2.

CONTRACT FOR THE COMPLETION OF THE ESQUIMALT DOCK, 8TH NOVEMBER, 1884.

The charge is as follows :—

> That after tenders were asked for by the Government for the completion of the Esquimalt Dock and before Larkin, Connolly & Co. tendered for that work, Thomas McGreevy obtained from the Department of Public Works. information, figures and calculations which he communicated to Larkin, Connolly & Co., and that during the execution of the contract, the said Thomas McGreevy, acting as agent of Larkin, Connolly & Co., obtained from the Department important alterations in the plans and works and more favourable conditions enabling the Contractors to realize to the detriment of the public interest very large sums of money.

The contract with Larkin, Connolly & Co., bearing date 8th November, 1884, under which this work was executed, was not a lump sum contract, as might be inferred from some of the questions put to Mr. Perley, but was a contract at a schedule of rates applied to estimated quantities for the completion of the work reported by Mr. Trutch to the Department and based upon figures furnished by Mr. Bennett who had been in charge of the work under Messrs. Kinipple and Morris from the beginning.

The final estimates were based on Mr. Bennett's measurement of quantities executed applied to the schedule of rates contained in the contract with the result that the total cost amounted to $581,527 instead of the moneyed out tender of Larkin, Connolly & Co. for $374,559 which was arrived at by applying the schedule of rates to Bennett's estimate of quantities furnished to the Department.

This increase of $206,968 over the supposed cost at the date of the acceptance of the tender was made up as follows :

Cost of changes made in plans and changes made in the execution of the work as per Engineers' second report	$53,897
Total extras allowed	23,015
Money value of the difference in quantities as given by Mr. Trutch's report prior to contract (*see* pages 164, 169) and the quantities actually executed in the work as per Bennett's measurement (*see* Perley's evidence at pages 163, 164, where some items causing increase are suggested)	$130,076

This latter item is not complained of in the charges and there is no suggestion or foundation for any suggestion that Mr. Bennett erred in any way in the final measurements made, but his measurement of the work still remaining to be done at the date of the assumption of the work by the Dominion does not seem to have been very accurate.

The charges involving the Department in connection with this work deal :

First, with the information said to be improperly obtained by Larkin, Connolly & Co. through Thomas McGreevy, prior to the contract being awarded.

Secondly, the procuring by the agency of Thomas McGreevy alterations in the plans, in the execution of the works and in conditions, thus enabling the contractors to realize improperly large sums of money.

On the first head the evidence may be sumarized as follows :—

The second tenders for the work, in which alone Larkin, Connolly & Co. were concerned, were returnable at Ottawa on the 20th September, 1884. On the 9th of the same month Thomas McGreevy wrote a private note (not produced) to Mr. Perley, Chief Engineer. To this Mr. Perley replies by a letters of 11th September, 1884. (Exhibit "R6," printed at page 141.)

Does this letter give information which ought not to have been given? It is submitted that if the Department had been calling for lump sum tenders the information contained in this letter would have been highly improper, but the tenders asked being by schedule of rates, the information as to probable cost of finishing the work would be no guide to a contractor in making up his