

On or about the 8th August, 1884, new tenders were called for, and eight were received. The lowest was Starrs & O'Hanly, \$338,945.19, the next, Larkin, Connolly & Co., \$374,559.53.

On the 13th October the Minister reported these tenders to Council, representing that the lowest tenderers, Starrs & O'Hanly, (\$338,944.19,) had deposited an accepted security cheque for \$7,500, and that his Chief Engineer, Perley, had reported that, after deducting \$50,288.69 to be paid for plant, as per specification, the balance which would remain, \$288,656.40, was too small for the completion of the work in a satisfactory manner. The Minister recommended that in view of the large amount, \$17,000, which the Government would hold as security for the performance of the contract, that Starrs & O'Hanly's tender should be accepted.

On the 21st October Starrs received the following letter from the Department:  
(Exhibit "M4.")

Copy of letter sent, No. 28376.

"DEPARTMENT OF PUBLIC WORKS,  
"OTTAWA, 21st October, 1884.

"MICHAEL STARRS, Esq.,  
"Clarence Street, Ottawa.

"Will you be good enough to call at this Department at once *re* Esquimalt Graving Dock.

"F. H. ENNIS,  
"Secretary."

Starrs went to the Department, as requested, and there met Sir Hector. He says that Sir Hector told him that his tender was too low, and he called in Perley and the matter was talked over. He further said that Sir Hector told him that he (Starrs) knew himself that there was \$50,000 to pay for plant, that he could expect no extras, that it was straight sailing, and that there would not be enough left to complete the work; to which Starrs says he replied: "Sir Hector, I believe our figures are enough to do the work, but I see that you do not feel inclined to give me the work, and, consequently, I will withdraw." (P. 1160.)

Mr. Starrs was subsequently recalled and questioned more fully as to this conversation. He repeated the substance of his testimony already given, stated that he handed Sir Hector a cheque for \$9,450, and added, as his reason for withdrawing from the tender, that Sir Hector threw so many obstacles in his way, showing him the lowness of his tender and the difficulties that his firm had to contend with, no extras, and \$50,000 to be paid for plant, that he asked Sir Hector what he was to do to get his deposit cheque back. The Minister replied: "Write a letter to the Department, officially to me, and I will get your cheque returned." He said that Sir Hector told him he could write a letter stating that he had made a mistake in his tender, and that it was too low; and he further said that it was the hostility of the Minister that induced him to withdraw.

After he had agreed to withdraw Starrs swears that the Minister handed him back the cheque for \$9,450 and said: "Thank God; you have relieved yourself of a great burden." (P. 1191.)

Immediately after this conversation Starrs & O'Hanley wrote their letter of withdrawal of 24th October and received back their deposit cheque of \$7,500.

On the same day, 24th October, the Minister reported to Council this letter of Starrs & O'Hanly, and recommended that they be permitted to withdraw, and that the contract be awarded the next lowest tenderers, Larkin, Connolly & Co., whose offer was \$374,559.53.

After the call for tenders had been issued Mr. Thomas McGreevy wrote a private note to Perley with respect to the estimates, rates and quantities of the British Columbia Dock. This letter is not forthcoming, but on the 11th September Perley replied as follows: