

The remaining point to be considered is the deduction by Mr. Perley of \$19,873 from the price of the plant taken over by the contractors from the Government as part of the consideration of their contract at \$50,288. A claim for the reduction on the value of this plant was made by the contractors in the spring of 1885, when the matter was referred to Mr. Bennett, who reported a shortage of \$10.45. The claim then made by the contractors was for an allowance of \$12,400 (*see* page 144).

Mr. Perley states that upon the occasion of his visit in the fall of 1885 he examined this plant very carefully. At page 164 he says that he made a particular examination, and at page 144 is to be found his letter to the Secretary of the Department in which he reports having made a careful examination of the plant, &c., mentioned in the contract. In this letter he states that it was to be regretted that a very large portion of it was accepted at any price from the Provincial Government, it was old, unserviceable, of no use and of very little value, and he concluded by presuming that the value of this article would become a question at a future day between the Department and the contractors. He does not state in that letter that he had arrived at any specific reduction nor is anything produced by him to show how the amount of the reduction ultimately made might be arrived at. No definite action was taken by the Department as the result of this report of the 18th January, 1886. The only action taken was by Mr. Perley himself when he was making up and deciding upon the final estimate. No Order in Council was made upon the subject nor was the matter brought before the Minister (*see* foot of page 145 and foot of page 146) where Mr. Perley takes the whole responsibility of this reduction (*see* also top of page 147). There seems to have been no authority for this reduction. The application for a lesser reduction, namely, \$12,400 in 1885 was considered and rejected (*see* letter 29th April, 1885, Perley to Trutch, Exhibit "T6," page 145).