by my question is this: whether you, after having ascertained, either through your own or your subordinates examination, the depth of the muskeg material, decided on a different course respecting off-take ditches?—Yes; we changed our plans to suit the better information we had obtained.

21462. Could you describe the principle upon which you made the change?—We ascertained the depth that the off-take drains would be required, and the proper place to make the off-take drains.

21463. Do you mean that you found that the ground subsided more than was originally expected, and that the off-take ditches that would serve a shallow surface would not serve a deeper one, and you had to make deeper off-take ditches?—The first examination that was made, it showed afterwards the muskeg to be very deep. Subsequently it was found to drain it, it dried up so much that we did not make the off-take drains—it was not necessary to make the off-take drains so deep as was expected after the first examination had been made. What I mean by the first examination was after the contract had been let—the first thorough examination—these were varied from time to time. The thing came very often before me. The effect of the drainage was closely watched and reported to the engineer, and every attention was paid to keep the work secure, and to keep the quantities as low as possible.

21464. Did you consider, at the time that you were at the Julius Muskeg, whether the material which was being moved was as expensive to the contractor as ordinary material called earth excavation?—No; it was fully as expensive. A good deal of it was water, the water had soaked in.

Excavation of Julius Muskeg fully as expensive as earth excavation.

21465. Did you think that in moving that material a cubic yard it would cost the contractor as much as moving a yard of ordinary earth to the embankment?—I think it would; most of it would cost the contractor as much. I am supposing that my instructions were thoroughly carried out, to take off the top part which cost them a good deal and which paid nothing, the top mossy part.

21466. Could you tell, by looking at the embankment, whether the mossy part had been kept out or not?—Yes; you would see it unless it were buried up.

21467. Did you ever see an embankment made through muskeg, in which this mossy part had been used?—Yes.

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The mossy part of muskeg not, so far as witness knows, put into embankments on the Canadian Pacific Railway.

21468. On the Pacific Railway?—I don't remember on the Pacific Railway, but in the course of my practice I have had to order the discontinuance of material, and had it taken out.

21469. Do you know, from your own knowledge, whether this mossy material was ever put into embankment on the Pacific Railway?—Not to my knowledge.

21470. But you think that this material, irrespective of the mossy top portion, would cost the contractor as much per yard to move it as ordinary earth?—I think it would. It is pretty solid. It is a good deal the nature of peat, and it is pretty solid, and came out in square chunks.

21471. Then it was kept together by fibres or some other material?—No; there was not so much fibre in it. The fibres were not visible. It was more like marl. The top part of it was fibre, but lower down there was not much fibre visible.

21472. Then, was it nothing but earth and water below?—It is that substance called peat. There is no fibre visible in it.

21473. No woody fibre?—It is all woody fibre, but is not visible much. It was pretty solid what I saw being put in.

21474. Then, I suppose, from what you saw, you never considered it necessary to suggest any change in the specifications, or in the particulars about this material?—In subsequent specifications I suggested changes to meet the difficulties of this mossy ground. I suggested a platform of logs and brush. In the subsequent contracts—I do not know the numbers—intermediate between Lake Superior and Rat Portage, I made out the quantities for these, and I put in a considerable quantity of what we call "logging" across marshes.

Repeats that it is impossible to measure muskeg material in embankment.

21475. When I speak of suggestions, I do not mean so much in the method of making the bank as in the mode of measuring this material. It has been suggested before us that the measuring of this material in excavation, as it is ordinarily done in common earth, is not the proper way, and according to the nature of it it ought only to be measured in embankment?—It is impossible to measure it in embankment. It is measured in the best way that could be done. It was measured according to specification. I do not know whether any reduction should be made.

21476. Then it did not occur to you that, because of its nature, there ought to be any reduction from the ordinary price paid for common earth excavation?—I do not know that we had power to make any reduction.

21477. No; but speaking of future contracts, of tenders and of specifications, did it occur to you that it would be proper to say to the public that this material would not bring as high a price as ordinary material when excavated?—No; it was determined not to use any material that was not fit for embankment. That is the reason I substituted—in future bills of work—I substituted logging to cross swamps and did not allow them to take any out of the side-ditches at all, but to bring the material from a distance, from each end, to go over those logs.

21478. That would be the better way?—Yes.

21479. But assuming that this old way was to be continued, and I suppose there would be places where it may be necessary to be applied?

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—Yes; there may be places where there are long stretches of water and black soil, and nothing else in the country but that.

21480. Then assuming that that is the only material available, I am asking you whether it occurred to you, on account of its nature and quality, that its removal ought not to bring as high a price in future contracts as ordinary earth excavation?—I did not suggest anything of the sort. I do not see how it can be done. It will have to be under agreement with the contractor. The engineer has no power. It might have been put in a specification in the bill of works; a price might be asked for black material—swamp material.

21431. That is what I am calling your attention to; and I am asking whether, from what you saw on the ground, you thought it would be a good thing for the future for the Government to offer this work as a separate work from earth excavation, and to ask people to tender at a separate price for it, or take any other step so as to cost the country less on account of its compressible quality?—I do not think it would operate satisfactorily to ask two prices for the excavation of earth. They would not be twenty-four hours at work before there would be disputes between the engineer and the contractor, as to whether the stuff came within the specification or not. I think the best way is the way I suggested, to cross the swamps with logging.

Would suggest no different price for this material.

Best way to cross swamps with logging.

21482. And where this is used to pay full price, as for earth excavation?—Yes, to pay full price. I may state the reason why I do not think it would cost the contractor less, is that the material is surcharged with water, and the shovelling of this material with water in it would cost quite as much to take it out as solid earth; but, of course, it costs the Government more, for after it is put into the bank the water runs out and it requires to be repeated as the bank subsides and as the material shrinks.

21483. One of the engineers has mentioned here in his evidence that he saw, upon contract 14, some of this material being excavated and moved, and that, after being chopped out with a broad-axe, it was pitched on a barrow with a pronged fork, and the barrow moved to the embankment with a load as high as the man's head; that could not have happened if the material had been ordinary earth?—Some of that is of a very tough nature. It is very tenacious. You could almost take some of it in a lump after being disposed of with the pitchfork.

21484. If it was very heavy a man could not wheel a barrow load of it as high as his head?—There must have been a good deal of the top part of the soil, the mossy part, in such a load.

21485. This may have happened before you were up there?—These things happen before the engineer; it is done very quickly sometimes.

21486. Do you remember whether upon that trip over 14 you suggested any improvements in the location?—No, I did not; no material change. I do not remember any, but if there were they were immaterial changes.

Suggested no improvement in location.

21487. Was Mr. Rowan with you while you were visiting 14?—Yes; I think so.

21488. Did you have any conversation with him as to the nature of this muskeg material and the depth of the muskegs?—Yes, it was discussed very thoroughly with Mr. Rowan, and Mr. Thompson too, the

**Railway Con-
struction—
Contract No. 14.**

division engineer. I know the contractors complained, subsequently, when the claim came up that the first location trial line was on much better ground—that is further north, but this location for construction that was made before I was there and approved by the engineer. The line was considerably shorter and straighter.

21489. Did you find that the located line was a better one than the trial location?—I did not see the trial location. I never went over it. It was a longer line with more curves in it.

21490. I think you said that you understood that the line, as adopted at the time of the contract, was changed?—Yes; it was changed.

21491. For a better line?—It was straightened and shortened.

21492. It was a decided improvement?—In that respect it was an improvement.

21493. Was it not an improvement in some other respect?—Subsequently I learned—at least the contractors insisted, that the previous line was a better line for them—that there was no muskeg in it, it was on a drier ridge—in fact they made a claim. They said this muskeg filling cost them more than the earth on the original line would have done.

21494. As far as the railway itself is concerned, do you consider that this change that was made after the contract a beneficial one?—All changes that shorten the line reduce the expenses both in construction and working, provided that there is nothing against them otherwise.

21495. Then, after that examination of 14, what did you do next?—I returned to Ottawa. It was the end of the year then, late in the fall.

Returned to
Ottawa.

While Fleming
writing his
report of 1877,
witness attended
to the supervi-
sion of the work
of the railway
generally.

21496. Did you continue to be the acting Engineer-in-Chief from that time forward?—Yes, until Mr. Fleming returned to Ottawa in February, I think, 1877. Of course he assumed the duties of Chief Engineer while he was in Ottawa, but he was chiefly engaged in writing this large report (1877) which I have before me here, and I attended to the supervision of the works.

21497. Were your views subordinate to his still?—Subordinate; yes.

21498. Then did your authority diminish after his return to the country, as you understood it, or did you remain in charge generally?—When Mr. Fleming returned I did not rely entirely on my judgment for changes that were required, or any instructions to be given to the staff under construction—any special instruction—without consulting the Chief Engineer while he was present.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

21499. Do you remember whether you had any conversation with him upon the subject of reducing the gradient, or rather increasing it on section 15: I think you said that you proposed to Mr. Carre to make a new line and that he had found one, but it was not adopted, because Mr. Fleming would not consent to the grade?—I cannot recall to my memory exactly the particular time, but I remember seeing the plans and profile that Mr. Carre had made, and I think it was, in presence of Mr. Fleming, discussed verbally, but there was no report about it, and it went further south than the other line. It crossed Cross Lake at a low level, about six feet above the level of the lake instead of about sixty as the constructed line does.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

21500. Then that line must have been a change both on 14 and 15 if it crossed Cross Lake?—No; it came into 14 very near the eastern end of it—within a mile or so of the eastern end of it join 14. If I explain the nature of 14 you will understand it better. Generally speaking the end of 14 is laid on a level or prairie undulating sort of country, until it comes within a short distance of Cross Lake where it is very rocky, and the grade had to be raised from that point—run up to meet that of section 15. But that deviation that Mr. Carre made would have met section 14 on a lower grade, and consequently there is a considerable saving in it; but it did not give such a good grade rising eastward. It made forty feet to the mile instead of twenty-six and a-half.

21501. Do you remember how far east of Cross Lake that touched 15?—I think it commenced to deviate from the located line some six miles east on 15—east of Cross Lake—and it rejoined the line on 14 about a mile and a-half west of Cross Lake. I am speaking from memory, from my recollection of it.

Line suggested by witness would deviate from located line some six miles east of Cross Lake, and join it about a mile and a-half west of Cross Lake on 14.

21502. It was not during this first season that you visited section 14 that the bargain was made between Sifton, Ward & Co. and Mr. Whitehead, about finishing the eastern end of it?—No.

21503. That was the following season?—My impression is it was two years after that.

21504. At all events it was not the first season?—It was not the first season.

21505. I only want to get your story for the first season now: at the time of that first visit do you know whether you considered that sufficient time had been taken in locating a line through that kind of country?—I did not. The profile showed very heavy work—that is 15 you are speaking of?

Profile on 15 showed very heavy work, sufficient time had not been taken to locate the line.

21506. I am speaking now of 14 also, and of the Julius Muskeg; you visited 14 because it was then under contract: I am asking whether at that date you took into consideration the nature of the country, or had you seen the eastern end of it at that time—did you know much about the nature of the country?—No; I did not.

21507. Then during that season you did not take into consideration the nature of the country, and the question whether a full and proper examination had been made before locating the line?—I did not take it into consideration; it was too late for it then. The contract was let, and the work was being commenced at different points on the line, extending a great distance over the line.

21508. That was on 14: I am asking, while you were on 14, whether you had seen enough of that country to give consideration to the question as to whether a proper examination had been made before locating that line?—I had not sufficient knowledge at that time to give any opinion about it.

21509. Is there anything further connected with 14 and your operations of that season which you think it proper to explain now before we leave that subject?—I do not remember anything special.

21510. Had you formed any opinion while you were in Winnipeg, or in the neighbourhood, as to the proper point for crossing Red River?—Not at that time.

**Railway Location—
Contract No. 14.**

21511. Then we come to the winter of 1876-77: I think you said that Mr. Fleming returned early in 1877, and took charge as your superior officer?—Yes.

21512. Although to some extent you had the management, because he was employed in office work making up the report?—Yes; that is right.

OTTAWA, Thursday, 5th May, 1881.

MARCUS SMITH's examination continued:

Surveys, B.C.

By the Chairman:—

Reasons why Howse Pass was abandoned.

21513. Is there anything that you wish to add to your former evidence by way of explanation?—I think I may explain the reasons why the survey of the Howse Pass route was abandoned after considerable expense had been put upon it. At the commencement of the surveys it was supposed that that was not only the best route, but that it would be much shorter than any other route.

That a line by the Howse Pass would be shorter found to be an illusion.

21514. You mean in 1871?—In 1871; and I believe it was the general impression that that would be the line adopted. However, after Mr. Moberly's surveys it was found that the illusion with regard to the length at all events was dispelled, that in coming to the Columbia it was found impossible to get across the Selkirk range, across the arm of the Columbia lying west of the Rocky Mountains. The Selkirk range lies between the arms of the Columbia River, but it is west of the main range of the Rocky Mountains. No pass could be found through that.

21515. The Selkirk range?—The Selkirk range. Consequently a long detour had to be made north and north-westerly to the bend of the Columbia River at the Boat Encampment.

21516. You are speaking now of the course from the east?—Coming from the east. I am continuing Palliser's exploration.

21517. Not the Moberly?—No; not the Moberly, because it was not continuous. Arriving at the Boat Encampment the river takes a sharp bend southward, in fact, a little to the east of south. The line would have to follow that until it comes to the Eagle Pass, that is a pass through another parallel range of mountains—the Gold range lying between the Columbia River and the Shuswap Lake.

21518. Then this detour which you describe would bring one back to a point almost opposite the Howse Pass?—Just so.

21519. Upon the Columbia River?—Yes; but you see it made the difference I suppose three times as great as if it had gone straight across. I get that by the eye, looking at the map. If a pass could have been got straight through to the Eagle Pass the line would have been very short, the conclusion that Mr. Fleming came to after seeing Mr. Moberly's plan. They were sent home in the winter of 1871-72.

21520. Had you the opportunity also of consulting with Mr. Fleming and looking at these plans?—Yes; I was about to be appointed then, and Mr. Fleming showed me these plans so as to make me acquainted with everything that had been done as far as possible. This is Mr. Fleming's conclusion—

Surveys, B.C.

21521. In his report of 1872?—Report of 1872, page 11. It is very short, and I will read it:

“Kamloops is an important point on the line which was being surveyed from New Westminster through the Eagle Pass to Howse Pass. The distance from Kamloops to a common point near Edmonton House is not greater by the North Thompson and Yellow Head Pass than it is by the Eagle and Howse Pass, while all information goes to show that a very much better and less costly line can be had by the former than by the latter route. Finding that Kamloops could be easier reached from the eastern slope of the Rocky Mountains by the Yellow Head than by the Howse Pass, there was no longer any object in continuing operations east of Kamloops on the latter route. This led to the adoption by the Government, on the 2nd of April, 1872, of the Yellow Head Pass as the gate to British Columbia from the east.”

Distance really not greater by Yellow Head Pass than by the Eagle or Howse Pass while the route by it is better and less costly.

I may say that I concurred in these conclusions from the information we had then before us.

21522. That information was derived from an instrumental examination by Moberly's party?—Yes; detached portions, not a continuous line; but the difficult points were surveyed instrumentally.

21523. With profiles of them?—In fact the governing points and profiles made of them.

21524. Then you and Mr. Fleming had these profiles before you?—We had them before us.

21525. I understand that you and Mr. Fleming, early in the year 1872, both concluded that it was advisable to abandon the Howse Pass and to adopt the Yellow Head Pass?—Yes.

21526. Deciding upon the comparative merits of these two passes?—Yes. Of course Mr. Fleming had given far more consideration to the matter than I had. It was just about the time I was appointed, and I had only a cursory glance at the plans sent by Mr. Moberly. From that I agreed with Mr. Fleming. I did not suggest the abandonment, Mr. Fleming had concluded to abandon it and I concurred in his views.

21527. Does your judgment also accord with his as to the manner in which the expedition was started from the beginning?—No; I explained that yesterday.

21528. Then what you are explaining now is that the conclusion reached after Mr. Moberly's expedition, namely, to abandon Howse Pass, was one to your satisfaction as well as to Mr. Fleming's; but you say you do not alter the opinion you expressed yesterday as to the expediency of starting such an expedition as he did?—No; I think the same result could have been reached by a small party instead of a large one.

21529. While on this subject, I would like to ask you whether you have ever given your consideration to the course which was adopted in directing Mr. Moberly to retire from the examination of the Howse Pass, and take up the ground towards the Athabaska instead of going easterly through the Rocky Mountains to the open country?—I had nothing to do with these instructions, but I learned that Mr. Moberly had received such instructions. I think it was by telegram to Mr. Trutch, if I am not mistaken. I do not recollect exactly how it was conveyed; but Mr. Moberly had instructions from Mr. Fleming. Mr. Moberly had two parties. He had one party at the Eagle Pass. He directed that to return to Kamloops and go up the Thompson; but the larger, the main party, with which Mr. Moberly was himself, were at the Blaeberry River, that is the western end of the Howse Pass, where the Blaeberry River joins the Columbia. He received instructions

Witness had nothing to do with the instructions to Moberly to retire from examining Howse Pass.

Surveys, B.C.

from Mr. Fleming to take that party down the side of the Columbia River to the bend of the river called the Boat Encampment, thence up what is called the Athabaska Pass, between Mounts Brown and Hooker, to Henry House, in the Jasper Valley.

Directing Moberly to go to the Boat Encampment and the Athabaska Pass turned out to be a mistake.

21530. Knowing what you do of the country, do you think that was the best course at that time?—We did not know anything about that country at the time, but it turned out to be a very bad course. There is no trail down the river side. It is very rocky and a great deal of timber, and the party wasted a great deal of time and suffered great privations from the difficulty of getting a trail down that way. It took all summer, and it was winter before they arrived at their work in the Yellow Head Pass. Mr. Moberly himself had intended when he got instructions to cross to the east side of the mountains and follow the trail down the Saskatchewan to Edmonton, and thence go westward from there by the trail. That is a longer route, but it is a route known. It was an actually existing trail; it is much longer of course.

21531. Would it have been a less expensive proceeding as you understand now?—Mr. Moberly alleges it would be so; but Mr. Fleming, in giving those instructions to Mr. Moberly, when Mr. Moberly objected to this and proposed to go eastward across the mountains and thence to Edmonton—Mr. Fleming telegraphed him back that they had information that these trails were in very bad condition at that time and reiterated his instructions to go to the Boat Encampment and the Athabaska Pass.

21532. You said in one of your late answers "we had no information at the time:" whom did you mean when you said we?—I mean the Chief Engineer—I mean the Department.

21533. Did you mean that Mr. Moberly had no information?—About what?

21534. About the nature of the country there?—Between the Howse Pass and the Boat Encampment on the river side?

21535. Through that country generally over which he was directed to proceed?—He had no information except on the narrow line he had surveyed; but he knew there was a pass eastward—he saw the pass.

The trail Moberly himself wanted to go very much longer than the route ordered by Fleming.

21536. The Howse Pass?—I mean the trail leading towards Edmonton; but if you look at the map, you will find it is a very long journey to Edmonton and back again to the Yellow Head Pass. It is three or four times the length of the route Mr. Fleming ordered him to go by.

But the engineer on ground should not be trammelled with instructions from Ottawa.

21537. Do you think that looking at the map is a fair criterion, or is information of the country itself better?—Certainly it is better. The engineer ought not to be trammelled by instructions from Ottawa—from headquarters—unless they had it from actual knowledge.

21538. The map does not afford the best information to enable one to judge of a route?—No; the map only shows a few passes, it does not show the topography of the country.

21539. Have you considered the subject of the expediency generally of directing operations in a difficult country, from a distant point, by persons who have not a personal knowledge of the locality?—The engineer in charge of the party in the country should have full liberty to act in governing the movements of the party, provided he carries

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out the general instructions. Instructions from headquarters ought to be very general. All the details of governing the party ought to be left entirely to the engineer on the ground.

21540. Would you say that these directions which were given to Mr. Moberly to retire from the Howse Pass and proceed northerly by the Athabaska, were given on sound or unsound principles?—I think Mr. Fleming must have been deceived by the apparent difference of distance on the maps. I think it would have been better to leave the matter to Mr. Moberly.

Thinks Fleming was deceived by distances as shown on map.

21541. Then do you say it was given on a sound principle or an unsound principle?—It is not a sound principle to give directions in a country that is not known. It is better to leave it to men on the spot.

21542. Do you know of your own knowledge whether, on this particular subject, I mean the movement of that party on that occasion, Mr. Moberly had the advantage of any other person who had a knowledge of the country: I think he mentioned another gentleman who agreed with him in the proposal to go easterly instead of retiring northerly?—I am not aware he had any.

21543. I think he mentioned Mr. Trutch, an engineer, and a man accustomed to the country?—That is the late Lieutenant-Governor. He was one of the delegates over here, Joseph Trutch. He knew nothing of the country whatever, except from hearsay.

21544. Is there another Trutch?—Yes; John Trutch, his brother.

21545. What is his profession?—Surveyor; but he had not been in that part of the country. All the knowledge they had was from hearsay.

21546. Is there anything further about that British Columbia section, the mountainous section, which you wish to explain?—No; I think not. In reading over my report I find some discrepancy. I think I stated that the surveys in 1875 were completed between Yellow Head Pass and Bate Inlet round by Fort George. I find they were not completed. Preliminary surveys were completed, but the final surveys for the location of the line were not completed until near the end of 1876.

Corrects his previous evidence.

21547. In 1876, you were at this end of the country?—Yes.

21548. At Ottawa?—That year there were no new surveys commenced in British Columbia. Mr. Cambie was sent over to complete and continue surveys that had been commenced before.

21549. I think you said that in 1876, Mr. Fleming was absent from the spring to the end of the year, in England, and that you were acting Engineer-in-Chief?—Yes.

21550. Had you, as acting Engineer-in-Chief, charge of the manner in which the surveys were made that year of other portions of the country: for instance, north of Lake Superior: are you answerable for the method of surveying there in 1876?—The surveys made in 1876 from Lake Nipissing to French River, and from French River westward to the River Pic on the north of Lake Superior, were planned and made under my directions. The surveying parties received their instructions from me direct. One of those from Cantin's Bay on the French River to the South River, which runs near the east end of Lake Nipissing, was a locating survey, locating for construction. The survey further north from the same point, from South River to River Wahnapitaepee, was not a locating survey, it was a trial survey by instruments.

Surveys in 1876 from Lake Nipissing to north of Lake Superior.

Surveys in 1876
from Lake
Nipissing to
north of Lake
Superior.

21551. Had that been previously explored?—Yes; there had been many surveys made by Mr. Foster's engineer; a good deal of the country had been surveyed.

21552. This line, which was a trial location line as far to the north and west as Wahnapiatapee, was made under your instructions: was that the first instance of an examination of that country, or was it confirmatory of some other examination?—No examination had been made before of the country to the north-west of French River.

Country to north-
west of French
River very rocky,
and there an in-
strumental sur-
vey necessary.

21553. Then you made it, in the first instance, with an instrumental survey?—A part of it, where it was rocky—very rocky. Mr. Ridout had charge of the survey, and part of it was made with instruments. I may explain to you that this is a country that an aneroid is of very little use in exploring. There is very little difference in the heights of the hills, but it is broken up with rocks, and an instrumental survey is necessary to ascertain anything like the cost of construction. There are no leading valleys; there are a number of rocks jumbled up like the waves of the sea.

21554. I understood you to lay down the principle that before making an instrumental examination of any country it was desirable to have a bare exploration, in order to see whether an instrumental survey might afterwards become necessary or justifiable: is that a general principle?—That is the general principle.

21555. And why did you adopt an exceptional course in this case?—It was a mixed course. Mr. Ridout went ahead to examine the country before making the survey.

From Wahnapi-
atapee to River Pic
a purely explora-
tory survey.

21556. Then something like a bare exploration had taken place before making the instrumental surveys?—Yes. Then westward of that from the Wahnapiatapee to River Pic, which enters the north shore of Lake Superior, it was altogether an exploratory survey under different parties.

21557. What other examinations were made?—That completes the examination of that district between Lake Nipissing and the River Pic, and those were all the surveys that were planned and directed by me. Any surveys going on west—west of Fort William, Lake Superior—had been planned by Mr. Fleming before he left, and the parties placed on them.

21558. Have you been over this country between French River and Lake Nipigon, or any part of it?—I have been over a part of it.

21559. Between French River?—Yes; I was over as far as Vermillion River, and followed down the Vermillion River and Spanish River to Lake Huron.

21560. That was the time you took the boat from there to Fort William?—Yes, that was in 1876. I have not seen anything of it since.

21561. Have you at any time seen any of this country in a north-westerly direction from Lake Nipissing to Lake Nipigon?—No, I have seen no more of the country. I have seen all the plans and profiles that have been made of different surveys and explorations.

21562. I wish to get from you an opinion, if you are able to give an opinion, upon the subject of the examination of that country by bare exploration or by instrumental examination, and what, in your opinion,

Character of Surveys.

would have been the best course in the public interest to have pursued for the purpose of acquiring such information as the Engineering Department required?—Oh, I would certainly have proceeded in the same way I have described, the way surveys are generally made—an exploration first by a competent engineer that had good judgment. Of course it requires considerable experience to walk through a country and give an opinion of it without instruments, but any competent engineer can do it.

In examining country between Lake Nipissing and Lake Nipigon in witness's opinion the proper course was to have commenced with bare explorations.

21563. Do you know what was the course pursued concerning this particular country north of Lake Superior?—I believe the first surveys were instrumental. That was in 1871. There have been surveys since, exploratory surveys, and even last year the surveys were exploratory.

21564. Have you had any opportunity of judging of the necessity or efficiency of those instrumental surveys in 1871?—No; I never saw them—they were burnt up.

21565. Have they been available, as you understand, for the purposes of this railway: have they given any such information as was expected?—Of course if the plans were burnt up they were not available. The reports that had been made were available as giving a description of the country. They have been of use in comparing this with more recent surveys.

21566. Have they been of sufficient use to make the expenditure which was made in your opinion justifiable or expedient?—No; I think not. I think I should have preferred to have thoroughly examined the country and almost decided upon the line or lines before I made the instrumental surveys.

The reports made of the instrumental surveys not of a character to justify the expenditure.

21567. I suppose you are aware that this subject has been one which has been discussed a good deal in the public newspapers and in Parliament, as to the necessity of the expenditure upon this kind of survey?—I have seen by the newspapers that the expenditure has been complained of, but I do not remember any special cases that were complained of.

21568. As you have noticed this discussion in the newspapers, it is probable that, as an engineer, you have given the matter some consideration?—You will find, by the letter I put in yesterday, that before it came up in the newspapers at all, I gave my opinion in favour of the system of exploratory surveys first. That was the first letter I wrote after my appointment in 1872.

In first letter written by witness after his appointment in 1872, gave his opinion in favour of exploratory surveys preceding instrumental.

21569. From what you now know of this country north of Lake Superior, have you any decided opinion as to the expediency of bare explorations preceding instrumental surveys?—Yes; I think it is just as applicable there as elsewhere, but not as much so probably as in the mountains; but still it would be applicable there as well as anywhere else.

21570. I think you explained, yesterday, your course of proceeding down to February, 1877: would you state what course you took after that?—I do not know that I explained very clearly about the position I stood in with regard to the works under construction at that time, from 1876 to 1877. All the works under construction, and those for which tenders were invited, had been planned and designed by Mr. Fleming before the date at which I acted as Engineer-in-Chief. My duties, then, when I commenced to act as Engineer-in-Chief, were to

Management of Engineering Department.

Witness's duties as acting Engineer-in-Chief to carry out Fleming's plans and designs.

Management of Engineering Department.

carry out Mr. Fleming's views with regard to this work let for construction. I did not think that I was entitled to make any radical changes in the designs and plans, but I made minor alterations that would improve the line, and make the work less costly without interfering with the general design.

21571. Did you understand that your position continued the same in 1877 as that which you have now described: that although acting Engineer-in-Chief you had not absolute control of the character of the works?—Of the works under construction it continued the same.

On each occasion when Fleming went to England on leave, he left behind plans for witness to carry out.

21572. Then, do you mean that upon each occasion when Mr. Fleming went on leave of absence to England, that he left behind him some distinct view which you were to carry out?—Yes; these views were expressed in many ways, and there was a specification attached to contracts, and the works would be discussed while he was present in Ottawa. I generally had to carry out his views in his absence as far as practicable. I may say I made some alterations without altering or destroying the general character of the design of his plans.

Railway Location and Construction.

21573. These views which had been expressed by Mr. Fleming would not curtail your authority so as to prevent a deviation of the line: for instance, if a better one could be got as the work was going on?—No, it would not; but such deviations were confined within very narrow limits. Section 14, as you are aware, was located, and section 15 had to meet it somewhere. I may state that sections 13, 14 and 25 were all let and under construction before I had anything to do with the works, and section 15 was so far advanced in the location surveys that tenders were called for soon after, or had been called for at that time, I do not remember now.

21574. You are aware the work was not let upon the first call for tenders?—Not on section 15. I am aware of that.

21575. Tenders were called for on three separate occasions, and it was on the last occasion the contract was let?—Yes.

21576. Section 14, I understand you to say, was established before you took charge as acting Chief Engineer?—Yes.

21577. So that the end of it, the eastern end of it, was in fact fixed?—Yes, and the western end was partly constructed.

21578. The eastern terminus had been decided upon?—Yes; there was a line and profile made through the whole length of the section to Cross Lake, where it joined 15.

Survey made in 1877 of Georgian Bay Branch, under witness's directions.

21579. We are speaking of your progress and your operations in the year 1877: do you remember what course you took in that season?—It was in July, 1877, I left Ottawa. There was another survey made of the Georgian Bay Branch in 1877. It was made under my directions, but I did not visit that district again that year; I went direct to Thunder Bay and I examined contract 13, which was then nearly completed—that is the first contract from Fort William westward. I went over part of contract No. 25, which is a continuation westward from the last one. I then went round to Red River. I went round by steamboat, railway and stage to Red River—to Winnipeg.

Witness went to Thunder Bay and examined 13 and part of 25.

21580. Steamboat on what water?—On Lake Superior.

**Railway Construction—
Contracts Nos. 13 and 25.**

21581. You mean that you came back to Fort William after looking at 13 and 25; you did not go through the country?—No, I did not go through the country; I had gone through the country the year previous.

21582. Do you remember anything particular connected with either of those sections, 13 or 25, which came under your notice that season?—No; 13 was nearly finished. There was nothing remarkable about it, but on 25 I found that there was a deviation being made from the line on which the contract was let, which shortened the line, it was estimated, something like one mile and three-quarters, but that involved either a deep rock cutting or a tunnel. I did not allow the deviation to be made at that time, but gave the district engineer, Mr. Hazlewood, instructions to have a survey made both of the original line and of the deviation at the points where they joined, and make an estimate of the difference in the cost in constructing these lines, and as I was going westward then I directed him to send that report to Ottawa to be examined by the Minister. I also wrote to Ottawa stating that if the extra cost was not very great in making the deviation, it would be advisable to make it on account of the shortening of the distance.

Found 13 nearly finished, and that a deviation was being made on 25.

21583. To whom at Ottawa did you address your communication?—It was either directed to the Secretary, or to my chief office assistant, Mr. Smellie. I think it was to him I addressed it. I saw it the other day amongst the papers. I remember the facts very well.

21584. Did you decide finally upon the building of the tunnel or that deviation?—It was decided, in my absence, to build the tunnel.

21585. By whom?—By the Minister. My assistant explained to the Minister what I had written to him, and went over Mr. Hazlewood's report. Mr. Hazlewood reported that the cost of making the deviation would only be some—I think it was \$2,000 or \$3,000, and the Minister was perfectly justified in making the deviation on that report; but it subsequently turned out that it cost more than \$60,000 more. It cost a very large amount more than the original line would have done, so that Mr. Hazlewood must have made some mistake in his report.

As the deviation cost a great deal more than the original line would have cost Hazlewood in an estimate sent to Department must have made a mistake.

21586. Do you say that you have seen those original papers lately?—Yes; I could get the original papers. I could bring them over this afternoon if you like.

21587. Please do so. Do you understand that that was finally decided in the year 1877?—Yes; in the year 1877.

21588. That was while Mr. Fleming was in England?—While he was in England. Yes.

21589. Was the decision made in Ottawa as to the manner of carrying out that deviation—I mean whether it should be a tunnel or an open cutting, or was that your individual judgment?—The decision, whatever decision was come to, was on the strength of Mr. Hazlewood's report. I could not make any decision without a survey, and I was absent while the survey was made.

21590. But was the final judgment given by you based on Mr. Hazlewood's report—I mean who made the decision at last that the deviation should take place in the way that it has taken place?—It was made in Ottawa, I think, between Mr. Smellie and the Minister.

The decision that deviation should take place made at Ottawa.

21591. We have understood from Mr. McLennan's evidence, who was assistant under Mr. Hazlewood, that that work cost considerably more

**Railway Con-
struction—
Contracts Nos.
13 and 25.**

in the shape in which it has been done, than it would have cost if it had been an open cutting; has that matter occupied your attention?—No; it has not. I do not know why it was made a tunnel instead of an open cutting.

21592. It was not by your judgment or decision?—No; the whole decision was based on reports from Mr. Hazlewood.

**Making a tunnel
not witness's
decision.**

21593. But besides the basis for the judgment, I am endeavouring to ascertain who gave the judgment?—Probably those papers will show. I do not know.

21594. At all events you say it was not by your decision or judgment that it was made a tunnel instead of an open cutting?—No; it was not.

**Recommended
embankment
should be made
of material less
friable than that
which was being
used.**

21595. Is there anything else connected with that section 13 or 25 that attracted your attention before you left it that summer?—Yes; I found, on crossing some narrow valleys where high embankment was necessary, that the material with which the embankments were made and which had been taken from the line cuttings—through cuttings we call them—was clay of a very friable nature, so that when rain fell the water got into it, the bank spread out very wide, and large land slips took place and the embankment slipped away. That was causing a very large extra amount of material to be required. After fully discussing the matter I came to the conclusion that it would be better not to make up the embankment any further with that material, but to bring material from some few miles distant, gravel and sand, that would stand. It had to be brought by locomotive and waggons and the contractor agreed to do that at ballast prices instead of earth prices. I found, on making an estimate of the quantity required that it would be more economical to use that, although the price per yard was higher; it would require so much less of it to make the embankment, that it would be the most economical way to do it, and I recommended that to be done.

21596. To whom did you recommend it?—To the Department.

21597. Then, in such a matter as that, you were not acting at that time apparently on your own discretion, because you say you recommended it: do I understand that you were not then acting as Chief Engineer?—Yes; as Chief Engineer I advised it to be done.

21598. To whom did you offer the advice?—To the Department—to the Minister. It would come through my chief assistant.

**Witness though
acting Chief
Engineer could
make no changes
adopting more
expensive material
without the
authority of
Minister.**

21599. But were such matters as that decided upon at that time by the Minister and not by the Chief Engineer?—I could not make any changes, in adopting more expensive material than what was called for in the contract, without submitting it to the Minister for his approval.

21600. It was not then because Mr. Fleming was the Chief Engineer that you found it necessary to submit that, but if you had been Chief Engineer yourself you would have considered it proper to submit that particular transaction to the Minister?—Just so.

21601. Is there any other matter connected with it?—I am not sure that that thing took place that year. I fancy it was the following year, but it is all relative to that.

21602. You were over this same ground the following year, in 1878?—In 1878 I was over it again

**Railway Construction—
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Quantities exceeding estimates.

Considerable changes made in original line which increased earth but lessened rock.

21603. As you have touched upon what took place in 1878, do you remember any other feature of 13 or 25 that, either in 1878 or 1877, attracted your attention?—There was no other feature, except that it was found at that time that the quantities of earth excavations were going to exceed, to a very large extent, the original quantities in the bill of works. I made enquiries. I was directed to make such enquiries by the Minister before I left, of the cause of that excess. I found that the location of the line had been changed very considerably from the original line on which the contract was let. Those original lines were just a rough trial survey, and they were not even joined in the middle. I believe they passed each other some considerable distance between the two, and the change in the location had the effect of requiring a great deal more earth, but it lessened the rock work. At that time the works were not so far advanced, they were up about the neighbourhood of Savanne. That is about seventy miles, I believe, from Fort William. I saw nothing with regard to muskeg that was causing in the works up to that time—that was causing any extra quantity by shrinkage or by subsidence; on the contrary, there were places where there was no earth hardly. They had to gather stones together, loose boulders, to form the base of the road. There was no earth at hand. They had to bring the earth to cover those from a considerable distance with the locomotive engine and waggons, and I saw no very soft places up to that point that would waste a large amount of earth. I saw no earth being used that was improper for the purpose.

21604. Then, in 1877, you say you came back to Fort William and took steamer for Winnipeg?—Yes; and railway to Winnipeg.

Surveys west of Red River.

21605. And to what matter did you next give attention?—I had special instructions from the Minister before leaving to make an examination of the country westward from Red River, as petitions had been sent in from people in Manitoba and the North-West Territories asking for the line to be changed—the location of the line to be changed—from the original route, which was by the Narrows of Lake Manitoba, and those petitioners wished the line to be changed south of Lake Manitoba. A Committee of the Senate had investigated the matter—I think it was that same Session, the winter of 1877. It did not appear, from the evidence, that there was much chance of getting a practicable line, but the Minister directed me to go and make an examination to see if it were possible to get a line westward from Red River and south of Lake Manitoba. I had one assistant, Mr. Lucas, with a small party, to make instrumental surveys. He did not make continuous instrumental surveys, but examined the country between the different points on the valleys. There are three great valleys to cross, the Little Saskatchewan, the Bird Tail, and the Assiniboine Valley. He travelled up and down those valleys examining feasible crossing places, and when he found a feasible crossing place he made an instrumental survey of it. He succeeded in getting a good crossing of the first valley, that is the Little Saskatchewan, very near where Rapid City is now rising. At the Bird Tail Valley he did not get a good crossing. There was a square crossing that he got requiring a bridge about 3,000 feet long and 175 feet deep in the deepest part. He also failed in getting a feasible crossing on the Assiniboine, near Shell River. It had been suggested by the people in the district that that was the most likely place to find a crossing, by using the Valley of Shell River for some distance which joined the Assine-

Directed to see if it was possible to get a line west of Red River and south of Lake Manitoba.

Lucas got a good crossing on the Little Saskatchewan, but failed to get a crossing on Assiniboine near Shell River.

Surveys west of Red River.

Witness examined country on the South Saskatchewan.

Went on to Carleton where he got information regarding the real fertile belt for wheat which extends into the True Forest country.

boine. Mr. Lucas then went further westward to improve the to located line on towards Edmonton. I followed the trail Fort Ellice and examined the country by the Touchwood Hills on to the South Saskatchewan. The results of that are given in the report of the surveys for that year, and it is stated that the information obtained was not sufficient to warrant any change in the location of the line at that time. During my examination of the country I paid attention to the soil as well, and I found the soil near the Qu'Appelle River very light, and I was informed that it continued light southward of it too, and by various people whom I met that the best soil would be found further northward, and it was so interesting that instead of returning from the South Saskatchewan I went on to Carleton. There I got information with regard to the nature of the soil, which confirmed the idea previously heard on my journey that the real fertile belt for wheat growing extended from Winnipeg away north-westerly crossing the Saskatchewan near the Forks, a little below Prince Albert, and thence on to Lake la Biche and Peace River.

21606. That belt extends apparently into the True Forest district?—Yes, it does. It has generally been described—in fact the line is laid down in Palliser's map showing the southern boundary of the True Forest. In fact north of that is really in the True Forest country, but I may inform you that there is a large amount of prairie in it, caused, I think, by the burning of the woods, the grass comes up afterwards and aspen. There are very large tracts of prairie ground within that belt.

21607. But it is within what is known as the True Forest district?—Yes; it is.

21608. That same belt, I think, was traversed by Mr. Jarvis, in 1874 and 1875, by exploration?—Yes; partly so—part of it.

21609. Proceed?—When at Fort Carleton, I ascertained from the Chief Factor there, Mr. Clarke, that the company's steamer would be up in a few days going to Edmonton, and I intended to return to Winnipeg by that steamer, but I found that I would have time to go up as far as Lake la Biche, some 300 miles north-west of Fort Carleton. I did so, and thence struck southward from Lake la Biche to Edmonton. I obtained a vast amount of information from the bishop at Lake la Biche, who had been a number of years in the northern district. He sent for Indians and hunters and half-breeds, to describe any portion of the country that I asked about, and translated it to me. I got information extending up right to the Pine River Pass—information of the country. That is near the Peace River. On arriving at Edmonton, I found the steamer had not arrived. I waited for several days until the mail came in and letters which informed me that the steamer was not coming at all that season and had turned back. Letters received by the same mail also reported the massacre of some of our depot clerks at Henry House, or Athabaska Depot we call it, by Indians. It was necessary to make some enquiries into that matter, and there was a pack train of mules then at Edmonton, which had come over from British Columbia the previous year, and was about to return to British Columbia. I therefore decided to go with the pack train instead of returning eastward to Manitoba. We left Edmonton some time in August, and followed the usual route up to Jasper Valley, thence through the Yellow Head Pass, down to Tête Jaune

Decided to go with a British Columbia pack train to British Columbia, through Yellow Head Pass down to Tête Jaune Cache, and the Alberta to the North Thompson.

Cache, and the Albreda to the North Thompson; thence down the North Thompson to Kamloops, and following the river down to where the two branches of the Thompson met, then down to Lytton, and thence down to New Westminster, so that I followed the route of the Pacific Railway from Edmonton as now adopted by the Government.

21610. About what time of the year did you reach Westminster?—I reached it about the latter end of September.

21611. And then?—Surveys were being made; the second series of surveys were being made of that route that year. I examined it very closely, and examined their plans and profiles, the progress of the surveys, and gave them directions where they required any. I only stayed a few days in Victoria, and returned by way of San Francisco and St. Paul to Winnipeg. I then went and examined, in October, a portion of the works on section 14. It was, of course, considerably further advanced than it had been in the previous year that I examined it. That was my last work of the season, I returned to Ottawa in November.

Surveys west of
Red River.

Surveys, B.C.
Second series of
surveys.

21612. During 1877 you saw no part of contract 15?—No; I did not. I endeavoured to go and see a portion of it, and went as far as the North-West Angle of the Lake of the Woods by the Dawson route. There the steamer, by some misunderstanding, had come there and gone away without me. I returned to Winnipeg and telegraphed to Mr. Carre to meet me there with all his plans and profiles. He did so, and I examined them then; examined the plans and profiles and discussed the progress of the work, giving him any instructions that he required on any questions that had arisen.

Railway Con-
struction—
Contracts Nos.
14 and 15.

21613. The work was then under construction: it had been let in the January of that year?—Yes. A small portion of it only was under construction, that is the end next Rat Portage—the east end.

21614. Do you know whether, up to that time, any serious question had arisen as to the propriety of the terminus between 14 and 15?—Not at that time.

In 1877, no ques-
tion had yet
arisen as to the
terminus between
14 and 15.

21615. A terminus seems to have been adopted upon the promontory, and which, perhaps, has led to some difficulty about the location of a better line, inasmuch as the engineer of each section appears to have had an opinion that he could not invade the territory of another?—That question came up at a later date, as the construction parties approached that point.

21616. But at that period you say there was no discussion about it?—There was no discussion about it.

21617. The work, as I understand it, was progressing on section 14 easterly from Red River, and on section 15 westerly from Rat Portage, but had not progressed far enough to approach this difficult spot?—Yes, there may have been discussions with regard to trial surveys that had been made, but there was no pressing discussion to settle the point at that time, because the works of construction had not advanced far enough towards the point.

21618. Then I understand that your attention as Chief Engineer was not called to that particular locality—the neighbourhood of Cross Lake?—Not at that time.

His attention not
called to Cross
Lake.

Surveys.

21619. We have got now as far as the latter part of 1877?—Yes.

21620. You were obliged to return to Winnipeg, and thence?—I was engaged in the office during the winter in the usual manner in Ottawa, writing the report and examining the plans being made.

21621. I suppose your general conclusions will appear in the report of 1878 then?—Yes.

As acting Chief Engineer wrote appendix D, report of 1878.

21622. Did you continue as acting Engineer-in-Chief?—Yes; as Mr. Fleming was absent in England—he had got a prolonged leave of absence. In the spring of 1877 he left Ottawa, and I continued to act as Chief Engineer during his absence. In that capacity I wrote the report of 1878, appendix D, page 41. I wrote that report, and accompanying that report I constructed a map to illustrate it.

21623. Does that map which you say you constructed appear in the ordinary reports of 1878?—No.

21624. Do you know why?—I do not know.

Character of Soils.

The map which he drew to accompany this report did not appear in the ordinary report.

21625. How does it happen, if you were Engineer-in-Chief, it does not accompany your report?—I can tell you all that I know about it. The reason of my constructing that map was to show the general relative position of the different kinds of soil, masses of soil, so that any one reading the report would be able to follow it much better. In most of the reports before that, any mention made of the soils were simply detached illusions to the soil. This I thought better to show the general nature of the country at one glance. That is constructed by my assistant, Mr. Lucas, from the best information we could get at that time. We had the Palliser reports; we had the reports of all the previous surveys of the engineers of the Canadian Pacific Railway; we had the reports of the Geological Survey, and reports of people who had travelled in the country. Everything that was reliable that we could get hold of was used to construct this map. I submitted it to the Minister, and he approved of it, and ordered several thousand copies—I think it was 3,000—to be printed.

Fleming telegraphed for, who said Minister wished him to write a report.

21626. Then, why did you not have that appended to your report if you were Chief Engineer?—The report was sent in to the Department with the map attached to it, and without my knowledge, Mr. Fleming was telegraphed for to come from England, on important business, I suppose. On his arrival here he said: "You have written a report?" I said: "Yes." "Well," he says, "the Minister has asked me to write a report." I replied I should be very glad to give him all the information I had obtained during his absence. He said he did not require that, he had read my report—it was then in manuscript and was not printed—but I told him there was a great deal of information that he ought to have that was not given in detail, that that was simply an abstract of it given in the report. However, he was satisfied with the information he had. I may mention, that in all the surveys that had been made to that date from the commencement, they simply stated facts; no recommendation had been made with regard to the route, not by me, nor, I think, by Mr. Fleming, and this paragraph in my report, page 53, I will read:

Which Pass?
Witness recommended route by Pine River Pass to Bute Inlet.

"In conclusion, the writer is desirous of expressing his strong conviction, as the result of detailed investigation of the subject in all its bearings, that the line by the Pine River Pass to Bute Inlet, with extension by steam ferry to Vancouver Island, will prove the true route whether regarded in its national or economic aspect. It traverses a far greater extent of good agricultural lands, and affords better communication with the chief gold and coal mining districts than any other route."

Which Pass ?

That is the first time I had ever recommended any route. It appears that the Minister had different views from that; that he favoured the route by the Yellow Head Pass to Burrard Inlet. Hence Mr. Fleming was sent for to report. His report favoured the Minister's views, for what reason I do not know.

The Minister had different views, and favoured the Yellow Head Pass.

21627. You were speaking of a map which you had constructed, what became of that?—Mr Fleming made a report, and Mr. Cambie made a report, neither of them submitted their reports to me before they were sent in. I never saw them until they were printed, and my own was printed at the same time. When I got a copy of the printed report I found the map had not been attached to it.

Map suppressed.

21628. You mean the map you had constructed?—The map I had constructed. I wrote to the Secretary of the Department, Mr. Braun, complaining of this, and pointing out that it was not only unfair to me but to the public; that it was called to read a report describing several lines over 2,000 miles of country without a map being before them, and asked the reason why it had not been published, and I got no answer to that. I demanded of Mr. Fleming why the map had not been placed. He made some objections to it which, I thought, were trivial, and said I had not sufficient information to construct such a map; that there might be some parts of it inaccurate. My reply to that was that it was constructed from the best information obtainable at that time, and, as far as accuracy was concerned, there never was a map in the world constructed that was accurate, but approximately so, and I thought the objections trivial. However, he was the Chief Engineer, and he advised the Minister not to issue it, I believe.

Fleming said witness had not sufficient evidence to construct such a map.

21629. From the time of his return upon that occasion, did he resume the control as Engineer-in-Chief?—He resumed it entirely, and had the whole control when he arrived here. Formerly, when he had come to Ottawa, two different times from his leave of absence, he had given instructions through me to have them carried out by the staff, but from his return, in the spring of 1878, he gave the instructions direct to the different parties, and I did not know what instructions he had given.

From spring of 1878, Fleming gave instructions direct to the officers instead of through witness.

21630. What become of you? In what position were you left?—I was left in a very unfortunate position. I found, when I went on the works, they were doing works for which I had given no authority.

21631. After his return, in 1878, what was your actual position on the Pacific Railway staff?—Of course, I was only acting Engineer-in-Chief in his absence. At any time he was present, he was Chief Engineer.

21632. What was your position?—First assistant or deputy to the Engineer-in-Chief. I was first assistant. I only assumed the duties of Chief Engineer in his absence. These ceased the moment he arrived and was present.

21633. He went away again early in 1878?—Yes; he went away again, I think in May, or June.

Fleming went away again in May or June, 1878.

21634. That was the time the difficulty arose as to who was responsible for the change in the character of the work on 15?—Yes; and it was very thoroughly investigated before a Committee of the House two years ago, and in the Senate, too.

Contract No. 15.

**Management of
Engineering
Department.**

21635. Was there any understanding between you and the Chief Engineer, upon the occasion of his return in the spring of 1878, as to what duty you should take after that?—No; I had no conversation with him whatever. He was a short time here and was very busy writing his report, and he sent in his report without even submitting it to me, which was very unusual, as up to that time there was thorough confidence between him and me. I had seen everything he had done; but for reasons I do not know he had no conversation with me about the works at all.

Fleming left for England without leaving witness any directions.

21636. Then did he leave for England without consulting you at all?—Yes.

21637. And without leaving you any instructions about the work?—Yes.

21638. And on his leaving you were the acting Engineer-in-Chief again?—Yes.

21639. And he returned to England without communicating to you his directions, his wishes, or his views?—Yes.

Pass.

Witness thought line by Yellow Head Pass altogether wrong.

21640. Did you assume complete control of the undertaking from the time he left for England in the spring of 1878, or were you still governed by his previously expressed views on matters connected with the works?—The works under construction were still governed by his previously expressed views, but you will observe that in this report of 1878, recommending another route, that I departed entirely from his views there, and acted on my own judgment from information that I had obtained in travelling over the country in 1877. It appeared to me that the route chosen by the Yellow Head Pass was altogether wrong. Mr. Fleming was in England. I had no time to consult him or to place my views before him, and I wrote them direct to the Minister, and probably he may have been offended at my assuming to be original in anything.

Railway Location.

Had seen a line which would have struck Red River between Winnipeg and Selkirk, but contract 14 had been previously let.

21641. While speaking of those rival routes, I would like to ask whether you have formed at any time up to now any opinion as to the route from Rat Portage westward, whether it should go to Winnipeg or Selkirk for instance, or whether it should go north or south of Lake Manitoba?—Yes; I had seen a plan that was made before I had anything to do with that part of the works, made by Mr. Carre. The survey deviated from the present located line a very short distance from Rat Portage and bearing more to the south, following very closely the side of that part of Lake of the Woods called Clearwater Bay, and thence to a small lake called Crow Lake, and thence westerly near to Falcon Lake, arriving at that point near Falcon Lake from ten to twelve miles south of the previously located line.

21642. You mean the present adopted line?—Yes; south of the present adopted line. From that point near Falcon Lake, the proper course westward would have been to have struck Red River a considerable distance above Selkirk.

21643. You mean further south?—Further south. It would have struck it about half way between Selkirk and Winnipeg; but section 14 had been previously let.

21644. For the present, irrespective of the letting of section 14, I would like to get your opinion upon that line that you are speaking

of, as if there were no such thing as section 14?—That line, no doubt, would have effected considerable saving in the cost of construction, for this reason: the rocky country—the Laurentian rocks—bears in a north-westerly direction from Lake of the Woods, and south-easterly. This new line that was run by Mr. Carre bears a little to the west of south, south-westerly, consequently it left that bend of rocks very much sooner than what the westerly line did.

**Railway Location—
Contracts Nos. 14 and 15.**

This line would have effected considerable saving.

21645. You mean sooner going in a westerly course from Rat Portage?—Yes; I do not know how many miles shorter the line was in the rocky country than on the located one in which the works are constructed, but it was several miles shorter, and then it got into a prairie country—prairie and wood. From that point westward there would have been no more difficulty in constructing a line to Red River than what there was from Cross Lake on section 14; but section 14 had been let at that time and partly under construction, and therefore it was necessary to make a bend in the new line near Falcon Lake, running more to the north-west so as to intersect that line.

21646. You do not mean that it was absolutely necessary, but that it was a question of expediency in consequence of the work already done on 14?—If it had been carried on, as it would no doubt have been, only for that work being let—there was a very considerable amount spent at that time on section 14.

This line would have been adopted only that 14 had been let and it was necessary to meet 14.

21647. As much as \$60,000?—Yes; it would have been better to abandon that line.

21648. You mean to abandon the present line of 14 if the loss in work up to that time was only \$60,000, or thereabout?—Yes; there would have been a larger saving than that on the new line; I do not know how large, but it was estimated at something like \$300,000.

It would have been better to abandon the work on 14, even though \$60,000 was lost.

21649. That line which you now speak of, and which we may call the Carre and Jarvis line (for I understand that Mr. Jarvis ran it westward from somewhere near Falcon Lake), would lead you to some point further south than Selkirk on Red River?—Yes.

21650. Have you considered whether that point further south for a crossing was as good a one in the public interest as Selkirk?—I think it is quite as good, and would have been a great deal more popular among the people.

A better crossing than Selkirk for a bridge could have been found where the above line struck Red River.

21651. Irrespective of its popularity, would it have been as good a crossing?—I think that quite as good a crossing, if not a better one, could have been found there for a bridge.

21652. That would be somewhere in the neighbourhood of Stone Fort, would it not?—Higher up than that; further south.

21653. Then that would have involved some change in the line west of Red River: how would that affect the matter, in your opinion?—It would have lengthened the line to have followed by the Narrows, but since the line has been changed to the south of Lake Manitoba it would have been better than the present line.

21654. At the time that you were considering the expediency of this southern line—I mean the Carre and Jarvis line—did you take into consideration the probability of the line going north or south of Lake Manitoba, so as to make it a factor in forming your judgment?—I had

Railway Location.

nothing to do with that; it was Mr. Fleming submitted this to the Minister in his report, I simply saw it, being in the office.

21655. But I understand that, as an engineer, you formed some judgment upon it?—Yes; I talked with Mr. Carre about it.

Great opposition to line going by the Narrows.

21656. Then, while you were forming that judgment did you take into consideration the probability of the line going north or south of Lake Manitoba?—It was an open question then where the other line would go. There was a great opposition to it, and general discontent about the line going by the Narrows. Great efforts were being made to have it deflected south of Lake Manitoba, and there was a probability that it would be done so.

Surveys, B.C.

Exploration from Fort George to Lake Fraser thence to Port Simpson.

From Fort George through Pine River Pass. The first time a white man went through the pass.

21657. Is there anything that you wish to add to your previous evidence by way of explanation?—I find in giving an account of my exploration up to Lake la Biche, in 1877, that, in conjunction with that, there was an exploration on the west side of the Rocky Mountains, from Fort George westward to Lake Fraser, and following the old telegraph line of the Western Union Co. to Skeena, and thence down the Skeena to Port Simpson. That was made by one party, and from the same point, Fort George, there was an exploration made to MacLeod's Lake, following the valley of MacLeod's Lake, and from MacLeod's Lake eastward through the Pine River Pass. The party succeeded in getting through the pass and got some twenty or thirty miles east of it on the Pine River, and returned. That was the first time ever known a white man ever went through that pass. It had been talked of, but never explored.

21658. Who made that exploration?—Mr. Hunter. His report was remarkably favourable, and it has been confirmed by subsequent exploration.

21659. What was the distance from that to Lake la Biche, which you touched?—It was considerable—several hundred miles. It was about 300 miles from the point that I left off, Lake la Biche, from that which was run by Mr. Hunter, from the west, but all that country was known. An engineer had never been through it, but it was known to several people.

21660. Had Mr. Horetzky explored part of it?—In 1872, he had gone across part of it, near Lesser Slave Lake, and he ascertained quite a good deal of knowledge about the country, from people living there, Hudson Bay Co.'s officers and others, besides what he saw himself. I believe he was the first to suggest that pass, Mr. Horetzky.

Marcus Smith's Report of work done in 1877.

21661. I understand that your report of the early part of 1878, was based principally upon the knowledge which you had acquired in that trip of yours, in the fall of 1877?—Yes; together with the reports of the exploration westward.

21662. And your trip was undertaken unexpectedly by you, owing to circumstances arising at the time?—I did not think I should get so far as Lake la Biche.

21663. But the continuation of it westerly was owing to circumstances which you did not anticipate?—It was my suggestion that the western exploration was made by Messrs. Cambie and Hunter.

**Railway Loca-
tion—
Smith's Report.**

21664. Had you any unusual directions as to such a report as you did furnish in the beginning of 1878?—No; I wrote a report in the ordinary course of my duties, stating what I had done the previous year.

21665. In the ordinary course of an engineer's duties, what subjects is he called upon to enquire into and report upon—I mean a railway engineer?—That year there was both construction going on and surveys for location. I had to report on them both. An engineer has to report upon everything—all kinds of operations that are going on.

An engineer has to report upon everything.

21666. In selecting a location as an engineer, is it the rule that he is required to investigate subjects beyond those of physical difficulties, for instance?—Oh, yes; generally in a country like this that is not known, in exploring he is expected to get all the information he can as to the soil as well as the physical difficulties of constructing a railway—soil, timber and produce.

21667. Why would these be within the field of his investigation?—Because they all have a certain bearing on the location. It is not the physical difficulties alone of construction; it sometimes would be advisable to construct a line that would cost a good deal more on account of the country having more resources.

Soil, timber, produce, these bear on the question of location.

21668. Of course, there are some questions which might weigh with the Government in deciding upon a route, which would not be strictly engineering questions, and which would not be proper for an engineer to investigate?—Certainly.

21669. Could you explain shortly the difference between those questions, or could you name them as distinguished from the subjects which an engineer should investigate?—The particular duty of an engineer is to get the physical features of the country, to ascertain them and exhibit them by maps and profiles, so as to form an idea from which he can get the quantities to form an estimate of the cost of constructing a railway across the country; that is his special duty.

21670. To ascertain specially the shape of the surface and the kind of material over which it will pass?—Yes; at the same time, he is expected to take notice of the general products of the country, and the nature of the soil and timber, and if he sees any crops, what they are like. That is incidental to the other; the other is the main.

21671. Would you mention the subjects which would be peculiarly within the discretion of the Government as distinguished from its engineers?—The geology of the country is examined by officers of the Government, and also the botany of the country by specialists.

Geology and botany examined by specialists.

21672. I do not know that I have made myself understood: I do not at present ask what means the Government took to ascertain the different data, but I am asking you to define, if you will, those subjects which a Government would, irrespective of engineering views, deal with, as leading up to their final decision, and as distinguished from the subjects which an engineer should investigate for the information of the Government?—Well, there is the soil of the country, the timber—

21673. Would that be for the Government?—Certainly.

21674. That would be within the Government's jurisdiction, and not the engineer's?—Certainly, in a line like this. This is practically and

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specially a colonization railway, made through the country to develop the resources of the country.

21675. Do I understand you to mean that that question of colonization is a Government question, and not an engineering question?—It is a Government question.

21676. Are there any other matters which are peculiarly Government questions, or questions of Government policy?—Well, there is the geology of the country.

21677. Is that excluded from an engineer's field?—Yes.

Geology, botany political and Imperial considerations excluded from the province of an engineer.

21678. And what else would be excluded from their particular field of investigation?—There is the flora of the country, as indicating the nature of the soil; it is a botanist's special duty.

21679. That would not be within the engineering jurisdiction?—No.

21680. Is there any other subject which would be a matter peculiar to the Government?—All the political questions, of course, as regards existing settlements, would be the policy of the Government.

21681. You mean whether any particular existing settlement should be served by the railway or not?—Yes.

21682. Is there any other which occurs to you: would the future settlement of the country be a political one as distinguished from the engineering one?—That is a Government question which the Government would consider, about the present settlement and the future settlement of the country.

21683. That would be within the Government jurisdiction as distinguished from the engineering?—Yes.

21684. Is there any other?—Well, there is; the line for foreign trade would be considered too. Trade with Asia, for instance, that would be a Government question.

21685. Is there any other that might affect the Pacific Railway?—These are the chief things that I can think of.

21686. Imperial interests generally, would not that be a Government question as distinguished from the engineering?—To a certain extent?

21687. To a certain extent; would it not be altogether?—That Imperial interest as relating to a line for foreign commerce. There is the position of the naval station of the Imperial Government, it might be a question, too.

21688. For the Government?—For the Government. But the principal interest would be the through route from England to China; that would be a subject for the Government.

21689. Are there any other subjects which you consider would be Governmental as distinguished from engineering?—No; there is no other comes to my mind now; there may be others.

In his report of 1878, witness recommended a particular line.

21690. In your report of 1878, which you say was ignored to a considerable extent by the Government and by the Chief Engineer, you recommended decidedly a particular line, did you not?—I suggested.

21691. I mean a route?—I did not positively say that would be the best, but I thought it would prove the best.

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21692. I think you said, for the first time, you had offered as an engineer a recommendation of a particular route?—Yes.

21693. Was that based altogether upon subjects which were peculiarly within the duties of an engineer, or did they trespass upon the subjects which you have described as Government subjects?—I think it embraces several subjects. Besides the cost of construction it embraced the extent of the fertile lands that would be taken in by it; these were the two principal objects.

21694. Upon consideration now, at this date, do you not think that your recommendation of a route was based upon opinions of matters which you have described to be particularly within the jurisdiction of the Government as distinguished from engineering subjects?—Yes; but an engineer, although it is his special duty to get the surface of the country, and matters especially belonging to engineering, he cannot be blind to whether he is going across a good country or a poor one. Incidentally that guides the engineer to a considerable extent.

Admits that the recommendation in his report was based on considerations which are outside the province of an engineer, but considers that an engineer cannot close his eyes to the character of the country he crosses.

21695. It guides him to what?—There may be two routes that, as regards the cost of constructing a railway, there may be no difference at all, hardly; but if the one is over a very fertile country and the other over a less fertile one, the engineer would certainly recommend the one over the fertile country.

21696. That would depend altogether on the object of the Government?—I cannot conceive the Government having any better object than developing the riches of the lands.

21697. But if that was not their main object?—I do not know; they may have other objects. It was always understood the Government were anxious to get the best line, and to embrace the greatest extent of fertile lands.

21698. Did you assume, at that time, that you might recommend to the Government a line based on that matter, or were you instructed so to do?—I was not instructed so to do; I merely suggested it, and of course my duty ended there. It was not my duty; if the Government did not take any suggestion, it was none of my business; I had nothing more to do with it. They may have had other reasons besides the one I gave for taking a different course.

21699. Would not the future settlement of the country have something to do with the subject from a strictly engineering point of view? For instance, would it not give some indication of the probable trade of the country?—I mentioned that as one of my recommendations, that I expected there would be a great deal more trade over it.

Witness pointed out there would have been a good deal more trade.

21700. I suppose that in investigating such a subject for the Government an engineer would be guided by views somewhat different from those which would guide an engineer of a private company; I mean that a private railway company would have but one object, that is to gain money, and that the Government might have other objects which would either conflict or unite with that one?—Yes; I conceive that the cost of surveys done for the Government and done for a company would be very different. I will give an example. The second year, in the middle of 1873, within less than two years we had sufficient information to begin and construct a railway across the country. It is possible if a company had been making the surveys they would have begun after one year's surveys; but the Government had the

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whole country in view—the settlement of the whole country—and we were instructed, after finding practicable routes, to survey other routes. They wanted not only to have a practicable route, but to have a knowledge of all feasible routes, and that is one reason why the expense of these surveys have cost so much more than what they would have done if done by a company; but the Government have got an immense amount of information—more than a company would have.

At present Government in possession of so much information they could project a line to almost any point.

21701. The interests of provinces and even of localities had to be considered?—The Government have a very fair knowledge of the whole Dominion from the international boundary line up to the Peace River; but in the eastern part here, the surveys have not been extended so far, they might have been extended a little further north than they have been—north of Lake Superior I mean. I may state now that the Government have so much information in their possession they could project a line to almost any part of the Dominion in question—that is the Red River westward—with a tolerable certainty as to the probable results along the line projected as to the cost and other matters.

Contracts Nos. 41 and 42.

21702. I think you had got down as far as the spring of 1878, upon the last occasion: will you please proceed from that time, describing your operations?—I left Ottawa in 1878, in the month of July. My principal duties during that season were to inspect the works under construction. Between Lake Superior and Red River, an exhaustive instrumental survey was being made, which I directed. They corresponded with me, that is the engineers who were making it. That is the gap between contract Nos. 25 and 15, about 185 miles, I think it is, from English River to Rat Portage.

Surveys.

All the engineers need not have been brought each year to Ottawa.

21703. In connection with this departure of yours in July, I would like you to explain if there was any particular reason why the engineering parties, as a rule, left Ottawa at the time they did in the different years; did it not seem to you that they ought to have left much earlier for field work?—Yes; that is one thing I omitted in stating the various causes of extra expenditure. The parties engaged at a distance, especially in British Columbia, were ordered to come home every year to Ottawa to make their plans. Now, sometimes there were as many as six to ten people coming over, costing \$500 each to come and go back again. That alone was a source of considerable expense. The plans could as well have been made in Victoria as in Ottawa. Of course it would have been necessary for me, when the plans were finished, to come to Ottawa and explain them to the Chief Engineer, but if that had been done, the parties remaining in the field, near the work, could have got out much earlier in the spring. There was always a difficulty in getting away from Ottawa in the spring. We might have been six or eight weeks earlier at our work if we could have got away. One thing, the money had to be voted each year for the work, and in fact Parliament was generally prorogued before we could start.

Might have got to work some six weeks earlier could they have got away from Ottawa in time.

21704. Were there positive directions given by the Minister or the Chief Engineer to delay your field operations?—To delay them?

21705. I mean to defer them until the vote should have been taken, or until any other thing should occur?—The parties had to be made up in Ottawa every spring, and we never could get away till the Minister—I suppose the Minister had not time to attend to it during

Surveys.

the Session. The Session of Parliament was usually over before we could get away.

21706. Do you mean that the office work could have been finished so as to allow the parties to go to field work earlier than they did in the year?—The office work could have been finished as soon in Victoria as in Ottawa, and there they were on the spot. They could have saved the time coming here and going back; that is a month at last. They seldom got out to get to work before June or July, and we could have commenced work in April in British Columbia very well.

Parties seldom got out before June or July, and they could have got to work in April in British Columbia.

21707. What do you say about the field works north of Lake Superior and between Red River and Lake Superior: ought they to have been started each year earlier than they were?—The climate is different there. They could start as early there as in British Columbia. The neighbourhood of Lake Superior, it did not make such a difference in that district.

21708. Then your previous remarks apply particularly to British Columbia?—Yes.

21709. They do not apply to Manitoba and north of Lake Superior?—Not so much. They could not get there until the steamboats commence running.

The delay did not matter for the Manitoba and Lake Superior region.

21710. Then the field operations were not delayed by the absence of the votes except in British Columbia?—Except in British Columbia. I do not know that the vote was the cause of the delay. The work had to be arranged. The work of the season had to be arranged with the Minister before the parties started, and until that was done the vote could not be obtained. We did not know what amount was wanted.

21711. If the person at the head of affairs, whoever it might be, whether the engineer or the Minister, had been able each year to decide earlier, would the works have progressed more rapidly?—Certainly.

21712. Then there has been some delay on account of the absence of that decision?—Yes, and some extra expense.

21713. Has it been material do you consider?—Yes; it would be considerable, and not only the expense, but it destroyed—it prevented works being carried out in that systematic manner that they would have done if the parties had been allowed to remain on the field. Small parties could have gone out on the line in winter or taken notes of climatic effects, the depth of snow, the ice on the different bays and inlets. A great deal more could have been done if it had been done systematically.

21714. Do you think if this work had been, from the beginning, under the control of a private company it would have proceeded more rapidly than it did?—Oh, certainly.

Had the work been under the control of a private company it would have proceeded more rapidly.

21715. And owing to these delays you speak of?—That is one reason. They would not have made so many surveys, but those they did make they would have made systematically.

21716. If a private company had to do as much work as the Government had done in this case, would it, in your opinion, have been facilitated and hastened by the direct control and immediate decision of the parties having the right to decide?—I think so. Some companies

Surveys.

manage badly; some manage well; but they would have a better chance of doing the work more systematically under the direct control of a company's engineer without any interruptions in winter.

**Contracts Nos.
13 and 25.**

21717. You say that in July of 1878, you proceeded to the section between Lake Superior and Red River: about what time did you reach the round?—Oh, I went first to Thunder Bay, I reached that in July; I examined the works on contracts 13 and 25.

**In 1878 contract 13
nearly finished.**

21718. You gave us some information before upon both those contracts, and you were not then sure whether it was in 1877 or 1878: do you remember now whether you omitted anything?—The works were, of course, further advanced each year. In 1878, contract 13 was very nearly finished when I went out there. In fact it was so nearly finished that the contractors of the next section began to lay the rails over 13.

21719. They had the contract for track-laying and ballasting on section 13?—Yes; I went out on section 25 that year a little beyond Savanne station, some miles beyond it, I do not remember how far. The works were going on steadily. The tunnel had been completed then and I went through it.

21720. Did you enquire into this tunnel question at that time?—No.

21721. Whether it ought to have been an open cutting or a tunnel?—No; it was all settled on the strength of Mr. Hazlewood's report in Ottawa here. There was no more enquiry about it.

21722. Is there anything that you can mention now which you have omitted upon the subject of either of these sections, 13 and 25?—No; I have already told you what I did with regard to clay embankments that were sliding away. It was in that year that I ordered gravel to be used instead.

21723. I think you mentioned that your object that season was, amongst other things, to ascertain the cause of the great discrepancy between the estimated quantities and the executed quantities, as exhibited in the returns as far as they had been made?—Yes; that was one of the duties that I had to perform.

**Main cause of
extra cost change
in line.**

21724. Have you anything to say on that subject, as regards 13 or 25?—Well, what I have stated shows how a considerable extra cost was brought about by the change of location, I think in the tunnel and by the slipping of these embankments; but the main cause was the change of location of the line altogether by which the earth work was very much increased and the rock work decreased. I also examined very carefully into the modes of measuring the work, and I could not find anything wrong; I could not see anything to make me suspect that any improper measurements had been given.

21725. Either intentional or unintentional?—Either intentional or unintentional, I could not see it. My impression then was that the difference arose from the very imperfect surveys made in the first instance, and the quantities in the bills of works that was submitted to contractors when tenders were called for were far too low.

**Embankments in
some places had
shrunk a good
deal.**

21726. Did you not find on that occasion, 1878, that many of the embankments had, from shrinkage, become much smaller; that they had become too low and too narrow, and required material to be added to them?—Yes, they were in some places. There had not been a

Contracts Nos.
13 and 25.

sufficient allowance made for shrinkage of the embankments. All embankments, of whatever sort of earth except gravel, embankments have to be made considerably wider than the necessary size: they waste away and slip down and shrink and become narrower.

21727. I believe you made a full report upon that subject to the Department?—I think so. There had not been a sufficient allowance made for shrinkage.

21728. Is there anything further about either of these sections, 13 or 25?—No; of course there were differences between the contractors and engineers about the specification of rock. There are always disputes about what is loose rock: it is a very fertile source of misunderstandings.

21729. Then, after leaving contract 25, what course did you take? —I went across then by the Dawson route in a canoe to Rat Portage and I walked over the whole of section 15, examining the works very carefully. Mr. Carre was with me. I took very copious notes of the state of the works of what I thought was required in different places. I suggested some changes—slight changes—in the location of the line by which the cost of construction was very much reduced. I also ordered more cross-sections to be taken in view of making other changes. These changes that I made on the spot were those which were apparent to the eye that it would be a great improvement. There were other places where I could not tell whether I could improve the line by altering it until I had cross-sections made. I also found that in crossing several water filled valleys—narrow lakes you may call them—that the engineers had not sufficient information with regard to the depth of water and the depth of mud and the shape of the rock at the bottom of these lakes—the inclination of the rock I should say.

Railway Location and Construction—Contract No. 15.
Suggested slight changes in location by which cost was reduced.

21730. Did you take any steps towards supplying them with that information?—The moment I got within reach of the telegraph, I telegraphed to Ottawa to have a set of boring tools made as quickly as possible and sent out to get that information which I thought was deficient.

21731. Did you find that the work had been well laid out, the location a fair one: what was your opinion of the engineering works that had been done at that time on section 15?—On the whole the location was not bad. I made some improvements in it as I say, but it is a very rough country, and I do not know that it could have been made much better, and at the same time keep the grades that Mr. Fleming required. The principal complaint I had was with regard to crossing these lakes, that I could not decide what sort of structure to put up, which would be the most economical, the solid embankment, trestle bridge, or any other kind of structure, until I had better information, as to the depth of mud and the inclination of rock at the bottom.

On the whole location not bad.

21732. There has been a vexed question and one much discussed about the change in the character of the works, but that has lost its importance since it has been adopted by Order-in-Council; but there is another matter connected with it which I wish to ask you about: whether you understood that there was any difficulty in a contractor carrying out the work as it was originally desired, I mean on account of the extremely irregular surface of the country? It has been suggested here, both by the contractor and by an engineer, that it would be difficult for any contractor to have fulfilled the contract in the way

**Railway Loca-
tion and Con-
struction—
Contract No. 15.**

Great difficulty
in getting timber
required by the
original contract,
and also the diffi-
culty in getting
the material
from cuttings to
where it was
required.

it was originally laid out: have you any idea about it?—I suppose what you mean by originally laid out is the last way.

21733. I mean the way intended at the time of the contract?—Yes; there was a great difficulty in the first place in getting timber for such structures as would be required. There was no timber in the country large enough or long enough. There were other difficulties in the contractor getting the material from certain cuttings forward to where it was required to be deposited.

21734. That is the difficulty which I was alluding to, not the timber trouble, because that has been overcome by the Order-in-Council; but as to this one, what would you say about that?—There was a case laid me before at Winnipeg, and I made some slight alterations in the grade, and filled up where there would be some low trestle work, probably some six feet high or something of that sort, which would have to be erected before the contractor could get his material forward. I turned that into embankment and that facilitated the work a great deal. The cost would be slightly more than as was originally intended.

21735. It was originally intended, when I say originally, I mean at the time of this contract being closed, that most of those gaps should be filled with trestle?—Just so.

Some portions
could not have
been done as
originally
intended.

21736. Could it have been accomplished in that way, in any reasonable time by the contractor?—Well, a great part of it could have been done very well, but in crossing some of those deep gullies filled with water and mud, the principal difficulty in construction would be the foundations. It is shoving rock covered over with soft mud—mere slush. I cannot see that piles could have been made to hold, and it was a puzzle to know what to do with it, until they had further information. I do not think it could have been done as originally intended, some portions of it.

21737. I think it was designed that those water stretches should be filled in with rock, either solid foundations or protection walls?—It was intended it should be all bridged with trestle work, where there were some cuttings—in some of those gullies there were cuttings of rock on each side, and it was intended that that rock should be put in to a certain height—up to water level.

21738. Whenever there was to be a rock basis, it was to be above water level, was it not?—Yes. When we ascertained approximately the depth of some of those places, we found it would take an enormous quantity of rock, more than could be taken out of the cuttings—that we would have to borrow rock, as it is called, to fill up to level. We overcame that difficulty by simply forming rock embankments on each side—two rock embankments instead of one—about six feet wide on the top, and filling in between with earth, and then putting the piles upon that.

21739. Piles upon the earth?—Into the earth or trestle on that embankment.

Comparison of
trestle and
embankment.

21740. But was that any gain; would not those two protection walls take just as much rock for the bases as if you had had a solid basis for trestle?—No; not near so much.

21741. What would be the width required for trestle?—It depends on the height.

**Railway Construction—
Contracts Nos. 14 and 15.**

21742. Of trestle work?—Yes; the trestle work may be fifteen feet on the top, and the outside posts are raking.

21743. Well, take a twenty foot trestle; what would be the base required for the foundation?—If the raking of the post at each side of the trestle were two inches in a foot, that would be four inches additional for each foot in depth, so a trestle work twenty feet high would require six feet eight inches more at the top.

21744. And what shoulder or berm, supposing you were having a rock basis outside of the slope of the trestle?—A couple of feet would be sufficient for the sill in which the post is morticed into. We leave it a foot at least outside of the raking post, and say two feet extra would be quite sufficient in rock.

21745. That would be eight feet eight inches altogether?—Yes.

21746. Now what is the width of each protection wall?—From four to six feet.

21747. Well, you have to double that besides the slope: don't you think that would take as much rock?—What we are speaking of in trestle is of far greater depth than twenty feet. There are trestles of sixty feet.

Some trestles sixty feet.

21748. Those are the ones that were the formidable obstacles?—Yes; a great bridge at the bottom.

21749. Did that happen at more than one place?—Yes, it happened at several places. There were several of them pretty near sixty feet high above the water. I think Cross Lake is about that height. I am speaking from memory—somewhere about that.

21750. Then these rock protection walls in these deep cuttings would require very much less material than the original plan of a solid base for the trestle work?—Certainly.

21751. And the scarcity of rock was one of the difficulties to be overcome?—There was plenty of rock, but it cost a great deal to move it. We wanted to use as little rock as possible on account of the great cost of moving it.

21752. But in addition to that there was a difficulty in getting the material on account of the shape of the country: that it had to be taken by what are called tote roads around the water fillings?—In some places there were difficulties of that sort; other places again there was plenty of rock close at hand.

In some places owing to shape of the country difficulty in getting material.

21753. Do you remember whether, upon this trip and on this visit to section 15, there was any discussion as to the feasibility of a better line crossing Cross Lake?—I do not remember my attention being specially called to it; it may have been. There was no written report on it submitted to me.

21754. You travelled over the line yourself?—I travelled over it, and it may have been discussed at the time. There was very little room, very little chance of making much improvement between Cross Lake and the junction with 14.

21755. At the time of that visit the work was not progressing there?—Oh, yes. I think the cutting was taken out on the

**Railway Con-
struction—
Contracts Nos.
14 and 15.**

The crossing about the best which could be found on Cross Lake.

Any improve-
ment would have
had to be made
on 14.

The expense of
filling the bay
considered, but to
deviate south
would have in-
volved a four
degree curve.

out on the east bank of the lake; in fact on both banks, the rock was partly taken out—

21756. That had happened between your previous visit in 1877 and this visit?—Yes; there could not have been much improvement even if the work had not been carried up to that point. The crossing there on that high level is about the best that can be found on Cross Lake. It is after the lake is crossed, extending over about a mile, that any deviation could be made from the present line.

21757. Which side of the lake?—The west side of the lake where it joins section 14. Any improvement that could have been made there would have been very trifling.

21758. Are you at all familiar with what is known as the Forrest line --the Forrest location—not the adopted line, but one suggested by Mr. Forrest?—No; I do not remember it.

21759. I understand you to give an opinion now that there was no improvement to be made covering any portion of section 15, that if the line was susceptible of any improvement it was on the west side of Cross Lake?—It was on the west side of Cross Lake on 14, all on 14.

21760. Do you think that the line was not susceptible of any improvement at a distance further east than that, so as to embrace parts of section 14 and section 15, or have you given that subject any consideration?—You could not have embraced 15, because I say the crossing of the lake was the best that could be got, so you could not alter 15.

21761. How do you come to conclude that that was the best crossing?—From the width of it and the neighbourhood; it is the narrowest crossing.

21762. Is the width the only thing to be considered?—If the depth is the same, it is.

21763. But perhaps the depth is not the same: are you aware whether any investigation has taken place so as to arrive at a conclusion which was the best place for crossing Cross Lake?—I do not know that any surveys had been made. I am not aware of any.

21764. What is your reason for supposing that the present is the best crossing?—It appeared the best site for the grades that have been given—twenty-six feet to the mile.

21765. In connection with the crossing at this adopted point, of course the filling of the bay just beyond it was involved, although it was a part of section 14?—Yes.

21766. Had not that filling any bearing on the subject, so as to make you consider whether a better crossing for all purposes could not be found a little further south or in some other spot?—Of course the expense of filling that bay was taken into consideration, and there was some proposal to try and lessen that by commencing the deviation immediately at the junction of 15 and 14, and curving away further south. That would have involved a four-degree curve, which was not considered desirable at that point, entering on that bridge. It was not fully determined what would be the character of structure across that lake at that time.

21767. That four degree curve which you say was objectionable would have been unnecessary if the deviation had commenced on section

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struction—
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14 and 15.**

15, further east than the junction with section 14?—It would not have been necessary according to the line which I see laid down on the map, but I never saw any survey of that line nor any profile. It never was brought to my notice.

21768. It is a moral certainty, is it not, that that curve would not have been necessary if a deviation could have been found feasible east of the point which would have lessened the curve?—That would have lessened the curve certainly.

21769. So the real question is whether a point of deviation could have been obtained further east upon section 15?—The question is whether a railway constructed on the line suggested would have cost less than on the located line. That would have been only ascertained by surveys.

The question whether a railway constructed on line suggested would have cost less than one on the located line, not taken up by witness in 1878.

21770. That question was not taken up by you upon the occasion of your visit in 1878?—No; it was not.

21771. Was the character of the country at the east end of section 14 very similar to that of the west end of section 15?—Yes, very similar.

21772. For what distance on section 14?—I think about a mile, probably a little more. I think very nearly to the stream that goes into the lake about a mile and a-half back.

21773. And about the rest of section 14, was that over a similar country?—It was different. There were rocks, but there were spaces between the rock. The line generally ran on what might be called a prairie country.

On 14 after about a mile the country generally prairie.

21774. Do you think the selection of the terminus was a fortunate or a desirable one as an engineering decision?—I think it was not fortunate. The thing had probably been overlooked that a different kind of plant, much more expensive plant, was required to do the work on section 15 than on 14, and it would have been better to have kept all the work of a similar kind on one section.

Thinks the terminus selected between 14 and 15 not fortunate.

21775. And that would have embraced, as I understand you, about a mile and a-half of section 14?—Yes.

21776. Had the contractors for section 14 plant necessary to do that kind of work?—They had not.

21777. How was it accomplished?—An arrangement was made between the contractors for section 14 and Mr. Whitehead, contractor for section 15, for the latter to do the work with his plant.

21778. Did that arrangement require the consent of any person acting on behalf of the Government to make it a binding one?—It would not have required it only for one thing, that Mr. Whitehead made it a condition that he was to be paid directly by the Government for doing it.

Arrangement made by contractor with Whitehead.

21779. Did you take part in the arrangement?—Yes; an arrangement was made while I was there. There was a good deal of discussion about it, and I think, I am not sure if I did not send a copy of it to the Government—to the Department—and suggesting it appeared to me to be the only means of getting that portion of the work done. I think there was another reason why the Government had to be consulted: it was regarding the price of doing it. In Sifton & Ward's contract there

**Railway Construction—
Contracts Nos. 14 and 15.**

were certain extra allowances made after a certain amount of haul—after every 100 feet—beyond that there was an increase in the price.

21780. And the material for this work had to be carried a long distance from the borrowing-pit?—Yes; and if I recollect right there was no limitation to that increase.

21781. Not in the contract for section 14?—That would have made the price come excessively high for them to do that work.

21782. It would have become a question whether the Government would allow that to be done under the contract or not?—Just so. Mr. Whitehead proposed to do it at certain prices, much lower than if made out according to Sifton, Ward & Co.'s contract.

Under arrangement with Whitehead, better for Government than if it was done by Sifton & Ward.

21783. Do you mean the price would have been much lower to the Government?—Yes; under the arrangements with Mr. Whitehead it was more economical for the Government; it was better for the Government than if made under Sifton, Ward & Co.'s contract.

21784. Then, do you understand the Government was to pay this new price to Mr. Whitehead?—I think so.

21785. That was the substance of the arrangements?—Yes.

21786. Well, if that were so, do you understand that the Government were not liable to pay Sifton, Ward & Co. the whole price as it would have been if they had done the work without any change in the arrangement?—That is a legal question which I do not know that I am competent to answer.

Witness's impression that Sifton, Ward & Co. surrendered all claim to the portion of work given to Whitehead.

21787. Do you remember whether that point was distinctly decided at the time when you took part in the arrangement?—My impression is that Sifton, Ward & Co. surrendered all claim to that portion—simply turned it over to Mr. Whitehead to finish for them.

21788. You mentioned, upon a former occasion, that this grade had to be raised upon section 14, at the eastern end, in order to coincide with section 15?—Yes.

21789. How was it that was not laid out in that way originally?—There was not much alteration there. I suppose there had been some slight changes in the line, or the drawing in of the grades. The line might be the same, and the grades were probably down on section 14. If they were drawn in before section 15 was surveyed, it would be found that they would not coincide with each other, consequently there would have to be some change in one or the other.

21790. If the change could have been made upon one or the other it would seem to have been better to have made it on section 15 so as to have lowered it: would that have had the effect of raising the grade to too great a maximum?—is that why it was retained on section 15 and raised on section 14?—I cannot answer the question distinctly now: it depends on the consideration of the whole of the profiles.

Raising the surface at the east end of section 14 increased the quantities a little but not much.

21791. This raising of the surface at east end of section 14 has been mentioned to us as one of the reasons why the quantities on section 14 exceeded the estimate, and I wished to know if you considered that an indispensable thing or a matter of choice?—It increased the quantities a little, but not much. I cannot say what the increase was now, but I gave it to a Committee of the House two years ago. It was not much.

**Railway Construction—
Contracts Nos.
14 and 15.**

21792. It would not have a serious effect on the discrepancy between the estimated quantities and the actual quantities?—No; it was a small quantity. The great discrepancies on that line, so far as I could find out, arose from the change of location into more swampy ground than the original line, and the surveys having been made in winter that no allowance was made for the sinking down of the embankment in the mossy covering of the muskegs. I paid very great attention to the measurements on that section. I felt satisfied in my own mind that the measurements were correct.

21793. You mean on section 14?—On 14.

21794. Well, you have described your trip to section 13 in 1878: In 1878 went over section 14. did you still proceed westerly and go over section 14, in 1878?—Yes; I went over 14. I walked over a portion of it and the rest of the distance I went in a hand-car. They had the rails laid on a considerable portion of it at that time.

21795. And how long did you remain up in that part of the country in 1878?—Oh, I went home as soon as I got through with the examination of 14. It was getting late in the season then—about the end of September I suppose.

21796. Returned to Ottawa?—Returned to Ottawa.

21797. And during the season of 1878 were you Engineer-in-Chief, or in what capacity were you doing the work?—I was acting Engineer-in-Chief, as on former occasions, in the absence of Mr. Fleming. During 1878, acting Engineer-in-Chief in the absence of Fleming, who returned to England again in summer of 1878.

21798. Mr. Fleming had returned to England again in the summer of 1878?—Yes. in summer of 1878.

21799. Do you remember when he came back to Canada?—I think it was in November of the same year.

21800. Then up to November, 1878, you remained acting Engineer-in-Chief?—I did.

21801. After you returned to Ottawa at the time you describe was there any particular matter which occupied you?—I was engaged principally superintending the getting out the quantities for the bill of works for that gap of 185 miles between sections 25 and 15 which had been surveyed during the season. They are called sections A B and C, contracts 41 and 42. That was my principal business that winter. I also gave instructions in two or three cases with regard to the works on section 15, with regard to crossing some of these lakes, after consulting Mr. Fleming. Of course I consulted Mr. Fleming when he returned, but he asked me if I would continue to still take an interest in that work. He was very busy with other matters, and I attended to several matters connected with the construction, during the winter up to the spring of 1879, when I had nothing more to do with it. Contract No. 42. Getting out bill of works.

21802. Then, in the spring of 1879, what position did you take?—I was sent out then to examine the country between the Red River and the South Saskatchewan, and transversely between the Assineboine and the Riding and Duck Mountains, with a view of changing the location of the line to the south of Lake Manitoba. Railway Location—Line west of Red River.

21803. You were in charge of the surveys in that district?—Yes; I had two surveying parties. One of them was engaged entirely in the Province of Manitoba. The other was in the North-Western Territories beyond the boundary of Manitoba.

**Railway Location—
Line west of
Red River.**

21804. Your operations, I think, are described in your report : in the report of Mr. Fleming of 1880?—Yes.

21805. Who were the engineers under you taking charge of these two separate surveys?—Mr. Murdoch had charge of the survey through the Province of Manitoba. Mr. Barclay had charge of the other party working westward of that.

Contract No. 48. 21806. Are there any matters connected with the season's operations of 1879 which call for more explanation than you have given, either in your report or in your previous evidence?—There were two lines of the second 100 miles. The first 100 miles was pretty well decided, and determined, the location of it, up to the western boundary of the Province of Manitoba. From that point we surveyed two lines, one going very near to Rapid City, to the Assineboine Valley up to Bird Tail Creek, and thence up to Fort Ellice to the mouth of the Qu'Appelle, three miles north of Fort Ellice, that was one line. Another line took a more northerly or north-westerly direction and crossed the Little Saskatchewan near Tanner's Crossing where the town plot of Odanah has since been laid out, and after crossing that valley it continued still in the north-western direction near Long Lake, and striking the valley of the Bird Tail pretty well up towards the Riding Mountain, very near the Indian reservation across the valley there. The 100 miles ended

Contract No. 66. just on the west side of the valley on that line. The other line was about 110 miles from the boundary of Manitoba to the mouth of the Qu'Appelle. The more northerly line—I believe it is called the north-western line in the report—was the best. The worst gradient that it had going eastward was about forty-four feet to the mile, if I recollect right; that is in the valley of the Little Saskatchewan and Bird Tail, but the season closed before the surveys could be continued further. There were some detached surveys made beyond the Bird Tail near Shell River, but the season closed before we could continue the surveys across the Assineboine, and that left a doubt whether we could extend that north-western line without more expense. It was, nevertheless, adopted that north-western line, by the Government. There was a certain portion of it, the east end of it, that was common to both lines, and the contractors when they commenced that work in 1880 had work to go on with, and we had time to extend the survey westward that had been left the previous year.

21807. The contractors, Bowie & McNaughton, commenced at the east end?—Yes.

**Kept ahead of
contractors**

21808. And you were able to keep ahead of them?—Yes; they worked on that part common to both lines. In fact they had not finished up to that portion where the two lines separated, when we had our survey completed to the Assineboine, and in fact the third 100 miles and part of the fourth 100 miles, and a new line was found between the two that had been surveyed in 1879. That was finished only very lately; within this last month—the profile I mean, the plan.

21809. Then did you return to Ottawa in the fall of 1879?—Yes; I returned to Ottawa.

21810. I suppose doing office work connected with that year's operations?—Doing office work. We had the profiles and plans to make of the two lines surveyed and the quantities to get out of the two lines and the comparative cost of the two.

**Railway Loca-
tion.**

21811. Then in the spring of 1880?—I went out again to continue the surveys as I have just described—to continue the surveys westward. Went out again in 1880 to continue surveys westward.

21812. I suppose you continued that up to June, 1880; we do not want to ask what happened after that?—Continued up to November, 1880.

21813. Is there any matter connected with this survey which you have described, either in 1879 or 1880, which you consider material, over and above what you have stated by way of evidence or is to be found in your report?—Nothing more; the survey turned out very satisfactory. It had always been assumed it was impracticable to get a line across these deep valleys. We did succeed in getting a very good line. We had to use gradients of one in 100 for short lengths both ways. That was the only objection to it in comparison with the original line.

21814. It was no longer considered necessary at that time to adhere to the gradients which Mr. Fleming had maintained between Thunder Bay and Red River?—We should have retained them if we could, but we could not do so in that country without enormous expense, and the country is a very much better country for a railway or settlement.

21815. I understood that the Government had adopted the policy of building a cheaper road with steeper gradients as being suitable to the requirements of that locality?—The railway in every respect, with the exception of that of gradients, and that occurs in only two places, is equal to any other portion of the line. It is equal to the principal lines in Ontario—equal to the Great Western or Grand Trunk or Intercolonial. They have steeper gradients than that and they are considered first-class lines. Line located west of Red River equal to the principal lines in Ontario.

21816. Then it is not a very degraded line?—It is a first-class line, with really very few curves and very light work. It is a much better line than either that was found in 1879—the one that was found in 1880. A first-class line

21817. Is there anything further connected with that section of country—I mean the railway through it?—I forgot that it came within my duties to examine, in 1879, the crossing of Red River. A point for bridging Red River was agitated then. I went down with Mr. Murdoch, travelled from Winnipeg down the river. We examined several points, and I came to the conclusion that the best place for building it was near the Stone Fort, and I reported accordingly—a very short report. Reported in favour of the Stone Fort as a site for a bridge across Red River.

21818. I suppose that was upon the merits of the question irrespective of the steps which had been previously adopted, such as the crossing at Selkirk or any other matter, and as if the question was perfectly free?—There was nothing done towards the bridge at Selkirk and I considered the question free, an open question, where the bridge should be.

21819. That would have necessitated a divergence from some portion of section 14?—Very little; it almost came into the station—the east end of Selkirk station. About two miles back from the river on section 14, the line takes a bend to the north-westward. The line produced across by the Stone Fort would strike that bend probably about two miles from the river, may be three—two and a-half or something of that sort.

Railway Location.

The adoption of Stone Fort as a crossing would not have necessitated abandoning any great length of section 14.

Nor at that time was there any difficulty on account of what was done west of Red River.

21820. Then the adoption of the crossing at Stone Fort would not, at that time, have necessitated the abandonment of any great length of section 14?—No, not very; a mile I should say—a mile and a-half at furthest, possibly two miles.

21821. Was it before much work had been done upon the first 100 miles west of Winnipeg, that you made that recommendation?—There was none of the work done on the first 100 miles. There was a part of the branch from Winnipeg northward, which was commenced.

21822. On the west side of the river?—On the west side of the river; but there was none of the main line done west of the Red River.

21823. At that time there was no difficulty on account of what was done west of Red River?—Nothing.

21824. And as you describe, very little east of the river?—Very little east of the river.

21825. Do you say you made that report in 1879?—I made it in Winnipeg, and gave it to Mr. Fleming in 1879. He was coming to Winnipeg, and I left it for him there.

21826. Have you ever spoken to him on the subject since?—No; it has never been discussed.

21827. I believe he made a report on that subject about that time, or shortly afterwards, which is printed?—Yes; I saw a portion of that report in a newspaper. I do not know that I have ever seen it in any other form.

21828. Is this report of which you speak, as having been made by yourself, published in any of the printed reports?—I have never seen it; I do not think it is. It was a very brief report, not over two or three pages of foolscap probably.

21829. Is there any other matter connected with any of your operations that you think requires explanation, or which you would wish to add to your previous evidence?—No. I cannot recall anything at present.

OTTAWA, Saturday, 7th May, 1881.

SMELLIE.

W. B. SMELLIE'S examination continued:

Railway Construction—Contract No. 25.

By the Chairman:—

21830. Were you in the employ of the Department of Public Works at the time that the tunnel was decided upon on section 25?—Yes, I was.

21831. Were you familiar with the correspondence and matters which led to the decision of making the tunnel?—Yes.

Correspondence with reference to tunnel.

21832. Can you produce any letters, or copies of any letters, on the subject?—I produce a communication dated the 27th of September, 1876, enclosing communications from Mr. Hazlewood, who was the district engineer, and from Mr. Marcus Smith, who was the acting Chief Engineer at that time, explaining the matter. (Exhibit No. 301.)

21833. In whose handwriting is this memorandum which is attached to these papers?—That is the Hon. Mr. Mackenzie's.

**Railway Construction—
Contract No. 25.**

21834. This is dated 4th of October, 1876: was it decided at that time to build this tunnel at \$9 a yard?—I produce a copy of a letter written by the Secretary of the Department to Mr. Hazlewood, dated 5th of October, 1876, from which it appears the work was then decided upon. (Exhibit No. 302.)

21835. Were any plans submitted to the Department about the time of these letters from Mr. Hazlewood?—There were. I produce them, three sheets. (Exhibits Nos. 303, 304, 305.)

21836. Have you any subsequent correspondence upon this subject which you can produce?—The next paper I produce is a telegram from Mr. Hazlewood, dated 6th of October, attached to copies of telegrams sent to Mr. Hazlewood. One is dated 30th of September, 1876, and the other is 6th of October, 1876 (Exhibit No. 306); also copy of telegram from Mr. Hazlewood, dated 18th of October, 1876 (Exhibit No. 307); also letter to the Department from Mr. Smith, dated 23rd of October, 1876, enclosing copy of a letter from Mr. Hazlewood, dated 17th of October, 1876 (Exhibit No. 308); and copy of a letter written by Mr. Smith to Mr. Hazlewood, dated 21st of October, 1876 (Exhibit No. 309.)

21837. This is a letter in the name of Mr. Smith, and appears to have been signed by you for him: was it under his immediate direction, or was it done in his absence?—It was done in his absence. The next communication is a letter written by myself in the absence of the Chief Engineer, addressed to the Secretary of the Department, dated 11th July, 1877, enclosing copy of a letter written by Mr. Smith to myself on the same subject, dated 26th June, 1877. (Exhibit No. 310.) The next in order is a letter written by the Secretary of the Department addressed to myself, dated 29th August, 1877, in which the price to be paid per yard for the tunnel is fixed (Exhibit No. 311); and a letter closing the matter written by myself to Mr. Hazlewood, dated 30th August, 1877, conveying to him the rate as fixed by the Department. (Exhibit No. 312.)

Letter from Secretary of Department fixing price per yard to be paid for tunnel.

21838. Did you take any part in the negotiations between either of the contractors and the Government connected with this subject?—No.

21839. Neither directly nor indirectly?—Neither.

21840. Has the necessity or the expediency of this tunnel been a matter of consideration in the Department—I mean the engineering branch of it in which you are placed—beyond what appears by these letters?—Nothing but what appears in these letters.

OTTAWA, Friday, 13th May, 1881.

SANDFORD FLEMING's examination continued:

By the Chairman:—

21841. The evidence given up to this time upon the subject shows that there was by the contract no maximum distance for which haulage price should be paid upon section 14, and the specifications support that view: can you say why it was that there was no maximum limit fixed?—My explanation of that clause in the contract is simply this: in previous specifications we had allowed haul on every 100 feet, and we invited the contractor to say what price he would put on the haul.

FLEMING.

Contract No. 14.

Explains how there was no maximum limit for haul.

**Railway Con-
struction—
Contract No. 14.**

Did not contem-
plate a longer
haul than half a
mile.

In the case of this
contract not
thought neces-
sary to put in
maximum price
for haul.

Maximum haul
limited to 2,500
feet because con-
tractors showed
a tendency to
have long hauls
where they had a
good price.

As a fact, contrac-
tor limited by the
power of engi-
neer.

That led to a good many difficulties. In the first place the computing of haul as the work went on was extremely complicated, and I decided to leave out haul in ordinary cases, and all ordinary cases may be considered to be under 1,200 feet. It was provided no price should be paid for haul in all cases under 1,200 feet. It appeared to me to be a hardship on the contractor to compel him to haul any distance over 1,200 feet—any considerable distance—and not pay him a reasonable price for it. One cent, to my mind, might be considered a reasonable price for haulage by carts for any reasonably short distance over 1,200 feet, and in case of their being a longer haul, which I did not contemplate in this case or any case at that time, it would have to be done by train and another arrangement would be entered into; but in no case did I expect there would be any haul over half a-mile when that specification was drawn.

21842. You say that you did not contemplate a longer haul than half a-mile, which is somewhere about 2,500 feet, I suppose?—Yes.

21843. But I am asking why the condition that there should be no price beyond that length was not put in the specification; in other words, that there should be a maximum price—because, as I understand, there has been such a condition put in subsequent contracts?—I can only say it was not thought necessary. Subsequently it was thought necessary, and it was put in specifications after that date.

21844. Could you say now whether, in other places and upon other lines, it is usual to put a maximum price for haulage?—Well, different plans are adopted. The plan that I have most commonly seen adopted is to pay for every 100 feet of haul.

21845. Then the condition which was subsequently adopted is, as I understand you, an exceptional condition in specifications for railway work: I refer to the condition that there shall be no haul paid for over 2,500 feet, or over some fixed distance?—It was found there was a tendency on the part of the contractor to have a haul exceeding 2,500 feet if his price was a good one for haul, and in the interest of the public it was deemed expedient in specifications which were subsequently prepared to limit the haul.

21846. I suppose that in fact the proprietors, the Government in this case, would always have the control of haul by permitting the engineer to direct the contractor from what place he should take the earth or excavated material?—The power is left in the engineer to say where the material is to be had, and it would be quite unreasonable on his part to permit a long haul if the material could be had in a short distance.

21847. So I understand you to suggest that although it was not mentioned in the specifications that the contractor should be limited in his price, that he was in reality limited by the power of the engineer?—He was clearly limited by the power left in the engineer's hands.

21848. In directing from what point the material should be moved?—Yes. You can quite understand, if the contractor's price for haul was a good one, it would be simply absurd for him to haul material from one end of the section to the other. It would be absurd on the part of the engineer to allow him to do so when material could be got within one mile of the spot where it was needed to haul it twenty-five or thirty miles perhaps.

**Railway Con-
struction—
Contract No. 14.**

21849. Then the wording of the condition on this subject in subsequent specifications was, in effect, making it a positive arrangement instead of one depending on the discretion of the engineer?—Yes.

21850. And that was the only difference, fixing it in the specification or leaving it to the engineer?—It was sometimes found the assistant engineers were not familiar with the Chief Engineer's mode of doing the work, and might mistake his meaning; and it was deemed advisable, to prevent any mistake of that kind, to put in a limit to the haul in subsequent specifications.

Limit to haul put
in subsequent
specifications;
reason for this.

21851. You have alluded to the haulage being made sometimes by ordinary carts and sometimes by train: do you know how the principal haulage from borrowing-pits took place on contract No. 14—I think it is mainly at the east end of it?—The ordinary course on work of that kind is to use horses and carts, unless the quantity moved is very large. If the quantity is so large as to warrant the employment of engine power, then engine power is used if the contractor has sufficient resources to purchase it.

21852. Do you remember how it was done in this case—section 14; I believe the work was principally at the east end of it?—Yes; the large filling at the east end of 14 was done by engine power.

Large filling at
end of 14 done by
engine power.

21853. Could you say whether it was the distance beyond the 2,500 feet which is mentioned in other contracts?—I think the material was hauled for a considerable distance. I cannot mention the number of miles, but if I had the plans here I dare say I could do it. As far as I remember, the distance between the borrowing-pit and the embankment is about two miles.

21854. That would be somewhere about four times the limit of the maximum haulage which is provided for in subsequent contracts?—I had nothing to do with the making of the arrangement with Mr. Whitehead for doing that work, as the substituted contractor. I can only say: if the original contractors had done the work, and it was impossible to get the material from any other point than the point two miles distant from the filling, they would be entitled, under the contract, to be paid for it—to be paid for the haul for that distance; but I am not prepared to say that the material could not be had nearer than two miles distant. I have no doubt that a borrow-pit two miles away from the filling was selected by Mr. Whitehead for other reasons.

21855. I have not asked these questions with any view to enquiring into the claim made by Sifton, Ward & Co., the original contractors, but only to ascertain what care had been taken on the part of the Engineering Department to provide for different contingencies, and I will now proceed to another subject, which is the purchase of the steel rails. I think you said that you offered your views to the Minister upon that subject, because you considered them justified, in consequence of communications you had received from England, and particularly from Mr. Sandberg: could you say whether these communications were to you individually or officially?—According to my recollection, there were letters received from Mr. Sandberg—letters which might either be called private or official. I cannot find them; I do not think they were marked private, and yet they were not written in a very formal manner.

**Purchase of
Rails—
Contracts Nos.
6-11.**

**Purchase of
Rails—
Contracts Nos.
6-11.**

Cannot find the letters of Sandberg, suggesting the purchase of steel rails.

Thinks he also had letters from Livesey

21856. Do you think there were several?—I think there were more than one—there were several letters. I have made enquiry for those letters but they cannot be found. I thought I had left them in the office. I have asked my old secretary, Mr. Burpe, to try and find them, and he informs me that they cannot be found, and my impression now is that while the matter was discussed in the House of Commons, I may have handed those letters to Mr. Mackenzie, and he may not have returned them, but that is mere surmise. I think it is quite likely, however.

21857. Do you remember any communications from other persons on the same subject and to the same effect whose names you can give?—No; but I understood from Mr. Mackenzie that he had made enquiry of other parties to the same effect, namely, that it was considered by them a suitable time for purchasing rails. I said "No;" but I am not quite sure that I am correct in saying no. I think I had also letters from a Mr. Livesey, of London, about that time.

21858. Who was Mr. Livesey?—Mr. James Livesey was, and still is, in the engineering business, and it was part of his business to inspect rails and secure the purchase of rails, and had in fact done so before for myself.

21859. Was he then a commission agent for the purpose of making purchases?—No; he was a general engineer in practice in London.

21860. Have you asked for the letters from Mr. Livesey, if there are any?—Well, I have made no enquiry for them. Not having found Mr. Sandberg's I considered that Mr. Livesey's may have gone the same way.

Recollection at fault, Sandberg's letters must have been received in summer of 1874.

21861. You produced, upon a former occasion, a diagram published by Mr. Sandberg, showing the fluctuations in the price of rails: would you please look at it and say for how long after the purchase the price continued to fall, and how low it fell?—A diagram similar to this, I think, was sent in those letters referred to by Mr. Sandberg, showing the fluctuating price of rails up to that date. That was the midsummer of 1875, if I remember right. Looking at the diagram and the advertisement for rails I find that my recollection is not strictly correct with regard to the dates—that the letters received from Mr. Sandberg must have been in midsummer, in the summer of 1874, as the advertisement is dated September 29th, 1874, and in the summer of 1874 the price of rails had fallen to £10 5s. sterling per ton.

21862. According to the diagram?—According to this diagram. They appear to have remained at that price from the last quarter of 1874 until in midsummer of 1875, some seven or eight months—six or eight months; then the price began to fall and continued falling with very slight intermissions until midsummer of 1879, when the price reached a maximum figure of £4 10s. per ton. Then, according to the diagram before me, the price again began to ascend, and it is now about the same price as in 1874 and 1875.

21863. I understand you to say, broadly, that your recommendation to Mr. Mackenzie to make the purchase was based upon the idea that rails had then reached the lowest price that they were likely to reach?—If my recollection is in any way correct that is the positive opinion of Mr. Sandberg.

21864. And your recommendation was based upon a similar opinion?—Yes; and my opinion was based upon similar information.

21865. If you had foreseen at that time that the price could go down to the minimum price which you say it has since reached, would you then have recommended the purchase of rails at that time?—I certainly would not—at least, to any great amount.

21866. I think I understood you to say, upon a former occasion, that it was the opinion of Mr. Sandberg and of yourself, from his letters and from what you knew of the subject, that the rails could not be made or furnished at a much lower price than they were then offered for?—He said to me that it was the general opinion of rail makers that the price of rails had certainly reached bottom.

21867. And had not only reached bottom, as I understand you, but could not be manufactured for less?—And that they could not be manufactured for a great deal less without loss to the manufacturers.

21868. That it was not a question of comparative profit to the manufacturers, but that they could not be made to sell at a lower price?—Yes; that is my impression of the correspondence.

21869. And of the groundwork of the opinion?—Yes.

21870. Can you say now, or have you given any such attention to the subject as would enable you to explain how it is that they have, notwithstanding that idea, been made and furnished as low as £4 10s.?—Well, I have heard rail makers say they have lost money by it, by supplying rails at that price.

21871. Do you think, from the fall of 1874 to the summer of 1879, that the rail manufacturers would go on continually supplying rails at a loss for four or five years?—Well, there may have been various circumstances which enabled or compelled them to go on manufacturing and selling rails at lower prices than in 1874. First, they may have found a cheaper way of making rails, and again, they may have found it in their interest rather to keep their shops open and the men employed, even if they lost money, than to close their shops and let the men scatter.

21872. You say that this may have happened: what I intended to ask was whether you had given sufficient consideration to explain how it has happened that the price has been lowered?—These are the reasons furnished me by rail makers themselves when in England.

21873. The reasons that you mention are not altogether consistent, as I understand it, but perhaps I am not right. You have given two reasons so far: first, that they have found a cheaper way of making the rails, rendering it possible to manufacture them without loss at a much lower price; the other, that they have suffered loss, but that they continued manufacturing in order to keep their establishments open?—I do not see any inconsistency there. They may have saved in one end and lost on the other. The economy in the production of rails may have had the effect of reducing their loss not increasing it. You must remember, Sir, steel rails had not been manufactured for any length of time at that period. The first steel rail made was somewhere about 1861 or 1862, and there were very few establishments indeed in England between 1865 and 1875 for the making of rails, they have been multiplied and were being multiplied somewhere about the year 1875.

Purchase of
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Had he known rails would have gone down to the minimum they reached afterwards he would not have recommended the purchase of rails at that time, at least, not to any very great amount.

Impression from the correspondence with Sandberg that rails could not be manufactured for less than the price to which they had then fallen.

How for some years manufacturers of rails came to sell them at a lower price than in 1874.

Steel rails first made in 1861 or 1862.

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21874. I wish to ascertain, if I can, whether you have given this subject sufficient consideration to know the reasons why rails have been furnished from year to year since that time at a lower price than was then asked, and in fact lower from year to year?—I have been in conversation with rail makers. I have been in conversation with rail makers in 1874 when these rails were purchased, and I was informed by them that they themselves could not understand how they could be made without a very considerable loss to the manufacturers.

**Great improve-
ments in the
manufacture of
rails.**

21875. Do you understand that there were great improvements discovered in the process of making rails, so that among other things they could employ less expensive kinds of iron than what they used at that time—that there had been such inventions and improvements as would enable them to furnish them at a lower price: do you know if that is a fact or not?—Oh, doubtless there have been great improvements made, and instead of having small establishments for making rails they have had enormously large establishments for the manufacture of the article.

**Owners of large
establishments
found it expedi-
ent to keep them
going.**

21876. Do you mean they have increased their establishments to a great extent since 1874 or 1875?—They have increased since then. I do not know the dates, but large establishments have been made since then, and the owners of those establishments, many of them, found it expedient to keep them going.

21877. Has the producing power of the rail manufacturers been largely increased since 1874 and 1875?—I do not know that it has. I do not know whether it was before or since, but of late years, I can say of late years, the producing power of the rail manufacturers has increased very much. I do not think 1874 was an epoch in the manufacture of rails. The manufacture has been going on steadily ever since the first rail was made in 1860 or 1861.

21878. Is there any well known improvement which has been discovered in the making of steel rails?—Yes.

**The Bessemer
process.**

21879. I mean well understood in your profession?—There is the Bessemer process, and other processes of a like kind.

21880. When was that introduced?—I think that was introduced as long back as 1861.

21881. Is there any improvement since 1874 and 1875 which would explain these rails being furnished so much lower than the price at that time?—Well, I am afraid I cannot speak positively as to dates; but I know the Bessemer process led to the manufacture of steel rails, and until the invention of that process the steel rails were not made, as a rule.

21882. I have understood that Mr. Sandberg's communications to you, and your opinion upon them, were based upon this idea: that the price at that time was so low that it led to the conclusion that rails could not be provided and furnished by the makers at any materially lower price?—If you substitute the word would for could my answer would simply be yes.

**Sandberg led wit-
ness to conclu-
sion that manu-
facturers of rails
would not supply
them at a lower
price.**

21883. Then do you mean to say this: that at that time Mr. Sandberg led you to the conclusion that the manufacturers could supply them safely at a lower price, but would not?—Mr. Sandberg led me to the opinion that the manufacturers would not supply the rails at any

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lower price, and that the price of rails in the market would not be any lower.

21884. I have understood from the beginning that he was of the opinion that they would not be furnished at a lower price, but I have also understood you to say that the reason why they would not be furnished was because he believed they could not be. Is this right or wrong?—I cannot speak very positively on that point. It may or may not be right. It is a good while ago, and I have not the papers before me to refresh my memory

A good while ago,
and he has not
papers to refresh
his memory.

21885. Can you say this, in the absence of documents, that Mr. Sandberg gave you any reasons for his conclusions as to the probability of the price remaining as it then was or going up?—I fear I cannot say more than I have done. I have referred to those letters and stated the contents to the best of my recollection, and he satisfied me that it was a good time to buy rails. I am quite aware that it has turned out to be a mistake, but I would not be candid if I did not say what I felt at the time.

21886. I am quite sure of that part of the matter, and I quite understand that you were led to the conclusion that it would be a good time to buy, so we need not discuss that feature any more, but I want now to get down to the reasons for that conclusion, if I can, and I wish to know if Mr. Sandberg made the mere suggestion that it was a good time to buy, or whether he gave you reasons which you considered and upon which you based your opinion?—If I had the letters before me I would read them with the greatest possible pleasure, but I have not got them and cannot find them.

21887. Can you say whether he gave you any reasons beyond the bare statement that it was a good time to buy?—I cannot give you any further information than I have already expressed.

21888. Can you remember now whether he gave you any reasons for his conclusion?—I cannot remember.

T. R. BURPE'S examination continued:

BURPE:

By the Chairman:—

21889. You have heard Mr. Fleming's evidence on the subject of this correspondence with Mr. Sandberg?—I have.

21890. Were you in charge of the correspondence of the Engineer's Department at that time?—Of Mr. Fleming's part I was.

21891. Have you searched for any letters from Mr. Sandberg of the nature which he has mentioned?—I have.

Has been unable
to find the Sand-
berg correspond-
ence.

21892. Have you been able to find them?—Not as yet.

21893. Is there any person else who would be more likely to find them than yourself?—No; I think not.

21894. So that calling any one else in the Department would not assist us in the discovery of the documents if they are there?—I think not.

**Purchase of
Rails—
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SANFORD FLEMING'S examination continued:

By the Chairman:—

**Thought that by
making a pur-
chase of rails
some substantial
progress would be
made.**

21895. Does anything further occur to you as likely to afford any explanation of this rail transaction?—No, I think not, beyond this: I was very desirous to see some progress made in the construction of the railway, and thought, inasmuch as it seemed a good time to purchase rails, that by making the purchase of rails some substantial progress would be made.

21896. Do you mean that you desired to see progress made, irrespective of the cost?—Not irrespective of the cost; but putting the two circumstances together, I considered it was a good time to secure some rails. I knew they would be wanted before very long. At the date referred to, August and September, 1874, there was very little done in the way of construction, and we had spent a great deal of money in surveys, and I was naturally desirous to see some commencement made. The only contract for grading that was entered into that year was for the Pembina Branch, or that portion of it south of St. Boniface.

21897. Do I understand you now to say in evidence that this 50,000 tons of rails was purchased because at that time you considered that they would be shortly used?—When I spoke of the matter, instead of 50,000 tons only 5,000 tons was advertised for.

21898. Is it then as to the 5,000 tons only that you are speaking when you say you thought it would be necessary to buy them for use?—I am not speaking as to any particular quantity, simply as to the purchase of so many rails as were then deemed advisable.

21899. I understand you to give as one of the reasons for suggesting this purchase, that at that time you considered rails would be required for use?—Yes.

21900. Well, did that reason apply to any particular quantity or did it apply to an unlimited quantity?—It did not apply to any particular quantity. I can hardly say an unlimited quantity, because an unlimited quantity may be a very large quantity.

21901. Then if not to an unlimited quantity to what limited quantity would your reasons apply?—Well, I am hardly prepared to answer that question.

21902. Did the work progress as you expected at that time they would progress, or was there any particular stoppage or delay in them?—There was a great deal of hesitation about the beginning of the works through some cause or other, partly political, if my recollection is correct.

21903. Do you say that the works of construction did not progress after that time at the rate that you then expected they would progress?—Not so rapidly as I would have wished.

21904. Expected, I said, not wished?—I can hardly recall at this late day what my expectations were then.

21905. Could you say, after discussing this matter to the extent which we have now discussed it, to what amount of rails the reason which you have given would apply?—I mean the reason that they would be shortly required for use?—I could not say.

**A great deal of
hesitation as to
beginning the
works through
causes partly
political.**

**Cannot say to
what amount of
rails, one of the
reasons given for
advising the pur-
chase, that they
would be shortly
required for use
would apply.**

Purchase of
 Rails—
 Contracts Nos.
 6-31.

81906. I will show you your return in 1877, showing the use that was made of them up to that time, perhaps that will assist you in saying how far this particular reason applies to the transaction?—In 1874, I could not possibly indicate how many would be wanted in certain years or months or where they would be wanted. That depended upon circumstances over which I had no control. All that I knew and felt was that it was desirable to secure a considerable quantity of rails. In the public interest I felt it was desirable.

21907. I have understood you to say that this transaction really emanated from you—that although there was no written report on the subject, you had in conversation with the Minister suggested it, and that it was based upon your suggestion; perhaps I am not right, but I wish to make clear what you say on that matter?—I am not prepared to say it emanated from me alone, I am only prepared to speak with regard to the little part I had in it. The Minister may have consulted many others besides myself. He did not take me into his confidence. He only listened to what I had to say, and sometimes he considered it and acted on it, and sometimes he did not.

Minister did not take witness into his confidence. He listened to what witness had to say and sometimes rejected and sometimes acted on his advice.

21908. Well, am I right or wrong in supposing that you approached him with this recommendation based upon Mr. Sandberg's communication?—I approached him with this communication, as far as I can recollect, voluntarily and unsolicited by any one.

21909. And you give now, as one of the reasons for that opinion, that rails were then likely to be required for use?—That is one of the reasons; yes.

21910. Could you say to what extent that reason applied to these transactions: could you say how far it operated on your mind at that time?—I could not now say.

21911. Do you think 10,000 tons were then considered likely to be soon required?—I should think a very much larger quantity of rails than 10,000 tons.

21912. 10,000 tons would lay about 110 miles?—Yes.

21913. 20,000 tons?—If my impression had been right with regard to a speedy rise in the price of rails, it would have been advisable to lay in a much larger quantity than 10,000 tons.

21914. Of course you understand you are giving two reasons which operated on your mind for the expediency of this transaction—one is the pecuniary feature of it, that it was a good speculation?—Yes.

21915. The other is that they would be required for use, and had to be got irrespective of the cost?—I have mentioned a third reason.

21916. What is the third reason?—The third reason is, that I, myself, as a citizen of Canada, was very anxious to see the railway commenced.

In addition to the financial reason and the reason that some rails would soon be required, a third reason operated on his mind namely, that as a citizen of Canada he was anxious to see line built.

21917. And did you think that the purchase of the rails, irrespective of their probable use, and irrespective of their cost, would be a good thing to recommend?—Not irrespective of use, but putting all the circumstances together it appeared to me a proper time to purchase rails.

21918. But not irrespective of the other two reasons?—Not paying any price for them.

**Purchase of
Rails—
Contracts Nos. 6-11.**

21919. Can you name now more than two motives for the purchase: one the pecuniary feature, the other the necessity or probable necessity for the rails?—I do not understand that.

21920. You have mentioned a personal reason, that as a citizen you thought it advisable?—That is a public reason.

His third reason a public reason.

21921. I thought you mentioned that from your stand-point as an individual citizen?—Well, it is a public reason, if I understand what a public reason is.

21922. Was that an engineering reason, or in your character as an engineer of the road?—No; I have made a distinction. I have spoken of myself as one of a number in Canada.

21923. Then that is the third reason for suggesting the propriety of the purchase?—Yes.

21924. Now would that third motive be irrespective of the other two reasons, or would it in fact be based upon the soundness of the other reasons?—They all entered into my mind at the time.

21925. Do you separate that from the others?—I do not separate them at all. They all entered into my mind at the time.

If the two former reasons were not good the third would not have weighed with him to the same extent.

21926. Do you think that that third reason would have weighed with you if the other two had not been good reasons?—Not to the same extent at all events.

21927. Would it to any extent if the other two had not been good reasons?—To some extent it would, but perhaps not to the extent necessary to recommend the purchase of the rails. If the price had gone up, if the table furnished by Mr. Sandberg had simply been reversed, and they seemed to have reached the highest point instead of the lowest, apparently the circumstances would have been changed.

But the third reason was one of the motives which led him to recommend the purchase.

21928. I am aware of that; but I am speaking of this third reason which appears to have weighed with you as one of the public. I understand you to say now that this third reason was not in your character as an engineer but as one of the public: do you say that that was one of the motives for recommending this matter to Mr. Mackenzie or not?—I think it was.

21929. Then was it a reason which would weigh with you, although the other reasons were not good?—It would always carry some weight.

21930. Would it have actuated you to the extent of recommending to Mr. Mackenzie, although the other reasons were not valid ones?—I do not think it would.

21931. Then it depended on the validity of the other reasons?—To a large extent.

21932. Did it not entirely?—No; if it had any weight at all it would have weighed in the scale.

21933. Would it have weighed with you sufficiently to recommend it to Mr. Mackenzie although the other two were not valid ones?—It would not of itself.

21934. Would it have weighed with you at all, in the direction of recommending it to Mr. Mackenzie, if the others were not good?—That reason alone would not have been sufficient.

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21935. Then does not the transaction stand upon the basis of the other two reasons?—Not entirely.

21936. Though both the other reasons were not good this would have weighed with you?—If you consider all three reasons of equal weight, the three together may influence one to a certain line of conduct, but two of them might not be sufficient, or one might not be sufficient.

21937. That does not appear to me to be a correct way to elucidate the matter. I will explain to you the impression your evidence leaves upon me, and you can see how far it affects the position you take. I understand you to say that there were two features in the transaction which recommended themselves as valid reasons to you, first, that it was a good time to buy rails because their price was not likely to go down—that, in fact, it was a good speculation for Canada to go into; the other was that some rails would be required for actual use on the Pacific Railway?—Before long.

21938. Now if those two features were not valid, I cannot understand why a citizen of Canada knowing this should say: "act upon those two reasons;" and it seems to me that the propriety of the third motive depends entirely upon the belief in the strength of the others—that, in the language of your profession, it is in fact but a superstructure to be built upon the others?—I do not see it. I think the third reason might really come first—at all events between the other two. First of all it was a favourable time to make the purchase of the rails; second, it was desirable to have a commencement made in the construction of this railway; third, if it was desirable to have a commencement made these rails were wanted before long. That is the way in which I put the reasons.

Witness thinks the third reason as given above does not depend on the other two also stated above.

21939. Would this third reason, which we may speak of as a citizen's reason, as distinguished from a professional reason, have been a good one if the others were not good?—It might have been a perfectly sound reason if the others were positively bad.

21940. Then I will proceed to the next subject, unless you have something further to add upon this matter: is there anything further?—Nothing further. I mean a perfectly good reason as far as it goes. It may not have been sufficient to justify me in making any recommendation.

21941. There was a matter which was mentioned by Mr. Marcus Smith in his evidence. It was a map and a report made by him in the spring of 1878, just before your return from England, and strongly recommending a route which was not adopted: would you please add whatever you think necessary to the evidence upon that subject?—A very great deal has been said about that map, but not quite enough. In a report which I had in my hand the last time I was at this table, it was referred to in three or four words. I refer to a report addressed by me to the Minister of Public Works on the 2nd May, 1879, enclosing the report of Mr. Marcus Smith, dated the 12th of April, 1879. Mr. Smith stated that he had sent to the Department of Public Works a report in the previous year, dated 29th of March, 1878, and that:

Surveys—
 Smith's Map.

"An essential part of the report was a map appended showing the several routes, and the prevailing features of the country by colours referred to in the margin. The map, for reasons not necessary to discuss here, was not issued with the printed reports although it had been approved by the Minister of Public Works, and a large number

Surveys—

Smith's Map.

of copies had been struck off; consequently but few persons have read the report, as it is difficult to follow or understand the description of several routes over 2,000 miles of country without the aid of a map."

With respect to this map, I state in my report to the Minister of the 2nd of May, 1879, as follows:—

Smith's map incorrect.

"Mr. Smith refers to a map prepared by him accompanying his report of March last year. When this map came under my notice I found it incorrect, not being in accordance with known facts, and hence calculated to mislead. In the execution of my duty I pointed out those inaccuracies. It is essential that all maps bearing the authority of the Department should be unimpeachable; accordingly the Department considered that in the public interest the map should not be published."

Now this map was brought up again in the evidence of Mr. Smith, and I think it is proper that I should give some further explanations than those I have just read. Now here is the map, the very map that was in my hands on the 24th of May, 1878, or a copy of it. (Exhibit No. 313.) I was very much pressed with various duties before leaving Ottawa in that year, and I took with me a number of matters to consider and dispose of as I travelled. Among others there was this matter, and I wrote on the train, between Metapedia and Halifax, the following letter addressed to Mr. W. B. Smellie, Ottawa, on the Queen's Birthday, the 24th of May:—

"ON TRAIN TO HALIFAX,
"May 24th, 1878.

"W. B. SMELLIE, Esq, Ottawa.

"MY DEAR SIR, — I herewith return the proof of memo. of information for the parties proposing to tender for the whole Pacific Railway, with some corrections and additions which I have suggested, and which I would like you to show to Mr. Mackenzie before sending to the printer.

"I also return Mr. Smith's map, and have to remark with regard to issuing it, as follows:—

"I think the attempt that has been made in this map and also a map that has been prepared by the Department of the Interior——"

Of the latter map, I think at this date there were some 15,000 printed—3,000 of this and 15,000 of another map of the same kind—

Condemns making marked distinctions by means of colour on map to indicate soil in North-West Territories on the ground of want of sufficient information.

"To colour the different kinds of soil by distinct tints, with strong arbitrary lines between them, is a mistake and apt to mislead, as we have not acquired information at all sufficiently accurate to enable any one to make such marked distinctions over wide areas, portions of which no one has ever visited, without drawing very largely on the imagination. It will be easily seen that if the Pacific Railway is put under one contract, serious difficulties may arrive hereafter with the contractors, who will be paid partly in land, and who possibly may, when the day of reckoning arrives, establish claims against the Government, founded on these very maps, by which they might say they were grievously misled.

"If Mr. Mackenzie should consider it expedient, notwithstanding what I have pointed out, to issue the map, so as not to be open to the charge of not keeping back a map which has been prepared; or if it be considered at all necessary to show the line advocated by Mr. Smith in his report, I certainly think that the description of the different kinds of soil in the corner, should be erased, or a piece of paper pasted over it.

"This would, in my opinion, largely, although not altogether, remove the objection that I have raised. If this course be approved, it might be sent out at the same time as the general Pacific Railway report, but not necessarily bound up with it, in fact it would be better sent as a loose sheet, as it is too cumbersome to be bound with the pamphlet.

"Yours very truly,

"SANDFORD FLEMING."

That was the explanation that I submitted to Mr. Smellie to lay before the Minister; and it would appear that during my absence the Minister, after consulting with Mr. Smellie and Mr. Trudeau, the Deputy Minister, decided not to issue the map. The map, however, is now being issued, but the suggestion referred to in the letter has been acted on; the description of the soil in the corner has actually been

Surveys—
Smith's Map.

cut out and a blank piece of paper inserted, so that if I have been in the least wrong in the course I have ventured to take other parties are equally guilty. I made the suggestion purely in the public interest, and the past Minister of Public Works, and the present Minister of Railways and Canals, and the Deputy, and others, seemed to concur in the view that the suggestion I made was a wise one.

21942. This map was apparently constructed upon the basis of information obtained by Mr. Smith during the season of 1877: do you remember whether you gave him any instructions before his starting upon the expedition of that year to obtain any such information, or to recommend any such course for the route as he did recommend by the report which accompanied this map?—I do not think the map was prepared on information obtained by him in 1877. The objection I had to the map was it was prepared without sufficient information.

21943. When I say based upon the information, I do not mean that it was mainly the result of that information, but it was to some extent the information which he then got that gave rise to this map—that is the conclusion which we were led to from his own evidence; he made many enquiries from different persons as he passed over the country, saw what he could himself, and from the parties immediately under his charge, as well as independent parties, gathered all the information he could about the country, and then, from that and other information, made this map. It occurred to us that possibly he was not entirely within the limit of his instructions in doing this?—I had no objection to that. I had no objection to the map, excepting the colouring of it, and I suggested in the letter I have just read to you that the reference to the colour should be erased by cutting it out, or putting a piece of white paper over it, so as to remove the difficulty I pointed out with respect to possible claims being established by contractors or others who might in the future be misled.

Witness objected only to the colouring which might have established claims by contractors or others who should be misled by a map which professed to give information which did not exist.

21944. Then, as I understand your evidence now upon that subject, the objection to the map, in your mind, was this: that it professed to give persons who were interested distinct lines which professed to define the areas of the different kinds of soil?—It professed information that did not exist.

21945. Upon that subject I have alluded to?—Upon the subject of soils.

21946. Besides the map, I think he advocated a general route for the railway?—Yes; he advocated a general route for the railway very strongly.

21947. Was that within the limit of his instructions?—That I had no objection to at all. I did not care what he recommended.

21948. Withholding the publication of the map was not in any way the result of a difference of opinion on that route?—Not at all, for the reasons stated in my letter.

Marcus Smith recommending a route had nothing to do with suppression of the map.

21949. Is there anything further connected with this report of Mr. Smith, or this map, which you think necessary to explain?—Yes, in the reports of the examination given in the public papers, there is a statement made which is not strictly accurate. I do not, at this moment, remember the exact words; but it is to the effect that Mr. Mackenzie telegraphed for me to report in accordance with Mr. Mac-

**Railway Location—
Smith's Report.**

Hon. A. Mackenzie telegraphed for witness, and told him when he arrived that he had lost confidence in Smith, and wished witness to report on the whole subject, and to consider Smith as no longer an officer of the Department.

kenzie's own views, or something to that effect. I say that is not correct. It is in the evidence of Mr. Marcus Smith. Probably he did not mean to say that, but as published to the world it is not correct.

21950. What is the correct account of the circumstance?—I was telegraphed to come out to Canada on very short notice. I came very hurriedly in mid-winter; broke into the leave of absence that I had been promised and required. The first person I had any interview with in Ottawa was, of course, the person who telegraphed for me—Mr. Mackenzie. He, among other things, told me that Mr. Smith had recommended very strongly a particular line for the railway, but that he had lost confidence in Mr. Smith; that he had not spoken to him on any subject for a couple of months. He thought that Mr. Smith was strongly biased, and said something more which I do not now remember. He said, however: "I want you to take up the whole subject, and give me your opinion. If you endorse Mr. Smith's views let me know; if you do not, report accordingly; but before being guided by the report of Mr. Smith, I want to have the benefit of your opinion." Mr. Mackenzie did not ask me to report against Mr. Smith's views, or in favour of them; he said he wanted my views. He further informed me that I must consider Mr. Smith as no longer an officer of the Department. He did not receive his dismissal, but he was as good as dismissed, and I was not at liberty to consult him any longer, inasmuch as he was no longer a public officer. After leaving Mr. Mackenzie's room I went to my own, and sent for Mr. Smith, and repeated to him word for word the conversation I had with Mr. Mackenzie, and, of course, I mentioned to him that it was with very great regret I was obliged to take my own course, and use my own judgment without consulting him.

21951. Up to the time of this interview with Mr. Mackenzie, immediately after your return, I understand you to say that you had not given the matter of Mr. Smith's report your own individual consideration?—I had not.

Hon. A. Mackenzie conveyed to witness the idea that Marcus Smith was a man biased in his opinion.

21952. Mr. Mackenzie, at that time, conveyed to you the idea that he thought Mr. Smith was biased in his opinion?—He did say so.

21953. Was that upon the subject of this same report, and the matters upon which Mr. Smith had reported?—I think so.

21954. Did you understand from that that he differed from the views expressed by Mr. Smith in his report?—Possibly I did, but I do not know now. Possibly I did.

21955. Then, in effect, he communicated to you the idea that he and Mr. Smith were not in accord in the matters recommended by Mr. Smith?—He told me he had not spoken to Mr. Smith for two months; but still they might disagree on the matter of the report, for it was in writing.

21956. I understood you to say that he thought Mr. Smith was biased concerning matters embraced in his report?—I do not know that he had reference to that particular report, but he spoke as if he was a man that adopted a view and adhered to it through thick and thin.

21957. Were you led to understand at that time by Mr. Mackenzie, that he did not agree with Mr. Smith's views?—I cannot tell you now. I think it is not unlikely; it may be he told me as I have already stated, that the Government could not be guided by Mr. Smith's views

**Railway Loca-
tion—
Smith's Report.**

alone. If I concurred in the views of Mr. Smith, then they would consider both; if I did not, they would take some other course.

21958. As I understand it, the main matter of Mr. Smith's report was a divergence of the whole route of the line north-westerly so as to get a route by Pine River Pass?—The purport of the report was to get a line that would terminate at Bute Inlet by way of Pine River Pass.

**Report of Marcus
Smith recom-
mended route by
Pine River
Pass and termi-
nating at Bute
Inlet.**

21959. That was a very material divergence from the route up to that time approved of?—I forgot to mention that among the things that Mr. Mackenzie told me he said the Government were bound to come to some decision, one way or the other, as of the route in British Columbia while the House was in Session, and it was a very serious matter, and required very grave consideration, and they were very much embarrassed by the course that Mr. Smith had taken and especially in view of the very decided bias he had always shown previously.

21960. Do you mean a bias in favour of some particular route, or a bias about some other matter?—Bias about the routes generally.

21961. Of course he could not be biased in favour of them all; I suppose you mean that he had a bias in favour of some one particular route?—It is a very long story, and it is next to impossible for me to condense it into reasonable limits; but Mr. Smith for a long time before this had shown a determination to take the line to Bute Inlet, and there was no concealing that.

**Smith long before
this report had
shown a deter-
mination to take
the line to Bute
Inlet.**

21962. But that might be accomplished without going through the Peace River and Pine River Pass?—That could be accomplished by going through the Yellow Head Pass, but all these matters are so fully discussed in my various reports that it is hardly fair to tax me with any other discussion respecting them.

21963. Well, we will leave that subject: is there anything further that you wish to say about section 15?—Yes.

21964. Before taking up the next subject, have you anything further to say in reference to any of the subjects which we touched upon this morning?—I can only say if the Commissioners could receive from me, and if I could give to them certain letters in my hands elucidating the whole question respecting the map—

The Map.

21965. You mean the map which was said to have been suppressed?—Said to have been suppressed.

21966. If you could do that?—If I could I would be happy. But unfortunately the letters which passed between Mr. Marcus Smith and myself are marked "private" I would willingly make my own public and official, but I cannot use his in that way without his consent.

**Does not offer
correspondence
with Marcus
Smith in evi-
dence because
Smith's letters
were marked
"private."**

21967. Then I understand you do not offer them in evidence?—I do not offer them in evidence, for the reason they are marked private. Passing to another subject discussed this morning, a letter has been found by Mr. Burpe which is not all that I would have wished, but it has reference to the rails purchased in 1874. It is dated London, December 17th, 1874, and among other subjects which I need not read, with regard to nuts, bolts, fish-plates and specification for rails and other matters, he uses these words towards the end:—

**Purchase of
Rails—
Contracts Nos.
6-11.**

By Mr. Keefer :—

21968. Who is it?—Mr. Sandberg. He says :

Sandberg writes suggesting that a strike might take place which would send up rails.

"It is indeed not unlikely that a strike would take place which would probably send up prices, and therefore I am anxious to have everything square. By the enclosed card of prices you will see that you have bought both this and the last order at very favourable periods. In fact, in the whole of my experience I know of none having used the time better, and I only hope that this order will be executed a little quicker than that at Barrow, which is still lingering on slowly."

The rails that were manufactured at Barrow, that he had reference to, I think were for the Intercolonial Railway. There is nothing else in the letter. (Exhibit No. 315.) I merely produce that to show that at that date, 17th December 1874, Mr. Sandberg was still of the opinion it was a favourable time to purchase rails.

By the Chairman :—

21969. This letter, of course, was not one of your reasons for the recommendation you made?—No; it was after the recommendation, but it goes to confirm what I said that letters have been received from Mr. Sandberg.

**Railway Loca-
tion—
Contracts Nos.
14 and 15.**

21970. Have you any further explanation or evidence to give concerning section 15?—I have. When I was last before the Commissioners I expressed a wish that Mr. Rowan should be heard with respect to the two lines—the adopted line and the southern line.

21971. The Forrest line do you mean?—No; the southern line.

21972. That was a line covering the ground of sections 14 and 15 to some extent?—No; the alternative line from Rat Portage to some point on section 14.

21973. Then that covered the ground partly of section 14 and partly of section 15?—I am not speaking of Cross Lake at all—the general route of the railway from Rat Portage towards the river. When leaving here I asked Mr. Smellie if he would be good enough to write Mr. Rowan, and see if he remembered anything about it, see if he could furnish the data on which the decision was arrived at, and he writes as follows :—

"CANADIAN PACIFIC RAILWAY,
"MANITOBA, DISTRICT ENGINEER'S OFFICE,
"WINNIPEG, 4th May, 1881.

Rowan's letter respecting southern line.

"W. B. SMELLIE, Esq., Ottawa.

"MY DEAR SIR,—Your letter of the 25th inst., in reference to Mr. Carre's evidence before the Railway Commission only reached me this morning. In reply I would say that I have not now any papers connected with the Canadian Pacific Railway in my possession—"

The Commissioners are probably aware that Mr. Rowan is no longer an officer of the Government, he has resigned his position—

Laid all the information furnished by Carre before Fleming, and both decided that it was not desirable to recommend southern line saving only \$100,000, and lengthening the line five and a-half miles for all time.

"I may say, however, that I have seen Mr. Carre's evidence and Mr. Fleming's letter to you, as published in the newspaper within the last few days. As regards the subject under discussion, I have the most distinct recollection of the following facts, viz : all the information which Mr. Carre furnished in reference to the 'southern line,' together with the plan and profile, and as sent in by Mr. Carre on the completion of the survey, were submitted by me to Mr. Fleming, the Engineer-in-Chief, and that he and I together made a careful examination of the relative merits of the two lines in all their bearings with the information then furnished; and that the conclusion arrived at was that it was not desirable to recommend the adoption of the southern line, involving as it would the abandonment of considerable work executed on the

present line, the lengthening of the line by at least five and a-half miles, and delaying the work of construction—especially as according to my recollection, the pecuniary saving to be effected did not exceed \$100,000 according to our estimates, and the line would have been lengthened for all time at least five and a-half miles.

“Yours truly
“JAMES H. ROWAN.”

**Railway Location—
Contracts Nos. 14 and 15.**

That is all I have to say. (Exhibit No. 316.)

21974. Is there anything further which occurs to you concerning section 15?—Nothing further occurs to me at this moment, beyond the fact that the whole matter was done in perfect good faith, believing that it was best in the public interest to adopt the particular route that was adopted.

21975. Do you wish to add anything to your evidence touching the measurement of the muskeg excavations, or any other matter connected with the subject?—In reading over my evidence on the muskeg material, I find it terminates rather abruptly. After question 19,548, I think it would have been well had it been followed up by some other questions, or if I had volunteered then to give some explanations which I wish now to give.

**Railway Construction—
Contract No. 25.**

21976. Please proceed with them?—I will give you my views with regard to the muskeg question. There are certain leading principles by which I hold an engineer ought to be governed in dealing with public works under the Government. First, the engineer is not a contracting party, he is simply an executive officer appointed to see a contract properly carried out, and justice done alike to the public and to the contractor in the matter of measurement or other things. His judgment should be guided in the contract and the specifications, and in such contracts as those under consideration, every kind of work is intended to be embraced in the schedule of rates and prices attached to the contract. If there be any exceptional or special work necessary to be done, which may not have been foreseen when the contract was originally entered into, and no price fixed for it, the engineer, not being a party to the contract, should not fix it; it should be established by the principal parties to the contract. Assuming that muskeg is an exceptional description of work, it is quite clear to my mind that the engineer should not have the power of fixing the value by increasing the quantity of useful work which that material will produce. If a solid yard of embankment formed of muskeg, is worth twice as much as a yard of common earth in an embankment, in that event the contractor should receive double price, but the Government is the only party that should fix the additional price for the use of that material where it is necessary to be used. I shall endeavour to illustrate my views by taking a case in which the solid contents of material in the formation of a section of railway is 1,000,000 yards, and the price of earthwork is fixed at 33 cts. per yard. If this section be completed with earth it would cost \$330,000, but if earth cannot be had, and it becomes necessary to employ more expensive material for which no price has been fixed, the engineer should not fix it. It should not be in his power to fix it or to allow the contractor compensation for the use of the new and more costly material by any process whatever. If the new material is worth twice as much as earth, I hold that the Government should fix the price, and that the engineer should not be called upon to certify that there are 2,000,000 yards of earth in the formation of a railway section while there is only 1,000,000. If it be right and proper to pay the contractor \$660,000 for the work, that is reckoned at 66 cts. per yard when

Muskeg.

Principles which should guide an engineer as between the Government and the contractor.

If material employed for which no price fixed the engineer should not fix it.

**Railway Con-
struction-
Contract No. 25.
Muskeg.**

No engineer
should certify for
double the quan-
tity found in
embankment.

executed with muskeg material, then the price should be made as I have stated, 66 cts., and the certificate of the engineer would stand thus: 1,000,000 yards of muskeg material at 66 cts., total \$660,000; and it should not stand in this way: 2,000,000 cubic yards of earth at 33 cts., giving it the same total, \$660,000. Of course, in the case as it is put, the compensation to the contractor would be the same, but the responsibility would rest upon the proper shoulders; the Government, being the principal party to the contractor, would fix the price, and the engineer would not be called upon to certify that a piece of work contains 2,000,000 cubic yards while it only actually contains 1,000,000. It has been stated, in evidence before this Court, that it would be impossible to measure muskeg in the embankment. I am not of that opinion. My experience has taught me that where there is a will there is always a way, and I hold that there would even be less difficulty and much greater certainty in arriving at accurate measurements of the solid material of an embankment than in measuring muskeg in the way in which it has been done.

21977. You suggest that it has been stated, by way of evidence before us, that it would be impossible to measure the quantities in the embankment: is that what you say?—Yes.

21978. I do not remember that suggestion, but I remember that it has been said it would not be fair to measure the quantity in the embankment, and that the quantity excavated should be the criterion established for the quantities in the certificates. The argument has been that although the quantity was less after the compression in the embankment, there was no difficulty in ascertaining what there was there, but that it formed no information on which to show what had been excavated: is not that a correct statement of the argument as you understand it?—I do not know that it is. I understood that it was stated here that it would be impossible to measure it in the embankment. Of course if it was impossible to ascertain the quantity of an embankment, there would be no need of attempting to settle with the contractor in that way; but it is not impossible, it is perfectly practicable. I do not say that the contractor would be fairly paid or fully paid if no change was made in the price. I think every contractor ought to be fairly dealt with, but the system of measuring two yards for one is a bad one, or calling one material another kind of material.

In order to be fair
to the contractor
perhaps a change
should have been
made in the
price.

21979. You are evidently under the opinion now that there has been some difficulty suggested, because of the impossibility of measuring the actual quantities as they remain finally in the embankment. That is a new idea: it has not occurred to us, and it has not been advanced by anybody?—It is certainly given in the published evidence.

21980. Well, it is not correct. At all events, the difficulty as I understand it is this that, although the quantities could be ascertained in the embankment, they did not show how much had been excavated and the contractors contended that they were to be paid for the amount excavated and not the amount remaining finally in the embankment, not because of the difficulty of measuring this, but because of the impropriety and injustice of taking that as decisive as to the quantity which had been excavated?—I found that some of the engineers were disposed to attach prices for work done, which work there was no price for in the schedule of prices.

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For instance, a fire might break out in the woods and the contractor would be put to some expense in saving the timber of a bridge or of a building. I found in the returns the expense reduced two yards of earth—so many yards of earth equivalent to so much money. Of course, I put down my foot at once, and I said: "This principle is wrong." The return should show exactly what the expenditure is for, and I hold that muskeg should be treated in precisely the same way. If there was no price in the contract for muskeg, then it was for the Government, and for the Government alone, to fix the price for it. In all those other cases that I refer to where expenditures have been returned to me for exceptional work, such as putting out fires and this, that and the other thing, I always insisted on them being called by their right names and left the Minister to fix the price for them.

If there was no price in the contract for muskeg or any other item then the Government should fix the price for it.

21981. In order to make plain what I understand to have been the difficulties suggested as to the measurement I will state now my view of what has been said. You, in giving evidence upon a former occasion, said that the specification permitted an engineer to estimate this muskeg material upon a different basis from ordinary material, because one clause in the specification provided that where it was impossible to measure the material that then an unusual rule might be applied, intimating, as I understand it, that it was impossible to measure the material from the place from which it had first been taken. That was the difficulty which I understood had been suggested by you, and which led to the application of this particular clause in the specifications—that was one difficulty; the other was not the measuring in the embankment, but that upon the re-measurement in the muskeg locality the ditches and other places from which material had been taken would be so changed in their shape that they would not afford information to enable an engineer to find out the quantities first excavated?—Possibly not; but there ought to be no difficulty in measuring an embankment at any day.

21982. I have not yet seen that any person has suggested any difficulties in measuring the embankments?—My invariable custom has been, in connection with these works and other works, to face the difficulty at once, and I am not reflecting on any one when I say this, for not taking the course I did; but I think it is a mistake in principle to allow this to go on until the end. I think when it was first discovered that it was an exceptional kind of material to be used in the work, that was the time to take the bull by the horns and bring the matter before the Government, and throw the responsibility on the Government as one of the contracting parties to deal with it. Remember, I am not in favour of paying the contractor less than what it cost him. I think the contractor ought to have a fair price for his work—a liberal price for his work for that matter—but at the same time the prices ought to be fixed in a regular way. I do not think the engineer, or any one of the engineers, or any one of his assistants, should have the power of fixing the price directly or indirectly.

When character of muskeg material first discovered the question of how it was to be paid for should have been brought before the Government.

21983. That is beside the question. I do not think that in any part of this investigation it has become a matter for serious consideration whether an engineer might make a new contract for the Government, and I do not understand that is a point in the dispute. I have understood you to say that it would not be proper to certify that there were 2,000,000 yards in an embankment, when in fact there was only

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1,000,000 : now, do you remember any certificate at any time given by any engineer in which he certifies to the quantity in an embankment?—He certifies to the quantity in the work.

21984. What is the work?—It is the railway.

21985. But do you remember, at any time in your experience, an engineer certifying to quantities in an embankment?—I have done it myself,

21986. Under what circumstances?—Under circumstances not unlike these?

21987. And did the certificate purport to state the quantities in the embankment?—The certificate stated exactly on the face of it what it meant, and every certificate ought to do the same.

21988. But as I did not see it, I cannot tell what was in it : what did it say?—So many yards of earth in the embankment.

21989. Did the contract provide, in the case to which you allude, that the quantities might be measured in the embankment?—The case to which I refer was simply a contract of this kind : the contractor was to receive payments for so much earth excavation or earth work—earth excavation means earth work.

When earth excavation is contracted for at so much a yard the quantity remaining in the work is not always a fair criterion.

21990. Do you mean that when you contract for earth excavation at so much per yard that the quantity remaining in the work is a fair criterion?—Not always.

21991. But is it the case?—There are exceptions to ordinary rules, and if this is not an exception it ought to be one.

21992. We are getting away from the matter under investigation : you mean, perhaps, that it ought to be provided in the specification to be exceptional?—It ought to be made exceptional the moment the difficulty arose.

21993. Do you say that under this contract, and under this specification, you conceive it to have been a right course for the engineers to certify the quantities in any embankment?—The right course to pursue is exactly the one I have pointed out, in my judgment.

21994. Are you aware that these specifications provides as to how this material shall be estimated, and how it shall be classed?—The word muskeg is not found in the specification.

21995. Are you aware that there is a clause which covers exactly this case?—No ; I am not aware.

Sub-section 3 of clause 17 provides that muskeg shall be classed as earth.

21996. Are you aware that in sub-section 3 of clause 17, these words are used :

“ All excavations of whatever kind, with the exception of off-take ditches, found in clause 13 shall be deemed earth excavation ?”—

Allow me to refer to another clause with respect to earth excavation.

21997. But you have not yet answered my question?—Yes ; that would go to show that this muskeg material might be called earth.

21998. Under the specification?—Under this particular specification, but this does not make the matter any better. The difficulty is with regard to the measurement of this peculiar kind of earth. I hold that we ought to pay for the useful effect produced by the work itself. The

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same in a bridge or building; we would not measure the stone in the quarry, we would measure the solid wall in the bridge or building.

21999. That would depend on the contract, would it not?—Some quarries would produce a very small proportion of building stone and a great deal of debris, while others would produce a very large proportion of building stone.

22000. Don't you see that to make that at all an analogous case the contract would have to recite that the man was to be paid for the building by what was measured in the quarry—it is not usual to make contracts for building on such a basis: in this case the work was to be paid for by the amount excavated?—I admit the specification does not cover the amount sufficiently well, and hence there is the more necessity for bringing it before the Government at an early stage, and throwing the responsibility on the Government.

22001. You assume, as I understand it, that although the quantity excavated could be ascertained, the quantity excavated ought not to be paid for, unless it was subsequently effective in the work?—The quantity of useful material excavated could only be ascertained in the embankment. You could not ascertain the solid contents of a space filled with solid material and liquid material until the one is separated from the other.

22002. Is this your contention: that although the quantity excavated could be ascertained, the material being such as it was the knowledge of the quantity excavated was not sufficient to justify an engineer in giving a certificate upon it?—Not in this case, from the peculiar material.

In the case of muskeg thinks the knowledge of the quantity excavated was not sufficient to justify giving a certificate for earth.

22003. Now, is it not the case in all earth material, that the amount excavated does not yield the full amount subsequently?—It yields more sometimes.

22004. What is the rule about it; in other words, whether more or less would make no difference, is it not the case that the quantity of ordinary earth excavated is not the same as is found in the embankment when compressed?—It depends very much on the material, and to set all doubt at rest it has been common to specify all ordinary material shall be measured in excavations, but I hold this is not ordinary material. This is exceptional material, and it is necessary to measure this in some other way, and that other way is provided by the specifications.

Rule to measure all ordinary material in excavations but muskeg is exceptional.

22005. Is the amount excavated of ordinary earth material the basis for the certificates of the work, or is it the quantity in the embankment, or do these quantities differ as a rule?—The quantity of material in the work is, without any question, the quantity that should be paid for under the certificate.

22006. Do these quantities differ, as a rule, when ordinary earth is used?—They differ slightly when ordinary earth is used, but not to any great extent.

22007. About what extent?—I cannot tell at this moment. It varies.

22008. Well, the average?—There are different opinions about that. Some hold there is more, others less. It depends on what stand-point you view it from. The contractor who is paid one way will argue one way; the contractor who is paid another way will argue another way.

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struction—
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22009. I am asking your experience as to the relative proportion ; whether the earth excavated gives any criterion as to the amount in the embankment?—It does.

22010. What criterion?—As to the proportion of one to the other, I cannot tell you at this moment.

22011. Could you not say near it?—The one is not very much different from the other.

Not prepared to answer as to the preparation between the earth excavated and the earth in an embankment.

22012. Is it somewhere about four-fifths : is there not a difference of between eighty and 100 ?—It depends on whether it is sand, or clay, or gravel.

22013. That is not answering the question?—I am not prepared to give it to you now.

In case of earth, sand and gravel, certificate is based on the amount excavated because it is easier to measure these materials in the pit.

22014. Would you say this : whether, in any of those cases : earth, sand, or gravel, the certificate is based on the amount found in the embankment or on the amount excavated?—The certificate is based on the amount excavated in those cases, for the reason it is easier to measure in the pit than in the embankment in those cases.

22015. Then, according to that, the amount in the work ought to be paid for, but because it is easier to ascertain the amount excavated, that is paid for : is that what you say is done in ordinary cases?—In those cases ; yes.

22016. If the legal effect of the contract in this case is that this material shall be called and dealt with as ordinary earth, then your theory would hold, I suppose ; you understand that your argument is really one upon the legal effect of this contract?—Well, with regard to the measurement, it would remain the same.

22017. For instance, if the contractor is entitled to call this earth under the terms of his contract and the specifications connected with it, then this theory of yours about the different material would fall to the ground?—No ; I do not think so. I think the responsibility is thrown on the engineer to ascertain the quantity, and he should take the right way of getting it.

Even though the contract declared that muskeg should be dealt with as earth, witness would still hold the opinion that it should not be measured in excavation.

22018. If the contract should also say, first, that this is earth, to be dealt with as earth and should be termed earth, and next that earth shall be measured in excavation, would you still be of the same opinion?—Still, because I would have applied clause No. 30 of the specification to ascertain the quantity.

22019. I think I understood you, upon a previous occasion, to say that you had never considered it necessary, notwithstanding these disputes on the subject, to make the specifications for contracts let subsequently to such disputes any more positive or less doubtful than the previous specifications, as to the mode of measuring muskeg material?—I can give you the reason. The reason is this : I was not aware myself until the other specifications were made. This matter was concealed from me—I do not say concealed purposely, but it was not known to me until the specifications for the other contracts were made and printed.

22020. Then, I understand you to say that you had not the opportunity to correct those specifications so as to save future difficulties upon the same subject?—I was not aware of the difficulty until the specifications were prepared.

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22021. But they might be altered at any time before the contract was signed?—The system adopted was to print the specifications and to print the contract too, so that the contractor or contractors would know exactly before tendering what contract they would have to execute, and these cases—these latter cases particularly, if not in every case in the Pacific Railway—the contracts were printed and exhibited to contractors before putting in tenders.

22022. The dispute between the contractors and the Government, or at all events the difficulty of measuring this muskeg material on some proper basis, came to your knowledge while you were Chief Engineer of the Pacific Railway?—I explained to you, in some previous evidence, unfortunately I was not in the country. As soon as I returned to the country and discovered there was a difficulty, I gave orders that no further certificates should be issued in the contractor's favour until we ascertained what the nature of the difficulty was.

Witness out of the country when the disputes arose as to the measurement of muskeg.

22023. Could you say about what time you first knew of it?—Yes, by referring to a letter which I wrote. It was about the end of 1878. I have sent for the letter.

22024. You have spoken of the system of measuring the quantities left in the work instead of those actually excavated; it is generally understood, I believe, that rock makes a larger quantity in the embankment than its cubic contents before it is excavated?—It does.

22025. What is the rule about rock: is that usually measured in excavation?—Yes; that is always measured in excavation—always.

Rock always measured in excavation.

22026. Why is it that it is not measured in the embankment?—Because it can be very readily measured in excavation. The muskeg material, I hold, cannot be accurately measured in excavation—it cannot be measured at all.

22027. Then, do I understand your objection to measuring it in excavation to rest on the impossibility of measuring the quantity excavated?—Yes; my objection to measuring muskeg excavation or to measuring anything else.

22028. Do I understand you to say that when this first came to your knowledge, I mean the difficulty of measuring muskeg material, that you instructed the engineers under you no longer to permit it to be measured in that way?—I at once took steps to ascertain the precise nature of the difficulty, and gave positive instructions that no certificate thereafter should be issued in the contractor's favour.

22029. You mean based on the quantity of muskeg taken out?—Yes.

22030. Is there anything further that you wish to say connected with this question of muskeg measurement?—Nothing now. I shall be happy to read the letter or letters when the letter-book arrives.

22031. We should be glad if you would explain more fully than you have yet done the system of surveys adopted from the beginning, say at first in the eastern section?—I shall endeavour to explain to the Commissioners some of the reasons which led to the adoption of the particular mode of survey which was carried out. In doing so, I may not be strictly accurate as to dates and matters of detail, as my memory may not serve me, and as nearly all the early records which would assist my memory were destroyed when the Pacific Railway Offices

Surveys.

Surveys.

were burned in the winter of 1873-74. I have, however, found a few of the early records by which I will be enabled to give some dates and other particulars—some records that happened to be placed in an iron safe and escaped the flames. [Here witness as on the previous occasion when he made an extended statement read.] I have already, on my first day's examination, referred to my early connection with the undertaking. I mentioned how I was appointed to the office of Engineer-in-Chief. I stated that I was then Chief Engineer of the Intercolonial Railway, then in process of construction through the Provinces of Quebec, New Brunswick and Nova Scotia, and the work was being proceeded with generally and required very close attention. Having accepted the additional duty of Engineer-in-Chief of the Pacific Railway, it became necessary to take the most prompt and energetic measures which it was possible to adopt. The service was an exceptional one. The work was of gigantic magnitude: it was beset with difficulties of no ordinary kind, and the circumstances demanded that positive and reliable information should be acquired with the least possible delay. I can produce no written instructions from the Government to show the Commissioners what my duties generally were, or how my proceedings were to be conducted, as I received none. I was simply informed that by the Terms of Union with British Columbia a railway had to be established from the Pacific coast to connect with the railway system of the older provinces, and that the Government had undertaken to commence its construction simultaneously east and west of the Rocky Mountains within two years. When the conduct of the survey was entrusted to me, no point on the whole of the intended line of communication was fixed—not even the termini. The whole question was open. The problem was to find a line for a great national railway from some undefined locality on the 500 miles of sea-board of British Columbia across a continent, through great ranges of mountains, vast wildernesses and interminable forests to the valley of the St. Lawrence. The limits within which the examination had to be made and the railway established, ranged from 300 to 500 miles in breadth, and in length not far short of 3,000 miles. Nearly the whole of this country was uninhabited; much of it was trackless and unknown. The western section has been described as a "sea of mountains;" the eastern section a forbidding territory, in great part broken and interspersed with lakes, swamps, rocky ridges, and the whole surface a dense forest of an interminable character. The task was rendered unusually difficult by the severity and length of the winter, which greatly reduced the period left open for ordinary surveying operations, and it was further enhanced by the limited time prescribed by the Terms of Union. It was after Parliament had risen in the spring of 1871 that I was called upon to undertake the work. I felt the grave responsibility that was thrown upon me, and I determined to spare no effort to meet the wishes of the Government in as satisfactory a manner as possible. Not a day was lost: every scrap of information respecting the vast territory that could be obtained was considered. Every document was carefully read, every map earnestly studied in order to determine the plan of operations best calculated to accomplish the end in view, and most expeditiously attain the desired results. The physical characteristics of the country to be traversed enabled me to pursue the work of surveying under three grand divisions. The central division, being for the most part open prairie, presented little diffi-

When witness took charge as Engineer-in-Chief of Canadian Pacific Railway, was merely informed that a railway had to be established from the Pacific coast to connect with the railway system of the older provinces.

Difficulties: western section described as "a sea of mountains," the eastern section a forbidding territory much broken.

Pursued the work of surveying under three grand divisions eastern, central and western.

Surveys.

culty, and the examination in that region was a comparatively easy one. The eastern and western divisions were of a totally different character. I shall first refer to the eastern division extending from Manitoba to the River Ottawa, in length about 1,000 miles. It will not be necessary to enter into details respecting its physical features, as its character is fully described in my various printed reports, to which I beg to refer. Had the eastern division been at all like any ordinary country through which railways have been projected, I would have followed the usual course by making a general reconnaissance throughout before commencing an instrumental survey, but the circumstances were so entirely different from ordinary cases that I found this impracticable, and for several reasons another course was determined on. Even if it had been practicable to make such a general examination, it was impossible to obtain at that time the services of a sufficient number of properly qualified engineers to do it—those whose examination would be of any real value. I felt that it would be only a waste of time and money to make the attempt. My own experience in making preliminary explorations for the Intercolonial Railway confirmed me in the opinion that it would be fruitless and lead to great disappointment. The proper men were not available. It was utterly impossible for me to assist in it personally, without neglecting other duties, and I state this on the assumption that the ordinary course was the best, but the country was not accessible as ordinary countries are. There was not a road or a trail through the greater part of the forest. The character of the timber rendered the forest unusually dense. A way from the canoe routes, few of which were known to lead in the proper direction, there was only one way of piercing the country, namely, by means of the axe and hard labour; and as the use of the axe to force a passage through the woods became absolutely necessary, I felt it would add but little to the expense while it would add immensely to the value of the work, to follow the axe with actual measurements, chaining and levelling. I decided, therefore, after the most careful consideration of all the circumstances, that it was expedient to make a connected series of traverse surveys from end to end of the country, and to have the traverse line levelled at the same time so as to form a base for further operations, and give us positive information as to heights and distances which could be implicitly relied on. It will be borne in mind that the greater part of the country was unknown. The canoe routes of the Hudson Bay Co., or some of them, were roughly laid down on maps, but beyond these routes the country was literally a *terra incognita*. It became necessary at whatever cost, to penetrate the whole country and discover the nature of the intervening districts. The traversed line had this grand object in view: it would give us the topographic features of the country along the desired route; it would give us the exact position of every leading obstacle; it would enable us to lay down on the map the position of favourable or unfavourable sections, not only on the line itself, but on either side, as the engineer would explore in every direction to the right and left. Thus we would be in possession of positive information of the most valuable character, and we would find out where a railway line could subsequently be laid out by avoiding the obstacles discovered, and taking advantage of the favourable sections of country, all of which would be accurately shown on the plan. Exploring parties, with a sufficient number of instrumentalists, were accordingly organized to enter the territory from every accessible point. I aimed at having these parties of sufficient strength and sufficiently

Eastern division from Manitoba to the River Ottawa, 1,000 miles in length.

Experience on Intercolonial Railway confirmed him in the opinion that preliminary explorations would lead to disappointment.

Decided therefore to have instrumental surveys.

Advantages of traverse surveys in a wooded and unknown country.

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Aimed at having parties of sufficient strength and sufficiently equipped to perform the arduous work.

equipped to perform the arduous work assigned to them, and prevent failure in obtaining the required information with the greatest possible expedition. I also attached great importance to having these parties sufficiently provisioned to prevent disaster to those engaged. Considering the nature of the country and the climate, the responsibility of keeping a party supplied with bare necessities, was no light one, and the cost of conveying supplies of food to the interior of a roadless country was immense. Here I may mention that, notwithstanding all the precautions taken, disasters least looked for overtook some of our men. During the summer of 1871, fires were raging in the woods north of Lake Superior, and through these fires seven men, engaged in the transport service, lost their lives. Thus we went to work at the commencement of the survey. I knew of no other plan, and I do not now know of any other means better calculated, under the circumstances which then obtained, to give results that could be considered in the least satisfactory. We boldly made the attempt to cut a way through the forest on the general course it was desirable for the railway to follow, and in the passage so cut to make all the measurements necessary to establish a base for trigonometrical and topographical and all engineering purposes. I need scarcely say that every officer sent out was specially instructed as to his duties and with respect to the grand objects of the examination. Each engineer in charge of a party was furnished with the means, and directed to explore the whole country on every side the traversed line, enabling him to fix the general position of every feature of the ground within the range of his observations. In order to elucidate the system to the Commissioners, it may be well for me to read some extracts from my printed general instructions, which are dated May 24th, 1871. I shall pass over to the 8th clause. They are as follows:—

Reads extracts from his general instructions to engineers.

Engineer to be at head of party every day.

Transit men not to be far distant from a practicable line.

Engineer to take barometric elevations of the ground.

Must have two barometers, one to carry; the other to leave in camp.

To furnish himself with climbers so as to climb trees to observe the country.

“In conducting the survey the engineer of a party is expected to be at its head every day, exploring in front and to the right and left of the line, in order to see what obstructions may be in the way of the same, and, if serious, deciding as to the best manner of avoiding them.

“It is not expected that the first survey through wooded districts will, as a rule, be the best position for the railway; it will, however, be the aim of the engineer in charge to have the ‘transit line’ far distant from a practicable railway line. The ‘transit line,’ on which the measurements are taken, will form a base on which to project an approximate section, and the engineer in charge, by noting the features of the country on both sides of the lines, will be able to make an approximate section as the survey proceeds.

“In many cases it will be desirable for the engineer in charge, while making his daily explorations, to take barometric elevations of the ground, noting by estimation the approximate position of the points of observation in relation to the ‘transit line.’ These elevations should be reduced afterwards to the datum of the survey and marked upon the plan in their proper position. This, as well as the general features of the country, should be marked upon the plan every day, while the whole is fresh in the memory. The barometric elevation will answer for rough cross-sections, and be useful in determining on the plan the position of the approximate location line, and also in compiling an approximate section of the same.—”

Which, of course, was done—

“The engineer in charge must have two barometers, one to be carried by himself, the other to hang in camp; the cook, if moderately intelligent, can in a short time be instructed to observe and record its readings, and he should do so regularly at every hour of the day. By this means the engineer in charge (who will note the time when his own observations are taken) will be able to correct roughly all his observations, ascertain by comparison the height of each point above the camp (this being known), and thus be enabled to reduce all to the level above the datum of the survey. Barometers will be furnished by the Government.

“The engineer in charge will find it of great service while exploring to carry with him light steel climbers, made to enable him to climb a tree with facility. By this means he will frequently be enabled to obtain a good knowledge of the topography of

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the surrounding country and take such general observations and bearings as may be useful in directing the survey. A pair of climbers will be furnished with the stores for each party."

I read those to show that it was intended to have as useful a survey as could be made; not simply one which would give us the exact heights and distances on the line cut through the woods, but give us a good knowledge of the character of the country within the range of observation, wherever the engineer felt it expedient to direct his attention. The whole distance from the River Ottawa to Red River was divided into eleven different sections, each ranging, according to the circumstances, from seventy-five to ninety miles. An equal number of surveying parties were organized for the work of examination, and they were despatched as soon as the rivers were navigable to points as near the scene of their labours as could be reached. In some cases the short summer was half over before anything could be done on the line of survey, the time having been spent in travelling and in taking forward necessary supplies. It became necessary, therefore, to make early provision for a winter campaign, and to forward sufficient supplies of food and clothing to enable the surveying parties in remote places to remain out and endure the rigours of winter in a country without inhabitants and destitute of food and shelter. I may refer to a letter on that subject which I found. I may here read a letter which I addressed to the Minister of Public Works, Hon. Mr. Langevin, on the 27th of July, 1871, on this subject:

The country from the River Ottawa to Red River divided into eleven sections ranging from seventy-five to ninety miles.

Summer in some cases half over before any work done, and it was necessary to provide for a winter campaign, hence letter to Minister.

" OTTAWA, 27th July, 1871.

" Hon. H. L. LANGEVIN,
" Minister of Public Works.

" SIR,—I desire to bring under your notice some matters respecting the future operations connected with the Pacific Railway survey. You are aware that no time was lost in organizing and despatching the various surveying parties, and that everything was done with a view of placing the Government in possession of as full information as possible respecting the country to be traversed by the railway before the next meeting of Parliament. After the surveying parties left for the field of operations a good deal of difficulty and delay was experienced in getting the men and supplies transported. This delay, through causes which need not now be entered into was unavoidable, and has shortened the period for actual work considerably. Some of the parties in remote districts will scarcely begin work before the end of this month, —"

That is July—

" And in order to enable them to return by the close of navigation, they would require to leave for work about the 10th or 15th of October, thus leaving only some ten weeks for actual surveying operations, a period altogether too short to accomplish all that is required. The cost of transporting the various parties to their destination is very great; the necessary material and organization for forwarding supplies is now provided, and work can be carried on through many sections of country more rapidly and at less expense in winter than in summer, provided supplies are sent in during the season of navigation. I would, therefore, under all the circumstances, respectfully recommend that I be authorized to continue such portions of the survey during the winter as may seem advisable, and that provision for winter service may be secured in good time. I may state that the expenditure up to the present time has been \$50,000, and liabilities entered into to the extent of \$30,000, making \$80,000 in all. This is at the rate of about \$40,000 per month, but as much of this is for the purchase of equipment, supplies and transportation, the rate of expenditure will be somewhat less. From the above, it would appear that the appropriation by Parliament will not be sufficient to carry the survey over the winter; but in my opinion it would be highly inexpedient to withdraw the parties until they complete the object for which they have been organized, and a large portion of the expenditure would have to be incurred again in spring in preparation and in transportation upon recommencing the survey next season.

In many sections work could be carried on at less expense of time and money in winter.

Expenditure \$40,000 a month, but in future would be less.

" I am, &c.

" SANDFORD FLEMING,

" Engineer-in-Chief."

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Then there is a letter to Sir George Cartier on the same subject, I think.

2-032. And, I suppose, to the same effect?—Yes.

Wrote to Sir George Cartier, for the purpose of arranging for the steamer *Rescue*.

22033. Which is recommending winter survey and money to be provided for it?—He was Minister of Militia at that time, and it was for the purpose of arranging for the steamer *Rescue*, under the control of the Militia Department. Many difficulties were met with, and every effort was made to overcome them. During the winter, advantage was taken of the frozen lakes, and rivers, and swamps, to make extensive explorations with barometrical measurements, in order, by this means, to obtain a better knowledge of the country in advance of future instrumental surveys.

Winter explorations without levels and chains, but distances and elevations were ascertained.

22034. Those explorations in the winter, as I understand it, were without instruments?—They were without what were usually used for making surveys. They were without levels and without chains, but the distances and elevations were ascertained by means of the barometer, and other means—other simpler means. Winter explorations of this kind were made through the country extending from Red River easterly as far as Nipigon; also for long distances east of Lake Nipigon and north of Lake Superior—indeed, wherever it seemed necessary and practicable. Within a year after assuming the direction of the survey, and notwithstanding many hindrances and difficulties which were wholly unanticipated, I was enabled to report to the Government results which were, at the time, acknowledged to be highly satisfactory. I would wish to read one or two paragraphs from my report of the 10th of April, 1872. I find the results there given in very condensed form:

Progress of survey in 1871, as described in witness's report dated 10th April, 1872.

"Some general observations respecting the progress made in the prosecution of the survey may now be submitted.

"Full detailed information may be had on reference to the reports and documents which accompany this. It has been found impossible to maintain regular communication with many of the parties engaged on the survey during the winter, but, judging from the progress reports last received, the undersigned feels confident in stating that the surveys projected in June last between Mattawa, on the Ottawa, and Nipigon Bay, on Lake Superior, are now, with one exception, completed, and that only two breaks in the survey exist between Nipigon Bay and Fort Garry.

"No serious engineering difficulty has been met with in passing from the valley of the Ottawa to the country north of Lake Superior; it is impossible, however, to speak so favourably of the country covered by divisions G and H of the survey, embracing over 100 miles easterly from the River Nipigon. This section is excessively rough and mountainous, and the survey made through it did not result in finding a practicable line for the railway.

"West from Nipigon River to Fort Garry, although two divisions of the survey are incomplete, enough is now known of the country to warrant the belief that it will admit of a practicable line with favourable grades for the greater part of the distance.

"Explorations are now being made with the view of ascertaining how far it may be practicable to avoid the very serious difficulties referred to on divisions G and H, by running the railway line further in the interior; it has already been found that the rocky and broken country, which presents itself on the shore of Lake Superior, changes very much at a distance of fifty or sixty miles to the north, and from what has been learned, it is thought that a perfectly practicable line will be discovered by the north side of Lake Nipigon. Definite information on this point cannot be received before navigation opens between Collingwood and Lake Superior, when the parties engaged on the exploration are expected to return; but the line drawn on the map by the north side of Lake Nipigon, shows the general direction in which, from the very latest information received, a practicable and favourable line may be confidently expected.

"The survey and exploration made from Sault Ste. Marie easterly along the northern shore of the Georgian Bay towards Lake Nipissing, establish the fact that a good line can be had with very favourable grades."

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22035. We are, of course, very glad to record that again, which has already been mentioned in your report of 1872, but our main object in asking these questions is to ascertain in detail the system which was adopted, and the reasons for it, not so much the results which were obtained from the system, because those are all very fully reported?—Perhaps you will allow me to finish the few words I have to say.

Witness proceeds with his statement.

22036. Certainly, we have no objection to hear whatever you think is material, after calling your attention to the object of the question?—I will add to the foregoing, respecting the mode of survey adopted, a letter addressed to the Minister of Public Works on the 6th of May, 1872, while Parliament was in Session. Mr. Langevin was then Minister of Public Works, and the letter will explain itself. It is given at page 77 of my first report. I read this letter to show you how matters stood at that time. You will see as I go on that it bears on the question that you ask:

“CANADIAN PACIFIC RAILWAY,
“OFFICE OF THE ENGINEER-IN-CHIEF,
“OTTAWA, May 6th, 1872.

Letter to Minister of Public Works, as published in appendix to witness's report of 1872, in which letter he defends the point selected for beginning the easterly section of the survey.

“The Hon. H. L. LANGEVIN, C. B.,
“Minister of Public Works, &c., &c.

“SIR,—Objections have been offered, since my report on the Pacific Railway explorations was made public, to the point selected for beginning the easterly end of the survey. It is, therefore, proper that I should submit a few words of explanation, which, if you deem expedient, may be included in the appendices to the original report and printed with them.

“In the selection of a point for beginning the survey, three main objects had to be kept in view:

“1st. A connection with the railways of the Province of Ontario.

“2nd. A connection with the railways of the Province of Quebec.

“3rd. The discovery of a practicable line for a railway through the wilderness country extending northerly and westerly by Lake Superior to Manitoba.

“The Government considered that a point between the Georgian Bay and the River Ottawa in the latitude of Lake Nipissing, would generally meet the first two objects, viz.: the connection with the existing railway system of the country.

“The third object appeared, at the time the survey began, the one of chief importance, as grave doubts were entertained by many as to the possibility of piercing the long extent of rugged country, believed to exist, with a practicable line for the railway.

“The Government was extremely anxious that a practicable line should be discovered with as little delay as possible, and, in order the more effectually to accomplish this object, the engineer appointed to conduct the surveys was left untrammelled as to the course to be pursued.

“The Government simply decided that the survey should begin in the latitude of Lake Nipissing somewhere between the Georgian Bay and the River Ottawa; the duty and responsibility of finding a practicable line thence westerly devolved upon me.

“The distance between the Georgian Bay and the River Ottawa in the latitude referred to is, in round figures, about 100 miles. Lake Nipissing is situated about midway, and, with its different bays, practically occupies about fifty miles, or about half the whole distance.

“It was clear that a line for the Pacific Railway, to connect with the railways of Canada to the south, must pass either to the east or to the west of Lake Nipissing.

“Every known source of information respecting the country lying between Lake Nipissing and the northern bend of Lake Superior was fully and carefully consulted by me, and all accounts agree as to the exceeding roughness and impracticability of the country for railway construction on a line drawn from any point between the Georgian Bay and the west end of Lake Nipissing.

“The country on a line drawn up the valley of the Ottawa from a point east of Lake Nipissing seems, on the other hand, much more promising.

“I satisfied myself that to attempt the discovery of a favourable line on a moderately direct course from the westerly end of Lake Nipissing to the north side of Lake Superior could only be made at a great expenditure of time and money, and without much hope of success.

“My duty and object was not to court failure, but to aim at success by the most direct course, I therefore decided to look for a satisfactory solution to the problem of practicability by beginning the survey at a point east of Lake Nipissing. * * *

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"I am perfectly satisfied, from all the information acquired respecting the geographical position of the different points referred to, and the physical features of the intervening country, that the probability of finding a more favourable and shorter line, by the west side than by the east side of Lake Nipissing, is very small.

"Be this as it may, I trust the explanations given with regard to the commencement of the survey are satisfactory. Of course, in beginning instrumental examinations it was necessary to fix on some definite point. I selected Mattawa as this point for similar reasons to those which governed me in making the survey east instead of west of Lake Nipissing.

"I do not, however, wish it to be understood that I consider it impracticable to build the railway nearer the east end of Lake Nipissing than Mattawa, and thence to such point south of it as the Government may select.

"I have the honour to be, Sir,

"Your obedient servant,

"SANDFORD FLEMING,

"Engineer-in-Chief."

Reads from his report of 1874, description of results in the woodland region.

Then, for an explanation of what was done up to the time of the fire in 1873-74, I refer to my report for the year 1874, page 27. I shall read part of page 27 of my report of 1874:

"In accordance with the principles laid down at the beginning of the survey in the spring of 1871, the first efforts were directed to the discovery of a route for the main line which would touch Lake Superior at such a point in its course as would make the prairie region accessible from that lake during the season of navigation.

"The first efforts were not successful. The work of exploration, extending over a whole season, with a strong staff of surveyors, although undoubtedly the means of acquiring a great deal of reliable and important information, did not result in the discovery of a practicable line throughout.

"Explorations were continued during the following winter and summer, and by the end of 1872, a practicable and favourable route for the main line was found.

"The route passed round the north side of Lake Nipigon, and in order to connect it with the navigation of Lake Superior, a branch line was rendered necessary.

"Two surveys for the branch were made. The one to Thunder Bay, the other to Nipigon Bay. The estimated distance from the main line to the former point was about 150 miles, and to the latter point about 105 miles.

"The position of the main line, north of Nipigon, involving the construction of so long a branch, was not satisfactory. Surveys were therefore renewed in the spring of 1873, in the hope of finding a more suitable location. It was felt that the saving effected by a reduction of the length of the Lake Superior Branch would compensate for the extra cost involved in passing through a portion of difficult ground. It was known that the rugged district along the coast of Lake Superior could not wholly be avoided, but it was expected that exhaustive surveys would result in showing where the fewest difficulties would be encountered.

"While five surveying parties, fully equipped, were engaged in this examination, the country between the valley of the Ottawa and Lakes Huron and Superior was further explored, with the view of projecting the most direct practicable route from a point east of Nipigon to the westerly and to the easterly sides of Lake Nipissing.

"During the present winter two surveying parties have been and are still at work west of Lake Nipigon, but the characteristic features of the district in which they are engaged are well understood, and I do not apprehend they will meet with much impediment. Their duty is mainly to connect previous surveys by a chain of measurements, in order to shorten distances. This work, as much of the ground is marshy and broken by innumerable small lakes, can best be done in the winter season."

For work done on eastern section refers to page 46, of report of 1877.

I do not think I need trouble you with any more. Then, again, there is something in my report for 1877, that bears on this particular subject, page 46. In my report for 1877, I give a detailed account of the operations in the eastern section, year by year. I do not know that I need read it, but I would refer to page 46, where this description begins.

Thinks that extracts from his report have some bearing on the system that was projected for examination of the country.

22037. We have had the advantage of that report and of reading about those different operations for the several seasons, but if there is any particular part which you wish to record in the evidence, we have no objection to hear it read: it is for you to say whether you consider it material or not, under the circumstances, understanding that at present we are endeavouring to ascertain the system that was projected for the examination of the country, and the reasons for it?—Well, an

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account of the operations will probably give some indication of the object of the surveys.

22038. I think we understand generally the object of the surveys, which, I suppose, was to get as full information as could be reasonably got, under the circumstances, for the purposes of the railway; however, if you desire that any particular portion of these reports should be recorded expressly by way of evidence, we cannot object?—Well, I would simply refer to my various reports, and especially to page 46 of my report for 1877, describing the operations in the woodland region, year by year, and I would like to read about half a page of that which bears on the difficulties, at all events, connected with the survey:

Reads from report of 1877, descriptions of operations in woodland region.

“At the beginning of the survey, a large extent of this region was but little less strange than the Mountain region. No civilization, so far as known, had ever passed from the valley of the Upper Ottawa through the intervening wilderness to Lake Superior. The country east and west of Lake Nipigon was all but a *terra incognita*. It is true that the chain of lakes and streams from Thunder Bay to Lake of the Woods and Fort Garry, known as the Dawson route, had been travelled, but this route was circuitous and much out of the way of a direct railway line.

“All accounts of the country to be traversed by the railway, at least such portions of it as were in any way known, were unfavourable. The southern margin of this region extends for some 600 miles along Lakes Huron and Superior, where the eye rests upon only a continuous frontier of rugged rocky hills, and on the more northern lake they assume the form of bold bluffs of great height rising from the water's edge. The surface is generally wooded. In many places dense thickets are met. Judging from an exterior so rough, and general features so forbidding, the region was deemed by many impracticable for railway construction.

“The first step was to pierce the interior by a chain of connected explorations and actual measurements, both of distance and height.

“These operations were commenced at Mattawa, a point on the River Ottawa, in the latitude of Lake Nipissing, to which locality exact surveys and levels had, some years previously, been carried from the tide-water to determine the construction requirements of an Ottawa ship canal. Strong parties, eleven in number, were detailed to carry on the required operations from Mattawa west to Red River, a distance exceeding 1,200 miles.

“Great efforts were made to have these surveys connected within the year, but the vast distances which intervened through an entirely roadless, and in some places exceedingly rough country, made it late in the summer before portions of the survey could be actually commenced. The difficulties in the way of keeping the parties furnished with supplies was also great.”

I turn to page 57 of the same report and read:

“The topographical features and the adaptability to railway purposes of a country covered with woods, and imperfectly known, can only be ascertained by patient and persistent efforts. The view is much obstructed by the growth which covers the surface. The axe must generally be used to admit of observations being made for even a few hundred feet. The way must be felt little by little.

“The woodland region is covered by dense forests throughout its length, of more than a thousand miles from east to west, and in its breadth from the Great Lakes north to Arctic waters.

“It is entirely without roads of any description; the examination has, consequently, proved difficult and tedious. Exploratory lines have been carried through the forest in every direction where the determination of facts suggested their necessity. Thus, at great labour, we have acquired valuable information, and the results may be viewed with satisfaction.”

22039. I understand that you were untrammelled as to the course which you would take in making any examination of the country?—Yes; I made use of that language. I had no instructions. I explained my views from time to time to the Minister of the Department, and he usually concurred in the proposals which I made.

Witness untrammelled as to the course to be taken.

22040. Do you remember whether you had any positive instructions as to the time when the work would be actually commenced, or whether you assumed that the time named in the agreement with British Columbia would be the time within which they would be commenced?

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—I had no written instructions, and I do not remember what verbal instructions I had, if I had any; but I certainly understood that the Government desired to have the information within the time named.

22041. Could you say whether you understood that from any officer of the Government, or whether it was your own conclusion from reading what had been written on the subject?—I understood that in all my intercourse with the Minister of Public Works, and I think the letters which I have read to-day will show that was my conviction.

22042. I have understood it to be your conviction, but I am endeavouring to ascertain now, how you reached it—whether you say it was communicated to you by some one on behalf of the Government, that two years was the limit of the time that would elapse before the work commenced?—I understood that.

If he had not understood that the work should be commenced within two years he would have pursued a different system from what he did.

22043. From some one connected with the Government?—From some one connected with the Government.

22044. If the time had been much longer, say double that, would it have made any difference in the course which you pursued in making these examinations?—Yes; it would have made considerable difference.

22045. Would you explain what difference it would have made?—In some places it would have made not much difference. I think it would have been absolutely impossible to pierce that portion of that uninhabited and roadless country but in the way it was pierced; but there are other places where, in all probability, I would have attempted to make a personal examination myself.

22046. Then that difference would only have been in the persons who were engaged, not in the system of survey, do I understand you to say?—In both. I say there are some places where there is no other way of getting the desired information. I do not know any way in which you could make a general examination of the country that would be of any value between the Ottawa and Lake Superior on the route of the railway unless it was made by an exceedingly able man, such a man as was not available at that time. You must bear in mind, in a country of that kind, densely wooded, it is very much like groping in the dark: you cannot see 100 yards about you. In my instructions I suggested each man should carry climbers with him to get information in that way that he could—climbers such as telegraph constructors use to put up wires.

22047. Then, if the time had been much longer than two years, do you say you would have adopted a different course?—If the time had been much longer than two years I would have adopted a different course in some sections.

22048. Which sections?—North and west of Lake Superior.

If there had been time would have made explorations first, and then proceeded to make instrumental surveys on promising routes.

22049. What different course would you have adopted?—I would have attempted to make the examination by means of the micrometer and barometer along the various canoe routes and lakes that intersect the country in many directions to the west and north of Thunder Bay.

22050. With what object would you have adopted that particular course?—For the purpose of getting a general, although not strictly accurate, knowledge of the country.

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22051. How would that have been any benefit to you?—It would have enabled me to project surveys.

22052. Instrumental surveys?—Yes; on routes which were the most promising—which seemed most promising.

22053. Then, if there is no particular objection in the surrounding circumstances, to have a preliminary examination is the best course?—That is the plan that I would have adopted.

22054. I understand you to say that is the best plan where there is not something in the surrounding circumstances to prevent it being adopted?—Yes.

22055. How does an instrumental survey accomplish the object better than the other method when the time is short?—An instrumental survey combines both. It gives you the information that you would derive from that means, of making an exploration, as well as positive information of another kind with regard to horizontal and vertical distances, and it gives you a base from which to project your explorations to the right and left.

22056. I understand that this was a new country altogether; that it was unknown, in fact, to civilized man, as you put it—the country generally from Red River to Nipissing?—More especially from Nipigon to the Ottawa. The Dawson route had been traversed at various times, and it is well known the Dawson route extends from Lake Superior to Red River.

From Nipigon to the Ottawa, an entirely unknown country.

22057. But from Nipigon direct there was not much information obtained?—Not much.

22058. Speaking generally of the country, from Lake Nipigon to Lake Nipissing, it was an unknown country?—Speaking generally; yes.

22059. The exception to that general description is that portion which would be a little south-west of Lake Nipigon, along the Dawson route?—Yes; the country along the Dawson route—the country north of the Dawson route was not known.

The country north of Dawson route unknown.

22060. Would it be desirable, before laying out a line in an entirely unknown country, to get some kind of information over a large area, or over a limited area?—We acquired as much information as we could over a wide area. I had an exploration made on snow shoes, without instruments, all the way from Red River east to Nipigon, as early as it could be done.

22061. That is what was done; but speaking now in the abstract, without reference to any particular work, and from an engineering point of view, where the necessity is to make a line over an entirely unknown country, is it desirable that the examination should cover as wide an area as possible, or a limited area?—Oh, as wide an area as possible.

Where a line is to be made over an entirely new country desirable that the examinations should cover as wide an area as possible.

22062. Would you get information over a wide area by employing this method which you have described as the one which you would have taken if time had not been limited—I mean by micrometer and barometer—rather than by an instrumental survey?—Well, you must be guided by every circumstance. In this case there was no need for getting information over so wide a country as your question would indicate, or seem to mean. For instance, we wanted the shortest

In this case a very wide examination not so necessary as the shortest possible line from Lake Nipissing to the northern bend of Lake Superior was required.

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line from Lake Nipissing, or that neighbourhood, to the northern bend of Lake Superior.

22063. You mean the shortest possible line?—The shortest possible line. There is no need for making an exploration 200 or 300 miles from that, although we actually did send an expedition through to James Bay for another purpose altogether.

22064. I understood you to allude to the great width of this country you had to examine; after describing the length, you mentioned 300 to 500 miles, I think?—Yes; that is on the Pacific coast, and that was actually examined; but on this end I did not mention so great an area, did I? Although I would not have been so far wrong, for I made an exploration as far north as James Bay by order of the Government for another purpose. In speaking of that I had reference to the cause of expenditure on the survey.

22065. Was it desirable between Red River and Mattawa, or Nipissing, to obtain information over a wide or a narrow area of country: I am speaking now of the breadth rather than the length?—Well, it was desirable to get as much information as possible.

22066. You mean over a wide area of country?—In every direction; but it was more important to get information as to the practicability of a line on the shortest course between the one point and the other.

22067. A short time ago I understood you to say that if you had not been limited to time you would have adopted, as a preferable mode to the one that was adopted, the method of examination by micrometer and barometer, because it would have given you the information over a wider area, and would have enabled you to judge on which of the lines you would afterwards make an instrumental survey?—Because it would give me the information which would enable me to project an instrumental survey with the best prospects of success.

Thinks, irrespective of time, it would have been necessary to pierce that country between Nipissing and Nipigon with instrumental surveys.

22068. Would not those same reasons have applied to the territory between Nipissing and Nipigon, for instance, if you had not been limited as to time?—Not to the same extent; no. I think it would have been necessary to pierce that country in the way it was done under almost any circumstances—at least I could see no other course calculated to result satisfactorily at the time.

22069. Do you say that as to that particular portion of the line between Nipissing and Nipigon, you would have adopted the course which you did, whether time was an object or not?—Over a considerable portion of it I think I would.

22070. Then your opinion is evidently that the course pursued was the best in the public interest?—I think, under the circumstances, that I could have pursued no other course.

22071. Under which circumstances?—Under the circumstances which I have explained in my evidence to-day.

22072. You do not mean the time arrangement with British Columbia?—That is an element.

22073. But I understood you to say that, irrespective of that element and under any circumstances, this would have been the best course?—Every part of the country.

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22074. Speaking of the part which you have just mentioned, do I understand you to give this opinion: that the method of examining that country which was adopted was the best one in the public interest under any circumstances?—Under the circumstances which obtained then.

Under the then circumstances the plan of surveys adopted the best in the public interest.

22075. I thought you said, irrespective of those circumstances?—Taking the question of time; if three or four years had been given, I think the plan adopted was a good one for that portion.

22076. If time had not entered into the calculation at all; for instance, if it had been ten years instead of two?—Ten years would make a great difference. I would not have made such a survey the first year if ten years had been given. I would have adopted other means of getting the information in that case.

If he had had ten years would not have made an instrumental survey the first year.

22077. What course do you say you would have adopted to get that general information to which you allude?—I would have sent exploring parties up the River Ottawa in order to make a micrometric and barometric observation. I would have done the same up other rivers, and in that way endeavoured to narrow the limits within which to make the kind of survey which was made.

Would have sent out exploring parties.

22078. By sending out those exploring parties the first season you would ascertain where it would be expedient to send the other parties afterwards: is it desirable to obtain such preliminary information before sending out instrumental parties?—Yes.

22079. Why?—Because the object of the whole expenditure was to gain information.

22080. But if you could gain it just as well by an instrumental survey in the first instance, why would it have been desirable to precede it with such an expedition?—This could be done at less expense.

22081. That is the reason?—Yes.

22082. Then the loss, if any, by being obliged to adopt the system you did, was a financial loss?—Financial loss.

22083. Is there much difference in the expense between the two courses: in the first season an exploration, and afterwards an instrumental survey, over a selected line, and the course which you did adopt, namely, an instrumental one from the beginning?—I do not know, in the long run, if it would have been very much different, because the general survey would have cost the same, and would have been necessary in the long run. The only gain would be you would be more likely to meet with ultimate success by taking the other course.

Does not know that there would be much difference in ultimate cost.

22084. I suppose it has happened in your experience of this very railway that some instrumental parties have performed services which have been entirely useless on account of their meeting with obstacles which were insurmountable?—Not entirely useless. The very fact that they discovered insurmountable obstacles was of value.

22085. The instrumental survey was useless, I suppose, if it could have been discovered in the way you speak of, by a micrometric and barometrical survey?—If we had the proper men to do it.

Witness's views of the comparative merits of exploratory and instrumental surveys.

22086. Then so far as that survey exceeded in expense the more simple one, to that extent it was useless in the instances I have alluded to, where they discovered the insurmountable obstacles?—If the obstacles could have been discovered at smaller cost it would have been very desirable to do so.

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22087. Is it not desirable to ascertain those obstacles by a simpler process?—Not always; the difficulty is to define the position—to lay the position down on the map.

22088. But there is no difficulty about that, is there?—There is a difficulty.

22089. Then why would you adopt such surveys if there is a difficulty about ascertaining the localities—in other words, if they are not effective?—I would adopt them in some instances where you could, with comparative ease, fix the position of the obstacles.

22090. Could you, in the country between Nipigon and Red River, without difficulty, fix the localities by micrometric and barometric observations?—It would not be very easy. That country, at least the geological characteristic, is very much like the Thousand Islands, only there is little more land than water, and it is very difficult to make a survey there.

The reason why instrumental surveys were adopted from the beginning was the limited time.

22091. I understand you to say this, at all events, that the simpler explorations give information which it would be desirable to get before starting instrumental surveys, and the reason why instrumental surveys from the beginning were adopted, was that the limited time made it necessary?—Yes, the time seemed to make it necessary. If I had been asked to make this survey with unlimited time I would not have taken the same course.

22092. Now, coming to the question of time with a view of ascertaining how far it affected the system of surveys, let me ask what extent of the country from the east you supposed would be under construction within two or three years from the time of the first survey?—From the east?

22093. Commencing from the east?—From Lake Superior to Nipissing?

22094. East of the whole line. I understand you to say that you were informed that the terms with British Columbia would be adhered to and that simultaneously the work would be commenced from the east and from the west?—Yes.

22095. That would make it appear necessary to commence the survey at each end; now, assuming that to have been necessary, how long do you think it would take to ascertain the point of beginning, and enough more to enable them to go on with the work?—Well, I see what you mean, and I think that it would have been impossible for me to pronounce positively as to the practicability of the whole line before the next meeting of Parliament, so soon, if I had not taken the course I did. It would not have done to have omitted the whole section between Lake Superior and Nipissing. It was necessary to ascertain whether it would have been possible to get a railway through that or not.

Necessary to ascertain the practicability of a line from end to end before a blow was struck.

22096. Do you mean that it was necessary to ascertain the whole of the route before either end was begun?—It was necessary to ascertain whether a line from end to end of the country was practicable or not before a blow was struck; that is my opinion.

22097. Then, in your opinion, the simpler examination of the country at any point between Red River and Nipissing could not have been attempted as a first step; it was necessary to adopt the more expensive

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system from the beginning?—It was necessary to take the means that would lead to a positive opinion one way or the other, and that means was taken. It is an easy matter being wise after the event, but I can positively say I could see no other way of having the results that were desired.

Necessary to take the means which would lead to a positive opinion.

22098. It is not because I have any doubt of your judgment in the matter, or what your judgment was at the time, that I am asking these questions; but it is in order, if possible, to get down to the reasons bearing on the matter, so as to see what led to your judgment?—Well, but pardon me, I am not referring to you. I know that some people are ungenerous enough to state what they would do after they know what the difficulties are. Some people are always wise after the event. I have no reference to any one here.

22099. I have taken the course of questioning in this way in order to get out a great deal more than a witness will say by merely stating what his opinion is at a particular time. We have to elaborate to get down the different views on the different questions which suggested themselves to your mind?—If I had to do it all again I would not say that I would take precisely the same course or employ the same manner of means of getting information, because I know better now; but, with the information that I had then, I know of no other course that I could have taken.

With the information witness had at the time he knows of no other course which could have been taken.

22100. Was there any portion of the country which had been under your direction before—I mean on the Intercolonial Railway or any other part of the country—which was an entirely unknown country at the beginning of a project?—On the Intercolonial Railway there were surveys made through large—considerable—sections that were very little known to any one who left a record behind them. They were probably traversed by lumbermen. Examinations had been made some ten or fifteen years before by Col. Henderson and his assistants in certain directions.

22101. How was the knowledge obtained before locating the line through that section: was it by exploration in the first instance?—Both plans were adopted.

On the Intercolonial both preliminary explorations and instrumental surveys in the first instance were adopted.

22102. Generally, which practice prevailed at the beginning in the examination of that country?—I am not very sure.

22103. Was it under your control at that time?—It was not under my control, but when it came to be under my control I adopted both ways.

22104. I am speaking now of entirely new countries?—I adopted both plans.

22105. I suppose in settled countries, or well known countries, where the physical features are understood, there would be no great necessity for explorations?—That is just the place where you could make them most easily. For instance, between this and Toronto there is no difficulty riding over it on horseback or driving through it by waggon and getting a fair knowledge of the country, but that could not be done where it is all forest, and it is all forest up there. Where there is spruce, balsam, and such trees as that, it is very difficult to get through.

22106. I think I have learned, by your evidence to-day, that whenever you thought the opportunity occurred you did examine the country

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first by explorations and not by instrumental surveys, notwithstanding these trees?—Yes.

Why simple explorations were made in winter.

22107. Why was it advisable to explore simply in winter?—Well, it enabled you to get over some portions of the country a little quicker and at much less expense than by making an instrumental survey, and these explorations were not always, but generally side explorations, not in the general direction that we aimed at getting, but to gain information at considerable distances to the right and left of that line, so that if we failed in getting through in a direct course we could direct our attention to a roundabout course.

Witness asked to give cost of a bare exploration.

22108. You say that was a good deal less expensive than instrumental surveys: what party would be necessary for a bare exploration?—The chief expense would be in carrying in the provisions.

22109. And that would depend upon the number of the party of examiners, if I may so call them, as distinguished from labourers?—It would require a sufficient number to take in provisions, and that would depend on the distance they would have to go.

22110. Take any common distance you like, say fifty miles, what number of persons would you send to make the examination as distinguished from transporters and other labourers?—I would make an estimate of the number of days they would have to be away from the base of their supplies, and allow a pound and a-half of pork and a pound and a-half of flour per diem.

22111. Could you make that up shorter, say for 100 miles?—If this object is simply to run along 100 miles and come back, the time would be short; but there are other circumstances probably requiring him not to go forward and back by the same line, but to take a circuitous course in order to widen the sphere of observation.

22112. Well, taking what matters you think necessary before making up an exploring party, would you now say what you consider the size of a party should be for north of Lake Superior?—Well, I will furnish the data on which I would make my calculations. These explorations would have to be made in winter.

22113. Say first for winter, by way of illustration?—And you would have to take into account clothing; they would want blankets, and some pots and pans, and a tent of some description.

22114. Of course a party would not be sent out on such an expedition without a calculation of some kind being made?—The calculation has been made over time and again. I cannot carry them in my mind.

22115. If you will give me the particulars I will make it up now?—I would allow a pound and a-half of pork and a pound and a-half of flour for each man;—

22116. How many men?—I think I would give them a couple of blankets, and I would allow a couple of buffalo skins among a certain number, and they would want a frying-pan for a certain number, and some pots and pans to boil pork and tea.

22117. Are there any other minutiae you would like to describe?—Yes; they would want two tents, unless the engineer went out contented to sleep with his men. Then you would have to make allowance for accidents of various kinds, and the possibility of the party not

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returning so soon as expected, and have to take a surplus of these things with them to prevent any sort of disaster.

22118. Would anything else enter into the calculation?—Such instruments as they would want and their personal clothing. They would want to take clean flannel shirts, drawers, socks, and boots and moccasins, and various things of that kind.

22119. Is there anything else that is absolutely necessary to mention before we can calculate?—I think these are the chief items. There may be small things which would suggest themselves to any one.

22120. Would you give me the number of men now?—The number of men would depend upon the result of that calculation.

22. 21. I asked some time ago how many persons you would take for the examining portion; I thought that desirable as part of the data?—Well, two would be enough.

Two engineers enough for a simple exploration; two axemen.

22122. And for what other purpose would men be required?—For using the axe, and for carrying in these things on their backs.

22123. How many for the axe?—Oh, I should think a couple of men would be enough.

22124. Do you think the party would be composed of four, besides those who were required to do the transporting?—Possibly that would be about the number. It would depend, of course, a good deal upon the length of the journey and the object of the journey.

22125. I endeavoured, upon a former occasion from another witness, and I am endeavouring now, to ascertain something of the proportion of these two systems of survey, one by a bare exploring party, and one by an instrumental surveying party, and I find it is very difficult to get any one to express an opinion. I have no objection to making the calculation if you think it is too difficult, or if you do not remember. If there is any simpler way of getting at it I would like to know it for the purpose of this comparison. Of course we can start at any given distance—100 miles or fifty miles?—You would take, possibly, one of these surveys that were made in that way. There was one made, I remember, in the winter of 1871–72 by William Murdoch, between Fort Garry and Fort Nipigon. The number of hands with him and the cost incurred would probably give you some idea of the expense of that. That can be easily ascertained.

Refers to the exploration of Murdoch, and suggests that the cost can be ascertained from the Department.

22126. Do I understand from you that in the Department of the Engineer of the Pacific Railway there is no general understanding on this subject, as to the relative cost of such parties and such examinations—that it is a matter on which there is no impression?—Well, here I am a witness under oath, and I do not come here prepared to make calculations under oath. I would like to do it deliberately if there is any need for doing it.

Does not come prepared to make calculations under oath.

22127. It is desirable to get this information?—I do not see the object. I do not see that I am called upon to be bothered with it, to speak frankly.

Not called on to be bothered to give information on the relative cost of different modes of examining a country.

22128. Well, I am very sorry to bother any witness, but I cannot help feeling it is a matter we ought to get information upon, if it is possible for engineers to ascertain it: is there any person else you could suggest who would do it better?—Well, I suggest an actual case. Take the case of William Murdoch, who made that examination—pre-

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cisely such an examination as you are enquiring about, between Fort Garry and Lake Nipigon; or, take the case of William Armstrong, who made an examination by the River Pie and down Nipigon River; take the case of Mr. Austin, who made an examination from one part of the country to another to the east of Lake Superior.

22129. These were exploratory examinations, I understand?—Yes, these were exploratory surveys.

22130. With what instrumental surveys should I compare those exploratory examinations?—I do not think it would be just to compare them with any instrumental surveys.

Cannot tell how cost of instrumental and exploratory surveys may be compared.

22131. How can I compare the cost with that of instrumental surveys?—I do not know; I cannot enlighten you. I thought it expedient to make instrumental surveys at first.

22132. Of course you have no objection to my getting data for the comparison?—Not at all.

22133. You understand I am endeavouring to make a comparison between a bare exploration over a common country and an instrumental survey, such as was made from time to time over different parts of the country: now you suggest those very exploratory surveys as comparing the data?—If I had thought such an exploration would have procured the information, I certainly would not have gone to the expense of doing anything more.

22134. I am quite sure that you did not think so, and that you took the course which you deemed to be best; but after disposing entirely of that matter, I wish now to get some data on which to found a comparison of the cost of such surveys without reference, if you like, to the Pacific Railway. We want to know what it would cost to survey such a country as that through which the Pacific Railway was located, in the one case merely by exploration, and in the other case by an instrumental survey?—I am afraid I cannot assist you in making the comparison at this moment. After reflection I might.

OTTAWA, Saturday, 14th May, 1881.

SANDFORD FLEMING's examination continued:

**Railway Construction—
Contract No. 25.
Muskeg.**

By the Chairman:—

22135. Is there anything connected with your previous evidence that you wish to state?—In my evidence, yesterday, respecting the measurement of muskeg, I stated that I had written a letter directing that all further certificates should be stopped. I have sent for the letter, and here it is, dated December 23rd, 1878. It is quite short:

Letter of Fleming to Smith directing that all further certificates should be stopped.

“MARCUS SMITH, Esq., Ottawa:

“MY DEAR SIR,—On the 12th instant, Messrs. Purcell & Ryan, the contractors for section 25, made application for the percentage retained by the Government on their contract. I looked into the matter, and found that while the original total estimated amount of work was \$1,037,061, already \$1,312,015 had been certified as the value of the work executed, showing a serious discrepancy between the original estimate and the return of work done, too serious, indeed, to pass unnoticed. I at once telegraphed Mr. McLennan, the engineer in charge of the section, to furnish without delay a return accounting for the excess referred to. I had some days previously heard that there was a material difference in the quantities, but

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this is the first occasion on which the matter has regularly come before me. I deem it proper, therefore, to lose no time in enquiring into the matter. I have as yet had no reply from Mr. McLennan, but possibly some explanation will come from him before long. In the meantime it is advisable to issue no further certificates on this contract. I think that is the proper course to take in the matter, and if the information required cannot be had in any other way, it may become necessary to have a re-measurement of the entire work.

"Yours very truly,
"SANDFORD FLEMING."

That is the letter I had reference to.

22136. Do you understand that letter as giving directions only as to muskeg material, because I understand it was on this subject you supposed you had written the letter?—This letter gives directions to Mr. Smith who, up to that time, had been issuing certificates in the contractor's favour, to issue no more.

22137. I do not understand you to indicate in that letter that you have any objection to the method of measuring muskeg?—No; the question was not understood then. The fact that the amount paid the contractor had then over-run the original estimate by something near \$300,000 was quite enough to satisfy me that there was something wrong.

Muskeg question not understood when letter written, but convinced that something was wrong.

22138. That might have occurred if the measurements had been on account of excessive work in rock or loose rock would it not?—Possibly. I did not know the cause then, but it was in connection with the muskeg question.

22139. How do you make out that it was in connection with the muskeg question—I mean the contents of your letter?—Because I discovered subsequently the excess was due to the mode of measuring muskeg.

22140. Then that letter was written before you discovered the difficulty about the muskeg?—It was written when the difficulty was discovered; the precise nature of the difficulty I did not then know.

22141. I understood you to say before, that, as soon as the difficulty in the measuring of muskeg came to your knowledge, you wrote a letter upon that subject giving directions on that subject?—I may have been slightly astray as to that, but the difficulties referred to in my examination, yesterday, were on the muskeg question.

22142. Do you mean now that the first difficulty which you discovered was that the work as executed largely exceeded the cost of the work which was estimated?—Yes.

As a fact the first difficulty discovered was the excess of actual over estimated quantities.

22143. And that, having written a letter upon that subject in the words which you have read, you discovered afterwards that this difficulty was due to the excessive quantities measured as muskeg?—Yes; quite so. There was a difficulty—a serious difficulty—and I determined to make full enquiry into the nature of the difficulty before the contractors should be paid any more.

22144. After you discovered that the difficulty arose from the mode of measuring the muskeg, did you give any special directions regarding that material?—I did.

After discovering that the excess in quantities was due to the mode of measuring muskeg sent out letters to the engineers.

22145. In what way did you give them?—I sent out letters of instructions to the several engineers in charge of sections where that material was being used.

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22146. At what time did you send them?—I have a letter in my hand, dated 3rd of June, 1879, addressed to Mr. Jennings. Similar letters were addressed to Mr. Caddy.

22147. Is that the same which is printed in your memorandum of 1880?—Yes.

22148. Does that refer particularly to the mode of measuring muskeg?—It does, if my recollection is right, and it was done after the nature of the difficulty referred to in the letter which I have just read, was found out.

Instructions to Jennings respecting muskegs.

22149. On page 15, in clause 6, I find that you disapproved of the use of this material for embankments: is there some other portion of the letter which speaks of the method of measuring it?—I will be happy to read you clause 6. I begin at that:

Condemns use of vegetable matter of spongy nature in embankment.

"6. It may further be mentioned, for the information of Mr. Jennings, that on some sections under construction, when muskegs prevail and the embankments have been formed from side borrowing-pits and ditches, serious difficulties have arisen. The material so borrowed is reported to be, in many cases, vegetable matter of a spongy nature, holding much water, and when dry and compressed by a superincumbent weight, to have little solidity; it is consequently unfit to be used in the formation of earth embankment. The undersigned accordingly disapproves of its use.

In some cases ditches of little value, and then logging and brushing should be used.

"7. There is always more or less difficulty in forming embankment across muskegs or marshes. In some cases where a proper outfall is available, so that ditches would have the effect of draining and consolidating the ground, it is advisable to form them parallel to the line of railway. But when the ditches, after being formed would simply remain full of stagnant water, their formation is of doubtful expediency, and under such circumstances ditches are of little value. Indeed, in some special localities they may be a positive injury, and in all such cases it is advisable not to form them, but rather resort to a judicious use of the logging and brushing provided for under the contract.

"This being done a thin covering of earth to form a foundation and bed for the ties may be added. Track may then be laid, and thus allow material to be brought from any convenient distance by train. But if this expedient be resorted to, it will be necessary to bed the track sufficiently even and solid to prevent the rails from being bent or injured in any way.

To see that in no case the price of earth and haul together exceeds that of ballast, which, prices being equal, is best.

"8. These several points are brought to the attention of Mr. Jennings, but he will himself determine the best course to be pursued when he has specially examined each locality, and become acquainted with the depth of the muskeg and all the circumstances. In arriving at a decision, Mr. Jennings will take into consideration the question of haul, for which a price is provided, and he will see that in no case the price of earth and haul together (when material is brought by train) shall exceed the price of ballast, as in such cases ballast would probably be the best and cheapest material with which to form the embankment.

This is the section which I wish to direct your special attention to:

Where muskeg permitted to be used sparingly, and in all cases only the solid contents of the spongy matter to be paid for.

"9. There may be some exceptional case where it may be impossible for the contractor to procure suitable material for the road-bed, and where it would be a very great advantage to them and expedite their operations, if they were permitted to use in part the spongy material found in muskegs. This shall only be allowed sparingly, and in all cases when used, the solid contents of the spongy matter only is to be paid for. A log platform (clause 12) must invariably be laid on the surface before any of the muskeg material is deposited, and arrangements must be made to measure the solid cubic contents in the embankment after the water has had time to drain out of it. On these conditions as to measurement and payment, and on these only, will the undersigned approve of the use in any form, of this peculiar material."

Then I go on to point out that Mr. Jennings should inform the contractors of my decision in the matter, and so forth.

22150. I understand you to suggest in these instructions that the use of this material would not be approved of by you generally, and that in special cases where it might seem to be unavoidable, on account of the extra expense to the contractor if he were obliged to furnish other material, you would permit it to be used upon the condition that that measurement, or that mode of measurement

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which you suggest, would be acquiesced in by the contractor?—In those cases, and in the way described, I would permit it to be used.

22151. But upon the condition that the contractor should be informed first of your decision?—No; there was no condition of that kind.

22152. I understand it is only upon these conditions you would permit it to be used; that, in other words, you withhold your permission unless those conditions are agreed to?—Yes; but the informing of the contractor was not one of the conditions, because it would come to the knowledge of the contractor sooner or later, and I was desirous that the contractor should know as soon as possible.

22153. But do you not see that you are telling the engineer that you will not permit the material to be excavated and used unless a certain mode of measurement shall afterwards be adopted?—Yes.

22154. Well, how can you attach a condition to the removal of it which takes place before the mode of measurement is established unless by the consent of the parties?—I do not comprehend the question.

22155. I understand you to say this in effect: I withhold my consent to using that muskeg material in embankments unless it is to be measured by the solid contents after compression: is that, in short, the substance of your instructions upon that question?—Yes; I point out how the material is to be used, and it amounts to this: it is to be measured in embankment so as to arrive at the solid contents of the material, and I say “on these conditions and payment, and on these only, will the undersigned” (that is myself) “approve of the use in any form of this peculiar material.”

Witness's instructions as to use of muskeg that this conditioned on the contractor being allowed only solid contents of embankment.

22156. You are attaching to your permission a condition as to the excavation; well, of course, one would think that that would be a condition precedent—that until that condition was ascertained or consented to, or in some way acquiesced in, you would withhold your consent—that the excavation, in fact, should not take place until it was ascertained that that condition would be complied with?—I said so in so many words.

22157. Then that involves the proposition that the contractor should consent to that condition before the removal, and unless he did consent to it that the material should not be removed?—He would be stopped—if he took any other course means would be taken to stop him. The engineer had the power to prevent him taking any other course—I mean the resident engineer.

22158. Then, if the contractor did not consent to that condition, or was not informed of it beforehand, and proceeded to excavate without agreeing to it, or without being informed of it, he would not be, according to your own theory, as I take it, subject to this deduction in the measurement?—It just amounts to this: the work would come to a stand, or if he went on with the work against the positive instructions of my assistant on the ground, he would not be paid for the amount he did; he would get no certificate for work done. Mr. Jennings and the other were directed to make no returns unless in this way, and I would have taken very good care to have put my name to no certificate unless the material was used in the way directed and measured in the way directed.

Unless contractor complied with his conditions he would have given no certificates.

**Railway Construction—
Contract No. 25.
Muskeg.**

22159. Did you give any certificates after those instructions to Mr. Jennings, in which this muskeg material was measured in any other than your way; you say you would have taken good care not to do so?—I do not know, as a matter of fact, whether I did or not. If I did I would take it for granted that Mr. Jennings had carried out my instructions until I satisfied myself that he did not.

**Meanwhile went
to England.**

22160. Then, in other words, without enquiry, you would assume that your instructions had been carried out, and that the muskeg was really measured in the embankments?—Now, that it has come to my recollection, I was directed by the Minister that very year, very soon after I left this, not on my own pleasure, but on public business, to proceed with Sir John Macdonald, Sir Leonard Tilley and Sir Charles Tupper, to England, and I went with them to England, and I did not return until some time in August, or September, so that I was not at the head office for some months after these instructions were issued. When I returned, I required to find out what certificates I signed before I could answer the question. I have no doubt at all that I took care that no improper certificates were issued.

Thinks an Order-in-Council was passed defining the way muskeg should be used.

22161. Is there anything further on this subject of muskeg material and measurement, which you wish to give in evidence?—No; I simply promised yesterday to produce this letter that I have now produced. It now occurs to me that while I was last in England, an Order-in-Council was passed defining the way in which this muskeg was to be measured, and to what extent it was to be employed, and, I believe, this was conveyed to the gentlemen whose names I had already given, Messrs. Jennings and Caddy, and they have been acting under that Order-in-Council since then, I suppose.

Surveys.

Found it impracticable to cause exploratory to precede instrumental surveys, and that being so the cost of it was not considered.

22162. When we parted, yesterday, we were considering the comparative cost of exploratory and of instrumental surveys, particularly with reference to the eastern section which was the one upon which you were giving evidence: can you now give us further information upon this question of the comparative cost as to any given length of country?—Well, I am afraid I cannot give you very satisfactory information. I found it impracticable to begin and carry on the survey in that way, and it being impracticable, the cost of it was not considered. It was impracticable for more reasons than one. The men that could make a survey of that description were not available: they were not to be had in the country. Any men that I did know myself that could do it were then engaged.

Could not get the men fit for such work.

22163. Engaged on instrumental surveys?—Engaged on other work—on other lines of railway, or other work. Their services could not be had, and I had to devise some other means of getting the required information, so that the question of the cost of doing it in the way that you suggest was not considered.

22164. You say that men fit for this exploratory examination of the country were scarce, and were not to be had in sufficient numbers to enable you to depend upon that system or method at first: is that what I understand?—Yes.

22165. Then I suppose you also imply that if you had sufficient men at your command you would have followed that course of exploration?—If I had been able to spare the time, and if I had been ubiquitous, I would have done it myself; but I could not do that. I could not have

**Surveys—
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Survey.**

spared the time. It would have taken a very long time for one individual, and I knew of no other men that were then unemployed who could do it.

22166. But I understand you to imply that if the right men could have been found you would have adopted this system?—I would have employed it to some extent, not to the whole extent. There are some portions of the country where I think I would have adopted the same course that was adopted.

If the right men could have been found would have employed exploration to some extent.

22167. Which portions do you now allude to?—I refer more particularly to the section—the broad blank on the map that then was—lying between the River Ottawa and Lake Nipissing, and the northern bend of Lake Superior, a long distance, some 600 miles.

22168. Now, I understand that you mean that even if you had it in your power to be ubiquitous, and to have made these surveys by exploration yourself, you would still have decided upon an instrumental survey, as was at that time adopted?—For a very considerable portion of the country.

The country lying between the River Ottawa and Lake Nipissing, and to the northern bend of Lake Superior, he would under all circumstances have had examined by an instrumental survey.

22169. Is this the only section you referred to?—Yes.

22170. Between the River Ottawa and Lake Nipissing to the northern bend of Lake Superior?—Yes.

22171. So that irrespective of any surrounding circumstances, you say that the system adopted was the one which ought to have been adopted at that time?—To a large extent in that section.

22172. In adopting the instrumental method, do you get the information of as broad a strip of the country as you do by explorations?—You get the information of a kind that you require more than the other. To get the information by explorations, which are commonly called track surveys, the explorer would, as a rule, follow the water channels, the rivers and streams. These are all the depressions—the natural depressions of the country, and he would be unable to gain much knowledge concerning the land between those streams. By adopting the course I did I went to the core of the difficulty and got information in the general direction which it was desirable that the line should follow.

22173. In adopting the instrumental surveys, do you get information upon as broad a strip or area of the country as you do by exploratory examinations, or track surveys, as you have described them?—You get quite as broad, if not broader, because the instrumental survey embraces those track surveys and side explorations. If you allow me to draw your attention to the map of the country—take any one section—take the section in the neighbourhood of one of those Hudson Bay canoe routes—say the route from Michipicoton to James Bay: a track survey on that river would give you very little information that would be useful in projecting a railway. It would give you information of the country between Lake Superior and James Bay or intermediate points, but it would give no information of the country lying ten acres distant to the right and left of that: unless you could find a river or navigable stream that was lying in the general direction you wanted to go you would get very little information indeed. That canoe route that I have just referred to crosses, and could only cross, the line of the railway at one point, and it was impos-

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Character of
Survey.**

sible to say where that point would be at the first off-go—quite impossible.

22174. I do not think my question was sufficient to draw from you the information which I intended to ask for: I think I should have qualified it?—You spoke with regard to breadth of country. It would certainly give you, in the instance I refer to, greater knowledge of the breadth of the country; but it was knowledge of the length of the country we wanted more than the breadth.

22175. I will come to what I want afterwards. I am trying to work out the subject so that I can comprehend it myself: I know that you are very familiar with it. Would the same time and the same amount of money enable the Government to obtain the information over as wide, as broad an area of country by instrumental surveys as by exploratory surveys?—I think the plan adopted, which embraced instrumental surveys as well as explorations gives the desired information quicker and at less cost than it would have been possible to have done it with simpler explorations.

Witness says exploratory survey would never have given the information needed even if they could have been made.

22176. Do you mean with simpler operations at the beginning, and then followed by instrumental surveys, or do you mean that a simpler exploration would never have given you the accurate information that the instrumental survey did?—Well, I mean both. The explorations would never give us the information that we wanted if they could have been made—if we had the men to make them. They would have given us a certain amount of information, but it would not have been satisfactory, unless a great deal of time had been spent over it, years and years, and unless the very best description of men we had for that service had been employed.

Knowledge requisite before the location of the line, could have been acquired better by a simple exploration, excepting one of the eastern sections.

22177. For the present let us put out of the question the matter of available men for the service, and assume that any amount of available men could have been obtained; then the question I ask is this: whether some information towards the knowledge requisite before the location of the line could have been acquired over a wider area (I do not mean length so much as breadth of the country), by what is called a simple exploration better than by an instrumental survey for the expenditure of any given time and money?—In that case it could in certain sections of the country, but in one of the sections, particularly between Lake Superior and Ottawa, I still would have had the instrumental surveys made.

22178. Then you mean that in the district or in localities other than the one you name, an exploration would have given information of some kind over a wider area than instrumental surveys; but notwithstanding that you consider the circumstances in this case exceptional, and that the instrumental surveys were proper to be adopted?—Had there been plenty of time, and had there been a sufficient number of available men, it would have been advantageous to have employed them in making explorations with the barometer and micrometer and the ordinary track surveys, over a wide extent of country between Red River and Lake Nipigon, and perhaps a little distance to the east of Lake Nipigon; but I still think that, even under these circumstances, it would have been advisable to have made an instrumental examination in the way it was done between the Ottawa and the northern bend of Lake Superior.

**Surveys—
Character of
Survey.**

**Reason why he
excepts country
between Lake
Superior and the
Ottawa.**

22179. What is the reason which would take that particular strip of country out of the ordinary rule: why is it that you think that ought to be commenced by instrumental surveys rather than this other section which you say might better have been first explored?—There are several reasons. These track surveys would generally be done by canoe on the water channels, and there are no water channels running in the proper direction, or they are very few indeed in the section of country to which reference is made. If you examine the map—the last map, with all the water channels laid down on it—you will find that they run generally north and south instead of east and west.

22180. And do you mean that the country cannot be examined by a bare exploration except through the water channels or some other depressions?—Not very easily.

22181. But with some difficulty?—With very great difficulty. I have done it myself, but it is not an easy matter.

22182. Do you mean that it entails great hardship on the persons employed?—Great hardship, and the results are not very satisfactory.

22183. Although made with the micrometer and barometer?—Oh, you cannot use a micrometer in the woods. It must be an open country to use a micrometer.

**Cannot use a
micrometer in
the woods.**

22184. Were these bare explorations which you recommended to be made in the winter made through the woods?—These examinations were made with facility in the winter on account of the freezing of the rivers and lakes.

22185. But the rivers and lakes, I understand it, ran in a different direction from the line you were exploring?—The explorations were not made in the section of country I speak of. They were made in another section of country. They were made to the east and west of Lake Nipigon, not between Lake Superior and the Ottawa River.

**The explorations
which were made,
were made to the
east and west of
Lake Nipigon.**

22186. As to the difficulty of getting men fit for this service of exploration, what are the requisite qualifications of a person for that service?—Well, I should consider a properly qualified man would be one who is qualified to take the position of a chief engineer.

**No man fit to do
the work of an
explorer who
would not be fit
to be chief
engineer.**

22187. You think that would be requisite, do you?—I think so.

22188. Did you direct Mr. Horetzky to make some explorations in the western part of the country?—Oh, that is another matter altogether.

22189. I understood that you selected him for that work: is that correct?—Mr. Horetzky went out as a photographer to begin with.

22190. Was he not employed as an explorer to explore the practicability of certain portions of the country—the neighbourhood of Peace River or the Pine River Pass?—I am afraid that will branch off into another subject which will take a long time to discuss. If you are anxious to discuss it I am ready.

22191. I understand you to say, for the purpose of this exploration, the men fitted for it were few, because no man was fit for it unless he was fit for a Chief Engineer. That is, as I understand it, the substance of your evidence on that point. Now I ask you whether you have not employed men to do this service who were not fit to be chief engineers?—I have frequently been obliged to employ men to do work who were

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not the men best fitted for it, frequently because I could get no other.

22192. But still you considered it advisable to get them to do this work?—Sometimes it is necessary to employ men, because—for other reasons altogether.

22193. Do you consider all the men, or any of them whom you employed to take charge and manage simple explorations, to be up to the standard which you have made?—In these explorations?

22194. Yes?—Well, there were none employed in the way you speak of, solely making explorations. They were making simple explorations as a rule.

22195. I understood you to say that over some portions of this country, at some seasons of the year, persons were doing nothing but exploring—that several parties were engaged simply as exploring parties: is that right?—That is right.

22196. Were they all under the charge of men who were fit to be chief engineers?—They were not.

22197. Well, then, you found it expedient to employ men for explorations who were not up to the standard?—But the character of the explorations was quite different. These other explorations that you refer to were in connection with the instrumental surveys. We had the instrumental surveys as a base to refer the explorations to.

22198. They were branch examinations?—Branch examinations.

22199. From a base line ascertained by instrumental survey?—For the most part they were branch examinations.

22200. Do you know whether persons who are not in the profession are sometimes employed as explorers, to ascertain first the feasibility of a country before employing professional men afterwards to survey it instrumentally?—Oh, yes; lumbermen, Indians and others, are sometimes asked to give their opinion about certain portions of the country they have been through, but it is not always to be implicitly relied on. They may give it honestly enough, but they are very apt to be, and very often are, grossly mistaken.

22201. Does it not sometimes happen that the feasibility of a country for a railway is ascertained by persons not in the profession at all, and is afterwards acted on?—I do not know that it is. I do not at this moment remember any case.

22202. In a country where you can use the micrometer and barometer, any person who understood the use of them would be able to get some information towards establishing the feasibility of a railway through it?—Not necessarily.

22203. What would be the difficulty?—Any one could, in a very short time, learn the use of a barometer. Any one, in a very short time, could learn the use of a micrometer. It does not follow at all that they would be able to give you any valuable information with regard to the country, because they could use the instruments.

22204. If they could use them and did use them over any particular portion of the country, would not that give valuable data in exercising a judgment on the feasibility of the railway?—It would be available as far as it went, but that would be all.

Over some portions of the country there were simple exploration parties at work.

All the men in charge of these parties not fit to be chief engineers.

But these explorations were branch lines from an instrumental base.

Does not remember a case where a non-professional man has ascertained the feasibility of a country for a railway.

Explains the difficulty of getting a man capable of making a simple exploration.

Surveys—
Character of
Survey.

22205. To what length would it go: would it give the distances and the heights of the surface of the country?—A single observation by means of the micrometer, if accurately executed, would give you the distance between two points. A number of observations, unless they were systematically arranged, might give you very little information. It would have to be done according to certain rules—certain well understood rules.

22206. Would these rules be difficult to understand by persons of ordinary intelligence?—There is nothing difficult about it, but it would take some little time to acquire sufficient experience. I do not think you could take any intelligent man and make him fitted to make these explorations at very short notice. These explorations that you refer to are the sort of explorations that are made very largely by the Geological Survey—by Mr. Selwyn, by Prof. Bell, by Dr. Dawson and one or two others. These are not only men of very great intelligence, but of considerable experience.

22207. In ascertaining the nature of the country and the feasibility of a railway—between Nipissing and Nipigon, for instance—was it necessary to go far from the frontier?—That is exactly what I wanted to find out by the examination. I wanted to find out how close to a direct line we could get a railway, and the most direct line was a long way back of the lake.

Most direct line
a long way back
from the lake.

22208. Could you ascertain that, as regards the depth of the country between the frontier and the line, better by an instrumental survey running principally easterly and westerly than by explorations running principally northerly and southerly?—Much better, much cheaper and much quicker.

22209. To what depth do you think you obtained information of the nature of the country by the instrumental survey adopted?—I could hardly say. To a considerable depth, some places fifty miles—a breadth of fifty miles.

22210. On an average what would the depth be?—I can hardly say. It depends upon information that I have not at my finger ends now, but, taken with the explorations, a considerable breadth of country was examined. These examinations took place perhaps 120 miles away back of the Georgian Bay, and a lesser distance back of Lake Superior—150 miles back of Georgian Bay.

Considerable
breadth of coun-
try examined.

22211. I understand the course which was followed in making this instrumental survey was, that the parties would proceed to some point inland, a considerable distance from the frontier, and then pursue their investigation easterly and westerly: is that the nature of the work?—Yes.

Course followed
in making in-
strumental sur-
vey: parties pro-
ceeded to some
point inland and
investigated east
and west.

22212. So that, in effect, you obtained instrumental information upon a line a long way inland and far from the frontier, but running easterly and westerly in the general line of the railway?—Running in the desired direction. One party would proceed up the Michipicoton River, and I should say to you the number of points where the interior of the country was accessible were extremely limited. The Michipicoton River was one of them, and we sent more than one of our parties up the Michipicoton River, with instructions to examine to the right and left, and penetrate the forest towards the Ottawa in a certain

**Surveys—
Character of
Survey.**

general given direction, so that they might come out or meet another party from the Ottawa midway.

22213. In devising the method of surveys, at the beginning of this undertaking in 1871, I understand you to say that it was a matter of great urgency in your opinion, and according to the information you received; did that induce you to adopt the operations without any great consideration as to the comparative cost of different kinds of expeditions?—I think I may say yes to that question. First of all, I considered what sort of examination was needed—what sort of examination was practicable under all the circumstances. Then I went to work to carry out that examination, not regardless of cost, but with the primary object in view of getting the most satisfactory results with the least possible delay.

May have compared the cost of different methods but cannot say to what extent, as he considered the cost a secondary consideration.

22214. Did the cost of the different expeditions or methods of operation enter into your consideration so far as to make you compare the relative cost of different kinds of expeditions?—I may have compared them in my own mind, and no doubt I did think over it very seriously, but I cannot positively say to what extent, nor can I produce any calculations as to the cost of the different methods.

22215. Did you consider that the cost of the operations was a matter of secondary consideration?—I did.

22216. And that the main object was to ascertain, as early as possible, the information which would enable you to locate a line?—The main object was to get the information desired by the Government.

22217. Which was to locate a line, as I understand you?—Which was, first, to ascertain if a line was practicable; second, where it should go, and in due time to locate the line.

22218. The final object was to locate the line?—In the fewest possible words to establish a line of railway from the one side of the country to the other.

Finds from a paper before him dated 16th April, 1877, that between the Ottawa and Red River exploratory surveys were made over nearly 10,000 miles.

22219. Is there anything further connected with this eastern or wooded section, and connected with the surveys, which you wish to add to your evidence?—I do not know that there is. I see by a paper before me, that has been prepared evidently with some care, dated 16th April, 1877—prepared for the purpose, I think, of informing either the Senate or House of Commons—that although instrumental surveys were made through that country, between the valley of the Ottawa and Red River, to a considerable extent, exploratory or track surveys were by no means neglected. I find that a total mileage of very nearly 10,000 miles of track surveys were made between the valley of the Ottawa and Red River from first to last.

BURPE.

T. R. BURPE'S examination continued:

**Purchase of
Rail—
Contracts Nos.
6-11.**

By the Chairman:—

22220. I think you said that you had charge of the correspondence between Mr. Fleming and other parties during the time that he was Engineer-in-Chief, or after you became connected with the Department?—Yes, I had.

22221. Have you searched for any letters or copies of letters from Mr Fleming to Mr. Sandberg on the subject of the rails purchase?—Yes; I have searched through the books. The first letter I find is in November, 1874, after the purchase of the steel rails.

**Purchase of
rails—
Contracts Nos.
6-11.**

The first letter from Sandberg to be found is after the date of purchase of steel rails.

22222. That is after the tenders had been received?—After the contract was let.

22223. You find none before that from Mr Fleming to Mr. Sandberg?—None before. All our correspondence up to the 1st of January, 1874, was destroyed by fire.

SANDFORD FLEMING'S examination continued:

FLEMING.

By the Chairman :—

22224. You have heard the question which was asked Mr. Burpe on the subject of the correspondence from you to Mr. Sandberg: could you say whether there was any such correspondence?—I am as certain as I am of anything that there was correspondence.

22225. From you to him?—From Mr. Sandberg to me.

22226. I am asking whether there was any letter from you to him?—I received several letters from Mr. Sandberg—more letters than I think I answered. I probably acknowledged the receipt of two or three at one time, having a great deal else to attend to, and not much more than the acknowledgment. Indeed, I would occasionally let them accumulate, but I have a distinct recollection of receiving the letters referred to, and I am as clear on that point as I am of anything.

Received several letters from Sandberg.

22227. It is not with respect to any doubt of that I am asking the question: the letters from you to Mr. Sandberg, as I understand you to intimate, would be in answer to some from him to you, not asking him to write to you?—I think the information was voluntary on his part: I did not ask him at all.

Sandberg's information volunteered.

22228. He voluntarily made the suggestion to you?—He volunteered the information. As to the non-appearance of the letters, I stated yesterday that possibly I handed the letters to Mr. Mackenzie.

22229. That is, the letters from him to you?—Yes. There would be no record of them in the head office. I probably would be away all summer and they might have been received by me in my absence from Ottawa.

22230. Will you please explain the system of surveys in British Columbia, if there is any distinction between the course adopted there and that of the eastern section, or if there is any other explanation that you think proper to give in connection with it?—I will have to refer to the instructions and telegrams and various documents bearing on that branch of the subject, and I may be a little tedious. However, I will endeavour to be as short as possible. With regard to the mode of proceeding with the work of the survey in British Columbia, which began about ten years ago, I confess that at the time I was very greatly puzzled. I had never been in that country, and the country is one in respect of which it is very difficult to form a proper idea with regard to its character, even after reading the very best description of it. Our

Surveys, B.C.

Surveys, B. C.

Gathered information from writings of Capt. Palliser, Dr. Kay, Milton and Cheadle. (Conversed with Trutch, learned that Howse Pass and Yellow Head Pass furnished the most promising entrances into British Columbia

operations had to be conducted in remote parts of the province which had not been visited by people—by travellers—who left a record behind them, because I endeavoured to get all the information, I could from every source. I gathered much valuable information particularly with regard to the country east of the Rocky Mountains, and in the Rocky Mountains, from the reports of Capt. Palliser, especially respecting some of the southern passes through these mountains; from the journals of Dr. Ray, Milton and Cheadle, and others, I learned about the Yellow Head Pass and other sections of the country. I had the benefit of a personal interview with the Hon. Mr. Trutch, subsequently Lieutenant-Governor of British Columbia, and who, although he himself had never been in the mountains, knew a great deal about British Columbia, perhaps as much as any other man. I thus endeavoured to gather generally from every source all the information that I could, and I learned that at two points, namely Howse Pass and Yellow Head Pass, the most promising entrances into British Columbia through the Rocky Mountains from the east was offered through one or other of those passes. I had no conception then that obstacles barred the direct way to the Pacific Ocean to the west of the Rocky Mountains, even more formidable and vastly more difficult to overcome than the Rocky Mountains themselves afterwards proved. I was at a great loss to find engineers whom I considered qualified to make the necessary examination. There were a number of gentlemen in British Columbia whom it was deemed advisable, for reasons that will be understood, to employ.

Several gentlemen in British Columbia whom he employed on other than engineering grounds.

22231. You mean for their engineering abilities, I suppose?—No; for political reasons. These gentlemen were unknown to me. I never even heard their names before, and I personally knew nothing of their qualifications. I heard of one gentleman, however, whom I had known many years ago, and I was informed that he had spent much of his subsequent life in British Columbia in making explorations and in forming trails and making roads, that he was familiar with the mountainous districts, and particularly those adjoining the Columbia River to the west of Howse Pass, and that he was well qualified to carry out with expedition and success any examination required in that quarter. I obtained the authority of the Minister to engage that gentleman, Mr. Moberly, and I placed in his hands the duty of finding out all the particulars respecting Howse Pass as a route for the railway. I likewise succeeded in securing the services of Mr. Roderick McLennan, who, I believe, was well qualified to make an examination in a rough country. I knew him to be a man of energy and ability, and of considerable experience. I placed the examination of Yellow Head Pass and its approaches in Mr. McLennan's hands. Another gentleman, Mr. John Trutch, residing in British Columbia, a brother of the late Lieutenant-Governor, was likewise appointed, and placed in charge of a district extending from the Lower Fraser to Kamloops and Shuswap Lake. These three gentlemen were appointed district engineers, and were placed on an equal footing as such. Mr. George Watt, a gentleman whom I had not previously known, was appointed to lead the commissariat department, to control and account for the expenditure. It was the wish of the Government that these three district engineers should fill up their surveying staff, as far as possible, from residents of British Columbia. As a matter of fact, only four other engineering gentlemen were sent from this side, and one of them really belonged to British Columbia. Their names were Messrs Mahood, Rhéaume, Ireland and Dickey. These four were

Obtained authority to employ Moberly and directed him to find out all about Howse Pass.

Placed the examination of Yellow Head Pass in McLennan's hands.

John Trutch was in charge of district from Lower Fraser to Kamloops and Shuswap Lake.

Four others sent from Ottawa: Mahood, Rhéaume, Ireland and Dickey.

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appointed under the authority of Sir George Cartier. The first mentioned, Mr. Mahood, had previously been connected with explorations in British Columbia. He was a stranger to me. In connection with the commissariat branch of the survey, another gentleman, Mr. Sherwood Hall, was appointed. He also was a stranger to me. Mr. Moberly was selected to make an examination of the country lying between the Kootanie Plain, east of Howse Pass, and Shuswap Lake, to the east of Kamloops. I should mention here that he had previously informed me that he was familiar with the country easterly from Shuswap Lake, and had, in fact, discovered a favourable route for a railway through what is known as the Gold range, which lies between Shuswap Lake and the Columbia River. The point which I myself had most doubt about was at and near Howse Pass, although it was considered desirable to confirm the statement made by Mr. Moberly with respect to the Eagle Pass.

22232. That is the pass which you thought he had discovered?—Yes; the path through the Gold range. I directed him accordingly to proceed with all possible despatch to Howse Pass and test the matter by actual survey. I further directed him, in order to save time, to detail a portion of his staff to begin an instrumental examination between Shuswap Lake and the Columbia River.

22233. Through the Eagle Pass?—Through the Eagle Pass; and I requested him to make every possible exertion to form a junction between Howse Pass and Shuswap Lake ~~between~~ the close of the season. Mr. McLennan was similarly directed to cross the mountains from the west by the Yellow Head Pass, and make an instrumental examination of the pass and its approaches on either side, so that we would secure the data to make a proper comparison between Howse and Yellow Head Pass as soon as it was possible to do it.

22234. Could you say from what point each of these engineers was to begin his instrumental examination?—Yes. Mr. Moberly was to begin his instrumental examination at Kootanie Plain. Mr. McLennan was to begin, if I remember his instructions distinctly, this side of Yellow Head Pass, after having passed through it and explored it. Mr. John Trutch was directed to examine the district lying between Shuswap Lake, and the Lower Fraser, a section which is to a large extent common to the two routes across the Rocky Mountains, the one by Howse Pass, and the other by Yellow Head Pass. These three gentlemen were left entirely to their own discretion, with respect to the strength of their parties, the arrangement of their staff, and almost everything else. My instructions were very general. It is quite a mistake to suppose, as may be inferred from some of the evidence I see by this Commission, that they were debarred from making any but instrumental surveys. They were enjoined, in the first place, to make a general examination in advance, and I would like to read you a portion of the instructions which fortunately I have with me. The instructions to Mr. Trutch and others were similar:

Directions to
Moberly, McLennan
and Trutch.

“You will commence the survey in this district by making a general examination of the country, in order to ascertain where it would be most advisable to make the survey.”

Both Mr. Moberly and Mr. McLennan were expected to gain a general and full knowledge of their whole districts, before any instrumental work was attempted; and in view of this they were instructed to begin with the instrumental work at the remote end.

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22235. The eastern end?—Yes; the remote eastern end, in order that they would have an opportunity of becoming familiar, in the first place, with the features of the country over which the route was projected.

Instructions general. Left nearly all to their own discretion.

22236. They would then be going over the ground a second time by their instrumental examination?—By their instrumental examination. My instructions to these gentlemen, both verbal and written, were general. I purposely left nearly all to their own discretion, merely pointing out the locality of the respective surveys, and the character of the information desired. I felt it would be a mistake to tie them in any way by rigid instructions, and that it was much better to leave to their own good sense all matters of detail, and allow them, in their own way, to bring the examination to a successful issue with the least possible delay; and if proof of that is needed, I would like to read the instructions to the three gentlemen, or a portion of them. It may not take many minutes to read one or two paragraphs.

Letter of 14th June, 1871, to McLennan.

22237. Read?—It is addressed to Mr. McLennan, 14th June, 1871:

"Sir,—The Government having determined to commence an exploratory survey for a line of railway through Canada to the Pacific coast, have appointed you upon my recommendation to take charge of the surveys and explorations to the district line to the west of Jasper House, latitude 53 degrees, 12 minutes and 15 seconds. You will commence the survey of this district by means of one or more parties to be placed under your directions, one of these to commence work at Jasper House, said to be 3,372 feet above the sea, and endeavour to find the most practicable line for a railway from that point in a southerly direction towards Henry House, and thence through the Yellow Head or Leather Pass in a westerly direction to Tête Jaune Cache. You will also have a general examination made of the country lying between Tête Jaune Cache and the eastern end of Quesnelle Lake, or the northern end of Clearwater Lake, with a view of ascertaining whether it would be advisable to attempt a location of the line through that country. This exploration ought also to enable you to form an opinion as to whether there is a likelihood of its being possible to find a practicable line southwards from the Leather Pass to the waters of either the Thompson or Columbia Rivers. On the examination demonstrating the practicability of all these routes, you will then direct the exploration to the westward with a view of finding the most direct practicable route for a railway from Tête Jaune Cache to Quesnelle mouth.—"

22238. That would be crossing the Cariboo range?—Yes.

"Should you not succeed in finding such a line through the mountains about Cariboo, you will have to endeavour to find a location by following the waters of the Fraser River generally from Tête Jaune Cache."

I refer to the general instructions, and I mention that—

"George Watt has been appointed commissariat officer for the survey in British Columbia, with whom you will therefore confer and arrange for procuring and forwarding supplies, and financial arrangements generally."

Howse Pass. Instructions to Moberly.

I need not read any more, though I should be happy to read the whole of it. Now I will read a few paragraphs from the instructions to Mr. Walter Moberly. After pointing out the general direction of the survey from Kootanie Plain to Shuswap Lake, I go on as follows:—

"As the season favourable for exploration in that section will be considerably advanced by the time you arrive there, it would be perhaps desirable that you commence work at the Kootanie Plain end of your district"—

22239. The Kootanie Plain is east of Howse Pass?—It is east of Howse Pass—

"In order that you may be working towards the base of supplies as the season advances, but on this point you must, to some extent, be guided by circumstances and the experience you have already gained in that country. In the event of your commencing operations at the Kootanie Plain, you will be careful to select a starting

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point where the country presents as favourable a prospect as possible for the location of the railway, and where such reference takes, bench marks, &c., as you establish, will be most easily found by any exploring party going from the east, who may be in search of them."—

I should state, by way of parenthesis, I had taken means to have the exploration from Fort Garry to the Mountains, or one of them, terminate at Kootanie Plain—

"Should it be found, however, more desirable to begin at some other point in the district, you will, upon arriving at the Kootanie Plains, first, carefully examine and see if any such marks have been established by a party from the east. If so you will close your work on them, and, if not, you will act as directed in the general instructions. Taking for granted that you began at the place first indicated, it would be your duty to try and find a practicable route for the railway through Howse Pass to the valley of the Columbia River, in as direct a line as practicable to the western end of your district. Should you fail to find a passage through the Selkirk range of mountains, you will follow the valley of the Columbia River until you can cross the Gold range of mountains through the Eagle Pass discovered by yourself on a former occasion. You will begin the survey of this district by means of two fully appointed surveying parties to be placed under your direction, one of these to begin, as already indicated, on the eastern side of the Howse Pass, the other to begin at Shuswap Lake and to work easterly through the Eagle Pass. You will make every possible exertion to form a junction between the two parties before the close of the season."

To begin survey by two fully equipped survey parties to explore Howse Pass and Eagle Pass.

22240. When you speak of two fully equipped surveying parties, do you mean for instrumental survey?—For instrumental work; yes. I wanted to have definite information about these passes. They were explored before. They were explored before by Palliser's expedition. When I said they were explored, the Howse Pass was explored before; the Eagle Pass was explored by Mr. Moberly himself.

22241. Through these particular passes the feasibility of the railway, as you considered, had been established, and you prepared those two parties for making a closer and more accurate examination, in order to get profiles if necessary?—So as to make a comparison between the two passes, the two leading entrances into British Columbia, the Yellow Head and Howse.

22242. Then the country within the bend of the Columbia River was the principal portion not yet examined?—It was the principal portion that had not been yet examined, but I knew perfectly well a practicable line of railway could be found along the bank of the river. I instructed them to try and find a passage across the Selkirk range, and in the event of not finding such a passage it would be necessary to follow the Columbia River. I must trouble you with some more reading, because I wish to explain to you that everything was done that I could do to secure satisfactory results. I sent a number of letters to George Watt, the commissariat officer, pointing out what his duties were, and directing him to control the expenditure as much as he possibly could. I also sent a letter to His Excellency the Hon. Anthony Musgrave, Governor of British Columbia, which I see here, and which I have not read probably since it was written. It is not very long. It is dated 24th June, and is as follows:—

Instructed them to try and find a passage across the Selkirk range.

Sent to Watt directing him to control expenditure as much as possible.

"SIR,—The Government of Canada having appointed me Engineer-in-Chief of the Canadian Pacific Railway, with instructions to proceed with an exploratory survey with as little delay as possible, over the whole country between this place and the Pacific Ocean, I ventured to telegraph you some time ago for the names of those engineers and surveyors in British Columbia who would be available for the survey, it being considered desirable to employ as many as possible of those who reside in that colony. I received your reply, reported the names to the Government and received authority to employ the gentlemen whom you mention. For the present, the survey in British Columbia will be divided into three districts, under three district engineers. I have selected to fill these offices: Messrs. John Trutch, R. McLennan

Letter to Governor of British Columbia.

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and Walter Moberly, and I have requested that these gentlemen submit to you their instructions so that you may be fully informed with regard to all proposed operations. Other gentlemen in British Columbia will be employed under the district engineers. I hope, myself, to visit British Columbia about the middle of August.

"I have the honour to be, &c."

The work went on, I had no means of communicating with the parties examining the routes to the Yellow Head and Howse Passes after they left. So soon as definite information was received, the merits of the two routes were carefully weighed. The result of the comparison we were enabled to make is given in my report of April, 1872, and I would just refer to one or two paragraphs :

**Comparison of
Yellow Head and
Howse Passes.
(Report of 1872,
p. 16.)**

"With regard to the survey between the Rocky Mountains and the Pacific coast, although a great deal still remains to be done, material progress has, undoubtedly, been made.

"A very favourable line for a railway has been found through the Gold range by the Eagle Pass, extending from Little Dalles, on the Columbia River, to Great Shuswap Lake, and an instrumental survey has been completed from the foot of the last named lake to Hope, on the Lower Fraser River. The general engineering features of the approaches to Howse Pass have also been ascertained

"The surveying expedition which left Victoria on the 20th July to find a moderately direct line from Quesnelle Mouth, through the Cariboo country to Tête Jaune Cache, has failed in its object. The lowest pass discovered through the Selkirk range, although about 1,000 feet lower than the mountains adjoining, is reported to be at such an elevation that the ground falls on one side 1,600 feet in five miles, and on the other 2,300 feet in about six miles, thus proving the pass impracticable for a railway, unless with a tunnel at an enormous cost."

22243. Now, before we leave that point, I understand that to be the route travelled by Mr. Moberly on his way to Howse Pass with one of those surveying parties?—I am not sure that he personally travelled it. I do not think it is on the line of travel.

22244. Do you understand that this information which you are now describing in that report was obtained by Mr. Moberly's party?—Yes.

22245. At that time?—Yes.

22246. One of those surveying parties that he took with him?—One of the exploring parties.

22247. Then, before we leave that, do I understand that that particular feature of your report is based upon information obtained by a bare exploring party?—With regard to the Selkirk range?

22248. The feasibility of a line across the Selkirk range?—Yes.

22249. Was it established by an exploring party?—Yes. I continue to read :

"A favourable pass from the North Fraser River, in the neighbourhood of Tête Jaune Cache to the north branch of the Thompson River, has been found.

"According to the information received, this will admit of a line being constructed from Yellow Head Pass to Kamloops, with grades not exceeding fifty feet per mile.

"The fortunate discovery of a practicable line with grades so favourable, between Kamloops and the summit of the Rocky Mountains, via the North Thompson and Yellow Head Pass together with information received from the expedition, which examined the country on the eastern slope of the mountains, led to the abandonment of all further work on the survey via Howse Pass.

"Kamloops is an important point on the line which was being surveyed from New Westminster through the Eagle Pass to Howse Pass. The distance from Kamloops to a common point near Edmonton House, is not greater by the North Thompson and Yellow Head Pass, than it is by Eagle and Howse Pass, while all information goes to show that a very much better and less costly line can be had by the former than by the latter route.

"This led to the adoption by the Government on the 2nd inst., of the Yellow Head Pass as the gate to British Columbia from the east.

"The next important consideration is the establishment of the railway route from Tête Jaune Cache to the Pacific coast."

**A possible line
across Selkirk
range found.**

**Favourable
grades between
Kamloops and
the summit of the
Rocky Mountains
via North Thompson
and Yellow
Head Pass led to
abandonment of
Howse Pass.
(Report of 1872,
pp. 10 and 11.)**

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I read this paragraph in order to show that at least one important step had been made by the operations of the survey up to that time, and that the survey itself was simplified and the expense reduced.

22250. Upon that question I should like to get some further answers from you, before we proceed to any other branch of the subject: I gather from what you have read and said, that the object of this first season's operations was to ascertain the comparative merits or feasibility of two lines from a common point about Kamloops, one going through the Howse Pass and the other through the Yellow Head Pass?—Yes, to a large extent.

22251. In what respect is it not correct?—In this respect: we had another object in view. We had the question of reaching the Pacific coast at points other than Burrard Inlet. According to the map, it will be seen that while Howse Pass commands Burrard Inlet and only Burrard Inlet, Yellow Head Pass itself commands not only Burrard Inlet but every other point on the coast that was then projected as a terminus.

While Howse Pass commanded only Burrard Inlet, Yellow Head commanded every terminus on the coast known at the time.

22252. If some point on the Pacific coast, to the north of Burrard Inlet, had been the terminus, there would be less necessity for surveying the line that Mr. Moberly took than if Burrard Inlet should be the selected terminus, would it not?—Had it been determined to go to any of the points north of Burrard Inlet, with the exception of Howe Sound, there would be no necessity of making an examination of Howse Pass.

22253. Then the most favourable view to take of the necessity of the Moberly operations would depend on the Burrard Inlet as a terminus?—Entirely.

22254. Then, taking that view of it so as to give his operations the benefit of the greatest argument in their favour, I understand from what you have said and read that the object of this expedition by Mr. Moberly was to ascertain whether the Howse Pass, which was known to be a feasible one, and the Eagle Pass which was considered to be a feasible one, could be utilized by making a line as directly as possible between them?—Yes; that was the object.

22255. That is the main object?—Yes.

22256. That was ascertained, I understand, by a bare exploring party?—The feasibility was ascertained.

22257. By a bare exploring party?—Well, the probability of the line was ascertained. We had no knowledge, or no sufficient knowledge, of the approach to Howse Pass from the western side.

22258. In your report you have said, in April, 1872, that it was ascertained that that particular pass through the Selkirk range was an impracticable one for a railway unless by a tunnel at an enormous cost?—That is another thing altogether.

Object of Moberly's expedition.

22259. Is that right?—Yes.

22260. That fact, which I understand was the turning point in the usefulness of that particular expedition—No; pardon me for interrupting you.

22261. That particular fact which I understand to be the turning point in the usefulness of that expedition was ascertained by a simple exploring party?—That was not the turning point; that was simply

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one of the features of the route. We wanted to discover whether or not a more direct line between Howse Pass and Eagle Pass than going round by the Columbia River and Boat Encampment.

22262. Exactly: that is as I understand the object of the expedition?—But that is not the turning point. The turning point, as I understand, was at Howse Pass itself—the principal turning point.

Instrumental examination of Howse Pass combined with the knowledge of the difficulty of getting through the Selkirk range led to the adoption of Yellow Head.

22263. Did you not decide, or did not the Government decide, upon the merit of the route to be adopted, and which was to be through the Yellow Head Pass, without a close examination of Howse Pass?—No; we had a measurement of Howse Pass—we had an instrumental examination of Howse Pass.

22264. Was that what led to the adoption of Yellow Head Pass?—In part, and we had also information respecting the non-existence of a pass through the Selkirk range.

22265. Is not that the turning point in the question—the difficulty of getting through the Selkirk range: was not that the main fact established by the Moberly operations of that season?—No.

22266. What was the main fact?—I had very little hope of getting through the Selkirk range when we started the surveys.

22267. Well, what was the main fact?—It was a comparison of the respective merits of the two passes—Yellow Head and Howse—and we were enabled to do that by the surveys that were made, imperfect as they were.

22268. Am I right or wrong in supposing this: that the Howse Pass would have been abandoned even if it had been better than the Yellow Head Pass, because of this difficulty ascertained in the Selkirk range?—I do not think so; I think you are wrong. I think it would have kept the question open and put us to the expense of making further surveys in that direction.

22269. In one of the extracts from your report of 1872 which you have read, you say:

“The lowest pass discovered through the Selkirk range, although about 1,000 feet lower than the mountains adjoining, is reported to be at such an elevation that the ground falls on one side 1,600 feet in five miles, and on the other 2,300 feet in about six miles, thus proving the pass impracticable for a railway, unless with a tunnel at an enormous cost.”

Now, in the face of that obstacle, do you say that Howse Pass, if it had been equal in merits to Yellow Head Pass, would have been adopted?—I simply say that that itself was not sufficient to settle the question as to which pass was the best. The Howse Pass line was not rendered impracticable by that; it was simply rendered a longer line.

22270. You mean by going by the Columbia River?—Yes.

22271. Round the bend?—Yes.

Moberly's profile showed a very difficult approach to Howse Pass.

22272. That would have been about 175 miles instead of a line across it at seventy-five miles?—Possibly about that. Then there were other matters that entered into the comparison. There would be the nature of the ascent to the Howse Pass from the Columbia River. The profile which Mr. Moberly sent me and which was made, as I was informed and believe, from actual instrumental surveys, showed me a very difficult section of railway, and I was enabled to compare that

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with the approaches to the Yellow Head Pass before recommending the Government to adopt one or the other.

22273. Well was not the difficulty which was found in the way of a railway through the Howse Pass that difficulty which you have described here as proving the impracticability of a route through the Selkirk range: was not that the main obstacle?—No, I do not think so. That was one of the obstacles. I never was very sanguine of getting a pass through that way. From the first I thought it would be necessary to follow the Columbia River to the Boat Encampment and from the Boat Encampment to the Eagle Pass.

22274. This difficulty which you say was a very serious one, and which might weigh very much in the decision as to which route to take, was discovered without instrumental surveys?—Without instrumental surveys. Before Mr. Moberly went there at all, I knew that there was every probability of finding a probable route from Kootanie Plain to Shuswap Lake—not across the Selkirk range, but across by Howse Pass—the Blaeberry River and Columbia River to the Boat Encampment, Boat Encampment to Little Dalles, and thence across by Eagle Pass to Shuswap Lake. Had we got a passage through the Selkirk range it would have rendered the route by Howse Pass to Burrard Inlet much shorter if not more favourable.

Had a passage been found through the Selkirk range the route by Howse Pass to Burrard Inlet would have been much shorter than that by the Yellow Head.

22275. Before leaving this matter of the crossing of the Selkirk range I would like to ask whether the crossing in the way which you have suggested was not considered to be much more advantageous than going round the bend by the Boat Encampment?—We did not know. If it had been a practicable line, it would, of course, have been very much more favourable, it would have shortened the distance seventy-five or eighty or more miles.

22276. That was one of the objects to be ascertained, whether it was feasible?—That was one of the objects, but not the main object. The main object was to get information with regard to the Howse Pass, the Eagle Pass and intervening country by the Columbia. As I said before, I had very little hope of gaining the information I required. So as soon as the Government decided to adopt the Yellow Head Pass, and abandon all further expenditure on the survey of the Howse Pass, I wrote to Mr. McLennan, then on his way to British Columbia, a letter which I shall read. It was dated the same day that the Yellow Head Pass was adopted, the 2nd of April 1872:

“ R. McLENNAN, Esq., Toronto.

“ MY DEAR SIR,—I enclose a copy of a telegram which I have this day sent to Lieut.-Governor Trutch. You will see from this that the Government has decided to abandon all the surveys in connection with the Howse Pass, and to adopt Yellow Head Pass as the gateway from the east to British Columbia. The information resulting from the surveys made by yourself and Mr. Moberly has been such as to justify this decision. Kamloops, on the line to New Westminster, it is found, can be easier reached by Yellow Head Pass than Howse Pass from the longitude of Fort Edmonton. The distance is, as near as possible, the same one way as the other, and the measurements made establish the question of gradients, without a doubt, in favour of the Yellow Head Pass route. Of course, if New Westminster can be reached easiest by the Yellow Head Pass, every other point in British Columbia north of it can be still easier reached. This is so far satisfactory, it will enable us to concentrate our efforts on one route east of Tête Jaune Cache, and make Tête Jaune Cache a common point for all lines running towards the west”——

Letter to McLennan informing him of the decision of the Government in favour of Yellow Head Pass.

Now this is the point to which I wish to draw your attention—

“ We must utilize the supplies taken in by Mr. Moberly, and I think this can be best done by moving them to Boat Encampment, and thence by Canoe River to the

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Directions how to utilize supplies taken in by Moberly ; to survey route between Tête Jaune Cache and Bute Inlet, &c.

neighbourhood of Albreda or Cranberry Lakes, or by the Athabaska Pass to Henry House. I have pointed out in this telegram where the parties under Mr. Moberly and Mr. Trutch should operate, namely, between Kamloops, Cranberry Lake and Jasper House. This will leave your parties free to take up the survey on the most direct route that can be found between Tête Jaune Cache and Bute Inlet. I trust the exploration between Quesnelle Lake and the North Thompson will prove a success ; if so you will follow it up towards Bute Inlet. Should there be no opening through the mountains nearer than Kamloops, you must then endeavour to ascertain the practicability of the line by Bonaparte River. I hope, however, if you fail to get through to the Quesnelle Lake from the North Thompson, you will be able to get through by Tranquille Lake, and Lake la Hache. Will you mention to the Lieut.-Governor that I regret very much that I cannot at once go to British Columbia myself. The Government is now arranging, however, to secure the services of a gentleman to take general charge of all the surveys in British Columbia during my absence, and who will probably leave in a couple of weeks. He will take with him a sufficient number of assistants to make special surveys in the neighbourhood of Valdes Island with a view to bridging, and will himself take charge of the coast survey. He has now finished another engagement, and will proceed to British Columbia with as little delay as possible. I may make arrangements to start overland for British Columbia in June, and will probably reach Jasper House about the middle of August."

On the same day I sent the following telegram to Lieut.-Governor Trutch :—

"OTTAWA, April 2nd, 1872.

"To Lieut.-Governor TRUTCH, Victoria, B.C. :

"Information received from surveys shows that Kamloops can be easier reached from Edmonton by Yellow Head than by Howe Pass. Government has adopted Yellow Head Pass. Moberly's parties and supplies to be moved north by CANOE River or Athabaska Pass. One party will survey from Henry House towards Jasper and Edmonton, the other between Cranberry Lake and Henry House. John Trutch's parties will survey between Kamloops and Cranberry Lake, leaving Lower Fraser until later. McLennan's parties to find most direct route from above surveys to Tatla Lake and Bute Inlet. Special survey and soundings will be made at Valdes Islands with a view to bridging. McLennan *en route*."

To this Mr. Trutch replied as follows :—

"VICTORIA, April 5th, 1872.

Trutch to Fleming describing how surveys were disposed, &c.

"Yours dated yesterday received, and accordingly Trutch's two parties now at Yellow Head, directed to commence immediately at Kamloops. Moberly's party T to return by Kamloops to work from Cranberry Lake, and Moberly's new party to proceed hence by Kamloops to work eastward from Henry House. Moberly will rejoin party S and take them through Howe Pass to reach Edmonton about 1st July. To convey parties and supplies by Athabaska Pass to Henry House would take longer to make trail throughout from Blaeberry River. Moberly awaits your approval of above arrangement.

"J. W. TRUTCH."

I, thereupon sent the following :—

"OTTAWA, April 8th, 1872.

"Lieut.-Governor TRUTCH, Victoria, B.C. :

"Expedition returned from Kootanie Plain and Jasper House report roads wretched east of Kootanie Plain. Country flat, wet and swampy from Jasper to Edmonton. Engineering features perfectly satisfactory from Edmonton to ten miles east of Jasper, and no present necessity for further survey of it now. Want parties arranged in best manner to complete instrumental survey between latter point and Kamloops, and will be guided by your advice. Under above circumstances, I doubt the propriety of going around by Edmonton. Time from Boat Encampment to Henry House, through Athabaska Pass, ten or twelve days"—

This is the time given by the Hudson's Bay officers.

"I expect to reach Leather Pass by the middle of August."

And I say this was done after making every enquiry of Hudson Bay Co.'s officers and others with regard to the practicability of going one way or the other.

2277. Were those Hudson Bay Co.'s officers in Ottawa ?—Yes, in Ottawa. I am not very sure who they were. Mr. Donald A. Smith was one, and, I think, Mr. ~~Smith~~ *Christy*, now at Brockville, was the other ; but

Telegram to Trutch deprecating Moberly's going round by Edmonton.

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am not quite sure as to the other, and I had some knowledge of my own. I have already mentioned that I had consulted Hudson Bay officers as to the best way of reaching Jasper Valley before sending the above telegram. They considered it would be madness to attempt a journey round by Edmonton through 500 or 600 miles, much of it swamp, when a 100 miles or 150 miles journey over a well known route would accomplish the same purpose. I have referred to these letters and telegrams because I am aware that it has been stated before the Commissioners that a grave mistake had been committed by me in insisting on Mr. Moberly not going round by Edmonton at the beginning of his work.

22278. I think you said that before devising the plan of operations for 1871, you had some information about the probable feasibility of the Yellow Head Pass as well as of the Howse Pass, which latter you obtained from Palliser's expedition?—Yes.

22279. What was the nature of the information you had about the Yellow Head Pass?—The Yellow Head Pass had been traversed by several people, and I knew—I am not quite sure from whom I got this—but I knew approximately the elevation of the Yellow Head Pass was in the neighbourhood of 3,750 feet, that was then given. I think it was ascertained by Dr. Ray who went through that way some years before in connection with the telegraph scheme of the Hudson Bay Co.; and then again, I had some information, not with regard to precise heights or distances, but with regard to the features of the country, from reading the work of Milton and Cheadle, and I knew from the information thus acquired that there was a very fair chance of getting through in that way. It was worth the examination at all events, I felt satisfied, indeed, that it was feasible to carry a railway through the pass and down the Fraser River by Fort George, but that being a very round-about way I was naturally desirous of ascertaining if a shorter cut to the Pacific could not be had.

Information respecting feasibility of Yellow Head Pass possessed by witness before revising plan of operations of 1871.

22280. I understand, from your evidence, that the two principal objects of the operations of 1871 were to get further particulars about the Yellow Head Pass and about the Howse Pass; the party under Mr. Trutch confining their operations to the lower portion of the Thompson River, the other two parties to direct their attention—the one under Mr. Moberly to Howse Pass, and the one under Mr. McLennan to the Yellow Head Pass?—Yes; the object to be as you state, and it was with the view of making a comparison between the engineering features of the two passes that the expenditure was incurred.

Character of Survey.

22281. Did you get any instrumental information of the Yellow Head Pass before it was fixed upon as the gateway?—We had information supplied by Mr. McLennan, which, though not of the character I expected, was sufficient to enable me to decide as to the merits of the two passes

Got sufficient information respecting Yellow Head Pass to justify deciding on it without an instrumental survey.

22282. Then you got information sufficient to enable you to decide without an instrumental examination of the Yellow Head Pass?—Of that particular pass; but I had information from instrumental surveys of another pass. I discovered there was a possibility of getting from Tête Jaune Cache to the North Thompson. That was new information acquired by this survey.

22283. You mean the Albretha River?—Yes.

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Survey.**

22284. But, speaking for the present of the two main objects of the year's operations, I understand one of the objects upon which you devised the plan of operations was to get such information about the Yellow Head Pass as would enable you to compare its merits with those of the Howse Pass?—Yes.

22285. I understand you now to say that you got information which enabled you to make that comparison without an instrumental examination of the passes?—Of one of the passes.

22286. That particular pass?—That particular pass. It was not so satisfactory as I would wish, but it was enough to enable me to judge.

22287. So that for that purpose, to ascertain the merits of that particular pass, an instrumental examination was not necessary?—The difference between the two was so marked I could arrive at a decision without waiting any longer and keeping the question of the survey of Howse Pass open any longer.

22288. At all events, the result which you had in view at the time you devised the campaign was reached without the mode of examination which you had first thought to be necessary?—In that particular instance?

22289. The Yellow Head Pass?—Yes.

22290. And that was so decidedly preferable to the other that you were enabled to adopt it upon only an exploratory survey as against the merits of the Howse Pass, shown by instrumental examination?—Yes; but if those two passes had been reversed, I doubt very much if we would have been able to do it—that is, if an instrumental survey had been made of Yellow Head Pass and no instrumental survey had been made of Howse Pass, I doubt very much that we would have been led to that decision.

When witness started the surveys he expected there would be great expenditure in both Howse and Yellow Head Passes. He had a hazy idea with regard to tunnelling the summit of one or other of them, and the information he wanted could only be had by instrumental surveys.

22291. If you had considered it possible to get information of the Yellow Head Pass, which you did eventually get by a mere exploration, then it would have been unnecessary to ascertain all that was ascertained of Howse Pass?—Yes; but that is being wise after the event. When I first set out on this examination, I expected that a great expenditure would have been necessary, at both of those passes, to take the railway through; I had a hazy idea with regard to the absolute necessity of tunnelling the summit of one or the other, and the question was the length of the tunnel and the character of the cutting that would be necessary to get through the summit. That information which I wanted could only be properly ascertained by instrumental survey. It so happened that another kind, a simpler kind of examination was all that was needed in the Yellow Head Pass, but I did not know it until the examination was made.

22292. Did you not consider it a desirable thing to try the simpler method before the more expensive examination?—Yes; but I was desirous of getting positive information, not of one route through the Rocky Mountains, but of the two routes of which mention has been made, before the next meeting of Parliament.

22293. Those British Columbia examinations commenced in July, 1871. I gather, from what you have said, that before six months were over you had got from the simple explorations, and though they were probably delayed on account of the size of the party making its way

**Surveys, B.C.—
Large expenditure.**

northward, you got information sufficient to enable the Government to decide upon the expediency of adopting the Yellow Head Pass. If such a thing were possible, was it not worth questioning the expediency of adopting an instrumental survey at the beginning—whether the requisite examination could not have been made rapidly, and the instrumental surveys deferred until the next year: did you canvass the expediency of all that expense before incurring it?—First, as to the expediency: had I known that the Yellow Head Pass was as favourable as it has turned out, of course it would have been quite unnecessary to send any one at all there; but I did not know that. As to the expense: I discovered, to my surprise, that the expense was very much larger than I ever had any idea of; the expense of the parties in British Columbia was simply enormous, and no man could have been more disappointed than I was to find out that so much money was—I will not say wasted, but expended in that direction.

In six months had learned the nature of Yellow Head Pass by simple exploration. Had he known it was so favourable it would have been unnecessary to send any one there, and as to the expense he was very much disappointed at the amount of money wasted.

22294. Do you mean it was not wasted?—I am afraid some of it was wasted; I am afraid a very large amount of it was wasted.

22295. How do you account for that having taken place?—Well, I suppose I must account for it by want of judgment on the part of those engaged, for want of knowledge with regard to the country they were going to explore—perhaps want of judgment. A very much larger quantity of supplies were purchased than I thought there was really any necessity for.

22296. Did you take any part in directing the quantity or quality of the supplies which the different parties should take with them?—I took no part; I left it to their own discretion. I told them to make the examinations, and, in doing it, to use their own good sense and judgment; and I asked Mr. George Watt, who was appointed commissariat officer—head commissariat officer and comptroller I may say—to consult with those men and assist them, and do what he could to keep down the expenditure.

Took no part in regulating the quantity or quality of supplies.

22297. Have you informed yourself upon the kind of supplies that these parties took with them, either all of them, or any of them, so as to explain this large expenditure?—I have. First of all I would remind you that instructions were sent to British Columbia on the 2nd of April, with respect to the abandonment of all further operations on the Howse Pass route; and, in order to utilize supplies that had been taken there the previous year, the balance of the supplies, whatever they were, be they much or little, to take them through in the way which I thought they could be best taken through, to a point on the line of survey by the Yellow Head Pass. I found, not immediately, but within a year or two years after that date, that a large quantity of supplies had been carried in from the United States towards Howse Pass, purchased in the United States long after the date I had instructed the parties to transfer the balance of the supplies remaining over from the previous year, from the depot near Howse Pass to the line of survey through Yellow Head Pass.

22298. By all the different parties, or by any one in particular?—By the party that had been engaged in making the examination by Howse Pass.

**Surveye, B.C.—
Large expenditure.**

Exorbitant purchases made by Moberly's party long after directions to abandon operations in Howse Pass.

22299. That is the Moberly party?—The Moberly party. Here are a handful of accounts of purchases made at a place called Fort Colville, from a firm named Openheimer & Co., long after the date of the directions sent to abandon operations in the Howse Pass. There are vouchers for an expenditure of \$6,925, in May, 1872 (handing in papers), and other vouchers for the expenditure of \$2,606, the same month, and another bundle of vouchers for purchases made so late as August, 1872, amounting in all to \$28,283 (handing bundles of papers).

22300. Where were these latter purchases made?—These were purchased at Fort Colville in the United States.

22301. What is the character of the articles purchased there: eatables, clothing, or what other kinds of necessaries?—All sorts of things. Every conceivable thing almost.

Gold pens and quicksilver, and the like, among the things purchased.

22302. Can you state any things which you consider were not necessary for such purposes?—By glancing over them I may catch some things. I know I looked them over before, and was surprised to see that such articles were purchased. The papers are very voluminous, and I cannot say now, but there were such things as gold pens and quicksilver, and other things of that kind, that I did not see were wanted on the survey, among others.

22303. Can you account at all for these purchases being made after your instructions to withdraw from the Howse Pass investigation and proceed north westerly?—I cannot account for it, and I was very much annoyed to find, when I reached the Thompson Valley, such an immense quantity of supplies were purchased and sent in in that way.

Enormous quantity of supplies lost.

22304. Have you ascertained whether large quantities of supplies have really been wasted and not used by parties, causing an unnecessary expenditure?—I know that a large quantity of those supplies carried in at enormous cost by the Columbia River and Athabaska Pass, were left in store in the Jasper Valley, and for, anything I know, they are there still. I would draw your attention to one point there (handing a bundle of vouchers).

238 rim locks and brass knobbed B bolts among the items charged.

22305. Upon looking at this account I find 238 rim locks, and some brass knobbed B bolts, the bolts being charged at \$3.50 each: are these things requisite for surveying parties?—I should say not at all. It seemed to me as if some country store had been bought out when I first saw the account, and if I felt it was necessary to buy that country store, it would have been better in the public interest to have burned them all than to drag them through the country.

22306. Did you take any opportunity to express your disapprobation of this conduct?—I did.

22307. Did you deal with it officially?—Of course. It was some time after the purchase was made that I knew of it; but as soon as I had the least knowledge of it I took steps to relieve the party and the gentleman who conducted it of further work. On that point I may read some letters, if necessary. I made a journey across the country myself that year.

Fleming's Journal across the continent in 1872.

22308. You mean 1872?—In 1872. I left Toronto about the middle of July and went by steamer to Thunder Bay. From Thunder Bay I journeyed through by what is known as the Dawson route to Fort Garry, and from Fort Garry on horseback to Edmonton, and from

Surveys, B. C.—
Large expenditure.

Edmonton to Jasper Valley, not far from Yellow Head Pass, partly on horseback and partly on foot. I met Mr. Moberly in Jasper Valley. I expected that the work I had instructed him to do the previous April had been far advanced, but I found that although he himself was there, his party and his supplies were still a long way from the place.

22309. About how far behind him?—It turned out—I do not know, I am not sure—a considerable distance, perhaps half-way—perhaps more than half way, between the Blaeberry River—

22310. Boat Encampment?—Yes; somewhere about Boat Encampment. He explained as best he could; but, of course, I could not understand why it should take so long, and I expressed my dissatisfaction that so little had been done. However, I could not possibly replace Mr. Moberly or his party by another party, and I deemed it advisable to utilize him as far as could be done, so when I reached the Forks of the River Fraser—that is half a day's journey west of the Yellow Head Pass, Mr. Moberly being still with me—I took him with me to get explanations. I addressed him a long letter, a copy of which I now hold in my hand, on the subject. I do not think it will be necessary to read the whole of it, or perhaps much of it. This letter is chiefly instructions what to do with his party, to hurry them forward as rapidly as possible, and how they could be best employed for the balance of the season; what to do with the horses; what to do with this thing and the other thing. I did not then know that such a large quantity of supplies had been purchased and forwarded, but I did get some information on that subject about a week afterwards. The first letter of instructions is dated the 18th of September, from the Forks of the River Fraser, east of Tête Jaune Cache. I wrote on the 25th of September from Stillwater, on the River Thompson, after I had learned something about the quantity of supplies that had been taken in, to this effect:

Expressed dissatisfaction to Moberly, but determined to utilize him and his party.

“W. MOBERLY, Esq.

“MY DEAR SIR,—I wrote you on the 18th inst., from the Forks of the Fraser River, enclosing a memorandum of instructions, which you read over at Moose Lake camp the day before—

He read them over in my presence—

“I now deem it advisable to cancel that portion of my instructions conveyed to you in my letter which relates to the proposed winter survey and pack trail, from camp No. 48—

That is the camp in Jasper Valley—

“to Jasper House, and thence to Edmonton. On reference to Mr. McLennan's report, I find he did not leave the east end of Moose Lake on his return journey last year until the 21st of October. It is clear to me, therefore, with the good horse trail made during the present season from Kamloops entirely through to the mouth of the Caledonia Valley, and the efficient means of conveyance at your command, there would be no great difficulty in completing the survey across Yellow Head Pass to Jasper Valley, and returning with your entire staff to this side of the country before the close of the season. You will, therefore, finish the work and return with all your parties to Kamloops, and without delay write me a report of your operations during the past year. With regard to the supplies now with you or *en route* to the upper country, you will make a store at some suitable place near Henry House and put everything in charge of John Brown, whom I wrote to you about. You will furnish me with an inventory of all the stores handed over to Mr. Brown, giving a separate list of those taken through to the Athabaska Pass, and those forwarded from this section. All stores now with McCord, Mohnn, or on the way up, will be placed in Mr. Brown's charge. With regard to the pack animals, I think it would be best to send about half of them to Kamloops, leaving the remainder in charge of Mr. Brown, who knows where they can be best wintered in Jasper Valley. In selecting those to return to Kamloops, you

Instructs Moberly to complete that season's survey across Yellow Head Pass to Jasper Valley, and how to dispose of supplies and animals.

**Surveys, B.C.—
Large expenditure.**

will take care that they are in fit condition for the journey, as the grass is very deficient between this point and Yellow Head Pass. I will leave further instructions for you before I leave this province for Ottawa.

"Yours truly, &c."

I read that letter more especially to show that I had taken means, as soon as the information came to me about the purchase of those supplies that were not needed, and the waste of time unnecessarily through their purchase, to cancel the instructions that I had given to the gentleman referred to at the Forks of the Fraser, and withdrawing him from the survey.

22311. Did these instructions withdraw him from the survey at once, or do you mean that they continued him in the service, but for a more limited period?—Until he did the work. Of course I wanted to utilize him and his party as far as could be done while they were there, and had been taken there at such an enormous expense, during the few weeks remaining of the season; and, according to the instructions, I informed him not to survey any more, but to come back to Kamloops and write me a report of all the operations during the past year.

Never saw the necessity of such a large number of pack animals as Moberly had with him.

22312. Did you give any instructions on the subject of the pack animals or other beasts of burden provided by him for those parties?—I never could see the necessity for such a large number of pack animals.

22313. Did you give the subject your consideration, and come to a conclusion, whether it was an improvident act on his part?—I think there were too many animals purchased. There was no necessity at all for taking any animals that way that I could see—at least any considerable number.

22314. Did you communicate your disapprobation of that particular feature of his outlay?—By letter or verbally?

22315. In any way?—I do not remember at this moment; these are simply scraps of letters that have been accidentally saved from the fire. I can find no others, and I do not remember any others expressing dissatisfaction.

22316. Having disapproved of this great expenditure by him, I suppose he was not employed the next year?—That was the end of the employment in 1872.

Moberly carried out the first, and not the second instructions (i. e. to complete work that season) remaining out the whole winter.

22317. Did he not do work in 1873?—Pardon me; that was not the end. He did not comply with my instructions. He remained out the whole of the winter and carried out the first instructions, not the second; and in answer to that he said he did not get the second instructions.

22318. Then your judgment on his conduct was not communicated to him, as you understand, at the time you expected it was?—I did not see him for a long time afterwards. He remained out, and did not come back. There was no means of sending communications up there except by hand. This was sent by an Indian, or by pack train taking up supplies over the Yellow Head trail.

Assumed that Moberly had abandoned the service.

22319. When you returned to Ottawa did you take any steps to have him dealt with by direct action of the Department, or in any other way, or did you take it for granted that he had abandoned the service?—I took it for granted that he had abandoned the service.

22320. When did you first learn that he had not; that he was still under pay?—My information was of a negative kind. I did not hear from him for a long time.

Surveys, B.C.—
Large expenditure.

Moberly reports
January, 1873.

22321. He puts in a report dated January 13th, 1873, from the Athabaska depot to you, which was accompanied by a more general one. This last is printed. This (Exhibit No 102) he says was a sort of private report?—May I ask you if this was received from him?

22322. From him?—I will not say I did not receive a copy of this, but I do not remember. It is quite likely that I received a copy of this.

22323. Do you remember whether you assented to his remaining in the service after you became acquainted with the fact that he was continuing as a member of the staff?—I suppose I may say that I assented by doing nothing. I could not reach him. I could not communicate with him.

Assented to
Moberly's re-
maining in
service.

22324. You mean during the season of 1873?—I cannot say about 1873. This letter is dated the 17th of January, 1873, and when he came out I do not know at this moment. This, doubtless, was sent to me, and came out by way of Edmonton, and perhaps did not reach me until the spring of 1873. On reading this report of Mr. Moberly's, there are some points that occur to me, and I think it is only just to Mr. Moberly to draw reference to some things that I did not remember before, which may possibly account for him buying the supplies that were taken in after the order was given not to proceed with the Howse Pass survey. On the 13th of March, the Hon. Mr. Langevin received a telegram from the Lieut.-Governor of British Columbia, Mr. Trutch, pointing out that the railway explorations should recommence immediately. It went on to say: "Moberly anxiously awaiting here."

22325. What year was that?—13th of March, 1872—

"Moberly anxiously awaiting here authority to employ additional party east of Rocky Mountains. Coast survey by Bute Inlet cannot proceed as no capable engineer here available to take charge."

And something else that had no reference to it. That telegram appears to have been handed to me by the Minister, Hon. Mr. Langevin, and in consultation with him I was authorized to telegraph this:

"Lieut.-Governor TAUBER, Victoria, B.C. :

"Considered advisable under circumstances to transfer one party from Lower Fraser to Moberly to complete mountain work early. Now arranging here to send staff for Vancouver and Bute Inlet districts."

I bring these out because it would appear that before April 2nd it was intended to continue the survey by Howse Pass. Between these dates, March and April, it is just likely that the supplies may have been purchased by Mr. Moberly.

22326. Between what dates?—Between the 13th of March and the 2nd of April.

22327. But the dates you read for the expenditure—two of them—were one in May and the other one in August?—I mean a portion of the supplies may have been purchased between those dates. There is in this letter, I see, among other things—and I think this letter was written from Athabaska depot on January 17th in order to explain as best he could why so large a quantity of supplies were purchased. He says here:

"His Excellency the Lieut.-Governor of British Columbia informed me he had been requested to exercise a general control or supervision over Canadian Pacific Railway affairs in British Columbia. I therefore, from that time, considered it my duty to co-

Moberly's explan-
ation respecting
supplies.

Surveys, B.C.—**Large expenditure.**

sult with and be guided, to a certain extent, by him in all matters pertaining to my further operations regarding the prosecution of the survey and other work entrusted to me in British Columbia, which course I followed in every particular until I left Victoria for Howse Pass on the 19th of April. Anticipating that the survey would be completed through the Howse Pass route, after consultation with Mr George Watt, commissariat officer and paymaster for British Columbia, I inserted an advertisement in the principal British Columbia papers calling for tenders for various supplies I considered it necessary to have forwarded on the opening of the season to the neighbourhood of the Big Eddy and the Boat Landing on the Upper Columbia."—

22328. You will understand that we have this document in evidence before us, and the contents of it; of course, if you desire to put it down on the notes we have no objection, but I was not sure that you understood it in that way?—I feel it due to Mr. Moberly to give a few paragraphs in the way of explanation. I did not wish to read it all through:

"These tenders were forwarded to Mr. Watt, but no contract was awarded until further instructions of a definite nature should be received from you regarding the season's work. Everything, however, was in readiness to have the contract awarded and the supplies forwarded, the moment those orders should be received."

I will read no more.

Felt that Moberly's judgment was so much at fault respecting supplies that he could not ask him to remain in service.

22329. We do not wish to prevent any reading which will explain any other evidence?—No; I think it was only due to Mr. Moberly to give some of those paragraphs, but the paper having been read already, I think it will be quite sufficient. At all events, although I felt that Mr. Moberly did not spare himself, and I was perfectly satisfied that he worked very hard in making explorations in the mountains, still, I felt that he erred so much in judgment in connection with the purchase of those supplies that I could not very well ask him to continue in a similar position any longer. I should mention to you also, that the surveys in British Columbia gave me a very great deal of anxiety. My instructions were not carried out in the way that I hoped they would be. Perhaps it was impossible to have them carried out, but I was disappointed with the result, and I thought it was expedient to have someone, some good man in that province to act as my deputy on the spot, and to see that all the operations were conducted in a proper and economical way. I accordingly prevailed upon the Minister to allow me to get the services of Mr. Marcus Smith, and he was sent over, I think, early in April, 1872. I think his instructions were dated the same day. I have not a copy of this letter conveying to Mr. Smith his appointment.

Instructions to Marcus Smith, 30th March, 1872.

22330. I do not think the exact date is very material unless you have some particular object?—No; it was dated the 30th of March, 1872, and pointed out that he was expected to proceed to British Columbia with as little delay as possible, and immediately on his arrival there to take under his special charge the surveys deemed necessary between Victoria, Vancouver Island, Bute Inlet and Fraser River, at the same time "assuming general charge as my principal resident assistant of all the other surveys now going on in British Columbia" and mentioning the amount of salary, &c.

22331. Is there any other matter which you consider necessary to offer, by way of evidence, connected with this question of surveys, or in any way concerning British Columbia?—I do not think there is. I am of course naturally desirous of satisfying the Commissioners that everything was done by me that could be done to have the surveys made without unnecessary expense.

**Surveys, E.C. -
Smith's Map -
Correspondence
between Fleming
and Marcus
Smith put in.**

22332. Is there anything connected with any of the other subjects which have been alluded to that you wish to mention?—I mentioned yesterday that a number of letters had passed between Mr. Marcus Smith and myself respecting a map which was said to have been suppressed, but inasmuch as Mr. Smith's letters are marked private I did not care about using them. However, I caused a letter to be sent him in reference to the letters, and asked him if he would give his consent to placing the letters before you. He replies generally that he has no objection, provided they contain no personal reflections on any one. Inasmuch as the letters only reflect on myself, I think I may venture, having got the consent of Mr. Smith, to place them before you. I do not think it will be necessary to read them. I think it will be quite sufficient to pass them across the table. (Exhibit No. 317.)

22333. I am not sure that I have the correct impression as to the different periods of your absence from Canada upon leave: can you state approximately the time and length of the different absences. I have the first one marked as from the 10th May, 1876, to the 15th February, 1877: do you remember whether that was about the period—I do not wish to know exactly?—I can give you the aggregate period, because I have it here. I left in July, 1876. I was called back the following winter. My leave of absence for twelve months, which I had asked for and obtained, was broken into, and I returned to make up my leave. The following winter I was again called back, and having left my family behind me—having been called back on very short notice, I was directed to return by the first steamer—having left my family behind me it was necessary to return again the following summer for my family, which I did. The aggregate time which I was away from Canada during those three years was, I think, nineteen months.

**Absence from
Canada of
Chief Engi-
neer.**

**During three
years away from
Canada on leave
nineteen month**

22334. During that time, as I understand it, you were on leave, and it does not include the time when you went home to help in the purchase of rails?—Yes; this is irrespective of the time I went home on duty. I was away a part of three years—

22335. I think you said that before you got leave of absence on the first of those occasions, that you had not been over the line at all excepting during your trip across the continent in 1872?—I had not.

22336. And I think you said that it was not possible for you to leave the capital to do so?—It was extremely difficult. I was engaged. Up to midsummer of 1876, I was Chief Engineer of the Intercolonial Railway, and that required a good deal of my attention. After July, 1876, I got leave, and except my presence here during the following winters, I was absent during the rest of the year.

22337. If you had been free from the connection with the Intercolonial Railway, do you think you would have been able to visit those works?—Undoubtedly.

22338. Then your inability to go over the line, was due to your connection with the Intercolonial Railway?—Yes. Then, again, in 1879, when I was required to accompany the Minister to England, on public business. I returned when that business was completed, and I returned as soon as I could with the view of going over the whole line under construction between Thunder Bay and Fort Garry, and other parts as well, but I was directed not to leave Ottawa until a decision had been arrived at with respect to the route through British Columbia.

**Why witness had
not gone over the
line.**

Surveys, B.C.

At that time they were expecting a telegraphic report from Edmonton with respect to certain explorations that had been going on during the previous summer, from the mouth of the Skeena to the Peace River country. The information came from Edmonton about the end of September. I reported on the routes in British Columbia. An Order-in-Council was passed, I think, on the 4th of October, and the same evening or next morning, if my recollection is correct, I left for Manitoba, to examine the works under construction. It was then my intention to proceed over the whole line to Thunder Bay, but on reaching section 42, I was telegraphed for to return to Ottawa, on some business of importance, and I did return. The following year, some time in May, I ceased to be Engineer-in-Chief.

Alleged improper influence.

Influenced by no private considerations in recommending Selkirk.

22339. There is another matter on which I have, perhaps, not made my questions as full as you would like, I mean as to the personal interest, if any, which you had in any section of the country, or in anything at all affected by the works of the Pacific Railway?—I am very glad you have asked the question, because I am quite prepared to answer it. When you asked me the question: if I owned any land, or had any interest in land at or near Selkirk, the object of the question was, doubtless, to ascertain if I had been any way influenced in my recommendations respecting Selkirk as a site for bridging Red River, and my answer was of a negative character; and I stated further, that if I had been influenced by any personal or private considerations I would have favoured the taking of the railway, not to Selkirk, but to Winnipeg or to Stone Fort, and I gave the reasons why: simply that I own a few shares in the Hudson Bay Co. It was on public grounds alone that I made my recommendations, and one of the reasons was the existence of a large block of Government land at Selkirk, which I felt would be greatly increased in value by the establishment of a town at that place. I may mention to you that I have been told, within the last few days, by the Hudson Bay Land Commissioner, as a matter of fact, that half the Hudson Bay Co.'s land at Winnipeg, or about 250 acres, has been sold for about \$750,000. Had Selkirk been established as a city in place of Winnipeg, and the land sold at the same rate as that mentioned by the Hudson Bay Commissioner, one-third of the Government block at Selkirk might have been disposed of for as much money as Canada paid in the first place to the Hudson Bay Co. for the whole North-West Territory. I merely mention this to show that I think I was perfectly justified in viewing the Government land at Selkirk as an element of no mean importance in the consideration of the location of the line and the bridging of Red River. I hold still that Selkirk is a much more favourable site, naturally, for a city than Winnipeg. As to the private owners of land adjoining the Government block I know nothing, and have not taken the trouble to make any enquiry. With regard to owning land, or being interested anywhere else in the North-West Territories, I may state that beyond the remote interest as a small holder of Hudson Bay stock already referred to, I am not now directly or indirectly interested in any land or property of any description at any point between Lake Superior and the Pacific Ocean. I state most positively that I have at no time been influenced in the slightest degree by any personal pecuniary considerations, near or remote, in performing my duties as Engineer-in-Chief of the Pacific Railway. Besides engineering duties, I was charged for several years with the whole expenditure and was held accountable for the total outlay of money, hundreds of thousands of dollars, a responsibility which of itself was very irksome,

Government land at Selkirk an element of no small importance.

Alleged improper influence.

and added immensely to the difficulties of my position. Every farthing of public money placed in my hands has been completely accounted for. During the whole nine years I filled the office of Engineer-in-Chief I derived no personal profit or pecuniary advantage whatever. As a matter of fact I was an actual loser, as the burning of the Canadian Pacific Railway offices in 1873 or 1874 destroyed my private property in books, instruments and papers, valued at the time at a considerable amount. These losses are referred to in a letter to the Minister of Public Works dated February 7th, 1874. For the losses then sustained I received no compensation whatever, and I made no claim. The Commissioners were quite right in satisfying themselves with respect to my personal interest in Selkirk and the North-West generally, as the enquiry should set at rest any theories that may have existed in men's minds. I am glad the question has been asked, and I state most unhesitatingly that with respect to the Pacific Railway, my time, labour, and best intelligence and all the judgment I possess have been given from the first day to the last day of my service in the public interest, and with perhaps too much indifference to personal and pecuniary advantages. During the whole nine years I have filled the office, and have spent myself in endeavouring to establish this great national undertaking, I received no compensation, and I asked none. It was only after I ceased to be Engineer-in-Chief that the Government, unsolicited, sent me an Order-in-Council granting me \$30,000 for my services. I expressed no opinion as to the amount. I had made up my mind to accept whatever sum, if any, might be offered me, and I acted accordingly.

Witness devoted to Canadian Pacific Railway with too much indifference to personal advantage.

\$30,000 given him for his services.

Management. Remarks on appointments of officers.

22340. Is there any other evidence which you desire to give concerning your connection with this railway, or the ending of the connection? —I can give some little information with regard to the circumstances which led up to my ceasing to be Engineer-in-Chief, which I will be very happy to do. I would first wish to say, with regard to the appointments that have been made from time to time, the evidence that I have given was in answer to questions, and the facts are not always brought out by questions in the way that a witness would wish to give them. When the survey first began, the great difficulty was in finding capable men to do the work. All, or nearly all, with whom I was acquainted myself, were actually engaged in other works—many of them in connection with the Intercolonial Railway, and they could not be spared from that work until that service was completed. I did not, if I have done so—I did not mean to say that the Government in making appointments were desirous of appointing any but the most efficient men, and when I say the Government I mean any Administration that I had been acting under, and I have acted under three different Administrations during the survey of the Pacific Railway. Each Minister and each Member of the Government with whom I came in contact was desirous of getting the best men that could be had; but sometimes it was not possible, even if there were choice, to get the best men, on account of the pressure that came from Members of Parliament and others to have their friends or *protégés* appointed. I mention that simply for the purpose of stating that if inferior men were at any time selected by this Government or that Government, it was not done with the view of getting inferior men by any means; and, indeed, although there are some men on the survey not up to the work for which they were employed, I have great pleasure in saying that there are a great number of very efficient men whose friendship

Management.

I shall always remember with kind feelings, and who were as earnest as myself to carry out the undertaking in a creditable way, and who were as anxious as I was to do everything in the public interest.

22341. Do you intend to convey the idea that the anxiety of the different persons connected with the Government to get efficient men led to the best men being employed, and that if they had been selected by a private company that they would have been probably no more efficient?—I do not mean that. I mean a private company would be free from the difficulties that I have referred to with regard to the appointment of men.

A private company could accomplish the work more efficiently and at less cost than a Government.

Discontinuance of witness's connection with Railway

22342. Would they be able to accomplish the work more efficiently and at a less cost than the Government is able to do it, in your opinion?—Yes; I think so. I decidedly think so. I shall now answer the question as to the circumstances which led up to my removal from the office of Engineer-in-Chief, in the spring of 1880, and I will be obliged to read from letters. It is not an easy matter for me to explain the circumstances which led to my removal from the office of Engineer-in-Chief, because no reasons have been assigned to me by the Government, I can only draw my own inferences from the few facts which have come to my knowledge. I had no reason to think until early in 1880 that any member of the Government, or any prominent supporter of the Government, had the least unfriendly feeling towards me personally or officially, or had the least desire to change my position as a public servant. The first intimation I had of dissatisfaction was in February, 1880. I saw a memorandum from a gentleman who was not then, but has since entered the Cabinet. This memorandum was given to Sir John Macdonald by Senator Macpherson. It discussed the Pacific Railway, the Government policy in connection therewith, my own position, and found fault generally. It occurred to me that this memorandum was the outcome of the examination by a Committee of the Senate the previous winter, of which Mr. Macpherson was chairman; but it seemed only natural that he should feel chagrined not only with the Committee for reporting against his views, but likewise with myself, for not falling in with his way of thinking when I gave my evidence. Be that as it may, I felt that an explanation was necessary. I accordingly addressed a letter to the Minister of my Department for the information of the Government. I cannot furnish the Commissioners with Mr. Macpherson's memorandum, as it was returned, and I have kept no copy; but I shall be happy to read my own explanations:

“ CANADIAN PACIFIC RAILWAY,
“ OTTAWA, 9th February, 1880.

Letter to Sir Charles Tupper.

“ MY DEAR SIR CHARLES,—I am greatly obliged to you for allowing me to read the paper of the Hon. Mr. Macpherson on the Pacific Railway. It is not for me to defend this or that policy, but I feel called upon to offer some explanations on matters personal to myself.

“ Up to the time that British Columbia entered the Dominion, I had, for a series of years, laboured assiduously in connection (1st) with the surveys; (2nd) with the construction of the Intercolonial Railway. In the middle of the work in 1871, I was asked by the Government, through the then Minister of Public Works, the Hon. Mr. Langevin, to begin and carry on the Pacific Railway explorations. At first I declined, feeling that I had already more than sufficient work on my hands. Mr. Langevin, however, was pleased to say that the Government had great confidence in me; that he knew of no one else whom he could call upon, and he was good enough to press the new duty on me in such a kind and complimentary manner that my friends told me it was impossible for me to decline. With great hesitation I accepted the additional charge of the Pacific Railway, but once accepted, I determined to bring to bear on the double work (the Intercolonial and the Pacific) all the reserve energies of my mind and body that I could command. I, indeed,

Discontinuance
of witness's
connection
with Railway

Arduous charac-
ter of work,
consequent
injury to wit-
ness's health.

felt the weight of the responsibilities that were thrown upon me, and I laboured night and day in a manner which will never be known. Some time after I began to work double tides, I had the misfortune in two consecutive years (1872-73) to meet with serious accidents. By the first I came near terminating my life; by the second I was placed on crutches for six or seven months. During the whole of these periods, except when actually confined to bed, I never ceased to carry on my work, which I need not say was at times very arduous. As a consequence my general health suffered, and I was forced to seek for some respite. When the Intercolonial Railway was finished in 1876 an opportunity presented itself for this change. I asked for and obtained leave of absence for twelve months, making, as I thought, full provision for conducting operations on the Pacific Railway during my absence. I went to England so as to have as complete rest as possible, but twice during my absence I was recalled by the Government to attend to urgent duties which, it seemed, could not be performed without me. When I finally returned in 1878 I found my staff demoralized, and many things had been allowed to drift into a state of confusion. The perplexing difficulties I was then compelled to face have not yet been entirely overcome. These difficulties I need not here describe, it is enough that I should remind you that they were not of my making. I was in no way responsible for them, unless they were due in part to my absence, and it may be said that they would possibly not have arisen had I been at my post. My absence was, however, necessary. The rest I sought for and in part obtained, was absolutely needed as I was then, and indeed to some extent I am still, suffering from the effects of over-work.

"I am quite sure if Mr. Macpherson was aware of the circumstances, he would be the last man to charge me with neglect of or indifference to duty. I shall not make any boast of my services. I shall leave others to speak of what I have done. I may only point to the volumes of printed reports and to the still larger volumes of unprinted matter as a faint idea of my labours. This much I can say: I have devoted myself to the particular services upon which I have been engaged now for nearly seventeen years (and with but little intermission) with a deep earnestness of purpose. I have given ungrudgingly the best years and energies of my life. I have felt that I could only in this way, but serve my country, and this thought, be it right or wrong, has sustained me in difficulties and given me pleasure in overcoming them.

P ints to the
volumes of
printed reports,
&c., as giving a
faint idea of his
work.

"With regard to salary, a matter mentioned in the paper you have given me to read, I should offer this explanation: When I was appointed to the charge of the Pacific Railway, in 1871, I was then in receipt of \$4,800 per annum as Chief Engineer of the Intercolonial Railway. At that time the Minister received \$5,000 per annum, the difference being only \$200. It was felt that an officer should not receive more than a Minister, and to place an officer in this case, even on an equal footing in point of salary, by paying him \$200 per annum as engineer of the Pacific Railway, would be somewhat absurd. It was agreed that the question of compensation should therefore stand over, and this was the more readily concurred in by me, as I then, and have ever since, looked upon salary as secondary. I assumed the duty for the reasons I have above set forth, and I have laboured from then until now for the pleasure the work afforded me, confident in the belief that I was usefully engaged in my country's service. I trust I may continue to have the confidence of the Government, and that I shall have strength to perform my duty satisfactorily, at least, until a train can run through on Canadian territory from Lake Superior to Red River. When that time comes I shall be glad to retire, and if the services I may have rendered be considered of any value, then I shall cheerfully accept whatever compensation the Government may be pleased to offer.

Salary.

"Believe me, very sincerely yours,

"SANDFORD FLEMING.

"To Sir CHARLES TUPPER,
"Minister of Public Works."

I heard nothing more of any consequence until Parliament met. On 3rd of March speeches were delivered in the House of Commons in which my conduct as Engineer-in-Chief was assailed with some bitterness. The charges then made against me are specially referred to in a memorandum which I felt it necessary to prepare in my own defence. It was addressed to the Minister of the Department the 26th of March, 1880, and I now propose to submit its contents:

"CANADIAN PACIFIC RAILWAY,
"OFFICE OF THE ENGINEER-IN-CHIEF,
"OTTAWA, 26th March, 1880.

Memorandum
addressed to the
Minister of
Railways.

"(Memorandum.)

"On the 3rd March, grave charges were made in the House of Commons, against the writer, as Chief Engineer of the Canadian Pacific Railway, which have since been against witness.

**Discontinuance
of witness's
connection
with Railway**

published throughout the Dominion. These charges seriously affect his personal character and his professional reputation.

"A Member of the House of Commons has certainly the right to investigate the conduct of any public servant, if he deems it proper to do so. Equally, the party assailed, if wrongly accused, may claim to be heard in his justification.

**Position of a
Government
Engineer, and
course open to
him when
assailed.**

"An engineer is an executive officer of the Government, to whom the public interest is confided according to his rank and status. No charge can be more painful than that he has neglected his duties, or that he has failed honestly and with ability to consult the interests he has undertaken to protect

"It is obvious that, if called upon to vindicate his character from what he holds to be an unjust accusation, the only course open to an engineer, in the employ of the Government, so long as he holds his position, is to address his remonstrance to the Minister at the head of the Department.

"He cannot with propriety avail himself of the columns of the newspapers or of a magazine, neither can he publish a pamphlet in his vindication. To the mind of the writer it is still more objectionable to have recourse to a borrowed pen, and to get published anonymously what he holds inexpedient to state above his signature.

"The writer, therefore, respectfully asks leave to address the Minister on the subject of the charges made against him in Parliament.

**Charges against
witness formul-
ated.**

"They may be formulated:—That the writer has recommended an ill-judged and unwarranted site for the bridge-crossing of Red River; that he was long absent in England from his duties, during which time the railway work was unconsidered, and his responsibilities neglected; that the original estimates given for the work under contract have been greatly exceeded; that he has caused needless expenditure at Cross Lake on an improper location, and that he has permitted large sums of money to be carelessly wasted.

**Red River
Crossing.**

"The writer has submitted, at length, the reasons which have led him to recommend the location of the Red River bridge. They are set forth in his report to the Government, of 8th December, 1879, to be laid before Parliament. Subsequent enquiry having confirmed the facts, he cannot change or modify his opinions. He respectfully submits that, if the question be examined and the facts and circumstances be fully weighed, it will be found that his view of the case will be sustained, and his recommendation justified. It is known that the location recommended by him is not looked upon with favour in quarters and localities adversely interested; but his own convictions remain unchanged, and he holds it incumbent on him, in the general interest of the public, to adhere to the selection he has submitted, and to ask that the considerations which dictated it be fully examined.

"On this point of the censure directed against him, he begs leave respectfully to refer to his report to the Government, and to ask for it impartial consideration.

**Neglect of duty.
Large expendi-
ture.**

"He turns to the other issues which have been raised. The charge is unusually grave: that of having neglected his duty and allowed large sums of money to be squandered. An engineer is in no way answerable for the policy adopted by the Government in making contracts; but once a contract is entered into and placed in his hands, he is responsible to the Government, through the Minister of the Department, that it be honestly fulfilled. It is his duty to carry out and enforce its conditions, to see that the work is properly performed and full value given for the money paid. It is equally his duty to do justice to the contractor as to the public; indeed, to act as a judge between parties whose views of right are not always identical. It is, moreover, his duty to submit to the Minister any changes, in construction or otherwise, he may hold to be desirable, and, on obtaining the Minister's authority, to have them carried out.

"Between 1863 and 1871, the writer was Chief Engineer of the Intercolonial Railway. From 1871 to 1876, he filled the position of Engineer-in-Chief of both the Intercolonial and Canadian Pacific Railways. In the latter year, the Intercolonial was opened for traffic, and the writer ceased to act as Chief Engineer. At this date, most of the difficulties connected with the Canadian Pacific location had been solved. Two sections, easy of construction, had been placed under contract: No. 13, the first section west of Fort William, Lake Superior, thirty-three miles; No. 14, the first section east of Selkirk, Red River, seventy-seven miles.

**Health of
witness.**

"The writer's health had been much affected by his labours: his medical advisers counselled rest. He himself felt that abstinence from work was indispensable. He applied accordingly for twelve months leave of absence. So much a matter of necessity did this rest appear to himself that he had determined, should the leave of absence not be granted, to resign his position, a fact perfectly capable of being established.

"Before leaving, it was arranged that the senior assistant on the Pacific Railway staff in the writer's absence should assume his duties. Full confidence was felt in the ability, experience and reliability of that officer, and, on the writer's recommendation, the then Minister of the Department consented to the arrangement. That gentleman was placed in charge and he entered on his duties with the title of acting Chief Engineer.

**Neglect of duty.
Large expenditure.**

"The writer left for England. At that time sections 13 and 14 only were under construction. The work then performed was valued at: Section No. 13, \$127,353; section No. 14, \$102,140. Section No. 25 had been placed under contract as the writer was leaving, but no work had been executed. Six months afterwards the contract was signed for section No. 15.

"During his absence the writer was relieved from active direction of work, superintendence of details, and all the incidental duties appertaining to his office. Matters, however, connected with the railway were frequently brought to his notice, and formed the subject of correspondence.

"Twice he was recalled by the Government. His leave was thus temporarily set aside, and, in consequence, renewed and extended. Before six months had passed he was peremptorily summoned by the Minister to Ottawa. Leaving England in December, 1876, he remained in Canada until May following. In this period, independently of the other duties which engaged most of his time, the writer completed the voluminous report of 1877, which he had commenced in England.

**Leave of absence
broken in on.**

"The leave of the writer was renewed, and he again left for England. He was again recalled, and so urgent was the summons that he started on a few days' notice. The consequence was that he was forced to neglect important private affairs, the arrangement of which necessitated his return to England.

"In October, 1878, he returned to Canada and resumed his duties. The acting Chief Engineer had, from July, 1876, held the position of principal executive officer of the Government to supervise the works under contract, to give directions to the engineering staff, to control the expenditure, and to issue proper certificates for work performed by the contractors.

"From July, 1876, to October, 1878, no charge was taken by the writer of details of work under construction, beyond replying to the points submitted to him and receiving the reports forwarded from time to time. The latter in no way presaged the difficulties which now attract public attention.

**From July, 1876
to October, 1878,
writer took no
charge of details.**

"On the return of the writer to his duties in the autumn of 1878, his attention was directed to the difference between the original quantities and the work returned as executed on sections Nos. 14, 15 and 25.

**Discrepancy in
quantities.**

"Whatever the cause, it was plain that the original quantities had been greatly increased. No report of any such contingency had been made to him. The fact fell upon him as startling, from being unexpected, as it was alarming and unaccountable.

"He had never supposed that a result of this character was possible. Had he been in the country his duty would have led him to take means to keep down the expenditure, to amend the line where change was advantageous and possible, and if through any cause the quantities of work executed showed a tendency to over-run the estimate, his attention would have been at once directed to the subject, as progress sections and the monthly returns conveyed the unwelcome information.

"No time would have been lost in endeavouring to ascertain the cause of the difficulty, and steps would have been taken to rectify it.

"The original bills of quantities were made up without the exact data necessary for forming estimates with accuracy. They were prepared from the best information, by engineers who had charge of each particular survey. As there was great pressure to have the work placed under contract, and definite quantities were indispensable, the results were, to a certain extent assumed.

"Much of the line passes through muskegs and marshes. The surveys were mostly made in winter when the ground was frozen. This circumstance doubtless, in some cases, deceived the surveyors as to its character, and led them to mistake marsh and muskeg for firm earth. One thing is certain, the quantities published before tenders were invited made no claim to exactness. Their *prima facie* character establishes this fact beyond dispute. The amounts are almost invariably in round figures, such as 100,000 lineal feet or 1,000,000 cubic yards. At the same time, although estimated or rather assumed, specially to admit of a comparison of tenders by having the different prices applied to them, and the total amounts thus worked out, it was also supposed that if not approximately correct, they would at least not be greatly at variance with the actual results.

"It was, therefore, incomprehensible to the writer that the actual quantities should, in nearly every case, be so much greater than those originally assumed and printed. Making every allowance for imperfect data, misleading those who had made up the bills of quantities, for the frozen marshes having been considered to be solid ground and for other contingencies, in the writer's mind there was no satisfactory explanation for the extraordinary differences.

"When the discrepancy came under the writer's notice, he at once gave it his serious attention, and the difficulty, with all the circumstances connected with it was frequently and earnestly discussed with the Minister.

"It was not possible for the writer to accept the returns of the work executed and the certificates which had been issued. Accordingly he declined to grant any certificates whatever for what had been done during his absence, until the quantities were properly accounted for and irrefragably established as correct. He caused an inves-

**Investigated but
failed to obtain
satisfactory ex-
planation of
excess.**

Railway Location.

"The question has been raised that the writer caused needless expenditure by an ill-judged location of the line on section 15, in the neighbourhood of Cross Lake.

"There are points between the terminus on Lake Superior and the prairie region which govern the whole location. The geographical position of the Lake of the Woods on the international boundary, defines Keewatin, at the outlet of the lake, to be one of these points. Selkirk, in the writer's view, is clearly another. The problem was to connect these points by the shortest, best and cheapest route. With the exception of a limited area of prairie or thinly wooded country near Selkirk, the whole distance is forest. A great extent of the surface is rocky, broken and rugged, with many long, narrow lakes, some of which it is impossible to avoid. Cross Lake, met some thirty-six miles west of Keewatin, is of this class.

Was location of contract 15 near Cross Lake a mistake.

The undersigned directs the attention of Mr. Jennings to the importance of, in no case exceeding the rates of gradients and curvatures, as follows:—

Ascending East.

On tangents and $1\frac{1}{2}^\circ$	curves, gradients not to exceed	.50	per 100.
" " 2°	" " " "	.45	" "
" " 3°	" " " "	.40	" "
" " 4°	" " " "	.35	" "

Ascending Westerly.

On tangents and $1\frac{1}{2}^\circ$	curves, gradients not to exceed	1.00	per 100.
" " 2°	" " " "	.90	" "
" " 3°	" " " "	.80	" "
" " 4°	" " " "	.70	" "

While insisting that in no case these gradients shall be exceeded, the Chief Engineer directs the earnest attention of Mr. Jennings to the very great importance of keeping down the cost of the work, and he trusts that wherever it be possible, without lowering the character of the engineering features of the line, Mr. Jennings will studiously avoid incurring any expenditure beyond that absolutely required.

4. The undersigned recognizes the peculiar difficulties which will be met by the contractors in this section; not the least serious being the inaccessibility of the country through which the line is to be constructed, and he foresees the great importance to them of having the rail track extended as far as possible easterly from Rat Portage, the moment the rails are laid throughout section 15. From two to five miles east of Rat Portage the profile shows some of the heaviest work on the whole section, after which for several miles the work is comparatively light.

Fortunately the difficult portion could easily be got over by adopting, temporarily, a steep grade, as indicated in the accompanying profile. Mr. Jennings is authorized to make this suggestion to the contractors, with the understanding that the undersigned will concur in its adoption, should the contractors desire it in their own interest. The line must, thereafter, be constructed with the permanent gradient before the completion of the contract, and the contractors will be paid for all now or hereafter executed, which forms any part of the permanent work. The cost of temporary track-laying, and the small amount of excavation of parts A, B, C, D, &c., or any work of a merely temporary character, not necessary in the permanent works, will have to be borne by themselves.

5. For the guidance of Mr. Jennings, it may be mentioned that on some of the sections which have been under construction the contractors have found it convenient, with the modern explosives, to blast out rock cuttings considerably beyond the slope lines, as defined on the specifications. The Engineer-in-Chief directs that only the excavation within the slope lines be returned as rock. The material beyond the slope lines, if placed in embankments, may be returned and paid for as earth; but if wasted it must not be returned as excavation under any class.

6. It may further be mentioned, for the information of Mr. Jennings, that on some sections under construction, when muskegs prevail and the embankments have been formed from side borrowing-pits and ditches, serious difficulties have arisen. The material so borrowed is reported to be, in many cases, vegetable matter of a spongy nature, holding much water, and when dry and compressed by a superincumbent weight, to have little solidity; it is consequently, unfit to be used in the formation of earth embankment. The undersigned accordingly disapproves of its use.

7. There is always more or less difficulty in forming embankments across muskegs or marshes. In some cases where a proper out-fall is available, so that ditches would have the effect of draining and consolidating the ground, it is advisable to form them parallel to the line of railway. But when the ditches, after being formed would simply remain full of stagnant water, their formation is of doubtful expediency, and under such circumstances, ditches are of little value. Indeed, in some special localities they may be a positive injury, and in all such cases it is advisable not to form them, but rather resort to a judicious use of the logging and brushing provided for under the contract.

This being done a thin covering of earth to form a foundation and bed for the ties may be added. Track may then be laid and thus allow material to be brought from any convenient distance by train. But if this expedient be resorted to, it will be necessary to bed the track sufficiently even and solid to prevent the rails from being bent or injured in any way.

Railway Location.

"The country here, and for a long distance, is exceedingly rough, and when the surveys commenced it was a wilderness well nigh impenetrable. It was necessary, however, to find a railway line through it, not simply a line over which trains could be taken, whatever the cost of working them, but a railway which could be operated cheaply and which would admit of the conveyance of farm produce to the eastern markets at the lowest rates, a result only to be attained by limiting the gradients.

Importance of easy grades running easterly.

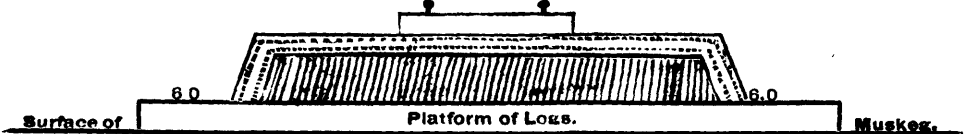
"This view has governed the writer from the earliest inception of the undertaking. In his published report of January, 1874, he set forth the paramount importance of finding a location with the easiest possible gradients running easterly. He directed attention to it again in his report of 1877, and again in 1879."

8. These several points are brought to the attention of Mr. Jennings, but he will himself determine the best course to be pursued when he has specially examined each locality, and become acquainted with the depth of the muskeg, and all the circumstances. In arriving at a decision, Mr. Jennings will take into consideration the question of haul, for which a price is provided, and he will see that in no case the price of earth and haul together (when material is brought by train) shall exceed the price of ballast, as in such cases ballast would probably be the best and cheapest material with which to form the embankment.

9. There may be some exceptional case where it may not be impossible for the contractors to procure suitable material for the road-bed and where it would be a very great advantage to them and expedite their operations, if they were permitted to use in part the spongy material found in muskegs. This shall only be allowed sparingly, and in all cases when used, the solid contents of the spongy matter only is to be paid for. A log platform (clause 12) must invariably be laid on the surface before any of the muskeg material is deposited, and arrangements must be made to measure the solid cubic contents in the embankment after the water has had time to drain out of it. On these conditions as to measurement and payment and on these only, will the undersigned approve of the use in any form, of this peculiar material.

Mr. Jennings will be good enough to inform the contractors accordingly, and obtain their written acceptance of these conditions, when the material is placed in embankments. Wherever it be deemed expedient to allow the use of muskeg material, the whole must be covered over with good earth; in no case should the coating of sand, clay or gravel be less than 12 inches under formation level.

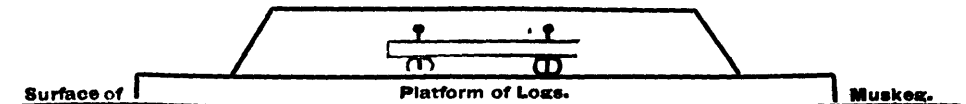
(Sketch A.)



As a rule the surface of the muskeg should not be broken by ditches or borrowing-pits within fifty feet of the centre line.

10. When it becomes expedient to form the embankments by train, good-sized poles, or small trees "spotted" on the side, to average say six inches thick, should invariably be laid longitudinally under the ties. These poles should break joint, and every means taken to render the track reasonably solid and secure to prevent injury to rails. See sketch B.

(Sketch B.)



10. The undersigned has given careful consideration to the question of rock borrowing, referred to in the specification, and he has arrived at the conclusion that it will not be expedient to resort to the process of excavating rock for forming any portions of embankments, except so far as the embankments may be formed by material from "rock line cuttings."

The contractors will, accordingly, be relieved of this expensive and troublesome class of work referred to in clause 98 of the specification.

11. Mr. Jennings is probably aware that on section 15, where the railway is carried across lakes and ponds, the material from rock line cuttings has been deposited in two parallel lines along the toe of the slopes. This was done subsequent to the date of the contract with a special purpose in view, but it involves a good deal of extra trouble and expense to the contractors, without corresponding advantages, and as the undersigned recognizes the peculiar difficulties these contractors have to overcome, and the importance in the public interest of assisting them in every legitimate way, and of avoiding unnecessary outlay, he does not insist upon the same plan of construction being followed on this contract.

The contractors may be allowed to finish the embankments in the usual way, allowing the material of whatever kind to find its proper natural slope, and in the case of the slopes being formed of soft

Railway Location.

"EXTRACTS from the reports of the Engineer-in-Chief in reference to the adoption of light gradients in connection with the question of cheap transportation from the prairie region to Lake Superior.

(From the Report of January, 1874.)

"One of the questions which will undoubtedly force itself on public attention when the prairie region begins to raise a surplus for exportation, will be the cheap transportation of products to the east. Looking to this view of the question, the importance of a location which will secure the slightest gradients in an easterly direction is manifest.

When prairie region raises surplus for exportation one of the questions will be cheap transportation to the east.

material, in ponds or lakes, they will be protected by rip-rap, a few feet above and below water level. The rip-rap must be provided after the embankment has to some extent consolidated.

12. Attention should at once be given to the volume of all streams crossed by the railway, the necessity for the structures proposed to be erected, and their sufficiency and character.

Mr. Jennings will report from time to time such improvements or suggestions in the mode of construction as may appear advisable.

13. The Engineer-in-Chief encloses printed general instructions 1 to 5 for the information of Mr. Jennings on the general guidance of the staff under him. These are in force as far as applicable. Special attention is directed to these general instructions.

The object in view is considered of great importance. Not the least important is to secure a complete historical record of the progress of the work under the contract, with details of every event noticed as it transpires. The purveyor branch, referred to in instructions No. 2, is, however, abolished, and Mr. Jennings will himself be held responsible for procuring supplies and the proper account of all expenditure. It is the intention of the undersigned to apply for the authority of the Minister to make a money allowance in lieu of rations to members of the staff. In the meantime it is expedient to carry on the old system. Mr. Jennings will, however, be good enough and report if it will be practicable to change the system, say on 1st September next.

14. While the Engineer-in-Chief refers Mr. Jennings to the rules established by the Department, with respect to the making of payments, the keeping of accounts and the character of the vouchers required by the audit, he directs his attention to the exercise of proper economy in all matters of expenditure. Any food supplies obtained must be good and sufficient, and procured at reasonable prices.

15. While exercising prudence and forethought as to the wants of the staff, and the supply of good and sufficient provisions, all extravagance and waste and all unnecessary expense must be avoided.

16. The following staff has been selected to assist Mr. Jennings in carrying out these instructions:—

17. The Engineer-in-Chief requests that Mr. Jennings will issue a circular letter to the division and assistant engineers, informing them that all orders or communications in writing made to the contractors, respecting the works, must pass through his hands and be signed by him alone, and Mr. Jennings will be good enough to report all orders so given and draw special attention to any matters of importance.

18. As far as can be foreseen, ample allowance has been made in the bill of works for every description of work required under the contract. Should it become expedient, as operations proceed, to execute any class of work for which no provision is made, Mr. Jennings' attention is directed to the 5th clause of the contract, which stipulates that no additional work shall be performed unless the price to be paid for the same shall have been previously fixed by the Minister in writing.

The necessity for any additional work must therefore be reported to the Engineer-in-Chief, and if approved, permission obtained as above for its performance.

19. Mr. Jennings will arrange that the monthly measurements shall be completed on or before the last day of each month, so that he may be able to make up and transmit the estimates to this office as early thereafter as practicable. All monthly estimates are to be signed by Mr. Jennings, and forwarded in triplicate.

20. In addition to the weekly progress reports a short report should accompany the monthly estimates, referring to any special features of the work done during the month, the progress being made, the length of grading done or track laid, &c.

21. The Engineer-in-Chief impresses upon Mr. Jennings the necessity of holding the division engineers, as well as their assistants, personally responsible for the accuracy of returns of work done. It will not always be practicable for the division engineers in person to examine the whole work every month, but they should personally go over a portion of their division each month, the sub-division engineers sending their figures to them by telegraph or otherwise. The succeeding month the division engineers will be able to measure the remaining portion, and by this means they will test the accuracy of the whole as the work goes on, and become familiar with all details, with respect to which they are responsible.

22. Mr. Jennings is furnished with a copy of the contract and every plan, profile and document relating to the works under his charge. The undersigned looks to Mr. Jennings with confidence, believing that he will spare no efforts to have these instructions, and the works to which they refer, satisfactorily carried out, and that he will earnestly endeavour to have everything done with strict regard to economy.

SANDFORD FLEMING,
Engineer-in-Chief.

Station Location.

"The gradients and allignments of a railway have much to do with its capacity for business, and the cost of working it. It is well known that by attention to these features in locating a line, it is quite possible, in some cases, to double the transporting capacity of a railway and very largely reduce the cost of conveying freight over it.

"That portion of the Canadian Pacific Railway between Red River and the navigable waters of Lake Superior, is precisely one of those cases where the utmost attention should be paid to its engineering features. The reduction of the cost of transportation on this section to the lowest figure is a question which affects the future of the country, as upon it to a large extent depends the settlement of the western prairies.

Between Manitoba and Lake Superior easterly, ascending gradients twenty-six feet to the mile to be had.

"The more this portion of the railway can be made to convey cheaply the products of the soil to the navigation of the St. Lawrence, the more will the field be extended within which farming operations can be carried on with profit on the fertile plains.

Considers best at first to construct the cheapest possible line.

"The information obtained suggests that it will be possible to secure maximum easterly ascending gradients between Manitoba and Lake Superior, within the limit of twenty-six feet to the mile, a maximum not half so great as that which obtains on the majority of the railways on the continent.

"I think the line should be located so as to have the best possible allignment, with no heavier gradients than the maximum referred to. But the importance of securing the benefits of an unbroken steam communication at the earliest moment are so great that I consider that it would be advisable, in the first instance, to construct the cheapest possible line. While adhering to the permanent location in the main, I would, with a view of accomplishing the desired object, recommend the construction of a cheap temporary line, avoiding for the present all costly permanent works that would retard its completion. In order to gain access to the country as speedily and cheaply as possible, it might, indeed, become necessary to overcome special difficulties by adopting temporarily, for short distances, deviations from the true location with heavy undulating gradients and sharp curvature. I have no reason, however, to think that this expedient would frequently be required. I am satisfied that for the greater part of the distance between Lake Superior and Manitoba the permanent location may be substantially adhered to." (Pages 32, 33.)

(From the Report of February, 1877.)

Rendering the eastern section of railway available for cheap transportation would facilitate the population of the prairie region.

"It has been held from the first that the successful occupation of the prairie region and the extent to which it may become thickly populated will, in a great measure, be governed by the capability of the line to Lake Superior to carry cheaply the products of the soil. The success of the railway itself must be determined by the number of inhabitants which can be established in the country, and the degree of prosperity of the population will be influenced in no narrow limit by the character of the outlet for the products of their industry. The more, therefore, that the eastern section of the railway can be rendered available for cheap transportation the more rapidly will the prairie region become populated, and the more speedily will the line become self-sustaining.

Maximum gradients between Red River and Lake Superior.

"I have felt it my duty to regard these views as of paramount importance in the location of the line between the prairie region and Lake Superior. Accordingly, every effort has been made to discover the shortest line with the lightest possible gradients and easiest curvature, especially in the direction which heavy traffic will take towards the Atlantic sea-board.

"On the sections placed under contract from Red River to Keewatin, 114 miles, and from English River to Fort William, 113 miles, the maximum gradients are as follows:—

<i>Ascending East.</i>		Per 100.	Per mile.
On tangents and 1½° curves, equal to 3,820 feet radius		0.50	26.40 feet.
" " 2° " " 2,865 "		0.45	23.78 "
" " 3° " " 1,910 "		0.40	21.12 "
" " 4° " " 1,433 "		0.35	18.48 "

<i>Ascending West.</i>		Per 100.	Per mile.
On tangents and 1½° curves, equal to 3,820 feet radius		1.00	52.80 feet.
" " 2° " " 2,565 "		0.90	47.52 "
" " 3° " " 1,910 "		0.80	42.24 "
" " 4° " " 1,433 "		0.70	36.96 "

"On the remaining distance to be placed under contract, between Keewatin and English River, 183 miles, equally easy gradients have not been as yet, at every point, secured. At the few exceptional points the location will, however, be revised, and I have confident expectations that all the gradients will be reduced to the same standard, without materially increasing the cost of the works

Railway Location.

"Thus, there will be no impediment to the Pacific Railway carrying products from the heart of the continent to Lake Superior at a lower rate per mile than those now obtaining on the leading railways already in operation (Pages 81, 82) . . ."

"I have described the efforts that have been made to obtain a line with the easiest possible gradients, from the prairie region to the navigable waters of the St. Lawrence, and the paramount importance of this feature. . . ."

"Cheapness of transportation is thus, to a certain extent, assured—an important element in facilitating the prosperous settlement of the fertile territory in the interior." (Pages 85, 86.)

(From the Report of April, 1879.)

"I have always attached great importance to the endeavour to secure the best location attainable for the railway. I have elsewhere described the efforts which have been made from the commencement of the survey to obtain a line favourable for cheap transportation."

"The whole of the railway between Fort William and Selkirk, in length 410 miles, is now under contract. It is with no little satisfaction that I am enabled to point to a table of the gradients which have been definitely established in this length. Under the contracts which have been entered into, these favourable gradients are to be carried into execution, without having recourse to the temporary expedients which I thought necessary to suggest five years ago:

SUMMARY OF GRADIENTS—FORT WILLIAM TO SELKIRK.

		<i>Ascending Easterly.</i>		
		Feet per Mile.	No. of Miles.	
Rise	10 to 20 percent	About 5 to 10	.....	38 52
"	20 " 30 "	" 10 " 16	.....	17 11
"	30 " 40 "	" 16 " 21	.....	42 97
"	40 " 50 "	" 21 " 26 4	.....	80 11
Level				108 06
				108 06

Summary of gradients.

		<i>Ascending Westerly.</i>		
		Feet per Mile.	No. of Miles.	
Rise	10 to 20 percent	About 5 to 10	.....	28 51
"	20 " 30 "	" 10 " 16	.....	10 91
"	30 " 40 "	" 16 " 21	.....	9 74
"	40 " 50 "	" 21 " 26	.....	12 83
"	50 " 60 "	" 26 " 32	.....	6 82
"	60 " 70 "	" 32 " 37	.....	10 65
"	70 " 80 "	" 37 " 42	.....	12 76
"	80 " 1 00 "	" 42 " 52 8	.....	31 01
Total miles				410 00
				410 00

"In determining the gradients the rule has been laid down to equate them with the curvature, so that when sharp curves were called for by the physical features of the country, the inclinations of the line would, in those cases, be proportionately reduced.

"The practical effect of a sharp curve on a maximum gradient is to make the gradient heavier by reducing the effective power of a locomotive making the ascent, thus preventing the passage of full-loaded trains over the line. The object has been, whatever the curvature, to secure a degree of inclination which in no case would exceed, on tangents, 26 4 feet per mile ascending easterly, or in the direction of heavy traffic. The contract profiles of the line over the 410 miles from Fort William to Selkirk, establishes that this object has been substantially secured. Only at one point (eighteen miles out of Fort William) has the locating engineer neglected to enforce this rule. I greatly regret that such is the case, as it will involve an expenditure to remedy the defect greater than would have been called for in the first place, when the cost would have been comparatively trifling.

Rule in determining gradients to equate them with the curvature.

Curves and grades.

"With the exception referred to corrected, the portion of the Pacific Railway between Lake Superior and Manitoba is thus finally established with extremely favourable engineering features, and it may be claimed that, when completed under existing contracts, it will be available for conveying the products of the soil from the prairie region to Lake Superior at the cheapest possible rates.

"As this portion of the Pacific Railway must, for a long time to come, form the great outlet of much of the prairie region, the favourable character for cheap transportation which has been secured for it cannot be over-rated; indeed, upon this important condition very largely depends the successful settlement of the vast fertile plains and the permanent advantage of the future settlers." (Pages 18-21.)

Railway Location.

"This principle has been constantly kept in prominence, and its importance has been generally admitted. It has been frequently brought forward during the last six years. The writer does not know any instance of a public man having protested against it, or of any newspaper having taken exception to it.

Cross Lake.

"Although a great extent of the country between Lake Superior and the Red River is very rugged, the general level over long distances is not diversified. There are no great elevations or depressions to control the location and enforce the introduction of heavy gradients. Cross Lake is probably the only place on the whole 410 miles where any saving worthy of consideration could have been effected by a departure from the principle of light gradients, which it was found possible to apply generally.

"In the neighbourhood of Cross Lake a number of lines were surveyed. Ultimately the choice was narrowed to two lines, connecting common points east and west of Cross Lake, about six miles apart. No. 1 crossed the lake at a high level and gave the desired easy gradients, none of which exceeded a rise of twenty-six feet per mile, and the longest being for about one mile. No. 2 crossed the lake at another place on a lower level, but it involved a continuous ascent of two miles and three-quarters on sharp curves with a rise of forty-four feet per mile. The lake at the crossing of No. 1 is 600 feet wide; at that of No. 2 fully 900 feet; for five miles east of the lake the work is heavier on No. 2 than on No. 1, while at the lake, and for one mile west of it, the work is considerably the heaviest on No. 1. Although No. 2 would, upon the whole, cost less in the first place, No. 1 would undoubtedly, in the end, prove by far the most economical. After full consideration, line No. 1 was selected, and it is on this line that construction is now being carried on.

"The writer respectfully submits that the line which conforms with the policy of successive Ministers, and with the prevailing faith of the public mind, that on the railway between Manitoba and Lake Superior all gradients ascending eastward should be kept within the established limit, was the only one for selection.

"It was according to this principle that the location was first made, and the writer respectfully submits that there is no act of his in connection with the Canadian Pacific Railway which should claim higher appreciation than his advocacy of the principle, and his constant efforts from first to last to secure to the country a line with the lightest possible gradients between Red River and Lake Superior.

Contract is signed six months after witness left for England.

"It was six months after he left for England that the contract for section 15 was signed. As a matter of course, before the heavy work at Cross Lake was commenced, nothing should have been left undone to reduce its magnitude by revising and perfecting the location, and by every possible means. When the writer resumed his duties the work was in progress, and it was too late to make any change at this point, even if a change at an earlier stage had been desirable or possible.

Submits six propositions.

"The writer believes that he has established that the censures which have been directed against him are not warranted by the facts, and he respectfully submits:

- "1. That he has not unwisely advised the Government with respect to the bridging of Red River.
- "2. That he has not absented himself from his duties without authority and without cause.
- "3. That he has not neglected his responsibilities, or subjected to injury the interests entrusted to him.
- "4. That he is in no way to blame for the original quantities being exceeded, and the cost of the work increased on the sections in question.
- "5. That he has not caused needless expenditure at Cross Lake on an improper location.
- "6. That he has not allowed public money to be carelessly wasted; but that by every means in his power, he has endeavoured to control the expenditure on the work, and that he has earnestly endeavoured in all respects faithfully to discharge the duties of his position.

"The writer trusts that the urgency of the circumstances which have called for this memorandum will be held by the Minister of Railways and Canals sufficient justification for submitting in this form the facts which it sets forth.

"SANDFORD FLEMING,
"Engineer-in-Chief."

Witness's interview with Minister relative to charges made against him.

When I handed this memorandum, vindicating my character, to the Minister, I had the strongest assurance from him that it was not necessary, as far as he and the Government as a body were concerned; that they had the highest opinion of me as a public officer, and never had more confidence in me than they then had. He did not conceal from me, however, that there was an outside clamour into which political feeling entered, which was embarrassing to the Government. I expressed to the Minister my great surprise and very great disappointment to discover that I was in any way obnoxious to a single public

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man who had any weight as a Government supporter, even to any of those who were disposed to look at every person and thing from their own stand-point. I expressed my great regret that the services I had so faithfully and zealously endeavoured to render should be so unappreciated by any representative of the people whom I served, and I told him that I would not allow myself to be the least cause of embarrassment; that I would place myself in his hands; my only wish being to serve the Government; and that if I could best serve the Government by ceasing to act as a public servant, in that event I would willingly give up my office and be relieved of my duties and responsibilities. Soon after this I learned that the Government, yielding to pressure, promised, at a caucus of supporters, to offer me the position of consulting engineer instead of Chief Engineer, and to appoint this Royal Commission to enquire into all matters connected with the Pacific Railway. Subsequently I received a letter dated 3rd of June from the Secretary of the Department of Railways and Canals, enclosing an Order-in-Council appointing me to the position combining the offices of Consulting Engineer for the Pacific Railway and Chief Engineer for the Intercolonial Railway, with a salary of \$6,000 per annum. I shall submit as evidence the following documents, which I now wish to read:—

Offered the
office of Consulting
Engineer for
the Canadian
Pacific Railway,
and that of Engi-
neer-in-Chief for
the Intercolonial.

22343. If you will please name them to the reporter we will insert them in full in the printed evidence: as we have already copies before us it will answer just as well to do it in this way as if you read them yourself?—First, a letter from the Secretary of the Department of Railways and Canals enclosing an Order-in-Council appointing Mr. Sandford Fleming to a position combining the offices of Consulting Engineer for the Pacific Railway and Chief Engineer for the Intercolonial Railway; second, copy of the report of the Committee of the Honourable the Privy Council, approved by His Excellency the Governor-General, of the 22nd of May, 1880; third, a letter to the Hon. Minister of Railways and Canals from Mr. Sandford Fleming, submitting his reasons for declining the new position assigned to him; fourth, a letter from the Hon. the Minister of Railways and Canals, acknowledging the receipt of letter from Mr. Sandford Fleming declining to accept the position of Consulting Engineer of the Pacific Railway and Chief Engineer of the Intercolonial Railway; fifth, Mr. Sandford Fleming's valedictory to the staff dated 1st July, 1880.

Correspondence
with reference to
witness's discon-
tinuance to be
Chief Engineer.

"LETTERS from the Secretary of the Department of Railways and Canals enclosing an Order-in-Council appointing Mr. Sandford Fleming to a position combining the offices of Consulting Engineer for the Canadian Pacific Railway and Chief Engineer of the Intercolonial Railway:

Braun to
Fleming.

" DEPARTMENT OF RAILWAYS AND CANALS, CANADA,
" OTTAWA, 3rd June, 1880.

"SIR,—I am directed to enclose for your information a copy of an Order-in-Council, dated the 22nd ultimo, appointing you Consulting Engineer for the Canadian Pacific Railway and Chief Engineer of the Intercolonial.

"I am, Sir,

"Your obedient servant,

" F. BRAUN,

"Secretary."

" SANDFORD FLEMING, Esq. :

"COPY of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Governor-General in Council, on the 22nd of May, 1880:

"On a memorandum dated 11th May, 1880, from the Honourable the Minister of Railways and Canals, having reference to the Intercolonial Railway, stating that a considerable number of suits brought against the Government by the contractors have

Order-in-Council
appointing him
Consulting Engi-
neer on Canadian
Pacific Railway,
and Engineer-in-
Chief of the
Intercolonial.

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been left undecided, that it would be a very difficult matter for any one, except the engineer who was connected with the work from its inception, to satisfactorily perform the service of finally adjusting and settling such claims, and recommending that Mr. Sandford Fleming, formerly Chief Engineer on said railway, be relieved from the duties and responsibilities connected with the office of Engineer-in-Chief of the Pacific Railway, and be re-appointed Chief Engineer of the Intercolonial Railway, to investigate the unsettled claims which have arisen in connection with that undertaking upon which no judicial decision has been given, and no report on each case to the Department of Railways and Canals :

"The Minister considers it important that he should continue to have the benefit of Mr. Fleming's professional skill and judgment in important matters connected with the construction of the Pacific Railway; he, therefore, recommends that that gentleman be retained as Consulting Engineer for that work, for the purpose of affording advice and assistance in that capacity to the Minister and officers of the Department.

"The Minister further recommends that Mr. Fleming be paid a salary of \$6,000 per annum, while discharging the combined duties of Consulting Engineer of the Canadian Pacific Railway and Chief Engineer of the Intercolonial Railway.

"The Committee submit the above recommendations for Your Excellency's approval.

"Certified.

(Signed) "J. O. COTÉ,
"Clerk Privy Council."

"LETTER to the Honourable the Minister of Railways and Canals, from Mr. Sandford Fleming, submitting reasons for declining the new position assigned to him.

"OTTAWA, 7th June, 1880.

"The Hon. Sir CHARLES TUPPER, K.O.M.G.,
"Minister of Railways and Canals, Ottawa :

"SIR,—The Order-in-Council of the 2nd May has been communicated to me by the Secretary in a letter dated the 3rd inst.

"By it I am relieved of the active duties and responsibilities of Engineer-in-Chief of the Pacific Railway, and appointed Consulting Engineer. I am named Chief Engineer of the Intercolonial Railway to investigate the unsettled claims that have arisen during construction.

"In the nine years I have acted as Engineer-in-Chief of the Pacific Railway, I have given my best efforts to carry out the instructions and wishes of the Government; my labours have frequently been harassing, but I have exerted myself to the utmost of my power to advance the work, and I have done all I could to promote the general interests of the Dominion in connection therewith.

"At this stage in the progress of the undertaking, I may recount what has been accomplished. The question of practicability with the difficult problem of route has been successfully solved.

"The most exacting labour imposed upon the Chief Engineer has been performed. Generally speaking, the whole design of the railway and its multitudinous works have been considered; difficulties overcome; details arranged; plans prepared; specifications made; contracts formed; modes of procedure established; operations for carrying on the works systematized, and instructions to the various executive officers issued and put in force. So much having been designed and organized, the duty remaining consists chiefly in general supervision, and carrying out what has been arranged and determined. I can, therefore, relinquish the position I have so long held with a feeling of confidence for the future, and although difficulties which no foresight can guard against, may present themselves, I am justified in saying that every contingency that may be anticipated has been considered, and, as far as practicable, provided for.

"Having from its inception been so actively engaged in connection with the undertaking, and in forming and maturing the organization for carrying it to completion, I shall never cease to take a deep interest in the great work, and I will always be willing and ready to give my advice, and render all the service in my power towards the establishment of the railway system to the Pacific.

"But my nomination to investigate the unsettled claims which have arisen in the construction of the Intercolonial Railway, places me in a position as embarrassing as it is unwelcome. The service is not strictly of an engineering character, and it could scarcely be possible to select a duty more distasteful for me to perform, or one for which, with my antecedents in the matter of these claims, I appear less fitted to act.

"The difficulties now to be investigated and settled are due mainly to the adoption of a policy entirely at variance with the views I held, and the recommendations made by me when Chief Engineer of the Intercolonial Railway some years ago. They have arisen through the disregard of the earnest and repeated warnings which I gave in letters, official and unofficial, addressed to the head of the Government during the early stages of construction. I respectfully submit, therefore, that I am not the person to make the investigation. Whatever decision I might give, or whatever report I might

S. Fleming to Sir Charles Tupper, declining the new position.

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make, the party to whom it would be adverse would be in the position to challenge it as the result of prejudice or feeling, and to insist that it was adopted to fit in with opinions previously expressed. The service proposed to be assigned is so full of complications that I can foresee it will be one utterly impossible for me to perform with any hope of giving satisfaction in any quarter; however just my decision, I will be exposed to the charge in Parliament, and in the press, that it has been my aim and object to sustain my previously expressed theories and opinions.

"The Government likewise cannot fail to recognize that in a matter of such importance, involving the settlement of claims amounting to several millions of dollars, all ground for hostile criticism should be avoided.

"My sense of duty has always led me to serve the Government as best I could in every position in which I have been placed. In this instance, I feel it a duty to point out that no good result can be attained from deputing me to attempt the settlement of the Intercolonial Railway claims, and that it does not appear to me expedient that I should enter upon the investigation.

"In declining this duty, I am aware that I will be terminating my connection with the great railway works of the Dominion, to which I have given the best seventeen years of my life in the responsible position of Chief Engineer.

"It will especially be painful for me to separate myself from the Pacific Railway in its present condition, but the terms of the Order-in-Council leave me no alternative.

"Accordingly, for the reasons set forth, I have respectfully to ask the Government to allow me to decline the new position assigned to me.

"I have the honour to be, Sir,

"Your obedient servant

(Signed)

"SANDFORD FLEMING."

"LETTER from the Hon. the Minister of Railways and Canals, acknowledging the receipt of letter from Mr. Sandford Fleming declining to accept the position of Consulting Engineer of the Canadian Pacific Railway and Chief Engineer of the Intercolonial Railway.

"OFFICE OF THE MINISTER OF RAILWAYS AND CANALS, CANADA,

"OTTAWA, 10th June, 1880.

"MY DEAR SIR,—I have to acknowledge the receipt of your letter of the 7th inst. declining for reasons therein stated to accept the office of Consulting Engineer of the Canadian Pacific Railway and Chief Engineer of the Intercolonial Railway, which will be duly communicated to my colleagues. Entertaining as I do the highest estimate of your ability and integrity, I cannot but express my great regret that you have not felt it consistent with your duty to accept the position to which you had been appointed.

Sir Charles
Tupper to S.
Fleming.

"Wishing you every success and happiness in the future,

"I remain, yours faithfully,

"CHARLES TUPPER.

"SANDFORD FLEMING, Esq., C.E., C.M.G."

"OTTAWA, 1st July, 1880.

"To the Members of the Engineering Staff and other Officers :

"You will learn from the documents appended, published by permission, that I am no longer in the Government service.

Witness's fare-
well to his staff;

"For the past seventeen years I have served under successive Administrations as Engineer-in-Chief of important public works; first, the Intercolonial Railway, and, more recently, the Pacific Railway. I cannot cease to act, as I have hitherto done, without thinking of my past relationship with the many who have aided me, and I cannot retire from the position I have so long held without bidding farewell to those with whom I have been associated.

"In undertakings so gigantic—involving questions so complicated—it is not possible to avoid differences of opinion and such difficulties as are incident thereto. But these difficulties have been exceptionally few, and they have been far more than compensated by the exceedingly agreeable relations which have generally prevailed; by the genuine satisfaction which has arisen from the performance of duty, and by the engrossing character of the work itself.

"As the head of the engineering staff, to whom Government has looked for opinions and reports on all questions, as the officer held responsible for the direction of every operation and the organization of every detail from the first explorations to the present time, it is with peculiar regret that I break my connection with

**Discontinuance
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Witness's fare-
well to his staff.

the Pacific Railway at this particular stage. I cannot conceal from the members of the staff that I would have preferred to have remained with them to help forward the more complete fruition of our joint labours. But circumstances have exacted that it shall be otherwise, and the time has come when my professional connection with the great undertaking, into which I have thrown my best energies, must close.

"On the other hand, I conceive that I may, with legitimate satisfaction, look back on the progress which has been made. The vast territory in which our investigations have been made is no longer a *terra incognita*. Our labours have successfully pierced the formidable barriers imposed by nature, and every problem of practicability has been solved. Construction is being proceeded with at different points, within a range of nearly 2,000 miles, and in a little more than another year the completion of at least 600 miles of the railway is assured. In that short period a line of communication will be open within Canadian territory for the influx of settlers to our great fertile wilderness, destined to be the home of millions.

"In retiring from the office of Engineer-in-Chief of the Pacific Railway, I entertain the kindest feelings to each and to all. I shall always retain a warm recollection of friendships formed during my official career. I shall delight in hearing of the prosperity of my old associates, and I shall watch with deep, may I say patriotic interest, the development of a national work which it has been my high privilege to assist in bringing it to its present condition.

"Again, with cordial good feeling and best wishes to all—Farewell!

"SANDFORD FLEMING."

22344. Does anything further occur to you as proper to be given by way of evidence?—These documents which I have now submitted conclude my connection with the Pacific Railway.

22345. Then, I understand, there is nothing more which you wish now to offer by way of evidence?—There is nothing further.

OTTAWA, Tuesday, 7th June, 1881.

HORETZKY. CHARLES HORETZKY'S examination continued:

Surveys.

By the Chairman:—

22346. You will understand that as you have been already sworn before the Commission, you are still a witness under the former oath?—Yes.

22347. You have said that you desired to add something to your former evidence?—Yes; that is my intention.

22348. If you are ready you may now proceed?—In the *Toronto Globe* of the 16th May, 1881, appears the following testimony by Mr. Sandford Fleming:—

"By Judge Clarke—Did you send out Mr. Horetzky to make some explorations?
"Mr. Fleming—He went out as a photographer, I believe; but that opens up another question. It was sometimes necessary to employ persons to make explorations who were not adapted to the work, or qualified to be chief engineers, &c., &c."

Character in
which witness
was employed.

The answer given above is so deliberately false and contains such a vile insinuation against myself as a late employé of the Government, that I am compelled to ask this Commission to hear the following statement: I entered the service of the Government in 1871 as field assistant to Mr. Frank Moberly. In that year, after acting as assistant upon the first railway exploration between Winnipeg and Edmonton and the Howse Pass, I made, single-handed, at Mr. Moberly's desire, an exploration to Jasper House, returning to Ottawa in March, 1872. Mr. Fleming then asked me to conduct him over the line Mr. Moberly had

Surveys.

explored. I undertook this responsibility; but after leaving Winnipeg Mr. Fleming became so anxious, that the idea of following Mr. Moberly's route was given up—

The idea of following Moberly's route given up by Fleming.

22349. Anxious about what do you mean?—Anxious in many ways. He was afraid of Indians. He was afraid of being belated. The Rev. Mr. Grant, who accompanied us, was anxious to get back to his parishioners in Halifax. That is the meaning.

22350. You do not mean anxious about some portion of the work?—Not at all. Anxious as I said, being afraid of Indians, for of course to do that, follow Mr. Moberly's line, we should have been far away from the usual line of travel. Our line would, of course, have been through a country where there were no trails, and the Rev. George M. Grant, of Halifax, author of "Ocean to Ocean," Mr. Fleming's secretary upon that expedition, was very anxious. He stated, shortly before we reached Portage la Prairie, and shortly afterwards, that he had an appointment to see his parishioners in Halifax by the 15th of November following, and that if we went by the southern route and at as low rate of speed he should never be able to get back in time. That was one reason for Mr. Fleming's anxiety, and I was directed to follow the quickest and easiest way to Edmonton, by the usual cart trail and far from the line explored. Thus Mr. Fleming saw nothing of it, although he has stated in his last report that he passed over the line from Lake Superior to the Pacific. Subsequently, in all cases, I have been employed as an exploring engineer at the salary usually paid to Mr. Fleming's other engineers—that is to say, \$160 per month, which is the salary usually given to those engineers who were in charge of parties. I have always reported directly to the Chief Engineer, and my topographical plans and maps are now deposited in the Department. My duties as an exploring engineer were to describe the topographical features of the country under examination. My daily advance had to be recorded in a field-book in the form of a track survey; measurements were made by aid of the micrometer telescope, by dead reckoning, by the application of trigonometry, by astronomical observations with a sextant, and by whatever other methods were dictated by common sense. The hypsometrical observations were made by aid of mercurial cistern and syphon barometers simultaneously used by two observers at different stations, while intermediate elevations were ascertained by aneroid. In this manner I was enabled to take very accurate levels across vast extents of country at a trifling expense, and the extreme accuracy of the results obtained have, on several occasions, been most favourably commented upon by Mr. Fleming himself. I may add that my system of survey has withstood already, in several cases, the crucial test of subsequent instrumental surveys by a regularly constituted staff of surveyors, and the accuracy of my levels has been the subject of frequent comments. The Hon. Alexander Mackenzie, late Premier, has also spoken of the small cost of my work, and the Public Accounts are, I presume, available to corroborate this assertion. I have been employed upon special service. The most difficult and arduous examinations ever made upon the Pacific surveys were made by me. That I was so employed, and that Mr. Fleming must have placed implicit confidence in my ability and judgment, I shall now prove by his own handwriting. During Mr. Fleming's overland journey, during the summer of 1872,

Directed to follow the quickest and easiest way to Edmonton.

How measurements made.

Surveys.

he requested me to make the examination described in the following letter of instructions, marked No. 1:—

(Copy.)

"FORT EDMONTON, August 27th, 1872.

"CHARLES HORETZKY, Esq.:

Fleming to
Horetzky (from
report of 1874,
p. 35.)

"MY DEAR SIR,—It is important that as much information as possible be obtained respecting the country extending from the waters of the North Saskatchewan, northerly and westerly, by the valley of Peace River, to British Columbia, and thence to the coast line in the latitude indicated.

"Having every confidence in your energy and ability, I have to request that you will at once proceed to make an exploration through the country, and obtain, by personal observation and enquiry, as much information as it is possible to acquire within the present year.

"With the above objects in view, you will proceed by the speediest route to Dunvegan, and thence ascend by the valley of Peace River across the Rocky Mountain range to the Omineca district in British Columbia.

"You will report to me as full information as possible respecting the topographical features of the district you will traverse, having in view the opening up of the country by a trunk line or other lines of communication.

"Wishing every success to the expedition,

"Believe me,

(Signed)

"SANDFORD FLEMING."

Result of witness's exploration to show that the Peace River Pass was difficult of approach from the east, but that Pine River Pass was probably available.

I should respectfully ask this Commission if the person to whom the above letter was addressed was likely to be, in the estimation of Mr. Fleming, not adapted to the work or otherwise disqualified. The result of this expedition was, amongst other things, to acquaint Mr. Fleming with the fact that the Peace River Pass was difficult of approach from the east, but that there were strong probabilities of the existence of a better pass in about latitude $55\frac{1}{2}^{\circ}$ (the Pine River Pass)—Mr. Fleming, however, discouraged this view, telling me very sharply that the Pine River, as well as the Peace River, were too far north. The matter was then dropped apparently until 1877, when Mr. Marcus Smith sent Mr. Hunter to ascertain how far I was right in my surmise. He corroborated my statements, and, in 1879, Messrs. Cambie and MacLeod were obliged to more than verify the accuracy of my judgment. In 1874, I reported upon the various inlets upon the British Columbian coast from Douglas Channel southward, upon the valleys leading from them to the interior, and upon the coast generally. In 1875, Mr. Fleming sent me out to explore the country lying between the Cascades and François Lake, in British Columbia, but owing to my not having received full written instructions, some difficulty arose, the result being that I was prevented from carrying out the work originally assigned to me, and instead I was sent to photograph the salient features of the Bute Inlet route, views of which are deposited in the Parliamentary Library. In 1876 and 1877, I was sent upon special service to Lake Huron, as per accompanying letters of instruction:

Sent to photograph salient features of the Bute Inlet.

"CANADIAN PACIFIC RAILWAY SURVEY,

"OTTAWA, 18th May, 1876.

"CHARLES HORETZKY, Esq.:

Smith to
Horetzky.

"SIR,—The Minister of Public Works has determined to have a line of country examined as direct as practicable between the west end of Lake Nipissing and a point on the shore of Lake Superior, a little to the north of the mouth of the River Pic, as shown on the accompanying herewith.

"The immediate object of the exploration is to ascertain how far it may appear feasible to construct a line of railway between these two points, and to enable the Government to judge if it would justify the cost of an instrumental survey.

"The examination of the country in the vicinity of the French River and Lake Nipissing, as far to the north-west as White Fish River, or to the Vermillion River—as may be found expedient—will be under the direct supervision of Mr. M. Smith, the Deputy to the Engineer-in-Chief.

"Thence to Lake Superior, the line will be in two divisions—the south-easterly and the north-westerly. You are appointed to take charge of the exploration of the

Surveys.

Directed in 1876, to explore from Vermillion River to the south end of Lake Wenebegon.

former—commencing at the White Fish or Vermillion River and extending to the south end of Lake Wenebegon, about the latitude of 47° 30' north and longitude 83° 10' west, as shown on the tracing, and as much farther as may be necessary to meet the party exploring the other division from Lake Superior.

"Should you find that it would be futile to continue your examination in the direct course, on account of insuperable intervening obstacles, you will not abandon the exploration, but make every possible exertion to endeavour to find a more feasible route by deviating to the north or to the south; bearing in mind that the general direction should be tolerably uniform, avoiding zig-zags as far as practicable, so as not to lengthen the line where it can be avoided.

"You may possibly be led to the north or south of the point suggested on Lake Wenebegon, but that will be a convenient rendezvous for the two parties to meet and consult as to the joining of the surveys.

"You will make what is known as a track survey, taking the courses with a pocket compass and estimating the distances by the time occupied in travelling from station to station. The heights will be ascertained approximately by a pocket aneroid or other barometer, and they should be taken at short intervals, so that a profile of the country could be plotted from them.

"You will be allowed one assistant to accompany you who has a knowledge of surveying, and who will be able to render you every assistance. As the service is special, the Minister concurs in your nominating the assistant to accompany you subject to my approval. His salary will not exceed \$80 per month.

"The Department will furnish you with funds and the supplies you may require to carry out, in a satisfactory manner, during the present season, the important service placed in your hands.

"So soon as the service is complete, you will be good enough to report to me the results, and place in my hands all plans and other documents which you may have prepared.

"I am, Sir,
"Your obedient servant,
"MARCUS SMITH."

— — —
"CANADIAN PACIFIC RAILWAY,
"OFFICE OF THE ENGINEER-IN-CHIEF,
"OTTAWA, 22nd May, 1877.

"CHARLES HORETZKY, Esq., Ottawa:

"SIR,—It gives me pleasure to inform you that you have been appointed to continue the explorations on the north of Lake Huron, on which you were engaged last season, south-easterly as near as practicable on the direct line, from a point near the mouth of the River Pic, Lake Superior, to a point on French River, as drawn on the general map, till you reach the Vermillion River, where you will connect with Mr. T. Ridout's survey (and you should take a tracing of that portion of his plan). It is possible that you may not succeed in getting a practicable line from Lac au Sables to the point on Vermillion River, where Mr. Ridout's line intersects it. It will be your duty to explore a considerable breadth of country to the north of your line, more especially the eastern portion of it; and you may probably find it necessary to deviate from the line you followed last season, at a point some distance back, so as to get a good line to connect with Mr. Ridout, or you may possibly find the west line will reach Vermillion River, at some distance below the point where Mr. Ridout's line intersects it, in which case you will have to continue your line eastward till you can make the junction in an easy flowing line. I need not enter into any details respecting supplies and mode of getting these transported on to the work, as you have had experience to guide you in these matters. I only enjoin that the strictest economy consistent with efficiency shall be observed. Your party will consist of:

C. Horetzky in charge, salary	\$160 per month.
A. J. McNeil.....	35 " "
— Inglis	30 " "

"Wishing you success on your explorations,

"I am, yours truly,
"MARCUS SMITH."

Full reports upon all the above explorations are to be found in the general reports of 1877 and 1878. In February, 1879, Dr. Tupper informed me at his office that it was the intention of the Government to have a thorough final examination made of the country lying between the Skeena and the Peace River, and that my services would be required for that purpose. I told him that I wished no longer to undertake such arduous labour, but he

Surveys, B.C.

Directed to
explore between
Skeena and Peace
River.

pressed the matter upon me and said: "Do this, and when you return all the years you have been employed upon the Pacific Railway will be counted in your favour." I thereupon assented, and, pending my departure for British Columbia, was occupied in the work of collating all available information upon the North-West Territories, at the request of Dr. Tupper. In April, Mr. Fleming discussed the subject of my approaching expedition to northern British Columbia, giving me to understand, as I had understood from Dr. Tupper, that I should have full charge of the expedition. In consonance with this understanding, Mr. Secretary Braun, of the Public Works, addressed to me the following letter of instructions:—

(Copy—No. 11,458.)

"DEPARTMENT OF PUBLIC WORKS,
OTTAWA, 30th April, 1879.

"Sir,—Referring to your appointment to take charge of the surveying expedition at the source of the Peace River in British Columbia, I am directed to inform you that instead of procuring transportation, subsistence, &c., for yourself and staff through Government purveyors as heretofore, you shall have to assume the responsibility of those duties yourself. The necessary funds will be furnished you by amounts being placed to your credit in a bank in British Columbia, the expenditure of which you shall account to this office in the usual way by transmitting proper accounts, accompanied with necessary vouchers in duplicate.

"In order to enable you to discharge those duties satisfactorily, the Chief Engineer will assign an additional person to your staff who shall be subject to your orders, and act in the capacity of accountant to your party. You shall see that he keeps a proper set of accounts, but all the cheques issued by him must be approved and countersigned by yourself.

"I have the honour to be, Sir,
"Your obedient servant,
(Signed)

"F. BRAUN,
"Secretary.

"C. HORETZKY, Esq., C.E., Ottawa."

Informed that
Cambie was to
control his
movements.

But on the eve of my departure for Victoria, Mr. Fleming called me into his room to inform me of a change in the arrangements, by which Mr. H. J. Cambie was to have charge of all the surveys and the direction of my movements. I appealed to Mr. Fleming against the unfairness of putting me under the orders of a person who had not my experience in the work of exploration, pointing out that I knew much of the region to be examined, while Mr. Cambie did not, and finally Mr. Fleming said: "No one will interfere with you in the mode of your operations. Go out, and remember that the Government looks to you in this matter for reliable information." I left Ottawa that evening, and a few days after was followed by Messrs Cambie, MacLeod, Keefer and the Rev. D. M. Gordon. Mr. Cambie's instructions contained the following memoranda for my guidance, see page 31, report of 1880:—

Instructions to
Cambie for
guidance of
witness.

"5 Mr. Horetzky has been instructed to explore the country between Fort Connelly and Fort MacLeod, and to ascertain if a passage for a railway line of a satisfactory character can be found between one side of the country and the other, either by the branch of the Skeena, or by other branches leading to the Omineca district.

"6 Mr. Horetzky will extend his examination over the whole country between the Skeena and Peace Rivers in this district as far south as the Nation. He will make such measurements as may be necessary to determine what routes suitable for a railway are available.

"7 I have given Mr. Horetzky verbal instructions to make full and exhaustive examinations of this district.

"8 Although Mr. Horetzky has been specially detailed for the service referred to, he will, in any question of doubt, refer to you [meaning Mr. Cambie]. He has been informed that he must look to you as the senior officer in charge of all the surveys, and be governed by your views and directions both with regard to the explorations, the matter of supplies, and the means of transport."

Rather significant putting me in mind of this—very significant :

“ 9. It is the desire of the Government that the country should, with as little delay as possible, be thoroughly explored, so that the shortest eligible route between the River Skeena and the Peace River, or Pine River, be fully determined.”

Now, I would respectfully call the attention of this Commission to the very extensive character of the work laid out for me to do, to the fact that the region designated was unknown to any but a few passing miners, and that, being an entirely mountainous district of dense virgin forest, its examination was peculiarly difficult. To carry out all these instructions was quite beyond the power of one man; nevertheless, I succeeded in carrying a chain of very accurate levels across no less than three distinct ranges of high mountains, and in mapping out a great extent of country, from the Forks of Skeena to the lower waters of the Peace River, in the short period of three months. My first journey of mere reconnaissance occupied three weeks of nearly continuous travel on foot. I ascended thirty-five miles of the Skeena River never before navigated by the local Indians, even the lives of my men and my own were risked on more than one occasion, the severest toil and hardship were endured by all my party excepting the two observers detailed for the hypsometrical observations, who were, of course, confined to their fixed stations, and yet Mr. Fleming has been so magnanimous as to tell this Commission that he believed I went out as a photographer, and to insinuate that I was one of those not qualified to perform such work. My report at page 75 of the general report for 1880, and the plan deposited with the Department, will bear me out in this statement. I shall not refer at any length to the vacillating action of the Chief Engineer who, in changing my instructions in so far as the charge of the survey was concerned, appears to have desired to cause trouble between Mr. Cambie and myself. That gentleman and I did not quarrel, however, doubtless much to Mr. Fleming's disgust. In face of the above incontestable documentary proof, how could Mr. Fleming so far forget himself as to bear false witness against me in the manner he has done? From 1872 up to 1879 he has had ample opportunity to gauge the value of my services, and if during all those years he has considered me as an incapable, his course in sending me out under such special instructions, as he has himself written, is beyond the comprehension of ordinary minds. Regarding the statement that I went out as a photographer, I can only say that it is utterly untrue, and so absurd as to scarcely require a denial. It is perfectly true that I took many photographic views during my numerous journeys, but I did so at first merely to please Mr. Fleming's taste for fine scenery and to help embellish his book "Ocean to Ocean." When United States officers of the army engineer corps surveyed the route for the Union Pacific Railroad, some of them sketched the interesting scenery, but did not thereby lose their professional reputation as surveyors or engineers—in like manner did I photograph when the opportunity presented itself; but I did so merely to add to the general store of knowledge, and may here say that I never received one cent for my trouble. Upon one occasion, however, in 1875, owing to some official misunderstanding, and some conflict of opinion between Messrs. Smith and Fleming, and particularly to a piece of bungling entirely beyond my control, I was sent to photograph the salient features of the Bute Inlet route, but that journey only occupied six weeks. This puerile misstatement may be therefore dismissed as unworthy of argument. Finally, as a further proof of the estimation in which Mr. Fleming held my work,

The statement that witness went out as a photographer not correct.

Surveys, B.C.

Letters regarding witness's unpaid claim.

I shall now produce two letters regarding my still unpaid claim for extra compensation on account of the season of 1879 :

(Copy.)

"OTTAWA, May 4th, 1880.

"SANDFORD FLEMING, Esq.,
"Engineer-in-Chief:

"SIR,—I enclosed to your address this morning, an account for arrears of salary. I know not whether you will deign to consider the ground I take for making this demand, as given in my letter to you of 21st March, of sufficient weight. You will, perhaps, think that as I have now signified to the Minister my intention to take up the history of the Pacific Railway survey exhaustively, it would be impolitic on your part to admit (which its payment would imply) the validity of my claim. I shall, notwithstanding, take the liberty of reminding you that the work of the Peace River party (Messrs. Cambie and MacLeod) and mine were similar in character, the greater difficulties being my perquisite, and, as Messrs. Cambie and MacLeod have never been allowed to remain idle, the former having been kept on continuously during the winter and spring of 1879, although upon the sick list, and last winter in British Columbia, in idleness, I think that, waving the last mentioned consideration entirely, and merely judging our respective labours by their intrinsic merits, I have excellent ground for preferring a claim for salary while in the field, at least equal to that paid to Mr. MacLeod. I mention Mr. MacLeod merely in contradistinction to Mr. Cambie, who was nominally in charge.

"I have the honour to be, Sir,

"Yours obediently,
(Signed) "C. HORETZKY."

After the lapse of four weeks, during which time Mr. Fleming doubtless studied the matter from various aspects, he honoured me with the following reply:—

"OFFICE OF CHIEF ENGINEER,

"June 1st, 1880.

"C. HORETZKY, Esq.,

"DEAR SIR,—In closing up my correspondence, I find a letter from you of the 4th of May, respecting your salary. As I never had power to fix salaries, my only course is to refer your letter to the Minister for his favourable consideration.

"Yours truly,

(Signed) "SANDFORD FLEMING."

Regarding this reply as an honest expression of Mr. Fleming's real feelings as to the reasonableness of my claim, it can only be read as full acknowledgment that he considered my work at least as valuable as that of Mr. Henry MacLeod, which it undoubtedly was, seeing that the Peace River party travelled, for the most part, over old and well known ground of the easiest character, and upon a magnificent placid river such as the Peace. Their journey was a mere pleasure jaunt, they were fitted out in almost regal style, with ninety-five animals and a retinue of some twenty-seven servants, besides having, in addition, the luxury of a secretary and the advantage of a clergyman. Besides, to preclude the possibility of any mishap to this expedition, another expedition under a Mr. Latouche Tupper was sent from Winnipeg at a cost of many thousands of dollars to meet the travellers as they emerged from the Rocky Mountains. What was the cost of this ridiculous excursion? The Hon. Mr. Anglin asked that question in Parliament last Session, but he never, I believe, received an answer. What was the cost of my examination? I have all the items, and am not ashamed to give them. The sum total of the expenditure properly chargeable to me was \$4,717.94, or, to allow for some small items of which I could not get the exact amount, say \$5,000—this does not include my salary and expenses from Ottawa to Victoria and return (\$480). That means the expenses, not the salary. And what was the result gained to the country by the enormous expenditure and cost of this grand expedition? Only to corroborate what I had already told Mr. Fleming officially, and in other ways

Cost of witness's examination of Peace River district.

Surveys, B.C.

regarding the superiority of the Pine River route over that of the Peace River, in engineering and other features, years before; information obtained at a cost to the country, little in excess of \$1,000. It is, however, proper to say that the expenses of Mr. Dawson's trip were included in Mr. Cambie's, and that the former brought back very valuable information corroborative of my former statements regarding the Peace River region. Mr. MacLeod also brought back more minute information concerning that portion of the Peace River line laid down by me in a map given to Dr. Tupper in April, 1873, and afterwards reproduced in "Canada on the Pacific," (a book I published) comprised between meridians 118° and 122° (or the meridians of Smoky River and Hudson's Hope). My survey of 1879, contemporaneous with that just alluded to, was made at a cost of \$5,000, as I have already shown, but, although similar in character as a work of exploration, was infinitely more difficult to carry into effect, as already pointed out. My party consisted of five Indians, two white men, and a youth of no experience whatever in work of the kind. I spent several days in teaching this young man and one of the other white men the use of the cistern barometer and of other meteorological instruments. Those two were then detailed during the whole season for the sole work of simultaneous hourly observations at different stations indicated by myself across the line of country under examination, and the result of their monotonous but highly useful and important duties (which they fulfilled to admiration) was to enable me to furnish a profile of the country 180 miles in length, extending from the Forks of Skeena to Germanson Creek, on the Omineca River, which I only hope may some day be submitted to the crucial test of the spirit level. While this simple but effective method of levelling was going on, a method employed by United States engineers in Nevada when exploring for the Central Pacific (see Professional Papers of the Corps of Engineers, U.S. Army, 1867, by Major R.S. Williamson, Engineer Corps), the rest of the party and myself, occasionally aided by stray Indians, were constantly in movement, scouring the country on foot, and sometimes in canoes, upon dangerous mountain streams in some instances never before navigated by even the local Indians, engaged in carrying out the instructions and in making the measurements detailed in Mr. Fleming's report. On several occasions we had to contend with treacherous and superstitious Indians, amongst whom, at the period of our presence several cases of cold-blooded murder occurred. An Indian was shot within a quarter of a mile of us and his body was burned that night. My Fraser River Indians felt themselves to be in an enemy's country and were consequently at times difficult to manage, but despite those drawbacks, the work was done, the country thoroughly examined and mapped, and yet Mr. Fleming believes that I went out as a photographer, and insinuates that I was one of those incapables necessity occasionally compelled him to employ—and refuses to sanction the payment of my fair and reasonable claim for compensation equal to that allowed to a member of the contemporary Peace River expedition. Since the publication of my letter in the *Globe*, with reference to Mr. Fleming's evidence as reported in that newspaper, I have been told that the official report records Mr. Fleming's answer as follows:—

"He went out, I believe, as a photographer in the first instance."

The assertion is none the less untrue and damaging to my reputation. In the first instance, that is to say in 1871, the first year of the surveys,

Witness's manner of carrying out his exploration.

Surveys, B.C.

I was engaged as one of Mr. Frank Moberly's field assistants in the preliminary exploration across the plains between Winnipeg and the Rocky Mountains, and, after the disbandment of the major portion of his party at Edmonton in October of the year mentioned, accompanied him to the Howse Pass, and afterwards performed, single-handed, the exploration from Edmonton to Jasper House on snow-shoes, returning to Ottawa in March, 1872. (For proof, see Blue Book, general railway report of 1872, appendix 5, pages 53 to 57.) It is true that I had a photographic camera with me, and that I took some (one dozen or so) views during the season, but this was entirely voluntary on my part, and was done solely to please Mr. Fleming's taste for fine scenery, and to add to the general stock of knowledge. Previous to the setting out of the expedition, I told Mr. Fleming that I had already done something in that way as an amateur, and he said: "by all means procure a small camera and photograph whenever you can." But to state that I went out as a photographer is, to say the least, a pure sophistication. I also have been told "you are described in the Rev. Geo. Grant's book, 'Ocean to Ocean' as 'photographer' &c."—that, again, is a mistake. I plead guilty to the " &c.," but disclaim the "photographer" *in toto*; and, in point of fact, I may here state that a camera was not amongst our paraphernalia of travel between Winnipeg and Edmonton when I diverged from the Chief Engineer's party. It is true that, upon our arrival at Edmonton, where I had left a camera on my former journey I did, at the request of Mr. Fleming and his secretary and medical attendant, photograph the party in picture-que pose for the delectation, I presume, of home admirers; but, as I was the conductor of the whole expedition from Winnipeg across the plains, I think it will be admitted that the author of "Ocean to Ocean" has erred, to say the least, in designating me otherwise. It is also true that in my branch expedition to Peace River and to the Pacific coast, and upon all subsequent voyages, I carried with me a small camera and a few dry plates, but, as already stated, this was done (as has been done by the Geological Survey following my example) in order to supplement our general information, and in my own case as a valuable adjunct to the process of laying down the topography of the country. Since the matter of efficiency has come up, I may add the opinion, that had my system of exploration in difficult regions been more universally adopted from the beginning, untold thousands of dollars would have been saved to the country. I speak with confidence and not without excellent proof. Innumerable lines have been run in British Columbia, and in other parts of the Dominion (at enormous expense with transit and spirit level), which have since been discarded for obvious reasons. In the majority of cases, the principal features of those lines, *i.e.*, the horizontal and vertical elements, could have been very well determined by a simple reconnaissance with micrometer, compass and barometer, by a competent engineer and one assistant, with half a dozen men. This could have been done at one tenth of the cost of a regular instrumental survey. I can quote two cases in point. By reference to pages 137, *et seq.*, and pages 174, *et seq.*, of the general railway report of 1877, it will be seen that two reconnaissances by myself in 1874, one up the Kimano Valley, in Gardner Canal, the other up the River Kemsquit, an affluent of the Dean Canal, were subsequently verified in the closest manner possible by the instrumental survey of Mr. Trutch. Both the vertical and horizontal elements in each case were so closely verified as to cause surprise. In the first instance, the Kimano, I made the reconnaissance in seven

Witness dis-claims the photo-grapher, but pleads guilty to the &c.

An exploratory survey would have been better in cases where instrumental was used.

Surveys, B.C.

days with six men, at an expense of less than \$100 (my own salary not included). The following season Mr. Trutch went over the same ground with the spirit level and a large party. I believe he was about one month in obtaining the same results. In the other instance, the Kemsquit, about ten days sufficed for myself and half a dozen men to obtain, by reconnaissance, very accurate information regarding the principal elements on the Kemsquit route for a distance of thirty-five miles, between tide water and the Salmon House. Precisely similar results were afterwards obtained by transit and spirit level, worked by a large party at great expense. Now, the results obtained from these two cases of simple reconnaissance were the least trustworthy of the whole season, inasmuch as the journeys indicated were the first and last I made in that year, both being hurried, and less care than might have been used, taken with the horizontal element or distance. In the case of the Kimano, the route was seen from the very first to be so obviously impracticable that my sole care was directed to the vertical element or height of the water-shed. Mr. Marcus Smith, on seeing my profile of that journey, and on hearing my report upon the nature of the valley which was also faithfully delineated by photography, at once decided that it would be folly to waste money upon further examination; but Mr. Fleming thought otherwise, hence Mr. Trutch's instrumental survey, and the verification of my work to within a dozen feet. In the case of the Kemsquit River, although my distances were derived from mere dead reckoning, the ultimate results of the reconnaissance, and of the instrumental survey were so close as to excite Mr. Fleming's astonishment, and I now give these, omitting intermediate levels:

KEMSQUIT ROUTE (DEAN CANAL).

Kemsquit River.

	Miles.		Feet.	
	Trutch.	Horetzky.	Trutch.	Horetzky.
Head of navigation.....	18	17	599	621
Yeltesse or Salmon House.....	34	37	1441	1440

Trutch's distances were chained and his heights taken by spirit level. My distances were estimated, and my elevations obtained by a scientific application of the barometer to hypometry, never made use of upon the Pacific surveys by any one but myself. The method I used was that described by Major Williamson of the U.S. Corps of Engineers, in his valuable and rare work upon the barometer. He had charge of one of the parties organized by the United States Government to make such explorations and surveys as were necessary to ascertain the most practicable and economical route from the Mississippi to the Pacific Ocean. He was not a railroad engineer, but an engineer in the strictest sense, being gifted, in addition to his high scientific attainments, with strong common sense. On or about the 27th February, 1874, I submitted to Mr. Fleming a scheme of barometric survey, detailing briefly how such a survey should be conducted, and recommended a cheap and simple method of exploring the country from MacLeod Lake, in British Columbia,

In 1874 suggested to Fleming a scheme of barometric survey from MacLeod

Surveys, B.C.

Lake to Lake la Biche, but no notice was taken of suggestion.

to Lake la Biche in latitude 55° , longitude 112° W., *via* the Pine River Pass. Mr. Fleming never condescended to notice my suggestion, which, had it then been carried out, would have saved a mint of money to the country, as the cheapest and most obviously easy route to Bute Inlet would have been found. In the case of the Pine River Pass and route (with Bute Inlet as an objective point), which I laid down on a map given to Dr. Tupper, in April, 1873, instead of to Mr. Fleming, because the latter had told me, on my return from British Columbia a month or so before, that a very brief report upon my journey would be sufficient and that no map was necessary; it is now conceded by the best authorities, that the line then proposed and exhibited upon that map (copy of which will be found in my book "Canada on the Pacific") is the best route by which Bute Inlet could have been reached (or any part north of it) from the fertile portions of the North-West Territories east of the Rocky Mountains. Bute Inlet was then, and up to a much later period, one of the chief objective points sought on the Pacific coast. Burrard Inlet has now been adopted, and I mention the Pine River route merely as an argument that I was right and that Mr. Fleming was wrong. He has, however, recently made a partial, but open confession of error. (See his letter of September, 1879.) Mr. Fleming has stated (*Globe* report) that he was never trammelled by any Government in the selection of routes, and that he always aimed at the best and cheapest route in the public interest. If so, why, when he sought to reach Bute Inlet, did he never attempt to reach it by any other than the Yellow Head route? He has made that statement from untenable ground. I can believe, and do believe, that the Governments he served, trusted him implicitly, and accepted his views as Chief Engineer; but I can prove, and shall prove on the spot, that he did not look for the best and cheapest route in the public interest. Mr. Marcus Smith, who has examined much of the country under discussion, gives the opinion that the Pine River route to Bute Inlet would not probably entail more than half the expenditure, mile for mile, necessary on the Yellow Head line (report of 1878, page 48). Messrs. Cambie and McLeod have been obliged to admit the extraordinary facilities for railway construction of the country between Stewart River and Lesser Slave Lake, *via* the Pine River Pass, which Mr. Cambie admits to require lighter works than the Peace River Pass which latter he asserts to be wonderfully favourable. (See report 1880, page 55, *et seq.*) The testimony of those three gentlemen is conclusive in establishing the superiority of the Pine River route, when compared with that of the Yellow Head, as the means of reaching Bute Inlet, and it shows that Mr. Fleming did not look, in that instance, for the best and cheapest route in the public interest. In 1873, I suggested that very route to Mr. Fleming after carrying out his instructions of the 27th August 1872; but, in the strangest and most inconsistent manner it is possible to imagine, he refused to accept my information, and dismissed me from the service without any valid reason whatsoever. I take no credit to myself for the discovery of the Pine River route. I had previously seen the southern line, from Winnipeg to Jasper House, and should have been deserving of censure had I done otherwise than report favourably regarding the Pine Pass line. A blind man would have been sensible of the wide difference in the physical features of the country on each route, and the merest tyro would have seen the advantages of the line laid down on my map, which, avoiding the insuperable difficulties of the Peace River

Pine River route.

Surveys, B.C.

Valley, takes the remarkably easy route to the Pine River Pass. In the last railway report issued (1880) Messrs. Cambie and MacLeod have exactly copied the line shown in my book "Canada on the Pacific," published seven years ago. My argument is finished. I have given indisputable proofs that I did not go out as a photographer; that I have been employed upon special service; that such service has been performed in an able manner, and that had my cheap and simple method of attaining information been used this Dominion would be richer by a very large sum of money. Mr. Fleming's letters and memoranda of instructions to me, extending over the long period from 1872 up to 1880, are not reconcilable with his recent testimony. Could he have addressed such instructions to a person whose ability and integrity he doubted? And could he, having addressed me such instructions, have lost his memory to such an extent as to scarcely remember whether I had been a mere photographer, or one of those incapables he seems to have delighted in? Mr. Fleming stands convicted of deliberate and malicious falsehood. His malevolence has been directed against me ever since I brought the Pine Pass under his notice. In doing so I unconsciously wounded his vanity, which could not brook the idea of any one but himself proposing a route. His conduct in my case has been most inconsistent. After sending me in 1872 upon a special mission to procure all possible information he refused to accept that information, refused my report, refused my map, accepting instead the views of the botanist who accompanied my expedition, and those of a lawyer who had compiled some information about the country from old Hudson Bay journals. Both proved themselves to have been most laughably in error. Since then, Mr. Fleming has systematically gone to work to depreciate my services, and has sought, in his last general report, to credit Mr. Cambie with all the information about the Peace River, and to cover up his own tracks, his unpardonable mistakes, by inditing his celebrated letter of the 30th September, 1879, to Sir Charles Tupper. I have been the victim of his malevolence since 1873, when he dismissed me without rhyme or reason; in 1874, when he attempted to keep me off the work; in 1880, when he poisoned the mind of Sir Charles Tupper against me, and now, when, despite his own letter, promising to recommend my claim for extra compensation on account of the work of 1879 in British Columbia, to the favourable consideration of the Minister, he refuses to sanction its payment. That claim has not been paid. Last September I called upon Mr. C. Schreiber, who told me that the Minister was ready and willing to pay the claim the moment Mr. Fleming gave his assent. Mr. Schreiber even went so far as to send Mr. Smellie to Mr. Fleming's residence: "to get the matter put in shape." A day or so after, Mr. Smellie reported to Mr. Schreiber, in my presence, that Mr. Fleming refused to act. After dancing attendance for several days, I finally gave up all hopes of seeing my just and reasonable claim settled, and it never will be so long as Mr. Fleming pulls the wires behind the scenes. I have nothing more to say of relevance to this issue, I have, I think, made out my case, but I would respectfully say to this Commission that there is much yet to learn with respect to the frightful extravagance and incompetence which have reigned. Another matter of importance I shall also allude to privately.

Thinks he excited unfriendly feelings by advocating Pine River Pass.

22351. In this statement which you have just read you allude to **Extravagance.** frightful extravagance and incapacity reigning, I presume you mean in the management of the Pacific Railway?—Yes.

**Surveys, B. C.—
Extravagance.**

22352. Would you please give us some intimation as to the method we ought to adopt in order to get the particulars of that extravagance and incapacity?—Well, I can give you some hints.

22353. Please state them by way of evidence?—I should prefer a little time to do that. I should like to go home and take a few notes, but that is irrelevant to this.

22354. You mean it is irrelevant to the issue between you and Mr. Fleming, as reported in the *Globe* newspaper?—That is all.

22355. But besides that we have another matter to consider—the general subject of the Pacific Railway—and we wish to get from you all the information we can on that subject?—If you ask me questions I will be glad to answer, but as you cannot ask the questions until I show you how, I wish for time.

Mules bought for
\$5, and resold to
Government at
\$200.

22356. It is with a view to getting information as to this incapacity and extravagance that we wish to have evidence?—I can tell you at the moment of some extraordinary things. It may surprise you to learn that it was customary on the Pacific coast, at one time, to buy mules from the survey at \$4 or \$5 a piece, and resell them to the Government at \$200 a piece. That was a business there.

22357. Do you say that people made it a business?—Yes; the Americans did. It is well known over there.

22358. Do you mean persons connected with the Pacific Railway?—No; persons outside.

22359. American dealers?—Yes; they used to go and buy up horses and mules for \$4 or \$5 a piece, fatten them up, and sell them back at from \$150 to \$200 a piece. You might, perhaps, be surprised, too, to hear that I saw survey camps in which Indians were fed on canned turkeys, canned fruits and puddings, and in which the engineer was drunk every night he went to bed. These things have happened. Perhaps you would be surprised to learn that an engineer sent at great expense by steamer up the coast to perform a piece of work, never performed the work, but remained on board the steamer and sent his men to do it.

22360. Do you know this of your own knowledge?—This point I have not seen with my own eyes, but it was public talk—the subject of public conversation.

22361. Are there any of these surprising facts to which you allude which you know of your own knowledge, and which you can state by way of evidence?—Well, I do not want to mention names, but I can give a fact that I saw myself; I should not like to mention the person's name.

Saw some engi-
neer drunk.

22362. I do not know whether you will be absolved from that, but, in the meantime, if you will mention the fact it may not become necessary to mention names?—I do not wish to mention names. At one camp I saw a case of Hennessy's brandy, and saw the ground laid out with pudding, and ham, and bacon, and sugar and supplies, in the most extravagant manner possible, for Indians and men—canned fruits and canned turkeys in the camp—and I have seen the engineer drunk. I saw him drunk that night, and I was told by his men he went to bed drunk regularly—I was told it by his transit men and levellers.

Surveys, B. C.

22363. Did you see this upon more than one day?—I arrived there on Sunday and left Monday.

22364. This was upon a Sunday?—This was upon a Sunday; yès. In 1879, when I was performing the last exploration in British Columbia, between the Forks of the Skeena and the Peace River, some Indians told me of bags of bacon that were lying in the woods and in their care, that had been left by Mr. Cambie two years before that—Waste of stores. left to rot.

22365. Do you mean left in what they call a cache?—Left in the charge of the Indians. He had brought about half a ton too much in, and there the Indians were eating it and wasting it.

22366. You saw them yourself wasting it, or is it altogether what the Indians told you?—No; the Indians came to me and asked me if they could make use of it. There were several bags left, and they wanted permission to use it, and I told them I could not give them permission.

22367. Were they making use of it without permission?—Some of them were, but not these particular Indians.

22368. Where was this stored?—This was on the Awkilget or Wastonquah. The pork had been left with the Awkilget Indians, and some other Indians of another ranche asked me if they could not join in, too, and have some of it. The bacon was worth 40 cts. or 50 cts. a lb. there.

22369. Upon what exploration had that been used?—Mr. Cambie's exploration of 1877, I think—1877, when he went up the Skeena. He went up to the Skeena. He went up the coast to Port Essington, and then ascended the Skeena, and, in the meantime, had sent the pack train with provisions to meet him with abundance of provisions. The consequence was he had too much, and it was left among the Indians.

22370. In what year was it you saw this Sunday feast that you describe?—The year 1875.

22371. Where?—I do not want to mention names, because I have given you the year, and if I told you where you would get at the man himself.

22372. Do you think it is desirable that we should know all about it?—Well, I do not want to inform upon persons—upon particular individuals.

22373. I thought you were going to tell us all you knew about this matter, that was the nature of the oath you took?—I decline to give names.

22374. Do you decline to mention the locality in which you saw it?—I suppose I may as well—Bute Inlet.

22375. Can you not define it more particularly than that: do you mean at the head of Bute Inlet, or what part?—It was in a camp of a surveying party that was running a line at Bute Inlet in 1875.

22376. Could you mention the report that would tell us who it was, if you do not wish to mention his name? I think upon reflection, Mr. Horetzky, it would be better to name the person; I think it would be fairer to him, because it will give him an opportunity to explain or answer the statement; he may have some explanation that does not

Surveys, B. C.

occur to you?—I think you can understand, Mr. Clark, I am willing to give you all the information I can. I point out the place and the party—I cannot tell the letter of the division, but it was the line running nearest the sea in 1875.

22377. You think by that we can discover it?—Yes.

22378. If you have given us the means of discovering it, why not mention it directly?—Because I do not wish to mention names. I am merely giving you this, as it were, as a piece of gratuitous information. In fact, perhaps, I should not have spoken until I went home and prepared my information for you.

22379. I think I ought to say to you that we do not know any difference between gratuitous and other information given by a witness: we wish to know all the facts that are material to this subject in the public interest; of course it may not be necessary that we should enquire into personal disputes?—I may say the individual had never any dispute with me.

22380. I am not making any reference to your individual disputes, but I am distinguishing between personal matters and matters affecting the public interest. Whoever this gentleman is, we think it is right that his name should be given, so that he can be put on his defence if it is considered important. This may have been only a single day's extravagance, or it may have been part of a year's extravagance; this Sunday may have been a sample of the whole season. Of course, you understand when you are called as a witness it is not for the purpose of serving any particular object which does not affect the public interest?—My sole object is to bring the truth out. I have been actuated, first, by a desire to do justice to myself. I have met with no generosity from any man connected with the surveys. I owe them nothing, none of them, and there is no reason why I should hide their faults. I should rather not mention names, but I tell you frankly and on oath that I arrived at this camp in September, 1875, and that the man in charge was drunk, and that his transit men and levellers told me he was drunk every night—that was his chronic state.

22381. Was he the engineer in charge of the party?—Yes, they told me that; but I think you will acknowledge that it is pressing me too hard to ask me to mention the name. I have given the locality and you can ascertain the rest.

22382. I understand you to say that you saw this man intoxicated, yourself?—Yes; with my own eyes. He stumbled over me. I had a nip of brandy from his flask in the tent. I think no engineer has a right to have brandy in his tent on a survey of that kind, and I think that canned meats, plum pudding and sugar *ad libitum*, and bacon thrown promiscuously among a crowd of Indians, who were getting \$1.50 a day, was extravagance, and those men were not working half the time. The store-keeper in charge asked: "Why not follow Mr. Horetzky's plan? He ladles out the flour to his men and gives them their rations." The chief of the party said: "It is too late; we cannot do that." It was too late; they would have massacred him.

22383. You heard the store-keeper say that?—Yes; I heard it distinctly. I had come down from the interior of the country with five Indians, on foot. My surveys have been noted for their economy throughout. I challenge investigation, and I challenge an inspection of

First object of witness tendering evidence to do justice to himself.

Witness had a nip of brandy from the flask of the man and in his tent in regard to whose state he deposes.

Surveys, E.C.

the Public Accounts. If we want a case of extravagance, we want to go no further than Mr. Cambie's expedition of last year, 1879. Fancy a party going in with ninety-five animals and twenty-seven servants, and a secretary and a clergyman. It was a mere pic-nic. Mr. Cambie was paid \$240 a month; Mr. MacLeod \$200 a month, and I who did the real work on the other side of the mountains, got \$160. There has been extravagance, and there has been incapacity, and there has been injustice. To meet that party Mr. Latouche Tupper started from Winnipeg the same year to meet them.

22384. To meet the Cambie party coming east?—Yes; and Mr. Cambie told me, in his own words: "Tupper's party cost \$5,000, and he never brought us a mouthful." There was no use of him at all; he never met them.

22385. A mouthful of what?—Of food. His object was to go west and meet Messrs. Gordon and Cambie and MacLeod, and leave provisions for them and help them out. That was the object of his expedition. He never met them at all, and I believe he ran short of provisions himself. If I am not mistaken, I believe he got provisions from some people up there.

22386. The relieving party had to be relieved?—I believe so; and yet those people are employed and patted on the back, and get good pay, and the man who does his work and serves his country is kicked out. That is a specimen of the Chief Engineer's justice.

22387. As to the general question of the feasibility of getting the requisite information about that new country (British Columbia) by simple explorations instead of by instrumental surveys, would you please say whether you think it would have been possible at the beginning of the work to obtain men who could take charge of explorations?—As I did?

Character of Survey.

22388. As you did?—Well, why not? I was only a tyro, and I had never been out on an exploration myself before.

22389. Do you think that any person who could take charge of an instrumental survey would have been competent to take charge of an exploring party?—He should have been. Every man who was capable of taking charge of an instrumental survey should have been capable of taking charge of an exploring party. He is no engineer if he is not capable.

Men fit for exploration could have been had.

22390. Then I understand you to say that persons who could take charge of exploring parties are, at all events, quite as plentiful as persons who could take charge of engineering and surveying parties?—I should think so.

22391. Would they not be more plentiful: besides those who could take charge of surveying and instrumental examinations are there not those who would be competent to explore?—You mean, of course, that people who are competent to take charge of an instrumental survey are scientific men, and not so plentiful as others.

22392. I want to get your opinion whether, in fact, there would not be more persons in the country who could do the work of bare explorations than could take charge of instrumental surveys?—I do not think so. I think there would be more persons found capable of taking charge of instrumental surveys than explorations, because exploration is a faculty, and a man, to be an explorer, should have the bump of

The faculty of which makes a good explorer a gift.

**Surveys, B. C.—
Character of
Survey.**

locality well developed. In fact, as Senator Macpherson has told me, it is a gift.

22393. Then, every person who could take charge of an instrumental survey could not take charge of an exploring party?—They have proved themselves not to be able for it, because they made lamentable blunders.

22394. Mr. Fleming has suggested that it was more difficult to find good explorers than good instrumental engineers?—That may be. I can believe him if he said that. Of course I do not know what he said. I merely refer to what he said regarding me. He said sometimes they secured the services of lumbermen to make explorations. For instance, he would ask a lumberman: "Is such a river navigable? Does it pass through a good country?" His evidence, that I gathered from the *Globe*, was very depreciatory of myself.

Witness took his levels by Major Williamson's system.

22395. I do not think his evidence as reported by the official reporters will be found so?—Now, for instance, the system of levels that I adopted—the way in which I took my levels—hypsometrical results were taken by Major Williamson's system. It is a unique and very rare work. There is no other work published on the subject. It is devoted entirely to taking levels by barometer. He had experience of it, because he was at the head of a party sent out by the United States Government to explore the Missouri from the Mississippi to the Pacific Ocean. He ran spirit levels and barometric levels in conjunction simultaneously through two passes of the Sierra Nevadas, and throughout different parts of Nevada he established meteorological stations from which levels were reduced afterwards, and he proved conclusively that levels can be obtained, to all intents and purposes, just as well for the purpose of a railway, by the barometer as by levelling. You know the expense of running a spirit level. It entails cutting a line through the country—going through all obstacles—and the employment of a number of men and rod men. You know what that expense is. What did I do in my case when I was at the Forks of the Skeena? I took the map and saw what I had to explore from the Forks of the Skeena to the Omineca and Peace River. I knew nothing of these levels. I picked out five, six or seven datum points for my two hypsometrical observers. After drilling them into the proper method of using the barometer, which I can assure you is by no means easy—you require to drill a man for some time to use it—I left one man at the Fork of the Skeena with instructions to take observations hourly from six o'clock until nine. The other man had the same instructions, and he was posted perhaps thirty miles away. Those men remained taking those observations through five, six or ten days, sometimes three weeks, according to circumstances, when I reached them and gave orders to move on. At that rate I maintain that ten days observations on the part of those two men, not being more than fifty miles apart, were quite sufficient to give the different levels, which could be tested and proved by the spirit level afterwards, within two or three feet. I mean to say there would not be two or three feet difference, if the difference of level was tested afterwards by spirit level. Now that is a very inexpensive way. Those men were getting \$45 a month each, they lived in cotton tents, and there was very little expense. There was their wages and their provisions, perhaps \$60 a month, or \$120 a month for the two, or \$360 for three months. For \$360 I got my levels taken. Now that was a very cheap way of doing it.

Fixed on some "seven datum points" for his two observers, and left one at the Fork of the Skeena and posted the other about thirty miles distant.

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Character of
Survey.**

Carried an aneroid, a syphon barometer, and a mercurial barometer, a pocket sextant and a micrometer telescope.

I always carried an aneroid in my pocket and a syphon barometer slung over my back. The aneroid you can place no reliance on whatever. In the survey for the Union Pacific Railway they never relied on the aneroids to ascertain levels. You do not know what your aneroid is doing. It is all guess work. It may play any quantity of tricks. An aneroid is very good so long as it is brought every now and then in contact with a mercurial cistern barometer, so that they can be tried and compared. I carried a mercurial barometer with me all the time in addition. I carried a pocket sextant and micrometer telescope where we could take distances with the micrometer.

22396. Did you, yourself, teach those two persons who were at the stationary posts?—I taught them myself. Yes; I spent a week teaching them.

22397. Were they efficient?—Quite efficient. I did not leave them until I had tested them two or three days.

22398. In making those explorations as you made them, would the most difficult work be at the intermediate points?—The other work was easy, it was sitting down, so long as they took the hourly observations correctly. I had the difficult work to do, because I was always on the move looking after routes and passes through the country. I always connected those points where the men were, with my other journeys. Then, remember, at the same time, I had a portable barometer on my back, and whenever I stopped anywhere I hung up my barometer, if it were only for two or three hours. Wherever I stopped after dinner, I took an observation—before dinner and afterwards—and I knew at the same moment my assistants were taking a note also. It can be done beautifully when properly worked.

**Simple way by
which facts of
exploration can
be gained**

22399. Is it difficult to find persons who can attend to this simple matter?—I do not think so. I do not pretend to be anything extraordinary myself, and I found it easy to do, and I taught myself.

**Not difficult to
get persons to
attend to the
steps in bare
exploration.**

22400. Can this sort of work be done by persons who can easily be found?—Yes; with perfect ease. I would undertake to teach any man here to do it in a week.

22401. Do you think the scarcity of competent men to do that work would be the cause of not adopting that system?—Any man could take the observations.

22402. But the intermediate work?—That is a different matter.

22403. I understood you to say it was not difficult?—It was simple to me; but really and truly I think they are more difficult to find simply because they have never done it, and it may be they never tried to do it.

22404. Would it be difficult to train or get men competent to explore by bare exploration rather than by instrumental survey?—Not at all; it would not be difficult. Any man who is not lazy, and could be depended upon to use his legs and brains, could do it, but he would do it far better if he were a surveyor or engineer.

**Any man who
could use his legs
and brains could
do it.**

22405. Do you think any person who was trained professionally as a surveyor or engineer ought to be able to do this intermediate work with a little teaching?—Yes; decidedly.

22406. Do you think persons could be found in the country without difficulty?—I think they could.

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Character of
Survey.**

The surveys in British Columbia could and should have been performed by simple exploration as described above.

22407. Plenty of them?—I think every surveyor could do it. Mr. Marcus Smith understands it. He understands the subject. He knows the way in which I used to take those levels.

22408. Well, it appears that you did what work you were called upon to do very carefully and very skilfully, but perhaps they could not find a great many who could do it quite so well, and the question arises whether the examination in British Columbia might not have been undertaken, in the first place, only by explorations, rather than by instrumental surveys,?—Well, I presume that Mr. Fleming had never anything of that kind under his experience before. I do not suppose that he ever conducted surveys in that way before, and, in fact, I doubt if he ever heard of that kind of thing unless from books—unless from the Pacific Railway surveys—and I certainly think those surveys in British Columbia could and should have been performed in that way.

22409. Did you give consideration to the subject of obtaining competent men?—I should be sorry to think no competent men could be found to do it. As I said before, every engineer could be competent to do it.

First connection with British Columbia section in 1872; in 1871 explored with Moberly between Winnipeg and the Rocky Mountains.

22410. When did you first become acquainted with the British Columbia section?—In 1872.

22411. Before that had you been employed in similar work?—Only with Mr. Moberly in 1871. That was the first exploration I made.

22412. Where was that?—Between Winnipeg and the Rocky Mountains.

22413. Had you any particular preparation which fitted you for this work?—Never. I doubt if I had ever seen an aneroid before that.

22414. What had been your occupation before that?—I had been Chief Accountant in the Southern Department of the Hudson Bay Co. I had been in different occupations before that; I had been a gold digger.

Witness had no scientific training before working with Moberly.

22415. That sometimes gives one a knowledge of levels as well as of drifts?—I can conscientiously say I had no scientific training before that. Of course I had been fond of that kind of thing and read it up, but I never had a chance to put it in practice, and on Mr. Moberly's exploration in 1871 we were very poorly fitted out for taking levels. Fortunately, the country Mr. Moberly had for his examination, between Winnipeg and Edmonton, was prairie country—an undulating country where the system I speak of would not have been very well adapted; but I saw at once in the mountain country how the barometer would do, and I, by mere accident, saw Major Williamson's work on the barometer and got it and studied it up at once, and recommended it instantly to Mr. Fleming, but he took no notice of my recommendation.

22416. I understand you to say that, from your experience, you have concluded that a profile of country may be laid down with tolerable accuracy by simple explorations?—Yes.

A profile of the country can be made by simple exploration, the barometer being used for the vertical and the micrometer for the horizontal element.

22417. For instance, you may use the barometer, either aneroid or mercurial, for perpendicular measurements?—Yes, for the vertical element.

Surveys, B.C.—
Character of
Survey.

22418. And the horizontal element may be ascertained by the micrometer?—Yes; by triangulation, by difference of latitude, and in many ways.

22419. But it gives one sufficient information to make a tolerably correct profile?—Certainly.

22420. Not so accurate as would be secured by an instrumental survey?—Very nearly. A micrometer will give it just as accurately, because I contend, if a man takes the measurements accurately with a good instrument he will take more accurate distances than by chaining. You know errors are very apt to creep in in chaining over rough ground, whereas by the micrometer the actual distance is measured.

Thinks measurements may be made nearly as accurately by a micrometer as by chaining.

22421. You measure through the air instead of upon the surface?—Certainly, if a man has a proper instrument and knows how to use it. Chaining correctly is a very difficult matter over rough ground.

22422. Can sufficient information be obtained by exploration so as to give the Chief Engineer information as to the feasibility of particular routes, although not so accurate as to give actual quantities?—I think that information such as I got was quite enough for any engineer to decide. He might have said here are four or five routes that have been explored by barometer or micrometer, or usual explorations. He could see before him as plainly as possible which was the best route, and send an instrumental party upon it at once. Here is the Cascade range, and here are four or five inlets into the Cascade range. Here are the profiles. As Mr. Marcus Smith said: "I would be far from questioning the accuracy of your levels, because I doubt very much the accuracy of our own levels." For instance: he said, "there was one set of levels run in from tide water and another from the interior, and they differed by eighty feet." Why, to-day, there is a difference of thirty feet at the Yellow Head on the system of surveys going from Red River west, and another coming east from the coast. I think it is mentioned in the reports. I always, in my levelling with the barometer, took care to have one or two simultaneous observers somewhere else, and I never lost an opportunity of taking an observation. I had the barometer on my back, and if we stopped to sit down, perhaps even to have a smoke, I would set up the barometer, take it out of its case in a jiffy, and take an observation, and at particular points I knew I had to refer to afterwards I always stayed two or three hours—perhaps a day. There is no question whatever, had the system which I used been employed hundreds of thousands of dollars would have been saved to the country; but what was done in the first instance? The very first line run in British Columbia was an instrumental line.

Necessity of testing observations made with the barometer.

22423. I understand the principal object gained by this exploration of yours in the neighbourhood of the Pine and Peace Rivers, was to settle the feasibility of the Pine River Pass rather than the Peace River, or, more correctly speaking, not the feasibility but the advantages which one possessed over the other?—In the last year, of course, I had nothing to do with them. My work was west of that. Mr. Fleming sent out Mr. Cambie and Mr. MacLeod to determine that—to find out all about Peace River and the Pine River. He was working, evidently, on the supposition that my previous work was worth nothing. He laid that by as if it did

Peace and Pine
River Passes.

**Surveys, E.C.—
Peace and Pine
River Passes.**

Fleming sent
witness in 1872 to
see if the Peace
River was
feasible.

Saw that Peace
River was im-
practicable.

Pine River Pass
the better one.

not exist. He sent me, in 1872, to see if the Peace River was feasible; to get all the information I could upon that. He had apparently set his mind upon the Peace River; but when I saw the country I saw that the Peace River was impracticable; I said it was impracticable, and I say it to this day, because any line approaching the Peace River from the east has to encounter those prodigious valleys of the White Fish River, the Pine River, and all those other rivers—enormous rivers with enormous valleys, 600, 700 or 800 feet deep, and perhaps a mile wide, to cross.

22424. If either of those passes had eventually to be adopted, your opinion is that Pine River was the better one?—Decidedly, and Mr. Gordon says so to. He says distinctly in his book that the Pine River Pass is the best pass.

22425. The Rev. Mr. Gordon?—Yes.

22426. Is he a good authority?—I think so.

22427. Why?—He was sent out by Mr. Fleming to make a report upon the feasibility of the pass. He is described as the assistant of Mr. Cambie.

22428. For the present you think he is a good authority?—Yes; I think so—that is to say, he is a good authority, inasmuch as he has culled his information from good authorities.

22429. How are you aware of the sources of his information?—His telegraphic report.

22430. But the source of his information?—Messrs. Cambie and MacLeod are the sources of his information.

22431. Then it is because Mr. Cambie and Mr. MacLeod say it is the best?—Yes; Mr. Cambie says distinctly that the Pine Pass is the best. He says here (quoting from a Departmental report):

“The Peace River, which is the lowest known pass through the Rocky Mountains, offers a wonderfully favourable line for a railway through that range, and for sixty miles east of its main summit.—”

But further on he says:

“The Pine River Pass is also a remarkable one, and though the elevation is much greater than by the Peace River, the work in passing through the mountain range would be lighter.”

You see that is conclusive evidence.

22432. I think for the present we will not take up further time with the comparative merits of those two passes: I understand that you have some information which you wish to give privately, with the view of eliciting further evidence in the public interest as to matters connected with the Pacific Railway?—Yes; it will be private information.

OTTAWA, Tuesday, 28th June, 1881.

CHARLES HORETZKY's examination continued:

By the Chairman:—

22433. We received notice from you that you wished to add something to your evidence?—I purpose giving some details respecting the survey by Mr. C. H. Gamsby, in the winter of

Cambie favours
the Pine River
Pass.

Surveys, B.C.—
Kitlope Valley.
Gamsby's Expedition.

1875-76, of the River Kitlope, the principal affluent of the Gardner Canal, north-west coast of British Columbia. In the evidence given last November, I made a passing allusion to that survey, and as Mr. Gamsby's report upon it (see appendix I, page 177, of the general railway report of 1877) contains a wilful misrepresentation, which reflects very seriously upon the truth and accuracy of my previous report of 1874, it becomes my duty to bring the matter before the Commission. In summarizing the results of my examination of the various inlets and their approaches from the interior of British Columbia, in 1874, I wrote as follows (Extract from my report of 1874, page 29 original MS. suppressed and mutilated, as I have already sworn):

"Gardner Canal being the next in order, it will be well to offer a few brief remarks thereon. An inspection of the map of British Columbia will show its general size, length, and approaches. It will suffice now to remark that, in general, this inlet possesses the same drawbacks as the Dean Canal, being characterized by great depth of water and an absence of good anchorage. Its appearance, however, is more forbidding; high bald mountains of frightful aspect close it in on every hand, imparting to the beholder a depressing sense of desolation and gloom. Suppressed passage from witness's report of 1874.

"The Kimano, one of the two large rivers flowing into it, has been already described. The Kitlope, the larger, now remains to be briefly alluded to. No actual exhaustive exploration of this stream was made, for the reason that it was purposed to examine it from the source downwards, and that, towards the end of the season, the knowledge of the country acquired by a visit to the region where two of its three origins lie, made a journey down that stream a matter of supererogation. At its mouth the Kitlope enters the sea through a flat and swampy bottom, encompassed by huge glacier-capped mountains. A few miles higher up, report [Indian] says that the valley improves, and that the mountains recede, and are less abrupt. I can readily believe this, and know that, at a distance of six or seven miles from the actual water-shed of the Cascade range, the north-west branch of the Kitlope River does really flow through a valley of moderate extent, but, unfortunately, at an elevation above sea of less than 1,100 feet; and, moreover, that, in the direction of its source, *i. e.*, to the north-west, there is nothing visible but a perfect sea of glacier-capped mountains. It is possible, but very far from probable, that the branch in question *may* lead to a pass. Such a pass, if there be one, cannot be much less than 3,000 feet above the sea, and, considering the close proximity of the water-shed, or summit, to the low valley which I saw, I think the inference may be safely drawn that in this quarter no practicable route is to be looked for.

"The third and principal branch of the Kitlope has its origin [Indian report] in a glacier-fed lake situated west of the Tsatsquot Valley, and in the *very core* of the Cascade Mountains.—"

Note the italics—this last being the branch followed by Mr. Gamsby in February, 1876—

"* * * The result of the season's work has been to find that, with the single exception of the Kemsquit River, all the streams flowing into the inlets examined, derive their waters from glacier sources invariably situated west of the water-shed"

An inspection of the map of Tsatsquot Valley, which also shows a portion of the upper valley of the Kitlope River, will render the foregoing extract perfectly intelligible.

2443. Please look at this map (Exhibit No. 318) and say if it is the one to which you allude?—That is the one. I produce this map. Mr. Marcus Smith read the report referred to, examined the map, and came to the conclusion that further examination of the Kitlope Valley would be a waste of money. It was evident to any person, even not possessed of engineering knowledge, that to rise from an elevation of less than 1,100 feet above sea to an elevation of 3,100 feet above the same datum, in a distance of six English miles, through a rugged canyon, such as that of the north-east Fork of the Kitlope, was out of the question for a railway, gradients of 340 feet per mile being quite incompatible with the successful working of either eastern or western transcontinental freight. The former elevation (1,100 feet) Marcus Smith on reading the report and examining the map came to the conclusion that further examination of the Kitlope Valley would be waste of money.

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being the extreme altitude of the lower Kitlope Valley, the latter (3,100 feet) being the altitude of the Tochquonyala summit, (both shown in this map), and the north-east Fork of the Kitlope being the only means of communication between the two. Mr. M. Smith saw all this at a glance, as indeed any engineer would have seen, my report and map not only demonstrating the facts very clearly, I think, but also showing by a red line that the only possible way to reach the watershed of the range from the sea, in this quarter, was from the head of Dean Canal, and by skirting the eastern slopes of the Tsatsquot valley to the heights above Beaver Lake, and thence along the eastern heights of the ravine of the north-east Fork of the Kitlope. Mr. Smith had even little faith in the feasibility of the route shown by the red line. The only one he judged worthy of instrumental survey was that of the Kemsquit or Salmon River, only partially explored by me late in the season of 1874, for a distance of thirty-five miles from sea. This river did, however, appear to him, from the fact of its origin upon the interior plateau, likely to offer favourable gradients, and hence its subsequent survey which was not very satisfactory.

The Kemsquit route the only one Marcus Smith considered worthy of an instrumental survey.

22435. Do you mean satisfactory in its results, or in the manner in which it was done?—In its results as to grades and work.

22436. It showed nothing encouraging?—Upon the whole it did not. In the report of 1877 there will be found a table of the gradients in the Kemsquit.

Notwithstanding the objections to the Kitlope, Fleming had an instrumental survey made in 1876, by a party in charge of C. H. Gamsby.

22437. That is what you mean when you say the survey was not satisfactory?—Yes; it was not a good line in reality. Notwithstanding the very apparent objections to the Kitlope or Gardner Canal route, Mr. Fleming decided upon making an instrumental survey of the Kitlope from Gardner Canal to Lake Tochquonyala summit; and in February, 1876, the steamer *Sir James Douglas* sailed for the head of that inlet with a fully equipped instrumental party of engineers, attended, I believe, by the usual commissariat, and the whole in charge of Mr. C. H. Gamsby. Turning now to Mr. Gamsby's report of that survey (see page 177 of the C.P.R. report of 1877), we find that, instead of following up the Kitlope to the Tochquonyala Lake and Pass, indicated by me in 1874, he took the branch of that river coming from the north-east, which trends afterwards to south and seaward (the third and principal branch referred to in my suppressed report). And, at the thirty-sixth mile from his initial point, he reached a summit 1,150 feet above sea. He then writes with perfect gravity:

Gamsby missed the country explored by witness.

"One mile due north from the summit we struck Tochquonyala Lake, its elevation is 1,000 feet; it lies due north for two miles then north-east for one and a-half miles, and is about thirty chains in width. A fair sized stream flows from the north-east end of the lake; its course is north 20° east for six miles, when it falls into a much larger stream coming from the north-west, and flowing south-east and south. The elevation at the junction of these streams is about 700 feet, and the whole distance from our initial point at the head of Gardner's Inlet forty-six miles. The Kitlope Indians call this large stream Chedsquit—"

The Tsatsquot of my report—

"and affirm that it flows into the head of Dean's Inlet."

Mr. Gamsby had actually been travelling towards the sea coast, instead of to the summit of the Cascade range, and had been following one of two low depressions extending between the Gardner and Dean Inlets, neither of which exceeds in elevation, 1,200 feet above sea level. The point reached by Mr. Gamsby, also the most northerly of the two depressions alluded to, are both plainly laid down on the map

now submitted, which was deposited in the Department in March, 1875, by me. But to crown Mr. Gamsby's most extraordinary assumption, he went on to say :

"Having ascertained that Lake Tochquonyala was not the summit, nor near the summit of the Cascade range, and that there was no possibility of reaching that summit by this route, I decided to return. * * * We broke up camp on Tuesday, March 28th, and reached the coast on April 3rd."

This was tantamount to saying that the two paragraphs at top of page 142, of Mr. Fleming's general railway report for 1877, written by me, contained a pure and simple fiction. Now I distinctly stated in the paragraphs referred to, that

"A mile or so east of this glacier source [of the north-east Fork of the Kitlope] I discovered a pass through the comparatively low mountains forming the rearmost longitudinal mass of the Cascade range. This pass presents direct communication between the upper part of the ravine of the north-east Fork of the Kitlope and a beautiful sheet of water situated on the eastern plateau, amidst the outlying spurs of the mountains, and to which I have given the name Lake Tochquonyala. This lake is situated at an elevation of 2,920 feet above sea level, its upper end is in latitude 53° 20' 13" nearly, and it discharges into Lake Nateltichen, to which I have already referred, and of which the elevation very probably approximates to that of Lake Tachelkin, 2,802 feet."

Fortunately, in proof of the above quotation, I can produce my observation book which contains the details of two excellent meridian sights, and the resulting calculations for latitude on each side of the Tochquonyala summit; also the hypsometrical observations by a proved mercurial barometer during three days, and the corresponding simultaneous readings at sea level, for the level altitude of the pass and lake, and a photographic bird's eye view of the lake itself. With this incontestable proof, I now challenge Mr. Gamsby's fictitious report, the insertion of which in an important Blue Book is an insult to the public, a degradation to the engineering profession, and calculated to injure my reputation if allowed to pass unchallenged. Far be it from me to cast aspersions upon the three engineers who assisted Mr. Gamsby; they, I presume, only obeyed orders, and must have suffered much hardship when engaged on their wild goose chase, in search of a railway route from Gardner Canal to Tochquonyala Pass. But there is no excuse whatever for the insertion of a deliberate and most incorrect statement in the public report, a statement which, one year previous to its authorized publication, was known to Mr. Fleming and to the whole British Columbia staff of engineers to be false. Divesting the whole circumstance of this survey of the great expenditure attending it, which of course, the public and not Mr. Fleming had to bear, the matter assumes a most farcical aspect. Here was the spectacle of a renowned Engineer-in-Chief sitting in his office in Ottawa, and directing the topographical examination of a most difficult and intricate coast range, in utter disregard of the advice of not only his trusted explorer but of his deputy, Mr. Marcus Smith. In direct opposition to the very clearest explanations from myself and from Mr. Smith, he orders the instrumental survey of a route such as I have described that of the north-east Fork of the Kitlope to be, sends out a steamer with no fewer than four engineers and a large staff of men, who lose the way, waste time and the public money in making forty-six miles of an utterly useless survey, and, to crown the huge blunder, return with the report that I had misled them by my report of 1874. In June 1876, a few months after the performance of this feat, Mr. Fleming questioned me upon the subject by aid of a map, and said: "Is it evident that Mr. Gamsby missed his object. Where do you think he got to?" And I explained that he had followed that branch of the Kitlope which has its source west of the Tsasquot Valley,

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Challenges
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Farcical character
of the
situation from an
engineering point
of view.

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and in the very core of the Cascade range, as stated by me at pages 30 and 31. of my suppressed report, and that the end of his survey was at my canoe encampment of the 23rd, 24th and 25th September, 1874.

22438. When you make use of the expression core of the Cascade range, do you mean that that is about the highest portion of the Cascade range in that neighbourhood?—The very highest and the most impracticable, and the furthest away from the goal we were in search of—from the summit.

22439. But the core?—That means the very centre of the range, and I think the position of Mr. Gamsby's lake, geographically speaking, is in the core of it—the very central part.

Width of Cascade range in this part about sixty miles.

22440. What is the width of the Cascade range, in round numbers, at that part of the sea coast?—I should say about sixty English miles; I think that is about the average width. Of course, the mountains dipping into the sea coast are the Cascades. They extend back for sixty miles, generally speaking—very many miles, at least, in jumbled masses without any valleys whatever.

22441. I understand that there is a depression, a sort of valley, between the head of Gardner Inlet and the head of Dean Inlet which cuts off a large portion of the Cascade range between that and the sea coast?—Yes; there are two depressions between the Gardner and the Dean.

22442. I thought there was one main one occupied partly by the Kitlope and partly by the Tsatsquot?—Yes, that is probably the main one.

Between the main depression and the coast lies the core of the Cascade range.

22443. Then, as I understand you, between this main depression and the sea coast is situated what you call the core of the Cascade range?—Yes; although at that very core there happens also to be a depression between the Gardner and the Dean Canal.

22444. And it is at that depression to which you now allude, that you think Mr. Gamsby's exploration found the lake which he called Tochuonyala?—That is the depression leading directly from the head of Dean Canal to Gardner Canal and that depression is, by Mr. Gamsby's own tale, 1,200 feet above the sea.

22445. But in order to reach that lake which he calls Tochuonyala, he had really to adopt a course leading away from this main depression connecting Gardner Inlet and Dean Inlet, and approach nearer to the coast?—No; he followed the depression.

22446. He did not follow this main depression?—He followed one of those two depressions which, I say, exist between Dean and Gardner. He followed the most southern depression, but those depressions led nowhere, as far as his proper search was concerned.

Gamsby took a direction towards the coast at an angle of 90° from his proper course.

22447. But the direction he took was towards the coast?—Towards the coast—towards the head of Dean Canal, and consequently towards the coast.

22448. It was not towards the central plateau which was the main object of your exploration?—No; it was the diametrically opposite direction; or, at all events, he was travelling at an angle of 90° from his proper course.

22449. Please proceed?—Notwithstanding this knowledge, Mr. Fleming allowed Mr. Gamsby's erroneous report to be published one year

after, and suppressed more than twelve foolscap pages of mine containing valuable and authentic information. One of Mr. Gamsby's engineer's has told me that the Indians told them that the lake situated at an elevation of 1,100 feet above sea, and which Mr. Gamsby mistook for the true Tochquonyala Lake, was the lake he was in search of. In answer to this, I would say that they should not have been dependent upon Indians to direct them; and that the designation Tochquonyala was only known to myself (the name having only been used in my note-book and subsequently in my map), and that had they enquired for Lake Ontario or the Zuyder Zee, they would, in all likelihood have obtained a similarly affirmative answer.

22450. I understand you to mean by that, that in that portion of the world there was no lake generally known by the name Tochquonyala?—None.

22451. So that there could be no knowledge among the Indians which would assist them?—None whatever.

22452. And that you had, in your previous report said this name was one given by you to the lake which you found?—Yes.

22453 I understand you to suggest that it was unreasonable to expect that Indians could tell them where that particular lake was?—Perfectly unreasonable. I did not proclaim the name of the lake to the Indians. I did not proclaim to them that I had named the lake.

22454. This name, then, was to be found in your previous report and in your map which accompanied it and in the instructions given to Mr. Gamsby?—That was all. In the second place, engineers should have been able to tell the hypsometrical difference between the true and false Tochquonyala Lake, the quantity 2,900 not being easily taken for 1,100, and they should, moreover, have determined by observation their actual position, and, besides, they must have been sensible of the fact that they were altogether out of their reckoning.

Engineers should have been able to tell the difference between the true and the false Tochquonyala, there being 1,800 feet difference between their altitudes.

22455. Do you find in Mr. Gamsby's report any evidence that he ascertained their locality by latitude or in any other way?—In only one place has he mentioned having taken the latitude, that is at their initial point.

22456. So that as far as his report shows, he did not use such means to ascertain whether he was near the point which you reported to be the locality of this lake?—I cannot find that he has. He may have, but I cannot find it in his report, and if he did take those means, then he must have made a most woeful blunder, because the probability is the true difference in latitude between my Tochquonyala Lake and the one which he took for Tochquonyala Lake is at least sixteen English miles.

22457. Please proceed?—Under such circumstances I claim that it was unpardonable to frame a report calculated to leave the impression that I had either wilfully or in ignorance misled the Chief Engineer in my report of 1874. I now produce the entire original MS. of my suppressed report of November, 1874. (Exhibit No. 319.) It will be observed that entire pages, besides important passages, have been cut out. Those portions I have marked in pencil. I would call particular attention to pages 20, 21, 22 and A, detailing the engineering features of the Tsatsquot and Tochquonyala route from Dean Canal, indicated

Tsatsquot and Tochquonyala route from Dean Canal as feasible, if the Kitimat route be excepted, as any north from Burrard Inlet.

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Designation of
Tochquonyala
Lake originated
with witness;
therefore it was
absurd to ask an
Indian whether a
certain lake was
Tochquonyala
and take his
affirmative
answer as con-
clusive.

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on the map by a red line. I now beg to say that making due allowance for a possible over-estimate in the distance between the middle Fork of the Tsatsquot and the Tochquonyala summit, a distance which, owing to the peculiar difficulties of the ground, I was unable to measure, but which was checked to some extent by difference of latitude and rough triangulation, when the favourable character of the country upon the interior plateau, east of Lake Tochquonyala, is taken into account, and weighed against the estimated three miles of tunnelling, the eleven miles of heavy rock work, and the steep grades, unavoidable upon the Pacific side of the water-shed, in my opinion, that route would have been found no more costly than that of the Kemsquit River, and, with the exception of the Kitimat route, probably as feasible as any other north from Burrard Inlet. The work performed by me in 1874 comprised a reconnaissance of the Kimano, afterwards verified instrumentally by Mr. Trutch; reconnaissances of the Lachaques and Kitimat Rivers; of the main, north and north-west branches of the River Tsatsquot; of the north-east Fork of the Kitlope, and of thirty-five miles of the Kemsquit or Salmon River, afterwards verified instrumentally. In addition, a general examination of the coast and inlets from Douglas Channel to Bella Bella was made. In order to save expense, the sloop *Triumph* (of about twelve tons register) was sent back to Victoria from the head of Dean Canal, leaving me with two white men and the sloop's dingy to finish the season's work and find our way back as best we could. On the 8th or 10th of November, we reached Bella Bella after working our way from the head of Dean Canal at great risk, and on the 27th of December we set sail for Comox, on Vancouver Island, in an open canoe, terminating the voyage upon the 8th January, 1875. The total cost of the expedition was, with the exception of the sloop's charter, one-third of which should have been defrayed by the Geological Survey, \$2,112.13, as per following statement; these facts are suggestive of what might have been done by the system of reconnaissance in the beginning :

Work performed by witness in 1874; a reconnaissance of the Kimano, the Lachaques, and the Kitimat; the Tsatsquot, the Kitlope and the Kemsquit; a general examination of the coast.

Total cost of Horetzky's expedition.

DETAILED account of expenses of C. Horetzky's coast and Cascade range exploration of 1874 :

1874 May, Hudson Bay Co. supplies	\$387 03
" " " " Steamer Otter	13 00
" Cash, M. Smith's cheque No. 366.	500 00
July, " remittance to Bellabella	500 00
1875. Jan., " paid balance of wages, two men, eight months and one-third at \$45.....	\$750 00
" Less advances.....	37 90
	712 10
	\$2,112 13

Additional :—Proportion of charter sloop *Triumph* and wages of two seamen, five months, June to end of October, 1874, probably worth \$150 per month, or say \$800, of which two-thirds in any case should have been defrayed by Pacific Survey, the remaining one-third by the Geological Survey, \$533.

With reference to my last examination I produce all my accounts connected with the exploration of 1879. (Exhibit No. 320.)

Showed in 1874 that there was no feasible route through Kitlope Valley.

22458. Do I understand your evidence to-day to suggest, that your exploration of 1874 showed that there was no feasible route through the Kitlope Valley on account of a sudden rise between Beaver Lake and Tochquonyala Lake—that is, a rise from 1,100 feet above the sea to 2,900 feet above the sea through a pass of 3,100 feet above the sea, and all in a distance of six miles?—Yes; that is my meaning.

22459. And that, therefore, it ought to have been known before it was made, that the instrumental examination of the Kitlope Valley in 1876 would be useless?—Yes; perfectly. That is my meaning.

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Therefore examination in 1876 useless.

22460. I understand you to suggest, also, that after this instrumental examination was undertaken by Mr. Gamsby, he went out of his course in such a way as to make his examination abortive, and that that was known to Mr. Fleming before he published his report of 1877?—Yes; it was known to Mr. Fleming.

Known that Gamsby reported about the wrong lake, yet Fleming allowed his report to appear in the report of 1877.

22461. And it was known that Mr. Gamsby had made a mistake, and was making reports upon a lake which was really not Lake Tochuonyala at all?—Yes.

22462. And that, notwithstanding that knowledge, Mr. Fleming permitted Mr. Gamsby's report to appear in the general report of the Engineer-in-Chief, while portions of your previous report, which by comparison would show the uselessness of this last survey, were suppressed?—Precisely; that is my meaning.

22463. Do you know whether those portions of your first report which were suppressed would point out, in the way that you describe, any matters connected with that route, so that their suppression renders Mr. Gamsby's services apparently more useful while the publication of your full report would have shown them to be useless?—Yes; I think that by putting my report and his report in juxtaposition, any one reading both reports would consider I had made a mistake. That would be the natural inference; that I had misled. That is the way I look at it.

The parts of witness's report suppressed of a character the suppression of which made Gamsby's report appear more useful.

22464. Would you look at your original report and name the pages on which any portion appears which would have that effect if it had been published instead of suppressed?—The suppressed portion is on pages 29, 30 and 31. I think the matter contained there will show that it was perfectly useless to survey the Kitlope Valley. That was my intention, and I point out again why. It must have been my object to show this, because you see I have underlined certain words. I say here in one part: "It is possible, but very far from probable, that the branch in question may lead to the pass."

22465. What branch?—That is the north-west branch.

22466. Is that the branch which he followed?—No; that is not the one he followed.

22467. Which one did he follow?—He followed the most southerly branch of all.

22468. When you say southerly branch, you mean, I suppose, the branch coming to the main river from the south?—From the south.

22469. Flowing in a northerly direction?—From the south and west.

22470. Flowing then in a north or north-easterly direction?—His course from the mouth of Gardner Inlet was east and north, but instead of that he went south and east. He has been steering south and east.

Gamsby's proper course from the Gardner Inlet east and north, but instead of that went south and east.

By Mr. Keefer :—

22471. He has not laid down the latitude and longitude on this map?—No; he has laid down the latitude at the initial point 53° 12' 20"; but so far as I can gather from an examination of his report he

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took no other observation. It is distinctly understood that he travelled to the east and south.

By the Chairman:—

Describes Gamsby's course in 1876.

22472. Please look at the map which has come from the Department and purports to be the topography of that survey by Mr. Gamsby in 1876 (Exhibit No. 321) of the line and exploration from the head of Gardner Inlet up Kitlope Valley *vid* the outlet of Tochquonyala Lake: does this map show the course that he took for the examination?—Yes.

22473. Describe it so that the notes of the evidence will give it?—His first course from the head of Gardner Canal was about south-east.

22474. That was following the main river?—That was following the main Kitlope.

22475. Did you at any time go over any portion of the Kitlope nearer the sea than Beaver Lake, for instance?—No, never.

Portion traversed by Gamsby unknown to witness.

22476. Then this portion which was traversed by Mr. Gamsby was unknown to you?—Altogether unknown to me except the mouth. I had been at the mouth.

22477. Had you seen at any time any topographical sketch covering this portion of the country until now?—Never before.

22478. Then I suppose you are not able to say at what point of his survey he first went wrong, and instead of following the main river took only a branch of it?—I cannot say where he went wrong.

22479. It appears he followed at first the main river?—It is difficult to tell. Possibly this branch he followed may have been as large as the branch leading to the north-eastern fork.

22480. Have you any belief that he followed the main channel?—It is perfectly plain that he did not follow the channel leading to the north-east fork designated by me in my report.

The lake which Gamsby calls the Tochquonyala empties into the Tsatsquot.

22481. It appears from this plan that the lake which he calls Tochquonyala Lake really empties into the 'Tsatsquot River?—Yes.

22482. Does it not appear by this map that before coming to Lake Tochquonyala, according to his description of it, that he left altogether the waters of the Kitlope?—Yes; he left the waters of the Kitlope the moment he crossed the water-shed.

22483. There is a water-shed between his Lake Tochquonyala and the Kitlope River?—According to his report there is.

22484. And according to this map before us (Exhibit No. 321)?—Yes.

22485. Did your previous report and map show that the Tochquonyala Lake could be reached by leaving the waters connected with the Kitlope River?—There is a summit between them of 3,180 feet between the north-east Fork of the Kitlope and my lake.

22486. What was the height above the sea of the waters of the Kitlope where you left it to go through that pass of yours?—2,900 feet, the height of the waters of the Kitlope where I left it.

22487. And the height of the pass itself was?—3,180 feet.

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22488. Then you descended again to Tochquonyala Lake and down to what height above the level of the sea?—Down to 2,920.

22489. Had you marked on your plan and report the latitude in which those points would be found?—Yes; I took two very careful and good meridian latitudes on each side of the Tochquonyala summit, that is to say, north and south of it.

22490. And about what latitude was this summit?—The summit was very nearly in latitude $53^{\circ} 20'$ and the two other latitudes I took were respectively $53^{\circ} 19' 32''$ and $53^{\circ} 20' 13''$.

22491. You said before that you saw in his report—that is Mr. Gamsby's report—no evidence that he had ascertained the latitude of his lake Tochquonyala?—Yes.

22492. Could you state now about what latitude that appears to be in looking at his map and at yours together?—It appears to be in latitude $53^{\circ} 6' 20''$, that is to say, the most northern portion of the lake.

22493. And what would be the most northern portion of your lake on your map?—About $53^{\circ} 22'$.

22494. How much further south was his lake than the one you had described?—About $16''$ of latitude further south.

Gamsby's lake about $16''$ farther south than that described by witness, or about eighteen English miles.

22495. How many miles?—About equal to eighteen English miles.

22496. Then, is there any doubt that ascertaining the latitude of his lake would have shown that it was not the lake to which you alluded?—Oh, no doubt of it. A good sight at the lake which he reached would have proved to him at once that he was astray.

22497. Have you ever spoken to Mr. Gamsby on this subject?—Never.

22498. Or any one on his staff?—I think I have spoken to Mr McNicol.

22499. I mean on his staff during that particular survey?—During that survey, yes.

22500. What account did he give you of the transaction: was it understood to be a mistake or was it believed until now to be correct?—It is three years ago since we had a conversation on the subject in the street, and I think that he made a quasi-admission that they knew themselves to be astray—that they knew that lake was not the lake they were in search of. I gathered from Mr. McNicol that the feeling among his brother engineers was that they certainly were not at Lake Tochquonyala.

McNicol, one of Gamsby's party gave witness the impression that they knew they were not at the right Tochquonyala.

22501. Reaching the lake which you had described in your previous report was the main object of this exploration?—Yes; so it appears from Mr. Gamsby's own report. He says so. He says distinctly that it was to reach Tochquonyala Lake *via* the Kitlope Valley.

22502. I understand that although you, in your exploration, had ascertained that there was an insurmountable obstacle between the pass near Tochquonyala Lake and the Beaver Lake, on account of the sudden rise, that there was no obstacle which could not be overcome by going along the Tsatsquot Valley from the same pass, keeping up on the sides of the hills so as to travel a greater length of country, and, therefore a more gradual descent, ending at Dean Inlet?—Yes, that was my idea.

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dition.**

Witness reported
that route along
the Tsatsquot
would justify an
instrumental
survey.

**Between the
Cascades and
Francois Lake.**

Marcus Smith
sent witness to
photograph the
Homathco.

So much time
was lost the in-
tended explora-
tion never took
place.

For 1875, all the
work witness did
was photograph-
ing the Hom-
athco Valley ;
the year was lost.

22503. You recommended or thought that this Tsatsquot route might justify an instrumental survey?—Of that route along the Tsatsquot Valley.

22504. But that was not the Kitlope Valley proper?—Oh, no.

22505. So that this survey by Mr. Gamsby was not following out any suggestion of yours?—Oh none whatever; the contrary.

22506. Were you in British Columbia in 1875?—I was.

22507. Did you remain there during the winter of 1874-75?—I left British Columbia some time about the end of January, 1875. Then I went back in May, 1875.

22508. What was the object of your return?—To explore the country lying between the Cascades and François Lake.

22509. Is that somewhere about the region of the Kitlope?—Yes; the interior of the country connecting with this Tochquonyala Pass was the country I was sent out to explore in 1875—all that plateau—but I never went there.

22510. Why not?—Mr. Smith would not allow me to go until late in the season. He sent me up the Homathco to photograph the Homathco before going there, and while at the Homathco the best part of the summer was lost.

22511. Do you mean lost so far as your operations were concerned?—Lost, so far as the northern operations were concerned; I was delayed on the Homathco.

22512. How?—I was in company with Mr. Tideman. I was sent with Mr. Tideman, whose duty it was to make roads in the Homathco Valley, and Mr. Tideman made very slow progress.

22513. For what were you sent with him?—To photograph and to meet Mr. Smith. Mr. Smith was coming down from the interior, Soda Creek. The programme was, I was to go up the Homathco until I met Mr. Smith, and return with him to the sea.

22514. And then proceed northward?—Yes, to François Lake; but so much time was lost that the idea was given up.

22515. About what time did you meet Mr. Smith?—To the best of my recollection some time in July.

22516. Would that have been too late to explore northward?—It would. Not much would have been done there; two of the best months would have been gone.

22517. What did you do after July?—After July I went back to Victoria.

22518. With Mr. Smith?—No; not with Mr. Smith. He arrived in Victoria a few days after I did, and then, after a few days, Mr. Smith sent me up to Soda Creek with instructions to go down the Homathco Valley, and photograph the whole of it. His reason was, he said: "You will be too late to explore further north, and the best thing you can do is to go up there now and make a photograph of the whole of that valley systematically." And I did.

22519. Then, for that year, that is 1875, all the work you did really in connection with the Pacific Railway was photographing?—That is all. The year was lost—entirely lost.

Surveys, B.C.—

22520. Do you not sometimes make explorations after July?—Oh, yes; you can make explorations at any time. **Photographing the Homathco.**

22521. Why was it that on this occasion it was thought July was too late to commence examination?—I do not know; that was Mr. Smith's idea. Mr. Smith said: "As it is too late now to go north, the best thing you can do is to photograph the Homathco."

22522. How long would it have taken to reach the field of operations?—By taking the Fraser River route it might have taken me three weeks to get to Lake François. **Could have got to Lake François in three weeks.**

22523. Was that the shortest time which would be required?—I do not think I could have got there much sooner. I could not have depended on getting there short of that.

22524. That would have made it near August?—Nearly August; still a good deal might have been done then.

22525. What time after the beginning of August would you have for exploring in that country?—I would have had August, September and October. I would have had three months. **Would, had he been allowed to go, have had three months for exploring.**

22526. Instead of doing that work during those three months, I understand you to say Mr. Smith elected to send you to the Homathco Valley?—Yes. In the spring of that year before leaving Ottawa, Mr. Fleming said to me here in the Buildings, putting his finger on the map on that François country—he said: "We want you to go on to explore the whole of that country in connection with the surveys you made before." The instructions I got were to find out all about that country, and I went out to British Columbia on that understanding.

22527. When did you return that year of 1875?—I returned in November. **Returned to Ottawa, November, 1875.**

22528. To Ottawa?—To Ottawa; after returning to Victoria in the first instance, after leaving Tideman, a week or ten days were wasted in Victoria. Then I went up to Soda Creek to take those photographs of the Homathco and pulled my way back myself in a canoe from Bute Inlet to Comox, and got down to Victoria and awaited instructions. Mr. Smith was away at the time. I waited a week or two—I do not remember the exact time. When he came back his decision was, it was too late to do anything and I had better go home.

22529. When did you reach Victoria on the second occasion?—About the beginning of October, I think.

22530. So that between the beginning of July and the beginning of October you were up the Homathco photographing?—Yes; I was about six weeks or two months up there. **From one and a-half to two months up the Homathco photographing.**

22531. Did it happen in any other year that you were not able to do any exploring, road making, or other work?—No.

22532. During each of the other seasons then you were exploring for the benefit of the railway, while you were in the service of the Government?—Yes. The fact is that the whole of the photographing expedition down the Homathco, just occupied about six weeks when I went up on the second occasion.

22533. And upon the first occasion?—On the first occasion we frittered away the whole summer doing nothing at all. Tideman had a poor lot of men with him, the men could not carry. He fell out with

Surveys, B.C.—**Photographing
the Homathco.**

the Indians on the way. He made no progress and I had to stick with him, I was helpless.

The photographing no part of the instructions by Mr. Fleming.

22534. But I understand you were detailed for this Homathco photographing by Mr. Smith, and it was no part of the original understanding with Mr. Fleming when you left here?—No; it was in direct contradiction to Mr. Fleming's instructions to me. What happened here I have told you; Mr. Fleming pointed to the map and said, "We want to find out all about this François Lake country." The next day, I think it was, I met Mr. Smith and he said: "You are going out to the François Lake country, but I would like you to take some photographs on the Homathco before you go." He told me that before I left here, but the second time after I returned to Victoria, Mr. Smith decided it was too late to do anything more that season.

The photographs taken by witness are in the Parliamentary Library.

22535. What was done with the photographs which you took that season?—They are in the Parliamentary Library.

22536. Are they on a large scale?—They are six by eight. They are full plates what are called full plate photographs.

22537. About how many views were taken altogether?—Somewhere about fifty. There were a great many more taken, but some of them were broken in transit.

22538. You had no party with you, of course, on this occasion, photographing?—Oh, no. I hired four or five Indians to carry provisions down the Homathco for four or five days. That is all the party I had.

Gamsby's Expedition.

Estimates Gamsby's expedition must have cost \$6,000.

22539. Could you give anything like an estimate of the expenses of such a party as Mr. Gamsby's was, between February and April, 1876, on this Tochuquonyala expedition?—I think I could reach an estimate—a rough estimate—with a little calculation. I should think, without counting the cost of the steamer at all, that the salaries and the provisions for three months (the men were undoubtedly paid three months, including the time they lost going and coming back) that it must have amounted to \$6,000, that is not including the steamer.

22540. Did this steamer belong to our Government, or was it chartered?—To the Government. It was the *Sir James Douglas*. I think she belonged to the Government then.

McNICOL.

EDMUND McNICOL, sworn and examined:

By the Chairman:—

On Bute Inlet survey under Cambie.

22541. Have you been employed on any of the works connected with the Canadian Pacific Railway?—Yes; since 1875, until the end of last year. I was on the Bute Inlet survey first.

22542. Under whom?—Mr. Cambie.

22543. What year was that?—In 1875.

22544. What was the work for that year?—The location of the line from Chilanco River to the junction with Mr. Gamsby. He worked from Bute Inlet up to about five miles above the Forks of the east and west branches of the Homathco.

Surveys, B.C.

22545. What sized party had you?—Twenty-seven men, I think, all told. We had a mule train, but I could not tell you the number of horses exactly, and mules.

22546. You commenced apparently at the north end of this route?—Yes.

22547. Was that easier of access than the south end?—Yes. The other party went in by steamer from Victoria.

22548. They started from tide water?—Yes. We went up the stage road to a place called Soda Creek, and we started from Soda Creek overland to the crossing of the Chilanco. Mr. Jennings's party and Mr. Cambie's party went up together.

22549. And you worked southerly then?—We worked southerly to within about five miles of the two branches or Forks of the Homathco.

22550. During what period were you occupied on that expedition?—We commenced work early in June—about the 6th or 7th of June, I think, and we finished about the end of October.

22551. Was that too late to do any more work?—We got through. We located some sixty-three miles, I think, and continued the trial line some eighteen miles further, but had not time to finish the location that season. Located about sixty-three miles

22552. The weather prevented you from doing all the work you intended?—Finishing the location, yes.

22553. Where did you go in October?—We went down to Victoria, and got up our plans and profiles.

22554. Did you spend the winter there?—I remained until the 2nd of February, and then I started to Gardner Inlet up north.

22555. What year?—That was in February, 1876. We worked in the office in Victoria from October—we got down the 3rd or 4th of November, and the 2nd of February we went up to Gardner Inlet. Kittlope Valley. Gamsby's Expedition.

22556. Who was your chief on that occasion?—Mr. Gamsby.

22557. Then you were not under the same engineer?—No.

22558. What sized party had you?—We had twelve white men and twelve Indians.

22559. What were the Indians for?—For rowing and packing. It was a winter survey, and we had to draw all our supplies up on hand sleighs.

22560. What steamer?—The *Sir James Douglas*.

22561. Of the white men of the party, how many were professional men?—Mr. Gamsby the chief, and three on the staff.

22562. That would be four; what would the other eight of the party be for?—Axe men, chain man, and one man a disc man, for micro-meter purposes.

22563. What was the object of that expedition?—To try and find a pass through the Cascade range. Object of expedition to find a pass through the Cascade range.

22564. What was the principal or objective point?—We went by a map we were given. We were guided by that solely.

22565. What was the understood objective point?—We did not get through the Cascade range at all.

**Surveys, B.C.—
Gamsby's Expedition.**

22566. I do not think I have asked my question properly: I want to find out what was the object for which you started the expedition?—We wished to get through the Cascade range on to the plateau between that and the Rocky Mountain range.

22567. There is a plateau east of the Cascade range, between that and the Rocky Mountain range, which you wished to reach?—Yes.

22568. Did you understand there was some point on that plateau which you were to reach?—We were to try to get through to François Lake, I think.

Tochquonyala Lake the summit the expedition was to reach.

22569. You think that François Lake was named as the place which you desired to reach?—I could not say. Of course I never saw Mr. Gamsby's instructions. Tochquonyala Lake was supposed to be the summit we were to reach.

22570. Apart from any written instructions, was that understood among the members of your party to be the objective point?—Yes; Tochquonyala Lake, it was understood.

22571. Then it was not François Lake?—No; I believe though that that was to be a continuation of that line.

22572. At some future time François Lake was to be reached?—Yes.

22573. But that particular expedition on which you were then engaged was for the purpose of reaching Tochquonyala Lake?—Yes.

They had a tracing showing the position of the Tochquonyala Lake, and that was to be the end of the survey.

22574. You say that was generally understood among the members of your party?—Yes; we had a tracing on the map showing the position of the lake, and that was to be the end of our survey, I believe.

22575. Did you all leave the steamer, or did any of your party remain on the steamer?—No; we all left.

22576. Did the steamer return?—No; the steamer anchored there during the time we were up on the survey.

22577. Remained within reach? No; of course the Inlet was frozen for twenty-four miles. We landed on the ice, and our provisions and everything we had to haul them on sleds up to the head of the Inlet, and the water was open there for about three miles. We had to take canoes up with us.

22578. What was the first work you did after reaching the land?—We took observations for latitude that afternoon, and ran about two miles of line—instrumental survey it was.

22579. Did you follow the channel of the Kitlope?—Yes, we followed up to the mouth of the Kitlope.

22580. I mean at that time?—Yes.

22581. It was understood that you were to follow the Kitlope Valley?—Yes.

22582. Have you ever seen any tracing or topography of that survey?—I made it myself.

Recognizes map.

22583. Look at the map produced as Exhibit No. 321: is that what you made?—Yes.

58° 12' 20" the latitude of starting point.

22584. What do you find the latitude of the starting point?—It is marked here 53° 12' 20".

Surveys, B. C.—
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22585. Did you take any part in ascertaining that?—I assisted.

22586. This map also shows the ice line?—Yes.

22587. Had you studied the nature of the difficulties to be found in the Cascade range before you were on this expedition at all?—On the Bute Inlet survey; yes.

22588. What general course did you take after you started to explore through the Kitlope Valley?—Simply followed the main valley up.

22589. What course would you call that now?—It is south-east a little—that is, as far as the micrometer survey went—and from that point we started north, a little east of north.

22590. How far do you say the micrometer method was adopted?—About three miles of instrumental survey and the balance was micrometer survey—about twenty-six miles.

About three miles of instrumental, and twenty-six miles micrometer.

22591. When you say twenty-six miles, is that from the starting point?—It is from the starting point to the end of the micrometer survey.

22592. Is that where it joined the Tsatsquot River?—No; that is where it joins the south-west branch.

22593. Then did you change your direction at the end of the twenty-six miles?—Yes.

22594. And what direction did you then take?—Northerly and a little east.

22595. How far did you go that way?—That was track survey, and we estimated the distance from that point to the lake that we were led to suppose to be Tochquonyala Lake; we estimated the distance about eighteen miles.

22596. And did you then reach the lake which you thought was Tochquonyala Lake?—We were told by the Indians it was Tochquonyala Lake. We had an Indian guide with us, and he guided us to this lake and told us it was Tochquonyala Lake.

An Indian guide told them a certain lake was Tochquonyala.

22597. Did you have any conversation with him yourself about this fact—whether it was Tochquonyala Lake?—Yes.

22598. Was it with you that he had the conversation that led to this being called Tochquonyala Lake?—With myself and Mr. Secretan. We were both together.

22599. Was anybody else by?—Not at that time.

22600. Then you heard all the Indian said which led to that conclusion?—Yes.

22601. Did he tell you there was such a lake as Tochquonyala Lake, or did you first talk of it to him?—We were talking of the Tochquonyala Lake, and asked him whether he could take us to it, and he said he could.

They were talking of Tochquonyala Lake, and asked the Indian whether he could guide them to it, and he said he could.

22602. How long was this after you got to the main land?—We were detained on the steamer some eighteen or nineteen days, that we could not land

22603. Why?—The ice was all honey-combed, and the rocks around the coast of the inlet were so steep that we could not pack up them, and we had no way of getting up to the Inlet until the frost set in.

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Gamsby's Expedition.**

At Kimano they held this conversation with the Indian.

Nobody knew the lake, one Indian gave the information.

Employed the Indian because he knew where the lake was.

The Indian employed early in the exploration, and was asked about Tochquonyala Lake.

Gamsby said the Indian could point out the lake to them "when they got there."

22604. At last you got there?—Yes.
22605. And it was after you got there, as I understand, that this Indian had this conversation with you?—That was at Kimano—that is the Indian village.
22606. Was this one of the Indians who came on the vessel with you?—No; he was a native. He was one of the Kimano Indians.
22607. Were you instructed to go to this place and ascertain if any Indian could take you to Tochquonyala Lake, or was this a matter for your own discretion?—We had a map, but Mr. Gamsby thought it advisable to send an Indian with us to the lake. The Indian was also engaged as a canoe man and packer.
22608. Was he the only Indian of the party who knew about this lake as you understood?—He was a native we employed for that purpose.
22609. Was it necessary to employ him because nobody else of the party knew of the lake?—Nobody else of the party knew.
22610. And it was this one Indian that gave you the information?—Yes.
22611. And you got it by going to him and asking him if he could point out to you Tochquonyala Lake?—Yes; he told us when we got to the lake that it was Tochquonyala Lake.
22612. That is not what I am asking you; I am not asking you what he said when you got to the lake, I am asking you how you came to employ him for the purpose of pointing out the lake?—Because he knew where it was.
22613. Am I right in saying you went to this village, Kimano, and asked for some Indians who could tell you where Tochquonyala Lake was?—No.
22614. Then how did you come to employ him?—Because we had his canoe and him.
22615. For what purpose?—To get across the open water at the inlet.
22616. How far had you gone on your expedition when you first arranged with him that he should point out the locality of Tochquonyala Lake?—We had travelled up the Inlet some twelve or fifteen miles, and we found then that at the head of the Inlet the water was open, and we had to send back for a canoe, and this man brought his canoe along. The river was open as far up as tide water, some five or six miles, and it was during the time he was with us then that we asked him about Tochquonyala Lake.
22617. Could you say what you did ask him, or what your question was to him?—I could not exactly, because Mr. Gamsby was the man that questioned him first of all.
22618. Mr. Gamsby was present at first?—I do not know. I was not present when Mr. Gamsby first spoke to him. We were at work.
22619. Do you say that Mr. Gamsby had a talk with him about this Tochquonyala Lake before you had?—Yes; I do not know whether he had talked about Tochquonyala Lake, but I judged by what Mr. Gamsby told us when we started that we had better take this Indian with us, because he could point out the lake to us when we got there.

Surveys, B. C.—
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22620. As far as you know, he was the first man on the expedition who discovered that this Indian could point out Tochquonyala Lake?—I suppose all the Indians knew it.

22621. I am not asking about how many Indians knew it, I am asking who was the first man of your party?—I could not tell.

22622. Who was the first person who told you, or led you to understand that this Indian could point out Tochquonyala Lake?—Mr. Gamsby.

Gamsby the first person who led witness to believe the Indian could point out the Tochquonyala Lake.

22623. Did he tell you that?—Yes.

22624. Then it was not from the Indian you first learned that?—No.

22625. You say now that Mr. Gamsby first told you that this man could point out this particular lake?—Yes.

22626. Then there was no occasion for you to ask the Indian whether he could do it or not?—No.

22627. Did you ever ask him?—No; except when we were making our track survey, we asked for information on the route where different rivers came from, and when we came to the first small lake, he told us that was the head water of the Kitlope. Of course we found that out ourselves by taking barometrical heights. We came then to this larger lake, and that is what he told us was Tochquonyala Lake.

22628. Between this first lake which you spoke of and Tochquonyala there was a height of land?—Yes.

22629. A water-shed?—Yes.

22630. So that this lake which you supposed to be Tochquonyala Lake emptied into a different body of water from the Kitlope River?—Yes. The lake that we were told was Tochquonyala Lake emptied into the Tsatsquot River.

The lake the Indian told them was the Tochquonyala emptied into the Tsatsquot.

22631. What position did you occupy on that staff?—I was topographer on that survey.

22632. Do you mean merely a draftsman, or did you use the instruments of the survey?—I was taking the topography in the field.

22633. What were the duties of the topographer?—Showing the mountain peaks and rivers.

22634. Did you use any instruments in the field?—Yes; a prismatic compass and sketch case and scale.

22635. Did Mr. Gamsby accompany you on this expedition all the way?—No.

Gamsby accompanied the party only to where the micrometer survey terminated, or about eighteen miles before the lake was reached.

22636. How far did he accompany you?—As far as to where the micrometer survey terminated.

22637. That was about eighteen miles before you reached this lake?—Yes.

22638. Where did he go then, do you know?—He remained in camp here packing supplies—to take down some of the supplies.

22639. To take them down where?—To take them down to the end of the Inlet.

22640. He was preparing for moving back again?—Yes.

**Surveys, B. C.—
Gamsby's Expedition.**

Secretan and witness made track survey, and Gamsby sent a half-breed to follow them.

Does not know why White the engineer did not go with them.

A bare exploration.

Thinks it was necessary to have a large party.

22641. That was before the work was over?—We were two days gone up to this lake.

22642. Did he detach more than one party for the purpose of finding Tochuonyala Lake?—Mr. Secretan and I went first and made this track survey, and afterwards he sent a half-breed to follow our footsteps.

22643. A half-breed?—A half-breed.

22644. That would not be an engineer—he had nothing to do with the staff?—No; he was a workman.

22645. Did he detail any of the engineering party to do the work besides your party?—Only us two for the trip. We made a survey of it, and he sent this half-breed up for some purpose, I do not understand it.

22646. Was there any other engineer in the party a professional man?—Yes; Mr. White.

22647. What was his duty?—He was leveller.

22648. Why did he not go with you: was he wanted to pack up to go back to the Inlet?—I do not know why he did not go.

22649. Was there no work for a leveller on that work you were at?—No; they could not continue the line any further than that canyon in winter time.

22650. Your party then was a bare exploration party?—Yes.

22651. Not an instrumental survey?—No; not from there for the micrometer survey. There was no necessity for sending a large party on an expedition of that kind.

22652. Where was the necessity for taking a large party on an expedition of this kind?—For the purpose of packing supplies. They made two trips, sometimes three trips a day.

22653. Upon what portion of this survey was there a large party required, a party such as you took?—From where we landed from the steamer on the ice on the canyon.

22654. How far was that?—The ice was frozen for twenty-four miles, and there was twenty-six miles of survey made after that.

22655. Now for what distance over this expedition would a party be required of the size which you took?—Over the whole of that distance.

22656. What distance?—From the edge of the ice to the head of the instrumental survey.

22657. You think it was necessary to have a large party through the ice?—Yes; we had not any too large a party. The survey was delayed on account of not being able to bring up the supplies quick enough. We kept men at work, and detailed the balance—Indians chiefly—for bringing up the supplies. Sometimes they made three trips a day.

22658. What was Mr. Secretan's duty?—He was transit man.

22659. Did you ever take any observation to ascertain the latitude of the locality yourself?—Yes.

22660. You can do that?—Yes.

22661. Could you and Mr. Secretan do it between you?—Yes.

22662. And I suppose you did it when you got to Tochquonyala Lake?—We did not do it at Tochquonyala Lake.

22663. Where did you do it?—At the Inlet, and the end of the instrumental line.

22664. That is at the end of the twenty-six miles?—Yes.

22665. Did you mark that latitude?—I think it is marked on the map.

22666. Upon looking at the map do you find it is marked?—No.

22667. Why not?—I had nothing to do with the taking of this observation.

22668. Who took that?—Mr Gamsby, I think.

22669. Do you know that he took it?—I was away at the time I think, but I heard him say that he took one.

22670. You do not know that there was one taken?—I am not sure.

22671. Then you and Mr. Secretan did not take one?—Not at the end of the twenty-six miles.

22672. Where did you take one?—At the initial point of the work. My work was chiefly taking this topography.

22673. I am trying to ascertain from you what was done by the rest of the staff as well as by yourself; what direction do you say, looking at your map, that the lake you called Tochquonyala is from your initial point?—It is nearly west in a straight line.

**Surveys, B.C.—
Gamsby's Expedition.**

Did not take the latitude when they got to Tochquonyala Lake.

The Tochquonyala Lake of witness's examination nearly east from the initial point of starting.

22674. You mean nearly east?—Yes; nearly east I mean.

22675. After you and Secretan left Mr. Gamsby at the end of the twenty-six miles, did you cross any stream which might have been the main river, do you think—the Kitlope?—We crossed one or two small creeks and two larger branches, but I do not think they were as large as the main river.

22676. Did you cross, before you came to the end of the twenty-sixth mile, any stream which might really have been the principal stream?—We crossed several large streams.

22677. There is one marked on your map called the Tenaicoh or north-west branch?—Yes, Sir.

22678. Do you know anything about that more than is laid down on your map?—No; I traversed that up as far as the first canyon, about three miles I should think, and returned to the camp.

22679. Was it still a large stream where you left it?—It was falling very rapidly there. It was a stream about sixty or seventy feet wide, I should think there, but the main river there is 200 feet or more wide.

22680. When you say that this lake is nearly east of your starting point at which you took the latitude, it is if anything a little south of east, is it not?—Very little—seven or eight miles I should think.

22681. Had you with you upon this expedition any sketch or plan made by any person who had previously explored the locality?—We had a tracing made by Mr. Horetzky.

Had with them a tracing made by Horetzky but did not take it with them from camp.

22682. Was that with you?—Yes

**Surveys, B.C.—
Gamsby's Expedition.**

22683. Did you and Secretan take that with you?—No; not from camp.

22684. Though you and Secretan were going to find this particular lake described by Mr. Horetzky, you did not take the sketch?—I am not sure. Secretan may have had it.

22685. It was not wanted by the people who were going back again by the steamer?—We were instructed to follow up the valley of the river that had already been surveyed to its source, and we followed up that branch of it to the head waters and returned to camp, and the following day we made a survey of the south branch, some seven or eight miles, and came back to camp.

Thinks that he and Secretan had obtained the object of the expedition so far as getting through the Cascades, but adds that they did not get through the Cascades.

22686. Before you returned from this lake which you called Tochquonyala, to make the survey of the south branch, you had come to the conclusion, I suppose, that the object of the expedition was attained, had you?—As far as getting through the Cascades there; yes,

22687. Did you think that you had got through the Cascades there—that you had got into the interior plateau?—No.

22688. Did you expect by coming back and going down this south branch to ascertain whether you could get through the Cascades?—No; it was very little use.

22689. What was the object of this survey down the south branch?—The turn of the valley led us to believe that it went out in an easterly direction, and we made that exploration to find out where the head waters of that stream were.

22690. Did you think that you had attained a sufficient altitude when you got to this lake to make you believe that you were near the height of land?—No.

Does not know whether they got the right lake, only goes by survey and what the Indian said.

22691. I suppose you think now that was not the lake that you intended to reach?—I do not know, Sir; I only go by our survey and the information the Indian gave us.

22692. What reason have you for thinking that was the lake you were expected to find out?—From comparison with the sketch we had.

22693. Anything else?—And the Indian's information.

22694. That is, this one man's information?—Yes.

22695. Did you ever hear that man say he knew anything about the lake?—The Indian?

22696. Yes?—Not until he pointed it out to us.

Previous to starting the Indian made a sketch of the lake on the snow.

22697. Did he see the sketch that you had with you?—No; but previous to starting he made a sketch on the snow, showing the direction of this and where the lake was, and the following morning we made the track survey, and when we reached the summit and found we were falling again, we got to this lake, and he told us that was Tochquonyala Lake.

22698. And did you find that like the sketch he made on the snow?—Yes.

22699. Then the course and the shape of the lake were both as he intended to show by his sketch?—Very nearly.

Surveys, B. C.—
Gamsby's Expedition.

22700. Were you present when he first said the name of the lake was Tochquonyala?—I was present when he pointed it out.

22701. On the ground?—Yes.

22702. You speak of the sketch on the snow, were you there when it was made?—Yes.

22703. Did he say then the name of the lake he sketched on the snow was Tochquonyala Lake?—Yes, Sir.

22704. Was Mr. Gamsby there?—I believe so.

22705. The object of this expedition was to get to Tochquonyala Lake, and it surely occupied your mind seriously; it was not a matter of indifference as to where Tochquonyala Lake was; don't you remember how you came to the conclusion that this man could lead you to it?—Nothing any further than Mr. Gamsby telling us that he could guide us to the lake and we were to make a track survey as we went along.

Gamsby told them the Indian could guide them to Tochquonyala Lake, and they were to make a track survey.

22706. Before you left the end of the twenty-six miles and went on with Secretan alone to make the track survey, as you call it, and which I understand to be a bare exploration, did you understand that Mr. Horetzky or any one else had stated to Mr. Fleming that there was a great difficulty in the neighbourhood of Tochquonyala Lake, that for five or six miles in the neighbourhood of that lake it was almost impossible to locate a railway, and that the object of your investigation was to test the correctness of that view: were you led to understand all that or part of it?—Yes; Sir.

Knew that the object of the investigation was to test Horetzky's report.

22707. That was the principal object of your expedition?—Yes, Sir.

22708. And was it understood that you and Secretan would go alone and do that?—It was the intention of the party to go up provided we got further than the canyon. We could not snow shoe up there and draw hand sleds. The canyon is some three miles long and it is impracticable to get provisions further up than that at that season of the year.

22709. I understand you to say that you never took any altitude so as to ascertain the latitude before starting—that if anything was done it was done in your absence?—I believe Mr. Gamsby took an observation for latitude at the end of the micrometer survey.

22710. You believe so?—Yes, Sir.

22711. Why do you believe so?—I have heard him speak of it.

22712. How did you ascertain your heights? You have given heights to these lakes beyond this point when on the survey made by you and Secretan; how did you come to a conclusion about those heights?—Barometrical heights.

22713. Starting with what you considered to be the height ascertained at the end of the twenty-six miles?—That was ascertained by level from tide water.

22714. Did you ever look yourself at this sketch which you had with you?—I have seen it.

22715. Did you look at it frequently and carefully?—Yes, Sir; and compared it afterwards with that.

22716. And what did you find?—There was a great difference in the altitudes, but not very much difference in the topography.

A great difference in altitudes but not much in topography between the Tochquonyala of Horetzky and witness's Indian.

**Surveys, R.O.—
Gamsby's Expedition.**

22717. Was there not considerable difference in the direction in which these lakes were found—I mean the course of the compass?—Not a very great difference—I don't think.

22718. Do you say that you compared or looked at this map carefully, and studied it before you went off with Secretan on that expedition?—I have looked at it on two or three occasions.

22719. When you started off with Secretan did you not know it was really to ascertain whether it was correctly laid down on the sketch: was not that the main object of your expedition?—It was the main object of the whole expedition.

22720. The matter depending on you and Secretan, I ask whether you examined carefully what was shown by that sketch before you started?—I do not know about carefully, but I examined it two or three times.

Sketch of Horetzky may have been with Secretan but does not know.

22721. Why did you not take it with you if it was of any interest?—It may have been with Secretan, but I do not recollect whether he had it or not.

22722. Have you any tracing of it now—anything that you could submit to us that would show the same as that sketch showed?—I have not it with me.

22723. Is it near here that you know of?—I think I have the original.

22724. Where is that?—I do not know how it came into my possession, but some time, I suppose, it had been given to me, and I had forgotten about returning it.

22725. And where do you think it is now?—It is in the Dominion Lands Office.

22726. Could you get it this afternoon?—Yes.

22727. What size is it: is it the scale of Exhibit No. 318 filed this morning?—No; it is a much smaller scale.

22728. Look at that carefully, and say if you think it is the same as Exhibit No. 318?—I think it is, but on a smaller scale.

22729. Were you under the control of Secretan on that occasion?—Yes.

22730. He was the principal one of your party?—Yes; next to Mr. Gamsby.

22731. Is that anything like the shape of the lake laid down on your little sketch as Lake Tochquonyala?—No.

22732. Your sketch is different?—Yes. [Witness goes for the sketch and returns.]

Produces a copy of Horetzky's sketch.

22733. Can you now produce the sketch which you speak of?—That is it. (Exhibit No. 322.)

22734. Did I understand you to say that when you and Mr. Secretan advanced beyond the end of the twenty-sixth mile upon that survey, and started what you called a track survey, Mr. Gamsby remained behind because he had intended to return to the Inlet?—He intended to return after we came back from the track survey to Tochquonyala Lake.

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22735. The result of your exploration then, had nothing to do with his decision on the subject?—It had all to do with it.

22736. How was that: had he decided not to return until you returned?—He decided not to return until we came back.

Cannot explain why Gamsby did not go on the exploration to Tochquonyala.

22737. Then why didn't he go with you?—I cannot explain.

22738. I thought you said that he did not go with you because he had to get ready to make the return?—I suppose that was his object in remaining behind.

22739. But that is inconsistent with the idea that he had not decided to return?—He had not decided to return until we came back.

22740. Had he made any decision at the time you left?—Not that I am aware of.

22741. Then he did not remain behind because he had made any decision about returning?—Unless it was preparing to return to the steamer.

22742. At all events he was not with you at the time this critical part of the expedition was to be performed?—No, Sir; he did not go up on the track surveys.

22743. I think you said that the shape of Lake Tochquonyala on this sketch, and on the larger map which I showed you, were not similar: will you look at them?—My sketch and these do not agree at all.

22744. Will you look at the shape of the lakes on Exhibits Nos. 318 and 322 and say whether the shape is the same?—The shape is very different between my sketch and that. These two sketches are similar. I thought you referred to my topographical sketch.

The shape of the Tochquonyala of Horetzky and that of witness's discovery very different.

22745. I am asking whether the sketch which you had on your expedition showed the shape of the lake the same as this large map of Mr. Horetzky's (Exhibit No. 318)?—The sketch which we had was a tracing from Mr. Horetzky's plan, and I suppose would agree with this.

22746. Is not this one which you produce the one which you had with you?—No.

22747. Is it like the one that you had with you?—I think the one we had with us is on a larger scale than that. In fact, I think it was a tracing from this large one of Mr. Horetzky's. (Exhibit No. 318.)

22748. Upon this sketch which you produce, and upon the one which you had before you in British Columbia, and upon this large one now present of Mr. Horetzky's, Lake Tochquonyala is all described as of a similar shape, is it not so?—I suppose so; yes.

22749. Is it anything like the lake which you found there, and which you thought to be Lake Tochquonyala, in shape?—We simply made a track survey round the centre of the lake, some two miles I suppose, and took the bearings towards the outlet with the compass and returned.

22750. How long is that lake which you found?—Three miles, as I estimated it.

The lake found by witness three miles in length, and quite different in shape from that in Horetzky's sketch.

22751. Do you say, as a matter of evidence, that the shape of it is anything like the shape of the one shown in all those sketches made by Mr. Horetzky, or copied from his?—No.

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22752. Then you must have assumed that Mr. Horetzky's sketches were wrong as to the shape, otherwise you could not have concluded yours was the right lake?—The shape of the lake that we went to was not the shape of any of these lakes shown on his sketches.

While on the spot recognized that Horetzky's lake was not the shape of the lake before them.

22753. Then, did you think while you were on that spot that the shape shown by Mr. Horetzky's sketches was not the correct shape, or did it enter into your head at all to discuss the shape?—Yes.

22754. Tell me what your conclusion was?—I thought it was not sketched the same as the lake that we saw.

22755. You noticed the difference in fact?—Yes.

22756. Were there any other matters upon which you noticed a difference between what was shown by Mr. Horetzky's sketch and what you found on the ground: was there not another lake?—The only difference was the elevations of the lakes.

22757. Think again. Was there not another lake—a lake which you thought might agree with his Beaver Lake?—We thought the first lake we came to on the survey was his Beaver Lake.

22758. You found a great difference in the length of that and what you saw?—No.

22759. Did you not find a great difference in the length?—I estimated the length of the lake. I did not go the whole length.

Also thought that the lake he took for Beaver Lake was different from Horetzky's Beaver Lake.

22760. Did it not strike you that the lake which you took as his Beaver Lake was really very different from the sketch of his Beaver Lake?—Yes.

22761. Then there was another thing which struck you as being very different?—Yes.

Took no notice of the latitude of Tochquonyala Lake.

22762. Was there anything about the locality that struck you as being different: did you not find the latitude, as laid down on his map, of Tochquonyala Lake?—I took no notice of it.

22763. You took no notice of the latitude?—No.

22764. Did you see that his sketch showed it?—Yes.

22765. Both the sketch which you produce and the other one?—Yes.

22766. The lake which you called Tochquonyala and the one which he called Tochquonyala are not in the same latitude?—We took no observation; we had no instruments.

22767. But could you not tell from the last one which had been taken at the end of the twenty-six miles, that it was impossible for you to be in the same latitude as was shown by his sketches for Lake Tochquonyala?—I did not know what the latitude was there. Mr. Gamsby took some observations there and that is the only thing I know about the latitude.

The latitude at end of track survey not recorded by witness.

22768. Could you not say what the latitude was at the end of the track survey?—I could not from memory.

22769. You do not find it recorded in your topographical sketch?—No.

22770. It has been shown that the lake which you found was some eighteen English miles south of the true Tochquonyala Lake, and I

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Gambly's Expedition.

thought that perhaps you could have discovered that without having a very exact measurement, or observation, that if you looked at his sketch, and had seen the locality of his lake, you would know that you were not in the same locality: you say that did not occupy your mind?—Yes; it did while we were out there.

22771. Then it did, occupy your mind?—Yes.

22772. Then you must have found the latitude of his lake, or you could not have compared it?—I know the two surveys did not agree at all. Our survey of that lake and his did not agree in any way.

22773. Did you know while you were there on the spot that you were not in the same locality that his sketch showed Lake Tochquonyala to be in?—Yes, we knew we were in a different locality; but we imagined we were right.

Know that they were in a different locality from Horetzky's lake, but imagined they were right.

22774. Since that expedition was the matter discussed among the staff?—Yes.

22775. What was the general opinion as to the matter?—The general opinion has been that this Tochquonyala Lake of Mr. Horetzky's was not in the right place.

22776. Where ought it to have been according to their opinion?—Where we showed it. I do not pretend to be a judge of the matter, because I was not responsible altogether for that.

22777. Do you mean that you have come to the conclusion now that this lake shown by Mr. Horetzky in latitude $53^{\circ} 22'$ is not the real Tochquonyala?—I do not care about expressing any opinion on that point.

22778. You see it is necessary for us, if there is any mistake, that we should ascertain where it is, and that it should fall upon the right shoulders, and you, having been upon the survey, should give your opinion?—As far as Mr. Horetzky's map guided us we came to the conclusion that it was not in the right position—that is Lake Tochquonyala. That is a sketch showing the road, and we followed that up to the best of our ability to find out what was Tochquonyala Lake.

22779. I suppose you do not mean to say that there is not a lake there where Mr. Horetzky shows Tochquonyala Lake to be?—I do not suppose it is in that position.

22780. But you think there is a lake up in that locality?—Yes.

22781. In latitude $53^{\circ} 22'$?—I do not know about the latitude.

22782. I mean about the latitude $53^{\circ} 22'$: do you say you think there is not a lake there; have you any means of knowing whether there is a lake there or not?—I have not.

Has no means of knowing whether there is a lake where Horetzky states the real Tochquonyala to be or not.

22783. I suppose you have no opinion on that subject then?—No; not about the latitude.

22784. Have you any opinion as to whether there is a lake about latitude $53^{\circ} 22'$?—If I saw my own sketch I might be able to tell.

22785. Here is your own sketch (handing a map to witness)?—No; I have no means of knowing whether there is a lake in $53^{\circ} 22'$.

22786. You have no opinion on that subject?—No.

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22787. Then if there is a lake there you think it is not the Lake Tochquonyala, but it has some other name, or has no name—is that what you mean?—Yes; that it must be some other lake.

! 22788. Mr. Horetzky in his report, before you went on the expedition, said he found a lake without any name, but he gave it the name of 'Tochquonyala himself: do you know anything about that?—That lake is called after an Indian chief. The Tochquonyala Lake that I show on my sketch is called after an Indian chief of that name.

22789. Who told you that?—The Indians.

22790. More than one?—Well, I suppose.

Heard it "given out" that the lake up to which they surveyed was called after an Indian chief, Tochquonyala.

22791. Why do you say you suppose; don't you know?—In talking with the Indians we often got into conversations that I do not quite recollect; but I have heard it given out that that lake we surveyed up to was called after an Indian chief, Tochquonyala.

22792. That was after you discovered it you heard that?—No.

22793. Before you went up?—Before we went up.

22794. Was it from this same man who guided you there?—He was one; and other Indians I have heard mention the same.

22795. Before you went to discover this lake which you say you discovered, did you ever hear from any Indian source, except this one man who went with you, that that was Lake Tochquonyala?—No other Indian went up with us but this one.

22796. That is not my question: you might have spoken to many Indians before you started?—I had heard it described the way the Indians mentioned—that a trail led up to it.

22797. That was before you started?—Yes.

22798. Where was that?—Either at Kimano or at the head of the Inlet.

22799. Then you must have spoken about it to several persons before you went up?—Probably.

22800. I understood you to say that as to the locality you only had knowledge of it from one person: I asked you several questions on that subject, and I understood you to say that it all came from one man who went with you, and who could point it out to you; that Mr. Gamsby had spoken to him about it before, and said that he was the man who knew where the lake was?—He was one of the Indians who knew where the lake was.

22801. Did you know that Mr. Horetzky had been near that locality a year and a half or two years before?—I knew from his having made the sketch.

22802. Do you know that he had taken an Indian with him by the name of Tochquonyala, and had called the lake after him?—I do not know anything about that, but I heard that the lake was called after an Indian chief of that name.

22803. If it be true that Mr. Horetzky found a lake where one is shown on his sketch, at latitude $53^{\circ} 22'$, and that he named it Lake Tochquonyala, I suppose it is clear that that is not the lake which you found?—We followed Mr. Horetzky's sketch, showing where the best line of road was to be found, and when we arrived at this lake it was

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Gamsby's Expedi-
tion.

called Tochquonyala, we came to the conclusion that it was not in a correct position.

22804. Now, looking at his sketch there—the large one, or the smaller one you had with you—do you say that you were ever in the locality where he shows that lake to be, or within sixteen miles of it?—All I have to say is, we followed the Kitlope Valley up to its source, and found that lake as sketched, but not in the same position nor the same shape.

22805. But did you follow any stream in the same direction as the stream shown on his map?—Yes.

22806. Do you think your track survey was along a stream running in that direction?—The stream, as shown on Mr. Horetzky's map, is incorrect—this stream, the Kitlope.

22807. Why do you say that?—Because we made a micrometer survey of it.

22808. But you were never in that locality—not within many miles of it?—The Kitlope River?

22809. Yes, the Kitlope River?—We followed the Kitlope River up to its source.

22810. Who saw its source?—I did.

22811. Where was that?—A small lake shown on my sketch.

22812. You remember that you passed some large bodies of water, did you not?—Yes, and explored them—further up.

22813. I suppose some of them went further up than you explored: might not that be one of the branches shown on this map of Mr. Horetzky's?—It might have been, but not the main river.

22814. But you did not follow them up far enough to compare them and say which was the main river?—I did as well as I was able to for the time allowed me.

22815. How long were you away after you left the head of the party, Mr. Gamsby, before you returned?—Two days.

Secretan and witness two days away from Gamsby's party.

22816. I suppose, before you started on that expedition, you or Mr. Secretan must have come to the opinion that Mr. Horetzky's sketches were wrong because the altitude also was wrong?—Yes.

Before they started had come to the conclusion that Horetzky was wrong.

22817. How far had you gone before you discovered it?—About five or six miles up.

22818. What was that mistake?—The elevation of the first lake.

22819. What was the mistake about that?—Comparing the elevation that we found with Mr. Horetzky's elevation, we found a great difference.

The elevation of the first lake gave them this impression.

22820. His sketch showed about 1,100 feet, did it not?—Yes.

22821. And what did your lake show?—It is on the map there. I think it is some fifteen feet about. Just a little above the head of tide water.

22822. How far from tide-water?—About a mile or a mile and a-half.

**Surveys, B. C.—
Gamsby's Expeditions.**

Thought that the lake he found at an elevation of fifteen feet was the same as Horetzky discovered at an elevation of 1,100 feet.

Did not reason over discrepancies; instructions to follow the Kitlope Valley.

A complete antagonism between the two sketches.

22823. And you thought it possible that that lake which you found a mile or a mile and a half above tide water, at an elevation of fifteen feet, might have been the lake which he discovered inland at a height of 1,100 feet?—We all supposed it.

22824. That was after the start, a mile or a mile and a-half?—No; the tide water follows the river up there some four or five miles.

22825. It was a comparatively short distance?—Yes.

22826. Near the Beaver Lake, in Mr. Horetzky's sketch, which you had with you, at the south end, a spur of mountain is shown, and the dotted line shows a projected line for the railway?—Yes.

22827. Did you find such a spur as that near this lake which you found to be fifteen feet higher than tide water, and near the south end?—I was not at the south end of the lake.

22828. Then how could you suppose, where he shows as plainly as his sketch shows, such a spur at the south end of the lake, that you had got to that lake, though there was no such spur; did you reason over those matters at all?—No; our instructions were to follow the Kitlope Valley.

22829. Were you guided to any extent by the sketch which had been furnished from Mr. Horetzky's drawings?—Not in any other way than by the name of that river which we, of course, presumed to run into the head of Gardner Inlet, and we started our survey from the head of Gardner Inlet and followed the main valley up.

22830. In order to believe your survey, or your discovery, to be correct, it must have been necessary to believe all the data which he had given to be incorrect; the altitude, the shapes of the lakes, the distances between them, the shape of the mountains and the latitude; all those things must have been wrong in order to make yourselves right, was it not so?—As far as the latitude is concerned, careful latitudes were taken at the head of the Inlet.

22831. But was that consistent with his latitude at Tochquonyala Lake?—No.

22832. Then does it not follow, that in order to make yourselves right every material datum connected with his discovery must be shown to have been wrong?—As far as the Kitlope is concerned I think it must have been wrong.

22833. Was there any one of the material data of his map consistent with yours being right?—No; there is a difference between them.

22834. Is there any one of them: is there any in the altitudes?—Yes.

22835. Is there any in the latitudes?—There is a difference between the two sketches altogether.

22836. Is it not necessary that all the material data which his sketch shows must have been wrong in order to make yours right?—I do not say that it is all wrong.

22837. Perhaps you will not say that yours is right: I am enquiring whether any one of his material data is consistent with the data in your proposition, or are they entirely in conflict?—They are entirely in conflict.

Surveys, B.C.—
Gamsby's Expedition.

Ended expedition
in April.

22835. What time of the year did you end that expedition?—In the early part of April.

22839. Did you return then to Victoria?—Yes.

22840. Were you employed afterwards on the Pacific Railway survey?—Yes; I was up on the location of the North Fraser River to Tête Jaune Cache that summer.

22841. As far as you saw upon this particular expedition was Mr. Gamsby attending to his work always or did he neglect it?—I do not think he neglected it.

22842. Is there any other matter connected with either this particular survey or any other surveys that you think you ought to give evidence upon?—No; I have no evidence that would be of any interest.

22843. Do you remember having any conversation with Mr. Horetzky after this survey was over, here in Ottawa, in which you led him to understand, or wished him to understand, that you thought you were all wrong in your conclusions upon that survey; that you had made a mistake, and had gone to the wrong place?—I had some conversation, and always thought there was a great difference between his survey and ours, and in reducing this afterwards to fit it on the map in British Columbia that I was making, I could not get either his or mine to agree.

Found in making
a map that he
could not get his
survey and
Horetzky's to
agree.

22844. You could not get one or other of them to agree—you mean to agree with the general map or to agree with each other?—With the general map. The latitude taken at the head of Gardner Inlet by Mr. Secretan also differed from the chart latitude. Of course the chart containing the map of Gardner Inlet was a coast survey.

22845. That was principally for the purposes of navigation?—Yes; it was similar to a track survey on land.

OTTAWA, Tuesday 5th July, 1881.

CHARLES HORETZKY'S examination continued:

HORETZKY:

Kittlope Valley.

By the Chairman:—

22846. I understand that you desire to add something to your former evidence?—I hand in reduced copy of the two plans, the one by myself in 1874, the other by Mr. Gamsby in 1876.

22847. When you say by Mr. Gamsby do you mean the tracing by Mr. McNicol which was produced by him the other day in your presence?—Yes; that is the one I mean. (Exhibit No 323.) With regard to the survey depicted in that map, performed by myself in 1874, I should like to make the following statement: the expedition of 1874 left Victoria on the 19th of May, and returned to Victoria by the 24th of January, 1875, being absent eight and one-third months.—

22848. You mean the expedition under your charge?—Under myself. The total cost for supplies, wages and cash was \$2,112.13. The proportion chargeable to the survey for the sloop's charter was in all probability (I am not able to get at the exact items) two-thirds of the whole or \$533.—

Cost of witness's
expedition.

**Narveys, B.C.—
Kitlope Valley.**

Cost of witness's
expedition: total,
\$2,645.13.

22849. You arrive at that I suppose by a per diem rate?—By a per diem rate and by the usual rate of wages on that coast at that time. For instance the sloop was manned by two men, each man would probably get \$50 per month, and I presume that the sloop's charter was worth about \$50 per month too. That would be \$150 per month. I think that is a pretty fair estimate. The total cost then of this expedition, taking those figures, would be \$2,645.13. The localities surveyed, irrespective of the coasting voyages, were: the Kimano River, seven days time occupied; the Kitimat River, fourteen days; the Lachques River, ten days; the north Fork of River Tsatsquot, twelve days; the middle Fork of the Tsatsquot River, twenty days;—those two last apply to the survey shown upon the map that I now hand in—the Kemsquit River, ten days; total number of days actually employed in land survey, seventy-three days. The survey of the whole of the Tsatsquot Valley depicted in the reduced map now submitted was made in thirty-two days or 438 of the whole time (seventy-three days), the proportionate cost of which is \$1,158.51, according to the above figures, or at the rate of \$39.32 per day. The above estimate does not include my salary or travelling expenses from Ottawa to Victoria and back.

Gamsby's Expedition.

22850. I understand that this plan which you now submit shows two distinct fields of operations, one under your charge and the other under Mr. Gamsby's charge?—Yes.

22851. That one which was under Mr. Gamsby's charge, as I understand you, is shown upon this map at the same locality—that is the same latitude—as mentioned on the sketch by Mr. McNicol, one of his party?—Yes; it is a true copy of the sketch to which Mr. McNicol referred in his evidence.

22852. And the field of operations under you is shown upon this present sketch in the same latitude as that shown upon your larger sketch now in the Department of Railways?—Yes; it is also a true copy of the plan referred to in the last evidence.

Plan submitted
makes it clear
that the country
examined by
Gamsby was not
that examined by
witness.

22853. Then this plan makes it apparent that the examination by Mr. Gamsby over the country laid down upon his sketch may be just as he showed it, and that that fact is not inconsistent with the correctness of your former operations as described in your report and sketch?—Oh, certainly not inconsistent. I believe that Mr. Gamsby's survey so far as it went was accurate. I have not the slightest doubt of it so far as the actual survey was concerned, and you will observe also that the terminal point of Mr. Gamsby's survey coincides with the known and well marked point in my survey—coincides within twenty-five seconds of latitude or 2,500 feet, a very, very close approximation, even by instrumental surveys.

22854. Is that the junction of the Tsatsquot?—Yes; my canoe camp.

22855. Is there anything further that you wish to state by way of evidence?—No, Sir, I do not think it. I did not come prepared with any further explanations regarding that map and the cost of that survey.

22856. This last sketch by you shows that there was a break in the examination of a portion of the Kitlope River, that is to say on the stream which is laid down on Mr. McNicol's map as a branch, and which you lay down as the main body of the river?—I think it is the

main body of the river, owing to the distance which the source is away from the point of confluence.

22857. How did you come to the conclusion that the portion of the river near your Tochquonyala Lake was really a portion of Kitlope River?—Because it could not be a branch of the Tsatsquot River, and the Indians I had with me were Indians who had passed all their lives in that locality, and after repeated cross-questioning I could come to no other conclusion but it was the main Kitlope.

22858. Were there any persons living in the locality, or was it entirely uninhabited?—Oh, quite uninhabited. I may also add another reason which established the correctness of the view that that was the Kitlope. The Indian, Tochquonyala, who accompanied me, and who had lived during all his life between the Gardner Inlet and Dean Canal, told me that years before the usual route, from the Kitlope Village at the head of Gardner Canal to the interior plateau, was by following the branch indicated by me in my plan as the Kitlope.

Survey, B.C.—
Gamsby's Expedition.

Region of Tochquonyala quite uninhabited.

22859. Where did you start from to reach that Kitlope River that you surveyed: what part of the sea coast?—I started from Dean Canal.

22860. Where is the Kitlope Village?—The Kitlope Village is at the head of Gardner Canal.

22861. How did you come to know that the Indian, Tochquonyala, who left the Dean Canal with you was an inhabitant of the village on the Gardner Canal?—He had passed his life between the two villages, so I understand. He had lived some years, so he told me, at the Gardner Inlet.

22862. Where did you pick him up?—I picked him up at the head of Dean Canal. He was a man who had accompanied me in the two expeditions I made to Talcheikin Lake and the Tochquonyala Lake.

22863. During the same season?—During the same season.

22864. After going north-easterly up to Tsatsquot Valley you came to the height of land between the Tsatsquot River and the waters beyond?—Yes; I came to the watershed between the waters flowing into the Gardner Canal and the Dean Canal, and the moment we arrived there Tochquonyala and the Indians who were with me said: "This lake (Beaver Lake) flows into the Kitlope." That was before I had got to the lower end of it to see for myself. I saw afterwards that they were right.

22865. Well, if by any chance this river which is near your Beaver Lake should not be a portion of the Kitlope River, then that would account for the mistake of the Gamsby party, would it not?—Oh yes, it would, but what other river could it be? It is clearly not a portion of the Dean Canal, the Tsatsquot River and it flows south-westerly towards the sea.

22866. Do you understand that Mr. Gamsby was directed to survey up the Kitlope River for a particular lake?—Yes; for Tochquonyala Lake.

Gamsby directed to survey up the Kitlope River for Tochquonyala Lake.

22867. If it should turn out that the water which you call the Kitlope River was not the Kitlope River, then he would be following correctly his instructions by going up the river he did, and not up the river which you named?—Yes; I have no doubt. He was instructed

**Surveys, B.C.—
Gamsby's Expedition.**

**Reasons why
witness thinks he
examined the
true Kitlope.**

to go to Tochquonyala Lake by the Kitlope, and I was told, upon the best living authority there, and everything in the topography of the country depicted on the map now goes to show there could be no mistake about it. In any case, had Mr. Gamsby followed the dotted line there, followed the Kitlope River, the branch in which there is a break in the examination of the country—had he followed that line his expedition would still have been abortive, because he could not have got up from the level of Beaver Lake to Lake Tochquonyala. It would have been utterly impossible; the distance was too short, six miles, to a raise of 2,000 feet.

22868. You mean the railway could not have got up?—The railway could not have got up. That is the reason why, when I summarized my report, why I dismissed the subject at once by the paragraph which I read to you in my last evidence. I told Mr. Fleming the difference in altitude was so great in a short distance it could not be the Kitlope, and I told him and explained to him distinctly that the other branch of the Kitlope arose away to the west of the Tsatsquot River, so it could not be of any service.

22869. There is no other river of that description that flows into the Gardner but the Kitlope?—Not that I am aware of. There may be other rivers westward flowing into the Gardner Canal, but they would be necessarily very small rivers, because there are but two large rivers, the Kitlope and the Kimano. In fact, I believe that there are no other rivers. Any other streams that flow into the Gardner Canal are mere glacial turns.

22870. And tributaries of one of these main rivers?—No, independent streams.

22871. Reaching the ocean without joining the Kitlope or the Kemano?—From the locality, although I did not descend to the portion depicted on the map, I am morally convinced, and I have the Indian testimony—they had no object in telling me a lie about it—I am morally convinced it was the Kitlope. Another reason why I inferred that that branch of the Kitlope shown on my map as coming from Beaver Lake, was the Kitlope proper, was from the fact that the water-shed of the Cascade range approaches, I should say, anyhow, within twenty miles of the Gardner Canal to the westward. Consequently, that stream could not fall into the Gardner Canal at any other point but at the Kitlope. It could not fall into the Gardner Canal at the north or westward.

22872. The shape of the country between the water-shed and the known portion of the Kitlope River made it necessary that this stream which you call the Kitlope should find its way down to the known body of the Kitlope before it reached Gardner Canal?—Yes, certainly; everything pointed to that conclusion. Of course never having seen it, never having travelled down it, I cannot say more.

22873. The figures which you have given relate to the expense of your expedition over the portion of country shown by this map?—Certainly, to my own only.

Practice of
Department.

FREDERICK BRAUN, sworn and examined :

By the Chairman :—

22874. What is your office in the Department of Railways and Canals?—Secretary. Secretary
Department of
Railways and
Canals.

22875. Chief Secretary?—Secretary, Sir, to the Department of Railways and Canals.

22876. Have you occupied that office since the establishment of this Department?—I was Secretary to the Department of Public Works before the division took place.

22877. The same office?—The same office.

22878. Then you have been Secretary, from the time of the beginning of the Pacific Railway, in the Department which managed the matters of that railway?—Yes ; I have been Secretary since 1864.

22879. Would you describe, generally, what part you have taken in the matters connected with the Canadian Pacific Railway?—I could not.

22880. Have you corresponded about the contracts, for instance?—No ; except by instructions of the Minister. I carried out the instructions received, and received communications from parties addressed to the Department.

22881. Has it been your duty to do anything in your own discretion or always under orders?—No, except routine matters, which I would do myself ; but where any instructions were necessary, I always acted under instructions. Always acted on
instructions.

22882. As to routine matters, could you mention the principal ones which you have attended to connected with this Pacific Railway?—Received communications addressed to me as Secretary ; acknowledged the receipt of same ; furnished blanks to whatever parties required them, that were under my charge—anything connected with usual office work. I do not think there was anything else.

22883. As to communications addressed to you upon business connected with the Pacific Railway, what was your general course concerning such communications?—After receiving them I had them entered by a clerk—proper entries made in a book—and then laid them before the Deputy.

22884. Do you mean Deputy Secretary or Deputy of the Minister?—The Deputy of the Minister, who in turn brought them before the Minister, and I suppose they discussed the subjects contained in those communications, and entered their instructions on the face of the paper when it came back to me to carry out those instructions. Minister and
Deputy having
discussed a sub-
ject endorsed
their instructions
on the face of the
document relat-
ing to it and sent
it back to witness
to have the
instructions
carried out.

22885. When you say on the face of the paper, do you not mean endorsed?—Yes ; endorsed as in the paper now exhibited (producing an official document).

22886. Is it your practice to note, in writing, the time of the receipt of each communication?—Not in writing, Sir, but I have a stamp which I alter every day as to date, and when a paper is received I stamp the date of the receipt. There are some papers addressed, for instance, to the Deputy. He has no stamp, and if it does not come to me of course it will not bear the stamp. When it does come to me it is stamped.

**Practice of
Department.
Communications
taken to Deputy.**

22887. Do I understand that the communications concerning the business of the railway would be taken by you to the Deputy Minister?—To the Deputy, Sir.

22888. Then you do not communicate directly with the Minister himself, as a rule?—No; except in the absence of the Deputy.

22889. I suppose the practice is that you answer those communications as Secretary, and from some instructions which you get either from the Deputy Minister or the Minister himself?—Yes.

22890. How are those instructions communicated to you?—Generally they are on the face of the paper or on slips of paper brought in by a messenger, or verbal.

**How letters are
answered.**

22891. Then there is no fixed rule that they should be in writing—I mean the instructions to you?—No.

22892. When the instructions are verbal, do you yourself make any writing concerning the substance of them?—If there is a paper I do.

22893. I am asking now as to the occasions when they are verbal?—Well, I say if there is a paper I will write down the instructions, but if there is none I may be instructed to write to the party who has not written, on some matters connected with the affair.

22894. That is, about matters concerning which there is no paper existing at the time?—Yes.

22895. But if it should be in answer to another letter, then you would have the original letter, and upon that you would note the substance of any instructions which would be given to you verbally?—Yes; I would as a rule.

**A register of
letters received
and sent kept.**

22896. Is there any book of record kept in your office in which you note from day to day the subjects upon which you have received communications, and also subjects upon which you have written letters?—We keep a register of letters received daily, and of letters sent daily.

22897. Do you sometimes attend upon the Minister himself concerning those matters, in the presence of the Deputy?—When I am sent for.

22898. Has it been about the railway matters that you have occasionally been there with the Deputy, or by yourself, when the Deputy was in the city?—Yes, no doubt. It is ever so many years; of course—

22899. Then upon those occasions you would yourself receive in the presence of the Minister instructions concerning matters?—Yes.

22900. And upon such occasions would you also note upon any written document, if there was one, what the instructions were?—Yes.

**Railway Con-
struction—
Contract 5 A.**

22901. You remember a telegram being sent concerning some work upon the North Pembina Branch proper—I mean sent by you. I think I wrote you a line asking you upon what authority you telegraphed the substance of it as you did?—Yes.

22902. And your answer was that you had reason to think it was by instructions from the Minister?—Yes.

22903. Are you still of that opinion?—Yes.

**Knows he would
not send a mes-
sage of any im-
portance without
instructions.**

22904. What reasons have you now for thinking so?—The reason that I know is I would not send a message of any importance without instructions.

22905. Is that all the reason you have?—Yes.

22906. That would be, then, the reason of your own infallibility?—No; it would be only carrying out the rule by which I have been guided since I have been in office.

22907. But if it happened that you made a mistake, then that would be an exception to the rule?—No; I do not say that I might not make a mistake, but I would not send a message without instructions.

22908. Have you any record of that matter in your Department now so as to refresh your memory on the subject?—I could look it up.

22909. Did you not look it up at the time I sent a letter to you?—Yes.

22910. Do you remember that you found some trace of the authority?—I must have replied at the time.

22911. Your reply was not definite. Your reply was that you had reason to believe that you were instructed by the Minister—you did not say by the Deputy Minister or any one else, but by the Minister?—Yes.

22912. I suppose the matter has been discussed in your Department—this matter upon which I am now questioning you?—About this telegram?

22913. Yes?—I suppose so.

22914. Are you in doubt about it?—I would not say positively without looking over the papers, at what period this took place.

22915. Has there been no discussion among the principal persons in your Department on this subject in your presence?—Not that I am aware of—not that I remember of at least.

22916. I will endeavour to refresh your memory on the subject, and perhaps you will be able to recall some discussion. An Order-in-Council was passed authorizing Mr. Whitehead to do certain work upon the North Pembina Branch at rates fixed in the Order for two of the principal items, one being the earth work, and the rates for two other items were also fixed in the Order, and nothing more was said as to the rest of the work to be done; but a telegram was sent by you to Mr. Rowan to the effect that Mr. Whitehead was to go on and make the branch, naming the rates that were named in the Order-in-Council upon two of the items, and that upon all the other items he was to get the prices for section 15 which was a very high-priced contract. The consequence of that was that he got an exceedingly high price for off-take ditches, among other things—about double what it could have been done for by public competition—and it becomes a question how that telegram was sent covering items which were not covered in the Order of the Privy Council?—I remember the circumstance.

22917. Is it fresher in your mind now than it was when you spoke first?—Yes; I remember the circumstance now. I remember the Order-in-Council now and the telegram.

22918. Please describe it?—I would like to refer to the papers. I believe I can find something to connect the despatch, too.

22919. Do you think you did find some writing?—I think I will.

Railway Construction—
Contract 5 A.

The reason why he could not have sent a telegram without instructions because doing this would be contrary to the rule which has always guided him.

Remembers the Order-in-Council and the telegram relating to prices on contract No. 5 A.

**Railway Construction—
Contract 5 A.**

22920. I called your attention to it before, and I understand you made a search then?—Yes; I must have made a search then.

22921. You do not remember now what the result of the search was?—No, but I believe that I will find some paper on it.

22922. In addition to writing to you, I think I spoke to you in your Department on this subject?—Yes.

Cannot say what authority he had for this telegram.

22923. You are not able to say now what you had then as the authority for your telegram?—No.

22924. Do you say that it is your duty to open, as I understand it, all communications addressed to you officially as Secretary?—Yes.

**Tendering—
Practice of
Department.**

Date of receipt stamped on envelope, and they are put by until the last day for receiving them when he hands them in to the Deputy Minister.

22925. Does that cover all tenders for works?—No; I should except tenders. The tenders are marked on the face tender for certain work, and I stamp the date for receipt on the envelope itself, and I put those by until the day of reception—that is, the last day. Then I take them in to Mr. Trudeau unopened.

22926. Is that the invariable practice, or is it only general?—Invariably, Sir. I may open a tender inadvertently, in case there is nothing to show that it is a tender, or anything but an ordinary communication.

22927. What is the object of stamping the envelopes in which tenders come?—It is usually the time of receipt.

22928. Why is that necessary?—Questions as to time of arrival might arise. Some tenders are received after the time, say afternoon. They generally fix the time of day when they are to be received, say afternoon, or after the arrival of the eastern and western mails. The stamp shows the date of the arrival; the post office stamp, when the letters have been mailed, will show the date also of its being sent. I put P.M. under in writing if it is received in the afternoon.

Witness the first person to handle the tenders.

22929. Do you mean that you have always handled the tenders before any one else—that is, when they come in envelopes marked tenders?—Yes.

22930. You are the first person to dispose of them in any way?—Yes.

22931. And on each one you mark the hour of receipt by you?—Not the hour.

22932. The day?—Yes; the day if it is up to noon. Of course any received before noon is merely stamped with the day, and if it is afternoon I put P.M. under the stamp.

Generally present when tenders opened.

22933. When these are afterwards opened you are not always present, but sometimes you have been present?—Not always, but generally.

22934. You are generally one of the parties in whose presence they are opened?—Generally.

22935. Is the use of the envelopes over then, or are they still kept after that?—They are kept, generally.

Envelopes generally kept in order to show the date of receipt.

22936. Why are they kept?—On that account: to see the date of the receipt.

22937. Do I understand you to say that it is intended in the Department to keep them after the time of opening?—They are kept some considerable time after in many cases.

**Tendering—
Practice of
Department.**

22938. And with the ostensible object of showing the hour or time of day in case there ever should be a dispute about it?—Yes, that is it.

22939. Are they given back to you, as Secretary, after they are opened by some of the other officials?—The envelopes you allude to?

22940. All?—No; the tenders remain with the Deputy until one of them is accepted, and the terms, at least the contract, entered into. Then they are handed to me, and I see that they are endorsed and treated like other papers.

22941. When they are handed back to you are all the papers connected with each tender, as you understand it, handed back to you?—Yes.

22942. And the envelopes with them?—Envelopes with them.

22943. Now, between the time of the receipt of the tenders by you and the stamping the time of such receipt, what care is taken of them up to the time they are opened?—I put them in a pigeon hole.

22944. What sort of a pigeon hole: do you mean in a safe or in the open office?—I mean in a cupboard under a Chubb lock.

Places tenders in a cupboard under a Chubb lock.

22945. In your office?—Yes; in my office. Generally the tenders are accompanied with cheques—to order, of course.

22946. You have the key of that cupboard?—I have.

22947. Any one else?—No one else.

22948. You are not aware that any one else in your Department has a key that opens it?—No; they have not. I could always see if any one had tried to open it, because if they had I could not open it. I have got to reverse the movement.

22949. Could any one else reverse the movement?—No; they would not have the key.

22950. But if they had a key?—Yes; of course. It is a safety lock.

22951. Is there a second key to it anywhere?—No, Sir.

22952. What other papers are kept in that cupboard?—Private papers.

Keeps private papers in the same cupboard.

22953. Your own private papers?—Yes, my own private papers.

22954. It is not one of the official depositaries?—No, Sir.

22955. Then, in fact, the tenders are in your private custody from the time they are received until they are opened?—Yes.

22956. You are individually in charge of them?—I am individually in charge of them. They are addressed to me.

Witness individually in charge of tenders.

22957. Have you never known the cupboard to be left open by accident?—No.

22958. Have you ever known any papers to have been seen or touched in your absence?—Not out of that cupboard.

22959. I mean out of that cupboard?—No; because I always carry the key about with me.

22960. But if you had left the cupboard open by accident, that would not prevent any person from touching them?—No.

**Tendering—
Practice of
Department.**

No one to his knowledge ever tampered with tenders after their receipt.

22961. But you say you are not aware of any person having seen or touched those papers in your absence?—No; nor am I aware of ever missing anything out of that cupboard.

22962. You are aware, of course, that the tenders do not always come through the Post Office to you?—No.

22963. They are sometimes handed into you?—Yes, handed in; very frequently handed in.

22964. I suppose you treat them in the same way that you treat others that come through the post?—The same way.

22965. Has it happened that sometimes tenders have come to you without the envelope being marked as a tender?—Yes, that has happened very often.

If a tender comes without being marked, he opens it and then stamps it and treats it like the rest.

22966. In those cases you open the tenders, I suppose, without knowing what it is?—Yes, without knowing; then I make a note on the face of it and stamp it, and treat it then as a tender.

22967. But, of course, you become aware yourself of the contents?—Of course, I could.

22968. You have, have you not?—I do not think so. Those tenders are made at schedule rates, and I would not have the quantities there to make up.

22969. But the tenders generally have the quantities with them, and are moneyed out so as to give the gross sum as well as the rate?—Yes.

22970. But you say you have not become acquainted with the contents of any of the tenders in that way?—Yes; I do say that.

No one ever approached him deliberately to get information nor has he ever communicated the contents of tenders.

22971. Have you ever had any overtures made to you connected with any of the tenders for the purpose of disclosing the substance of them to any one?—Well, I could hardly say, Sir; I do not think that any serious attempt of the kind has ever been made. Contractors will try, of course, to get information. They do it in an indirect manner, but I do not remember that any ever approached me deliberately to obtain information, nor do I remember ever having given any information in connection with the works of that nature.

22972. Have you ever, either intentionally or unintentionally, communicated to any one the contents, or what you considered to be the contents, of any tender in the Department?—No, Sir.

22973. Or of any part of any tender?—Or of any part of any tender. I suppose the question covers tenders before receipt—I mean before the time of opening, and also before the time of entering into contract.

22974. I mean so as to give any person tendering any advantage over another?—No, Sir; never.

22975. Or to give any person who might tender any advantage over another?—No, Sir; never.

22976. Are you aware of any such information having been given by any one connected with your Department?—Personally, no, Sir. I am not aware, personally, of any.

As tenders opened they are marked by the Deputy.

22977. Is it the habit upon the opening of tenders to record each one in some book or some writing in the order in which they are opened?—As they are opened they are marked by the Deputy, and the Deputy

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Department.

says "opened in the presence of ——" He signs, and if another officer is present besides himself he signs, and I sign last—that is on the face.

22978. That is on the general schedule is it not?—No; that is on the back of the tender itself, and the date is entered also; and besides that a list is made. There is a letter. We call this tender A, and when the last are all opened the same entry is made at the bottom, signed by the three parties present, but the names are not given. The names are reserved.

22979. Are not given in what?—On this list. The clerk is not aware of the name of the party who is letter A.

22980. Then, according to your understanding now, the substance of each tender is marked to the particular letter?—Yes.

22981. And in the list a corresponding letter is put down without the name?—Yes.

22982. And the clerk makes out the schedule?—Yes. Of course, all these schedules have to be revised.

22983. Then, as I understand you, at the opening of the tenders there is a schedule made out with a letter for each tender, and the particulars of that tender are given in that list?—I could not say, Sir, without referring. I believe you will find a schedule there. Upon looking at the schedule, I see that the names and other particulars are given.

22984. Without reference to this particular instance, I wish to ascertain the general practice upon this subject, and I would be glad if you would tell me what you remember concerning that in those cases when you were present?—Yes; I remember that as soon as a tender is opened the letter is written on it, and a schedule on which that letter is inscribed; also the name of the party tendering and place of residence. In some cases the name of the sureties, whether accompanied by cheque, or other security, and amount.

Process observed
in opening
tenders.

22985. Is it your recollection that that is the general practice, or is that only an odd case now and then where all those particulars are given?—It has been the practice generally with railway contracts.

22986. Is that sheet in which these entries are originally made preserved?—Yes; it is on that sheet that you see opened.

22987. Then the certificate which is given is really the original record is it—the schedule and certificate given by persons who say they open those tenders concerning the Pacific Railway is really the original sheet upon which the tenders are made?—Yes; that remains with the tenders—along with the tenders.

22988. Now, contract No. 1, connected with the Pacific Railway, is concerning a portion of the telegraph line, and we have such a certificate and schedule before us: will you please look at it (Exhibit No. 1) that does not give the residence, and several other particulars that you have mentioned?—No; this is one of the first; you will find the subsequent ones modified. There have been different modes of treating them; but you will find that the last contracts have all been treated as I say.

The earlier
contracts not
treated in the
manner described

22989. Then you do not mean that all the openings of the tenders have been accompanied by the formalities that you have mentioned, but only those of later date?—Yes; but I will go further. I do not

**Tendering—
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think there were any deposits of money with these first contracts. I am not very positive.

22990. Look at that particular schedule in your hand, I think it is signed by you: will you say that that was the original sheet upon which those particulars were put down concerning those tenders?—Yes, this is the original sheet upon which all this writing was done at the time that those tenders were opened.

22991. It was not prepared afterwards from original data?—No; this is the original record.

22992. I think I asked you once in your office whether you had kept any record of the time of the receipt of different tenders on different works?—You may, Sir.

22993. Could you say now whether you had kept such a record?—Yes; we keep a record.

22994. I mean of the receipt of the tenders?—Yes; it is a record on the face of the tender itself.

22995. That would not answer quite the same purpose as an independent record?—Until the tender is opened we cannot keep any other record but the letter itself.

22996. Do you say you cannot keep any such record, or that you have not?—We have not kept any such record, but the entry on the face of the letter.

22997. You understand that you could keep such a record if it was thought expedient?—Oh, yes.

22998. Then do you say that you keep no record of the receipt of tenders, and that the tenders themselves at the time of the opening furnish the only record?—The only record.

22999. So that if a tender should be mislaid or lost you would have no way of knowing that there had been one received, and had been lost?—No; unless the party came about it.

23000. You would have none in the Department?—No, Sir. Parties interested would, no doubt, enquire about it.

23001. I am not speaking of that, I am speaking of the management in the Department?—No, Sir.

23002. Do you know whether there was any method adopted of lettering the tenders in the same order in which they had been received, for instance, or whether they were lettered indiscriminately?—Indiscriminately, if they had been tossed; otherwise they would be lettered in the same order they were received.

23003. That would happen so, but not intentionally?—Not intentionally. The stamp would establish in any case the time when they were received.

23004. The time only, or the day, would not record the order in which they had arrived?—No; only the day, not the order.

23005. As a matter of fact, I understand you to say that a great many tenders are really put in the last day, are they not, and handed to you instead of coming through the post?—Yes; and if I mistake not there is a number fixed on each tender as it is received—if the envelope

The only record kept of the time of the receipt of different tenders is on the face of the tenders.

A great many tenders are put in on the last day.

**Tendering—
Practice of
Department:**

is attached, of course. Will you allow me to see one? There are no envelopes here.

23006. We have noticed that very few of the tenders are now produced with the envelopes attached?—The envelopes would be in the office. (Mr. Miall hands witness several tenders with the envelopes attached, on none of which could witness find a number.)

23007. At the time that tenders are opened, has it been the practice to note any irregularity apparent at the time of opening?—Yes.

23008. Where would that note be made?—On the schedule that accompanied the tenders at the time of opening.

23009. Are you aware of any of the envelopes having been thrown away or intentionally destroyed?—No.

23010. As far as you know then they are still extant?—As far as I know; yes, Sir. As far as he knows envelopes have all been preserved.

23011. And likely to be found in the Department?—Yes; filed away somewhere.

23012. Have you looked for any authority for your telegram of May 11th, to Mr. Rowan, concerning the North Pembina Branch?—Yes. Railway Construction—Contract 5 A.

23013. Have you found any?—None in writing.

23014. What shape have you found it?—On the face of this letter which I now produce (Exhibit No. 324), instructions from the Deputy; and I may add, that all communications of importance sent by me go to the Deputy before being sent. All communications of importance before being sent go from witness to the Deputy.

23015. You mean before being answered?—Before being sent.

23016. You mean communications from you are submitted for approval?—Yes, are submitted for approval.

23017. Do you mean as a general practice?—I do not mean routine business, of course, but anything that requires to be approved.

23018. Do you find any written memorandum concerning that telegram of May 11th, except this which is endorsed on Mr. Whitehead's telegram of May 7th?—No; I do not find anything else.

23019. These words are: "Instructions have since been sent to Mr. Rowan, No. 7,818, dated May 12th, 1877, and signed T. T.," now, is that in substance all that you have found by way of authority for your telegram?—Not as authority.

23020. What else have you found as authority?—I do not find anything else but this; but I do not look upon this as authority.

23021. You think this is an evidence afterwards that there was authority?—Yes.

23022. Do you find anything else before 11th of May?—No; I do not find anything else.

23023. Then, what do you say about your having been authorized: what is your evidence now upon that subject?—Merely that I could not have sent the message without authority. Could not without authority have sent the telegram to Rowan, under which Whitehead got contract 15 prices.

23024. Why could you not have sent it?—Because it was a matter of importance, and it was not within my province to act without authority.

**Railway Con-
struction—
Contract 5 A.**

23025. When you say you could not have sent it, do you mean you ought not to have sent it?—I should not have sent it without authority.

23026. And is it because you ought not to have sent it without authority that you say now you did not send it without authority?—That is the reason.

23027. You assume you did your duty and no more?—Yes.

23028. And because you assume that you did your duty and no more, therefore you think you were authorized?—Yes; that is it.

23029. Have you ever discussed the results of that telegram with Mr. Trudeau or any Minister of Railways?—No; I do not think that I have ever had any discussions about contracts with either the Minister, Mr. Trudeau, or Mr. Fleming. These matters were discussed between the engineers and the Deputy.

Never heard anything about serious results of telegram until the matter was brought forward in public.

23030. I do not mean discussions before the act was done, but I mean discussions since, in view of the serious results of the telegram?—No; I never heard anything about it until the matter was brought up before the Commission or before the House, I don't know which, a year after.

23031. Do you know if it was brought up in the House: I don't remember seeing any record anywhere of its being brought up in the House?—I do not. Perhaps I mix up the other affair of Whitehead's with it, the large expenditure—Oh, yes, that must be it. There was a committee of enquiry in connection with Mr. Whitehead's contract.

Does not recollect showing telegram to Trudeau or the Minister before sending it to Rowan.

23032. Have you any recollection, as a matter of fact, that you did show this telegram to Mr. Trudeau or to the Minister before you sent it to Mr. Rowan?—No, Sir.

Telegram sent four days before receiving the Order-in-Council.

23033. I understood you to say this morning that when you were authorized to take any step, or make any communication, that you would note the substance of that authority on some paper if there was any paper connected with it. Now in this case there was the Order-in-Council passed on the same day, the 11th of May, but I do not find any memorandum of any kind. This is the Order (Order produced), and I would like you to explain, if you can, why there is no written record of your instructions?—That is the practice. This Order-in-Council was received on the 15th of May, by the stamp, from Council. Documents, reports of engineers, and other documents bearing on the matter in hand, generally accompany reports to Council, and they are returned with the order. The message sent to Mr. Rowan is dated 11th of May, consequently four days before the Order-in-Council came before me—before I received the Order-in-Council.

23034. Do you mean that this was one of the occasions when there would be no paper connected with it upon which you could record the instructions?—That would be one of the occasions.

23035. So that you say there was no paper on which to record the instructions?—I could not say positively there was none, but I had none before me at the time.

The Deputy would be answerable for the wording of the message.

23036. Who was answerable for the wording of that telegram?—I should say the Deputy would be, because it leaves him. If he is not satisfied with the construction or wording of the message he alters it, and he must be satisfied that it is correct before it is sent.

**Railway Construction—
Contract 5 A.**

23037. He would not be answerable if it had not been shown to him?—Of course not.

23038. Well, was this shown to him?—I could not say.

23039. The theory that he was answerable depends upon that fact?—Of course.

23040. Could you say whether you showed this to the Minister?—No; I do not remember. I was not in the habit of doing it. More likely would I show it to the engineer.

23041. Than to the Minister?—Than to the Minister.

23042. I suppose, really, this is all surmise. You have no reason for supposing that you showed it to any one of them at all?—Well, if I followed the usual practice, I did, but I could not say at this time—at this distance—whether I did or not.

Has no recollection what he did.

23043. This memorandum, endorsed on No. 13,732, dated May 12th, 1877, in whose handwriting is it?—In Mr. Trudeau's, the Deputy.

23044. It seems that that Order-in-Council was necessary to authorize any one to telegraph to Mr. Rowan, and that it was passed on the same day as the telegraph was sent; and, therefore, I suppose there must have been some communication between the persons who were at the Privy Council and you to enable you to send that telegram as the result of the Order-in-Council?—Yes.

There must have been some communication between persons who were at the Privy Council and witness to enable the latter to send the telegram in question.

23045. Now, does that refresh your memory at all as to what happened on the occasion, whether any one came from the Council to you and directed you to do it?—No, no one would come from the Privy Council.

23046. They might send a memorandum to you, or the Minister might go to his Department?—Yes; the Minister might give instructions to the Deputy or to Mr. Fleming to say that an Order is passed and authorize the work. The instructions might come in different ways—either from the Minister, from the Deputy, or from the engineer.

23047. I suppose, from what you have said about it, that you do not remember that there was any pressing emergency about this particular contract?—Nothing, only from what I saw in Mr. Fleming's report.

23048. But you do not remember the circumstance?—No.

23049. Did you, as a rule, take any part between the persons who were making the contract for the Department and the Department, or was it generally done through some other persons?—In what way?

23050. Did you make any of the arrangements with the contractors?—No; I had nothing to do with that, with the exception of signing to the contract when it was ready for signature.

23051. But did you, of your own discretion, take any part in any of the negotiations at any time?—No.

23052. Please look at a letter dated 29th of December, 1874 (Exhibit No. 325), a letter from James Cooper, and say whether you answered it?—This letter appears to have been received by me on the 2nd of January, by this stamp here.

**Steel Rails—
Practice of
Department.**

23053. And did you answer it?—Yes.

23054. To what effect?—None wanted.

**Steel Rails—
Practice of
Department.**

23055. Where do you understand the letter was between its date and the time you received it?—I could not say, I see the letter was endorsed by the clerk on the 7th of January. My note "None wanted, by order of the Minister." I received that instruction on the 4th of January. It must have been answered before it was endorsed. I do not know the date of the answer.

23056. I believe as a matter of practice, you put on the cover of each of these letters received in your Department by you the date of the letter above a line, and below the same line the date upon which you received it as Secretary: is that the general practice?—No. The second shows the date of its entry in the registry by the clerk.

23057. Then it is not always registered by the clerk as received upon the same day upon which it is actually received?—No; sometimes several days will elapse. Some of the tenders will be three months before they are endorsed.

23058. Then as to this particular letter, what do you say about the time you received it?—I received it, by the stamp, on the 2nd January.

23059. Can you say, from anything you find upon the letter now, from whom you received your instructions as to the answer?—By order of the Minister, I could not say it was through any one, but by order of the Minister, whether conveyed through Mr. Buckingham or the Deputy I am unable to say.

If told by the Deputy, by Fleming or by the private secretary of Minister, that the Minister had given certain instructions, he would endorse a document "by order of Minister."

23060. Then, if you were told by some third party, not the Minister himself, that the Minister had given particular instructions, would you endorse on the back of the document those instructions as being received from the Minister?—It would depend, of course, upon the party who would convey the intimation. If it came from the Deputy, or from the private secretary, or from Mr. Fleming—those are the only parties that would communicate with me on a subject of this kind.

23061. If any one of those three came to you purporting to bear instructions from the Minister, you would endorse upon the document those instructions and mark them received by order of the Minister?—Yes.

23062. Without stating the channel through whom you received them?—Without noting through whom received.

23063. So you cannot tell on finding on the paper the words "By order of the Minister," whether the Minister gave you those orders himself, or whether you received them from some of those parties?—I could not.

23064. Can you say now, either from looking at that document, or from any other source of information, from whom you got those instructions to say, in answer to Mr. Cooper's application, that no more rails were wanted?—I could not. Looking at this pencil note in the corner, it looks like Mr. Buckingham's writing, and it looks like mine. It is difficult to make out, but I do not see either why I should have written a pencil note in the corner, and written in ink on the face of the paper the same thing.

The pencil direction on Exhibit No. 325 probably in writing of Buckingham, the private secretary of Minister.

23065. Then that leads you to suppose that the written direction is from Mr. Buckingham?—The pencil direction, and it is repeated on the face—on the back of it—with ink.

**Steel Rails—
Practice of
Department.**

23066. By yourself?—Yes.

23067. A message brought by Mr. Buckingham as from the Minister would be received by you as carrying the same authority as if Mr. Fleming or Mr. Trudeau brought it?—Yes, of course.

A message from a Minister through a private secretary received by witness as having as much authority as if it came from the Deputy Minister.

23068. And I suppose from any other private secretary of any Minister?—Yes.

23069. Mr. Bradley, for instance, from the present Minister?—Certainly.

23070. Look carefully at this pencil memorandum on the face of the letter: do you think you have a strong impression as to who was the writer?—Yes; I would say that this is in the handwriting of Mr. Buckingham.

Recognizes handwriting of Buckingham.

23071. Referring again to that telegram of the 11th of May to Mr. Rowan, about the North Pembina Branch, could you say whether you got any of the instructions as to the details from Mr. Fleming or anyone connected with the Engineering Department?—No; nor is it likely that I would have it.

**Railway Construction—
Contract 5 A.**

23072. Some time ago we asked from your Department a statement of the deposits that had been made, if any, in each case accompanying tenders, or accompanying contracts by way of security; and also of what disposition had been made of them: I do not know whether you are aware if such returns have been made, or whether you are able to give the information now?—No; it has not come before me.

Tendering.

23073. Of course you have the means of ascertaining that in your Department?—Yes.

23074. And I suppose we shall have to ask for it again?—I will take a note of it.

23075. You spoke this morning of the tenders being deposited in a cupboard in your room: is that the cupboard attached to your desk where you sit?—Yes.

Where tenders are kept.

23076. Is it the portion directly in front of your seat, or is it on one side?—It is on the side.

23077. Is it a sort of wing to your desk, or is it the main portion?—It forms part of the upright portion.

23078. Is there a centre portion besides?—There is a centre portion also made into pigeon holes, and it closes.

23079. And this is a separate wing with an independent door?—Yes.

23080. It is not attached to any wall?—No; it stands in the centre of the room.

23081. It is a wooden cupboard?—Yes; pannelled in the back.

23082. Have you ever had any occasion to think that it had been tampered with in any way, or that any portion of the wood-work had been removed?—No.

23083. Nor that the lock had been tampered with?—I have proved several times that the lock had been tampered with, but not successfully. I had occasion to show your Secretary how it might be.

Tendering.

23084. And how it would be discovered by you immediately afterwards?—Yes.

No reason to think that the cupboard where tenders are kept has ever been tampered with.

23085. Have you any reason to think that the contents of that cupboard were at any time handled by any person against your wish and without your knowledge?—No.

23086. Or in any other way, for the purpose of giving other parties information as to the contents of tenders before the regular day and hour?—No.

23087. Can you see any way, under the practice or management of those matters in your Department, which would permit of a person getting information as to the contents of tenders before the last hour for receiving them, so as to take advantage of that in framing a tender on his own behalf?—No. I could not see how it could be done, the tenders being under seal until they are handed into the Deputy.

Horetzky's Claim.

23088. I believe you expected to be called upon to produce some correspondence concerning a claim of Mr. Horetzky's for an increase of salary or for some arrears?—Yes.

23089. Have you the correspondence on the subject with you?—I have.

23090. The Commissioners have decided for the present not to investigate any matter connected with money claims against the Government, and therefore we do not think it material to the subject we are enquiring into to look into this claim; if we change our mind we will then ask you to produce the correspondence: as I understand, it relates entirely to a money claim by Mr. Horetzky for arrears?—Yes; for arrears.

23091. Or for some allowance of some kind from the Government?—Yes.

Tenders.

23092. Did the tenders for the works, as far as you can remember, always come addressed to you as Secretary, or were they sometimes addressed to other persons in the Department?—Yes; sometimes they would come to the Minister direct.

23093. And how would they reach you?—They would be sent in by the Minister through the private secretary—handed in.

23094. Do you remember any instance in which they were so handed to you, or could you state the work for which the tender was submitted?—No; I could not. The notice calling for tenders said "Tenders addressed to the undersigned," and marked tender for such work; but notwithstanding that, parties would take in their tenders to the Minister, but on what occasion I could not say, but I know that it has been done.

23095. Could you say whether upon any of those occasions there was any irregularity in the paper or any other matter peculiar to that particular instance?—No; I could not.

OTTAWA, Thursday, 7th July, 1881.

Railway Location and Construction.

COLLINGWOOD SCHREIBER, sworn and examined :

By the Chairman :—

23096. You are the Chief Engineer of the Pacific Railway?—I am now; yes.

23097. Since when?—Since the 20th May, I think, 1880.

Chief Engineer since May, 1880.

23098. Had you any connection with that road before that time?—Yes, I entered upon that service on the 1st December, 1879, as superintending engineer of the district between Fort William and the Rocky Mountains.

Entered service 1st December, 1879, as superintending engineer.

23099. Where were your headquarters at that time?—My headquarters were in Ottawa at that time.

23100. Did you spend much of that period before you were Engineer-in-Chief away from Ottawa?—Yes; a considerable portion of it I spent up in the North-West between Portage la Prairie and Fort William.

23101. Did you make any personal inspection of the works under construction?—Yes; I made a close inspection.

23102. Which works?—Contracts 42 and 15; in fact I may say between Portage la Prairie and Eagle River.

23103. That would include contract 41 then, as well as 42?—No; I did not go over 41 just at that time.

23104. Which works did you inspect closely?—42, 15, Pembina Branch, and contract 48.

Inspected closely contracts Nos. 42, 15 and 48, and Pembina Branch.

23105. There was very little to inspect on 48 up to the time you were Chief Engineer?—Yes; very little.

23106. About what time of the year did you go to these two sections 42 and 15?—In December; Christmas, 1879.

23107. Did the snow in any way interfere with your inspection of it?—Not at all.

23108. Were you able to make any comparison between the location of the line and any other location which might have been adopted in the neighbourhood?—In the immediate neighbourhood; yes. I looked into several little matters in connection with the detail of location, but nothing extended at all. I may say that when I was appointed my object was to economize all we could, taking things in the condition they were.

Object to economize all he could.

23109. Then, as to location, you mean you were only able to say whether certain slight deviations could be adopted?—That is all.

23110. But as to the general location you did not make any comparison between what had been adopted and any other which might have been adopted?—None whatever.

23111. And the slight deviations to which you refer are those, I suppose, which might happen on any location after you had got more familiar with it?—Well, as you can understand from day to day in a very rough country as you study it, you can always make slight improvements by shifting the line one way or the other to diminish the work without impairing its efficiency or stability.

In a rough country from day to day slight improvements can be made by shifting the line.

Railway Location and Construction—Contract No. 42.

23112. Upon section 42 did you find any particular matter which attracted your attention, or were the works progressing as you supposed you would find them or wished to find them?—At the time I went there first, the works were not progressing so satisfactorily as I could have desired, and that was one of my objects in visiting it to give the Government such information as would lead them to counteract this and improve it.

Progress not satisfactory; not sufficient force on the line.

23113. In what respect was not the progress satisfactory to you?—There was not sufficient force upon it.

23114. You mean on the part of the contractors?—Yes; on the part of the contractors.

23115. Then, it was progressing too slowly?—It was progressing too slowly at that time.

Savings from slight deviations amount to \$60,000 or \$700,000.

23116. Was there any other material matter which was not satisfactory to you?—No; as I tell you, we were improving the location from time to time; there were various little improvements we made, which made large savings. I think the savings from slight deviations amount to \$600,000 or \$700,000.

23117. For the present I was directing my question to this subject—whether there was anything in the character of the work that was being done which was not satisfactory?—Oh, no; they were making very good work.

23118. Then, the work itself was satisfactory to you, but not progressing rapidly enough?—Yes; quite so.

23119. Did you begin to suggest alterations which would be a saving at that time, or did you wait until you became Engineer-in-Chief?—No; I had authority at that time to make any changes with the view of economy that could be made without injuring the character of the road in any way.

23120. That was in the beginning of the winter of 1879-80?—Yes, 1879-80.

Difference between the original estimate and what it is now estimated to cost, will be \$1,500,000.

23121. One of the witnesses before us (I think it was Mr. Jennings) has suggested the saving would be a very large one: have you that opinion?—The difference in the original estimate and what we now estimate it will cost, will be something like \$1,500,000, I think, on 42.

23122. Will that saving be accomplished by lowering the character of the road in any way as a permanent work?—Well, I would not say. Of course, a wooden bridge on a pile foundation is not so substantial as on a rock foundation, and it was originally designed across some of those lakes and bays to have a rock foundation, that is to drop in loose rock you know. Owing to the delay in pushing forward the work, it became necessary to adopt the piling to enable the work to be completed by the time that the Government desired it, and that was the reason. Of course, the piling is not so substantial a work as a rock foundation would be—not so permanent in character.

The saving will, in some instances be accomplished, by making the work less permanent than it would otherwise have been.

23123. Then this saving will be accomplished to some extent by making the work a less permanent one than was originally intended?—In some instances.

23124. I mean in some respects?—Yes; in some respects.

Railway Location and Construction—Contract No. 42.
 \$650,000 saved by improved location and \$850,000 by modified design.

23125. Could you say to what extent the saving will be accomplished in that way?—Well, the saving, owing to the improvement in location (I am speaking in round numbers now) will be, I think, somewhere about \$650,000, and the balance would be in modified design.

23126. This modification of design, as I understand you, being really to make it less solid and less permanent than first intended?—So far as these foundations are concerned—the piling instead of rock.

23127. Then, in order to make the road as solid and as permanent in its character as was first intended, it may be necessary at some future time to add to this present outlay?—Yes, true; but I would have to refer to the specification in that connection. Although this rock work which I speak of was placed in the original bill of works, still there was a clause in the notice to contractors that it was probable or possible that this would be done away with, this rock, and something else substituted. That was in the original notice, so that it was evidently originally in contemplation.

23128. That is true, but you are making a comparison between the present estimated cost and the originally estimated cost, and you are assuming the originally estimated cost to be that of a permanent work, not the kind you are now making, but more permanent and solid work?—Of course, it was. If you would place a rock basis under an embankment, it would, of course, remain there, but piling will decay.

23129. I am endeavouring to ascertain how much of this saving is really a permanent saving to the country or a temporary saving, and therefore I ask how much is due to putting in works which will answer the present purpose, but will eventually have to be replaced by works such as were contemplated when this first estimate was made—give us if you can the proportion in round numbers for the present?—I think you will have to take it as I have stated it, about \$650,000.

23130. Then \$650,000 is absolutely saved?—Absolutely saved.

23131. Without making the road any less permanent than was originally intended?—Yes, certainly.

23132. And \$850,000 is saved for the present by putting in works of a less permanent character?—Yes; probably so.

23133. Do I understand you to say that, besides the present saving by putting in works of this character, you facilitate the completion of the work?—That was the absolute cause of this being done at that time.

23134. Are you still of opinion that the change in the character of the work will have the desired effect—that that section of the road will be finished much earlier than it otherwise would be?—Yes. They have even now difficulty in procuring a sufficient number of men to finish it in time on the modified design—great difficulty.

23135. You also made a close inspection of section 15?—I did.

Contract No. 15.

23136. What did you find there as to the character of the work being done?—The work was being done very well. The character of the work was very good all through, I think.

Character of the work good all through.

23137. That was before that section had been taken out of the hands of the contractor?—Certainly.

Railway Location and Construction—Contract No. 15.

23138. You are speaking now of December, 1879, or thereabouts?—Certainly.

23139. Was there force enough on that road to satisfy you at the time?—No; there was not.

23140. Did you complain to the contractor on that subject?—Yes.

23141. With what result?—Well, the result was an explanation from him that he was in difficulty, and that it was absolutely impossible for him to pay his men, and this resulted in their leaving in large numbers, and the balance of them, although they remained about the work, they were on strike for their wages.

In March, 1880, the Government assumed the work.

23142. Did it remain in the hands of the contractor?—No; in March, 1880, the Government assumed the work and carried it on at the expense of the contractor under the terms of the contract.

23143. I suppose that was with your approval and under your management?—Yes.

23144. Then the character of the work at the time of your first inspection, as I understand you, was satisfactory to you?—Quite so.

23145. Were you able to form any opinion as to whether the location on that section had been made with care and had been properly selected—I mean the general location. I do not mean as to all the minor particulars which could be improved afterwards?—As I tell you, I did not look outside the line of road at any distance or anything of that kind. I merely passed through the country upon the present line.

23146. At that time matters had gone too far to change the general location at all events?—It would have been impracticable.

23147. It did not seem useful to make any comparison for practical purposes?—Quite so.

Cross Lake.

In immediate neighbourhood no better location could have been made.

23148. Have you ever considered the subject of the crossing at Cross Lake, and whether it was well selected, or whether a better line could have been obtained in the immediate neighbourhood without degrading the road?—I did look into that matter, and so far as I could judge in the immediate neighbourhood, I do not think any improvement could be made in the neighbourhood, not by confining yourself to the same grades, you know.

23149. If you will please look at the topographical sketch (Exhibit No. 100) and say whether any of the lines laid down there, other than the one adopted, has been considered by you with a view to seeing whether it was as good as or better than the one adopted?—I have not considered any of those.

23150. Please look at another sketch (Exhibit No. 112)?—I have examined the more southerly line shown as a divergence from the easterly terminus of section 14.

23151. Did you discuss that with any one else?—Yes; with Mr. Rowan.

Points out a line which would have been a better location.

23152. What conclusion did you come to upon that subject?—The conclusion I arrived at was that the black line appeared to be the preferable line. It would have been rather cheaper, but still there would not have been a very great difference, but that would be the cheaper line of the two.

Railway Location and Construction—Contract No. 15.

23153. Is that the line known as the Forrest line?—I do not know the names of them at all—I do not know what they are designated at all.

23154. Do you remember what was estimated to be the saving if that had been adopted?—No; Mr. Rowan showed me all the figures.

23155. Did you make any independent calculations on the figures?—No; I did not. Everything was so far advanced that nothing could be done to improve it at that time.

23156. You did not make a careful inspection at any time, as I understand you, before the date of our Commission, the 16th June, 1880, upon sections 14 or 25 and 41?—No, I did not make any careful inspection of section 14. I had no object in doing so. I was frequently over it, necessarily to get to No. 15.

23157. As to the railway west of Red River, was there anything that called for particular remark or management on your part at that time?—Well, the work there was not progressing by any means satisfactorily; the necessary speed to complete it within the time named in the contract. It was not satisfactory. **Contract No. 48.**

23158. Did you take any steps in connection with that portion, in the spring of 1880?—Yes. I might, if you will allow me, explain one reason why the work was not progressing very rapidly. All that part of the country was inundated. Even in the spring in the next season, as late as June, when we were running through that part the locomotives were running with the water in their ash pans after running upon the track as laid. That was really one of the prime causes. The difficulty was for the contractor to get over this six or seven miles of flooded country to get to the portion beyond it.

23159. The flooded portion was beyond Winnipeg?—It commenced at Winnipeg and extended from Winnipeg outward. That prevented us working on the other part on account of not being able to reach it with rails, and rolling stock could not run over it that spring.

23160. Was there any matter connected with section 41 or 25, in which action was necessary to be taken before June, 1880?—Yes; in December, 1879, at the time of my appointment as superintending engineer, Mr. Fleming gave me instructions, and handed me measurements and reports of Mr. Bell and others who had measured these works, and asked me to look into these matters, and also into the progress being made with these works. **Contracts Nos. 25 and 41.**

23161. Was there any particular subject to which your attention was called specially?—Yes; my attention was specially called to the apparent discrepancy in the measurements shown. **Instructed to enquire into discrepancies in quantities.**

23162. Was that earth work or rock work, or work of all kinds?—This was supposed to be attributable to the measurement of what they termed muskeg there—material in the swamps, you know.

23163. Did you take any steps concerning that before you were Chief Engineer?—Not upon sections 41 or 25. I was recalled to Ottawa upon business before I reached 41, and I did not visit it until after that. **Recalled to Ottawa.**

23164. Did you before June, 1880?—No; not until after June, 1880. I did not visit 41 or 25.

**Railway Construction—
Contracts Nos.
25, 41 and 42.
Muskeg.**

Held views different from Fleming on the subject of muskeg measurement.

Witness thinks that under the terms of the specification and contract muskeg has to be measured as earth work in excavation.

Reasons for this view.

What is meant by phrase in specification, "where it is impossible to measure in excavation," i. e., where the permanent shape of the country makes it impossible.

23165. Had you, before that time, had any discussion or consultation with Mr. Fleming upon the subject of muskeg measurement and material?—Yes; certainly.

23166. Were you and he in accord upon the matter?—Well, no; we held different views on that subject, with regard to muskeg, as to its measurement under the contract.

23167. He has, in giving his evidence before us, expressed his views both on the expediency of using this material, and also on the mode of measurement to the contractor after it was used: would you please say what opinion you held upon these matters at the time you and he were discussing the subject?—In the first place, my opinion is, with regard to the measurement, that under the terms of the specification and contract it certainly has to be measured as earthwork in excavation. I think there is no doubt about that, in my mind. Of course, I am perfectly aware he holds a different opinion.

23168. You mean in the locality from which it is excavated and not in the embankment?—Exactly.

23169. Could you state, shortly, your reasons for that view?—As to the way it should be measured what I feel is this: sub-section 3 of section 17 is as follows:—"All other excavations of whatever kind, with the exception of off-take ditches referred to in clause 13, shall be termed earth excavation." Now it appears to me perfectly clear under that, that this material should be measured as earth excavation. These other two sub-clauses, 1 and 2, refer to solid rock and loose rock, and it is "all other excavation excepting those specified shall be termed earth excavation."

23170. I think Mr. Fleming considered that that sub-section of the clause would not apply to this particular material, because there was another section or sub-section in the specification stating that where it was impossible to measure in excavation, then it should be measured in embankment: would you look at that and explain your views upon it?—Yes, my views upon that are these: that is a clause I have had in many specifications before, and I have measured materials under that clause, and I have always understood it to mean in a case where, for instance, you might be running through a rocky country where the earth is in pockets, where it is impossible to measure it; perhaps the contractor got a yard here and ten yards in another place, and you could not measure it in excavation, and in such cases it would be unfair to ask the contractor to go far for it, and we allowed him to use it and measured it in embankment.

23171. I understand you to say, as an engineer, that the word impossible means when the difficulty is occasioned by the shape of the locality from which the material is removed?—Precisely.

23172. And in that case only it should be measured in the embankment in which it is placed?—Certainly; I have acted upon that in the past.

23173. Did you explain that these were your views to Mr. Fleming while he was Engineer-in-Chief?—Yes; we have discussed this matter many a time, and as a subordinate officer I merely expressed my views when asked, and did not press them if they were not entertained. He, as Chief Engineer, had his own views and adhered to them, I suppose, unless convinced that they were wrong.

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struction—
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23174. While he was engineer, did he hold opposite views to those which you now express?—Yes; he did.

23175. At present we are speaking only of the mode of measurement?—I understand.

23176. Then, as to the other branch of the subject, the expediency of using this material crossing muskeg country, would you please state your views upon that subject?—For instance, sections 42, 41, 25 and 14, I take those four sections on which there is a large quantity of this material. It would have cost a very much larger sum, I am satisfied of that, to have made those embankments of sand, clay or such materials, and the embankments, in my opinion, would have been no better, if so good—no better, certainly. In some instances it would have delayed the work, I think, probably two years, to have done it, and it would have been almost impracticable to do it.

Thinks muskeg embankment as good or better than clay or sand and as cheap.

23177. When you say that an earth embankment would cost more, do you mean that it would cost more even than the muskeg material has cost, being measured and paid for in full without any reduction?—In excavation?

23178. Yes; in excavation?—Yes. I mean this: in my judgment, we assume, if you like, that the muskeg shrinks 40 per cent.—we will suppose it does—

23179. I think some of the evidence went to show that it shrank more than that—perhaps 60 per cent.?—Well, call it 60 per cent. if you like. It is very light material, and in placing this upon a swamp, upon a muskeg, there is not the same amount of settlement in the embankment in the bottom that there is if you place a heavier material such as stone, and so forth, there. Muskeg: I had it weighed out of curiosity, and when dried the earth weighs nearly five times as much as the muskeg.

23180. Then, I understand you to say that the muskeg material used in the embankment will provide an efficient embankment at absolutely less cost than the earth embankment over the same spot?—That is my position—the earth will cost as much if not more.

23181. And although the muskeg material be paid for at the full price in the original locality by the yard?—Yes; that is my opinion; and I may say further—although I do not know that it is right to say further—

23182. If you please?—I would say further than that, that even after you have made your embankment of this heavier material you will then have to drain those muskegs, and in doing so you necessarily have to dig ditches, and that material would have to be wasted. The consequence is, you would not only have to shift the material you put in the bank, but you would also have to dig ditches, perhaps not so large; that would all have to be paid for. How would you pay for that? That would have to be paid for in excavation.

Even if earth had been used money would have had to be paid for excavating muskeg in order to drain the country.

23183. So that a certain amount of muskeg material would have to be removed, even though not used in the embankment?—Certainly.

23184. And must be wasted?—Yes; and it would necessarily have to be paid for. It would have to be done by the contractor at schedule rates.

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struction—
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23185. At one time, I think before the time that you name as your first connection with the railway, Mr. Fleming suggested to one of the engineers in charge, Mr. Jennings, I believe, that instead of making the embankment in the way it had been made up to that time by using nothing but the muskeg material itself, that a change should be made and cross-logging should be used: have you given that subject your consideration?—Yes; that cross-logging of muskegs was a very important thing. It is customary to do it in ground of that nature, and all through contract 42 this plan has been adopted, and indeed upon 41, both very much the same—both 41 and 42.

Muskeg cross-logged. This does not do away with the necessity of using muskeg over it.

23186. Where that cross-logging has been used has it had the effect of doing away with the necessity of using muskeg over it?—No; I might mention one particular point: I cannot name the station just now, but on section 42 there is a muskeg there which was cross-laid with these trees, and we carried an embankment forward from the cutting after it was built up to nearly its full height: it went out of sight altogether and threw up the cross-logging up on end on each side.

23187. That, of course, was ordinary earth?—Ordinary earth. Upon this same earth the borings showing precisely the same ground we filled with muskeg.

23188. Was it a continuation of the same embankment?—Yes.

23189. How has that answered?—It has settled but very little.

23190. Was that continuation made over cross-logging?—Yes.

23191. With what material?—Muskeg.

23192. Muskeg as against ordinary earth?—Yes.

23193. And what do you say was the result?—The result was that the settlement was comparatively slight. There was settlement enough just to turn the ends of brush up slightly.

23194. I suppose that would be the natural result, the muskeg material being so much lighter, as you have already described?—No doubt.

Muskeg embankment when "blinded" makes one of the finest of embankments to run over.

23195. Assuming it possible to get ordinary earth, or at your option, muskeg material, to be used in an embankment across such a locality, which do you think would be preferable in the interest of the railway assuming that there was no difference in the cost per yard of excavation?—Assuming there was no difference in the cost. Well, the muskeg embankments make a very easy road, and if necessary we "blind" it, if you understand what we mean by blinding it. After the embankment is finished we put some material over it to protect it from fire, and it makes one of the finest embankments you can run over.

23196. Finest for what reason?—It is so elastic.

23197. Is it easier on the rolling stock?—It is easier on the rolling stock, and on the rails, and easier every way.

23198. You will please understand, in asking the question, where I said I wished you to give your view as to the expediency of using muskeg or other material, although the price per yard of excavation was the same, I had no reference to the total of the quantity to be used in the embankment?—I understand.

23199. Then is there anything connected with that matter which helps you to form your view; would it take more of the earth

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than of the muskeg?—My impression is that making due allowance for the shrinking of the muskeg—that is supposing that it shrank 60 per cent., I believe that it would take 60 per cent. more of the quantity of earth than the section would show—that is to say, it would settle that much.

23200. That the natural surface, in fact, would be depressed by using earth to a much greater extent than using muskeg?—Yes; we have proof of that from practice.

23201. Then the increased quantity would have to be made up of earth?—Certainly.

23202. And that extra quantity, as I understand you to say, would in your opinion quite counterbalance the loss of the muskeg material by compression?—Undoubtedly, in these very soft places. In measuring these muskegs first of all there is a little narrow drain dug through them to draw off all the water you can from them. Then, after that, it is laid out, and it is then the measurement commences. We dry them all we can first.

The amount of earth which would be lost by sinking would counterbalance the shrinkage of the muskeg.

23203. I suppose, when you took charge of the road as Chief Engineer, the disputes had not been altogether settled between the contractors and the Government upon this subject?—No; they had not.

23204. Did you entertain these same views at that time which you express now?—Quite as strongly. I have all through, and I see no reason to change them.

His present views those he always held.

23205. Then, since June, 1880, as I understand it, you have remained of the same opinion that you were before that?—Quite so.

23206. And the views you state now are the same views you held before our Commission issued, and have not been altered since by any claim being made?—Not in any way.

23207. Were any of these disputed claims at any time discussed between you and Mr. Fleming while he was Chief?—Merely as to this 25 and 41. Those matters were naturally, when I received instructions from him to look into those matters, you know.

23208. Did you then express your views that the claims ought to be settled on the basis which you have described?—No; I could not do that. I did not know. So far as these particular claims were concerned I did not know the cause of this apparent discrepancy. It certainly was rather startling. So far as these particular claims were concerned I was not aware of the whole cause of it, you know, but after seeing section 42 and these other places, I was fully satisfied, and told Mr. Fleming so.

As to claims of contractors gave his opinion on muskeg to Fleming, while he was still Chief Engineer.

23209. That is while he was Chief?—Yes.

23210. Then do I understand you to say that while Mr. Fleming was Chief Engineer you looked into the matter to some extent?—In 41 and 25? I looked into 42 where there was a large quantity of the same class of work, and it was in connection with that I looked into it.

23211. I suppose you have seen the report of Mr. Bell upon the re-measurement?—Yes; it was that Mr. Fleming placed before me.

23212. Here is one which has been placed before us (Exhibit No. 294) concerning a portion of contract No. 25: is that the one to which you refer?—I have no doubt this is the one. Yes; I have no doubt.

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At first thought there was something wrong about the original measurements, but on seeing the ground found that it was consistent with correctness of original measurement.

23213. What was your opinion at that time as to the foundation of the claim made by the contractors?—So far as these measurements were concerned, as I tell you, at this particular time when this was handed to me, I tell you it was rather startling. I thought there was something wrong about these measurements—that is to say, not about these measurements but about the original measurements; but directly I saw the ground I entirely changed my opinion. Seeing such a large discrepancy and believing this work to be carefully measured (I have no doubt they did it carefully) I have not the slightest doubt the ground when they saw it was totally different from when it was originally measured.

23214. Then, I understand you to say that it is quite consistent with the correctness of their measurements that the previous measurement should be also correct?—Quite so under the peculiar circumstances.

23215. Would you describe what you understand to be the peculiar circumstances?—The peculiar circumstances are the nature of the soil and the nature of the country through which it ran—that is, that when a ditch was excavated and the material placed in the middle of the bank within a short period afterwards the sides of the ditches would close towards one another and the bottom would rise up and not show the original depth. In one particular case, within a week, I measured a ditch in this muskeg. The day the man dug it, it was exactly eight feet wide; one week afterwards it was only seven feet three inches wide.

By Mr. Keefer :—

23216. And as to depth?—And the depth had changed too, but not so much. The bank was not finished. I am speaking now of the measurement of the earth work including the muskeg.

By the Chairman :—

Discrepancy in solid and loose rock.

23217. I believe a considerable discrepancy was also discovered in some of the other items, such as the solid and loose rock: can you explain that discrepancy?—Well, so far as any return that Mr. Bell could make, it is utterly impossible for any engineer to go through the work afterwards and pretend to measure the loose rock—utterly impossible—I say impracticable. The very large portion of loose rock goes into the body of the embankment. You cannot see it. It is not in the cuttings nor is it in the sides of the banks. It is out of sight; but the loose rock in these sections was not measured, I have no doubt, according to the terms of the specifications. There is no doubt about that.

Bell could not re-measure the loose rock; he might estimate it.

23218. Would that explain the discrepancy in those items, or some of it, between the original measurement and the re-measurement by Mr. Bell?—So far as that is concerned, I maintain there could not be a re-measurement of loose rock by Mr. Bell. He might estimate it; he could not measure it; it was out of sight.

23219. And about solid rock?—Solid rock he should be able to measure.

The solid rock he should have been able to get approximately.

23220. Do you remember that he stated a considerable difference, nearly 24,000 yards?—That is a thing that he should be able to get approximately at. He could not get it correctly without assuming the division line between the earth and the rock shown on the original cross-sections made by the engineers. He must assume those to be correct,

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otherwise he would not have any means of ascertaining the surface of the rock through the cuttings. He must assume that first.

23221. Can you explain in any way how it is that Mr. Bell found, or considered that he found, some 24,000 yards less of solid rock excavation than had been returned?—I can only assume that he must have taken, so far as he could find it, the rock projecting out on the sides of the slopes, and drawn a straight line from one to the other, from slope to slope, and assumed that as the top of the rock. That might or might not be it.

23222. Then I understand you to suggest that he may have made a mistake by measuring less rock than was excavated, because he only took the level between the points as they existed at the last measurement?—He may have measured it as he found it. He may have found the top of the rock at one spot and the top of the rock at another spot at each cutting.

Surmises respecting solid rock.

23223. Have you any reason to think that that is the way in which he did conduct this measurement?—No.

23224. That is a surmise then, and nothing more?—Nothing more. I spoke to the engineers as I passed over the line upon these subjects and examined them upon it. They have re-checked their measurements with the cross-sections, and have no doubt as to the correctness of their measurements of the rock. Then, again, there is another possible explanation of part of this. Boulders measuring over a certain size are solid rock. Now if there were, as there are through that country, boulders of a very large size, Mr. Bell could not have possibly the means of measuring those after the work was completed: that is another possible way.

23225. There would be no rock cutting to show where those boulders had been?—There might be immense boulders in the cuttings and there would be no possible way of measuring those, because they would be in the embankments.

Boulders might have escaped Bell.

23226. Did you, before June, 1880, see this report of Mr. Albert J. Hill's appended to Mr. Bell's?—Yes.

23227. Are you familiar now with the substance of it, or would you like to read it again?—I am not. (Witness reads the document.) Yes; he has measured those rock cuttings precisely as I have said. He has taken the tops on each side and strung his tape across.

23228. Then any height above that of the natural surface would not be measured?—Supposing there was a swell in the middle they would not get it in that way. It might be approximately correct.

23229. Do you say that you find, from reading Mr. Hill's report, that they did in fact measure it in this way, by taking the level from the remaining points?—Taking the surface at the top of the slope on each side and stringing the tape across.

Gathered from report of Bell and Hill that they made no allowance for unevenness of ground.

23230. Making no allowance for the unevenness of the ground between?—No; they assumed that to be the surface.

23231. Without desiring to enquire into actual transactions which have happened since the issuing of our Commission, and which we are not authorized to investigate, we would like to get your views, as a professional witness, upon any of the subjects which have been discussed

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struction—
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As to muskeg witness satisfied that it was impossible to re-measure it.

concerning the Pacific Railway. As to the inaccuracy of the first measurement upon section 25 of the muskeg material, have you any theory which would explain that report of Mr. Hill's, of April, 1880?—So far as muskeg is concerned, as I tell you, I am perfectly satisfied it was impossible at the time Mr. Bell made that re-measurement that the measurement they then made could represent the amount of work originally done; that is to say, that the original measurements might be perfectly correct.

23232. Owing to the absence of one of the Commissioners we were not able to take the evidence of Mr. Bell himself while he was in Ottawa, but I have an impression that he intimated, in a conversation to us, that he gave credit to the contractors for all their measurements over muskeg localities, and that the discrepancy which he discovered actually existed in other localities: could you offer any explanation, or say whether that was possible?—I could scarcely think that is the case. In some instances they may have done that as explained in their reports—in some instances, and only in some.

23233. Did you notice in Mr Hill's report that he stated that packing had taken place upon the side of the ditches apparently with a view to making an artificial height?—Yes; I observed that.

23234. Have you any explanation to give of that matter, or can you say whether it was one that was overlooked by the Government engineers?—No; but from the method they appear to have adopted in laying out their ditches, they took levels at the centre of the ditch and at each stake at the side; they had those levels and they measured on from those.

Almost impossible that the contractors by means of packing could have got over-paid.

23235. Do you say that it is possible that if this packing had been resorted to, the contractors, or sub-contractors, or whoever did it, may have been over-paid?—I can scarcely think it possible. An engineer constantly on the works would be likely to detect anything of that sort. It would be almost impossible.

23236. Is it a matter which you have investigated at any time?—No; not that particular question. I think Mr. Hill only speaks of one instance.

23237. He says in many instances: I suppose since the issue of our Commission you have actually dealt with this matter which is in dispute and which Mr. Bell re-measured?—Yes.

Points out why the reports of Bell and Hill are not likely to be correct.

23238. Without asking you how you have dealt with it, we wish you to consider whether there is any reasonable theory to offer showing that this report of Mr. Bell, and the accompanying one of Mr. Hill, is not likely to be correct?—Well, in the first place, that professes to show the quantity of loose rock—professes to show that they measured the quantity of loose rock excavated. Now, I am perfectly satisfied that it was utterly impossible for them to do that—quite impossible. In the second place, with regard to the rock excavation, although the way they explained having measured it there, they might have it approximately correct—it might possibly come the right thing—they could not be sure it was correct by any means. They are not in the same position to make accurate measurement as the engineers in charge of the work, and as I say with regard to muskeg, although they may have measured it exactly as they found it, I am satisfied as they found it was not as the ground originally showed when the work was done.

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23239. Returning to the subject of the changes which you have made upon section 42, for instance, could you say that in making these changes you have increased the grades?—No; we have confined the grades to twenty-six going east, and fifty-two going west.

The changes have not increased the grades, or the curvature.

23240. And as to curvatures?—We have also confined these to the curvature originally designed—I think, as far as I can remember now, four degrees is the minimum curvature.

23241. So that, in those respects, the road has not been degraded to any extent?—Not by any means; it has been improved.

23242. Did you consider the subject of lowering the grade line of the embankment crossing Cross Lake, whether by dropping it any saving could have been effected?—There is no doubt the lighter the embankment upon that soft bottom the less material it would have taken, so far as the settlement is concerned. Had they been able to cross, as at one time they appeared to have had in contemplation, ten feet above the water, no doubt the cost would have been comparatively small, but that involved, according to the profiles that were shown me—it involved the adoption of a forty feet grade going east instead of a twenty-six.

Crossing at
Cross Lake.

23243. Did you, after you became connected with the road, see that any opportunity for dropping the grade of the line had been omitted where it could have been done properly, and consistent with the preservation of the gradients as you describe?—No; I do not think so. Mr. Rowan spoke of this very subject very much as we have it here, and he evidently considered it. His statement was that the saving would be none; there would have been so much rock cutting the depth of the rock cuttings would have increased the cost so much; but, as he explained, they never contemplated the settlement in the embankments that took place. They thought they had found hard bottom evidently, but it was not reached.

No opportunity of dropping the grade, where it could have been properly done, had been omitted.

23244. Of course they discovered before they reached the top of the present embankment there was a great settlement?—Yes.

23245. So that the lowering of the grade might have taken place at any time so long as they were four feet lower than the present top?—Yes, true; but you would have added to the cost in this way: you can scarcely go to a contractor and ask him to take out bottoms at his contract price. You might, according to the strict legal interpretation of the contract, do so, but it would have cost him double what it would have originally.

23246. The calculation made by the Department shows that this lowering or dropping of the grade of the line would have had the effect of increasing the cost even at contract prices?—That is what I was telling you. Mr. Rowan said, owing to the additional rock, there would have been no advantage in it.

23247. However, that calculation was made without reference to the increased sinking upon the water stretches, and if that increased sinking caused an increased cost to the extent of some \$70,000, then the expense would be equal?—Yes.

23248. But I suppose you have not critically examined this subject?—No; I have not.

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23249. Has there been any contract for construction let since you have been Chief Engineer?—Yes; that is to say, works of construction. There has been one section I think.

23250. Is that since June 16th, 1880?—Yes; I think it was the end of June.

Tendering—Practice as to estimating works.

The practice to estimate the probable cost of works.

23251. Before the 16th of June, 1880, was there any practice, as far as you know, in your Department or in any other place where you had experience, of estimating, on the part of the Government or the proprietors, the probable cost of works before tenders were received for them?—Yes.

23252. Is it a usual practice?—Yes.

23253. How is that followed as a rule: by arriving at a bulk sum, or by the value of the separate items in the works?—The bulk sum is made up of quantities upon each of which a value is placed.

23254. An estimate of the value by some one on behalf of the proprietors?—By the officers of the Government in the case of the Government.

23255. Have you ever seen, or do you know whether there are any records at all in your Department now of such estimates concerning the Pacific Railway: I mean made before tendering, so as to furnish the Government an independent opinion irrespective of that offered by the tenders?—You are speaking of the Pacific Railway?

Does not remember a record of such an estimate regarding Pacific Railway.

23256. I am asking whether you are aware of any such record in your Department?—I do not remember at the present time so far as the Pacific Railway is concerned.

In other cases such an estimate has been made.

23257. Have you in your previous experience anywhere?—Oh, yes. In many cases we have made a maximum and minimum cost—maximum supposing the wages of men to rise, and taking minimum wages for the other.

Object of making such an estimate.

23258. What is the object of any proprietor, Government or other, having such an estimate as that made?—The object is to guide them in some measure as to the probable cost of the work.

23259. Of what use is that?—Well, with a view, I presume, of ascertaining—to inform themselves as to whether the work is likely to be carried out by the persons tendering. For instance, the lowest tender, if it was very much below the engineer's estimate, one would suppose it would not be carried out.

23260. Is that considered in your profession to be a proper course to adopt before letting works?—I think so.

Experience of witness as an engineer.

23261. What experience have you had as a professional man?—The first work I was ever on officially was the road between Toronto and Hamilton in 1852, and from that date I have been connected with public works, sometimes under Government and other times companies and corporations up to this date.

23262. In Canada?—In Canada. I came out to this country in 1852.

23263. Have you any rank in any of the institutions in England or elsewhere?—No.

Practice as to estimating works.

23264. Then your experience has been derived from work in Canada as I understand?—Entirely.

23265. Have you ever had occasion to enquire whether such estimate as I have been speaking of has been recorded in your Department connected with any works on the Pacific Railway?—No; I had not.

23266. In your Department is there any book kept showing the cost of the different portions of the works, either separate contracts or separate items in each contract?—Let me understand you: you mean, for instance, the earth work.

23267. Yes?—And let me understand what you mean by cost: the cost to the Government?

23268. The money that is paid out—the expenditure?—It is upon the certificates of the Chief Engineer that the money is paid, and we keep a record of all the monthly returns, the monthly estimates.

23269. What I meant to ask was whether, in keeping an account of this expenditure, there are separate accounts kept; in the first place, let us say for each contract, so as to show what each contract cost from time to time: is that done?—Yes. Accounts kept of what each contract costs from time to time.

23270. Then is there a separate account also kept within that general account, showing how much the rock costs, let us say, as distinguished from the earth?—Yes.

23271. Then there are means in the Department, of showing from time to time what has been expended on each main item of each contract?—There is.

23272. So that if the expenditure should at any time go beyond what was originally estimated under the tender and the contract, it would be apparent immediately by comparison?—No doubt. So that it can be seen if a work goes beyond the original estimate.

23273. Could you say how long that has been in vogue?—Well, I could not say. It has always been in all Government works I have been connected with; it has always been the practice.

23274. But in the Department over which you are now Chief, do you know whether that has long been the practice, or whether it is a new one?—It has been the practice throughout, from the beginning.

23275. Have you investigated this matter and arrived at a conclusion from what you found, or is it only report in the Department that it exists?—I see the reports moneyed out.

23276. But only since you have been Chief?—No; I have seen Mr. Fleming's signature to them.

23277. Have you seen the books of account showing the particulars I have been describing?—There are monthly sheets which show so much earth excavation at so much, amounting to so much; so much rock, and so on. It gives it throughout carrying the previous month's work. Monthly sheets show so much earth and rock excavation, and the like, at such and such a rate.

23278. Each certificate includes the previous one?—The previous ones.

23279. And if each certificate includes the previous one, it includes them all I suppose to that date?—Exactly.

23280. After you became connected with the Pacific Railway did you notice, at any time before June, 1880, that the expenditure upon any particular items, or upon any particular contract, was much larger Attention of witness called to excessive expenditure on contract 15.

**Practice as to
estimating
works.**

than had been originally estimated?—Well, contract 15; I only know what the present expenditure is, and what I have been informed was the original estimate of the cost.

Also on contract 25; but contracts 41, 42 and 48 are all within the estimates.

23281. That has become a celebrated instance of excessive expenditure, but is there any other instance which you can mention as being worth investigating now?—I do not know; 25 of course, but any others that have been carried on in the last year, I do not know of any. 41, 42, 48, all those are within the estimates.

Contract No. 15.

The road not degraded by leaving rock bottoms in.

23282. It has been given in evidence before us that some of the work upon section 15 has been done at much less expense than was originally anticipated when the contractor was doing it, and that the effect of this is really to degrade the character of the work. In some instances the rock bottoms have been left in the cuttings and different circumstances of that kind have occurred. I think it was Mr. Carre who gave the evidence: has that matter occupied your attention?—It has. There are instances, as Mr. Carre no doubt stated, that some rock bottoms were left in while we had charge of the road. The track was laid over those, I suppose, a year or a year and a half ago, and rather than lift the track and take a foot of rock out of the bottoms, I am having a parallel grade made through it raising it that foot, and using so much more earth rather than take out this rock.

23283. It does not affect the gradient, however?—No.

23284. Then the road is not made inferior by that?—Oh, no; not at all.

23285. Is the cost of putting in that earth borne by the Government or by the contractor upon whose account this work is being done?—By the Government, of course. It is being paid for by the Government, the same as the rock would be paid for.

A mere question of comparative expense.

23286. Then it is a mere question which is the least expensive way to have the road finished?—No doubt.

23287. Either by taking out the rock bottom or putting in the earth? Yes; I may explain this if you will allow me.

23288. Please do so?—It is a great object with the Government to have the road opened from Fort William at the earliest possible date. The traffic is now being conducted over section 15 to facilitate work on contract 42. Now, if we lifted the track on this rock cutting to take out this foot of rock, we could not transport the supplies, &c., through to this other contract. It cuts two ways.

The policy resolved on to facilitate work on contract No. 42.

23289. Then the present state of affairs is continued with a view of facilitating the work on section 42?—Yes; with a view of facilitating all that work.

23290. If this is never changed, if it is allowed to remain permanently, does the Government pay more than it would have to pay if the work had been done as originally intended: in other words, must the Government hereafter bear some expense in order to get the full value of the work they contracted for?—If the contractor was carrying on this work under his contract, and the Government had not assumed it, you know, then, I think, probably at the contract price, taking out the rock bottoms might be somewhat less than the other; but the actual cost of taking out those rock bottoms, I think, would fully equal it, and as the Government are carrying on the work now they are carrying

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it on at the expense of the contractor, but if the work costs as much or more than the contract price, the Government have no means of recovering the amount, because the contractor, I fancy, is worth nothing.

23291. Then, is the result of all this that the Government will not get the road they contracted for with Mr. Whitehead at the price, or at as low a price as they contracted for; do you mean that money will be lost because of his present circumstances?—It is a matter of calculation which will cost most; I cannot tell at the present time.

Which course involves more cost a matter of calculation.

23292. Is it not a matter which you have considered?—I have had in view the great object in making some of those changes on 15, of getting that road through.

23293. I suppose at the time this was taken out of Mr. Whitehead's hands, in the spring of 1880, it was understood that all such matters as this should be rectified before a final settlement between them?—It would have to be.

23294. It was not intended the road should be made of a less valuable character than was contracted for?—I may say, so far as contracted for, in all those contracts it is all upon a schedule rate, and you can order what kind of work you like and only pay for that.

Works on a schedule rate, and Government can order what kind of work it likes and pay for it.

23295. I mean, if it is less valuable because of the saving the Government will get the benefit of the saving?—Yes. They would only get paid for a class of work they performed, undoubtedly.

23296. I suppose the taking out of the bottoms of a rock cutting a few inches deep would be more expensive per yard than the original cutting at the top?—No doubt of that.

23297. Is it in your power to rectify that matter by charging the actual cost if it should be done?—Oh, yes.

23298. Did you go to British Columbia before June 1880?—No; I did not. I went in July.

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23299. From what you saw then, what was your opinion as to the character of the work which had been performed up to June, 1880?—Well, the greater portion of the work then executed was composed of earth work and rock work tunnelling. I thought they had done their work there well.

Thought work done well.

23300. Did you give any consideration to the subject of the locations there?—I merely ran up the line of the present location where they were working on that 125 miles under construction, and down to Port Moody, the other ninety miles. I went on no other part of the line that had been surveyed. I went nowhere beyond the Fraser River.

23301. Were there any features either in the way the work was being done or the location of it that called for particular attention?—No; further than this. As you can quite understand, a very rocky mountainous country such as that is, although the original survey may have been made very carefully—I mean details of the survey may have been made very carefully—that is one particularly where you can make improvements by daily study on.

A rocky country, one where improvements in location can be made by daily study.

23302. But as far as the work had gone on the location as you saw it, was there anything that struck you as being improper or improperly managed in any way?—Nothing whatever. There was nothing beyond that one line that I saw.

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Not an uncommon thing to make estimates from time to time of the probable expenditure necessary to complete the work—but no such estimates.

23303. Is it the practice in your Department to make estimates from time to time of the probable expenditure requisite for the completion of the works?—Yes; it is not an uncommon thing at all.

23304. Last summer shortly after we commenced this investigation, we asked for estimates at that time of the probable expenditure for the completion of the works upon the different sections then under construction. We have never got that estimate: do you know whether there was any estimate of that kind made?—I know of nothing prior to the date you speak of, June. I have made estimates subsequently.

23305. It was during our investigation we wanted to know the probable future cost of some works, and we still think such estimates would be useful to us: are there any such estimates in the custody of the Department?—Not prior to that date.

23306. But immediately afterwards; I think they were asked for about August?—I do not think it will be difficult to get them. I think you will find them published in connection with the discussion on the Pacific Railway last Session, in the *Hansard*, I think.

23307. Is there any other matter connected with the Pacific Railway upon which you can inform us concerning matters which happened before the 16th June, 1880?—No; as I told you, I know nothing whatever prior to the date I was connected with the road, nothing whatever, and I think you have questioned me upon everything subsequent to that date that I know of.

HON. A. MACKENZIE.

OTTAWA, Monday, 26th September, 1881.

ALEXANDER MACKENZIE, sworn and examined:

By the Chairman:—

Had charge of affairs of Canadian Pacific Railway as Minister of Public Works.

23308. You had charge of the affairs of the Canadian Pacific Railway as Minister of Public Works for some period?—Yes.

23309. For what period?—During the whole period of my Administration.

Took office in November, 1873, and resigned 14th October, 1878.

23310. Do you remember the dates?—I think we took office about the 7th or 8th of November, 1873, and I think I resigned on the 14th of October, if I recollect right, 1878.

23311. Could you describe, generally, the progress which had been made in the undertaking at the time you took charge?—Some surveyors had been out two years before that, or nearly two years. I don't remember the precise expenditure, but it will be found in the Department, of course.

23312. What at that time did you consider to be the results of the previous operations?—Well, I think there were no results.

23313. Did the engineers, in effect, inform the Government that any particular results had been accomplished by the previous examinations of the country?—I think not. I don't think the Government were in possession of opinions from the engineers, which would justify them in taking any decided action at that time.

23314. Could you say how soon after you had charge of the Department, it was assumed that sufficient information was gathered from the

When witness took office the Government were not in possession of opinions from the engineers which would justify them in taking decided action.

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examinations of the country to justify decided action?—No; I could not at the moment say that. Early in 1874, Mr. Fleming discovered that the route that he himself favoured at the time, crossing from the Upper Thompson River nearly in a direct line to Big Bend, on the Fraser and the Chilcotin Valley, was impracticable, and it was decided to explore the country north of the Cariboo Mountains, following the line of the Fraser to Fort George, thence following the line laid down upon the map to the head of the Chilcotin River, striking the explored line to Bute Inlet. This line was ultimately adopted as far as Fort George east—from Jasper House to Fort George.

Early in 1874, Fleming discovered that the route he favoured was impracticable, and it was decided to explore the country north of the Cariboo Mountains.

23315. As to the particular portions of the country to be surveyed, did Mr. Fleming exercise his own discretion or was he governed by the directions of yourself, or any other Members of the Government?—Well, the line of examination must of necessity be confined to questions of fact in connection with the object of the Commission, and I may say at once that I decline all examinations upon the policy of the Administration, and guarding myself with that declaration, as the question is somewhat of a leading one, I answer it by saying that Mr. Fleming was the sole director of the surveys, he consulting myself as Minister frequently, of course, very frequently; but I always depended upon Mr. Fleming and upon the best information from his subordinates, and he was always allowed most perfect liberty and authority in conducting the surveys which were wholly upon his responsibility—we, of course, having the political responsibility as usual.

Surveys.

Witness declines all examination upon the policy of the Administration.

Fleming was the sole director of the surveys though frequently consulting him as Minister.

23316. As you have alluded to the subject of the policy of the Government, and decline to be questioned upon it, I think it right to say that we endeavour to deal with a Government policy, each policy in its turn—as the most perfect that could be devised, having, no intention to criticise it; but inasmuch as it may happen that in carrying out this policy the officers of a Department may sometimes act not strictly in conformity with it, either by intention or otherwise, we therefore consider it proper to investigate the details of the administration of the Department without intending by that course to question in any way the propriety of the policy of the Government. When I say policy, I mean the principles of government adopted by the Ministry as a whole. We have not forgotten that under this Commission we are servants appointed by the Crown alone, and as such we have no desire to interfere with the privileges of the people whenever they conflict in any way with the Royal prerogative, and I may say that after considering this subject in order to decide how far we should investigate the acts of a Department, we have concluded that we may enquire into its doings, not only by its subordinates, but by its head, and that we may ask first to be informed whether there was a defined Government policy on any given matter in order that we may see distinctly the line dividing the field of our enquiry from that upon which we may not enter. At present we are seeking to investigate the acts of the Department, the details of its administration, whether between officials themselves or between them and private individuals who were dealing with that Department?—Yes. Well, I have indicated the policy that I conceive to be the only constitutional one, and I intend to be guided by that declaration; but of course I am desirous of giving you the information in my power apart from that.

The Chairman defines the field of enquiry within the scope of the Commission.

Fleming was not directed to adopt any method of survey different

23317. Could you say whether the Engineer-in-Chief was directed to adopt any different method in the surveys of the country from that

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from that he had previously adopted.

which he had previously adopted?—I do not think he was. In fact, I am sure he was not.

The plan upon which Fleming proceeded.

23318. Then, as I understand you, he was left to his own discretion as to the manner in which he would make the different examinations of the various localities?—Yes; the theory upon which he proceeded was this: to have exploratory surveys in various directions in the first place; and to be guided by those exploratory surveys before making instrumental surveys. By instrumental surveys I mean the trial location line. Of course instruments may have been used, in many places, to ascertain levels and grades for short pieces, where there was no instrumental survey proper.

Does not remember when it was thought information sufficient to justify location of line had been obtained.

23319. Do you remember about what time it was first considered that sufficient examination had been made of any locality to justify a location of the line?—No, I do not remember precisely; but that can be obtained in the Department.

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23320. Speaking at first of the year 1874, Mr. Fleming, in his official report of 1877, states that some locations had been made, other examinations being only in the nature of exploratory surveys, and he mentions the location survey of the Pembina Branch?—Yes.

Trial location survey from Keewatin to Lake Vermillion, and from Selkirk to Keewatin, and also from Thunder Bay to Lake Shebandowan.

23321. The trial location survey from Keewatin eastward to Lake Vermillion, and a trial location survey from Selkirk eastward to Keewatin, and a trial location westward from Thunder Bay to Lake Shebandowan?—Yes; that was the first, I think.

23322. They are the only locations which he states to have been made up to the end of 1874?—Yes; I think they were the only ones.

23323. About July there appeared some advertisements asking for tenders for the construction of a telegraph line: could you say whether at that time it was expected that the location of any portions of the line other than those I have mentioned was likely to be accomplished within a few months?—We had pretty well decided upon the location through the prairie country, that is, from Rat Portage west, and it was anticipated that the line would be located as fast as the contractors for the telegraph line could build.

23324. Then the general direction over particular localities had been pretty well decided on?—Pretty well decided upon as far as the Yellow Head Pass.

Thinks Fort William and Shebandowan section was located before telegraph contracts were let, though it was afterwards much changed.

23325. I suppose the first act towards positive location may be said to have been the building of the telegraph line, inasmuch as that was to follow the location, and I understand you to say that the telegraph lines were supposed to be located after the contracts were let—that is to say, located with exactness?—Yes; I suppose part of it was located. I think the Fort William and Shebandowan section was located before they were let, though it was afterwards materially changed when Mr. Hazlewood went there. Mr. Hazlewood superseded Mr. Murdoch.

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Never opened any tenders. Never looked at any until they were scheduled, and then they were considered by himself, the Deputy Head and the Engineer.

23326. As to the construction of the telegraph lines and the contracts for that construction, could you say whether the schedule of tenders as first ascertained upon the opening was submitted to you for inspection?—I presume they were submitted as all other tenders were. I never opened any tenders myself all the time I was in the Department. I never looked at them until they were scheduled and presented in such shape as to be considered jointly by myself and the Deputy Head and

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the Engineer of the Department, and I presume these were submitted in the usual way.

23327. I was speaking of the schedule which was made at the opening?—The schedule always accompanied the tenders. There was always a schedule made up of all tenders, showing the respective amounts.

23328. I intended to ask you whether you had seen this particular schedule which is now presented to you?—I must have seen it if it is the one that was in the Department at the time. Of course I am not able to identify this particular sheet of paper.

23329. In this schedule, dated on the 7th of August, Mr. Fleming, and Mr. Trudeau and Mr. Braun purport to give the contents, as they understood them, of each tender, and among others the contents of that of Sifton, Glass & Co., they were the persons who obtained the contract for section 1. I gather from this schedule that at the time of opening the tenders theirs was understood to be only for the whole line, because the schedule so states it, although it mentions a period within which they would finish some particular section or sections: would you look at that schedule and say whether that was the view at the time?—No; I cannot say at this distance of time. I have not had the subject before me once. Contract No 1.

23330. You will notice the reference to Sifton, Glass & Co.'s tender marked "A1," which gives the meaning of it as tendering for the whole line at \$1,290,000?—Yes.

23331. They give no figures for any particular section, but mention that section 1 would be finished in November, 1874: does that refresh your memory as to what was considered to be the contents of it?—Mr. Fleming certainly had an estimate of the contract they had obtained, wherever it is. I recollect his calculations showing who was highest or lowest; it depends a good deal on the calculation of the number of acres of wood land and prairie. There certainly is a separate calculation as the tender finally acted upon.

23332. On the 7th of August, 1874, and about that time, I understand that all the tenders were dealt with as if the proportion of wood land and prairie land was fixed, that is, for the purpose of comparing the merits of the tenders, for instance, section 1 contained 200 miles of wood and fifty miles of prairie, and those data applied to every one's tender for section 1 as well as to Sifton, Glass & Co.?—Well, I suppose it would.

23333. On the 10th of August, Mr. Fleming makes a full report, giving not only the substance of the tenders in a general form as in that schedule now before you, but also in a detailed statement for each separate section and another one for the whole line; this was three days later than the opening of the tenders. In this he assumes to state the meaning of Sifton & Glass's tender in a different way from that in which it was stated in the schedule: do you remember whether there was such a difference in his opinion regarding the substance of the tender between the 7th and the 10th?—No; I do not remember.

23334. He assumes in this later return that Sifton, Glass & Co. were tenderers for section 1 by itself as well as tenderers for the whole line in bulk; could you say now whether the proposition by Sifton, Glass & Co., to complete that portion of the line known as section 1 as The contracts were awarded upon the calculations of the Engineer, and

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assumed in every
case to be based
on the lowest
available offer.

early as November, 1874, had anything to do with awarding them the contract?—No; I cannot say. The contracts were awarded upon the calculations of the Engineer, and assumed in every case to be the lowest available. Further than that I have no recollection.

23335. In awarding contracts at that time, did you take a part in deciding who was to have each contract?—Oh, as a Minister, of course I had nominally to give the decision, but my decision in such cases was invariably in concert with the principal officers of the Department, and I have no recollection of any case during my whole incumbency of office where there was any difference.

23336. It was in concert; the decision was not with them alone?—They would recommend, of course. The price, in accordance with the Public Works Act, invariably governed the decision unless there was some other thing that came in incidentally that had to be considered.

Did not take any
more part in
awarding con-
tract to Sifton,
Glass & Co. than
in awarding any
other contract.

23337. Could you say whether in this, the first contract after you took charge of the Department, it was left entirely to your subordinates, or whether you yourself took a part in awarding the contract to Sifton, Glass & Co.?—I do not think I took any more part in awarding the contract than in awarding any other contract. I am sure I did not.

23338. Do I understand you to say that it was not left entirely to subordinates?—Well, I thought I had sufficiently explained that. However, I will do it again fully.

The decision
invariably not
only in concert
with but in ac-
quiescence with
the views of the
officers of the
Department.

23339. I understood you to say that you took no more part in this than in the others; not knowing what part you took in the others, I confine my question to this one?—The decision was invariably not only in concert with, but in acquiescence of the views of the officers of the Department. In other words, I never pressed any decision upon them about contracts.

23340. Do you think that you saw the tender itself, of Sifton, Glass & Co. before the contract was awarded?—I may only have seen the schedule of contracts made up.

Cannot say
whether he has
ever seen the
tender of Sifton,
Glass & Co.

23341. Here is the tender of Sifton, Glass & Co.: upon looking at it now, can you say whether you saw it before?—No, I cannot say. It is quite impossible years afterwards. I could not identify any particular document unless my signature was upon it.

His impression
that there
was a distinct
tender for the
particular section

23342. There is a question whether that document amounts to a tender for any particular section, or whether it is a tender only for the whole line: I wish to know whether that matter was ever brought to your attention, and whether you exercised any judgment upon it?—I have no recollection of any question arising about that. My impression is there was a distinct tender for the section.

23343. Could you say how you arrived at that impression?—Of course I could only arrive at it from the report of the officer of the Department.

23344. You might also by reading the tender?—I do not think I read the tender. It is possible I may have, but I think not.

23345. Do you remember whether, before awarding this contract to Sifton, Glass & Co., you yourself had any negotiations upon the subject with any of these parties?—I do not think so. It is possible that

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some of them may have called at the Department and asked to see me, that was very frequently the case, but I have no recollection of anything of the kind.

23346. You do not remember dealing with them distinctly on this matter?—I do not.

23347. Proposing any terms?—I am quite certain I never dealt with any contractors except through the officers of the Department. Any person desiring to see me, of course, I would see them and hear what they had to say, but further than that I could have no dealings.

Quite certain he never dealt with any contractors except through the officers of the Department. He of course saw people who wanted to see him.

23348. As to whether you were called upon to place a construction on this tender, I may mention that after making their offer for the whole line, Sifton, Glass & Co. intimated that although they had given a certain rate for the wood land through the whole distance, they did not expect it all to cost as much as that, and they proceed to mention that between two points, first Fort Garry and River Winnipeg, and also between Fort Garry and Fort Pelly, they place the wood land at certain sums, naming them, which are lower than the rate placed over the whole line, and that in consequence of those allusions to these particular localities, the tender subsequently was construed as being an offer for one of those smaller localities: does that refresh your memory at all on this subject?—Oh, I am positive I placed no construction upon any tender.

Positive he placed no construction on any tender.

23349. It appears that it was not decided to award this contract to Sifton, Glass & Co. until somewhere about October, some three months or more after the tenders were received, and that at that time the Department placed a construction upon their tender as to another item—I mean whether they should receive a price for maintenance beyond what was assumed to be their price both for maintenance and construction, and that Mr. Fleming, as Engineer, and the member of the firm who was then in Ottawa differed upon the proper interpretation as to that item: do you remember any matter connected with that interpretation—that is their claim for separate price for maintenance?—No. I recollect the question came up, but in what shape I cannot say. I think that contract was awarded, in the first place, to another party who declined it.

Recollects the question of maintenance came up, but cannot say in what shape.

23350. It was awarded in the first place to Fuller, who asked an extra price in consequence of clearing through wood land?—It was awarded to somebody, and it was on their declining the Department passed on, as usual, to the next.

23351. It was awarded first to Fuller who declined, except on the condition that he should be paid for wood land clearing, and secondly to Mr. Dwight, who declined to take it?—Yes.

23352. Waddle & Smith had already been awarded another contract, and it appears to have been suggested that there was a decision concerning these telegraph contracts to the effect that no person could get more than one contract, and they were passed over, and it reached Sifton & Glass. After reaching them it became a question as to the terms upon which they should receive it—I mean, whether the sum mentioned in their tender should cover construction and maintenance, or whether they were to get a price per mile for maintenance in addition to any sum specified by them, and a difference of opinion arose between them and the Department. It was discussed and

When contract reached Sifton, Glass & Co. it became a question whether the sum mentioned in their tender should cover construction and maintenance, or whether they should get so much a mile additional for maintenance, whereupon arose a correspondence

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which was submitted to Minister: this witness thinks likely, and refers to a possible report of Fleming on the subject.

Remembers there was a question about this claim for maintenance, and the question might take two shapes: (1) If their tender was construed as leaving them able to claim \$15.83 per mile for maintenance in addition to the sum stated in tender, it might bring it higher than a competing tender.

(2) Whether though getting more than their tender asked for that sum in excess would not yet leave it less than the next tender.

Sifton, Glass & Co. made a further claim for profits; of the details witness has no memory.

a correspondence ensued, and I understand that correspondence was submitted to you?—It is likely it was. I recollect the question was raised very well. I presume there is a report from Mr. Fleming upon the subject.

23353. Do you remember whether you gave your personal consideration to the construction to be placed on their tender concerning that subject?—I do not think I did.

23354. The correspondence from their firm suggests that although they made their offer in a gross sum for the whole line which was to include construction and maintenance, enough could be gathered from their figures for mileage and the rate per mile for wood land and prairie to show any person who analyzed their tender that they intended to ask \$15.83 per mile for maintenance of the whole, and therefore they asked that same rate for the particular section which was under discussion: does this bring the matter to your recollection?—No, I cannot remember the details. I know there was a question about it, and the question, I presume, would take this shape: if their tender was construed that way it might bring it higher than another one, in which case their tender would be passed, and it would be awarded to another one. To ascertain that we may have referred to the report of the Engineer.

23355. That might be one shape the question would assume, but it might assume another shape—whether they were getting more than their tender asked for, though this sum might still be less than the next lowest tender?—Yes, it might.

23356. Do you remember whether any question in that shape was suggested?—I do not.

23357. Then there is one more matter in which they appear to have asked for terms better than those stated in their tender—that is, as to the profits of the line. As far as the correspondence which has been submitted to us shows, they, for the first time, in October, 1874, in a letter to Mr. Fleming, claim that besides the price for maintenance, based upon their price to be gathered from an analysis of their first tender for the whole line, they were to receive the profits of operating the line: do you remember anything about that item in the transaction?—No; I do not. I know there was a question as to the profits with two or three of the contractors, but I do not remember the details of the discussion.

23358. This is a letter of the 14th of October, 1874, from Sifton, Glass & Co. to Mr. Fleming. I also hand you the letter to which that is an answer. Perhaps, if you look at these, they may call some part of the transaction to your mind?—They appear to be both written on the same day.

23359. Have you any further recollection now since reading the letters than you had before?—No; nothing further than I remember the question having been raised in some shape.

23360. Could you say whether you expressed any opinion at any time in connection with this transaction, as to the proper interpretation to be put upon their tender and this correspondence in connection with it?—I could not but my conviction is I was guided solely by the Engineer's opinion.

Believes in this matter he was guided solely by the Engineer's opinion.

23361. It is suggested by an endorsement on some of the papers connected with this contract of Sifton, Glass & Co., that before entering into it it was necessary to get an Order-in-Council. That memorandum is signed by Mr. Fissiault: do you remember whether the necessity of such an Order was brought to your attention, or whether you gave any decision upon it?—It may have been, but I do not think that an Order-in-Council would be necessary under the law in such case. It is only where you pass a tender and take a higher one that you require to set out the reasons in an Order-in-Council.

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The memorandum pointing out the necessity of an Order-in-Council may have been brought to his attention, but he does not think an Order-in-Council was necessary in this case.

23362. In this case that was done. Fuller had made a lower tender and had afterwards asked something more for his wood land clearing, and that was perhaps what Mr. Fissiault alluded to when he said it had not been given to the lowest tender; however, you do not remember having given any decision upon that subject?—I do not.

23363. The next contract, No. 2, is with Fuller, and embraces the western portion only of what was advertised as section 3. Section 3, if you remember, was from Fort Garry to Edmonton, and it embraced section 1 and something more, as well as section 2 and something more, section 1 being to Fort Pelly, section 2 to a point further west, and section 3 to Fort Edmonton, all of them starting from Winnipeg. Now, this contract to Fuller was for the balance of the distance of section 3, not included in the contract to Sifton, Glass & Co. for section 1, and, as I understand it, was for a portion of territory which was never submitted to public competition by itself: do you remember that circumstance?—I thought it was all submitted to public competition?

Contract No. 2.

Contrary to witness's recollection that any portion of line was not submitted to public competition.

23364. Yes, certainly all; but not this particular portion of one of the sections?—That is contrary to my recollection.

23365. It arose in this way, according to the explanations given by different witnesses: Mr. Fuller made the lowest tender for the whole of section No. 3 from Winnipeg to Edmonton, but he said that he understood the line was going near the Riding Mountains, and he had not provided in his price for clearing any considerable extent of wood land, but, finding that the line had to go by the north of Lake Manitoba, and that a large amount of clearing had to be done, he claimed that a price for clearing should be paid to him, or he should not be obliged to take the contract. It was finally agreed that instead of giving him that additional amount for the wood land, Sifton, Glass & Co. might take the section No. 1, which included most of the wood land, and that Fuller should take the balance of section 3 at his original price for section 3, deducting what he had offered for section 1: do you remember those features of that transaction?—I remember something of that kind, but the object of myself and the Department was always to get the work done in the cheapest way, and I presume it was divided on that ground.

23366. That leads me to the main question—whether the pecuniary results were the only ones considered in awarding these two contracts?—The only ones, as far as I know.

Pecuniary results the only ones considered so far as witness knows.

23367. Then there was no intention to give any preference to any one which was not called for by the contracts?—Certainly not.

23368. In deciding whether that whole contract for section 3 should be given to Mr. Fuller alone at his price, with an addition for clearing

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Tendering.
Contract No. 2.**

wood land, or whether it should be divided into two contracts, seems to turn upon this: whether it was better to give Mr. Fuller \$900 more than to him and Glass together, without any of the profits of working the line, or to give the profits of the line to Sifton, Glass & Co. and save the \$900: was the matter presented to your consideration in that shape?—I do not remember; I think not. It was presented to me solely in the interests of economy, I think.

Impossible for him to remember if an alternative was presented to him.

23369. Was your attention called to this: that the question of economy depended upon whether it was cheaper to the country to give any particular amount to Fuller, or the profits of the line for five years to Sifton & Glass?—It is impossible for me at this distance of time to speak of amounts. If Mr. Fleming made such a report, the reports would be in the Department.

Only remembers that the contracts were let so as to secure the cheapest to the country.

23370. Without mentioning the amounts, do you remember that these two sides of the question were presented?—I only remember the one side: that the contracts were let so as to secure the cheapest to the country.

23371. They were let with that intention, at all events?—Yes; of course, and, as far as I can recollect, with that result. I can speak only from memory.

23372. There is no report upon that particular feature of this transaction, and I think Mr. Fleming said, in giving his evidence, it was then called to his attention for the first time?—Yes; I have not read Mr. Fleming's evidence.

If it was considered there would be a report.

23373. I only mention that because you thought possibly there might be some report bearing on this?—If it was considered there certainly would be.

Contract No. 3.
This contract not given to the lowest, because the lowest was too low.

23374. Contract No. 3 was with Mr. Barnard, in British Columbia. We have not proceeded with any investigation about that contract, for the reason that evidence appears to have been given upon it before some tribunal in British Columbia, and it is now under consideration by the Government, and I mention it only to ask whether there is any fact which you think proper to give?—I cannot remember any fact. That contract was not given to the lowest.

33375. Macdonald's tender appeared to be too low?—Yes; it appeared utterly useless to deal with him.

Contract No 4.

23376. Mr. Fleming reported, in effect, that the time was so short and the price so low it was not worthy of consideration?—Yes.

Offer of contract first made to Waddle & Smith.

23377. The next contract was known as section 5 in the advertisements. The order in which the tenders were made, taking the lowest in the first place, was as follows: Waddle & Smith, first; Sutton & Thirtkell, second; Sutton, Thompson & Co., third. The offer to take the contract seems first to have been made to Waddle & Smith?—They were the lowest.

Does not believe that Waddle & Smith were left without notice that a day was fixed before which they must put up their security, because Mr. Trudeau is very careful.

23378. They complain, and Mr. Waddle has given some evidence on the subject, that they were passed over without being informed by the Department, or any one on behalf of the Government, that there was a day fixed before which they must give their security or lose their chance; have you any recollection of that?—I have no recollection of that particular statement of an alleged fact, but I do not believe it.

Telegraph—
Tendering.
Contract No. 4.

I think Mr. Trudeau is very careful about giving such notices as that. I think it extremely unlikely.

23379. Then your belief is founded upon Mr. Trudeau's carefulness? —Well, the usual practice. We were always in the habit, indeed, of waiting when they asked for further time if it was a reasonable time.

23380. Mr. Waddle does not say he asked for further time because he never knew the time was limited?—I am satisfied that was not correct.

23381. It appears his firm was passed over, at all events, and an offer made to the firm of Sutton & Thirtkell. Mr. Waddle gives his evidence here under oath to this effect: that while the matter was pending between the Government and the Sutton & Thirtkell firm, he himself came to Ottawa and saw you and conversed with you, and that he complained that he had been passed over in the way he explained, and that you then said if Sutton & Thirtkell did not take it up he could have a further chance before any one else: do you remember any such conversation?—I am quite certain I never could have had such a conversation. It would be a very absurd conversation.

23382. You are aware that this contract was given really to persons who were no tenderers themselves—Oliver, Davidson & Co?—Yes.

23383. Do you remember what their standing was and how it was that they came to get the contract?—I suppose because they made an arrangement with the real parties who tendered. I knew their standing well enough. Their standing was quite good.

23384. Is it usual to deal with persons upon their own representation that they are the assignees of the rights of the tenderer?—Not unless they satisfy the Department that they are.

23385. Do you recollect that they did satisfy you that they were? —No; I had no personal satisfaction, but I have no doubt it was done.

23386. There is no record of that, and Mr. Trudeau cannot explain it, and Mr. Fleming cannot explain it. Mr. Trudeau says the transaction was arranged by you individually, and that he did not enquire into it?—I do not think I ever arranged any transaction myself in regard to contracts. There must be some correspondence in relation to it in the Department.

23387. It has not been forthcoming, and has not been explained by any person connected with it?—It has frequently been the case that a tender has passed into the hands of another person before the work has commenced. That was the case in the Whitehead contract, for instance. He was not the original tenderer at all. It was this same Sutton and some other person, I think, and he arranged with them to take up the contract before commencing.

23388. That, of course, is an ordinary transaction. It was the case in the Georgian Bay Branch contract, which was transferred to Mr. Foster, by Mr. Munson; are you aware of the reason why the Department assumed these persons to be the assignees of the tenderers?—No, I am not; but they must have been perfectly satisfied with the evidence, I think; and I recollect I was very glad to get Oliver, Davidson & Co. I considered them excellent men.

23389. Were you personally acquainted with Sutton & Thompson, or either of them?—No; I have seen Sutton. I have no acquaintance with him.

Satisfied that Waddle's statement that he never knew the time was limited not correct.

Quite certain the conversation described by Waddle in his evidence, as having taken place between himself and Minister, when the latter, in answer to his complaints that he had been passed over without notice, told him that if Sutton & Thirtkell did not take it up he would have another chance—never took place.

No record: Trudeau cannot explain it; Fleming cannot explain it; Trudeau deposed that the transaction was arranged by Minister, and not enquired into by him: To this witness replies that he does not think he ever arranged anything himself in regard to contracts.

Does not remember the grounds on which the Department assumed that Oliver, Davidson & Co. were the assignees of the successful tenderers, but believes it must have been sufficient.

**Telegraph—
Tendering.
Contract No. 4.**

Perfectly satisfied he never managed matters so that Oliver, Davidson & Co. should get the contract on the tender of Sutton & Thompson instead of Sutton & Thirkell.

23390. While the matter was pending between the Government, on the one hand, and Sutton & Thirkell on the other, it appears, from the evidence, that Sutton, before the time was up which was limited for finding security, went to Toronto and arranged with some member of the Oliver & Davidson firm to take their rights, and that it was concluded between them that they should take the contract upon the Sutton & Thirkell tender, and both he and Sutton, and some member of the new firm came down to Ottawa before Sutton & Thirkell's time was up; that before they went away it was arranged that they should take it, not upon the Sutton & Thirkell tender, but upon the higher one of Sutton & Thompson, about \$28,200 higher. That is the arrangement which I understand Mr. Trudeau to allude to when he says it was managed by the Minister; do you recollect anything of it?—No. I am perfectly satisfied I never managed any such transaction.

23391. Could you give us any information now as to the negotiations which led to the displacement of Sutton & Thirkell, and the acceptance of Sutton & Thompson at a higher price?—I can give no explanation whatever, further than what would be contained in the records of the Department.

23392. There is not the slightest record of any such transaction in the papers that have reached us?—If Mr. Trudeau cannot give you the explanation, I cannot.

23393. Do you remember whether you had any interviews with Oliver or Davidson upon the subject of this telegraph contract?—I have no absolute recollection of interviews; but I think it extremely likely that I had, as nearly all the contractors came here.

23394. You could scarcely, then, give us the details of any conversation or negotiations on the subject between you and any of them?—No; I have no recollection.

**Tendering—
Contract No. 5.**

23395. We know of nothing concerning contract No. 5 upon which we consider it necessary to take any evidence from you, but if you know of any fact that would be useful to us, we shall be glad to have it—this was the first contract of the Pembina Branch?—The contract given was to Mr. Whitehead as the lowest tenderer, to the best of my recollection.

23396. I think a man named Peach tendered a cent lower per yard, but he failed to comply with the requirements of the Department, and it went to Mr. Whitehead?—I think so.

**Purchase of
Rails—
Contracts Nos.
6-11.**

23397. The next contract in order of time is for steel rails. The advertisement inviting tenders for rails appeared about the end of September, 1874; could you say whether it was about that time that it was first considered necessary to purchase rails?—Yes.

The subject of rails first brought to witness's notice by Fleming, who said rails should be got as soon as possible; that they had reached the lowest rate, and that as large a lot as possible should be secured.

23398. Could you say whether any action of the subordinates in your Department or the Engineer's led to that opinion?—Mr. Fleming first brought the matter to my notice, and said that it was absolutely necessary, in his opinion, that rails should be had as soon as possible, as it would take a long time to get them up, and construction could not go on without them being on the ground, and, besides, he said he thought the price of rails had then reached the lowest rates they were likely to reach, and we should secure as large a lot as possible. He was very urgent in his representations on the subject.

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23399. Did you yourself weigh the reasons which he gave before adopting a conclusion?—I think I did to some extent. Of course it was a mere matter of speculative opinion as to the price being at the lowest point. It was at the lowest point actually that had been reached up to that time, and I thought his representations were likely to be correct as to that. They certainly were correct, in my opinion, as to the necessity of having rails there very soon.

23400. Irrespective of price?—Irrespective of price.

23401. What did you consider to be the necessity of rails there at that time, irrespective of price?—It was impossible to go on with construction without rails.

23402. Then, in that case, the quantity required would be a material element?—That depends upon how fast you went on with the work.

23403. Therefore the quantity would be a material element?—The quantity would be material, of course, in proportion to the extent you wanted to go on. The quantity a material element

23404. Could you say what proportion of the work was expected to be proceeded with so as to require rails immediately?—No; I could not say precisely, but there was every probability at that time of several hundred miles being placed under contract within a year.

23405. Would not the line be placed under contract some time before track-laying?—A short time. It takes a long time to get rails into that country.

23406. What I mean is that neither the time of asking for tenders nor the time when the work was placed under contract, would of itself give a correct idea as to the time when the rails would be required for track-laying. The time between giving the contract and preparing the road-bed would have to be allowed for?—Oh, the road-bed, to a great extent, is prepared after you get the rails. You lay the rails first before the road is anything like completed, and fill up with the cars from particular points where your borrow-beds and pits would be.

23407. At all events, a large portion of the works would have to be let before the rails would be required?—That depends, to a great extent, on the nature of the country to be traversed. Making the road west of Winnipeg since I left office, the ties were laid on the grass and ballasting was done afterwards with the trains.

23408. Did the consideration of that circumstance weigh with you in estimating the time at which these rails would be required?—What circumstance?

23409. The fact that rails are sometimes laid on the surface of the ground without any preparation?—I really do not know.

23410. Because my recollection is the first necessity for these rails was between Thunder Bay and Red River, excepting the Pembina Branch?—Yes.

23411. Then only the quantity for the Pembina Branch would be required immediately?—It would be material as to the argument in favour of making the purchase then.

23412. Keeping in mind always the quantity required for that Branch?—Yes.

Does not know if the fact that rails are sometimes laid on the surface of the ground weighed with him in estimating the time at which the rails would be required.

The quantity required for Pembina Branch would be material to the argument in favour of purchasing.

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23413. I only wish to know what the fact was—whether the fact of the rails being likely to be laid immediately on the Pembina Branch weighed at all in the decision as to the quantity required at that time?—I have no doubt it did.

23414. About what quantity do you understand to have been required for the Pembina Branch?—It requires on an average about ninety tons a mile.

Two things influenced decision to purchase: (1) necessity for procuring rails if the road was to be built and (2) of taking advantage of the market while it was low.

23415. That would account, then, for the necessity of providing something under 10,000 tons at most; as to any further quantity, do you say that the time at which they would be required for use weighed in the decision to purchase?—Certainly; the necessity of procuring rails if we were to build the road, and the necessity of taking advantage of the market while it was low.

Declines to answer.

23416. For the present we may keep out of sight the cost; I suppose if the price was even higher than it was at that time, and the rails were actually needed, they would have been procured. I am endeavouring now to see whether the necessity of having them for use at any particular period was a reason for the purchase irrespective of price?—In other words you are endeavouring to see if you could find fault with the policy of the Government. As I said before, I decline to answer any question as to the policy of the Government; but as so many falsehoods were circulated regarding the purchase of those rails, I have answered every question that was put to me, not that I have any right to do it, but because I choose to do it.

23417. On behalf of the Commissioners, I may state that, if you will say now it was the policy of the Government, to purchase rails, irrespective of the time at which they would be used, I will ask you no further questions respecting them?—I prefer that you go on with your questions.

23418. Then, if there was such a policy, please understand that the responsibility of our asking the questions on the assumption that there was no such policy, rests with you?—The responsibility of what?

23419. The responsibility of our putting the questions?—You have no right to ask the questions.

23420. I repeat, that if you say it was the policy of the Government to purchase those rails irrespective of the probable time of their use, I will ask you no further?—I have already told you what were the true reasons for purchasing. What more do you want?

23421. If you had the two reasons, must you not of necessity have had the one: the greater would include the lesser number?—Which is the greater?

23422. Of the reasons—price and necessity for use. The number two is greater than the single one?—I don't understand you.

23423. We will speak of one first?—One what?

23424. One reason for getting them—the reason that they were required for use; now, as to the requirement for use, I am asking whether that was a matter of departmental administration, or whether it was one of the principles adopted by the Government on this matter?—If it was one of the principles of Government, you have no right to ask.

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33425. I understand that we may not criticise it; I only ask to know whether it was so or not?—I decline to answer. The act of every Department must always be assumed to be the act of the Government. Declines to answer.

23426. I understand you to suggest that every act, every detail of the administration of the Department must, in a constitutional light, be considered to be part of the policy of the Government?—I am not here to discuss constitutional questions.

23427. I understand that you are discussing them?—No; you are quite mistaken.

23428. Do you decline to say whether the necessity of having the rails at that time in view of the period when they would be used was one of the elements in the decision for their purchase?—I have already said it was one of the elements. Necessity for the use of the rails one of the elements in decision to purchase them.

23429. But do you decline to give the particulars of that reason?—I have already answered.

23430. I am endeavouring to ascertain where the necessity for the purchase existed?—There were 2,000 miles of railway to build.

23431. When?—According to the bargain of 1871 it was to be built within ten years.

23432. And was that the reason that you thought it necessary to purchase in 1874?—I decline altogether to answer questions respecting the policy of the Government, and you may as well understand that sooner or later. Declines to answer.

23433. I don't want you to state the reason for any policy of the Government, but I wish you to make it clear whether it was then the policy of the Government to purchase those rails?—Unless it was their policy they would not have been purchased, of course.

23434. We think the Commissioners are entitled to assume that the details of the departmental administration may be inconsistent with the principles of government adopted by the Ministry, and that those details may be enquired into?—I have nothing to do with the assumptions of the Commission.

23435. I only wish to state them clearly so that you may understand the position we are taking, and may bear the responsibility of refusing to answer or not as you think fit: do you decline to give any evidence upon the particulars of the necessity for the purchase of those rails on account of their probable use?—I have already said all that I have to say about the reasons for their purchase.

23436. Will you say as to the price, whether that was a material element in the decision to buy them?—I have already said so. The price a material element in the decision to purchase.

23437. Are you willing that that should be investigated?—That what should be investigated?

23438. The reasonableness of that conclusion that the price made it proper to buy?—I cannot hinder you from investigating anything you please.

23439. Will you say, then, what appeared to be the reasons in support of the view that that was a good time to buy because of the price?—I know of no reasons except the statement of fact.

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The price had reached a lower point than it had ever reached, and Fleming thought it was likely to rise.

Witness adopted Fleming's reasons.

23440. And what was that?—That the price had reached a lower point than it had ever reached, and that Mr. Fleming thought it was likely to rise.

23441. Did you not consider it expedient, as administrator of the Department at that time, to enquire into Mr. Fleming's reasons more deeply than merely by hearing that that was his conclusion?—Well, of course, I adopted his reasons.

23442. At the time that it was decided to make the purchase of rails, can you say whether it was considered expedient to attract English competition as well as Canadian competition?—To attract English?

23443. English competition on the prices?—As to that—I did not understand your question at first—there were no Canadian manufacturers of steel rails that I am aware of.

23444. But there were Canadian dealers?—I am not aware of any. There are Canadian agents for English dealers. I am not aware of any Canadian dealers for themselves.

Thought every one should have an opportunity for competing.

23445. You were aware of Canadian agents for English dealers: was it considered advisable that the competition should not be restricted to Canadian agents of English dealers, and that English agents and English dealers should compete?—I supposed every one should have an opportunity of competing.

23446. Did you consider that eight days was a sufficient time to give English agents and English dealers an opportunity to do so?—If I had not thought so the advertisement would not have been issued.

Advised to extend time from eight days, so as to enable agents to write rather than telegraph to their principals.

23447. Were you afterwards led to the conclusion that it was not sufficient time?—Some parties advised me to extend the time so as to enable dealers, instead of telegraphing to their principals, to write to them, and the time was at once enlarged as soon as that desire became known.

First quantity spoken of by Fleming 40,000 tons.

23448. At the time of the reception of those tenders in November, 1874, would you say what quantity it was considered expedient to purchase?—I think the first quantity spoken of was 40,000 tons, by Mr. Fleming.

23449. Did you adopt his view?—Yes; I have already mentioned that.

23450. This was a very large transaction, and it may be assumed that you took a part in considering the effect of the tenders and awarding the contracts?—Perhaps you had better, instead of assuming anything, ask any questions you desire to ask.

Usual course for Minister to take some part in awarding contracts; usual course taken.

23451. I will ask it in another way if you prefer it: did you take any part in considering the tenders and awarding the contracts?—It is the usual course in awarding all contracts.

23452. Did you take the usual course?—Yes.

23453. Do you remember, at this distance of time, the relative rank of the tenders, giving the lowest price to the first rank, and so on?—No, I do not; but I presume the reports in the Department will show that.

23454. Can you say whether there was any intention to give any preference to any party in contracts beyond what would be called for

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by the tenders themselves?—I am not aware of any such intention. I cannot conceive how there would be.

23455. Then, I understand you to say that the tenders themselves will point to the persons who should have got the contract according to the prices. There is the schedule by Mr. Fleming showing what he understood to be the contents and substance of the different tenders on this subject. If you wish to look at it, I shall be glad if you will say whether it shows that this is the rank of the tenders for delivery at Montreal?—I suppose the paper will speak for itself.

23456. I only wish to know whether you find any construction applicable to it which I have not found; we might differ on the meaning of it?—Ask me any question you like.

23457. I understand that the West Cumberland Co. were the lowest tenderers for 5,000 tons?—That is Guest & Co.?

Tenderers in
 their order.

23458. Cox & Green were their agents; 5,000 tons at \$53.53?—Yes.

23459. I have also understood, from the papers in evidence, that the 40,000 tons were all contracted for to be delivered at Montreal?—Well?

23460. Is that as you understand it?—I think so; I am not quite certain of that, however.

23461. Not only contracted, but advertised for to be delivered at Montreal. The next lowest tender, or rather it is equally low, is that of the Ebbw Vale Co. for 5,000 tons, at \$53.53; the next lowest is Guest & Co. for 5,000 tons, at \$54; the next lowest is 10,000 tons by the Mersey Co. at \$54.26; the next lowest is by the Aberdare Co., 5,000 tons at \$54.75. Now, that quantity reaches only 30,000 tons, and still the Aberdare Co., who were the lowest tenderers for the portion of the first 30,000 tons, got no contract: can you explain why that was?—That the lowest tender got no contract?

23462. The Aberdare Co., were among the lowest tenderers for the first 30,000 tons, and still though 40,000 tons were ordered they were omitted?—I suppose it was because they were higher.

23463. That could not be if they were among the lowest for the first 30,000 tons?—The question is, what did it cost the Government.

23464. That is all. For the first 30,000 tons the tenders, as far as I can construe them, and according to that schedule which is now before you, show that the West Cumberland Co., the Ebbw Vale Co., Guest & Co., the Mersey Co. and the Aberdare Co., were the five lowest tenders for the first 30,000 tons?—The lowest first tenderers were offered more than what they had put in their tenders. Cox & Green, for instance, had only 5,000 tons in their tender, and they were offered more.

23465. So far we have had no other direct evidence of that?—I cannot help it. I am making evidence of it now.

23466. How were they offered it?—They were offered it by Mr. Trudeau with my knowledge and consent.

23467. Is not that a mistake?—No; I think not.

23468. There is on record the fact that they wrote to you on the 18th of December offering another 5,000 tons, and on the 22nd you telegraphed them back: "No further steel rails wanted, thanks?"—

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They had declined in the first place, and offered, subsequently, after the transaction was completed.

23469. There is no evidence of that offer?—I cannot help that. The offer was made, nevertheless, and Mr. Trudeau informed me that they declined. It must have been so.

Witness's recollection that West Cumberland Co. were offered a larger quantity than 5,000 tons.

23470. Then your recollection is, that before arriving at the quantity of 40,000 tons, the West Cumberland Co. were offered a larger quantity than 5,000 tons?—Yes; that is my recollection. My recollection is that every tender was dealt with that was the lowest, in order to get the quantity we decided upon at the lowest possible prices.

Presumes that Guest & Co. were offered an opportunity of supplying a larger quantity.

23471. Were Guest & Co. offered an opportunity of supplying a larger quantity?—I presume they were.

23472. Then, you have no positive recollection?—No, I have no positive recollection. What makes my recollection in the case of Cox & Green is, that the newspaper correspondence brought out the fact that they stated themselves that they were offered it.

23473. What correspondence?—Newspaper correspondence.

23474. And the Mersey Co.; their offer was 10,000 tons at Montreal: do you remember anything about that amount being increased?—I think so. It was increased to 20,000, that being the best arrangement the Government could make as to price.

23475. Then the Aberdare Co., do you know anything about them?—I do not recollect anything about them. I presume we never reached their figure.

Has no recollection of the fact that the Aberdare Co. was passed over, Guest & Co. being given a preference though 49 cts. higher.

23476. It appears that their figures were reached, and that 5,000 tons—the second 5,000 tons—were given to Guest & Co., at the price of \$55.24, while the Aberdare Co. had offered to supply the same quantity at \$54.75, giving Guest & Co. the preference and 49 cts. per ton more than the Aberdare Co. had offered to furnish them for?—I have no recollection of it.

23477. The way that happened was this: Guest & Co. offered one 5,000 tons at \$54, and another 5,000 at \$55.24. Both offers were accepted, which reduced the average to \$54.62. That average would be below the Aberdare Co.'s offer, which was \$54.75?—My general view, as expressed to Mr. Trudeau, was that each tender should be followed up, beginning at the lowest, giving them as much as they would take, and proceeding upwards only when forced to do so by rising prices.

23478. Taking 10,000 tons—not from Guest & Co. alone, but half from Guest & Co. and half from the Aberdare Co., would have reduced the rate for the whole 10,000 tons. I do not know whether that circumstance was called to your attention; please state if it was?—I do not think it was.

The increase in the Mersey Co.'s supply carried out by Trudeau, and probably referred to me as Minister.

23479. There is no tender and no correspondence upon the subject of this increase in the Mersey Co.'s supply: could you say how the negotiation was carried on?—It was carried on by Mr. Trudeau, and probably referred to me as Minister.

23480. When you say probably, I suppose you mean that you are not able to say positively?—I have no precise recollection, but I

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have no doubt that that was the mode. I recollect of Mr. Fairman calling upon me once or twice, but I referred him to Mr. Trudeau, through whom all business was transacted of the kind.

23481. After this 40,000 tons had been bargained for, there seems to have been a halt in the transaction. That was about the 3rd of December, 1874, and subsequently a change of tactics early in January, and a further supply was procured; could you say what led to the necessity of the further purchase?—That is for the Pacific coast?

23482. I think the new lots amounted to 10,000 tons—of that, 5,000 tons went to Vancouver?—About that time we were about entering on the obligation to build the Island railway, and it was with the view to have iron rails sufficient for that that the second purchase was made.

Second purchase made with a view to building the railway on Vancouver Island.

23483. You think that was what led to the changed position and the purchase of the further lot?—I think so.

23484. Was that change, do you think, after the refusal to take the West Cumberland Co's second offer of 5,000 tons at £11 in Montreal—equivalent to £10 sterling in Liverpool?—I have no recollection of dates.

23485. The circumstance happened somewhat in this way, as far as disclosed by the Blue Book reports and the evidence before us: on the 20th of December, or about that date at all events, the West Cumberland Co. offered 5,000 tons more at £11 sterling in Montreal, which I understand to be equal to £10 sterling in Liverpool, because the freight across was £1. That was refused immediately by telegram, stating no further rails were required. On the 4th of January, Cooper, Fairman & Co. write to you. That is the first letter upon the subject, as appears by the reported correspondence, and they use this language: "With reference to the 10,000 tons required f.o.b. Liverpool"—apparently pointing to some definite 10,000 tons, and suggesting that between you and them mention had been made of 10,000 tons: do you recollect the circumstance of any allusion to such a quantity being made before that letter—I mean any allusion in any correspondence between you and Cooper, Fairman & Co.?—I think there was no correspondence. There might have been conversations.

Thinks conversations may have taken place with Cooper, Fairman & Co., which would account for the way they write on the 4th January.

23486. Between you and some of them?—There may have been.

23487. Do you say that there was?—I really cannot say. I have a recollection of an interview with Mr. Fairman once or twice while the main tenders were pending, but I have no recollection of any subsequent one.

23488. On the same day, that is the 4th of January, a telegram was sent to you from Montreal, by some persons using this signature: "Agents, Mersey Co."

"Mersey Co. having signed tender deliver at Montreal, cannot now deliver west."

Did you understand this title to mean Cooper, Fairman & Co.?—I do not recollect of the telegram at all.

23489. It is reported on page 38 of this Blue Book concerning correspondence on the steel rails?—There are three telegrams apparently the same day.

23490. From Cooper, Fairman & Co.?—Yes. there are some on the previous page.

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Supposes the phrase "agents, Mersey Co." meant Cooper, Fairman & Co. Never any public competition for the 5,000 tons for which the tender of Cooper, Fairman & Co. was accepted at £10 10s.

Cannot tell whether it was considered that £10 10s. from Cooper, Fairman & Co. was better than £10 5s. from Crawford.

23491. That is the letter to which I allude; it is a second telegram?—What is your question about it?

23492. I ask whether you understood that title "Agents, Mersey Co." to mean in fact Cooper, Fairman & Co?—I suppose it must have been. They were the agents.

23493. On the 7th January you accept their tender for 5,000 tons at Liverpool at the rate of £10 10s. sterling; can you say whether there ever was any public competition or any kind of competition as to any purchase of rails f.o.b. at Liverpool?—No; I don't think there was.

23494. You think not?—I think not.

23495. At the time of accepting their offer, a spontaneous one, as I gather from the reported correspondence, were the following circumstances taken into account, that two days before you were able to purchase from the Cumberland Co. at £10 sterling in Liverpool, or equivalent to that, because it was only £11 at Montreal, that on a previous occasion the Department had communicated, before the reception of tenders, that they were receiving no tenders or entertaining none for the delivery at Liverpool, and that in fact Crawford had offered them there at £10 5s. and the offer was not entertained?—I have no recollection of Crawford's offer.

23496. It is reported on page 25 of the same Blue Book?—It was during the summer of next year.

23497. That would be for delivery in the summer of 1875?—Yes.

23498. That would be quite as early as you wanted them or got them?—No; I don't recollect our reasons for declining that.

23499. Then, do you say that the acceptance of Cooper, Fairman & Co's offer was made without the consideration of those circumstances?—I do not think so; I have no doubt they were all considered.

23500. Was it considered that rails at £10 10s. from Cooper, Fairman & Co. was better than at £10 5s. from Crawford?—I cannot tell. It may have been. It would depend altogether upon inspection and quality.

23501. Are you able to say that any such matters were considered; that there was such a difference as you describe; that one firm had a better quality or was more desirable?—The fact that there was a decision in the case implies consideration. I have no recollection of discussions respecting the matter.

23502. No one else of those who have been before us has touched upon any such comparison between these offers—Crawford's and Cooper Fairman & Co.'s, and the other gentlemen in New York, who were informed that their offer would not be entertained. That refusal to entertain the offer is found on page 3 of this same Blue Book?—This has reference to the original tenders.

23503. Yes; I am asking whether afterwards in January, before accepting the offer of Cooper, Fairman & Co. those circumstances were considered?—Which circumstances?

23504. The circumstance that Mr. Justice had been told that no tenders for delivery at Liverpool would be accepted, and the circum-

stance that Mr. Crawford had offered them at £10 5s. : I ask whether these were considered before deciding to award the contract without competition?—It was a subsequent transaction altogether.

23505. Can you say if they were considered, or why it was not worth while to ask for the competition of Crawford or of the Cumberland Co. who had two days before accepted £10 as a price?—I know of no reasons whatever, except what are in the public documents in the office. I have no documents.

23506. Is there any fact connected with any of those contracts about steel rails which you think it proper to offer by way of evidence, that has escaped our attention?—I know of no fact.

23507. There is a circumstance upon which we do not think it necessary to take further evidence, but I mention it in case you should desire to state anything upon the subject. Mr. Chas. Mackenzie, in his evidence before us, said that he was a member of the firm of Cooper, Fairman & Co., and that after they got the contract for those rails, and before he informed any of them that he intended to retire, he had a conversation with you on the subject; is there anything connected with that which you think ought to be explained by evidence from you?—Well, I have no objection, as it is a personal matter, to answer any questions you like to ask.

23508. We do not ask for any; we wish to afford the opportunity if you think it desirable?—As soon as I saw the statement in a paper—I think it is the *Montreal Gazette*—that Chas. Mackenzie, or myself, or some connections, were interested in that contract, I telegraphed to him asking if it was so, if he had any interest, and if I might state that he had not. I received his answer promptly to say that he had not any kind of interest, good, bad or indifferent. I then telegraphed to some newspaper denying the allegation made. I recollect well his speaking to me about Cooper & Fairman being concerned as agents for some English companies, and that it would never do for him to remain in connection with them on that account. What precise date that was I do not remember.

23509. Your telegram to him, as I understand it, was the first communication with him on the subject?—Yes.

23510. That was before an interview?—Yes; I think so. It may not have been before the interview. I hardly think it could be.

23511. Then do you think you telegraphed him, notwithstanding a previous interview at which you learned his standing in the matter?—I presume so. I wanted a definite statement from himself whether he had any interest in it or not.

23512. Was the telegram to ask whether he had consummated his intention of retiring, because at his interview he informed you that he had that intention?—No; the telegram was to ask him whether I might state that he had not any interest in that contract. I have no objection that you should get that telegram—I mean from the Department, if it can be got.

23513. We do not consider it necessary to get such particulars; we only wish to learn if there is anything about it that you think desirable should be put in the evidence?—Of course I am perfectly aware of the falsehoods circulated in the country about it at the time. I

Purchase of
Rails—
Contracts Nos.
6-11.

C. Mackenzie's
retirement
from firm of
Cooper, Fair-
man & Co.

Telephed to Chas.
Mackenzie to
know if he might
say he had no
interest in firm of
Cooper, Fairman
& Co.

Hardly thinks
this telegram
could have been
before an
interview.

Telegraphed to
him after an
interview in
which he learned
his standing
towards the firm,
because he want-
ed a definite
statement.

C. Mackenzie's retirement from firm of Cooper, Fairman & Co.

presume that no one, though used for political purposes, ever believed that I had any connection with anything that was improper, and I merely mention what I have done because of those statements.

Georgian Bay Branch—Contract No. 12.

23514. It is for the purpose of affording an opportunity to make any desired explanation that we mention the subject. The next contract in the order of numbers is the Georgian Bay Branch; that was made with Mr. Foster in February, 1875, and about the end of the year, or the beginning of next, it was cancelled?—Yes.

23515. Not speaking just now of the Canada Central extension, but of the Georgian Bay Branch proper—a payment of about \$41,000 was made?—Yes.

As to the payment of \$41,000 to Foster, can only say that Fleming reported the money might be paid.

23516. It seems that this was the whole amount paid by the Government, and his deposit was returned to him. The only matter about this which we desire to enquire into is whether the fact that this line was impracticable could have been ascertained for a smaller sum if the Government had undertaken the explorations and surveys which Mr. Foster made, and for which this was intended to reimburse him: can you give us any information upon that subject?—We have simply Mr. Fleming's report, in which he says that the amount expended would be useful in continuing the explorations westward, and if properly certified might be paid to that extent. I forget the precise amount he suggested.

23517. Mr. Fleming, as we have gathered from a report which he himself puts in, made very strong representations to the Government based on letters of Mr. Hazlewood, that such a route as that adopted by the Government would certainly be feasible?—Yes.

Fleming turned out to be mistaken in his belief that the route adopted by the Government would prove feasible.

23518. And that that turned out to be a mistake; so that the only circumstance about it was that the Government was misled into this contract upon incorrect information from the Engineering Department?—Yes; of course.

23519. Is there anything else about it which you think worthy of mention?—Nothing occurs to me, but I would be very glad that you should ask me any question that occurs to yourself.

23520. There is nothing else about it that we think requires explanation?—I have been told lately that the route selected by Mr. Hazlewood would have turned out to be the best after all.

23521. Mr. Shanly and Mr. Fleming, at a later date, state that the gradients could not have been secured. At first Mr. Fleming did not agree with Mr. Shanly's proposition, but on the latter occasion he admits in effect that his first information was not well founded: is there anything connected with it which you think ought to be mentioned?—No; I am not aware of anything as far as explanation is concerned, but I will be very happy to give any if required.

23522. *The Chairman.*—Nothing occurs to us.

Railway Location—Contract No. 13.

23523. The number of the next contract is 13, which was for the portion of the railway next west of Lake Superior; could you say whether any definite policy upon the question of building a line through that section of the country had been adopted by the Government?—Well, the objection that I previously raised as to discussing the policy of the Government comes in, but as the matter was really explained in some of my speeches, I need not have any hesitation on

that point at present. The policy of the Government was to obtain the best and shortest line as to grades and curves between Thunder Bay and Red River, or Rat Portage, which was the objective point between the two. The policy of the Government looked to the possibility of the road east of Thunder Bay not being constructed for many years, and to use the water as the means of communication between the Ontario system of railways and Fort William, and possibly to utilize the small lakes in the interior of this country also for a term. The Government might, perhaps, have chosen not to commence any building at all until the entire line was surveyed and decided upon, but we looked upon it as very important to have an immediate entrance into that country through our own territory for the summer, if not for the whole year, and therefore decided to construct this portion as fast as we could get it put under contract, the two ends at least, that is, between Red River and Rat Portage, and between Fort William and the interior line of lakes at Port Savanne.

**Railway Location—
Contract No. 13.**

Policy of Government to obtain the shortest line between Thunder Bay and Rat Portage.

Decided to construct this portion as fast as it could be got under contract.

23524. You have answered the question at greater length than I intended when I asked it, because you have been good enough to inform us of some of the reasons for the policy. My object in asking the question was to ascertain what the policy was (or if there was any policy) as to the mode of building that link. That being now established, I would like to ask whether it was so decided, without reference to the state of the examinations by the engineers, or whether it depended upon any conclusion as to the sufficiency at that time of those examinations. This is asked with a view only of ascertaining whether the engineering staff were then considered efficient?—The line was run in the first place from Nipigon Bay up by the Sturgeon River route, keeping far north of the present line, but was exceedingly rough—so rough and impracticable, in fact, as to lead the engineers and the Government to give up the idea of taking it by that line. In 1873 and the early part of 1874 it seemed probable that the Nipigon Bay line would be the one adopted; but for the reasons stated and the other reason not stated, but which I may state, that we found it quite practicable to obtain the minimum grades upon this line, and very straight curves, we proceeded with that. As to the engineering staff, it is a very difficult thing for a staff, scattered over a country like that, to obtain in one year or two an accurate idea of the difficulties to be encountered.

Line run in the first place from Nipigon up by the Sturgeon River route far to north of present line, but was so rough as to lead to its being given up.

23525. Perhaps I ought to have put my question in this way: whether, before entering upon any contract for section 13, it was understood that the Engineering Department had acquired such information as would enable quantities to be mentioned with something like accuracy?—Well, I do not think there was such an instrumental survey of the whole line at that time as made it possible to do that. It was a matter of calculation by observation simply, as any engineer can tell in passing through a country what it is likely to amount to as to quantities. The east end and the west end were ascertained at the time.

Does not think before making contract there had been such an instrumental survey as would have made it possible to give quantities with something like accuracy.

23526. I think as to section 13 it appears that no location, properly so called, had taken place, but what Mr. Fleming designates a trial location, and that the quantities had not been even approximately ascertained?—That was not my impression.

23527. Do you remember that at the time the contractors went upon the ground to commence this work they were not able to proceed, and

Railway Location—

Contract No. 13.

Contractors delayed while a location was being made.

remained some weeks while the actual location was taking place?—That is while a deviation took place. Mr. Hazlewood ascertained that there was a better route for many miles, both as to quantities and as to grades, and it appeared that Mr. Murdoch had never examined the country as a whole as Mr. Hazlewood did, and that part that was changed had to be gone over again. That is my recollection of the circumstances.

23528. Mr. Marcus Smith has said, I think, among other witnesses, that this contract was let upon a trial location; and it appears that the specifications were dated January, 1875?—It was let upon precisely the same data as the other contracts were let, I think.

23529. It would be convenient to deal only with this one at this moment. Mr. Fleming, at page 9 of his report of 1877, in describing all the surveys that had taken place up to the end of 1874, says a trial location survey from Thunder Bay to Shebandowan had been made, and he distinguishes between a trial location and a regular location by saying that the first mentioned, namely, the trial location, is the first attempt at staking out a line for construction, the tangents being laid down, and, when necessary, the curves being set out, and he proceeds to describe the location survey as a more exact examination of the ground?—Well, I understand it was an exact survey of the ground, that the quantities were calculated from actual data. Indeed, it could not have been anything else.

The quantities were calculated from actual data.

23530. You think it must have been a regular location?—I think so.

23531. Is it because the specifications purported to give quantities that you come to that conclusion?—Yes.

23532. That brings us back to the question that I first intended to ask—whether the Government, at the time of deciding to build the line, considered that they had means of arriving at accurate quantities?—So the engineers reported.

At the time of deciding to build the line the engineers reported that the Government had the means of arriving at accurate quantities.

23533. Then it was upon that representation that the policy was adopted, as I understand?—Undoubtedly; partly as to quantities and partly as to grades. The question of grades was a governing one always. We decided on a policy of having a minimum grade coming east and one going west, the one going west of forty and coming east of twenty-six, and even if it had made a serious difficulty in cost, we probably would still have persevered in carrying out the line.

23534. Shebandowan was at first the western terminus of contract No. 13?—Yes.

23535. That was abandoned and the line was deflected north-westerly at some point nearer Thunder Bay?—It was supposed at first that the best line lay by the Shebandowan and Sturgeon Falls route, with a possibility of crossing by the Narrows, but having in any case the objective point of Rat Portage. The country west of Sturgeon Falls was found too rough to be considered practicable, and the deviation was made northward without lengthening the line at all.

Country west of Sturgeon Falls too rough, and a deviation northward made without lengthening the line.

23536. All the other questions that have occurred to us concerning section 13 appear to be engineering ones, and it is not necessary to trouble you further unless you think of something that ought to be mentioned?—No; there is nothing that I know of.

23537. The number of the next contract is 14. That was from Red River to Cross Lake. In order to proceed with the construction of that, it was necessary, of course, to settle a terminus on Red River. Selkirk seems to have been selected for that: can you say whether you, as Minister of Public Works, took any part in that selection, or was it left to the Engineer?—It was left to the Engineer.

23538. As to whether it was desirable to let the contract at the time that it was let for practical purposes, I would ask whether you are aware that a portion of the line next the Red River could not be proceeded with, and that when the contractors arrived on the ground they were not able to go on, and were put to large expense. Please look at this answer to question 1742 by Mr. Sifton, I do not know whether it will refresh your memory?—If there was any remonstrance made by the contractor, it will be in the Department, I suppose. I have no recollection of anything of the kind.

23539. I am not speaking as to the position he afterwards took on the subject, but as to the knowledge the Department had at the time of the real state of affairs in that neighbourhood?—I am not aware of any special state of affairs.

23540. Were you aware that at that time there was no located line next the river, and that the contractors would be obliged to transport their supplies for some distance into the country before they began their work?—No; I was not.

23541. There was a change from the original contract made respecting a portion of the line just at the east end by which Mr. Whitehead undertook to finish that instead of the original contractors, Sifton, Ward & Co. I have here a written agreement which was made between the parties subject to the approval of the Minister at the time?—What is the date?

23542. 13th of September, 1878. This is a copy of the contract, and I may refresh your memory by stating the difficulties that seemed to exist at the time. The work at the east end of section 14 was over a much rougher portion of the country than that west of it?—Yes.

23543. That seemed to involve the necessity of using machinery, engines and cars, &c., to transport the earth from one part to another to do the filling. Mr. Whitehead, the contractor for section 15, had this machinery; Mr. Sifton had not, and some arrangement was made between them, subject to your approval: can you say whether you assented to that on the understanding that Sifton & Ward should, nevertheless, get their original prices, or whether it was an abandonment on their part of so much of the line and the assumption of it by Mr. Whitehead?—I certainly had no intention it should be anything else but that.

23544. But what?—That Mr. Whitehead should do the work.

23545. For the Government or for them?—For them.

23546. Did you understand they were to get their original prices?—Of course not. Whatever Mr. Whitehead was to get they could not get.

23547. Were they to get anything else beyond his contract price?—He was to get what their contract called for. They could get no more, and if Mr. Whitehead did part of the work that their contract covered,

**Railway Location—
Contract No. 14.**

The selection of Selkirk as the Red River terminus left to Engineer.

Not aware at the time contract was let that there was no located line next the river.

Railway Construction.
Contract with Whitehead to finish the work at the east end.

Understood that whatever Whitehead was to get, the contractors would get.

**Railway Construction—
Contract No. 14.**

he was entitled to be paid, of course, according to the agreement between them.

23548. I wish to ascertain now whether the particular nature of this assent on your part, or the result of it rather, was discussed or considered at the time, and I would like to explain more fully the nature of the dispute which has since arisen. I am not doing this with a view to ascertain whether their claim is a good or a bad one, but whether the action of the Department was expedient. They had no limit to the price which should be paid for haulage. The usual condition, at all events, in subsequent contracts was that after 2,500 feet contractors got no additional haulage, but that between 1,200 and 2,500 feet they got 1 ct. per 100 feet. The haulage in this case was some two miles. Mr. Whitehead undertook to do it for 40 cts. and find his own implements, and no extra charge. Sifton & Ward say he was their sub-contractor, that they did not give it up entirely to Mr. Whitehead, that they were to get their price for haulage, which amounts to some \$150,000 above Mr. Whitehead's price, that Mr. Whitehead's price should be taken out of that sum and that they should be paid the difference: I wish to know if these features of the transaction were submitted to you and considered by you?—I do not think they were. It was the substitution of one contractor for another as to that particular work; that is my recollection. However, I was somewhat busy about the time this arose.

The contract with Whitehead was the substitution of one contractor for another for the portion of work in question.

23549. We have no further questions concerning section 14, but if you think of any other fact which would be material we should be glad to know it?—I know of nothing concerning it, only what is in the Department.

23550. There is another matter that has occurred to us, and which may be worthy of consideration, but which is perhaps more of an engineering question than a Departmental one. It is this: that this substitution of one contractor for another upon that end might have been prevented if that portion of the country had been thrown into section 15, because it was the same character of country. I may ask you whether you took any part in deciding that the terminus of section 15 at Cross Lake should be where it is instead of a mile and a-half further west?—No; it was wholly the Chief Engineer. I knew nothing of the country personally, except what I could glean from reports.

**Fort Frances Lock—
Expenditure.**
Knows nothing contrary to the view that the moneys paid out had been accounted for.

23551. There is a circumstance connected with the expenditure at Fort Frances Lock which has not been dealt with, I understand, by any Parliamentary Committee—it is this: not whether it was an expedient thing to build it, but whether the money actually paid out by the Government was fairly accounted for and fully spent in the interests of the Government?—I know nothing to the contrary.

23552. Do you know whether it has been investigated in any way by the Department?—I presume the same investigation takes place with regard to all payments. I know of no special investigation. The matter of payments is always a matter between the engineers and the Deputy Minister.

23553. Then no question has arisen specially to call your attention to the subject?—No; I never investigated accounts unless my attention was called to it specially by the Deputy.

Tendering—
Contract No. 15.

23554. The next number is section 15, upon which a great deal of discussion has taken place regarding the engineering and financial features, and I hardly think it necessary to ask you anything about that. It has been very fully dealt with, but as to the letting of the contract, it was let to Mr. Whitehead nominally in conjunction with Sutton & Thompson?—It was let to Sutton & Thompson, and they took Mr. Whitehead in as a partner, and he afterwards bought them out altogether. That is my recollection of it.

23555. But was not the original contract in the name of the three?—I think so unless the sale was made before the contract was signed, I am not quite positive about that. There is a printed return, I think, somewhere, an Order-in-Council, which explains the whole of it.

23556. It was let to the three apparently together?—That is my recollection. Contract let to three contractors.

23557. That is what I intended to say when I said it was let to him in conjunction with them; my question about that is whether at the time it was actually let apparently to the three of them, you were aware that he was, by arrangement with the others, the single person interested?—I am not sure that I was at the time. I was aware afterwards—very soon afterwards—that he was to do the work himself. Not sure whether at time of letting he was aware that Whitehead was alone interested

23558. It was before the contract was really awarded to them that he arranged that he alone was to be interested?—He may have.

23559. My question was intended to ascertain whether you or any one in the Department was aware that he alone was interested?—I do not think so, then.

23560. Were you aware that Senator McDonald or his son had any interest in the contract at the time it was let?—No; I was not. Perhaps you would allow me to look at that Order-in-Council; I think there is a narrative there. We were dealing with Sutton & Thompson altogether in letting the contract, and I observe, as I thought, they answered telegrams that were sent to them as to whether they had paid Mr. Charlton or any one on his account a sum of money for withdrawing. Was not aware that Senator McDonald or his son had any interest in contract.

23561. I understand you to say that at that time you were not aware that Senator McDonald had any interest, or was taking any part in the matter?—Senator McDonald called at the Department on behalf of Mr. Whitehead, and told us that he was to furnish the security, but we knew nothing of any arrangements between the two. I supposed, being a relative, that he was doing it as a matter of favour to Mr. Whitehead.

23562. Was there any reason to suppose, at that time, that they were effecting the withdrawal of Charlton?—I saw it stated somewhere, or had a letter sent me, I forget which, that they were instrumental in doing that, and Mr. McDonald was in my office and I asked him the question. He denied it very explicitly, and said it was wholly untrue, but I thought that a formal letter should be addressed to themselves. Accordingly this telegram was sent: Asked Senator McDonald who was in his office whether they had paid Charlton for getting out of the way, and Senator McDonald denied it very explicitly.

“OTTAWA, 5th January, 1877.

“Messrs. SUTTON & THOMPSON,
“Brantford, Ontario.

“I am directed by the Minister of Public Works to say that the Department has been informed by parties interested, that the firm of Sutton & Thompson, or some

**Tendering—
Contract No. 15.**

person acting on their behalf, has paid Charlton & Co., or Mr. Charlton individually, a sum of money for withdrawing their tender for the construction of section 15 of the Canada Pacific Railway, and to ask if there is any truth in this matter.

(Signed) "F. BRAUN,
"Secretary."

On the morning of the 6th, that is the next morning, the following reply was received:—

"(Private.)

"By telegram from Brantford, 6th, to F. Braun, Esq., Secretary Public Works Department:

Sutton & Thompson deny that any money was paid to Charlton.

"No truth whatever in the statement that we, or any person on our behalf paid Charlton & Co., or Mr. Charlton individually, a sum of money for withdrawing their tender for construction of section 15 of the Canada Pacific Railway.

(Signed) "SUTTON & THOMPSON."

I assumed, upon Mr. McDonald's representations, which were very strong indeed, as well as this direct denial of Sutton & Thompson, that they were maligned in the matter. I never ascertained whether there was any truth in it or not.

23563. Do you remember that before the matter was finally closed Mr. Martin, who had been a partner of Charlton's, and whose name was mentioned in the original tender, claimed that he had rights which should not be overlooked?—Oh, yes, I remember it quite well; I think it is dealt with there in that Order-in-Council. I will find it if you will allow me. Here it is:

The way Martin, Charlton's partner, was dealt with.

"The letter of Mr. Martin, one of the principals 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 for two months to do so, it would have been evidently useless to wait longer on his account, setting aside altogether the matter of the rupture of the firm of which he was a member."

23564. The report which contains that matter is dated on the 6th of January; Mr Martin's letter is on the 29th of December; would you say whether after the 29th of December you declined to negotiate in any way with Mr Martin, or declined to recognize his standing?—I do not remember the precise date, but I presume from the memorandum that we made, the tender of the work to other parties, and we ceased negotiations with him as a matter of course.

23565. Then, at no time after receiving his communication did you recognize his standing, or deal with him?—We should not; I am not aware that we did. I do not think it is possible that we could.

23566. I am not sure whether you gave as one of the reasons for not dealing with Mr. Martin, that you had already offered it to the next highest tenderers?—I do not know that I did.

23567. Or do you understand that, as far as the next lowest tenderers were concerned, the matter was open?—It could not be open if we offered it to those parties.

23568. I am only asking whether it was open or whether it had then been offered?—I presume it could not be open, and after examining the Charlton & Martin tender we were tolerably well satisfied it was not a *bona fide* tender at all. It was a matter of contract jobbing, I think.

23569. Is there any other circumstance connected with section 15 which occurs to you as being proper to give in evidence?—You have not asked anything about the other tender.

23570. Which?—Kane & Macdonald's.

23571. We have not considered it necessary to ask anything about that; but if there is anything beyond what appears in the reports that you think material, we should be glad to hear it?—Well, I understood from an extract I saw of your proceedings, that Mr. Macdonald made certain representations here.

23572. That did not lead us to think it necessary to ask anything further?—Very well. I have merely to say that Mr. Macdonald and Mr. Kane (I think the other party's name was) tendered, and they wanted to make a condition, that section 14 should be finished within the time mentioned. I could make no condition with any individual contractor. I saw that Mr. Macdonald had made certain representations here, and I thought it proper to mention that. We would be making a new contract without advertising, if we had done so. It would be making the Government responsible for implementing their contract, and for damages if they were not through with section 14 within the specified time. They received every courtesy and attention at all times from the Department, and I have a letter of profuse thanks from Mr. Macdonald for the attention he had received at the Department.

23573. The next is No. 16, which was an arrangement with the Canada Central Railway for an extension from the vicinity of Douglas. There is no question which occurs to us excepting that concerning the rails. There was a loan or an advance of rails; do you remember whether that was returned either in money or in the same quality of rails?—As you are placing that in evidence it would be better to state the facts, I think.

23574. If you will?—The Government were bound by the agreement with the Canada Central to pay 75 per cent. upon rails delivered. A quantity of rails were delivered at Renfrew as near the line of the railway as they could be got. An Order-in-Council specified the neighbourhood of Renfrew or Douglas as the beginning of the subsidized road. Mr. Foster proceeded to construct the branch—we supposed then it would only be a branch—to Pembroke, and applied to the Government for a certain quantity, I forget how much, 100 or 200 tons of these rails, as a loan, until he could deliver others. The Government permitted him to get that quantity, he giving in security in South Eastern Railway bonds to the extent of £60,000, if I recollect right. The rails were afterwards replaced, or accounted for rather in the new contract. The rails did not belong to the Government, but to the company, but we had advanced 75 per cent. of their value according to Mr. Fleming's certificate of the value of the rails. Then they became Government property until the contract was fulfilled. After the rails were laid, the Government ceased to have any control over them.

23575. The next contract, No. 17, was for the transportation of rails from Liverpool to Vancouver Island. It was made by Anderson, Anderson & Co. at the rate of £2 per ton, I think, this item amounted to something over \$50,000; do you remember whether any steps were taken by the Department to ascertain the prices of freights in England before giving the work to Cooper, Fairman & Co., or whether they were allowed to fix the rates?—No; we had some information, whether it was looking at the newspapers, or getting the rates from some other quarter, I do not remember. That was about the freight. £2 10s.

Tendering—
Contract No. 14.

Kane & Macdonald tendered but they wanted to impose a condition that contract 14 should be finished by a certain time.

Canada Central
Contract No. 16.

Loan of rails.

Transportation
of rails—
Contract No. 17.
Did not seek to
ascertain the
freights.

**Transportation
of Rails—**

Contract No. 17.

was what they asked in the first place, I believe. That we declined, and we gave £2.

23576. I think their first offer was £2, and after it was accepted they wanted it raised; but you held them to the original bargain?—Was that it? I had forgotten.

Contract No. 18.

23577. The next, No. 18, is for the transportation of rails from Duluth to Winnipeg. That appears to have been let without any public competition. There were two offers made from individuals: one from Fuller & Milne of Hamilton, on the 6th of April, 1875, and another on the 21st of April, 1875, from N. W. Kittson; do you remember anything of that transaction?—No; I only remember that the contract was given to Kittson & Co.—the North-West Co., I think it was called, or something of that sort.

23578. The Red River Transportation Co.?—Yes.

23579. Do you remember an interview between Mr. Hill and yourself on the subject, he representing the Red River Transportation Co.?—I saw Mr. Hill; I do not know whether it was on that occasion or not.

**Reason why a
higher price was
paid to Kittson
than Fuller &
Milne were ready
to do the work
for.**

23580. Do you remember any good reason why a higher price should be paid to Kittson & Co. than to Fuller & Milne?—I think they were the only parties who could do it, for one thing. They had control over all the boats on the river, and they had control of the railway; but besides that we had nothing for storage giving it to Kittson. They were obliged to find storage and wharfage at Duluth, and besides there was a question of currency which made a difference of some cents. We thought it advisable on all grounds that they should obtain the contract.

23582. Then, upon the whole, do you say that there were some reasons why it should be given to Kittson at a higher price?—The reason I have stated was, I believed they were the only parties who could do it, but I do not believe the price was higher.

23582. If it was higher, was there any reason that you know of?—There could be no other reason than that.

23583. You think there was that reason—that they offered storage, which Fuller & Milne did not?—The others could not; they had not the storage.

23584. But if they tendered for it?—I do not think they tendered for it; that is my recollection at least.

23585. As far as the currency is concerned Fuller & Milne state distinctly their rates are American currency?—In their tender?

23586. In their tender. That would dispose of that matter?—Yes; have you their tender there? (Tender handed to witness.)

**Kittson's condi-
tions as to depth
of Red River.**

23587. The offer of Mr. Kittson involved serious difficulties and conditions as to the state of the water in Red River; he offered to carry them only on condition that the water was of a certain depth, Mr. Fuller's offer was unconditional in that respect; and, as a matter of fact, Mr. Kittson did not deliver the rails as far north as was intended, the reason alleged by him being the state of the water?—Not all.

21588. I think some 29,000 tons used in building the Branch were not delivered?—That was to be built in any case.

Transportation
of Rails—
Contract No. 18.

21589. I think, in your Order-in-Council you advised the building of that Branch?—It had to be built at any rate.

21590. I mean built at that particular time?—Oh, yes.

21591. This is a letter of the 23rd of May, from your Department to Mr. Kittson upon the subject. I do not know that the correspondence shows that particular advantage which you think governed the decision about storage: are you aware whether it was arrived at by conversations and not by writing?—I think there is no doubt whatever that they had control of almost every boat on the river.

23592. And was that a reason why they should get a higher price?—It was a reason why they should have the contract if they were the parties, and the only parties, likely to deliver them.

23593. Fuller seems to have been a responsible party for a contract, because he had a contract for constructing a telegraph line?—I suppose so.

23594. And, if a responsible person, I suppose he could be dealt with?—No doubt. It was quite impossible for him to take them in in the same time.

Fuller a responsible person; nevertheless quite impossible for him to take rails in in the same time as Kittson.

23595. I notice that in a memorandum of yours in pencil at the foot of Kittson's offer of the 21st of April, you direct some one to write and say that Mr. Hill's offer—I suppose alluding to a verbal offer—covered all charges at Duluth, and asking that this be also put in writing?—Yes.

23596. He afterwards makes a written offer, but this item of storage which you mention does not appear to be in the writing?—It should have been.

23597. There is wharfage and dockage, and handling?—Yes; they were responsible for it altogether. The moment they were delivered over the vessel's side they took charge of them.

23598. After getting his revised offer in obedience to your pencil memorandum, I suppose it was assumed that the documentary evidence was complete as to the offer of both parties?—I suppose so. It ought to be, at all events.

23599. Do you know what the usage was as to the weight of tons in transactions concerning rails where no weight was mentioned?—I think the usual ton with us is 2,000 lbs.

2,000 lbs. the ton of usage.

23580. You think that was the usage at that time in dealing with rails?—I know nothing about rails. I mean to say that was the current weight of our ton.

23581. I ask whether you considered that applied to rails?—I do not remember whether we had that under consideration. It was, I think, the long ton at sea—the English ton.

23602. There was a contract (No. 20) with Cooper, Fairman & Co. representing the Merchants Lake line for the transportation of rails from Montreal to Fort William. That was submitted to public competition, and a Mr. Samuel appears to have been the lowest tenderer: do you remember any of the circumstances connected with the matter? He did not get the contract?—I do not remember the precise circumstances. I know there was some question arose about it. This

Contract No. 20.
The lowest tenderer did not get the contract which was given to Cooper, Fairman & Co.

**Transportation
of Rails—**

Contract No. 20. memorandum of the 29th of April, 1875, gives, of course, the whole history of the transaction.

23603. That appears to be based entirely upon the circumstance that Mr. Samuel was not a steamboat owner?—There is a paragraph to that effect.

23604. Do you remember whether there was any other reason?—I know of no reason—at least, I remember of no reason.

Contract No. 28. 23605. Contract No. 28 was also for the transportation of rails; it involves, apparently, an amount of something over \$200,000. It was awarded to the Red River Transportation Co. contractors, and without competition: do you remember whether there was any reason for not submitting it to competition?—What is the date?

23606. 16th of May, 1876?—And what is the date of the other?

23607. The other is just a year before?—No; I suppose the reasons are given in some departmental document.

Does not know the reason why this was not submitted to competition.

**Bolts and Nuts—
Contract No. 30.**

Made with Cooper, Fairman & Co. without public competition.

23608. A subsequent contract, No. 30, of March, 1875, appears to have been made through Cooper, Fairman & Co. for bolts, and without public competition. Do you remember any reasons for that course?—Bolts or spikes?

23609. Bolts and nuts?—That was to fill their contract for the steel rails. There was a certain quantity to be supplied with the steel rails.

23610. The Mersey Co.'s tender had apparently offered to do so; but they informed the Department that this offer by Cooper, Fairman & Co. on their behalf was unauthorized, and they refused to fulfil it, which left the Government open to get the best offer they could. I am asking now whether any steps were taken to get a better offer?—I cannot say. Mr. Trudeau can tell that.

23611. He intimates that he is not aware of any steps, but the story seems not to be complete, and you may be aware of some steps?—I have no recollection, only I recollect enquiring if they had fulfilled their bargain as to the bolts.

23612. That was a contract concerning bolts to be delivered at Montreal?—Yes; that is where the rails were delivered.

Contract No. 31.

Cannot explain how Cooper, Fairman & Co. came to make a spontaneous offer, or why it should have been accepted without competition.

23613. In addition to that, contract No. 31 was brought about by Cooper, Fairman & Co., representing a firm in England, the Patent Bolt and Nut Co. This offer of theirs, apparently a spontaneous offer, was \$94.77 at Liverpool; but before that, at the time the original tenders were made for rails and nuts and bolts together, several persons had tendered, offering to deliver nuts and bolts in England at very much lower prices—from \$80 a ton down to \$77: do you know any reason why this spontaneous offer should be accepted without competition?—I know of no reason except to fill the rail contract.

23614. It is not connected with any contract, so far as we can learn; it was an entirely spontaneous offer from Cooper, Fairman & Co. to supply bolts and nuts?—It must have been connected with some other rail contract, otherwise they would not be wanted.

23615. The nuts and bolts may have been intended to be connected with the rails, but the nuts and bolts are provided by a distinct con-

tract. The next in order of time is contract 5A. It is the extension of the Pembina Branch northward to Selkirk. The only point requiring investigation about that is the authority for a telegram of the 11th of May, 1877, sent by Mr. Braun, which had the effect of giving very large prices for part of the work, although it was in a prairie country—paying as high prices as for similar work on section 15?—The earth work, I think, was the same price as for the South Pembina, and it was on that ground it was given, and it was a question with the Government whether it was not all one contract, the Pembina Branch, the termination of which was uncertain at the time it was let. It was built to the neighbourhood of Winnipeg, but it had to be built to connect with the main line.

Railway Construction—Contract 5A.
Braun's telegram giving contract 15 prices.

23616. Whether it was, or was not, a continuation of the South Branch, was it discussed whether the prices allowed on section 15, that difficult country, should be paid to Mr. Whitehead on the Pembina Branch?—For earth work?

23617. Yes; ditches—off-take ditches?—The ditches, Mr. Fleming fixed a price for them. The off-take ditches were not considered to be in the contract, but the embankments were all the same price, according to my recollection.

23618. There is no evidence of any one fixing a price for off-take ditches; but, on the contrary, it appears to have been founded on a telegram from Mr. Braun, the authority for which we have not so far been able to discover?—The price was fixed by the Engineer, of course.

21619. Was the Engineer permitted to fix prices not mentioned in the contract?—The prices of off-take ditches, and other work not contemplated in the contract had to be fixed by the Engineer. Who else would do it? I have a perfect recollection of discussing the price of off-take ditches with Mr. Fleming, but what the price was I could not say.

Recollects discussing price of off-take ditches with Fleming.

23620. Having looked at Exhibits Nos. 23 and 24, which are Mr. Fleming's recommendation and your report to Council, and now looking at the telegram sent by Mr. Braun of the 11th of May, can you say whether that telegram, in its terms, was authorized by you?—I could authorize nothing in opposition to my report to Council and the recommendation in the report of the Engineer. There must be some mistake.

Asked whether telegram was authorized by him, declares he could not authorize anything contrary to his report to Council, and says there must be some mistake.

23621. This telegram is much more comprehensive than Mr. Fleming's report or your recommendation; it embraces all work that was to be done—not the four specified items only?—Except the earth work. 22 cts. for the earth work is the same in this telegram as in the other.

23622. But it speaks of all other work. Under this, in effect, Mr. Whitehead has been paid 45 cts. for off-take ditches which he says in his evidence, could have been done for 22 cts. if offered to competition; can you say whether, as far as that kind of work was concerned, this telegram was under your authority or not?—Oh, certainly not. I could authorize nothing but what was in the Engineer's report, I was always specially careful about that.

Always specially careful to authorize nothing not in Engineer's report.

23623. There is one matter which I have omitted to ask concerning contract 25 on which a tunnel was built instead of an open cutting through some rock locality; it appears, by the evidence, that the contractor had arranged with the engineer on the spot to do the work at

Contract No. 25.

Railway Construction—**Contract No. 25.**

Explanation of paying \$8 for tunnel work when a member of the firm was willing to do it for \$5.

\$8, but that he came down to Ottawa and had some negotiations with you, upon the strength of which he declined to do the work at the \$8?—It was a different contractor—one contractor making an arrangement about it there while the other was here.

23624. You mean two members of the same firm?—Yes; that is my recollection of it. I recollect very well hearing the price arranged by Mr. Hazlewood.

23625. The price afterwards was a higher one?—I know. We had a correspondence about it.

23626. It was paid afterwards on a report of Marcus Smith's for this reason: he said these men had undertaken to do some work on 13, which had been omitted by the contractors of 13, and in view of that they had better be paid the \$9. They got the \$9. What I intended to ask you was, whether, when you fixed upon the \$9 here, there was any reason for concluding that to be a fair price, because one of their firm at that time considered \$5 was enough?—There was no particular reason, except calculation arrived at of the cost of similar work elsewhere on discussion with the engineers. Making the tunnel saved a mile and three-quarters of railway nearly.

23627. I am speaking of the price of \$9. It was not arrived at in consequence of any individual negotiation with you?—No. I saw him about it, and Mr. Trudeau and one of the engineers. I forget whether it was Mr. Fleming or not.

Transportation of Rails—**Contract No. 34.**

Witness asked for explanation how \$28 a ton was paid from Fort William to Manitoba, that being the price also agreed on for carriage from Kingston to Manitoba. Says he does not remember the circumstances connected with that bargain.

23628. Contract No. 34, as described in Mr. Fleming's report of 1879, appears to cover two transactions, one accomplished by correspondence with individuals, the other by tenders in the ordinary way. The latter was concerning the transportation of rails from Kingston to Manitoba, and the former for transportation from Fort William to Manitoba. The expenditure under each bargain is given in this report by Mr. Fleming at page 129. He gives the item for transportation from Fort William of 1,500 tons as costing \$27,000. Now it appears that without any competition the same price was thus given for transporting from Fort William as for the whole distance from Kingston; do you remember any of the circumstances connected with the making of that new bargain, and the reason for making it without competition?—No. The principal price in transporting rails is loading and unloading. The mere matter of a day's sailing does not amount to much. I presume the fact was we had to take some of those rails to supply the want in the west, and we were obliged to take them from Fort William instead of waiting for them to come from Montreal.

23629. Some of the witnesses say that \$18 was an extravagant price to pay for transporting them that distance: do you remember any reason for giving that price?—The extravagance cannot be great if \$15 was the price to Duluth, and the \$3 was to Fort William, and that made up the \$18.

23630. Do you remember that as a fact?—No, I do not. I say, if that was the rate, the prices were about the same as usual.

23631. Nothing further occurs to us to ask you. If there is anything in addition which you think ought to be stated by way of evidence, we shall be glad to hear it?—No, I have nothing to state.

OTTAWA, Tuesday, 3rd January, 1882.

Practice of
Department.

TOUSSAINT TRUDEAU's examination continued :

By the Chairman :—

23632. In the progress of your evidence you stated that most of the decisions of the Department would be recorded by some memorandum showing that the Minister had instructed them to be carried out : are you still of the same opinion, or have you found decisions of any importance in which there was no such memorandum?—There is not always a memorandum. I have found several instances in which we had no written instructions.

Not always a memorandum to be found showing that the Minister directed the decisions of Department.

23633. I was asking not only for written instructions, but written memoranda made at the time to show that such instructions were given : such memoranda might be made by some subordinate?—There are instances without memoranda of that description.

23634. In some of the cases which have been explained before us we have not been able to ascertain clearly the authority by which the contracts have been entered into, or the proceedings which were summated by the contract. In one case, that of contract No. 4, given to Oliver Davidson & Co., you stated that it was managed by the Minister, and that you did not enquire into it deeply. Mr. Mackenzie himself, under examination, led us to understand that in no instance did he award a contract without the acquiescence of his subordinates, and this is one of the matters upon which you got notice that you would be examined. I now wish to know if, after investigation, you are able to say whether you took any part, and if so, what part, in the arrangement of that contract No. 4?—I have nothing to add to my former evidence on that subject. I have not found any memorandum showing what part I had taken, and I do not think I took any part.

Telegraph—
Tendering.
Contract No. 4.

23635. Is there any written report on record in your Department, showing the quantity of rails which, in the fall of 1874, were within some specified time likely to be used on the railway?—No.

Witness does not think he took any part in the letting of this contract.

23636. I gathered from your evidence upon former occasions, in which you explained the practice of the Department concerning official transactions, that all correspondence was intended to be recorded : is that still your impression, or was I right in supposing that to be the substance of your answers?—Yes, it is still my impression.

Purchase of
Rails—
Contracts Nos.
6-11.

No written report showing the quantities of rails which in fall of 1874 were likely to be used.

All correspondence intended to be recorded.

23637. We find, in the correspondence concerning steel rails, several communications directed by Messrs. Cooper, Fairman & Co. to the private secretary of the Minister at that time, Mr. Buckingham, and the correspondence is not complete because of the omission of the answers to these communications, as far as any printed return shows : can you say whether there is any record now of the answers from Mr. Buckingham to this firm?—No; there is no record.

No record of the answer of Buckingham to Cooper, Fairman & Co.

23638. Was that an exceptional case, or is it usual that private secretaries should deal with departmental transactions and not place the correspondence on record?—The intention of the Department is that any official letter written by the private secretary should be recorded. I am not aware of any correspondence being exchanged and not recorded; there may have been correspondence, or there may not.

The intention of Department that any official letter written by a private secretary should be recorded.

23639. Then, you mean that you are not sure that any answer was given by Mr. Buckingham to these communications?—I do mean that; yes.

**Purchase of
Balls—
Contracts Nos.
6-11.**

23640. Have you any reason to think that there was?—I do not know personally whether there were any answers or not.

23641. I understand that you do not know, but I was asking whether, from your knowledge of the transactions that were going on at that time, you have any reason to think that there were answers to the communications?—I should rather reply to a special instance than to a general question of that kind.

23642. Will you select the instance, or shall I?—You may select the instance.

**Does not know
whether Buck-
ingham answered
Cooper, Fairman
& Co.'s letters.**

23643. If you will look at page 41 of a Blue Book return to the House of Commons, dated 6th of April, 1876, you will see some communications from Cooper, Fairman & Co., and from Mr. Cooper: will you please look at them and say whether you know anything about the negotiations at that time, and whether Mr. Buckingham probably answered them?—I do not know whether Mr. Buckingham answered them.

23644. Is it usual, in negotiations concerning departmental transactions, that a correspondence should take place between tenderers or contractors and the private secretary?—No.

**Telegraph—
Tendering.
Contract No. 4.**

23645. Upon a former occasion, you were asked concerning the time given to Waddle & Smith to put up their security in support of their tender for contract No. 4; I understood that you were not aware of any correspondence, and could not find any in the Department beyond that which was published in the Blue Book. Since that, Mr. Mackenzie, as a witness, stated that he had no recollection that they had been passed over without being informed that a day was fixed before which they must give security, and he did not believe it, because he thought you were very careful about giving such notices. I wish to know now whether you were careful enough to give such a notice, or whether Waddle & Smith were otherwise notified of a day before which they must put up their security or forfeit their position?—I have not found any formal notice, and I do not recollect what kind of notice was given them.

**No reason to
think Blue Book
return does not
contain the whole
correspondence.**

23646. Have you any reason to think that the Blue Book return does not include the whole of the correspondence on the subject?—No reason.

**Purchase of
rails—
Contracts Nos.
6-11.**

23647. There were several contracts concerning steel rails, numbered from 6 to 11 inclusive; I gather from the evidence of Mr. Mackenzie that it was his habit to take the judgment of yourself and Mr. Fleming, or some others in the Department, before deciding upon these contracts: I wish you to say now whether your judgment was asked concerning those contracts, and to what extent your views were invited?—I have no recollection that my judgment was asked on that occasion.

**Has no doubt
that as to those
rails contracts,
he was not asked
for his judgment.**

23648. Is it, in your mind, a matter of doubt whether you were asked or not to give your judgment?—In the matter of rails it is not.

**The Minister
decided himself.**

23649. Then, which way do you say it was?—The Minister decided himself.

23650. We have asked you to furnish a statement of the highest authority which is recorded as having directed the different contracts before the closing of them: has that been prepared?—It is now being prepared, and it will be ready in a very short time.

Surveys, B.C.—
Kitlope Valley.

CANADIAN PACIFIC RAILWAY ROYAL COMMISSION,
OTTAWA, July 9th, 1881.

C. H. GAMSBY Esq.,
Civil Engineer, British Columbia.

DEAR SIR,—Some of the witnesses before the Commissioners appointed to enquire into matters connected with the Canadian Pacific Railway have given evidence concerning the examination of portions of the country between the Dean Inlet and the Gardner Inlet on the Pacific coast; the first of these having been made under Mr. Horetzky in 1874, the second under you early in 1876.

Letter from
Secretary of
Canadian Pacific
Railway Com-
mission to
Gamsby embody-
ing questions for
Gamsby to
answer.

You will no doubt remember that your instructions were to explore from "the head of Gardner's Inlet, *vid* the valley of the Kitlope River across the summit to Tochquonyala Lake."

Mr. McNicol, who was one of your party on this occasion, has given his testimony on the subject, and inasmuch as Mr. Secretan and he, according to his account, made the examination without your presence over that part of the country which was evidently intended to be examined more critically than any other—namely, the neighbourhood of the height of land and Tochquonyala Lake—it is likely that he would have within his own knowledge more facts concerning the subject than you could have. Yet as you were his superior officer it is possible that you may be better able than he is to give reasons for the course adopted by your party, and for the conclusions which you reported to the Chief Engineer.

Therefore, the Commissioners have thought it proper to communicate to you the material parts of the evidence heretofore received, the conclusions to which it seems to point, and to ask you for such explanations as seem to them to be required, as well as those additional ones, if any, which you may think it expedient to offer.

The probability of your being able to give direct testimony, concerning the country alluded to, more valuable than that of Mr. McNicol, seems so slight that the Commissioners do not feel justified in calling you from British Columbia to give evidence in the ordinary way before them, involving as it would so much loss of time and a serious expense. They hope, however, that you will not object to further their investigation by affording in another way such reliable evidence as you can in the shape of a written deposition, under oath, before some officer duly qualified to take it. Any magistrate may take it.

Under date of Nov. 15th, 1874, Mr. Horetzky reported to the Chief Engineer that on the 9th Sept. of that year he left the Dean Inlet and explored up the valley of the Tsatsquot, that after caching the canoes on the confluence of a tributary of that stream, he proceeded north-westward, and then after reaching a water-shed in the valley (1,200 feet elevation) he crossed the middle fork which came from the mountains on his right, and a short distance further reached a sheet of water to which he gave the name of the Beaver Lake. He gives the elevation of this lake at 1,100 feet above sea level, and the latitude of its lower end $53^{\circ} 14' 45''$. At this point he said that a mountain torrent from the northward entered it. This stream being a north-east fork of the Kitlope had its source in a glacier distant about seven miles from the lake. He reported that a mile or so east of this glacier source he discovered a pass through the comparatively low mountains forming the rearmost longitudinal mass of the Cascade range. This pass communicated between the ravine of the north-east fork of the

**Surveys, B.C.—
Kitlope Valley.**

Letter from
Secretary of
Canadian Pacific
Railway Com-
mission to
Gamsby embody-
ing questions for
Gamsby to
answer.

Kitlope, and a sheet of water on the eastern plateau, to which he gave the name of Lake Tochquonyala. Of this lake he gives the altitude at 2,920 feet, and the latitude at 53° 20' 13".

He proceeds to say that having camped on the left bank of the north-east fork of the Kitlope, at an elevation of 2,900 feet above the sea, he ascended the mountains to a height of 5,000 feet above the sea, and at that spot, turning to the south-west, a large flat glacier lay a little way beneath, discharging the waters of the north-east fork which could be traced like a silver thread as they rushed down the steep ravine to Beaver Lake.

Mr. Horetzky's full report, from portions of which the above is summarized, is printed at page 137 of Mr. Fleming's special report for the year 1877.

Together with his report, Mr. Horetzky furnished the Department with a topographical sketch of the country examined by him. Of this a tracing (on a scale of 4,000 feet to the inch) was furnished to you, and from what he had seen of that tracing, Mr. McNicol was able to recognize the original filed in Ottawa.

Mr. Horetzky's report and sketch both being before the Commissioners seem to suggest that a railway ascending from tide water to the plateau east of the Cascades through the pass near his Tochquonyala Lake, would find an insuperable obstacle in this part of the Kitlope Valley, for there it must, within a distance of some six or seven miles, have been necessarily carried from the level of his Beaver Lake, 1,100 feet to the pass 3,100 feet above the sea, or at a gradient of much more than 300 feet per mile. In other words, that if the pass was to be utilized it could only be so by finding some easier grade than the best which could be obtained between these two points in the Kitlope Valley. The easier one is indicated as possible on a line descending gradually from the pass along the slopes of the mountains, on the eastern side, first of the Kitlope and then of the Tsatsquot Valley, down to Dean Inlet.

After this report and sketch by Mr. Horetzky it seems to have been considered expedient to obtain from instrumental examination more exact information than a bare exploration had afforded, and accordingly that Mr. Fleming instructed you to proceed to the locality and make the necessary examinations, taking with you the tracing of Mr. Horetzky's sketch, to which Mr. McNicol alluded.

From the proceedings up to this step one comes naturally to the opinion, that you were desired at the very least to ascertain more precisely than could be done by a track survey, the features of the country in the Kitlope Valley, between two sheets of water, one in latitude 53° 14' 45", at an altitude of 1,100 feet above the sea, and the other in latitude 53° 20' 13" at an altitude of 2,920 feet, both having been named by Mr. Horetzky in 1874: the first "Beaver Lake," the second "Tochquonyala Lake."

1. The Commissioners desire to know whether, before entering on this service, you were aware of the substance of the above summary of part of Mr. Horetzky's report, or if not aware of all that is above mentioned, of how much of it?

2. Your report states that your initial point being in latitude 53° 12' 20" and your course of exploration a little south of east for twenty-four miles, at about the eighth mile of your progress you found a lake the shape and bearing of which corresponds to the lake called

**Surveys, B.C.—
Kitlope Valley.**

Letter from
Secretary of
Canadian Pacific
Railway Com-
mission to
Gamsby embody-
ing questions for
Gamsby to
answer.

Beaver Lake on Horetzky's sketch, but you say it is much larger, being from eight to nine miles long and nearer the coast by seven or eight miles and only fifteen feet above the sea. The Commissioners desire to know why you marked the lake as Beaver Lake on the topographical sketch which accompanied your report of this expedition?

3. Also, whether you ascertained the shape of the lake, and how?
4. And whether you ascertained the length of it, and how?
5. And again, whether you had then any, and if so, what means of knowing how far from the sea Mr. Horetzky or any one else had represented his Beaver Lake to be?

6. Mr. McNicol stated that you went no farther than the end of the first twenty-six miles, and that on reaching that point you prepared to return to the sea coast, you yourself retaining Mr. Horetzky's sketch, and directing Mr. Secretan and him to proceed to complete the examination without you. Inasmuch as you had not then reached the neighbourhood of any lake which you could believe to be the Tochquonyala of your search, the Commissioners do not understand why you should not personally have continued the examination of the country, and they wish to be informed of the reasons which led to the course then adopted by you?

7. How was it that with Horetzky's sketch of his exploration at your command, you reported in effect that Tochquonyala Lake emptied into a stream which joined the Tsatsquot in its progress to the sea, his sketch showing as it did that Tochquonyala Lake emptied entirely into waters flowing from the opposite side of the height of land towards the central plateau of British Columbia?

8. Did you, in fact, assume that all the data given by Mr. Horetzky's report and sketch were incorrect?

9. If not, please state the several data of those shown by him which are consistent with the accuracy of your report?

10. In your report you say that streams flow into the basin of the Kitlope from all points, evidently meaning the valley of the Kitlope as explored by you, and that the only exit from the valley is by the pass explored (also pointing to the pass found by your party), and that this is only a divide between the waters flowing into the Gardner and Dean Inlets. The Commissioners desire to know whether you had any reason for making this statement beyond the information derived from this examination made by you in 1876, and embraced in your report?

11. If so, what the reasons were?

12. They also desire that you should say whether you have, since the making of your report, come to the conclusion that your party failed to examine either the whole or some part, and if so, what part of the country, which at the time of giving you the instructions the Chief Engineer intended to be examined?

13. They further desire to know whether you received written instructions from the officer directing the surveys in British Columbia?

14. Whether written or verbal—who instructed you?

15. Please also state the substance of your instructions?

**Surveys, B.C.—
Kitlope Valley.**

Letter from
Secretary of
Canadian Pacific
Railway Com-
mission to
Gamsby embody-
ing questions for
Gamsby to
answer.

I send you a tracing of a portion of a large map now being prepared for the Engineer's Branch of the Department of Railways here, and apparently covering the fields of the actual operations of yourself and Mr. Horetzky, on the occasions referred to. Please return this tracing with your deposition.

In giving your testimony as above requested, it will be a sufficient reference to any of the above questions, if you will attach to any paragraph of your answer relating to any given question, the same number as you find prefixed to such question.

Assuming that your attention to this matter will occasion some disbursements, including the fee to the officer taking the oath, I send a cheque for \$15 to cover your expenses.

I am, dear Sir,

Yours truly,
(Signed) N. F. DAVIN,
Secretary

CAMP KANAKA CREEK,
6th August, 1881.

N. F. DAVIN, Esq., Secretary,
Ottawa.

Gamsby's letter
to Secretary of
Canadian Pacific
Railway Com-
mission.

DEAR SIR,—I beg to acknowledge the receipt of your communication dated July 9th, 1881, on the 27th ult., and embrace the earliest opportunity of replying thereto. We have been very much engaged with a rather difficult bit of country, which required close personal supervision; this, with the difficulty of reaching a magistrate, has caused some delay in replying, which I trust the Commissioners will excuse.

Difficult to give
evidence concern-
ing what took
place five year's
ago.

I have no doubt the Commissioners will recognize the difficult position in which I am placed in being called upon to give evidence concerning transactions which took place nearly five years ago, without any previous preparation. My instructions, notes, memoranda, diary, &c., are all at my residence in Canada. Apart from the information furnished in your communication I am obliged to trust, almost wholly, to memory.

If you take into consideration the fact that I have been continuously and actively employed on surveys or explorations, demanding my whole attention and taxing my energies to their utmost, you will easily understand how very difficult it is for me to recall details of work so far back. Should any omissions occur in this statement, or anything not reconcilable with my former report appear, I trust the Commissioners will attribute it to the peculiar circumstances, in which I am placed. I have no desire to omit or conceal anything pertaining to this enquiry.

Gamsby's report
a statement of
facts, and never
intended to have
any reference to
the report of
another.

My report of the explorations made from the head of Gardner Inlet, *via* the valley of the Kitlope River, in the winter of 1876, is a statement of facts, the knowledge of which was obtained by the party under my direction. It is not and never was intended to have any reference to any other person's report, survey or exploration. We were instructed to go to a certain point (head of Gardner's Inlet), follow a certain river (Kitlope), try and reach the summit of the Cascade range of mountains, taking a certain Lake Tochquonyala as an objective point. In order to do this as speedily and certainly as possible, we hired guides,

Surveys, &c.—
Kitlope Valley.

natives of the Kitlope Valley, who readily undertook to guide us to our terminal point. They were quite familiar with the name Tochquonyala, as it is, or was, the name of the great Indian chief whose people dwell at and in the vicinity of Dean's Inlet. We followed our guides, recording (to the best of our ability) the names of the lakes and rivers as they gave them to us. We explored the various streams falling into the Kitlope as far as the canyons and deep snow permitted. The stream dotted on the tracing sent to me as Kitlope River running through Horetzky's Beaver Lake, our guides called Tenaicoh, and affirmed that its source was a large glacier high among the mountains. If the Kitlope turned southward in its course we followed it hopefully, as every practical engineer, who has any knowledge of the Cascade range, knows that a stream's deviation from a direct course offers a greater probability of a more practical gradient to overcome that range.

Guides quite familiar with the name of Tochquonyala.

Minute details of the whole expedition are set forth in my report of 1876. The description of the point reached, the return and the reasons for returning, are fully gone into.

I respectfully beg leave to call the Commissioners attention to the facts as there set forth, and, if they should consider it necessary, to summon Messrs. Secretan, White, Orr, McDonald, Dewdney to substantiate the same.

I remain,

Yours truly,
(Signed) C. H. GAMSBY.

DEPOSITION in answer to questions submitted by the Canadian Pacific Railway Commissioners dated July, 9th, 1881 :

GAMSBY'S
DEPOSITION

1. I had such information as the sketch afforded. I do not remember whether I had read Mr. Horetzky's report or not.

2. Because the guides called it by that name.

3. The shape was probably obtained by a compass traverse.

4. The length by micrometer measurement.

NOTE.—These and like questions I can only answer from memory ; if I had access to the notes taken on the spot I could be certain.

5. We judged the distance by measurement on his sketch.

6. When we had reached the twenty-sixth mile we had traversed the Kitlope Valley and reached the first canyon on our course. As the river was not frozen it became necessary to transport all our camp equipages and supplies over the high bluffs. To do this would occupy the whole force for some time, and the season for winter exploration was rapidly drawing to a close. It became of the first importance to us to know something of the country beyond this canyon, hence the expeditions undertaken by Messrs. Secretan, White, McNicol and others. If the canyon was short and a favourable country lay beyond, we might hope to get over and make some progress towards our terminal point, the summit of the Cascade range of mountains. If, on the other hand, the canyon was long, or if the exit from the lake beyond was impracticable, we had only to get back to the coast as quickly as possible. The latter was found to be the case,

(1) On entering on his exploration had Horetzky's sketch. Horetzky's report he does not remember to have read.

(2) Called the Beaver Lake of his sketch so because the guides so named it.

(3) Conjectures that the shape of Beaver Lake was ascertained by a compass traverse.

(4) And the length by micrometer.

(5) Judged the distance of Horetzky's Beaver Lake from the sea by measurement on his sketch.

(6) Explains why he and others did not take part in exploration.

**Surveys, B.C.—
Kitlope Valley.**

(7) Asked to explain how he reported that Tochquonyala emptied into the Itatsquot, Horetzky's sketch showing a Tochquonyala of which the Department was already advised emptying into waters flowing in an opposite direction, he says his report refers entirely to a lake reached by his two assistants, and called Tochquonyala by the guide.

(8 & 9) Assumed nothing in regard to sketch of Horetzky who described a different country from that described by deponent.

(12) Report shows that his party failed to examine the country more than 1,000 feet above the sea, and gives reason for failure.

(15) Instructions to follow from head of Gardner Inlet, valley of the Kitlope, to summit of Cascade range, making Tochquonyala an objective point.

and we returned. It was probably at this stage of our proceedings that Mr. McNicol alludes to my remaining in camp. Our means of transport (sleds and snow shoes) had become so much broken up when we reached this point that a thorough repairing became necessary before we could proceed. Economy in the use of these implements became of vital importance. As I was a heavy man and the soft snow over fourteen feet in depth, it will readily be seen that I could not take part in explorations.

7. My report refers entirely to the lake reached and described by my assistants, and called Tochquonyala by our guides.

8 and 9. I assumed nothing respecting Mr. Horetzky's data. He is describing one portion of the country, I another, at quite a different elevation.

10 and 11. The statement is made on the reports of my assistants, and from information obtained from the guides.

12. I have not come to that conclusion since making my report as it is shown in that report that we failed to examine any portion of the country above 1,000 feet above the sea, together with the reason for such failure.

13. I received instructions in writing.

14. From Mr. Marcus Smith.

15. As near as I can recollect: to go to the head of Gardner's Inlet, follow the valley of the Kitlope River (making Tochquonyala Lake an objective point) to the summit of the Cascade range of mountains.

Sworn before me this sixth day of August, 1881, at New Westminster, B.C. } (Signed) C. H. GAMSBY. [Seal.]

(Signed) JOHN ROBSON, J.P.

WINNIPEG, June 14th, 1881.

MOBERLY'S DEPOSITION To the ROYAL COMMISSION, Ottawa :

Surveys, B.C.

GENTLEMEN,—In Mr. Fleming's evidence before the Royal Commission, published in the *Montreal Gazette*, May 17th, 1881, there are reflections on me which are most uncalled for, and it is with extreme regret I feel, in justice to myself, obliged to give explanations that I hoped would be avoided.

Explained to Fleming in 1871 that the best line was from Burrard Inlet to Kamloops, but more easterly the question lay between the Howse Pass and the Yellow Head Pass.

A long personal acquaintance with British Columbia, previous to Confederation, enabled me to come to a decision which was the better line for the railway to follow; this was a subject since 1858, when I first landed in that colony, that was always foremost in my mind, and whenever I had an opportunity I availed myself of it to make explorations and gain the most correct information in all respects. When I left the service of the Imperial Government in 1867 I was positive that the line from Burrard's Inlet to Kamloops was the one to adopt, but from that point to the prairie region, east of the mountains, it was doubtful whether the line by the Yellow Head or that by the Eagle and Howse Passes would be preferable, and to be able to decide upon their respective merits most careful surveys should be made of both of

Surveys, B. C.

them. These were the views I explained to Mr. Fleming in June, 1871, when I arrived in Ottawa and was appointed by the Dominion Government to take charge of the Howse Pass surveys. I was confident, and am so still, that should the latter line prove to be practicable it is the better one to adopt, and I used every exertion to have a most thorough survey made of it. The results obtained the first year—1871—were published in my report of 1872.

I did not think it necessary to make any instrumental surveys in British Columbia with the exception of the two lines from Kamloops above mentioned; I thought it well, however, that explorations of the more northerly portion of the country should be made, and regarding the Bute Inlet one I telegraphed to Mr. Fleming to that effect, as I saw the clamour of certain persons on Vancouver Island would not be appeased unless a fair and full examination was made of their favourite but very hypothetical lines.

I always regarded the heavy expense of the instrumental surveys in the northerly portion of British Columbia as a great mistake, as I felt certain the railway would ultimately be forced to the lines above mentioned. Had I been in charge in British Columbia, not one of the parties that made such elaborate surveys in the northerly portion of the colony should ever have gone into the field. I am glad to hear that Mr. Marcus Smith, who had charge of those northerly surveys, has so substantially endorsed my views as to go out this year as Dominion Engineer to construct a portion of them.

I returned from the interior to Victoria in 1872, expecting to have to go to Ottawa, but left my parties in the mountains so as to resume work early in the spring. I found it would be far better for me to remain on the Pacific side and make preparations for the following year, and communicated my views to Mr. Fleming. I remained in British Columbia.

It must be borne in mind that when I took charge of the surveys in the mountains the line for the Canadian Pacific Railway was to be defined in two years, and when I was in Victoria in 1872, one year had then nearly elapsed, and there was a great deal of work to be done to thoroughly complete the work from Shuswap Lake to the longitude of Fort Edmonton, and I found it necessary to ask for a third party to enable me to finish the work by the end of the second year, which request was granted, and I received a telegram from Mr. Fleming to say it was of primary importance to push forward the survey of the Howse Pass.

Having long distances over which to convey supplies, men, &c., I had, without a moment's loss of time, everything necessary *en route* for the Columbia Lake; but before leaving Victoria with my third party, which was already on board the steamer, I received a message from the Lieutenant-Governor to say he wished to see me on important business, so I at once saw him and was greatly surprised when he showed me a telegram from Mr. Fleming to say I was to abandon all surveys on the Howse Pass route and take my parties and supplies into the Yellow Head Pass by way of the Athabaska Pass. These orders left me in a very serious dilemma, as all my arrangements were made for the Howse Pass work, and the localities in which my parties, supplies, &c., were, these could not be more unfavorably situated for the Yellow Head surveys. The heavy expense of purchasing animals, of opening trails, of building boats, &c., for the completion of the survey of the Howse Pass, and the exploration of the neighbouring country were

Telegraphed Fleming about Bute Inlet, thinking that something should be done to appease the clamour of certain persons in Vancouver.

Always thought the heavy outlay on instrumental surveys in the north a great mistake.

When deponent took charge in British Columbia the railway was to be defined in two years.

Surprised when Trutch showed him Fleming's telegram directing him to abandon the Howse Pass, and take his parties and supplies into the Yellow Head.

Arrangements involving heavy outlay had already been made with a view to Howse Pass.

Surveys, B.C.

Further purchases required for the survey through the Yellow Head Pass.

Telegram from Fleming rejecting suggestions of witness and Trutch and ordering witness to take the route by the Athabaska Pass.

Extravagant purchase of supplies.

Challenges Fleming's statement that purchases were ordered to be stopped.

then made, and I could not have been in a better position to complete that work when these most unfortunate orders arrived. Further purchases of animals, supplies, &c., were unavoidable for the transport and work required in opening the trails and making the survey through the Yellow Head Pass.

I explained the difficulties of the Athabaska Pass to His Honour, and the conclusions we came to were that two great mistakes were made in those orders: one being the abandonment of the surveys of that route prematurely, and the other being the route I was ordered to take by the Athabaska Pass. I also pointed out to him the proper plan to follow under the altered circumstances to carry out the surveys of the Yellow Head Pass with my parties. His Honour telegraphed to Mr. Fleming our views regarding the proposed transfer of parties, &c., &c., from Howse to Yellow Head Pass; and after waiting several days—I think twelve days—a telegram was received by His Honour from Mr. Fleming to say our suggestions were not approved of so we could see no other course to follow, but obey Mr. Fleming's orders and go by the Athabaska Pass. I was well aware of the difficulties I would have to encounter in getting through by that pass, having years before explored the Columbia River from its source to the boundary line; and I informed His Honour that it was doubtful if I could get through by the close of the season, and that great expense and loss of time would be incurred, and that it might be attempted to place the responsibility on my shoulders, which is what Mr. Fleming is now trying to do. The above orders then led me to think the system of carrying on the surveys of the Canadian Pacific Railway would prove very unsatisfactory in the end.

Mr. Fleming, in his evidence, says: "when the exploration of the Howse Pass was abandoned in April, I ordered all purchases to be stopped, but I found afterwards that large purchases, amounting altogether to \$28,000 had been made at Port Caldwell (Fort Colville) in the United States. After that date, some of them as late as August, there were some things purchased which I could not see were wanted, such as gold pens, quicksilver, &c. I cannot account for such large quantities of supplies being purchased after I gave orders that the survey should be stopped. I know that large quantities of supplies were sent up the Columbia River and into the Jasper Valley and were abandoned, and for all I know may be there yet."

I have to say the above statement is the first time I ever heard that Mr. Fleming had ordered all purchases to be stopped. Had such an order ever reached me I should simply not have gone to the Yellow Head Pass, for I would not have taken a number of men into the mountains to starve to death when the winter set in. The supplies purchased above alluded to, were for the surveys of the Yellow Head Pass, and not for those of the Howse Pass. I knew it would take me that summer, the following winter and summer, to get through and make the surveys of Yellow Head Pass to somewhere about Edmonton, and instead of adopting Mr. Fleming's plan of recalling the parties in British Columbia as winter approached and taking the staff over to Ottawa at great expense and loss of time, and a further loss of time in getting the parties re-formed and into the field, I took them into the mountains and kept them, was able to work until January, and to resume work in the middle of March, and I took in supplies for that purpose, and for the two seasons instead of one, and before I got the survey through to the neighbourhood of the Pembina River I was obliged to send over to

Edmonton for various supplies and men, which were provided me by the Hudson Bay Co., and had it not been for their assistance I could not have got through. I regret they were most unwarrantably kept out of their money for four years. Mr. Fleming said to me, at Moose Lake, I should not have taken in supplies for such a length of time; I differed from him then, and I do so still.

With regard to gold pans, quicksilver, &c., I have a distinct recollection of purchasing one gold pen for a friend of mine which I certainly paid for out of my own pocket. There was, I remember a little quicksilver which would be used for two purposes: one for artificial horizons to obtain latitudes, which I often did, and the other to "prospect" occasionally as trails were opened to see if gold existed in the streams crossed. I endeavoured to obtain as much information of the country passed through, not only as regarded routes, but also the climate, soil, nature of the timber, minerals, &c. I think, if reference is made to the accounts, it will be seen that "gold pens" will turn out to be "gold pans," which we used, and they are very generally used on the Pacific coast for baking bread in as well as for "prospecting."

The supplies sent up the Columbia River into the Jasper Valley were neither lost nor abandoned up to the time I finally left the Yellow Head Pass, when some stores were turned over, with between thirty and forty horses, to Mr. Fleming's confidential man, whom he transferred over to me on his way across the mountains. He and Mr. Fleming corresponded, and Mr. Fleming had better find out from him what he did with them.

Some supplies were abandoned in the Eagle Pass in the "Gold range." Value, to cover cost and transportation, I estimated at \$7,000. The expense of getting them out would have been so great, compared with their value when they could be again available, that it would not do for me to send for them.

Mr. Fleming goes on to say: "In 1872 I made a trip across the mountains partly on horseback and partly on foot, and met Mr. Moberly in Jasper Valley, he not having done nearly as much on his survey as he should have done; he could not satisfactorily explain his delay." This matter is placed in a most peculiar way. I told Mr. Fleming that his orders forcing me to go by the Athabaska Pass, contrary to my advice, was the cause of the delay and of the great expense incurred thereby. I also told him I was perfectly well aware before I left Victoria of what the result of carrying out his instructions would be, and that if he liked he could call on the Lieutenant-Governor and hear from him what my opinion was at that time. From conversations we had on the above and other subjects, I saw he was going to try and put the responsibility on me, and I was on the point of resigning at Moose Lake, and the only thing that prevented my doing so was the position my different parties, animals, supplies, &c., were in at the near approach of winter in the different passes, and the knowledge that my then leaving would entirely break everything up and cause more foolish expense and delay, if not of loss of life as well.

Again Mr. Fleming answers the following question:—

"Did you consider the subject of pack animals purchased by him?—

A. I could not see the necessity of them. * * * I instructed Mr. Moberly to return to Kamloops, but he did not obey my instructions, and stayed out all winter, his excuse being he did not get my letter."

I never made such a statement to him or to any other person to the effect that I had not received that letter. I wrote a private report to Mr. Fleming in the early part of 1873, which accompanied my general

Surveying Co.—
Extraordinary
purchase of
supplies.

As to charge of
purchasing gold
pens, thinks
this must be a
mistake for gold
pans and the
quicksilver was
used for "pros-
pecting."

Stores turned
over to a person
Fleming named.

Told Fleming
his orders forcing
him to go by
Athabaska Pass
the cause of
delay.

Alleges that he
never said he did
not receive Flem-
ing's letter, but

**Surveys, E.C.—
Extravagant
purchase of
supplies.**

on the contrary
sent a report in
which he explain-
ed everything.

The instructions
in the letter too
childish to be
followed.

When informed
that the Govern-
ment had fixed
on Yellow Head
Pass concluded
location surveys
would go forward
and he prepared
for them.

Had to open
about 1,000 miles
of trail at a cost
of \$100,000.

report, and plans of survey of Yellow Head Pass, forwarded by Edmon-
ton and Winnipeg, that explained a great many things not touched
upon in my general report. Mr. Fleming *received that report*, and he
knows there is a full explanation in it regarding the purchasing of the
animals. I certainly had other reasons besides those mentioned in
that report, some of which I will now mention. On my leaving Mr.
Fleming at Moose Lake, I had thoroughly made up my mind to leave
the service, for I found that the style of management of the Canadian
Pacific surveys would be characterized and distinguished by incapacity
and enormous expense, and, as far as I was concerned, that I would
experience underhand treatment. For the last seven years I have
been unable to say my opinion then formed was incorrect. I did not
place confidence in the person to whom he ordered me to hand over
such large quantities of supplies and such a number of animals. On
receiving the letter above alluded to, the instructions conveyed in it
were too childish to be followed, and I then decided that I would carry
on any further work to the best of my judgment for the interests of
the Government; that I should obey orders when I could see they
were sensible, but not otherwise, and as soon as I could do so get out
of the railway service as quietly as possible. I went on the survey
for business, and not to be made a fool of. I did not come out of the
mountains for a year after receiving those orders, and during that
time completed the preliminary survey through the Rocky Mountains
and the Foothills. As for taking all the men out of the mountains
just when the troubles of the Athabaska Pass were over, and the party
ready to go on with the survey, which was made that winter from the
summit of the Rocky Mountains to Lac à Brulé, was beyond compre-
hension, when another party would have to be sent up, and that was,
as I afterwards learnt from a paragraph in "Ocean to Ocean," a part
of the plan proposed, where it is mentioned that party M, then in Red
River Valley, were telegraphed to proceed to the Rocky Mountains in
the winter, and do work that at that time I was actually going on with.

Having read the telegram informing me the Government had
adopted the Yellow Head Pass for the railway, I naturally con-
cluded the location surveys would go on when the preliminary
ones were finished, and I prepared for them so that loss of time
and running about from one end of the country to the other
would be avoided as much as possible. I had my pack trains—
a most important department in mountain surveys—in a most com-
plete and thoroughly organized state for the prosecution of further
work, and the supplies mentioned as having been handed over to Mr.
Fleming's agent should never have been taken away from the Yellow
Head Pass, but have been supplemented with others for the work
mentioned. After I left the service other parties went up to do the
location work, and had to take supplies back again with them. One
party was even sent to make explorations of the mountains south of
the Athabaska River. I was amused to meet the gentleman in charge
of the party in Winnipeg a few days after I first arrived here, and to
find him ordered to explore for passes up the "Matique" and "Rocky"
Rivers which were close to my main depot; this certainly inferred
that I had not explored them. I think I have made many explorations
Mr. Fleming has no idea of. Such expenses as the above should not
have been incurred.

The great obstruction I had to contend with was the opening of some
800 to 1,000 miles of trails, costing about \$100,000. I reported this in

Surveys, B.C.

the last report written by me in Ottawa, but have never seen it published. There were many other obstructions and petty things done to hamper me that are needless to dwell upon unless necessary, so I shall not enter into them now. I may say I saw through the scheming too soon to be deceived, and was thoroughly cognizant of the object sought long before I came out of the mountains.

The proof that I did not give incorrect information is in the fact that the railway is now in course of construction from Burrard's Inlet to Kamloops, and from thence the route by the two passes still undecided by the Syndicate until they have fully completed the examination of the Howse Pass left unfinished by me, and I take it as a high compliment that after nine years of expensive surveying of other lines mine are now found to be the correct ones, but I regret it has cost the Dominion millions to endorse me.

Points to the course of Syndicate as vindicating his correctness, and deploras that millions should have been spent on surveys though resulting among other things in endorsing him.

When I finally got clear of the railway I was defrauded out of a whole season, and had to pay my expenses during that time as well, and before I left Ottawa I told Mr. Fleming I had been unfairly treated.

I was well aware there were persons in British Columbia who wished to get rid of me, and they may have represented things to Mr. Fleming which I am inclined to think have very much misled him.

I have the honour to remain,

Gentlemen,

Your obedient servant,

WALTER MOBERLY.

IN THE MATTER of the Royal Commission issued respecting the Canada Pacific Railway:

I, Walter Moberly, of the City of Winnipeg, in the Province of Manitoba, Civil Engineer, do solemnly declare that the within statement in detail is true in substance and in fact, regarding all matters therein referred to; and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Act passed in the thirty-seventh year of Her Majesty's reign, intituled: "An Act for the Suppression of Voluntary and extra-Judicial Oaths."

Declared before me at the City of }
Winnipeg, the 28th day of }
June, A. D. 1881.

WALTER MOBERLY.

J. MCKENZIE,

A Commissioner in B. R. and for the County of Solkirk,

OTTAWA, 15th December, 1881.

NIXON'S
DEPOSITION.

To THOMAS NIXON, Esq.,
Winnipeg.

SIR,—The Commissioners appointed to enquire into facts concerning the Canadian Pacific Railway instruct me to send the accompanying interrogatories to you, and to request that you will, on or before the tenth day after the receipt thereof, deliver to Messrs. Bain & Blanchard, Solicitors, of Winnipeg, your answers in writing to the said interrogatories in a closed envelope, addressed to me.

Purveyership.

You will receive herewith the sum of two dollars as witness fees.

If your answers are numbered respectively with the same numbers as the questions to which they apply, no further reference will be necessary in order to indicate the question to which each of your answers is given.

I have the honour to be, Sir,
Your obedient servant,

N. F. DAVIN,
Secretary, C.P.R. Commission.

INTERROGATORIES administered by George M. Clark, Samuel Keefer and Edward Miall, appointed by Royal Commission dated 16th June, 1880, to enquire into facts concerning the Canadian Pacific Railway to be answered by Thomas Nixon, of the City of Winnipeg, in the Province of Manitoba, as a continuation of his evidence under oath for the information of the said Commissioners.

See p. 49 of third report of Select Standing Com. on Pub. Accts., April, 1878.

1. You are reported to have given evidence on the 17th day of April, 1878, before the Select Standing Committee on Public Accounts of the House of Commons at Ottawa, Mr. Young being in the Chair, and (speaking of W. F. Alloway) to the following effect, the questions having been put by Mr. Kirkpatrick:—

Buying Horses. (*Question.*) You also employed him to buy horses? (*Answer.*) Yes; that is his business.

(*Question.*) Did he charge what price he liked, or did you pay him a commission, or how? (*Answer.*) No; I paid him no commission. He was paid under the direction of the engineer who wanted the horses; the engineer did.

(*Question.*) How did you pay Mr. Alloway for his trouble? (*Answer.*) I paid the accounts that were brought in.

(*Question.*) Then you did not know the number of horses and the details of each horse's price, and so on? (*Answer.*) I remember he had Mr. Lucas with him on one occasion, and of course he knew about the prices and the time.

(*Question.*) Who is Mr. Lucas? (*Answer.*) The engineer in charge of the party.

(*Question.*) Was that the only occasion? (*Answer.*) There might have been one or two others. I had him with me once or twice. I paid him no commission.

(*Question.*) But you do not know whether he received his commission in the prices he charged the Government? (*Answer.*) I suppose he did.

(1.) Is this a correct report of the evidence which you gave upon the occasion above mentioned?

(2.) Do you say now that the above evidence was the truth?

(3.) Give now the variation (if any) from the above evidence which is necessary in order to state the truth upon the subjects covered by the said questions of Mr. Kirkpatrick, and also the explanation (if any) which you think it proper to give, concerning the said evidence so reported as aforesaid?

Purchase of Land conjointly with Alloway.

(4.) A certificate from the office of the Registrar for the County of Selkirk, in the Province of Manitoba, shows that a conveyance of certain land in the sub-division of lot No. 79 in the Parish of St. James, dated in July A.D. 1875, purporting to be made from one Burrows to Thomas Nixon and W. F. Alloway jointly, was registered in that office: are you the Thomas Nixon referred to in that conveyance?

(5.) Was that, or any land, conveyed to you and W. F. Alloway jointly while you were purveyor?

**Purveyorship—
Buying horses.**

(6.) Give the explanation (if any) which you think necessary, in order to show the truth upon the question, whether you and W. F. Alloway were jointly interested in the purchase of land while you were purveyor at Winnipeg?

GEORGE M. CLARK,
Chairman.

Ottawa, 15th December, 1881.

1. The report of the evidence given by me before a Committee of the House of Commons is, I presume, correct.

2. The evidence, so far as it relates to the purchase of saddle horses, buggy horses and ponies, for Mr. Lucas and other engineers' parties, which were those to which Mr. Kirkpatrick's questions referred, was the truth, and being the truth it does not now require any explanation.

3. Some years later Mr. Alloway purchased saddle horses and buggy horses for Mr. Marcus Smith and some of the engineers on contract 14, and, I think, also on the Pembina Branch; and if I remember right he was allowed a commission of \$5 on each. I now further, and once more, for the last time, positively assert regarding the assertion as being under the oath taken before the Royal Commission, that neither directly or indirectly, in any manner, was I ever interested with Mr. Alloway in any single or collective transaction of his with the Government, or he with me as an agent of the Government; that neither directly or indirectly did he ever offer, or I ever receive, any profits from him, or any commission on either horses or anything else during the whole time I was in the employ of the Government, nor at any time since.

4, 5 and 6. In July, A.D. 1875, I purchased from the Hon. Dr. O'Donnell, of this city, seven city lots on the Burrows Estate, at the rate of \$60 per lot, and the doctor wanted the whole amount to be paid at the time of the purchase. I asked Mr. Alloway to take a half interest with me in the said lots. I paid my share, \$210, without any assistance from Mr. Alloway or any one else. Some time after, I disposed of my interest in the said lots at the same price for which I purchased them, and neither before nor since have I had any interest with Mr. Alloway in any scrip, any half-breed lands, any city lots, or any land either in this or any other country.

(1) The evidence given by deponent before Committee on Public Accounts in which he said he paid Alloway no commission and that he received his commission in prices charged the Government correct.
(2) Evidence the truth and as such requires no explanation.
(3) Later Alloway purchased saddle and buggy horses for witness, Smith and others on which he was allowed a commission, \$5 each.

**Purchase of
Land con-
jointly with
Alloway.**

Purchased seven lots at \$60 per lot and asked Alloway to take a half interest. This the only purchase of land in which he was interested with Alloway.

THOMAS NIXON.

Winnipeg, 3rd January, 1882.

CANADIAN PACIFIC RAILWAY ROYAL COMMISSION,
OTTAWA, January 4th, 1882.

COLLINGWOOD SCHREIBER, Esq.,
Chief-Engineer,
Department of Railways and Canals.

SOHREIBER.

SIR,—Mr. Fleming having seen your evidence given before this Commission, first as reported in the newspapers and afterwards as recorded, and desiring to have put in evidence a fuller explanation than

**Railway Con-
struction—
Contract No. 42.**

**Railway Con-
struction-
Contract No. 42.**

**Probable saving
on Contract No.
42, \$1,500,000.**

was given by you regarding the periods in which certain steps were directed which are likely to result in the saving referred to: I am instructed to submit the following interrogatory to you in order that your answer may be added to your previous testimony given *viva voce* and under oath.

I am, Sir,

Your obedient servant,

N. F. DAVIN.

INTERROGATORY.

In your evidence you have spoken of a large probable saving in the cost of the work on contract No. 42, saying that in the beginning of 1879-80 you had authority to make, with a view to economy, any change which could be made without injuring the character of the road, and you named the sum of \$1,500,000 as the difference between the original estimate of the cost of this section and your estimate at the time of giving your evidence.

Please state whether you are still of opinion that the amount ultimately saved will be in the neighbourhood of the above sum, and what proportion of it will have been due to engineering efforts or directions made before you became Engineer-in-Chief?

CANADIAN PACIFIC RAILWAY,
OFFICE OF THE ENGINEER-IN-CHIEF,
OTTAWA, January 5th, 1882.

DEAR SIR,—In reply to your letter of yesterday, I desire to say that the difference between the original estimate of the cost of contract 42, and the approximate estimate I gave in my testimony before the Canadian Pacific Railway Royal Commission, was placed at \$1,500,000.

The above sum
will be some what
reduced.

This will probably be somewhat reduced, authority having since been given to introduce, in several instances, solid earth embankments and rock-borrow foundations, where, at that time, timber structures were proposed.

Difference be-
tween present
and originally
estimated cost of
section 42, due to
efforts made dur-
ing Fleming's
time.

The difference between the present and the original cost of this section is, I consider, due to efforts made and directions given before I became Engineer-in-Chief.

Having acted as superintending engineer in connection with these works during the latter part of the year 1879 and the early part of 1880, I became aware of a great desire on Mr. Fleming's part to keep the expenditure largely within the original estimate of cost.

I am, Sir,

Yours truly,

COLLINGWOOD SCHREIBER.

N. F. DAVIN, Esq.

(The exhibits produced in evidence are set out or referred to at the end of the next volume which contains the rest of the report.)

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second, H. P. Dwight, \$93,750, 6.
third, Waddle & Smith, \$121,250, 6.

CONTRACT No. 1.—Telegraph—continued.**TENDERING—continued.****TRUDEAU, T.—continued.**

fourth, Sifton, Glass & Co., excluding maintenance, \$107,850, 6.
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 Fuller's additional demand for clearing, 7.
 making his tender, say \$128,750, 7.
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 dates at which tenderers offered to complete, 7.
 Dwight requires modifications; declined, 8.
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 failed to put up security, 9.
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 on section 1, nor why profits were added, 1330.
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MACKENZIE, HON. A.

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CONTRACT No. 1.—Telegraph—continued.**TENDERING—continued.****MACKENZIE, HON. A.—continued.**

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MACKENZIE, HON. A.

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WHITEHEAD, J.

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lowest tenderer became witness's foreman, 212.
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Whitehead's offer reported on by Fleming, 51.
Order-in-Council specifying conditions and limiting cost to \$60,000, 52.
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\$87,589 for work not mentioned in contract No. 5, 53.

CONTRACT No. 5 A.—Railway construction—continued.**TENDERING—continued.****TRUDEAU, T.—continued.**

this portion never submitted to competition, 53.

Braun telegraphs instructions: 22 cts. earth, and other work at prices in contract No. 15, 53.

off-take ditches paid for at 45 cts. as against 23 cts. in contract No. 14, 53.

no advertisement for tenders, 54.

Order-in-Council defines specific items as to which prices of contract No. 15 shall apply, 54.

witness cannot say why other prices of No. 15 were made to apply, 54. .
does not know Braun's authority for telegram, 55.

WHITEHEAD, J.

did not tender, 243.

reasons for award of contract; made an offer, 244.

off-take ditches paid for at 45 cts.; could have been done for 20 cts. or 25 cts.; this item \$25,000, 245.

ROWAN, J. H.

reported probable cost 16th July, 1877, 731.

this work facilitated carrying rails to contract No. 14, 748.

FLEMING, S.

not offered to public competition, 1345.

Whitehead's offer; reasons for acceptance, 1345.

cost limited by Order-in-Council to \$60,000, exceeded very largely, 1345.

Braun telegraphed authority, 1347.

the whole thing a mistake, 1346.

SMELLIE, W. B.

prices for off-take ditches reduced by witness. restored by M. Smith, 1349.

every item beyond the four mentioned in Fleming's letter paid without authority, 1349.

no investigation made, 1349.

BRAUN, F.

thinks instructions to telegraph received from Minister, 1754.

remembers the circumstance, 1755.

cannot state positively his authority to telegraph, 1756.

can find no authority, but message could not have been sent without authority, 1761.

telegram sent four days before receiving Order-in-Council, 1762.

no instructions as to details from Engineer's Department, 1765.

CONSTRUCTION—**FLEMING, S.**

Smellie notified Department as to high prices, 1348.

received no reply, 1348.

MACKENZIE, HON. A.

prices fixed by engineer, of course, 1815.

discussed off-take ditches with Fleming, 1815.

especially careful to authorize nothing not in engineer's report, 1815.

CONTRACT No. 6.—Steel rails, &c.:**TRUDEAU, T.**

public competition invited by advertisement; time postponed, 833.

contractors: Guest & Co., 10,000 tons, 834.

no Order-in-Council awarding contract, 844.

See *Steel Rails*.

CONTRACT No. 7.—Steel rails, &c.:**TRUDEAU, T.**

evidence under contract No. 6 equally applicable, 833.

contractors: Ebbw Vale Co., 5,000 tons, 834.

no Order-in-Council awarding contract, 844.

See *Steel Rails*.

CONTRACT No. 8.—Steel Rails, &c.:**TRUDEAU, T.**

Mersey Steel Co. tendered for 5,000 to 10,000 tons, 834.

Cox & Green lower price, 834.

awarded contract for 20,000; why increased, 834.

telegrams to and from Cox & Green, 835.

cannot produce any proof; merely impression, 841.

CONTRACT No. 8.—Steel Rails, &c.—continued.**TRUDEAU, T.—continued.**

increased quantity ordered from Cooper & Co., 841.
 thinks lower tenderers applied to first, 842.
 cannot explain correspondence between Cooper and Buckingham, 843.
 no record indicating by what authority secretary informed tenderers
 of acceptance, 843.
 no Order-in-Council awarding contract, 844.

COOPER, J.

of Cooper, Fairman & Co., 915.
 as to postponement of tenders, 916.
 made two tenders: one purports to be on account of Cooper,
 Fairman & Co.; one on account of Mersey Co., 917.
 relations with Charles Mackenzie, 917, 919—923.

FAIRMAN, F.

extent of Cooper, Fairman & Co.'s authority as agents, 1176.
 no authority to tender for bolts, &c., 1178.
 Mersey Co. repudiated bolt contract, 1179.
 agreement mutilated by witness; no authority can be given, 1180.
 Charles Mackenzie's relations to firm, &c., 1187.
 subsequent retirement, 1188.

FLEMING, S.

does not remember whether before recommending this contract he
 enquired if more favourable purchase could be made elsewhere, 1357.
 See *Steel Rails*.

CONTRACTS Nos. 9 AND 10.—Steel rails, &c.:**TRUDEAU, T.**

slight deviations between tenders and contracts as to delivery, 834, 841.
 contractors: West Cumberland Co., 5,000 tons, 834.
 Cox & Green, agents, 834, 841.
 See *Steel Rails*.

CONTRACT No. 11.—Steel rails, &c.:**TRUDEAU, T.**

contractors: Naylor, Benzon & Co., 5,000 tons, 834.
 witness cannot explain correspondence between Cooper and Buck-
 ingham, 843.

COOPER, J.

as to correspondence with Buckingham, 922.

FAIRMAN, F.

of Cooper, Fairman & Co., 1187.
 interest of firm in contract defined, 1184.
 no formal tender, only a letter, 1184.
 tendency of market downward, 1185.
 See *Steel Rails*.

CONTRACTS Nos. 6 TO 11.—Steel rails, &c.:**TRUDEAU, T.**

public competition invited, 833.
 schedule of tenders (twenty-five) produced, 833.
 report by Chief Engineer, 833.
 tenders and correspondence in return of 2nd March, 1876, to House
 of Commons, 833.
 no Order-in-Council awarding contracts, 844.
 no report on record showing quantity of rails required for use in 1874,
 1817.
 no record of Buckingham's replies to Cooper's telegrams, 1817.
 not usual that correspondence between tenderers and private secre-
 tary should take place, 1818.
 the Minister decided upon these contracts himself, witness's judg-
 ment not asked, 1818.

REYNOLDS, T.

agent Ebbw Vale Co. and Aberdare Co., 1001.
 tendency of market in fall of 1874 downward, 1001.
 steady fall till 1879, 1002.
 thought in November, 1874, market had touched bottom, 1002.

FLEMING, S.

reasons for purchasing, &c., 1350—1353.

MACKENZIE, HON. A.

no public competition, 1802.
 no recollection of Crawford's offer, 1802.
 See *Steel Rails*.

CONTRACT No. 12.—Railway location and construction :
TENDERING—**TRUDEAU, T.**

tenders regularly advertised, &c.; schedule produced, 844.
 awarded to A. B. Foster, 844.
 abandoned by consent, 844.
 \$41,000 paid for surveys under Order-in-Council, 845.

ENGINEERING—**MURDOCH, W.**

after leaving Government service, in 1874, became Foster's engineer, 801.
 instrumental survey: French River to Amable du Fond, 801.
 condemned proposed road, corroborated by Shanly, 802.
 opinion not shared by Hazlewood, his examination not thorough, 803.
 no probability of feasible route when contract awarded, 803.
 route with heavier grades might be had, 803.
 witness proposed Ottawa Valley route, 804.
 determines terminus on Canada Central Railway on Lake Nipissing, 805.
 December, 1878, soundings Lake Nipissing, 805.
 size of party eighteen, 805.

FLEMING, S.

Georgian Bay Branch part of Canada Pacific Railway system, 1358.
 direction and location established by Order-in-Council, not recommended by witness, 1358.
 Order-in-Council passed on Hazlewood's report, 1359.
 never could see immediate necessity for that work, 1359.
 thinks line not selected on engineering grounds altogether, 1359.
 witness trusted to Hazlewood, 1360.
 Foster reported 20th December, 1875, difficulties as to gradients, 1361.
 endorsed by W. Shanly, 1361.
 witness recommended further surveys, 1362.
 as to Lumaden's location, 1363.
 Foster's claim for \$63,000, 1364.
 witness reported that expenditure would be available in future, 1365.
 Foster's detailed account for Georgian Bay Branch survey, \$24,532, paid \$31,838, 1365.
 witness cannot explain this, 1365.

SMITH, M.

in 1877 Lumaden started to locate from French River to South River, Lake Nipissing, 1569.
 survey from French River westward, 1570.

MACKENZIE, HON. A.

\$41,000 paid Foster on Fleming's recommendation, 1804.
 Fleming mistaken as to feasibility of route, 1804.

CONTRACT No. 13.—Railway construction :**TENDERING—****TRUDEAU, T.**

public competition, 60.
 lowest tender Charters & Co., 61.
 Charters withdrew offer, 62.
 second lowest, Taylor, who abandoned contract, 63.
 no claim made against sureties, 63.

SITTON, J.

witness's brother and Ward chief actors, 101.
 Fairbanks and Farwell joined afterwards, 101.
 no negotiations with other tenderers, 102.

FLEMING, S.

would have preferred, for engineering reasons, letting had been postponed, 1368.

ENGINEERING—**TRUDEAU, T.**

change in location, Shebandowan abandoned, 64.
 contractors claimed damages for delay in locating, 64.

CONTRACT No. 13.—Railway construction—*continued.**ENGINEERING—continued.*

- SIFTON, J.**
 as to claim on account of delay, 102.
 location changed, 102.
 thought bill of works nearly correct when tendering, 103.
 experience as to correctness of estimates with other railways, 103.
- CADDY, J. S.**
 section 13 well finished when he took charge, 649.
- FLEMING, S.**
 not ready for contractors, 1319.
 damages claimed in consequence, 1319.
 first effort to find direct route from Red River to harbour on Lake Superior, 1367.
 effort to find route by Shebandowan, 1367.
 more accurate information should have been had, 1368.
 engineering reasons outweighed by public ones, 1368.
 water stretches, 1369.
 Rat Portage a governing point, 1369.
 contract let before route determined, 1369.
 not much work abandoned, 1370.
 no very great inaccuracy as to estimates, 1371.
- MCLENNAN, R.**
 contractor's men arrived before proper location made, 1530.
 work began 22 miles from Prince Arthur's Landing, 1531.
 better location had more time been allowed, 1531.
 work west of Sunshine Creek stopped, 1532.
- SMITH, M.**
 examined section 13 in 1876, 1570.
 walked over 20 miles; portions graded, 1570.
 not satisfied as to measurements, 1570.
 left to junior assistants, 1571.
 chief causes of extra cost, 1604.
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CONTRACT No. 14.—Railway construction :

TENDERING—

- TRUDEAU, T.**
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 lowest tender, Wallace & Co., 65.
 application for extension of time refused, 65.
 contract covers 77 miles, 66.
 awarded by verbal order of Minister, 66.
 Fleming did not report recommending passing over lowest tender, 67.
- SIFTON, J.**
 had no negotiations with Wallace & Co., 103.
 conversations with Trudeau before contract awarded, 106.
 not nearly completed within contract time, 107.
- CARRÉ, H.**
 bill of works made up from profiles of witness and Brunel, 178.
- MACKENZIE, HON. A.**
 at the time contract was let, was not aware line was not located from river, 1807.

*ENGINEERING—**SURVEYS.*

- CARRÉ, H.**
 heard that adoption of southerly line would involve abandonment of work worth \$65,000; net saving by southerly line, say, \$200,000, 149.
 does not think abandonment necessary, 150.
 a good route from Falcon Lake to Winnipeg, 150.
 location of contract by Brunel to Brokenhead, thence by Forrest, 176.
 witness's survey only preliminary, 176.
 Brunel's survey expedited work about a fortnight, 176.
 laid out two lines in neighbourhood of, and another south of Cross Lake, 1446.
 Jarvis ran line half a-mile north of present crossing, 1446.
 points out in map line he thinks better than that adopted, 1447.

CONTRACT No. 14.—Railway construction—continued.
ENGINEERING—continued.**SURVEYS—continued.****CARRE, H.—continued.**

better line at Cross Lake was found by Forrest, witness not aware of it till long after final location of crossing at Cross Lake, 1455.
 particulars as to Forrest's line, 1455.
 after section 14 put under contract, witness had nothing to do with it, 1457.
 how a better line was sacrificed to etiquette, 1458 1462.
 section 15 might have been slightly diverted to join improved line at eastern end of 14, 1461.

MURDOCH, W.

told Fleming in 1872 about swamps, Rowan contradicted, 816.

ROWAN, J. H.

produces map showing profiles of Cross Lake surveys, 821.
 survey of contract made in winter, 821.

FLEMING, S.

Selkirk terminus selected chiefly on account of its immunity from floods, 1372.
 considers it preferable to Stone Fort, 1372.
 connection with deep water navigation at Lake Winnipeg, 1372.
 proximity of a large inlet for sheltering shipping in winter, 1372.
 reasons against Stone Fort, 1373.
 Government ownership of land at Selkirk a reason for the selection, 1373.
 witness interested in no land there, 1374.
 no serious engineering difficulty in making bridge anywhere between Winnipeg and Selkirk, 1374.
 river navigable to Stone Fort, 1375.

SMITH, M.

walked over some 20 miles under construction in 1876, 1574.
 suggested to Carre alternative line at Cross Lake, 1580.
 Carre found one, but grades not approved by Fleming, 1580.
 point of junction with 15 an unfortunate selection, 1609.
 a mile and a-half rock should have formed part of contract No. 15, 1609.

CONSTRUCTION.**RUTTAN, H. N.**

east end transferred to Whitehead, 33.
 subsidence of muskegs, 33.
 embankments, through drained muskegs, unnecessarily high, 33.

SIFTON, J.

considered quantities in bill of works correct, 104.
 turned out about 60 per cent. in excess, 104.
 excess in rock due to deviations in line, 104.
 contractors making claim on Government (Julius Muskeg), 104.
 delay in completing contract due to work not having been laid out, 107.
 twelve hundred men left because Engineers were not ready, 108.
 had to commence five miles back from river, 108.
 had to build road to get out supplies, 108.
 were stopped all winter at Julius Muskeg, 108.
 delayed a whole year, 108.
 line not located east of Julius Muskeg, 108.
 correspondence respecting re-location, 110.
 Marcus Smith not satisfied with progress, 110.
 suggested arrangements with Whitehead to complete eastern end, 111.
 threat to take contract out of contractors' hands, 111.
 interviews with Whitehead, 111.
 arrangement made with Whitehead, 111.
 contractors' price 28 cts. per yard and extra haul, 112.
 Whitehead got 40 cts., 112.
 copy of agreement produced, 113.
 Marcus Smith said he was acting under instructions, 113.
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 contractors were quite able to complete the work, 115.
 contractors' claims for compensation, 116, 121.
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 station ground at Selkirk, 271. *
 Whitehead's sub-contract, 271—274.

CARRÉ, H.

construction commenced before location of southerly line, 149.

WHITEHEAD, J.

took over completion of Sifton & Ward's contract under agreement approved by Minister, having necessary plant, which original contractors had not, 238.
 has been filling Cross Lake since spring of 1879, 239.
 two steam-shovels, three locomotives and 100 men at work night and day, 239.
 thinks big bay at Cross Lake might have been avoided, 246.

CLARK, A. H.

employed two years as walking boss, 259.
 contractors' claims for compensation, 260—264.

MOLLOY, J.

contractors' claims for compensation, 315.
 Julius Muskeg, 315.
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 witness's claim on Government, 321.

WHITEHEAD, C.

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ROWAN, J. H.

contractors' claims: delay, compensated for by extension, 704.
 changes of location, advantageous to contractor, 704.
 coffer-dams, foundationless, 704.
 use of contractor's roads, worthy of consideration, 705.
 Selkirk station ground, recommended, 705.
 two miles of contract transferred to Whitehead, 706.
 original contractors have no claim under this, 707.
 question of haulage thoroughly discussed, 709—711.

FLEMING, S.

Carré's southerly line, 1376.
 some delay, but contractors magnify difficulties, 1378.
 explains why no maximum limit to haul, 1616.
 limited by discretionary power of engineer, 1616.
 limit established in subsequent specifications, 1617.

SMITH, M.

Julius Muskeg, 1575.
 muskeg can only be measured in excavation, 1575.
 muskeg should have been sounded, 1576.
 never knew work in Europe being let without fullest previous information, 1576.
 witness advised cross-logging, 1579.
 suggested no material improvement in location, 1579.
 Chief Engineer returned in spring of 1877, 1580.
 a mile and a-half rock, which should have formed part of contract No. 15, subsequently transferred to Whitehead, 1609.
 Sifton's claim, 1610
 excessive quantities arose from change of location and shrinkage of embankments, 1611.

MACKENZIE, Hon. A.

transfer of Cross Lake Section to Whitehead, 1807.
 mere substitution of contractors, 1808.
 See *Engineering*.

CONTRACT No. 15.—Railway construction :**TENDERING—****TRUDEAU, T.**

submitted to public competition, and let after three advertisements, 67.
 lowest tender, A. P. Macdonald & Co., 68.
 second lowest, Martin & Charlton, 68.

CONTRACT No. 15.—Railway construction—*continued.*
TENDERING—*continued.***TRUDEAU, T.—*continued.***

third lowest, Sutton & Thompson, 69.
 contract awarded to them by Order-in-Council, 69.
 further Order-in-Council, recognizing Whitehead as contractor, 69.
 deposits made with tenders, 71.

WHITEHEAD, J.

lives at Winnipeg since 1874, 211.
 followed railroading since 12 years old, 211.
 tender thirteenth lowest amongst twenty-six, 216.
 did not get contract on his tender, 216.
 joined Sutton & Thompson after consulting Minister, 216.
 paid Sutton & Thompson \$10,000, 218.
 admitted by Order-in-Council as sole contractor, 218.
 correspondence with Minister respecting Charlton, 218.
 information as to tenders easily obtainable at Ottawa, 220.
 the \$10,000 paid to Sutton & Thompson by McDonald in witness's
 presence, 220.

Senator McDonald put up witness's security, 221.

agreed to pay him 10 per cent. and share profits with his son
 equally, 221.

Mitchell McDonald neither wealthy nor experienced, insolvent at the
 time, 222.

paid him \$20,000 which he gave to his father, 222.

subsequent settlement with McDonald, \$112,000, 223.

Senator McDonald not satisfied with arrangement, 223.

reasons why witness was willing to adopt tender \$188,000 less than
 his own, 228.

respecting Charlton, 228.

McDonald paid Charlton \$20,000, 229.

arrangement with Charlton made a few days before contract
 was let, 231.

further evidence as to transaction with Charlton, 236.

relative position of tenders well known, 236.

produces agreement and statements of account with Senator
 McDonald, 241.

Senator McDonald charged 10 per cent. on security to Government
 though that security was in lands, 242.

money paid Charlton at Prescott station, not Cornwall, as stated,
 606.

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MACDONALD, A. P.

tendered each time section advertised, 977.

third time contract awarded to his firm, 977.

required conditions Department not willing to concede, 977--980.

Charlton and Sutton & Thompson, 981.

SUTTON, R. T.

tendered in name of Sutton & Thompson, 1040.

Thompson only lent his name, 1040.

virtually sold out to Whitehead for \$10,000, 1041.

error about rip-rap, 1043.

respecting telegram denying payment to Charlton, 1043.

negotiation and understanding with Whitehead and McDonald, 1045.

when he sold out, thought Charlton had contract, 1045.

Whitehead knew how tenders stood, 1045.

MACKENZIE, HON. A.

extent of witness's knowledge as to Sutton & Thompson's partner-
 ship arrangements with Whitehead, 1809.

not aware of Senator McDonald's interest in contract, 1809.

McDonald denied effecting the withdrawal of Charlton, 1809.

why Martin was not considered, 1810.

Kane & McDonald wanted to impose a condition, 1810.

ENGINEERING—**SURVEYS.****TRUDEAU, T.**

work largely exceeds estimated quantities, 69.

progress estimates did not give that information, 69.

no record of estimated quantities kept, 70.

change of grade discussed, 70.

CONTRACT No. 15.—Railway construction—*continued.**ENGINEERING—continued.*SURVEYS—*continued.*

CARRÉ, H.

- in charge of location survey, June, 1874, 129.
- party over forty men, 129.
- so engaged till January, 1875, 129.
- witness afterwards took soundings on Red River, while the party ran a line from Shoal Lake to Selkirk, 129.
- in December, 1874, asked to send in plan and profile, 129.
- made it roughly on unprinted wall paper, 130.
- Frank Moberly and party calculated the quantities from it in Ottawa, 130.
- thinks the profile made from it correct, 130.
- not cross-sectioned or test-pitted, 130.
- when in Ottawa, scheduled out quantities, they were enormous, 131.
- asked to find a better route, 131.
- returned for that purpose, June, 1875, 131.
- the survey was exploratory and location combined, 131.
- line finished in December, 1875, 131.
- thinks party consisted of fifty, 131.
- ran also the Dalles line at same time, 132.
- returned to Ottawa, until May or June, 1876, 132.

FLEMING, S.

- thinks cross-sections taken two years before advertising for tenders, 1379.
- essential in such country, 1379.
- reads his report of May 16th, 1879, accounting for discrepancies, 1380.
- corrects statement as to cross-sections, previous page, 1380.

SMELLIE, W. B.

- reads letter from Chief Engineer, respecting Carré's evidence, 1484.
- west of Cross Lake, Carré undertook no more than trial location, 1485.
- thinks there is no point in Fleming's letter, 1486.
- never saw Ferrest's line until yesterday (22nd April, 1881), 1488.
- cannot say if Carré's plans of 1875 survey are in the Department, 1488.

SMITH, M.

- found the works would be heavy, 1573.
- grades about 40 feet, 1573
- terminus established by letting section 14, 1574.
- was not at Cross Lake in 1876, 1574.

CONSTRUCTION.

RUTTAN, H. N.

- became engineer for contractor Whitehead on Fleming's recommendation, April, 1877, 25.
- reached section 15 in May, 1877, 25.
- permanent location not then completed, 25.
- ground very rough, could get no cross-sections, 25.
- alignments and grades changed, 26.
- instructions as to rock bases in water stretches, 26.
- Carré the division engineer in charge, 27.
- final instructions not practicable, 27.
- rock protection walls authorized by Rowan, 28.
- Carré's instructions in June, 1877, to borrow earth, 29.
- differences between contractor's engineer and Carré as to classification of material, 30.
- thinks Government in April, 1880, owed Whitehead \$60,000 more than admitted, 31.
- at that date work taken out of Whitehead's hands, 31.
- Rowan's instructions as to earth embankments in July, 1877, 31.
- saw on first inspection that all material for embankments could be borrowed, no trestle work necessary, 32.
- not enough timber on section to build trestle work, 36.
- should have been well known after five years' surveys, 36.

CARRÉ, H.

- appointed engineer on construction, May or June, 1876, 132.
- original location line of 1874 adopted, 132.
- re-located whole section between June and December, 132.

CONTRACT No. 15.—Railway construction—*continued.*
ENGINEERING—*continued.***CONSTRUCTION—*continued.*****CARRÉ, H—*continued.***

- four assistants took measurements of cross-sections and were responsible for their correctness, 133.
 thinks final returns were correct, 134.
 cross-sections completed in March, 1877, 134.
 tenders asked for about time cross-sections were commenced, 134.
 quantities not calculated from cross-sections till 1878, 134.
 changes in grade and alignment, increased rock cuttings and earth excavations, 136.
 without specific data, tenders were necessarily speculative, 138.
 accurate quantities conducive to economy, 138.
 cross-sections necessary to accurate calculations, 154.
 quantities calculated from cross-sections, January, 1878, 154.
 after lowering grade two feet, 154.
 rock cutting increased by lowering grade, 113,200 yards, 154.
 earth excavations increased by changes, 224,000 yards, 155.
 line thereby improved, 155.
 increased cost mainly due to changes and substitution of earth embankments for trestle work, 156.
 deep fillings in water stretches, 160.
 Cross Lake probably requires 222,000 yards, equal to \$82,000, 161.
 trestle work probably \$17,500, 161.
 if filled according to original specification, full rock base and trestle, \$345,832, 162.
 as actually executed, \$142,500, 162.
 trestle cheaper in heavy land voids, 163.
 instructions from superior officer, 164.
 refused contractors certain information, and why, 164.
 cross-sections not returned from Ottawa till September, 1877, 164.
 meantime change of grade, 165.
 grade determined in Ottawa four months after contract commenced, 166.
 solid rock bases found impracticable, 166.
 witness proposed protection walls, approved October, 1877, by Rowan, 166.
 protection walls temporarily approved in August, 167.
 instructed to substitute earth for trestle wherever possible in summer of 1877, 168.
 ordered by Rowan not to touch a stake, 169, 1476.
 Rowan's inspection of line described, 170.
 witness's suggestions ignored at Ottawa, though supported by Rowan, since carried out by Schreiber, 171.
 in charge of construction four years, 171.
 Haney made superintendent in June, 1880, 171.
 Rowan's letter permitting earth borrowing produced, 172.
 left in uncertainty as to grades, 172.
 statement showing comparative quantities for rock bases and protection walls respectively, produced, 175.
 differences between Government and contractor's engineers as to:
 bottoms left in cutting, 179.
 loose rock, 180.
 margin for finishing work, 180.
 rock outside of prism, 180.
 Fleming's and Smith's interpretation of loose rock clauses, 181—187.
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 not responsible for discrepancies between bill of works and estimate of 1878, 1474.
 grades were altered, 1474.
 bill of works did not include fillings for shallow voids, 1475.
 determining grades determined quantities irrespective of his calculations, 1477.
 trestle work superstructures very expensive, 1477.
 calculation as to increase of quantities by lowering grades, 1478.
 increase due to change in definition of loose rock, 1478.
 further items of increase accounted for, 1481.
 trestle work as originally designed worth \$52,180 per mile for superstructure alone, 1481.
 proposed rock protection walls adopted by Smith, 1483.

 CONTRACT No. 15.—Railway construction—*continued.*
ENGINEERING—*continued.*CONSTRUCTION—*continued.*CARRE, H.—*continued.*

muskeg material described, 1483.
 correct figures given in previous evidence, 1489.
 length of trestle, 11,841 feet, at \$9.83 a foot for superstructure; cost per mile, \$51,902, 1489.
 further details as to superstructure, 1490.
 Rowan's visits to the section, 1491.
 grades and curves used under Schreiber's directions which witness was not allowed to use, 1493.
 grades increased from 35 to 50 per 100, 1494.
 superseded by Haney, February, 1880, 1500.
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WHITEHEAD, C.

lived on section 15 from June, 1877, till May, 1880, as contractor's manager, 203.
 difficulties between contractors and Government engineers, 204.
 determination to substitute earth filling for trestles first known through Rowan, September, 1877, 205.
 instructions as to Lake Deception, 205.
 Rowan's directions, 206.
 Government took over contract without negotiation, 207.
 thinks Marcus Smith's first visit was December, 1878, 207.
 differences with Government engineer as to loose rock, &c., 207—210.
 difficulty with Rowan as to culling ties, 211.

WHITEHEAD, J.

expected when contract entered into that specifications would be adhered to, 225.
 change from trestle to earth work beneficial to contractor, 225.
 trestle work could not have been completed in twenty years, 225.
 his reasons for this statement, 225
 signed contract January 9th, 1877, 230.
 understood in February trestle work would be used, 230
 was not examined before Parliamentary Committee, 231.
 dispute with Government Engineer as to loose rock, ties, &c., 232.
 thinks about \$96,000 was kept back, 232.
 got advance about \$45,000 on plant, 232.
 advised to take partners, 232.
 Fraser & Grant's names suggested by Cooper, Fairman & Co., 234.
 had large transactions with Cooper, induced by his pressure to take partner, 235.
 expects net proceeds of contract as carried out by Government, 236.
 conversations with Rowan as to earth fillings, 240.
 Government have advanced large proportion of margin retained under contract as security, 626.

FRASER, J. H.

arranged to buy half Whitehead's contract, 256.
 arrangement made through Cooper, Fairman & Co., 257.
 no conversation with any one at Ottawa respecting partnership, 258.
 found Whitehead more involved than they thought, 259.
 partnership with Whitehead not due to departmental influence, 648.
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ROWAN, J. H.

trial line made to avoid Croes Lake, 703.
 heavier rock, greater curvature, increased length, 703.
 difficulty of getting grades, 703.
 change from trestle to earth authorized by Marcus Smith, 738.
 increased cost probably \$250,000, 739.
 further increase due to change of grade, and partly to inaccuracy of quantities originally given, 739.
 explanations in reference thereto, 739.
 quantities based on centre line only, 740.
 how far Carre was responsible for discrepancy, 740.
 differences with contractor's engineer as to rock measurements, &c., 742.
 trestle and earth bank equal at eighteen feet, 744.
 value of work done when discrepancy discovered, \$437,000, 821, 822.

CONTRACT No. 15.—Railway construction—continued.
ENGINEERING—continued.**CONSTRUCTION—continued.**

- SCHULTZ, J., M.P.**
 Whitehead in financial difficulties, 718.
 Grant's offer seemed only way out, 718.
 reasons for thinking no Ottawa influence used, 719.
- BROWN, G.**
 never heard from Whitehead or Tuttle that hope of political influence led former to assist latter, 727.
 Whitehead attacked by *Winnipeg Free Press*, wanted means of defence, 728.
- TUTTLE, C. R.**
 Cooper, Fairman & Co. furnished contractors, not the Government, with supplies, 764.
 Cooper & Co. assisted witness long before he started a newspaper, 765.
 how he came to know Whitehead, 765.
- COOPER, J.**
 part taken in Whitehead's partnership arrangements, 924.
 purely on business basis; thinks no Government influence used, 924.
 had large claim against Whitehead for explosives, 925.
- HAGGART, J., M.P.**
 object of moving for Committee of enquiry, 1012.
 no prior conversation with Whitehead, 1013.
 Committee reported before witness spoke to Mackintosh, 1014.
 conversation with C. Whitehead, 1014.
 Mackintosh's relations with Whitehead first known to witness, 1880, 1015.
- BOWEN, A.**
 one of Whitehead's sureties with Mackintosh, 1150.
 considered signing Whitehead's bond mere matter of form, 1151.
- TUPPER, SIR CHARLES.**
 drawback allowed to Whitehead in pursuance of departmental practice, 1278.
 Order-in-Council surrendering drawback covered what had been advanced by predecessor, 1278.
 Mackintosh's relations with Whitehead, 1279.
 ample security, 1281.
 Order-in-Council doing away with sureties, 1282.
 Whitehead supported on public grounds, 1283.
 advances not applied towards progress of work, therefore stopped, 1283.
 finally taken over by Government, 1284.
 why partnership with Fraser not assented to, 1284.
 embankment substituted for trestle during preceding Administration, 1285.
 Minute to Council recommending embankment acted on by Department as if approved by Council, 1286.
- POPE, HON. J. H.**
 advance to Whitehead, 1303.
 bill of sale on plant, 1303.
 negotiations with Whitehead, not Mackintosh, 1303.
 interview with Macdougall, 1304.
 advance to Whitehead made in public interest, 1304.
- FLEMING, S.**
 reasons for location of line, at Cross Lake, 1380.
- SMELLIE, W. B.**
 increase of grades extends over short portion of line, 1497.
 as to reduction, 1498.
- SMITH, M.**
 suggested slight changes reducing cost, 1605.
 location on the whole not bad, 1605.
 difficulty of getting timber for trestles, 1606.
 trestles in some cases impossible, 1606.
 some trestles would have been 60 feet, 1607.
 cost of moving rock, 1607.
 Cross Lake, 1608.
 considering required grades, present location at Cross Lake as good as any, 1608.
 question of re-locating line at junction of 14 and 15 not taken up by witness when on ground in 1878, 1609.

CONTRACT No. 15.—Railway construction—continued.*ENGINEERING—continued.***CONSTRUCTION—continued.****SMITH, M—continued.**

junction badly selected, 1609.
section 15 should have extended a mile further west, 1609.

SCHREIBER, C.

visited section December, 1879, 1769.
character of work good but force on work deficient, 1769.
financial inability of contractor led to Government assuming work in March, 1880, 1770.
change in general location impracticable at that time, 1770.
work too far advanced to consider advisability of any alternative lines, 1771.

CARRÉ'S ALTERNATIVE SOUTHERN LINE.**RUTTAN, H. N.**

describes more southerly feasible line by which \$500,000 to \$750,000 might have been saved between Keewatin and Winnipeg, 34.

CARRÉ, H.

southerly route would have saved \$275,000, 140.
reported strongly to Rowan in favour of southern line, 142.
alternative line run before second advertisement inviting tenders appeared, 1453.
detailed evidence respecting proposed line, 1464.
would have cost less, 1464.
estimated difference in cost \$472,988, 1466.
explains evidence before Senate Committee in May, 1879, 1469.
fewer water stretches, 1470.
his views submitted to Department in winter of 1875-76, 1471.
if adopted, \$68,000 expended on section 14, would have been lost, 1471.
Julius Muskeg would have been avoided, 1472.

ROWAN, J. H.

views as to alternative southern line, 702.
Carre's southerly line in some respects favourable, 731.
but work executed on contract No. 14 would have had to be abandoned, 732.
had route west been south of Lake Manitoba, Carre's line would have been cheaper, 732.

FLEMING, S.

suggested line compared with present one, 1376.
thinks rough land less, but quantities and mileage greater, 1376.
work on contract No. 14 not proceeded so far that abandonment precluded adoption of suggested line, 1376.
still thinks selection of existing route judicious, 1377.
suggested line might have been preferable had Winnipeg been objective point, 1380.
produces letter of 4th May, 1881, from Rowan, asserting saving only \$100,000 from its adoption while lengthening line five miles and a-half, 1630.

SMITH, M.

witness's views endorsing this route, 1596.
See *Engineering*.

CONTRACT No. 16.—Railway construction :**TRUDEAU, T.**

extension, Douglas to Nipissing, 846.
no public competition; Order-in-Council granting \$12,000 per mile, 846.
work abandoned, 846.
letter of President, 22nd August, 1874, praying for subsidy, 1215.
reported on by Chief Engineer, 8th October, 1874, 1215.
Order-in-Council, 4th November, 1874, ratified by House of Commons, 13th March, 1875, 1215.
company contract with A. B. Foster, 1215.
26th October, 1875, Foster reports difficulties, 1216.
10th February, 1877, route by Ottawa Valley proposed, 1217.
approved by Order in Council 18th April, 1878; subsidy, \$1,440,000, 1218.

CONTRACT No. 16.—Railway construction—continued.

- TRUDEAU, T.—continued.**
 formal contract thereunder with McIntyre & Worthington, 1218.
- FLEMING, S.**
 route not chosen on engineering grounds, 1366.
 contract let on walking exploration, 1366.
 witness's authority for action, Order-in-Council, 4th November, 1874,
 1381.
- MACKENZIE, HON. A.**
 as to loan of rails to Foster, 1811.

CONTRACT No. 17.—Transportation of rails:

- TRUDEAU, T.**
 arranged through Cooper, Fairman & Co., 846.
 Braun telegraphs offer to Cooper, Fairman & Co., 846.
 further correspondence in relation thereto, 847.
 no correspondence as to specific contract with Anderson & Co., the
 shipowners, 847.
- FAIRMAN, F.**
 Cooper, Fairman & Co.'s offer at £2 per ton, 1182.
 witness acted in shipper's interest, 1183.
 did not hear that less than £2 was paid, or that more than £2 was
 agreed on, 1185.
- FLEMING, S.**
 witness not concerned in this contract, 1381.

CONTRACT No. 18.—Transportation of rails:

- FULLER, R.**
 tendered, but did not get contract, 472.
 contract given to Red River Transportation Co., 473.
 witness's offer the lowest, 473.
 namely, \$13.50 per long ton, American currency, from Duluth to
 Winnipeg, or \$15 to Selkirk, 473.
 no conditions as to channel of Red River, 473.
 competing lines justified witness's offer, 1294.
 remarks as to long and short ton, 1295.
- ROWAN, J. H.**
 produces letter from Ottawa, 25th June, 1875, his first communica-
 tion on the subject, 731.
 told contractor to land rails at Selkirk; he refused, 748.
- TRUDEAU, T.**
 no formal contract, 848.
 no advertisement for tenders, 848.
 produces Fleming's report on Fuller & Milne's offer, 848.
 which is simply acknowledged, 849.
 cannot explain why another offer at a higher price was accepted, 850.
 nine thousand short tons for Pembina Branch, the rest for Selkirk,
 967.
 Fuller's offer more favourable than that accepted by \$13,500, 967.
 that advantage increased if offer based on long ton, 967.
 no conditions by Fuller as to depth of water, 968.
 rails did not reach Selkirk by water, 967.
 necessity for their transport hastened Pembina Branch North, other-
 wise \$11,500 additional expense incurred, 968.
 Fleming estimates transport expenses saved by premature building of
 Pembina Branch North, at \$30,000, 968.
 possibly verbal arrangement with Hill made by Minister before receiv-
 ing Fuller's offer, 969.
 witness places the loss at \$15,000, 970.
- CAMPBELL, G.**
 a ton of rails understood to be 2,240 lbs., 1120.
- FLEMING, S.**
 can recollect nothing about it, 1382.
 the long ton understood in respect of rails unless otherwise specified,
 1398.
- MACKENZIE, HON. A.**
 reasons why Kittson get contract at higher price than Fuller, 1812.
 does not remember whether question of long or short ton was con-
 sidered, 1813.
 See Contract No. 28.

CONTRACT No. 19.—Engineer's house at Read :

TRUDEAU, T.
amount of contract, \$1,600, 867.
contractor : Moses Chevrete, 867.

CONTRACT No. 20.—Transportation of rails :

TRUDEAU, T.
arranged through Cooper, Fairman & Co., 927.
public competition invited ; tenders produced, 927.
contractors not mentioned in schedule, 927.
E. Samuel lowest tenderer, \$6, 927.
Order-in-Council 30th April, 1875, awards to Cooper, Fairman & Co.,
928.
contract claimed under Mersey Co.'s tender, 929.
witness thinks their claim not a good one, 931.
\$12,400 would have been saved had Perkins & Co.'s offer been accepted
instead of Cooper, Fairman & Co.'s, 931.

FAIRMAN, F.
no authority from Mersey Co. to tender for inland transport, 1187.
Cooper, Fairman & Co. interested with contractors, 1190.
tender in own names, 1191.
no reference to transportation in Mersey Co.'s tender, 1192.
price, with extras, \$6.20, 1193.

FLEMING, S.
had nothing to do with this, 1382.

CONTRACT No. 21.—Transportation of rails :

TRUDEAU, T.
tenders asked for by Morin, 867.
cannot explain how Cooper & Co. had prior information, 867.

FLEMING, S.
managed entirely by the Deputy Minister, 1382.

CONTRACT No. 22.—Transportation of rails :

TRUDEAU, T.
offered to public competition by circular, 932.
Chief Engineer's report recommending Holcomb & Stewart produced,
932.

FLEMING, S.
explains his recommendation, 1382.

CONTRACT No. 23.—Railway ties :

TRUDEAU, T.
let after public competition, 868.
satisfactorily fulfilled, 868.

CONTRACT No. 24.—Erection of a house :

TRUDEAU, T.
amount of contract, \$3,500, 868.

FLEMING, S.
instructed, 15th May, 1875, to authorize Hazlewood to enter into
arrangements as above, 1383.

CONTRACT No. 25.—Railway construction :**TENDERING—**

TRUDEAU, T.
report of engineer, 72.
Purcell lowest tenderer, 72.
tenders opened on day stated in advertisement, usual delay of two
or three days not accorded, 72.

RYAN, H.
interested in tender of Brown, Brooks & Ryan, 1220.
not lowest and not accepted, 1220.
contract awarded to Purcell, whom witness joined, 1220.
Purcell's tender lower than any other by \$100,000, 1239.

CONTRACT No. 25.—Railway construction—continued.
TENDERING—continued.

- FLEMING, S.**
 Purcell lowest tenderer, 1384.
 bonus to hasten construction, 1384.
 figures on tender altered, 1384.
 explanation of witness's part in transaction, 1386.
 respecting increase of bonus and penalty, 1387.
- McLENNAN, R.**
 had no communication with contractors before contract awarded, 1535.

ENGINEERING—**SURVEYS.**

- FLEMING, S.**
 object of surveys to obtain most favourable line irrespective of soil, 1390.
 summer surveys were made but no boring done, 1390.
 how contents of embankments should be paid for, 1391.
 these views not of general applicability, 1391.
 two and a-half yards of muskeg moved to make one in embankment, 1392.
 thinks borrowing might have been resorted to, 1393.
 took steps to prevent similar difficulty in future, 1393.
 facts as to difference between McLennan's and Bell's measurements, 1396.
 has not been on ground himself, 1397.
- McLENNAN, R.**
 in winter of 1875-'6 made survey north of Lake Shebandowan, 1534.
 profile sent to Ottawa, 1534.
 thinks estimate of quantities based on this, 1535.

CONSTRUCTION.

- TRUDAU, T.**
 estimates considerably exceeded, 73.
 re-measurement ordered, reducing first quantities, 73.
- CADDY, J. S.**
 position of section when he took charge, 649.
 much muskeg, 649.
 considerable settlement of road-bed, 650.
 disputes with contractors, 654.
 subsidence of embankments, 654.
- RYAN, H.**
 work completed, October, 1879, 1220.
 dispute regarding quantities, 1221.
 re-measured by L. G. Bell, excess chiefly in earth and rock, 122.
 McLennan made first measurements, 1222.
 piling ten times as much as estimated, 1223.
 discrepancy due to ignorance of country, location made in winter, 1223.
 shrinkage of embankment, 1224.
 increase in off-take ditches, 1224.
 changes increased cost but shortened and improved line, 1224.
 shrinkage of muskeg, 1225.
 could easily have ascertained depth of bogs, &c., in winter, 1227.
 bog in all cases lying on hard material, 1227.
 alignment is right, 1227.
 reason for lowering grades and increasing number of ditches, 1228.
 road somewhat narrower than specified, 1229.
 reason why re-measurements could not be correct, 1230.
 no allowance in estimates for muskeg earth, 1245.
- FLEMING, S.**
 quantities greatly in excess, 1388.
 thought at the time information sufficient for letting work, 1388.
 nature of soil not understood, 1389.
 principles which should guide an engineer as between Government and contractor, 1631.
 principles applied to muskeg question, 1632.
 Government should fix price for muskeg material if none in contract, 1633.

CONTRACT No. 25.—Railway construction—continued.**ENGINEERING—continued.****CONSTRUCTION—continued.****FLEMING, S.—continued.**

sub-section 3 of clause 17 classes muskeg as earth, 1634.
 earth measured in excavation, 1636.
 thinks muskeg should be measured in embankment, 1636.
 directions to stop further certificates, 1654.
 on discovering cause of excess, sent instructions to engineers, 1655.
 specific instructions to Jennings, 1656.
 instructions to measure muskeg in embankment, 1657.
 Order-in-Council governing procedure thereafter, 1658.

MCLENNAN, R.

quantities turned out much larger than estimate, 1536.
 made material changes, 1536.
 shortened line nearly two miles, 1537.
 changes hastened completion of line, 1537.
 and decreased cost, 1538.
 good deal of muskeg, 1539.
 subsidence of muskeg in embankments, 1539.
 general sinking of muskeg country when drained, 1540.
 some reasons for discrepancy between the two measurements, 1541.
 measured material in excavation, 1544.
 tunnel of 515 feet, 1546.

SMITH, M.

chief causes of extra cost, 1604.

SMELLIE, W. B.

tunnel decided on in 1876, 1614.

SCHREIBER, C.

held different views from Fleming as to muskeg measurement, 1772.
 must be measured as earth work in excavation, 1772.
 substitution of earth for muskeg might have lost two years without
 increasing efficiency, 1773.
 earth five times the weight of dry muskeg, 1773.
 excavation of muskeg necessary to drain country, 1773.
 muskeg "blinded" the finest of embankments, 1774.
 sinkage *vs.* shrinkage, 1775
 results of re-measurement compatible with correctness of original
 measurement, 1776.

MACKENZIE, HON. A.

as to price of tunnelling, 1816.
 See *Engineering*.

CONTRACT No. 26.—Construction of engine house :**TRUDEAU, T.**

public competition invited, 933.
 awarded to lowest tenderer, 933.
 work satisfactorily performed, 933.

FLEMING, S.

immaterial evidence, 1398.

CONTRACT No. 27.—Transportation of rails :**TRUDEAU, T.**

public competition invited, 934.

FLEMING, S.

his evidence herein, 1398.

CONTRACT No. 28.—Transportation of rails :**TRUDEAU, T.**

based on an offer from Kittson, 1046.
 engineer's recommendation subsequent to Kittson's offer, 1046.
 no record of previous communication with Kittson, 1046.
 no other competition, 1046.
 expenditure included under contract No. 18, 1946.
 amount involved and properly chargeable against this contract,
 \$143,000, 1047.
 amount expended under contracts Nos. 18 and 28, \$215,679.52, 1153.
 contract No. 18 for 5,000 short tons, 1153.
 contract No. 28 not the result of public competition, 1153.

CONTRACT No. 28.—Transportation of Rails—continued.

- FLEMING, S.**
recommended that provision should be made for transport May 13th, 1876, but took no further part in this specific arrangement, 1399.
- MACKENZIE, Hon. A.**
cannot say why not subjected to public competition, 1814.
See *Contract No. 18.*

CONTRACT No. 29.—Railway spikes:

- TRUDEAU, T.**
awarded after advertisements and competition, 934.
- FLEMING, S.**
witness prepared specifications; no other part in this transaction, 1399.

CONTRACT No. 30.—Bolts and nuts:

- TRUDEAU, T.**
contractors, Cooper, Fairman & Co., agents for Robb & Co., 935.
offer accepted without competition, 935.
how contract came to be made, 935.
recommended by Fleming, 936.
- FAIRMAN, F.**
Cooper, Fairman & Co. had to pay duties, 1197.
contract brought about by letter of Cooper, Fairman & Co., 1198.
cannot remember as to state of market, 1198.
price received \$101 per ton, 1198.
learned since that bolts and nuts were offered at a lower figure, 1199.
no explanation why Government should accept a higher offer, 1199.
- FLEMING, S.**
cannot explain why he recommended this contract, 1399.
thinks it quite likely he did not give it much attention, 1400.
- MACKENZIE, Hon. A.**
made with Cooper, Fairman & Co. without public competition, 1814.
cannot say if steps were taken to get better offer, 1814.

CONTRACT No. 31.—Bolts and nuts:

- TRUDEAU, T.**
no public competition, 937.
Cooper, Fairman & Co.'s offer accepted on Fleming's recommendation, 937.
- FAIRMAN, F.**
offer spontaneous, 1200.
could not say if the market had fallen, 1200.
interview with Minister and Deputy, 1200.
- FLEMING, S.**
no recollection about it, 1401.
in recommending it no doubt thought the proposal was a reasonable one, 1401.
- MACKENZIE, Hon. A.**
a spontaneous offer, accepted without public competition. 1814.

CONTRACT No. 32.—Railway spikes:

- TRUDEAU, T.**
public competition invited, 937.
prices varied from \$54.95 to \$75 per ton, 938.
Cooper, Fairman & Co.'s tender 5 cts. per ton less than next tender, 938.
- FAIRMAN, F.**
Cooper, Fairman & Co. offered to supply spikes at price in July, 1876, 1201.
cannot explain how he knew that 100 tons were wanted, 1201.
cannot speak as to relative prices in July, 1876, and January, 1877, 1202.
soon after tendered at \$54.95 instead of \$57, 1202.
Pillow, Hersey & Co. tendered at \$55, 1202.
Cooper, Fairman & Co. often worked with them, 1202.
cannot recollect details, 1203.
- FLEMING, S.**
as to Cooper, Fairman & Co.'s letter of 19th July received before tenders were invited, witness cannot explain, 1401.

CONTRACT No. 32 A.—Engineers' houses :**TENDERING—**

- TRUDEAU, T.**
let by public competition through Hazlewood on Fleming's authority, 963.
no record of other authority, 964.
expenditure, \$17,730, 964.
- FLEMING, S.**
Hazlewood had general authority, 1402.

CONSTRUCTION—

- TRUDEAU, T.**
explanation as to excess of price, certain materials burnt, M. Smith's recommendation as to delaying erection, 990.

CONTRACT No. 33.—Railway construction :

- TRUDEAU, T.**
Kavanagh's tender the lowest, 55.
contractors failed to execute the work; taken out of their hands, 56.
subsequently done by days' work, 57.
- ROWAN, J. H.**
ordered to take work out of contractors' hands and complete by days' labour, 749.
- KAVANAGH, T.**
witness's the lowest tender; contract offered to him, 835.
partner objected to by Mackenzie, 836.
Murphy & Upper took contract at his figures, witness consenting, 836.
further evidence, 840.
- MACDONALD, A. P.**
about Kavanagh's relations with Falardeau, 981.
- FLEMING, S.**
contract entered into during witness's absence, 1402.

CONTRACT No. 34.—Transportation of rails :

- TRUDEAU, T.**
let by public competition, 956.
transportation from Fort William included in this contract in Fleming's report of 1879, improperly so placed, 957.
the contractors were the same, the North-West Transportation Co., 957.
that work let without public competition, 957.
Fort William to Emerson, \$18; same price as from Kingston, 965.
arranged for by correspondence authorized by Minister, amount \$27,864, 966.
knows no reason why it should be included under contract No. 34, 966.
- CAMPBELL, G.**
twenty years' experience freighting, 1119.
\$1.50 gross ton fair rate from Fort William to Duluth, 1120.
1873 to 1879 cheap years, 1120.
witness's line carried mails on Lake Superior in 1874 and 1875, 1120.
in fall of 1878 Collingwood line available in competition on Lake Superior, 1120.
further evidence as to prices of Lake Superior freight, 1121—1125.
- FLEMING, S.**
knows very little about it, 1402.
- MACKENZIE, Hon. A.**
does not remember the facts, 1816.

CONTRACT No. 35.—Railway spikes :

- TRUDEAU, T.**
spikes made at Montreal, 957.
other tenders would have been lower minus duty, 967—968.
duty always considered in foreign tenders, 958.
- FAIRMAN, F.**
5 cts. lower than the next highest tender, 1203.
not the result of departmental information, 1203.
- FLEMING, S.**
nothing to do with it, 1403.

CONTRACT No. 36.—Railway ties :

- TRUDEAU, T.**
 tenders opened by Nixon, 57.
 management left to Marcus Smith, 58.
 considers Nixon made proper selection, 58.
 Robinson's tender accepted by Order-in-Council, 58.
 delays in execution, 58.
 contract taken out of contractor's hands, 58.
- ROWAN, J. H.**
 Robinson failed to perform his contract, 749.

CONTRACT No. 37.—Railway construction :*TENDERING—*

- TRUDEAU, T.**
 submitted to public competition, 993.
 work authorized by Order-in-Council, 2nd September, 1878, 993.
 let to lowest tenderers, Heney & McGreevy, 993.
 no report by engineer, 994.

ENGINEERING—

- SMITH, J. N.**
 became a partner with Government's consent, 949.
 work stopped by Government, 950.
 nature of claim against Government, 950.
 actual outlay \$100,000, 951.
 loss of contemplated profits, 951.
- TRUDEAU, T.**
 work stopped by Orders-in-Council, 995.
 date, 25th July, and 14th August, 1879, 995.
 contractors' alleged claim under consideration, 995.
 McGreevy withdrew and Heney took other partners, 996.
- TUPPER, SIR CHARLES.**
 reasons for cancelling the contract, 1275.

CONTRACT No. 38.—Neebing Hotel :

- TRUDEAU, T.**
 competition invited and lowest tender accepted; amount involved,
 \$3,400, 958.
- FLEMING, S.**
 not in Canada at the time, 1402.

CONTRACT No. 39.—Transportation of rails :

- TRUDEAU, T.**
 public competition invited, 958.
 Braun telegraphs Robson, Victoria, to advertise for tenders, 12th
 June, 1878, 973.
 Order-in-Council passed 13th July, 974.
 letter from Robson, 19th June, suggesting extension of time as
 likely to lower offers, 974.
 no record as to any consideration of this, 974.
 work stopped 31st October, 974.
 rails not then required at Yale, 974.
 nothing to show whether weight of ton was considered or not, 975.
- FLEMING, S.**
 not in Canada at the time, 1402.

CONTRACT No. 40.—Engine house :

- TRUDEAU, T.**
 public competition invited, 973.
 Gouin & Co. lowest tenderers, 973.
 authorized by Order-in-Council, 973.
 satisfactorily completed, 973.
 explains extras under this contract, 991.

CONTRACT No. 41.—Railway construction :**TENDERING—****TRUDEAU, T.**

submitted to public competition after advertising, 75.
 time for receiving tenders extended twice, 76.
 lowest tender, Marks & Conmee, 76.
 correspondence as to Purcell and others being admitted, 76.
 this correspondence subject of a return to the House, 76.
 two-fold condition as to time of completion, 77.
 no difficulty with contractors, 77.
 Chief Engineer's report of tenders 40 and 41 produced, 78.

BOWIE, A.

one of the sureties of Charlebois & Co., 1142.
 took no part in arriving at prices, 1143.
 not aware of any information having been given by officers, 1144.

RYAN, H.

witness's tender not the lowest, 1231.
 work awarded to Marks & Conmee, 1231.
 whom witness joined, 1231.

no Government influence, 1232.

Marks' prices in some cases very low, 1232.

utilization of plant the main inducement to join contractors, 1239.

TUPPER, SIR CHARLES

Marks & Conmee lowest on A, not sufficient financial standing, 1264.
 asked if they could strengthen themselves, 1264.
 no suggestion as to acceptable names, 1265.

Marks & Conmee bore loss arising from their errors in tendering, 1275.

FLEMING, S.

time extended to obtain more accurate quantities, 1403.

separate tenders lower than combined, 1404.

recommended that tenders for short periods should not be entertained, 1405.

would have preferred letting combined sections to men of known capacity, 1406.

does not recollect objecting to pecuniary standing of Marks & Conmee, 1410.

no recollection of conversations with Purcell & Ryan, 1410.

pointed out to Minister mistake in tender and suggested contractors should be informed of it, 1411.

Minister insisted on their executing contract according to tender, 1411.
 after the experience on contract No. 25, no special provisions made as to muskeg country, 1412.

ENGINEERING—**CADDY, J. S.**

witness's opinion as to contractors' prices, 655.

about muskeg earth, 655.

inconsistent prices, 656.

deviations result in clay instead of rock, 657.

RYAN, H.

alignment considerably changed, 1234.

changes will save \$300,000, 1234.

made by Bell and Middleton in 1879, 1234.

FLEMING, S.

instructions to Jennings and others as to measuring muskeg earth, 1414.

pressed importance of despatch on Minister, 1418.

See Engineering.

CONTRACT No. 42.—Railway construction :**TENDERING—****TRUDEAU, T.**

usual public competition, 78.

same advertisement as contract No. 41, 78.

similarly reported to the House, 78.

lowest tender, Morse, Nicholson & Marpole, 78.

who withdrew their tender, 78.

second lowest, Andrews, Jones & Co., 78.

who failed to make deposit, 78.

third lowest and successful tender, Fraser, Grant & Pitblado, 79.

as to introduction of new names, 79.

no disputes between contractors and Department, 80.

Chief Engineer's report of tenders for 40 and 41 produced, 80.

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FRASER, J. H.

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SHIELDS, J.

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MANNING, A.

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SMITH, J. N.

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GOODWIN, J.

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HAGGART, J., M.P.

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CONTRACT No. 42.—Railway construction—continued.**TENDERING—continued.****MORSE, G. D.**

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 Fleming and Smith said prices too low, 1073.
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McCORMICK, A.

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 Boulton's relations thereto, 1080.
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NICHOLSON, F.

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 declined contract, 1087.
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 witness's letter respecting security, dated 5th March, not correct, 1092.
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 Close signed and acted for himself and Shields jointly, 1095.
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 CONTRACT No. 42.—Railway construction—*continued*.
*TENDERING—continued.***NICHOLSON, F.—*continued.***

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CLOSE, P. G.

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 Morse, 1162.
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 Jones & Co., 1167.
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 Morse, 1169.
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TUPPER, SIR CHARLES.

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 together, 1261.
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 strength, 1263.
 Chief Engineer would not recommend Morse & Co. for whole work,
 1263.
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 Fleming reported loss of a week might mean a whole year, 1265.
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 Close, 1268.
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 awarded, 1268.
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 approved of Andrews, Jones & Co. strengthening the firm through
 Goodwin, 1269
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 1270.
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 Co., 1271.
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 Co. had retired, 1273.
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MACDONALD, HON. J.

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CONTRACT No. 42.—Railway construction—continued.**TENDERING—continued.****POPE, HON. J. H.**

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FLEMING, S.

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ENGINEERING—**MANNING, A.**

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fifteen hundred men employed, 503.

immense fills, 503.

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JENNINGS, W. T.

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TUPPER, SIR CHARLES.

estimates based with greater accuracy than heretofore, 1272.

reduction effected by re-location, 1272.

SCHREIBER, O.

inspected this contract December, 1879, 1767.

general location settled, 1767.

made slight deviations, 1767.

saved thereby \$600,000 to \$700,000, 1768.

found work progressing satisfactorily except as to time, 1768.

thinks a total saving of \$1,500,000 has been made on contract 42, 1768.

of which \$650,000 is absolutely saved and \$850,000 the result of modified design, 1769.

See *Engineering*; *Influencing Clerks*.**CONTRACT No. 43.—Operating Pembina Branch:****TRUDEAU, T.**

lease for operating Pembina Branch cancelled by Order-in-Council, 28th January, 1890, 89, 1087.

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CONTRACTS Nos. 44 TO 47.—Steel rails, &c.:**TRUDEAU, T.**

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ordered through Reynolds as agent, 960.

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CONTRACTS Nos. 44 to 47.—Steel Rails, &c.—*continued.*

TUPPER, SIR CHARLES.

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FLEMING, S.

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CONTRACT No. 48.—Railway construction :

TENDERING—

TRUDEAU, T.

let by public competition after advertisement, 82.

tenders received to 1st August, 1879, 82.

lowest tenderer, Hall, 83.

Hall not prepared to deposit, himself doubtful about finding capital, 84.

Hall retires; his deposit returned, 85.

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Ryan's tender \$46,190 more than Hall's, 85.

tenders produced, 868.

RYAN, J.

contractor for first 100 miles west of Winnipeg, 476.

Hall a lower tenderer than witness, 476.

knew nothing of relative positions of tenders till contract was let, 477.

no negotiations with other tenderers, 477.

HAGGART, J., M. P.

no interest with Ryan, or any other Government contractor, 1017.

POPE, HON. J. H.

tender awarded on witness's recommendation, 1302.

Hall declined contract; prices too low, 1302.

FLEMING, S.

Smellie reported against Hall, 1420.

Hall's letter of withdrawal produced, 1420.

SMELLIE, W. B.

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Hall did not express any dissatisfaction, 1422.

ENGINEERING—

TRUDEAU, T.

some fault found as to progress made; reasons of delay under investigation, 87.

RYAN, J.

contract let August, 1879, 477.

half to be finished in eight months, the whole by 19th August, 1880, 477.

some delay in location, 478.

bulk price \$600,000, without fencing and with half ballast, 478.

change in the mode of building, 479.

track located only from twenty to forty miles ahead of track-layers, 479.

ties laid on the prairie, and ballast put in instead of earth excavation, 479.

process approved by Schreiber, 479.

road-bed improved and cost not materially increased, 480.

correspondence with Department relative to this change, 480.

rate of progress five miles a week, 481.

seven stations on line, 481.

ROWAN, J. H.

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contractor claims that ballasting is more costly than grading, 750.

witness prefers to offer no opinion thereon, 751.

Drope's discharge authorized by Schreiber, 811.

witness's relations with Murdoch, 822-823.

MURDOCH, W.

in June, 1879, locating contract 48, 805.

size of party twenty-two, 805.

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as to Drope's inspection of ties, 808.

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censured by Chief Engineer for doing so, 818.

respecting his treatment by Rowan, 818.

CONTRACT No. 48.—Railway construction—continued.**ENGINEERING—continued.**

- DROPE, T.**
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- FLEMING, S.**
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Ryan urged to proceed at once, 1423.
temporary right of way granted by city of Winnipeg, 1424.
thinks line was located faster than Ryan could proceed, 1425.
surveys not required for this section, country being flat, 1425.
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CONTRACT No. 49.—Station buildings :

- TRUDEAU, T.**
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cost limited to a maximum sum, in contract, 59.
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CONTRACT No. 50.—Railway spikes :

- TRUDEAU, T.**
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delivery satisfactory, 976.

CONTRACT No. 51.—Fish-plates, bolts, &c :

- TRUDEAU, T.**
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CONTRACT No. 52.—Transportation of rails :

- TRUDEAU, T.**
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Beatty had previously tendered, 992.
let to the lowest offer, 992.
- FLEMING, S.**
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lowest tender accepted, 1427.

CONTRACTS Nos. 53 to 55.—Steel rails :

- TRUDEAU, T.**
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procured from lowest available tenderers, 997.
Order-in-Council 13th June, 1879, authorizing purchase, passed on Chief Engineer's report, 997.
prices, £4 15s. to £5 5s., 998.
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- REYNOLDS, T.**
Fleming telegraphed in 1879, authorizing witness to receive tenders, 1003.
mode of inviting competition, 1004.
lowest offer accepted, 1004.
- TUPPER, SIR CHARLES**
course pursued as to purchase of rails, 1275.
colleagues and Chief Engineer in accord, 1276.
all purchased from lowest available tenderers, 1277.
no benefit accrued to any Member of Parliament or other person than contractors, 1277.
- FLEMING, S.**
pressed on Minister necessity for rails, 1428.
advertised in English papers, 1428.
tenders opened by Finance Minister in presence of Sir J. Rose and witness, 1428.
50,000 tons ordered, of which 11,000 were for Intercolonial (Rivière du Loup), 1429.
respecting Wallace's tender, 1430.
lowest tenders invariably accepted, to full extent parties would furnish, 431.

CONTRACT No. 56.—Iron bridge: /

- TRUDEAU, T.**
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 let to lowest tenderer after competition, 996.
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- FLEMING, S.**
 lowest tender accepted, 1432.
 satisfactorily erected, 1432.

CONTRACT No. 57.—Railway frogs, &c. :

- TRUDEAU, T.**
 no competition, patent having been adopted, 996.
 recommended 11th November, 1879, by Chief Engineer, 996.
 Order-in-Council confirming, 996.
 cost \$12,000, contract fulfilled, 997.
- FLEMING, S.**
 frogs previously got from the Kingston Penitentiary, 1432.
 offered by the Truro company at a lower rate, 1432.
 a better article for a less price, 1433.
 no influence to prevent public competition, 1433.

CONTRACT No. 58.—Iron turn-tables :

- TRUDEAU, T.**
 tenders invited by circular, 1151.
 contract let to lowest tenderer, 1154.
- FLEMING, S.**
 tenders invited by circular, 1433.
 the lowest offer accepted, 1434.
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CONTRACT No. 59.—Railway ties :

- RUTTAN, H. N.**
 Whitehead, Ryan and witness contracted to deliver 100,000 ties in
 the spring of 1850, 35.
 difficulties with Rowan as to culling, 35.
- TRUDEAU, T.**
 contract has been fulfilled, 87.
- RYAN, J.**
 witness a partner in contracting firm, 482.
- FLEMING, S.**
 instructed Rowan to receive tenders; the lowest accepted, 1435.

CONTRACT No. 60.—Railway construction :**TENDERING—**

- MACDONALD, A. P.**
 lowest tenderer on sections A and C, 982.
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 one contractor having the four sections would have an advantage of
 15 or 20 per cent. over several, 983.
- McRAN, W.**
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 tenders made out at the Windsor Hotel, Montreal, 1068.
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 Onderdonk's view of the transaction, 1069.
 the concentration of work an advantage to contractor, 1069.
- TRUDEAU, T.**
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 Fleming's report of 22nd November, 1879, produced, 1155.
 witness narrates circumstances attending the opening of tenders,
 1155.
 refers to certain irregular tenders, 1155.
 Order-in-Council of 22nd December, 1879, authorizing transfer to
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CONTRACT No. 60.—Railway construction—*continued.*
TENDERING—*continued.***TUPPER, SIR CHARLES.**

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MILLS, D. O.

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Government security improved by transfer, 1298.

FLEMING, S.

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D. McDonald & Co's tender, the lowest, was accepted, 1437.

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See *Engineering.*

CONTRACT No. 61.—Railway construction :**SMITH, J. N.**

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sold his third interest to Onderdonk for \$31,500, 953.

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expected to get all sections, 954.

better for all that they should be in the same hands, 955.

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economy in machinery, 955.

opinion based on thirty years experience, 955.

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GOODWIN, J.

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lowest tender on B, 1009.

in company with Purcell, Ryan and others, 1009.

contract awarded and sold to Onderdonk, 1009.

witness's firm received \$100,000, 1009.

delay in acknowledging Onderdonk, 1010.

advantage of concentrating work in single management, 1011.

no intention of selling out when tendering, 1209.

TRUDEAU, T.

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tenders opened 20th November, 1879, 1204.

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RYAN, H.

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Government refused to allow transfer before contract, 1236.

a voluntary transfer, 1237.

reasons for acquiescence, 1237.

no improper information or advantage, 1238.

one contractor more economical than many, 1238.

special necessity for centralization, 1238.

FLEMING, S.

contract based on lowest tender, 1438.

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CONTRACT No. 62.—Railway construction :**TRUDEAU, T.**

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contracts 60 to 63 inclusive, transferred to a syndicate by Order-in-Council, 1207.

FLEMING, S.

given to lowest tenderer, 1439.

took no part in transfer to Onderdonk, 1439.

See *Engineering.*

CONTRACT No. 63.—Railway construction :

- KAVANAGH, T.**
 tendered for section D, 838.
 transferred to Onderdonk, 839.
 does not remember anything about it, 839.
 further as to what he does not remember, 840.
- KAVANAGH, J.**
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 no knowledge how figures were made up, 1019.
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 witness sole negotiator with Onderdonk, 1020.
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- TRUDEAU, T.**
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 respecting extension of time approved by Order-in-Council, 1208.
- TUPPER, SIR CHARLES.**
 why time granted to Kavanagh, 1290.
 distinction between this matter and Andrews, Jones & Co., 1291.
 Department sustained in this extension by Order-in-Council, 1292.
- FLEMING, S.**
 contract let to the lowest of eleven tenderers, 1439.
 took no part in transfer, 1439.
 results of the transfer favourable to the public, 1440.
 better for the public that one strong firm should have the whole work,
 1441.
 work let at very low prices, 1441.
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CONTRACT No. 64.—Bridge over Red River :

- RYAN, J.**
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 duly completed and paid for, 481.
- TRUDEAU, T.**
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 contract let to lowest tenderer, 1210.
 work completed, 1210.
- FLEMING, S.**
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CONTRACT No. 65.—First-class passenger cars :

- TRUDEAU, T.**
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 lowest tender accepted, 1210.
- FLEMING, S.**
 contract given to lowest tenderer, 1442.

CONTRACT No. 66.—Railway construction :**TENDERING—**

- TRUDEAU, T.**
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- MCTAVISH, G. L., 488.**
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 to be completed 31st December, 1881, 487.
 the non-completion of the first 100 miles a serious drawback, 488.
 no claim on Government on that account, 488.
- CHAPLEAU, S. E. St. O.**
 never assisted Bowie, 860.
- BOWIE, A.**
 tendered with others for this contract, 1144.
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 general conversations with Chapleau, 1146.
 prices of Geo. Bowie's tender diminished about \$9,000 or \$10,000, 1147.
 Nicholson & Marpole's tender about \$10,000 higher than witness, 1147.
 effect of changes to make tender \$289 lower than Marpole's, 1148.
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CONTRACT No. 66.—Railway construction—continued.**TENDERING—continued.****TRUDEAU, T.**

Engineer's report on tenders produced, 1212.
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FLEMING, S.

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ENGINEERING—**MURDOCK, W.**

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party: twenty-one, 814.
ready for contractors 9th July, 815.
found favourable line, 815.
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CONTRACT No. 67.—Box and platform cars:**TRUDEAU, T.**

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Simon Peters \$5 lower for box cars, but could not furnish quantity required and withdrew, 1211.
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FLEMING, S.

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CONTRACT No. 68.—Postal and baggage cars:**TRUDEAU, T.**

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FLEMING, S.

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CONTRACT No. 69.—Transportation of rails:**TRUDEAU, T.**

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FLEMING, S.

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FLEMING, S.

witness had nothing to do with this, 1445.

CONTRACT No. 71.—Iron bridge:**TRUDEAU, T.**

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FLEMING, S.

confirms Trudeau's evidence, 1445.

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CONTRACT No. 77.—Wire fencing:**TRUDEAU, T.**

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COOPER, FAIRMAN & Co.:

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COOPER, JAMES:

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CROSSING RED RIVER:

See *Red River Crossing.*

CROSS LAKE:

See *Contracts Nos. 14, 15; Engineering.*

CURRIE, D. S.:

Nixon's paymaster-and-purveyorship, 576, 579.

DAVIDSON, JOSEPH:

contract No. 4, 1125.

DEPARTMENT OF RAILWAYS AND CANALS:

TRUDEAU, T.

Deputy Minister, 1.
 connection with Canadian Pacific Railway since commencement, 1.
 next in control to Minister, 1.
 Pacific staff special and distinct as to engineering, not as to accounting, 1.
 accountant: James Bain, 2.
 accounts by double entry, 2.
 no periodical report by accountant to Deputy, 2.
 Fleming financially responsible from inception till 1875, 2.
 subsequently system changed, 2.
 Fleming's paymasters: Wm. Wallace, Geo. Watt, and subsequently Radford, 2.
 Watt's accounts were audited by T. Taylor, and reported satisfactory, except as to vouchers, 2.
 all orders should proceed from Minister, 3.
 generally given verbally, and noted, 3.
 copies of Orders-in-Council affecting railway are sent to the Department and recorded, 3.
 preliminary explorations discussed by Minister and Fleming, 3.
 Chief Engineer appointed 5th May, 1871, 3.
 engineering staff appointed by Minister, 4.
 Palmer in charge of accounts from 1873 to 1875, 12.
 tenders usually referred to Engineer for a report, 38.
 verbal explanations not allowed to modify tender, unless the document susceptible of such explanation in itself, 38.
 Minister saw all reports of Chief Engineer, 38.
 where Engineer declines to recommend a course, it is adopted without his responsibility, 38.
 how far change in tender affects eligibility of tender, 42.
 not the practice of the Department to initial alterations in the tenders, 74.
 corrects previous evidence as to decisions of Minister being invariably recorded, 1817.
 instances to the contrary, 1817.

FLEMING, S.

remarks on appointment of officers, 1685.
 a private company could accomplish work more efficiently, 1686.
 discontinuance of witness's connection with the railway and correspondence relating thereto, 1686—1700.

DEPARTMENT OF RAILWAYS AND CANALS—*continued.*

BRAUN, F.

Secretary of the Department, 1753.

always acted on instructions, 1753.

communicated by Minister or Deputy, 1753.

register of letters received and sent, 1754.

practice in respect of receiving, opening and custody of tenders, 1756—1759, 1765.

SCHREIBER, C.

Chief Engineer since 20th May, 1880, 1767.

Superintending Engineer since 17th September, 1879, 1767.

remembers no record of any estimate of the cost of a section before offering for tender, 1780.

of engineering accounts, 1781.

See *Appointments.*

DEPOSITIONS:

See *Gamsby; Moberly; Nixon; Schreiber.*

DICKSON, RICHARD:

See *Contract No. 49.*

DOMINION BOLT CO.:

See *Contract No. 51.*

DROPE, THOMAS:

contract No. 48, 809.

DRUMMOND, HENRY M.:

Nixon's paymaster-and-purveyorship, 482.

DWIGHT, H. P.:

See *Contract No. 1.*

EAGLE RIVER WESTWARD:

See *Contract No. 42.*

EBBW VALE CO.:

See *Contracts Nos. 7, 44—47; Steel Rails.*

ENGINEERING:

SURVEYS—

GENERAL.

FLEMING, S.

appointment, responsibilities and instructions (1871), 1305.

senior officer: J. H. Rowan, 1306.

hesitated to undertake work, 1307.

principles for controlling work, 1307.

necessity for knowledge of the country, 1307.

instrumental surveys advisable under the circumstances, 1307.

opinion of Capt. Palliser referred to, 1308.

exploratory rather than instrumental would have been adopted but for time pressure, 1308.

would have saved large sums of money, 1308.

both systems discussed, 1309

instrumental sometimes indispensable, 1310.

no recollection of Rowan's report (1871), 1311.

three years' examinations before first contract, 1311.

delay partly due to change of Government, 1312.

witness responsible for expenditure, 1312.

method of supervision and financial administration, 1312.

work would have cost much less under private company, 1314.

outline of history of surveys, 1637.

difficulties on account of roughness of country, interminable forests,

severity of winters, and short time allowed for completion, 1638.

three grand divisions: eastern, central and western, 1638.

no faith in preliminary explorations, 1639.

ENGINEERING—continued.**SURVEYS—continued.****GENERAL—continued.****FLEMING, S.—continued.**

- instrumental surveys decided on, 1639.
- advantages of a traversed line, 1639.
- instructions to engineers, 1640.
- eleven sections between Ottawa and Red River, 1641.
- letter to Minister (1871) as to winter surveys, 1641.
- progress of work described in report of 1872, 1642.
- point selected for beginning easterly section, 1643.
- results of surveys in woodland region, 1644.
- report of 1874, page 27, 1644.
- operations in woodland region described in report of 1877, on page 46, 1645.
- system adopted due to witness's belief that the railway was to be commenced within two years, 1646.
- otherwise would have made explorations first, 1646, 1649.
- practicable line from end to end required before a blow was struck, 1650.
- probable expense of exploring parties, 1652.
- two engineers, two axe men and men for transport sufficient for an exploration, 1653.
- refers to Murdoch, Armstrong and Austin's exploratory surveys, expense of which could be obtained from Department, 1653.
- cost of instrumental as against exploratory not considered, 1658.
- the latter impracticable, 1658.
- sufficiently capable men for the latter not available, 1658.
- exploratory not sufficient in any case, 1660.
- instrumental between Lake Superior and Ottawa essential; reason why, 1660.
- exploration parties used on branch lines from an instrumental base, 1662.
- impossible for a non-professional man to ascertain feasibility of railway, 1662.
- breadth of country examined, 1663.
- course followed in making instrumental survey, 1663.
- cost of surveys a secondary consideration, 1664.
- up to 1877, 10,000 miles of track surveys between Ottawa and Red River, 1664.
- attention first drawn to Howse and Yellow Head Passes by writings of Capt. Palliser and others, 1666.
- appointments on political grounds, 1666.
- directions to district engineer, 1667.
- much left to men's discretion, 1668.
- instruction to Moberly as to Howse Pass, 1668.
- comparison of Yellow Head and Howse Passes, 1670.
- abandonment of Howse Pass, 1670.
- reasons in favour of Yellow Head Pass, 1671.
- difficult approach to Howse Pass, 1671.
- supplies: directions to utilize Moberly's, 1674.
- exorbitant purchases by Moberly, 1678.
- lost, 1678.
- unnecessary articles purchased, 1678.
- Moberly's explanation as to, 1681.
- telegrams to and from Trutch respecting Moberly's change of base, 1674.
- Yellow Head Pass decided upon without an instrumental survey, 1675.
- enormous sums expended on surveys in British Columbia, 1676.
- trans-continental journey in 1872, 1678.
- dissatisfaction with Moberly, 1679.
- instructs him as to Jasper Valley survey, 1679.
- his services discontinued, 1682.
- correspondence between Fleming and Smith in 1872 produced, 1683.
- in England nineteen months in three years, 1683.

SMITH, M.

- arrived in British Columbia (1872), 1503.
- remained in charge until 1876, 1504.
- next superior officer: Cambie, 1505.
- made explorations from Winnipeg westward (1877), 1505.
- examined route critically from Edmonton, 1506.

ENGINEERING—continued.**SURVEYS—continued.****GENERAL—continued.****SMITH, M.—continued.**

- visited contracts 13, 14, 15 and 25 under construction (1878), 1507.
 sections 41 and 42 under survey (1878), 1507.
 wanted to resume work in British Columbia (1879), 1507.
 informed that little would be done there, 1507.
 proceeded to Manitoba, 1508.
 line south of Lake Manitoba explored, 1508.
 same work in 1880, 1509.
 each season's work in British Columbia arranged by Chief Engineer, 1509.
 manner of surveys, Fleming responsible for, 1510.
 Howse Pass abandoned before he went out, 1510.
 examined Watt's accounts in 1872, 1511.
 only two parties engaged in British Columbia in 1873, 1512.
 under Jarvis and Gamsby, 1512.
 object to obtain route through Cascade range, 1513.
 instructions for season 1872-73, 1513.
 impossibility of reducing expenses on account of system already established, 1514.
 exploring parties would have been sufficient, 1514.
 stated so in letter of 14th June, 1872, 1514.
 refers to the Palliser expedition, 1514.
 Palliser failed to find Yellow Head Pass his field being restricted by instructions, 1515.
 thinks Fleming must have been assured of the practicability of Howse Pass, 1517.
 time pressure in a measure justified instrumental survey, 1517.
 would have started smaller parties, 1518.
 two engineers and Indians a sufficient exploratory staff, 1560.
 comparative merits of passes should have been ascertained before directing instrumental survey, 1561.
 respecting McLennan's parties, 1562.
 ninety animals lost, 1562.
 Mahood's party badly managed, 1562.
 fire in C.P.R. buildings destroyed all the work of 1872, 1563.
 left Ottawa 15th May, 1874, with three parties, 1564.
 Bute Inlet then a probable terminus, 1564.
 Horetzky found a good pass through Kitimat Valley to the Skeena, 1566.
 Cooper's report of no value, 1566.
 surveys of 1875 also directed to Bute Inlet, 1567.
 survey on the Homathco, 1568.
 re-survey from Yellow Head Pass to Fort George, 1568.
 thinks British Columbia surveys 1873—1875 judicious and economical, 1568.
 explorations finished in 1874, 1569.
 spring of 1876, Chief Engineer being absent, was made acting Chief Engineer, 1569.
 Cambie sent out in his place to British Columbia, 1569.
 reasons why Howse Pass abandoned, 1582.
 no pass through Selkirk range, 1582.
 Moberly's instructions to retire from Howse Pass direct from Fleming, 1583.
 Chief Engineer's instructions respecting Athabaska Pass a mistake, 1584.
 engineers should not be trammelled by detailed instructions, 1584.
 further as to French River survey in 1876, 1585.
 between Nipissing and Nipigon the initial steps should have been bare explorations, 1587.
 first letter after appointment advocated exploratory surveys, 1597.
 examined country west of Winnipeg, 1591.
 made trial location south of Lake Manitoba, 1591.
 crossing good on Little Saskatchewan, 1591.
 not on Assiniboine, 1591.
 examined country south of Saskatchewan, 1592.
 thence to Carleton, 1592.
 wheat belt extends into forest country, 1592.
 proceeded *via* Edmonton and Yellow Head Pass to Kamloops, 1592.
 thence to New Westminster, 1593.

ENGINEERING—continued.*SURVEYS—continued.***GENERAL—continued.****SMITH, M.—continued.**

examined progress of British Columbia surveys, 1593.
 returned by way of San Francisco, 1593.
 visited section 14, 1593.
 returned to Ottawa in November, 1593.
 attention not called to Cross Lake, 1593.
 wrote appendix D to report of 1878, 1594.
 map suppressed, 1594.
 Fleming telegraphed for to write report, 1594.
 recommended Pine River Pass to Bute Inlet, 1594.
 Minister differed, 1595.
 ignored from spring of 1878, 1595.
 no instructions left in spring of 1878 when Fleming went to England, 1596.
 no consultation, 1596.
 thought Yellow Head Pass altogether wrong, 1596.
 reference to Pine River Pass explorations, 1598.
 favourable report by Hunter, 1598.
 report as to character of country, 1599.
 questions other than engineering weighed with him in recommending change of route, 1599—1602.
 extent of information gained by surveys, 1602.
 bringing parties to Ottawa an unnecessary expense, 1602.
 causing loss of time in spring, 1603.
 private company would have proceeded more rapidly, 1603.
 in charge of two parties in spring of 1879, 1611.
 locating 200 miles west Winnipeg, 1612.
 description of lines, 1612.
 kept ahead of contractors, 1612.
 first-class line located, 1613.
 report in favour of Stone Fort as crossing, 1613.
 addressed to Chief Engineer, 1614.
 did not appear in print, 1614.

MACKENZIE, HON. A.

took charge in 1873, 1784.
 Government not in possession of opinions from engineers justifying decided action, 1784.
 route from Upper Thompson to Big Bend discovered in 1874 to be impracticable, 1785.
 Fleming the sole director of surveys, 1785.
 view as to testimony regarding Government policy, 1785.
 Fleming not directed to change method of survey, 1785.
 locations made up to the end of 1874, 1786.
 general direction pretty well decided as far as Yellow Head Pass when telegraph tenders were invited, 1786.
 policy of Government to obtain shortest line between Thunder Bay and Rat Portage, 1805.
 decision to construct immediately, 1805.
 original line from Nipigon *via* Sturgeon River exceedingly rough, 1805.
 thinks quantities were not ascertained before contract was let, 1805.
 understands quantities calculated from actual data, so engineers reported, 1806.
 selection of Selkirk left to engineer, 1807.

EXPLORATORY.**RUTTAN, H. N.**

civil engineer and contractor, 21.
 assistant to T. J. Thompson at Pic River, 21.
 party: twelve, 21.
 from Red Rock to South Bay of Nipigon (instrumental), 22.
 four months in the field, 22.
 supplies: Thompson responsible for, 22.
 at Ottawa after field work, 22.
 from Hay Lakes to Root River (1875), 23.
 party: twenty-five to thirty-five, 23.

ENGINEERING—continued.**SURVEYS—continued.****EXPLORATORY—continued.****CARRÉ, H.**

- from height of land to English River (1871), 121.
- party: thirty-three, 122.
- surveys in charge of Rowan, 122.
- nature of work, country unknown, 123.
- latitude taken from stars, 123.
- supplies: difficulty about, 121.
- got from Thunder Bay, 122.
- started with sufficient for a month, 123.
- ran out a week after reaching starting point, 123.
- considered Rowan to blame for inadequacy, 123.
- work stopped in consequence, 125.
- returned to Thunder Bay, 15th October, 125.
- time lost from middle of October to end of December, 126.
- men on pay, 126.
- money value lost \$3,840 exclusive of provisions, 127.
- attacked with scurvy and had to return to Thunder Bay, 127.
- from Red Rock to north end of Black Sturgeon Lake (1873), 127.
- party: thirty-three, 127.
- supplies: ascertained before leaving that they were adequate, 128.
- finished in October, 1873, 128.
- in Ottawa until the spring, 128.
- from North-East Bay to Sturgeon Falls (1875), 131.
- returned to Ottawa March, 1875, 131.
- scheduled out quantities which were enormous, 131.
- asked to find a better route, 131.
- returned for that purpose, June, 1875, 131.
- survey exploratory and location combined, 131.
- line finished in December, 1875, 131.
- party: about fifty, 131.
- ran Dalles line at same time, 132.
- returned to Ottawa and remained until May or June, 1876, 132.

JARVIS, E. W.

- employed from 1871 to 1875, 274.
- from White Fish Bay to Red River (1871), 274.
- party: thirty-two, 275.
- ordered to remain out during winter, 276.
- supplies: base of, Thunder Bay, 275.
- four hundred miles from commencement of work, 275.
- sent Gray to Winnipeg to purchase, 275.
- those sent *via* Thunder Bay nearly consumed by supply party, 276.
- reached Red River 30th March, 1872, 277.
- struck river about ten miles north of Winnipeg, 277.
- cross-sectioned portions of the line, 278.
- returned to Ottawa and made plans, 278.
- plans and data burnt in fire of railway offices, 278.
- could not have been used to ascertain quantities, 278.
- line would have escaped Julius Muskeg, going south of it, 279.
- from Eagle Lake to Sturgeon Lake (1872), 280.
- time occupied: June to October, 280.
- supplies: manner of procuring, 280.
- difficulty in transporting, 281.
- six months outfit from \$10,000 to \$12,000, 282.
- in Ottawa during winter, 283.
- from Eagle Lake to Rat Portage (1873), 283.
- party: twenty, 283.
- cost of, much less, 284.
- supplies: arrangements with regard to, 283.
- took nothing but pemmican and flour, 284.
- laid down centre line and cross-sectioned at certain points, 284.
- data sent to Ottawa, 284.
- in June, 1873, proceeded to British Columbia, 285.
- from Cache Creek south-westerly to the Cascade Range, *via* Lillooet to Seton Lake, then north-westerly from Cache Creek to the Thompson *via* Bonaparte Valley, 285.
- party: twenty-four and mule train, pack train and thirty mules, 285.
- animals already the property of the Government, 285.

ENGINEERING—*continued.*SURVEYS—*continued.*EXPLORATORY—*continued.*JARVIS, E. W.—*continued.*

from Bridge Creek, Fraser River, to Horse Fly Lakes, 287.
 party: three, 287.
 thinks three men, with engineer in charge, and half a dozen animals sufficient for an exploration in British Columbia, 287.
 returned to Ottawa winter of 1873-74, 287.
 returned to British Columbia with three assistants in 1874, 288.
 from Tête Jaune Cache to Fraser River, 288.
 party: thirty-three and one hundred and twenty animals, 288.
 supplies taken with them, 288.
 engaged from June to October, 288.
 none of witness's surveys in British Columbia on located line, 289.
 north of Tête Jaune Cache and Smoky River Pass, 289.
 organizes party, 289.
 nearly starved to death, 289.
 reached Edmonton end of March, 1875, 290.
 Winnipeg, 23rd May, 290.
 declined further Government service, 290.
 cost of exploring in British Columbia and Lake Superior about the same per mile, prairie region cheaper, 293.

FORREST, H. F.

assistant leveller on Mahood's party R, 345.
 from North Thompson towards Chilcotin, 345.
 description of, 346.
 commenced operations in May, 1872, 346.
 party: thirty, and sixteen mules and eighteen pack horses, 346.
 supplies: R. McLellan responsible for, 347.
 engaged until November, 347.
 on plans in Ottawa during winter, 349.
 probably forty miles covered by surveys, 347.
 line practicable but not favourable, 348.
 joined Carre's party, 1873, 348.
 from Nipigon River to Sturgeon Lake, 348.
 supply: system of, 349.
 engaged on plans in Ottawa during winter, 349.
 from Winnipeg to Selkirk, 354.
 party: about fifteen, 354.
 finished September, 1875, 354
 present located line not on these surveys, 354.

MOBERLY, W.

in charge of parties S and T, British Columbia, 400.
 consisted of twenty-two to twenty-four each, exclusive of packers, 401.
 party S: eighty or ninety animals in train, 401.
 afterwards bought more, 401.
 reached Wild Horse Creek, September, 1871, 403.
 to go to Howse Pass, 404.
 expense of wintering \$57,000, 407.
 instructed in 1872 to abandon Howse Pass and proceed to Yellow Head Pass, 410.
 discharged in October or November, 415.
 engaged during 1872 in cutting trail through Athabaska Pass to Yellow Head Pass, 415.
 according to telegraphic instructions from Chief Engineer, 416.
 remonstrated and recommended a different course, 417.
 endorsed by Lieut.-Governor Trutch, 417.
 an able Engineer, 418.
 loss in consequence (estimated) \$60,000, 418.
 and McCord trail party (1872-73), 419.
 consisted with party S of forty or forty-five men and two hundred and fifty animals, 419.
 reasons for so many animals, 420.
 from Kettle River to Edmonton, 420.
 found Howse Pass grades heavier than expected, 422.
 contradictory instructions, 423.
 concluded that Yellow Head Pass was preferable to Howse Pass in 1873, 424.
 wintered in 1872 near Jasper House, 424.

ENGINEERING—continued.**SURVEYS—continued.****EXPLORATORY—continued.****MOBERLY, W.—continued.****party S—continued.**

Tête Jaune Cache surveyed in 1873, 424.
 easterly to Root River, 424.
 completed about August, 424.
 then westerly to Moose Lake, 424.
 then carefully located line to Tête Jaune Cache, 424.
 returned to Victoria, 424.

party T: at Eagle Pass, 408.

consisted of twenty-two, 408.

no animals or packers, 408.

trial location from Eagle Pass to Big Eddy, 408.

engaged four months, 409.

found good railway route, 410.

delay of North Thompson trail party by action of, 413.

spent six weeks hunting for trail party, 413.

loss \$80 per day, 413.

a year lost in consequence, 414.

reached Moose Lake September 18th, 414.

misconduct of party caused loss of \$50,000 to \$60,000, 415.

supplies: arrangements for, 402.

purchased by witness, 408.

depot in Eagle Pass, 408.

difficulty in transporting, 409.

cost 80 cts. per lb., 409.

left half way on survey in charge of one Indian, 409.

has never seen them since, 410.

attempt to recover, 410.

does not know the result, 410.

loss about \$7,000, 410.

misadventure as to, 411.

transferred to Hudson Bay Co. at Lake St. Anne, 424.

animals transferred to Government Agent at Kamloops, 425.

returned to Ottawa, 425.

remained a year and a-half, 425.

accounts overhauled, 425.

leaves Government service, 426.

reported Athabaska Pass not feasible, 427.

afterwards MacLeod failed to find a pass, 427.

feasibility of Howse Pass discoverable by an engineer passing over it, 429.

instructions from Fleming verbal, 429.

elaborated and printed, 429.

smaller party might have answered, 429.

as to unnecessarily heavy survey parties in British Columbia, 431.

RYAN, J.

chain man on party K, 488.

no evidence of any moment, 488.

KIRKPATRICK, W. W.

connected with Pacific Railway since 1871, 519.

transit man under Armstrong, 519.

from Black River to Long Lake, 519.

party: forty-five, 519.

supplies: difficulties as to, 520.

progress retarded thereby, 521.

due to inefficient commissariat, 521.

track survey around end of Long Lake, 522.

party: ten men, 522.

completed early in March, 522.

returned to Ottawa, 523, 525.

left for Nipigon 1st July, 1872, 523.

from north-west of Lake Nipigon to Big Sturgeon Lake, 523.

party: thirty-five (L), 523.

supplies: difficulties as to, 524.

work less effective in consequence, 524.

preliminary with transit and level, 524.

work finished Christmas morning, 524.

returned to Ottawa, 525.

ENGINEERING—*continued.*SURVEYS—*continued.*EXPLORATORY—*continued.*KIRKPATRICK, W. W.—*continued.*

- from Lake Helen to Long Lake (spring, 1873), 525.
 - preliminary, 525.
 - party: thirty-five, 525.
 - commissariat arrangements satisfactory, 525.
- returned to Ottawa in winter, 525, 537.
- on Fire Steel River (spring, 1874), 536.
 - engaged six weeks, 537.
- from Fort Frances to Sand Island River, then to Orangoutang Lake, then Wabigoon River to Wabigoon Lake, through Manitou and back to Fort Frances (1874), 537.
 - party: fourteen, 537.
 - distance: three to four hundred miles, 537.
- from Wabigoon east and west (1875), 537.
 - party: thirty to forty, 537.
 - finished in October, 538.

ROWAN, J. H.

- appointed to Pacific Railway May, 1871, 669.
- engaged until June collecting information, 669.
- sketched outline of plan for surveys, 669.
- in June left Ottawa with thirteen parties, 669.
 - each party covered seventy-five miles, 670.
 - plan of work described, 670.
 - reasons why instrumental survey was adopted, 671.
 - necessity for large parties, 672.
 - difficulties of a bare exploration, 675.
 - season's work described, 675.
 - no line found north of Lake Superior, 676.
- second season's (1872) operations, 677.
 - from Mattawa *via* Nipissing to Sturgeon River Valley, 677.
 - new line tried for, 677.
 - around Nipigon, thence westerly to Red River, 677.
 - thorough exploration, 677.
 - instrumental, 677.
- third season (1873) further operations, 677.
 - between Red River and Nipissing, 677.
 - parties engaged: eight, 677.
- fourth season (1874), 679.
 - from Rat Portage to Red River, 679.
 - re-survey, 679.
 - also north of Lake Manitoba, 679.
 - also north of present contracts 14 and 15, 679.
 - found impracticable, 680.
 - second survey of section 15 by Carre, 680.

JENNINGS, W. T.

- in charge of party in British Columbia (1875), 753.
 - from Chilanco River to Blackwater River, 754.
 - trial location, 754.
 - party: seventeen, 753.
 - increased to twenty-five in Victoria, 754.
 - engaged from June to October, 754.
 - one hundred miles, 754.
 - supplies: as to, 754.
 - feasible location for mountainous country, 755.
- in Victoria from November until January, 755.
- returned to Ottawa, 755.
- next season's (1876) operations, 755.
 - from Dean Inlet through Salmon River Valley, 755.
 - party: double, sixty, 756.
 - location and trial line simultaneously, 756.
 - fifty-two miles, 756.
 - work finished in September, 756.
- returned to Ottawa, 757.
- in 1877 a portion of the Fraser River route, 757.
 - from Boston Bar to mouth of the Harrison, 757.
 - distance: seventy miles, 757.
 - staff engaged in Ottawa, 757.
 - axe men in Victoria, 757.

ENGINEERING—*continued.**SURVEYS—continued.*EXPLORATORY—*continued.***JENNINGS, W. T.**—*continued.*

party: thirty-five, 757.
 discharged September, 1877, 758.
 favourable line, 757.
 examined Puget's Sound Harbour, 758.
 returned to Ottawa, 758.
 from Emory Bar to Boston Bar (1878), 758.
 revised survey, 758.
 ran trial line south of Kamloops Lake, 758.
 party: twenty-two, 758.

MURDOCH, W.

in charge of instrumental survey (1871), 795.
 from Sault Ste. Marie 100 miles easterly, 795.
 then French River crossing, 795.
 party: thirty, 795.
 supplies: purchase and distribution of, 795.
 when first 100 miles finished all but nine of party sent home
 796.
 returned to Ottawa February, 1872, 796.
 from Winnipeg River *via* English River to Nipigon, 797.
 despatched to find feasibility of a line, 797.
 found route impossible, 797.
 party: nine, 797.
 found an alternative line, 797.
 as far as Eagle Lake, 798.
 since been mainly adopted, 798.
 reports and plans destroyed by fire at Ottawa, 798.
 relieved Rowan from May, 798.
 he going to Ottawa, 798.
 jurisdiction extended from Lake Nipigon westerly, 799.
 from Prince Arthur's Landing to White Fish Lake (1873), 799.
 party: thirty, 799.
 instrumental and in winter, 799.
 plans destroyed by fire, 799.
 from Kaministiquia to Lake Shebandowan (1874), 800.
 two parties, 800.
 not completed that season, 800.
 superseded by Hazlewood, 800.
 discharged by Mackenzie, 800.
 demanded an investigation but was refused, 800.
 examined subsequently before Parliamentary Committee, 801.
 causes of excessive coat from White Fish Lake to Black Sturgeon
 Lake in 1873, 811.
 thinks \$146 a mile for preliminary not excessive in wet land, 814.

HOBERTZKY, C.

from Fort Garry to Rocky Mountains, 1240.
 Hay Lakes to Edmonton, 1240.
 left Winnipeg 4th August, 1871, 1240.
 south to Howse Pass, 1240.
 from Edmonton to Jasper House, 1240.
 with Chief Engineer's party in 1872, 1240.
 took usual cart road to Edmonton, 1240.
 not railway line, 1240.
 forty miles a day from Fort Garry to Edmonton, 1210.
 reconnaissance *via* Peace River, 1241.
 impracticable, 1241.
 suggested Pine River Pass, 1241.
 allusion to Peace River Pass suppressed by Fleming, 1241.
 to Pine River denounced, 1242.
 altitude of passes in Cascade range, 1243.
 expedition by Gamby to Kitlope Valley (1876), 1243.
 respecting Kitimat Valley, 1244—1249.
 Lake Tochquonyala, 1249.
 exploration near François Lake (1875), 1251.
 Skeena and Peace Rivers (1879), 1251.
 views as to Cambie's exploration, 1251.
 disappointment as to salary, 1253.
 views endorsed by Hunter, Cambie and MacLeod as to Pine River
 1253.

ENGINEERING—*continued.*SURVEYS—*continued.*EXPLORATORY—*continued.*HORETZKY, C.—*continued.*

advocated by M. Smith, 1255.
 possible terminus at one time at Bute Inlet, *via* Pine Pass, 1255.
 describes Pine Pass to sea-board, 1256.
 rough country between Fort Assineboine and Lesser Slave Lake, 1257.
 reasons for preferring northern line, 1257.
 climate probably worse than Kamloops, 1259.
 approach to Peace River Pass difficult, 1702.
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