at the sum of $50,288.69, which plant, &c., had been purchased from the Government of British Columbia. The contract subsequently entered into with Larkin, Connolly & Co. also had this provision inserted in it.

Starrs & O'Hanly wrote shortly afterwards to the Department, stating they had made certain mistakes in their tender (which Perley estimated at $25,000), and requested permission to amend, or, in case this was refused, to withdraw their tender.

On 17th April Perley reported to the Minister that Baskerville & Co.'s tender "was greatly in excess of the actual value of the work to be done," whilst "that of Starrs & O'Hanly was as much too low, and that they could not possibly execute the work for the prices named; that they had asked to amend their tender, a course not usually pursued, and that he recommended that neither tender be accepted and that the cheques of the tenderers be returned."

The following day Starrs & O'Hanly applied for their cheque, and received it back.

On the 17th of April the Minister reported to Council Perley's recommendation, and his report was approved on the 19th.

From the evidence submitted to us, it appears that Baskerville & Co. continued negotiations with the Department.

Stewart, of the firm of Baskerville & Co., swears that Perley sent for them to see if their tender could not be reduced below the appropriation given for the Dock and made some suggestions about changes.

Baskerville swears that Perley claimed that they were too high in their tender; and that if it should be brought down, some changes being made to justify the reduction, they could get the contract.

Perley thereupon told Baskerville & Stewart that Sir Hector had come to the conclusion that if they would put the required changes in writing they could get the contract, and then dictated to Baskerville a letter which he (Baskerville) then wrote and signed, and which is as follows:

(Exhibit "H4.")

"OTTAWA, 8th May, 1884.

"The Honourable Sir HECTOR LANGEVIN,
Minister of Public Works, Ottawa.

"DEAR SIR,—We have some time since submitted a tender for the completion of a Graving Dock at Esquimault, B.C.

"If you will agree to the substitution of solid masonry and dispense with the use of concrete and brick backing we will consent to build the same for $16 per square yard, which will reduce the bulk sum about fifty-three thousand dollars ($53,000). Hoping this will meet with your approval.

"We remain, your obedient servants,
"BASKERVILLE & CO."

After writing this letter Baskerville says that Perley told them "to hold themselves in readiness to take the contract—that they would get it."

On the following day, 9th May, Perley reported in favour of the acceptance of Baskerville's amended tender, which amounted to $362,000, "as a fair value of the work to be done to complete the Dock."

The next morning Sir Hector appears to have gone to Quebec, and did not return to Ottawa for some weeks.

While in Quebec Murphy swears he called to see Sir Hector Langevin and had a talk with him about the work. He stated that he had heard there were two tenders in, one very high and one very low, and he thought it probably possible to get the contract between the two tenders. He states that he then made a proposition to Sir Hector Langevin "to give 25 per cent. interest or a certain amount of money to get it lower than the highest tender," but that Sir Hector said he did not see how he could do it. Murphy further says that he and Sir Hector talked the matter over, and Sir Hector thought it better that he should re-advertise, and directed him to call on Thomas McGreevy. (P. 171).