

MINUTES OF EVIDENCE.

HOUSE OF COMMONS, OTTAWA,

COMMITTEE ROOM 301,

WEDNESDAY, May 2, 1917.

The Select Standing Committee on Public Accounts, met at 11 o'clock, a.m., the Chairman, Mr. Middlebro, presiding.

The Committee proceeded to the consideration of certain payments to the Canadian Vickers, Limited, for the construction of an ice-breaking steamer (The *J. D. Hazen*), for \$998,583.

Mr. JOHN FRASER, Auditor General, called, sworn and examined.

By Mr. Carvell:

Q. Mr. Fraser, have you before you a copy of a letter written by you on August 25, 1916, to the Deputy Minister of Marine and Fisheries, regarding the transfer of an icebreaker to the Russian Government as set out at page O-142 of your annual report?—A. I have.

Q. Will you tell me the circumstances under which that letter was written?—A. About that date there was a deposit receipt came into the office for some three hundred thousand and odd dollars.

Q. As a matter of fact it was \$349,000, was it not?—A. That is made up of two items, and the order for the transfer of the security deposit, that was held in connection with the contract for a steamer; it was practically a refund and the two amounts would make up the sum of \$349,504.05. The only time that we release a security deposit is when the contract is completed or unless the contract is terminated and authority given by Order in Council for the release of the security. I inquired of the Deputy Minister as to the nature of the transaction, as to why they were taking this money back from them and releasing their security. He told me they had a request from the Imperial Government to transfer this icebreaker to the Russian Government. I asked him if they were getting any consideration, and he said "no." I pointed out to him that the cost of construction would be very much more at the time that the transaction took place than it would be at the time the contract was made, and that we were giving up a valuable asset in giving up that contract. I wanted him to justify it before I could pass the entry. He told me that it was proposed to give the Russian Government, one of the Allies, the benefit of our contract; I suppose that was a proper thing to do, and I wrote him a letter and got a reply to it.

Q. Before you come to the letter would you describe to the Committee what was the subject matter of the correspondence?—A. That they had in the Marine Department?

Q. Yes.—A. I remember his showing me a cablegram from Bonar Law.

Q. What was it about? An icebreaker, was it not?—A. Yes.

Q. What was it called?—A. It was known locally as the *J. D. Hazen* icebreaker that the Canadian Vickers, Limited, were building for the Dominion Government.

Q. Do you know when the contract was entered into?—A. On the 14th March, 1914.

Q. How much was the contract for?—A. It is not mentioned here but the amount is pretty close to a million dollars.