

By the Chairman:

Q. \$998,583, it says in the letter, is that not right?—A. Yes, \$998,583.

Q. Have you a copy of the contract with you?—A. I think it is in the papers produced here.

Q. It is not here, have you a copy?—A. No, I have not, it is in the Marine Department.

Mr. CARVELL: Has the Marine Department been notified to send all the papers in connection with this matter to the Committee?

The CLERK: Yes.

Mr. CARVELL: And they have not done so.

The CLERK: No.

Mr. CARVELL: Then we shall have to notify them again.

By Mr. Carvell:

Q. Is the letter you wrote, and to which you have referred, that which is set forth in the Auditor General's Report at page O—142?—A. Yes.

Q. Will you read it?—A. (Reads):

AUDITOR GENERAL'S OFFICE, OTTAWA,

AUGUST 25, 1916.

"SIR,—Under the authority of an Order in Council dated 14th March, 1914, a contract was entered into with the Canadian Vickers, Limited, for the construction of an ice-breaking steamer (the *J. D. Hazen*), for \$998,583.

"Payments on progress estimates amounting to \$349,504.05 have been made. There is also a charge for supervision of \$350 and transfer from ship channel, \$1,086.39, in all \$350,940.44.

"A deposit receipt has been received from your Department for \$299,574.90 and an application to transfer the contractor's security deposit of \$49,929.15, making a total of \$349,504.05.

"I understand that your Department intends asking for the release of Vickers Company from their contract to enable them to sell the icebreaker to the Russian Government.

"You are aware of the fact that the cost of construction of vessels has increased, probably 35 or 40 per cent, since the making of this contract, and in cancelling the same the Dominion Government would be parting with a valuable asset, and I do not see how you can justify the placing in the hands of the Canadian Vickers Company an opportunity to make a profit of possibly \$300,000 or \$400,000.

"If it is intended as a friendly act to one of the Allies to give them the benefit of such an excellent contract, I would suggest that the constructing company be not released but that the contract be assigned to the Russian Government, unless it is ascertained that the price to be paid by them to the Canadian Vickers Company is not in excess of the contract with the Dominion Government.

"Before authorizing the transfer of the security deposit, would like to know on what terms and conditions the sale is to be made to the Russian Government.

"I am, sir,

"Your obedient servant,

"J. FRASER,

"Auditor General.

"THE DEPUTY MINISTER,
"Marine and Fisheries."