

4.

CONTRACT FOR DREDGING WET BASIN AT 35 CENTS PER YARD, 23RD MAY, 1887.

(a.) That the Honourable Thomas McGreevy, having made a corrupt arrangement with Larkin Connolly & Co., providing for a contract for the dredging of 800,000 cubic yards in the Wet Basin of the Quebec Harbour Works, used his influence as a member of Parliament with the Department of Public Works, and in particular with Henry F. Perley, and induced him to report to the Quebec Harbour Commission in favour of the payment of the said sum of thirty-five cents per yard; and that a correspondence on this subject between Henry F. Perley and Larkin Connolly & Co. took place at the suggestion of the said Thomas McGreevy before the Quebec Harbour Commissioners were consulted, and was conducted in such a manner as to conceal the corrupt character of the contract.

(b.) That through the intervention, effort and influence of the said Thomas McGreevy, and without any public tender having been called for, a contract was made between the Quebec Harbour Commissioners and Larkin, Connolly & Co., for the above mentioned work.

The above charges have reference exclusively to the inception and making of the contract. The alleged frauds in connection with its execution are dealt with under a subsequent head.

The following considerations are suggested:—

1. The contract was for dredging to the minimum depth provided for in the dredging contract of 1882, that is to say, 15 feet, the price for which under that contract, was 27 cents, at which price, according to the evidence and calculations of Robert McGreevy (*see* pages 599, 600), large profits had been made by the contractors in the preceding years.

2. No tenders were called for, but against this it is to be remembered that the amount of dredging to be done for the season was limited to \$100,000 and that for such an amount it would not be probable that at 35 cents per yard any other contractor would build or bring to Quebec the necessary plant.

Larkin, Connolly & Co., having the plant on hand, could execute the work at lower rates than other contractors, no capital for plant being necessary on their part, and these considerations, so far as they go, would tend to justify the contract under the circumstances existing at that time.

On the other hand no attempt seems to have been made by Mr. Perley to reduce the price named by Larkin, Connolly & Co. in answer to his letter, and there seems to be no sufficient reason given why an increase over the price of former years should be allowed.

As regards the charge that no tenders were called for, it is to be borne in mind that the Commissioners were not under any statutory obligation to call for tenders, the only Act providing for such a course being that of 1886 in reference to the Cross-wall.

3. The Commissioners acted almost entirely upon Mr. Perley's letter, but it appears that Mr. Giroux took some trouble to satisfy himself from reports of the cost of dredging in Montreal Harbour that the price was fair. (Evidence of Giroux, page 971.)

Larkin's evidence (page 884), as to prices for dredging in Port Dalhousie and Owen Sound should also be borne in mind.

On the other hand it must be observed that this contract was entered into subsequently to the receipt by Mr. Perley of the jewellery and plate, *see* Evidence, p 324, and that the evidence shows that this rate gave to the contractors large and unusual profits.

4. The conduct of Messrs. Perley and Thomas McGreevy in this matter must also be considered in the light thrown upon it by Exhibit "M5", page 118 signed by Michael Connolly, which is in these words: "If contract is entered into with Harbour Commissioners and approved of by the Minister of Public Works for 8,000 yards of dredging at 35 cents to be dumped in river, or any more difficult place to be paid extra, we give \$25,000." The contract given was not in the terms of this memorandum, but it seems clear from the evidence that the \$25,000 was actually paid by Larkin, Connolly & Co. and that part of it found its way into the hands of Thomas McGreevy. It is, however, but fair to Mr. Perley to mention that there is no evidence of knowledge on his