

" CHIEF ENGINEER'S OFFICE
 " DEPARTMENT OF PUBLIC WORKS
 " OTTAWA, 11th September, 1884.

(Exhibit "R6.")

" (Private.)

" MY DEAR MR. MCGREEVY,—Your private note of the 9th to hand, and in reply I send you herewith a copy of the specification of the Graving Dock, British Columbia, two copies of tender, and sheets showing the quantities of work to be done to complete the work, these quantities having been computed by the Resident Engineer in British Columbia. I cannot send the rates supplied by myself, as I have never determined them. My estimate of the probable cost to finish was arrived at *en bloc*, and amounted to \$390,000, or, deducting the \$50,000 for plant and materials (see specification), \$340,000 net. I send a photograph of the work as it stands, which may be of assistance to you, but an examination of the plans on exhibition here is desirable. I am told the best and most suitable quarry is 80 miles from Victoria, at or near Nanaimo. You will see by the lists of plant, &c., that cement cost the Department \$25 per ton landed, but to this must be charged the expense of unloading, cartage to works, storing, &c. I expect to be in Quebec on Monday, and could see you between two and four, as I want to leave at five and be back here on Tuesday at mid-day.

" Yours faithfully,
 " HENRY F. PERLEY.

" HON. THOMAS MCGREEVY,
 " Quebec."

This letter and the enclosures showing the quantities of work to be done and Perley's estimate of probable cost of the work was passed on by McGreevy to Murphy, who swears that he had that letter and the enclosures in his possession several days and used the information contained in them in preparing his tender. (P. 171.)

Before Larkin, Connolly & Co. signed the contract it was clear that they made efforts to get a clause introduced into it relieving them from the condition on which their tender was accepted, requiring them to take over the Government plant, materials, &c., at the price of \$50,000.

Patrick Larkin, in his evidence, at page 798, says that he went to Sir Hector Langevin's office, and drew his attention to the amount of materials that they were called on to take over and pay \$50,000 for, and told him that one half of the stuff was of no use to them; that in reading it over any man accustomed to contracts could see at a glance that the stuff represented there was good for nothing at all. That Sir Hector sent for Perley, who came in, and had some sharp words with the witness. That he, witness, wanted a clause added to the contract, that the contractors should only pay for what material they should use, but that Perley would not consent to any such clause, and that Sir Hector said he would look into the matter. He further stated that the reason he signed the contract was that he relied on Sir Hector's assurance that he would have the matter looked into, and that he took it for granted a reduction would be made, though Sir Hector did not say so.

The following letter, written by Robert H. McGreevy just before the contract was signed, was also put in evidence (p. 211.):

(Exhibit "V8.")

" QUEBEC, SUNDAY, 2 p.m.

" (Private.)

" MY DEAR SIR,—The memo. of yesterday *re* British Columbia Dock is with the Minister. He says that those conditions cannot be embodied in the contract, as it will be the same one as submitted to O'Hanley & Starrs, and it would not do to make it different; but he says that all what's asked is so fair that there will be no trouble in obtaining them, especially the \$50,000 material one—however, you are to urge them just as if nothing had transpired; of course, it's for you and partners to say if