

APPENDIX II

OTTAWA, July 10, 1956.

Dear Mr. Cannon:

It was agreed at the meeting of the Public Accounts Committee of July 5th that the Department of Defence Production would forward to you the following information in connection with the contract for 3"50 naval guns.

1. What were the amounts paid by Sorel employees for room and board in connection with the staff (boarding) houses?

ANSWER

Weekly rate per person

	Single Room	Double Room
1951	\$16.00	\$15.00
1952	17.00	16.00
1953	16.00	15.00
1954	18.00	17.00

2. What was the percentage of cost of parts and materials obtained from the United States for both Canadian and U. S. guns?

ANSWER

The United States content of the U. S. guns was approximately 9.5 per cent of the U. S. cost. The United States content of the Canadian guns was approximately 7 per cent of the Canadian cost.

3. (a) What was the total amount paid to Sorel Industries Limited for the production of the guns?
(b) What was the amount paid by the United States?

ANSWER

(a) Full payment has not yet been made to Sorel Industries Limited as a portion of the profit is being withheld pending final assessment of costs by the Cost Inspection and Audit Division of the Department of Finance. Total payments to the company as of June 30, 1956, for the production of 3"50 guns was \$60,810,559.06. Of this amount, \$44,156,932.92 was on U. S. account and \$16,653,626.14 on Canadian account.

(b) The amount paid by the United States Navy to Canadian Commercial Corporation for 180 guns was \$44,909,412.08 (Canadian funds). The difference on U. S. account between figures given in (a) and (b) is due to profit holdback mentioned above.

Yours faithfully,

D. A. Golden,
Deputy Minister.

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