
REPORT OF SELECT COMMITTEE

Appointed to enquire into the circumstances under which Local Partners were admitted by F. B. McNamee & Co. in the Contract for the construction of the Graving Dock, what rate of interest (if any) was to be allowed on the \$10,000 deposited as security for the contract, and the financial position of matters at the present time.

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MR. SPEAKER :

1. Your Committee find that by clause 25 of the specifications, work upon the Graving Dock was to be commenced immediately upon receipt of a written order from the Chief Commissioner of Lands and Works, and the contractor was to complete the work within twenty-eight months from the order to commence.

2. That a letter was sent by the Chief Commissioner of Lands and Works, dated 11th June, 1880, mailed to Messrs. F. B. McNamee & Co. at Montreal on the same date, directing him to commence work, and on the same day a telegram was sent to Messrs. F. B. McNamee & Co. apprising them of the mailing of the written direction to commence work. That the said notification, dated 11th June, was the first intimation given to Messrs. McNamee & Co. to commence work.

3. That the said written direction to commence work was received by Mr. McNamee in the ordinary course of mail, which would take about sixteen days to reach Montreal, and Mr. McNamee on the 1st July, 1880, started for British Columbia, taking with him his mason foreman.

4. That Mr. McNamee proceed *via* San Francisco—which was in those days the shortest route to Victoria,—and whilst in San Francisco engaged a foreman carpenter for the work of the Graving Dock.

5. That Mr. McNamee and his mason foreman arrived here about the 24th July, 1880, and the foreman carpenter arrived some days afterwards, and immediately upon arrival Mr. McNamee set about preparing for work, and gave out several contracts for supplies.

6. That a close calculation demonstrated a profit of \$150,000 to be realized by the contractor upon the work, and both the Government and Mr. McNamee believed that that profit was derivable.

7. That Mr. McNamee carried on active preparations for work until towards the end of August, when he was induced to enter into a partnership with Messrs. Nicholson, Huntington, and Robertson (hereinafter referred to as the "local contractors"), under the terms of which Messrs. McNamee & Co. (which firm had theretofore consisted of F. B. McNamee, A. G. Nish, and James Wright, and is hereinafter referred to as the "Montreal firm") relinquished all benefit of the contract to the local contractors in consideration of a cash payment of \$1,000, \$15,000 payable on 28th August, 1881, and ten per cent. on \$351,000 to be paid after the completion of the contract, it being also a term of the agreement that upon payment of the

said sum of \$15,000 the \$10,000 deposit made by the Montreal firm should become the property of the local contractors, who were to carry on and complete the contract in the name of F. B. McNamee & Co., indemnifying the Montreal firm from all obligations under the contract, and assuming and agreeing to recognize and carry out all sub-contracts entered into by the Montreal firm for the supply of iron, fire-bricks, and lumber in connection with the work. The agreement for partnership was arrived at in the presence of the Chief Commissioner of Lands and Works, and Mr. McNamee returned to Montreal a few days after completing it.

8. The work not progressing to the satisfaction of the Government, it was in the month of June, 1882, taken out of the hands of the local contractors by the Government, who carried it on for account of F. B. McNamee & Co., until finally it was transferred to the Dominion Government, who recouped the Province its outlay, including preliminary cost, price of dock site, cofferdam, and all outlay of the Province in connection with the undertaking.

9. The Montreal firm have (including the deposit of \$10,000) paid, and have been compelled to pay, on account of their connection with the contract, the sum of \$40,663.13, out of which the Dominion Government have allowed them for plant taken over with the work \$17,000, and beyond which they have received nothing.

10. John Nicholson, one of the local contractors, expended upon the contract, in cash, \$7,100, in respect of which he has had no return. In addition to Mr. Nicholson's expenditure, he has lost twenty-two months' labour as Superintendent, &c., of the work.

11. Claims against F. B. McNamee & Co., in respect of the dock contract have been sent in amounting to about \$10,000, and are unpaid.

12. The rate of interest to be allowed on the deposit was five per cent. per annum.

13. Your Committee append the particulars, details, and evidence upon which they have arrived at their conclusions, and are of opinion that the case is one for the favourable consideration of the Government.

THEODORE DAVIE,
HENRY CROFT,
C. B. SWORD,
G. B. MARTIN,
JOHN GRANT.

 MINUTES AND EVIDENCE.

SATURDAY, 28th February, 1891.

Meeting of the Select Committee appointed under the Resolution dated the 23rd day of February, 1891, to enquire into the circumstances under which local partners were admitted by F. B. McNamee & Co. in the contract for the construction of the Graving Dock; what rate of interest, if any, was to be allowed on the \$10,000 deposited as security for the contract, and the financial position of matters at the present time.

Present:—Hon. T. Davie, Q. C. (Attorney-General); Messrs. Grant, Croft, Martin, and Sword.

Mr. H. D. Helmcken appeared to represent F. B. McNamee & Co.

Moved by Mr. Grant, seconded by Mr. Croft, and carried, that the Attorney-General be Chairman of the Committee.

F. B. McNAMEE, called and sworn. (Examined by the Chairman.)

1. Q.—What is your name?
A.—Francis B. McNamee.
2. Q.—You were the contractor for the Graving Dock at Esquimalt?
A.—I was the head of the firm that got the contract.
3. Q.—It was a Montreal firm?
A.—Yes; Montreal firm.
4. Q.—Composed of yourself, and who else?
A.—A. G. Nish and James Wright.
5. Q.—Where was the contract let?
A.—Tenders were called for, and were sent in, at Ottawa. I think our tenders then came out here and went back again to Ottawa, with Mr. Walkem, and there the contract was declared to us.
6. Q.—At Ottawa?
A.—Yes.
7. Q.—By whom?
A.—Mr. Walkem.
8. Q.—Personally?
A.—Yes.
9. Q.—Mr. Walkem was then the Chief Commissioner of Lands and Works?
A.—Yes.
10. Q.—After receiving the contract, what did you do?
A.—Put up \$10,000 as security. We got a draft made out for \$10,000 and handed it, or a receipt for it, if I remember correctly, to Mr. Walkem, and Mr. Walkem sent it through the Bank of Montreal to the Bank of British Columbia.
11. Q.—That was done in Montreal?
A.—Yes; I remember it was done in the Bank of Montreal.
12. Q.—You put up \$10,000?
A.—Yes; and then talking the matter over with Mr. Walkem there, and about how things were to be fixed, somebody remarked that money in British Columbia was worth ten per cent., and I said to Mr. Walkem: "Here! what rate of interest are we getting for this \$10,000?" and he said, "Six per cent.; that would be the bank rate there." I said, "Very well." I thought it was all right, and there was a perfect understanding that we were to have six per cent. for the use of that money here, as banks were getting ten per cent. and twelve per cent. for money at the time. Six per cent.—that was the understanding.
13. Q.—After having deposited this money, did you come to British Columbia?