

On the 26th February, on receipt of R. H. McGreevy's letter, Owen E. Murphy writes Larkin as follows. (P. 816) :

(Exhibit "C15.")

"QUEBEC HARBOUR IMPROVEMENTS,

" 124 DALHOUSIE ST., 26th February, 1885.

"P. LARKIN, Esq.

"DEAR SIR,—Your letter just arrived, and in reply would say that our friends here are greatly disappointed in the way we have treated them both here and at Ottawa; after everything was done to suit us, then it has to be undone again. I cannot understand Nicholas; as you know, Mr. Trutch stated there would be a letter in Quebec giving a detailed statement of what we wanted in the way of changes and proposed costs of the same. However, there came none. Of course, when Michael's letter came to me I had our friend send despatch to Ottawa stopping the substitution of granite. You see the position this places our friends in there before the Council."

On the 23rd of March, after having heard from Murphy, Michael again writes from British Columbia, as follows. (P. 208) :

(Exhibit "O8.")

"ESQUIMAULT, B.C., 23rd March, 1885.

"FRIEND OWEN,—Yours of the 10th just received to-day \* \* \* \* \* I agree with you; things were badly mixed up and too much confused in reference to the granite. This was owing to not getting proper data on which to base figures when writing or tendering to the Department of Public Works. Nick at first thought, and indeed so did I, that we could substitute granite for sandstone at a very moderate advance on the price of sandstone. I should be very sorry to have our friends think that the matter was done intentionally or with any view to placing them in a false position. The first letters were written without giving the matter due consideration, which, I am ready to admit, was our fault, but after due examination we came to the conclusion that it could not be done for the price; therefore, we are grateful to our friends for having our proposition rejected. I am sorry to hear our friends are annoyed" \* \* \* \* \*

In view of the facts contained in these letters, Sir Hector, in his sworn statement, says:

"I have only to say a word on the projected substitution of granite for sandstone. When Mr. Perley, who was favourable to that change, consulted me, I was inclined to assent to it. For prudence sake I spoke of it to Council. Council was of opinion not to accept the change, and I informed Mr. Perley accordingly."

In our opinion, this explanation is quite irreconcilable with the conclusion which must be drawn from the above extracts from the letters of Nicholas K. Connolly, Michael Connolly, Owen E. Murphy and Robert McGreevy.

#### RE-COURSING.

With respect to the change made in the re-coursing of the Dock walls, we find that the contractors in December, 1884, wrote from British Columbia to their partners, urging that they be allowed to substitute larger stone than those provided by the contract, and that they should be paid for them.

On the 24th of February, 1885, Perley wrote to Trutch, Dominion Agent in British Columbia, that he approved of the suggestion that the masonry in the Dock be built in heavier courses than called for by specification, provided it would not entail any extra expense on the Crown.

In April, 1885, Trutch telegraphed Perley that these alterations would increase cost of work by additional price of dressing stone, resulting from necessarily increased width of bed proportionate to increased depth of courses, to which Perley replied on the 20th April as follows: