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REPORTS

OF THE

PUBLIC ACCOUNTS COMMITTEE

PART II.

SESSION 1907-8

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1909

PUBLIC ACCOUNTS COMMITTEE.
VOL. 2.

CONTENTS.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO

A PAYMENT OF $74,362 TO L. S. MACOUN

PRINTED BY ORDER OF PARLIAMENT

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1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

COMMITTEE ROOM No. 32,
HOUSE OF COMMONS,
OTTAWA, THURSDAY, June 4, 1908.

The committee met at eleven o'clock, Mr. Duncan Finlayson presiding, and proceeded to the consideration of a payment of $74,362 to L. S. Macoun, in connection with the sale of goods (copper, &c.) by him, as set out at Q—98, Report of the Auditor General for the fiscal year ended March 31, 1907.

Mr. E. F. JARVIS called, sworn and examined.

By Mr. Crocket:

Q. You are secretary of the Militia Council, I believe?—A. Yes, sir.

Q. How long have you held that position?—A. Since September, 1904.

Q. Is that since the organization of the council?—A. Since the organization of the council.

Q. Have you brought the files of the department with you in reference to the supply of some automatic labour-saving machinery to the department by Mr. L. S. Macoun, and also with reference to the supplying of a large quantity of copper?—A. I have brought the papers, yes.

Q. Would you turn to the letter, taking up first the matter of automatic labour-saving machinery for the Dominion arsenal at Quebec—of April 8, 1905, from Colonel Gaudet, the superintendent of the arsenal, I think, to yourself?—A. Yes, sir.

Q. Will you read that letter please?—A. (reads):

'From the Superintendent Dominion Arsenal to the Secretary Militia Council:—

'QUEBEC, April 8, 1905.

'*Shells B. L. Shrapnel 12-Pr. 6-Cwt., Plant for Manufacture.*

'Under the authority of the hon. the minister, dated the 16th ultimo, I proceeded to the works of Messrs. Potter & Johnson Machine Co., Pawtucket, R.I., for the purpose of inspecting automatic machinery offered for manufacture of shells, as per tender of the 22nd February, 1905, attached hereto, amounting to $6,000. Machinery of this kind is not made in Canada. I have written extensively and visited some of the largest firms in the United States, and find that this is the best machinery obtainable for the purpose.

At Frankford arsenal I saw those machines at work, on Q. F. cases, and the commanding officer informed me that they had ordered a number for shell work, being entirely satisfied with results obtained. I have seen one man operate three machines, but assuming that only two machines are run, it would require two men to run the four machines tendered for, and producing 50 shells per day. The wages would cost $1.50 per man, or $3 per day. We are at present employing seven lads to perform equivalent operations, at a cost of $11.25 per 100 shells (piece-work), and would therefore save $5.25 per 100, or $3,150 on total order for $60,000 shells. The manufacturers are prepared to guarantee that these machines will produce work in time specified in tender and equal in accuracy to our specification. Purchase of these machines is recommended. This firm is not on official list of patronage, but I understand that Mr. L. S. Macoun, Central Chambers, Ottawa (name on list), is in a position to handle this business, and it is suggested that the order be given through his agency.

'(Sgd.) F. M. GAUDET, *Lieut.-Col.,*
'*Superintendent Dominion Arsenal.*'

Q. The firm referred to there is the firm of Potter & Johnson, Pawtucket, R.I., is it not?—A. Yes, sir.

Q. And Colonel Gaudet points out that that firm is not on the official patronage list?—A. Yes, sir.

Q. But that the business can be had through Mr. L. S. Macoun?—A. Yes.

Q. That is the minister's son-in-law, is it not?—A. I think so.

Q. Colonel Gaudet in that letter refers to having been authorized by the minister, he refers to the authority that he had received from the minister to proceed to Pawtucket, under date March 16—he says the 16th ultimo—have you brought that letter with you?—A. I have made a search for it and I find no such letter, the instructions must have been verbal. I find that Colonel Gaudet evidently wrote to the minister and the minister telegraphed that he would be in Ottawa on Thursday, the 15th March, that would be the time Colonel Gaudet came and got his verbal instructions; there is nothing on record.

Q. The letter of the 8th of April which you have just read states: 'Under the authority of the Hon. the Minister, dated the 16th ultimo'?—A. Yes.

Q. He proceeded to Pawtucket?—A. Yes.

Q. You say now there were no written instructions to Colonel Gaudet?—A. So far as I can find out they were verbal instructions.

Q. The instructions you say must have been verbal?—A. I think so.

Q. Will you turn then to the letter of the 5th of April from Mr. Macoun to Mr. Brown, director of contracts?—A. I have it, sir.

Q. Will you read that?—A. (reads).

'OTTAWA, Canada, April 5, 1905.

H. W. BROWN, Esq.,
Director of Contracts,
Department Militia and Defence.

DEAR SIR,—I have been recently appointed by the Potter & Johnston Machine Company, Pawtucket, R.I., as their agent. They manufacture a large line of automatic labour-saving machine tools, such as chuckling, turning, and shaping machines, and which I feel confident from what I have heard, could be used very advantageously in the Dominion Arsenal.

Trusting in the event of your being in the market for any of the above, that I may be favoured with your valued inquiry.

Believe me,
Yours faithfully,
(Sgd.) L. S. MACOUN.'

Q. That letter from Mr. Macoun to the Director of Contracts of the Militia Department, stating that he had been appointed agent of the firm of Potter & Johnson Machine Company, Pawtucket, R.I., was written three days before the date of Colonel Gaudet's letter reporting his visit to Pawtucket, is not that right?—A. Yes, sir.

Q. Then Mr. Macoun bobs up as agent of the Potter & Johnson Machine Company on the 5th April?—A. Yes, sir.

Q. Do you know when, as a matter of fact, Lieut.-Col. Gaudet proceeded to Pawtucket? His letter is dated 8th April, reporting his visit, but it does not say when he went to Pawtucket?—A. I do not know.

Q. You do not know?—A. No, sir.

Q. And there is nothing on the files to show that?—A. As far as I am aware there is nothing.

Q. I could not find anything on the files that have been produced here. Do you know whether there is anything in the department showing that?—A. I should think not; I think you have all the papers bearing on the subject here.

Q. That letter of his is dated at Quebec after his return from Pawtucket, is it not?—A. Yes.

APPENDIX No. 1

Q. And in that letter of the 8th Colonel Gaudet himself makes reference to the fact that he knows Mr. Macoun will be in a position to do the business?—A. He states so, yes.

Q. Now, you have an acknowledgment there of Mr. Macoun's letter of the 5th of April, I think it is under the date of the 15th?—A. Yes, sir, there is an acknowledgment?—A. (reads):

OTTAWA, April 15, 1905.

DEAR SIR,—I have your letter of the 5th instant with reference to your appointment as agent for the Potter & Johnston Machine Company of Pawtucket, R.I., and have noted the fact for reference in the event of machinery such as you mention being required for the Dominion Arsenal.

Yours faithfully,

(Sgd.) H. W. BROWN,
Director of Contracts.

Q. Now, on the same day, there is another letter from Mr. Brown, isn't there, to Mr. Macoun?—A. Yes.

Q. Will you read that?—A. An order for the machinery?

Q. Yes, written on the same day as this other letter that you have just read, stating that in the event of any business being done with the house it would be given to him. Will you read the order?—A. (reads):

April 15, 1905.

SIR,—I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. The Potter & Johnston Machine Coy.'s offer of the 22nd February last (copy inclosed) to furnish the undermentioned machinery to this department, the prices to be those stated by that firm and repeated herein, and delivery to be made at the earliest moment possible.

Machines for use in Manufacture of B. L. 12-pr. 6-cwt. Shrapnel Shells.

1. One first operation machine running on the shrapnel body, complete with triple geared change speed head, standard spindle, cross slide, 15-in. heavy scroll chuck, oil pump, pan and piping and oiling arrangement through turret, fourteen hundred and twenty-five dollars ($1,425).

2. One second operation machine running on the shrapnel body, complete with triple geared change speed head standard spindle, cross slide, expansion mechanism, oil pump, pan and piping, fourteen hundred and forty dollars ($1,440).

3. Special tools for finishing the first operation on shrapnel body, including chuck jaws, boring, turning and cutting off tools, one hundred and ten dollars ($110).

4. Special tools for finishing second operation on shrapnel body, including forming device for the waved ribs, two hundred and twenty-five dollars $(225.)

5. On first operation machine running on the shrapnel head, including triple-geared change speed head, standard spindle, 15-in., scroll chuck, back facing attachment, oil pump, tank and piping, fourteen hundred dollars ($1,400).

6. One second operation machine running on the shrapnel head, including triple-geared change speed head, standard spindle, oil pump pan and piping, twelve hundred and twenty dollars ($1,220).

First and second operation tools for finishing the shrapnel head complete, including special chuck jaws, back facing cutters, automatic collapsing tap, &c., one hundred and eighty dollars ($180).

The prices quoted above are for delivery f.o.b. at Pawtucket, R.I.

The machines are to be consigned to 'The Superintendent of the Dominion Arsenal, Quebec, Canada,' to whom should be sent an invoice in triplicate and copy of shipping bill.

Any further correspondence which may become necessary in connection with the details of the execution of this order will, on the part of the department, be carried by the superintendent of the arsenal.

I am, sir, your obedient servant,

(Sgd.) H. W. BROWN,
Director of Contracts.

Mr. L. S. MACOUN,
Central Chambers, Ottawa.

Q. What is the total amount of that order?—A. The total amount is not shown, but it is some $6,400, I think.

Q. So that an order then was given to Mr. Macoun for this machinery on the 15th of April?—A. Yes, sir.

By Mr. Maclean (Lunenburg):

Q. You asked the witness a moment ago a question which I think was not necessary, that Mr. Macoun was a son-in-law of the minister. Perhaps it might have been inferred from the question that he was a son-in-law at that time.

By Mr. Crocket:

Q. Mr. Macoun is, you know, a son-in-law of the minister's?—A. He is now, but whether he was then I do not know.

By Mr. Johnston:

Q. When was he married to the minister's daughter?—A. I do not know, sir; I was at the wedding, but whether it was two years ago or four years ago, I would not like to say.

By Mr. Crocket:

Q. Now, on the 18th of April you have Mr. Macoun's acknowledgment of the order?—A. Yes, sir.

Q. What does he say, it is a short letter?—A. (reads):

H. W. BROWN, Esq.,
Director of Contracts,
Dept. Militia and Defence, Ottawa, Ont.

Re 72-3-12.

DEAR SIR,—I acknowledge with thanks receipt of your valued letter of the 15th inst., and for the order therein contained for machinery required by the Dominion arsenal for use in manufacturing shrapnel shells and which I have forwarded to my principals, Messrs. The Potter & Johnston Machine Co., of Pawtucket, R.I., with the request that they make delivery at the earliest possible moment, and to forward with shipment, invoice in triplicate with shipping bill attached.

Assuring you that your instructions will be carefully carried out, believe me,

Yours faithfully,

L. S. MACOUN.

Q. Now, on August 25, I see there is a letter from Colonel Pinault, the late deputy minister, authorizing the purchase of a cutting-off saw from the same firm? —A. That is a letter to the Superintendent of the Dominion Arsenal.

Q. Yes, he authorized the purchase from the firm of The Potter & Johnston Company of a cutting-off saw?—A. Exactly, sir.

Q. Does he name the price there?—A. (reads): The cost not to exceed $300.

Q. That was subsequently ordered?—A. That would be the authority from here to order it.

APPENDIX No. 1

Q. Then on August 28, there is a letter from the Assistant Superintendent of the Dominion Arsenal to the firm of The Potter & Johnston Machine Company ordering that?—A. Yes, sir.

Q. You may turn to a letter of December 14, from Mr. Macoun to the Superintendent of the Dominion Arsenal, Colonel Gaudet; would you read that letter, please?—A. (reads):

OTTAWA, CANADA, December 14, 1905.

DEAR COLONEL GAUDET,—Could you let me know if you received the machinery ordered from Messrs. Potter & Johnston during the summer. If so, and if everything has been found satisfactory, and the amount placed to their credit, would you issue instructions to have their cheque remitted through me, if it has not already gone forward.

Q. Then the letter of December 16, from the Superintendent of the Arsenal to Mr. Macoun, replies to his letter of the 14th?—A. Yes, sir.

Q. Will you read that?—A. (reads):

December 16, 1905.

L. S. MACOUN, ESQ.,
Central Chambers,
Ottawa, Ont.

DEAR SIR,—Replying to your letter, I am advised by Messrs. Potter & Johnston that machinery has been shipped and is now on the way. As this machinery was ordered direct from you by the department, it is proposed to send you cheque in payment, as requested.

Yours very truly.

Q. Then when the cheque was sent, I think you will find that by referring to a letter of February 13, addressed to Messrs. Potter & Johnston Company, Pawtucket, R.I.?—A. (reads):

GENTLEMEN,—I have much pleasure in advising you that Mr. Thomas Hampson has completed setting of automatic machinery to our entire satisfaction, and is leaving here to-day. I am forwarding by this mail a cheque for $6,300 to Mr. L. S. Macoun, Ottawa, in payment thereof.

Yours very truly,

F. M. GAUDET, *Lieut.-Col.*

Q. And on the same date there is a letter to Macoun inclosing the cheque to him; wil you read that?—A. (reads):

February 13, 1906.

Mr. L. S. MACOUN,
Central Chambers,
Ottawa, Ont.

DEAR SIR,—Please find herewith cheque for $6,300 in payment of machinery manufactured by Messrs. The Potter & Johnston Machine Company, in accordance with Departmental Order No. 72-3-12, of April 15, 1905.

Yours very truly,

(Sgd.) F. M. GAUDET.

Q. Now, would you turn up the account, it is in the file here?—A. I have the account, sir.

Q. This account, I see, is dated Pawtucket, Rhode Island, December 2, 1905, and is on the bill head of the Potter Johnston Company, the printed bill head?—A. Yes, sir.

Q. 'L. S. Macoun' is written in in his own handwriting over 'The Potter Johnston Machine Company,' as agent?—A. I would not say it is in Mr. Macoun's own handwriting.

Q. Well, it is in handwriting?—A. It is in handwriting.

Q. And on that a cheque for $6,300 was issued to Mr. Macoun?—A. Yes.

Q. Do you know if Mr. Macoun is engaged in the machinery business?—A. I do not know exactly what his business is, I think he is a manufacturer's agent.

Q. Do you know where he has his office?—A. I do not happen to know in what building, it is in the city somewhere.

Q. Is it not in the Central Chambers?—A. It may be, I do not know.

Q. Do you know of any other office he has other than the office in the Central Chambers in Ottawa?—A. I do not know of any, no.

Q. Now, there is a matter of 196⅛ tons of copper ingots that seem to have been purchased by the department from Mr. Macoun; have you the correspondence there in connection with that subject?—A. I have it.

Q. The amount of his account for the copper is entered at page Q—98 of the Auditor General's Report for the year ending March 31, 1907, at upwards of $74,000. Were tenders invited for the supply of this copper?—A. Yes, sir.

Q. From whom?—A. There is one from Mr. Macoun, one from Thomas Robertson & Company, one from B. J. Coghlin & Company, and one from L. Vogelstein & Co., New York; there were four in it.

Q. Are you quite sure tenders were invited from Thomas Robertson & Co. for the copper?—A. I see his name here in the schedule.

Q. Yes, but that is for lead there, I think he was not asked to tender for copper? —A. He hasn't got any amount for copper, so probably you are right.

Q. I see, Mr. Jarvis, by an examination of the files, that there was a letter issued to Mr. Macoun, a similar letter to B. J. Coghlin & Co., Montreal, a simlar letter to the Orford Copper Company, New York, on the 12th of April, inviting quotations for the supply of 180 tons of copper ingots; these were the only three firms that I can find were invited to tender for the copper?—A. Mr. Macoun, the Orford Copper Company and the Coghlin Company of Montreal.

Q. On the 12th of April?—A. On that date they appear to have been sent out.

Q. I would like to read the letter that was sent to each of these persons or firms. Read the letter that was sent to Mr. Macoun?—A. (reads):

April 12, 1906.

SIR,—I have the honour to request you to inform me if you would undertake to furnish to this department, between now and the 30th June next, the undermentioned metals required at the Dominion arsenal, Quebec, for use in the manufacture of small arm ammunition, viz.:—

100 tons copper ingot suitable for brass strip work (Specification No. 151).
80 tons copper ingot suitable for cupro-nickel work (Specification No. 150).
38 tons spelter 'Berths' (Specification No. 782).

I inclose to you, herewith, a copy of the specifications for each of the metals mentioned above; the supply must be strictly in accordance therewith.

In the event of your being willing to supply these metals you will quote your lowest price therefor, delivered, with all transportation charges paid by you, in bond, at Quebec, as follows: One-fourth of each kind on or before 20th June next, and the balance during the month of July, 1906.

These metals will be tested as soon as possible after delivery, and if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted (say 2nd July or after).

That there may be no misunderstanding regarding the quality, it must be understood that as the copper and spelter are required for a special purpose, they must conform to the specifications, otherwise they will not be accepted, as the department has no other work in which to use them.

APPENDIX No. 1

If you desire to quote prices, kindly forward your tender in time to reach here on or before 24th instant.

I have the honour to be, sir, your obedient servant,

(Sgd.) E. F. JARVIS,
Actg. Deputy Minister of Militia and Defence.

Q. Now, you say that letter was sent to Mr. Macoun, to B. J. Coughlin & Co., and to the Orford Copper Company of New York?—A. Yes, sir.

Q. Now, I notice there is a memorandum there, signed by yourself, I think. it is close to that correspondence, addressed to the late deputy minister, Colonel Pinault, asking if you would send a similar letter to any other firm; can you find that?—A. It is a memorandum from Mr. McCann, an officer of the department, dated the 12th of April, 1906, to Colonel Pinault, who was ill at the time at his residence. It reads:

'Do you wish me to send a similar letter to any other firm?'

And the deputy minister replied to it:

'Yes—you better have this letter signed by Mr. Jarvis, as acting deputy minister.'

Q. Who is McCann?—A. He is an official of the contract branch of the department, but at that time the work connected with the arsenal was largely, or in fact entirely, handled by the deputy minster himself, and Mr. McCann was the clerk, who did that particular work for the deputy minister, and therefore, when Colonel Pinault was ill at his residence, Mr. McCann appears to have gone to him and got instructions.

Q. What about the first instructions as to sending out this letter for tenders; there were three letters on the 12th of April?—A. That would appear to be the same day.

Q. Yes, but there are no instructions on the file to send them out?—A. Well, it was not necessary to get instructions.

Q. You then had verbal instructions?—A. No, there would be no instructions from the deputy minister at all; I was acting deputy minster; it is quite possible Mr. McCann drafted the letters and went to the deputy minister with them.

Q. How did you come to send these letters to these people? Did you have instructions?—A. It wasn't necessary for me to have instructions, I was acting deputy minister.

Q. How did you pick on these firms?—A. If he got the instructions they were brought to me, I suppose, and I signed the letters.

Q. It was on April 12 these letters were sent to these firms, on that same date, Mr. McCann writes to the deputy minister asking if he will send similar letters to other firms?—A. Yes.

Q. I am asking how it was these three were selected? Mr. Macoun, B. J. Coghlin & Co., and the Orford Copper Company?—A. I do not know anything about the selection; they were made in the usual way in the contract branch; when we want any supplies of that kind we see who are able to supply them and send them a letter.

Q. To those on the patronage list—they are taken from the patronage list?—A. Yes, from that list if you like.

Q. Would the Orford Copper Company be on that list?—A. Yes, they may be, I do not know any reason why they shouldn't.

Q. But they are in New York?—A. It is just possible, when the firms in Canada that can supply copper are so limited in number, that there may be firms outside the country on the list.

Q. In regard to the automatic labour-saving machinery for the Arsenal, the firm of Potter & Johnston were not on the list?—A. It seems not.

Q. Then with regard to the Orford Copper Company, was there any communication from them on the files in the department showing that they were not in a position to supply the copper?—A. I do not know, sir.

Q. You might refer then to a letter, I think it is the 23rd of April—no, perhaps

it is the 16th of April, from that firm in reply to your request for tender? Just read the first or second paragraph there do they not say there that they had informed the department that they were not in a position to tender bids on this material?—A. (reads) :

'I explained to you in a letter under date of March 22, 1905, that we are not in a position to tender bids on this material.'

Q. What material does that refer to?—A. (reads):

'We are in receipt of your favour of April 12, asking us to bid on 100 tons of copper suitable for brass strip work; 80 tons of copper ingots suitable for cupro-nickel work and 38 tons of spelter.'

Q. So that the Orford Copper Company, to whom the request for tenders was sent, had notified the department on March 22 previously that they were not in a position to tender?—A. That is April 16.

Q. No, but in the letter of April 16, they referred to the fact that on March 22, 1905, they had notified the department?—A. Yes.

Q. That they were not in a position to supply the copper?—A. Yes.

Q. So that the matter stood as between Coghlin & Company and Mr. Macoun, so far as the request to tender was concerned, isn't that rignt?—A. Of course it appears that firm was not able to supply the material, but whether that was known to the department or not——

Q. And that they had so notified the department before the request to tender was sent out?—A. That may have been lost sight of in the department.

The CHAIRMAN.—That may have been the year before?—A. It was one year before that.

By Mr. Crocket:

Q. Now, I notice on the 14th of April a similar letter was also sent to Messrs. Lewis & Bros., Montreal?—A. Yes.

Q. I suppose that was in consequence of Mr. McCann's request to the deputy minister as to whether he should send out a similar letter to any other firm?—A. I cannot say, I do not know.

Q. But there was a letter sent on April 14, two days after it had been sent to Mr. Macoun, to Coghlin & Co., and to the Orford Copper Company?—A. Yes.

Q. But no tender ever was received from the Lewis firm?—A. There is none scheduled.

Q. Do you know if they are in the copper business?—A. I do not know.

Q. You never knew of the department buying copper from Lewis Bros. & Co., of Montreal?—A. No copper particularly, I cannot recall any instance.

Q. In regard to the Orford Copper Company, I notice by their letter of April 16, in which they say they cannot supply the material, they say:

'We, however, have turned the same over to our friends Messrs. L. Vogelstein & Co., of this city, who we have no doubt, will be pleased to communicate with you upon this subject?'

A. Yes.

Q. Now, what tenders were received for copper?—A. There is one from Mr. Macoun for $19 per hundred pounds, and one from B. J. Coghlin & Co., and one from Vogelstein & Co.

Q. What are the figures?—A. Mr. Macoun's tender is $19 for copper per hundred pounds.

Q. What was Coghlin's?—A. That is $19 also, and Vogelstein & Co., $18.95.

Q. What tender was accepted?—A. Mr. Macoun's.

Q. That is initialed by the Minister of Militia, 'F.W.B.'?—A. Yes.

Q. Notwithstanding that the Vogelstein Company's tender was $18.95 and the Coghlin tender was $19, the same as Macoun's?—A. There is a note here.

Q. I was going to ask you about that, but that is true, is it not, that Mr. Macoun's is the only one initialed by the minister?—A. Yes. May I read the note?

Q. Yes.—(reads):

'The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential that it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.'

Q. That refers to the Vogelstein tender; there is no note referring to the Coghlin tender?—A. Not for copper.

Q. But the price was the same as Macoun's?—A. Yes.

Q. Now, there is a telegram there, I think it is on the next page, from Vogelstein Company I would like you to read. There is a letter from Vogelstein & Co. under the date of 23rd of April, and there is a telegram in regard to their proposal to guarantee?—A. The telegram says (reads):

'Referring your twelfth, addressed Orford Copper Company offer hundred eighty tons prime electrotic ingot copper guaranteed ninety-nine decimal ninety copper contents not guaranteeing impurities detailed your specification delivered as requested eighteen ninety-five f.o.b. Quebec arrival wire is accepted.

'L. VOGELSTEIN & CO.'

It is not punctuated, so I do not know whether it will be understood.

Q. What do they say about the guarantee in the letter?—A. I have the letter here of the same date, Apri 123, 1906 (reads):

'We wired you that we did not care to guarantee the impurities as contained in your specifications M. & D. No. 150 and No. 151. We do not believe that our copper could contain any excess of such impurities, but we do not think any assayer can be trusted to assay for iron or bismuth correct to :01 per cent, and we cannot afford to take the chance of having the copper rejected.'

Q. That is what the minister alludes to in that note?—A. That is it, I suppose.

Q. And also the fact that they asked for cash on arrival?—A. Yes.

Q. Those are the grounds that he assigns for refusing to accept the tender of $18.95, which was lower than Mr. Macoun's?—A. Those are the reasons stated on the schedule, not necessarily by the minister; this schedule is prepared for him and was placed before him with that memorandum in it.

By Mr. Sinclair:

Q. Who is the clerk by whom that schedule was prepared?—A. The schedules are prepared by the director of contracts, or perhaps in those days the work was done by Mr. McCann, and it may have been done by him.

By Mr. Crocket:

Q. The order was given to Mr. Macoun for 180 tons of copper at $19 per ton; you have read the specifications already and the terms as to delivery and testing and payment—or perhaps it was not specifications, it was the letter inviting tenders, in which it was distinctly pointed out, was it not, that the copper must be tested before payment?—A. I think so, sir.

Q. Now, will you turn up the letter of the 14th of June there, from Mr. Macoun to the superintendent of the arsenal?—A. I have it, sir.

Q. What does it say there in relation to the shipment of copper? Perhaps you had better read the letter. it is only a short letter?—A. (reads):

OTTAWA, CANADA, June 14, 1906.

Re 72-11-6.

DEAR SIR,—I have the honour to inform you that, as per your instructions of April 25, 1906, I have shipped on the 5th inst. from Hancock, L.S. Mich., 72 bbls. of ingot copper as per invoices. This is lake copper, which is, as far as I can ascertain, the only grade which is fully up to your specifications of April 12th, 1906. I trust

the copper will be tested at the earliest possible date, and a remittance forwarded on June 2nd next. The necessary customs invoices in triplicate, together with bill of lading, are being forwarded to Colonel Gaudet, the superintendent of the Dominion arsenal, Quebec.

I have the honour to be, sir, your obedient servant,

(Sgd.) L. S. MACOUN.

Q. Is that the letter of the 14th of June?—A. Yes, sir, 14th of June, 1906; it is from Mr. Macoun to Colonel Pinault.

Q. Well, I think it is a letter to the superintendent of the arsenal in which that statement is made?—A. There is one on June 16 from Mr. Macoun to the superintendent of the Dominion arsenal.

Q. There is a letter from him stating that he is getting the balance from another firm?—A. Yes, here it is.

Q. That is the one I want?—A. (reads):

OTTAWA, CANADA, June 14, 1906.

Lt.-Col. F. M. GAUDET,
Superintendent Dominion Arsenal.

Re File 17.

DEAR SIR,—Your letter of the 6th inst. would have received a more definite reply had it not been for my absence from town. The copper therein referred to was shipped on the 5th inst. from Hancock, Mich., via steamer to Buffalo, and from thence by rail to Quebec. I think in all probability it went forward by the C.P.R., but the bill of lading now before me does not state. This document along with the necessary customs papers, goes forward to you to-morrow.

I presume the shipment will likely arrive this week, and I would thank you to kindly advise me as to the freight charges at your end, and which I was unable to prepay on the date of shipment. I trust that the copper on arrival will be duly tested, and be found satisfactory. It is fully guaranteed by the Franklin Mining Company, and is similar to that mined by the Calumet & Hecla people, whose mine is a few miles distant, and who are filling the balance of the order next August.

Believe me,
Yours faithfully,

(Sgd.) L. S. MACOUN.

Q. So that he reports there that the copper was shipped on June 5?—A. Yes, sir.

Q. Now, there is a letter there, I haven't got the date of it, but it contains a telegram from the superintendent of the arsenal reporting the arrival of the copper at Quebec on June 23?—A. A letter from whom?

Q. Never mind, this shows it here, I think. I want to find out when it arrived?—A. (reads):

'I certify that this account is correct; that the articles mentioned were delivered at the Dominion Arsenal, Quebec, on June 27, 1906.'

Q. That refers to what? To 72 barrels Franklin ingot copper, 90,000 pounds?—A. Yes.

Q. What is the amount of the account?—A. The total amount is $17,172.

Q. That was received on June 27?—A. Yes, sir.

Q. You may turn to the letter of August 1, from Colonel Gaudet, I think it is, to yourself or someone in the department?—A. Everything that comes to the department comes addressed to me, it does not necessarily follow that it is for me. I have the letter, sir.

Q. Read it; is it a short letter?—A. No, it is a long one.

Q. Well, I will just see what I want in it. Now, in that letter he reports the arrival on June 27, 1906, of the material; is there anything prior to that date showing

that the copper had been tested and found satisfactory?—A. I cannot say from memory.

Q. Well, I have examined it pretty carefully, and I can find nothing. I do not think there is anything. Just look over the file, and see if between those dates there is a certificate at all furnished to the department prior to August 1?—A. A certificate? This is a certificate (pointing to voucher).

Q. That is not dated?—A. What is it you want to know, sir?

Q. I want to know whether, prior to August 1, 1906, the department had any certificates to authorize any payment to Mr. Macoun.

Mr. SINCLAIR.—Why do you think that certificate was not prior to the first of August?

Mr. CROCKET.—Because the correspondence shows it was not.

By Mr. Sinclair:

Q. He says it has no date?—A. I do not find anything here to show.

By Mr. Crocket:

Q. There is nothing there prior to that date, but notwithstanding that a cheque was issued to Mr. Macoun on July 19, was it not, for $14,000?—A. There were cheques issued; I do not know the amount.

Q. Just look at the file?—A. On July 19, a cheque was issued for $14,000 to Mr. Macoun on account of copper for Dominion arsenal.

Q. Yes, and on July 14, you had written to Colonel Gaudet asking him to certify for payment?—A. On July 14?

Q. Yes?—A. (reads):

'Referring to my minute of 22nd ultimo on the above subject; if the copper ingot received from Mr. L. S. Macoun has been found satisfactory, please certify his invoice and return it to headquarters, where payment will be made.'

By the Chairman:

Q. What is the date of that?—A. July 14.

By Mr. Crocket:

Q. Now, on the same date you have a letter there from Colonel Gaudet stating that the copper was being tested and that payment should be made at that office and not at headquarters?—A. Well, that is a matter——

Q. I am referring to the correspondence, isn't there a letter of that kind there?—A. On August 14.

Q. On July 14, from Colonel Gaudet to the Secretary of the Militia Council?—A. I do not see that letter.

Q. You found your own there requesting his certificate for payment?—A. I found my own to him.

Q. It is just about the same date?—There is one from him on July 16, saying:

'We will hasten completion of trials, but they are unfortunately long.'

Q. That is the one I want; just read that letter?—A. (reads):

'Replying to acting deputy minister's letter of 14th inst., copper supplied by Mr. L. S. Macoun is being tested. We will hasten completion of trials, but they are unfortunately long and the amount involved is so large, that it would be imprudent to risk payment without completing tests.

'For reasons explained in previous correspondence, account should be paid by this office and not at headquarters.'

Q. He wrote that on the 16th of July that there would be great risk in making payments before the tests were completed, and, notwithstanding that, a cheque was issued to Mr. Macoun for $14,000 of this $17,000 odd before receiving any certificates as to the quality of the copper, isn't that right?—A. It seems so, yes.

Q. Now, then, that was not the whole order. There was besides that 151⅓ tons subsequently put in by Mr. Macoun. Before we leave the $17,000 odd account, you have already referred to a letter from Colonel Gaudet on the 1st of August. it has in the concluding paragraph a protest against payment by headquarters?—A. That is more against the method of payment of accounts at that time, and not this particular account. The communication in that respect was not in reference to this particular payment so much as it was to the general practice; the reference to this account is incidental.

By Mr. Johnston:

Q. There is a certificate as to the value and quality of the copper?—A. Yes.

By Mr. Sinclair:

Q. What does the certificate say, that the copper is good?—A. It is all satisfactory, yes.

Q. That the quality is right?—A. Yes.

By Mr. Crocket:

Q. The department, notwithstanding the letter of the superintendent of the Dominion arsenal, of the 16th of July, saying that on account of the large amount involved there would be great risk in paying this before the tests were completed, in the face of that they issued a cheque.

By Mr. Johnston:

Q. But as a matter of fact, there was no risk; the copper was all right?—A. It was all right, and the price of copper had gone up in the meantime, too, so that I think we were well protected.

By Mr. Crocket:

Q. One of the reasons that the minister assigned for declining to accept the tender of Vogelstein & Co. was the terms as to payment?—A. Well, we had to pay cash down, and it takes some time to make these tests, and then there was a big sum involved.

Q. But these were the terms insisted upon, that the copper had to be tested first?—A. Yes.

Q. You may turn to a letter of the 3rd of August there from yourself to Colonel Gaudet with reference to the payment of the balance of the account?—A. (reads):

'Referring to your minute of 1st inst. on the above subject: if you have not already forwarded Mr. Macoun a cheque for $2,892.98, will you be good enough to send it on to me, made out in his name, by return mail; it would be handed him here and acknowledgment will be sent you in due course.

'A further communication in connection with your minute will be sent you early next week.'

Q. Upon whose instructions, Mr. Jarvis, do you remember, did you write that letter?—A. I did not write it at any person's instruction; I was acting deputy minister, and it was not necessary for me to get anybody's instructions.

Q. How did you come to write on the 3rd of August to the superintendent of the arsenal at Quebec saying that if he had not already issued a cheque, which would seem to be the ordinary course of doing business, to send it to you by return of mail and it would be handed to Mr. Macoun at headquarters? Do you remember how you came to do that?—A. I do not, but I presume that Mr. Macoun was endeavouring to facilitate the payment; he was probably representing to us that he was called upon as agent to pay for the material, and was out of money at the time, and we would probably, like anybody else, endeavour to facilitate payment for him.

Q. But you have no recollection about the matter?—A. No, I have none.

By Mr. Johnston :

Q. What is the 'minute of the 1st inst.' to which reference is made ? That will explain it, probably, because he had this minute before him; is that why you wrote? —A. Probably that may be so.

By Mr. Crocket:

Q. That disposes, then, of the first shipment of 45 tons. Now, on August 18, 180,000 lbs. of copper were shipped to your address on 11th inst.; will you please— —A. I have it here, sir.

Q. What is the purport of that?—A. (reads):

'The contractor for copper ingot has notified the department that three carloads of copper—180,000 lbs.—were shipped to your address on 11th inst.; will you please arrange that this consignment shall be tested at the earliest moment possible after you receive it.

'Mr. Macoun has delivered to the department the railway shipping receipt for the three carloads of copper and a cheque on account for $33,000 is being issued to-day in his favour.'

Q. So that the department issued a cheque for $33,000, making a payment on that shipment before it was advised of its arrival in Quebec, not to speak of the testing, is not that a fact?—A. Apparently so.

Q. What is the total amount of the account?—A. $74,000.

Q. No, not in relation to that; there were three carloads of copper; you have the bill there showing it?—A. The total amount of the copper is $74,000.

Q. But there were two carloads came subsequently, I think. There is a bill in the Auditor General's Report showing that portion of the shipments, three carloads— yes, that is the shipment, you see, he says it was shipped on August 11. What is the amount of the bill for that shipment?—A. $22,800.

Q. There must be more than that, for he got a cheque for $33,000; I figure it out at $34,200?—A. $22,800 and $11,400, making $34,200.

Q. His bill for copper, which was shipped from Michigan on August 11 and August 16, was $34,200, and before the department was notified of the arrival of that copper, not to speak of its being tested as required by the contract, a cheque was made to Mr. Macoun for $33,000, which is $1,200 short of the whole bill, is not that what the record shows?—A. Yes, sir.

Q. When, as a matter of fact, did that copper arrive at Quebec?

Mr. JOHNSTON.—There is another invoice on August 18 for $23,256.

Mr. CROCKET.—I was going to deal with that afterwards.

Mr. JOHNSTON.—The whole amount is $57,456, on which he was paid $33,000.

Mr. CROCKET.—That did not come into this account; I will deal with that afterwards.

Mr. JOHNSTON.—It did not come in? There is the total, $57,456.

Mr. CROCKET.—I think Mr. Jarvis, the Secretary of the Militia Council, ought to be able to give the evidence without the assistance of the member for Cape Breton.

Mr. JOHNSTON.—He is giving you the evidence, I am correcting the details.

Q. You appear, sir, to have taken two accounts, whereas there are three accounts here, and the total of those accounts is $57,456.

By Mr. Crocket:

Q. You have a separate account, that you have referred to, showing $34,200?— A. Yes.

Q. And you, in your letter to Colonel Gaudet, reported to him the shipment of three carloads on August 11?—A. Yes.

Q. And that $34,200 covers that shipment, does it not?

The CHAIRMAN.—Do the bills show how much is in each shipment?

Mr. CROCKET.—Yes, there are three separate bills. I understand there are three separate bills.

A. The three bills are here together and against them is that one cheque.

By Mr. Sinclair:

Q. Do you think the bills were all owing at the time the cheque was issued.

Mr. CROCKET.—There was nothing owing under the terms of the contract; they are certified on August 25, August 23, and August 20, and the cheques were issued before that.

By Mr. Crocket:

Q. Now, you have the certificates there on the Auditor General's file before you, have you not?—A. Yes, sir.

Q. When does it appear by the certificates that the copper arrived at Quebec?—A. It is certified here:

'I certify that this account is correct; that the articles mentioned were delivered at the Dominion Arsenal, Quebec, on August 23, 1906, &c.,' in the one case.

The CHAIRMAN.—Which account is that?—A. $23,256, and the account for $11,400, the certificate is for delivery on August 25, and on the account for $22,800, it is on August 25, also.

By Mr. Crocket:

Q. So that that agrees with what was said before, that makes up the $34,200, you have the two shipments there, and they arrived on August 25, that is the two last certificates you read?—A. Yes, but there are three certificates together, and I do not quite understand why you are separating them, the one you are separating is the prior date, isn't it?

Q. Is not the date on the $23,256 certificate, the 28th?—A. It may be the 28th.

Q. I take it to be the 28th?—A. Yes, it may have been the 23rd first and then altered to the 28th.

Q. And the others arrived when?—A. On August 25.

Q. And the cheque to Mr. Macoun was issued when?—A. The cheque for what amount?

Q. For $33,000?—A. August 18.

Q. Now then, you may turn to the letter of August 28; I think that is the last letter on the file?—A. I have it, sir.

Q. Who is that from?—A. From myself as the acting deputy minister of Militia and Defence.

Q. Yes, from yourself as acting deputy minister to the superintendent of the Dominion arsenal, and in that letter you say :

'As intimated to you on 18th instant a cheque for $33,000 was issued that day on account of the three carloads of copper; to-day another cheque for $22,500 is being issued on account of the balance due Mr. Macoun.

'As soon as the copper reaches Quebec will you please commence testing it; if satisfactory, will you be good enough, when the tests are completed, to issue a cheque in Mr. Macoun's favour for such balance as may be due him after deducting charges for freight.'

So that, at that time, you had no knowledge of the arrival of the copper at Quebec, and you had reported that you had issued one cheque to Mr. Macoun for $33,000 and another for $22,500 was being issued that day, and the total account amounted to what?—A. $57,456.

Q. That seems to have been in contravention of the terms of the contract, was it not, Mr. Jarvis, as to payment?—A. Well, the cheque was not necessary under the contract, but there was a big sum involved——

Q. Did not the terms of the contract require distinctly that that copper should be tested and certified before payment?—A. Yes.

Q. And not only did the terms of that contract specifically require that, but did not the rules of the department provide that no payment should be made until there was a proper certificate that the goods had been received, that the quantities were right and that the prices were correct? Do not the rules of the department require that?—A. That is the custom, but I think there are times when it is not done.

Q. But in the case of Mr. Macoun practically the whole amount, in relation to the last two shipments, was paid before the copper had arrived at Quebec; notwithstanding that the Vogelstein Company, which was the lower tender, was declined, and that one of the reasons for declining it was that one of their terms was 'cash on arrival'?—A. Yes.

Q. Now, there is just one other, and it is a small matter, but it is in the account here, and I want to take you very rapidly over the correspondence in connection with it. It relates to scales, barrows and trucks. Have you got that file there?—A. I have it.

Q. There was a requisition, was there not, sent to you by the superintendent of the Dominion arsenal for some scales and wheelbarrows on the 17th of January, in the name of L. S. Macoun?—A. I cannot say from memory; can you tell me where I will find the papers?

Q. They are there on the file, but they are well mixed up. Is that it (indicating file)?—A. Under date of January 17, 1906, Colonel Gaudet writes to the secretary, Militia Council (reads):

'It is requested that our requisition of the 12th inst., amounting to $118.30, in the name of Mr. L. S. Macoun, Ottawa, for scales and wheelbarrows be approved without delay, as these articles are urgently required for use in foundry.'

Q. That letter is dated at Quebec?—A. On the 17th of January, 1906.

Q. On the same day there is a reply to that letter dated at Ottawa from Colonel Pinault, Deputy Minister?—A. Yes, that is—the letter of the 17th January is in reply to the requisition, but in the letter I have just read Colonel Gaudet is calling attention to the requisition sent in on the 12th; on the 17th he writes calling attention to the requisition of the 12th, and on the same day Colonel Pinault replies to the requisition.

Q. That is not important. In that reply does not the deputy minister state that he had obtained lower quotations from Courtney & Brown?—A. (reads):

'I inclose copy of our letter to Messrs. Courtney & Brown and a copy of their answer thereto, wherein they offer the three sets of scales for $115.50 net.'

Q. Doesn't he say that they had obtained lower quotations from Courtney & Brown?—A. Well, the amount mentioned is lower than the other.

Q. Is it not there; surely I read it when going over the file?—A. It is lower, but he does not say so. (refers to letter.) Yes, he says:

'The accompanying service requisitions are returned; it will be seen that we have succeeded in getting lower quotations for the scales than those given in your requisitions.'

Q. That is dated the 17th January?—A. Yes, sir.

Q. And on the 2nd of February there is a letter from Colonel Gaudet to yourself?—A. Yes.

Q. In which he says that he had not received a letter of the 17th January which you have just read?—A. (reads):

'Replying to the deputy minister's letter of the 31st ultimo, we have not received any communication dated 17th idem, referred to therein. The trucks and steel wheelbarrows required could not be made here nor in Quebec except at exorbitant cost. Please send copy of deputy minister's letter of 17th ultimo; these requisitions were submitted in the name of Mr. L. S. Macoun, agent of the Fairbanks Co., who are on

the list of patronage, because the latter are manufacturers of the best kind of scales, and are now a Canadian firm, known as the Canadian Fairbanks Company. There are no other manufacturers of these articles who are on list of patronage, but they no doubt could be obtained from jobbers, such as Messrs. Lewis Bros. The inconvenience caused by the delay was referred to in my letter of the 29th ultimo; it is desired to get the foundry in running order as quickly as possible, and we will save expense by losing no time.'

Q. Now, on the 5th of February the deputy minister writes the superintendent again?—A. (reads):

'Referring to your minute of the 2nd inst. on the above subject, enclosed herewith are copies of the correspondence connected with this matter. As intimated with the last paragraph of my minute of 17th ultimo authority will not be given to purchase coal barrows and trucks in the United States; if you cannot make up in your workshop articles that might be adapted for the purpose for which the trucks and barrows are required, please send me, on loan, the catalogue from which the patterns were selected, and I will endeavour to get them made here.'

Q. Now, on February 9 you will find another letter of Colonel Pinault to the superintendent of the Dominion arsenal; will you read that?—A. (reads):

'*Scales and Barrows.*

'Referring to your minute of the 7th inst. on the above subject, as it would take considerable time to get the barrows and trucks made here, authority is given to order them from Mr. L. D. Macoun.

'It is assumed you have obtained quotations from Messrs. Lewis Bros. & Co. and some other firms.

'Your catalogue is returned herewith as requested.'

Q. Now, have you read in any of the letters yet the statement that scales had been ordered from Messrs Courtney & Brown?—A. I do not think so, sir.

Q. Well, there is a letter on the subject on the 31st of January, 1906, from the deputy minister, Colonel Pinault, to the superintendent of the Dominion arsenal; will you read that?—A. (reads):

'*Scales and Barrows.*

'Referring to your minute of the 29th inst. on the above subject: the service requisitions you refer to for the wheelbarrows and trucks and scales were returned with my minute of 17th idem in the last paragraph of which you were advised that authority to purchase coal barrows and trucks made in the United States would not be given until further explanation was received, and you were asked why you could not manufacture them up in your own workshop, or get them made by some one in the trade in Quebec.

'In the first paragraph of my minute already referred to you were informed that the scales had been ordered from Messrs. Courtney & Brown, a copy of whose tender was attached thereto.'

Q. So that notwithstanding all this correspondence that passed between the superintendent of the arsenal and the department, and the statement that these scales had been ordered from Messrs. Courtney & Brown, from whom the department had obtained a lower quotation, the upshot of it all was that Mr. Macoun got the job?—A. I do not think you were correct in saying that the offer of Messrs. Courtney & Brown was accepted.

Q. The correspondence states that, and I thought it was a very strange thing when I read it?—A. I think that is a mistake, because in Colonel Pinault's letter of the 17th of January he does not say that the offer had been accepted. I would infer from the correspondence that the scales had not been actually ordered.

Q. But notwithstanding all this correspondence and notwithstanding the fact

that the department had obtained lower quotations from Courtney & Brown, the authority was issued to buy the scales from Mr. Macoun?—A. It would seem, I think, as if Colonel Pinault had made careful inquiry and had found that he could not do better than accept Mr. Macoun's offer.

Q. No, Colonel Pinault's letter seemed to relate to an endeavour which he would make to have the goods manufactured here, but that he found it could not be done and then he writes to the superintendent of the arsenal to buy them from Mr. Macoun, but he says, 'It is assumed you obtained quotations from Messrs. Lewis Bros. & Co., and some other firms.' Notwithstanding that the superintendent of the arsenal refers to Lewis Bros. as 'jobbers'?—A. It is apparently shown here that what caused Colonel Pinault——

Q. It does not show that the superintendent of the arsenal had obtained a tender from Lewis Bros. or anybody else?—A. No.

By Mr. Sinclair :

Q. What is the difference between the prices of these articles under the two tenders? It has been stated that Courtney & Brown offered to supply them at a less price, what was the difference?—A. Some $3, I think.

Q. $3 only?

Mr. CROCKET.—It is very small, the correspondence contains the information.

By Mr. Sinclair :

Q. What was the total amount involved?—A. The total amount for which Messrs. Courtney & Brown offered to supply the goods was $115.50, and the price at which Mr. Macoun tendered was $118.30, it is only $2.80 difference, less than three dollars.

Q. Now, in regard to Courtney & Brown, where is there head office?—A. In Ottawa, it is an agency of the same kind as Mr. Macoun's, I think, they are manufacturers' agents, I think.

Q. With regard to the payment for the copper, is it usual to make advances of large amounts before you get the tests?—A. I think under the circumstances there being such a very large amount involved, and the manufacturers' agent having, in all probability, to pay for it before he got payment from us ordinarily, it would not be anything but usual to facilitate payment in every way we could.

By the Chairman:

Q. And this copper was guaranteed anyhow, was it not?—A. This copper was guaranteed. I do not suppose there was any security being put up, but I do not think we had any doubts about the purity of the copper.

Q. And when the tests were subsequently made it was found that the copper was all right?—A. It was quite satisfactory.

Q. Of course a portion of this copper had been tested before the first payment was made at all?—A. Some of it had been tested.

Mr. CROCKET.—That is hardly right, Mr. Chairman, the first shipment was tested, which was from one mine, but the other shipment came from another mine, and before the test of the first shipment, $14,000 of the total amount of $17,000 had been paid, and on the second shipment, $34,000 out of $56,000 was paid before the copper arrived at Quebec, in contravention of the terms of the contract.

By Mr. Sinclair :

Q. Where is the Franklin copper produced?—A. I cannot say, I do not know.

Q. Is it on Lake Superior?—A. Of course that work was done in Colonel Pinault's time,, and he used to attend to it himself, I had nothing whatever to do with it except that this occurred during his illness and I was acting deputy minister.

The CHAIRMAN.—I think it is in the vicinity of the Calumet and Hecla mine.

By Mr. Pickup :

Q. You did nothing for Mr. Macoun that you would not have done for any other contractor ?—A. Nothing.

By Mr. Crocket :

Q. Just in relation to that, do you say, Mr. Jarvis, that you would disregard the terms of the contract for any contractor ?—A. I would not say I would.

Q. Is it usual for you to disregard the written terms of a contract, and particularly those terms that had been assigned as grounds for declining to accept other tenders ?—A. No, I would not do it as a usual thing.

By the Chairman :

Q. Was there a written contract ?

Mr. CROCKET.—Yes.

A. Tenders were invited under certain conditions.

The CHAIRMAN.—And there was a written offer and acceptance which makes the contract ?

By the Chairman :

Q. Would you consider the non-guarantee by the Vogelstein Company the determining factor or the price on delivery ? Which would you consider the determining factor in rejecting the tender ?—A. Well, the two together, I think.

Q. Which would you consider the more important?—A. Either, I think, would be of sufficient importance.

Q. Which would you consider the more important, the non-guarantee ?—A. I should think that the condition that it should be paid cash on delivery would be sufficient and quite important enough to justify rejection of the tender.

Q. Would it be of as much importance as the refusal to guarantee the quality of the copper?—A. I do not know, it would be, I should think, reason enough to reject it.

By Mr. Sinclair :

Q. The chairman's question was very plain; take the offer of the two firms, one says, 'We will guarantee to supply you with a certain article,' and the other says, 'We will not guarantee the article.' What will you say about that, is that an important factor ?—A. Certainly.

Q. If the firm who says we will guarantee the quality is responsible they would be bound to deliver what they say they would sell you?—A. Yes.

By Mr. Ross (Cape Breton) :

Q. Would you consider the quality of the article was the important factor in the whole business ?—A. Yes.

Mr. CROCKET.—The department does not seem to have considered that, because they paid the whole thing before it was tested ?

The CHAIRMAN.—Yes, but it was under guarantee.

Mr. CROCKET.—Yes, but they were in a very pretty position if it had been rejected with Mr. Macoun as contractor. He was the minister's son-in-law.

Mr. Ross (Cape Breton).—Excuse me, was Mr. Macoun the minister's son-in-law at that time ?—A. I do not know.

Q. What date was that ?

Mr. CROCKET.—1906.

By Mr. Johnston (Cape Breton) :

Q. I suppose you do not keep a record of the family history of everybody connected with the Militia Department ?—A. Not of the contractors. I might know it in relation to some of the officials perhaps.

Witness discharged.

Committee adjourned.

APPENDIX No. 1

HOUSE OF COMMONS,
ROOM 34, FRIDAY, June 5, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding, and proceeded to the further consideration of the payment of $74,362 to L. S. Macoun in connection with the sale of goods (copper, &c.), by him, as set out at Q—98, Report of Auditor General for the fiscal year ended 31st March, 1907.

Mr. E. F. JARVIS, recalled.

By Mr. Maclean (Lunenburg) :

Q. Mr. Jarvis, you gave evidence here yesterday ?—A. Yes.

Q. You gave evidence all the morning, I think ?—A. The whole of the morning meeting, yes, sir.

Q. I did not hear you, I was not here. I notice by the press reports of the evidence yesterday and also from the evidence that you either directly stated or admitted, in answer to a question by Mr. Crocket, that certain scales were purchased from Mr. Macoun, notwithstanding the fact that the same articles had been offered to the department by the firm of Courtney & Brown at $2 less ?—A. Yes.

Q. Did you make that statement yesterday ?—A. Well, Mr. Crocket asked me to read some letters, he had seen these files, and asked that I read the letters, and the impression I got from reading the correspondence was that such sale had taken place, that we had got the articles referred to from Mr. Macoun.

Q. What is the correct story ?—A. After the meeting was over, on going back to the department, I looked further into the matter, and I found that the scales, as shown in the Auditor General's Report, were obtained from Courtney & Brown, and that they were not obtained from Mr. Macoun. I have brought here the vouchers showing the total amount paid to Mr. Macoun, in which there is no reference whatever to scales.

Q. Then what is the page of the Auditor General's Report ?—A. On Q—106 is the payment to Messrs. Courtney & Brown and on Q—107, the payment to Mr. Macoun.

Q. Well, that correspondence seems quite clear, Mr. Jarvis, does it not, that the scales were purchased from Messrs. Courtney & Brown ?—A. I would have to go over it again, I had not seen the correspondence until coming here.

Q. I cannot understand why there should be a mistake of that kind. There is no question about it that none of these scales were furnished to the department by Mr. Macoun ?—A. They were not.

Q. That is satisfactory, and the Auditor General's Report shows that ?—A. Yes.

By Mr. Crocket :

Q. You gathered from reading the correspondence yesterday that they were supplied by Mr. Macoun, didn't you ?—A. I read the correspondence that you asked me to read and I did not gather it from my reading, but the point that you appeared to be laying stress on was the fact that they were purchased from Mr. Macoun, and from the reading I did not gather that it was incorrect until I made inquiry after leaving here, it was not until then that I was aware it was not correct.

Q. All the correspondence upon the subject is headed, 'scales and barrows,' isn't it ?—A. Yes.

Q. I think the chairman gathered the same inference as I did, that the scales had been bought from Mr. Macoun.

The CHAIRMAN.—I did.

Mr. CROCKET.—And I did yesterday, but I find now that the scales were not bought from Mr. Macoun, but that the barrows and trucks were. It is quite clear from the Auditor General's Report that the scales were bought from Messrs. Courtney & Brown.—A. Yes, that is right.

By the Chairman :

Q. I do not think there are any barrows, are there ?—A. Yes, there are barrows, here is the voucher.

Mr. MACLEAN (Lunenburg).—I do not impute any bad motives to Mr. Crocket and I can understand the witness being misled, but I think it should be a lesson to the press and to the members of the committee and should impress upon them the fact that it is very easy for the department to be misrepresented and incorrect statements placed upon the records by over zealous members of the committee anxious to establish a case against the government. I suppose it is one of the results of the party system of government, but I desire to call attention to the fact that things just as bad or worse, are occurring here every day.

Mr. CROCKET.—If you will allow me, in that connection, it was not because of any statement that I made that the articles to which Mr. Maclean refers were published in the press, but because of statements which were made by the witness in answer to questions upon that correspondence, and from which the chairman himself has admitted he gathered exactly the same impression as the witness. As I stated yesterday I would not have noticed the subject of the scale, because it was a very small matter, except for the very extraordinary nature of the correspondence; that was the only reason I had for introducing the subject, because I could not construe the correspondence in any other way, and it looked to me as an extraordinary transaction; on account of its smallness I would not have noticed it except for that very reason.

Mr. MACLEAN (Lunenburg).—My remarks were not directed to Mr. Crocket especially, except to show that when one is conducting an examination, and perhaps leading a witness when he is not conversant with the documents the examiner should be very careful.

By Mr. Maclean (Lunenburg) :

Q. There is another statement of yours yesterday, Mr. Jarvis, which I cannot understand why you made it. Will you look at the memorandum prepared by the director of contracts showing the names of the tenderers for the 180 tons of copper ? —A. I have it, sir.

Q. Now you were clear about one part of it yesterday, that statement is not prepared by the minister, is it ?—A. No, sir.

Q. It is prepared by the director of contracts ?—A. I think in this particular case it was perhaps prepared by Mr. McCann; at the time this contract was made the then deputy minister controlled, or at least kept under his own control the work of purchasing supplies for the Dominion arsenal. That was the procedure, director of contracts did not figure in it at all in those days. The work was done by a clerk in the contract branch, Mr. McCann; the system is different now and the supplies for the arsenal are all purchased by the director of contracts the same as in any other branch.

Q. There is a footnote to the New York contract on the abstract of tenders prepared for the information of the minister: (reads).

'(c) The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.'

Q. That is not likely the minister's memorandum ?—A. It certainly is not.

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Q. You have read the correspondence, I suppose, too ?—A. Well, I have glanced through it, the other day before coming up here.

Q. Do you not think that the determining factor in rejecting that tender was the fact that the tenderer would not supply the guarantee along with the goods?—A. I do.

Q. That was the important thing?—A. That certainly was.

Q. That was the controlling feature, wasn't it?—A. Yes.

Q. There would be no justification for the department accepting his tender if he refused his guarantee as to quality?—A. There would not be; certainly not, if he insisted upon getting payment on delivery.

Q. That would be absurd, but the adding of payment on delivery is a mere surplusage, isn't it?

Mr. CROCKET.—That is rather leading. As I understood the witness yesterday, he stated that the chief reason of the rejection of the tender was the demand of payment on delivery. My friend does not seem to like that answer and wants to get another.

A. I do not think I made that statement yesterday, Mr. Crocket.

Mr. CROCKET.—He rather left that impression on my mind.

Mr. MACLEAN (Lunenburg).—I was going to say this: Mr. Jarvis was here yesterday, these papers were not fresh in his mind, and he was at the mercy of the examiner to a large extent. I submit there was no reason in God's world for anybody assuming that any other condition was a factor in the department's determination to reject the New York tender other than that they refused to guarantee their goods up to the specification.

Mr. CROCKET.—Why did he say it was the reason? An official of the department put it on that ground, that is all.

The CHAIRMAN.—I find that the witness, in replying to a question by Mr. Ross, 'Would you consider the quality of the article was the important factor in the whole business?' said 'Yes.' (Page 38.)

By Mr. Maclean (Lunenburg):

Q. Mr. Jarvis, insisting upon payment immediately on delivery, when he had refused to guarantee the goods, made it of course, more absurd still?—A. Quite so.

Q. But primarily the refusal to give a guarantee would cause any official in the department to reject that tender?—A. Yes, I should say so, certainly.

Q. If you had accepted the New York goods without guarantee and paid for them immediately on delivery, the department would have no recourse against the tenderer, would it?—A. No, sir.

Q. That is a plain, simple business proposition, is it?—A. Yes.

Q. This first lot of copper, Mr. Jarvis, if you will remember, was received about June 19th. That was the Franklin shipment?—A. That was billed for on June 5th I find.

Q. It was shipped from New York on June 5th?—A. Yes. That account appears to have been received in the department June 14th.

Q. They shipped June 5th and it was received June 14th, is that it?—A. Yes, sir. The account was received at the department on June 14th. I am not quite sure when the goods were received.

The CHAIRMAN.—The certificate reads as follows (reads):—

'I certify that this account is correct, that the articles mentioned were delivered at the Dominion arsenal in Quebec on the 27th June, 1906; that they have been inspected by me and found to be conformable to the patterns and specifications, and that they are fit for service; that the prices are in accordance with those expressed in the contract for these supplies; also that no item of this kind has been previously certified by me for payment.

'(Signed) F. M. GAUDET, Lt.-Col.'

Mr. CROCKET.—That simply states that so far as the date is concerned the articles

were received at Quebec on the 27th June, but the correspondence shows the test was not made for weeks after.

The CHAIRMAN.—He put his certificate on it.

Mr. CROCKET.—That certificate is not dated. It states the goods were received on 27th June at Quebec.

The WITNESS.—That is the date he certifies to it as being up to specifications.

By Mr. Maclean (Lunenburg):

Q. Now, the first payment was on July 19, nearly a month afterwards, $14,000? Is not that correct?—A. $14,000 was paid on July 19.

Q. Yes, and the balance, $2,892.98, plus freight and charges, on August 4?—A. The cheque issued August 4.

Q. So far as the record goes concerning this first shipment, 90,000 pounds, or about $17,000 worth, they were received at Quebec practically a month before payment, were they not?—A. I think so, yes.

Mr. CROCKET.—The certificate says the goods were received at Quebec on the 22nd June and the cheque was issued on the 19th of July, before testing, that is the fact.

By Mr. Maclean (Lunenburg):

Q. As far as the record goes it shows this first shipment of copper was received at Quebec three weeks before payment, and that it was duly inspected?—A. Yes.

Q. That stamp on the voucher is not yours, is it?—A. No, sir, it is Colonel Gaudet's, superintendent of the arsenal.

Q. What is his title?—A. Lieutenant-Colonel Gaudet, superintendent of the Dominion arsenal.

By Mr. Crocket:

Q. Mr. Jarvis, you answered Mr. Maclean that the record shows that the copper was received at Quebec three weeks before payment and that it was duly inspected. You did not mean by that answer that it was inspected before payment, did you?—A. Well I——

Q. It is open to that interpretation?—A. I am not able to say.

Q. Have you not got the correspondence which shows the contrary?

Mr. MACLEAN (Lunenburg).—How is he going to say that the certificate of the superior officer certifies to the contrary?

Mr. ALCORN.—The correspondence is part of the record, is it not?

By Mr. Maclean (Lunenburg):

Q. That is not your certificate and it may not be correct?—A. It is not my certificate.

Q. It is Mr. Gaudet's?—A. Yes.

Q. Is he in Ottawa?—A. No, he is not. He is in England.

Q. He is in England at present?—A. Yes.

Q. But stationed at Quebec?—A. Stationed at Quebec, superintendent of the Dominion arsenal.

Q. There is a letter of August 28, which is almost the first letter on the file, from you to the superintendent of the Dominion arsenal transmitting invoices for the last three shipments of copper?—A. Yes, sir.

Q. Now, this letter is dated August 28. I wish to call your attention to the fact that the date must be wrongly stated in this copy, it must be August 20, and for that reason I will call your attention to this letter of August 22 (exhibiting letter). This is a letter from whom?—A. From Colonel Gaudet.

Q. What does he say?—A. (reads):

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DOMINION ARSENAL, QUEBEC, August 22.

Mr. L. S. MACOUN.

DEAR SIR.—Replying to your letter of the 20th instant, we are unloading two cars. of copper and note that freight charges thereon, as well as three others to follow have been prepaid at Buffalo. We will defer testing this material until the five cars have been received in order that one test may be made for the whole lot thus shortening the time and expense. Nothing will be left undone to hasten completion of these tests.

Yours faithfully,

(Sgd.) F. M. GAUDET,
Superintendent Dominion Arsenal.

Now, that letter refers to a letter of August 28. You may read that letter anyway.

A. (reads):

'22nd AUGUST, 1906.

Mr. L. S. MACOUN,
Ottawa.

DEAR SIR,—Replying to your letter of 20th inst., we are unloading two cars of copper and note that freight charges thereon, as well as three others to follow have been prepaid at Buffalo. We will defer testing this material until the five cars have been received, in order that one test may be made for the whole lot, thus shortening time and expense. Nothing will be left undone to hasten completion of these tests.

Yours faithfully,

F. M. GAUDET,
Superintendent Dominion Arsenal.'

By Mr. Crocket:

Q. That was on the 22nd of August?—A. That was 22nd August.

Q. That referred to the first three carloads?—A. He speaks of two, 'We are unloading two cars of copper.'

Q. Two or three?—A. Two.

By Mr. Maclean (Lunenburg):

Q. That letter is dated the 22nd of August and it states that they are then unloading two cars of copper?—A. Yes, sir.

Q. You would feel that was pretty good evidence, that at that date at least there were two carloads there, wouldn't you?—A. Certainly, they must have been there.

By Mr. Crocket:

Q. And the cheque for $33,000 was on the 11th of August?

Mr. MACLEAN (Lunenburg)—No, on the 18th of August.

Mr. CROCKET.—Hold on—yes, the 18th of August.

By Mr. Macdonald:

Q. Those two cars may have been there a considerable time, as far as you know, when the letter was written?—A. They may have been.

Q. And respecting inspection, Mr. Gaudet says that they will postpone the testing until the whole five cars have been received?—A. Yes, sir.

Q. But he had taken possession of those two cars?—A. Yes.

Q. Have you any means of knowing that Mr. Gaudet knew what kind of copper the last three carloads were?—A. I cannot say, I am not able to say.

By Mr. Maclean (Lunenburg):

Q. Will you tell me when those two cars were shipped to Quebec that they talk talk about unloading?—A. I will have to get the shipping bills.

Q. I think the date is August 11th.

By Mr. Crocket:

Q. You will find it in your letter to Mr. Gaudet, I think, of the 18th of August? —A. Three carloads appear to have been shipped on the 11th of August .

By Mr. Maclean (Lunenburg):

Q. Yes, three carloads appear to have been shipped on the 11th of August and that is the lot that Colonel Gaudet refers to as then being unloaded when he writes that letter saying that they were unloading?—A. Yes.

Q. Now I want to call your attention to this fact that on the 18th of August a cheque for $33,000 was issued to Mr. Macoun, I just wish to make that statement, and I notice that yesterday Mr. Crocketput this question to you, (reads):

'Q. So that the department issued a cheque for $33,000, making a payment on that shipment before it was advised of its arrival in Quebec, not to speak of the testing, is not that a fact?'

Now, you can't say that these cars were not there?

By Mr. Crocket:

Q. I say, 'Before the department was advised of its arrival.' That is my question, and he answers, 'Yes.' as the record shows.

A. Will you read the question again, please?

By Mr. Maclean (Lunenburg):

Q. It is not important enough to bother about, I was simply directing attention to what Mr. Crocket says in his question. Before you made this payment would you have received the bill of lading?—A. I think so, I have the account here, and it is endorsed, 'All shipping bills, properly endorsed, have been delivered to the department by Mr. L. S. Macoun, 20th August, 1906.'

Q. That is one case, and on the 18th of August the papers show, and I think that would be the fact, that you would not make any advance to him without the shipping bills?—A. I think not, sir, no.

Q. Are you not sure of that, that will be the fact, isn't it?—A. It would be the fact, yes.

Q. Did you pay these on your own volition?—A. I was acting deputy minister and authorized the payments, yes.

Q. Did you confer with anybody about paying them?—A. Of course the deputy minister does not do all the work of his department, the work was actually done in this case by Mr. McCann, and I had only to satisfy myself from questioning him, that it was a proper payment to make before authorizing it.

Q. Would you confer with Mr. McCann about it?—A. Mr. McCann would put the papers before me, and I would satisfy myself it was a proper payment to make, and with the papers themselves and the statements that Mr. McCann might make, before me I would authorize the payment if I thought it proper to do so.

Q. And if there is any departure from what is called the contract, in this case, it would be according to your own instructions and actions?—A. Yes, I take full responsibility in the matter. Sometimes I would consult the minister upon matters which arose, but in this case, I have no recollection of having done so, nor do the papers show that I did.

By Mr. Crocket:

Q. Sometimes you would consult the minister, but in this case the records do not show that you did?—A. I would say this, that at times, if I was not prepared to assume the responsibility for a payment, I would consult the minister.

Q. And what did you say about this case?—A. I say that in this case I have no recollection of having done so, and the papers do not show that I did.

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By Mr. Maclean (Lunenburg):

Q. As a matter of fact was not the minister away, out of the country, in England, at this time?—A. No—in August, 1906, I do not think so.

By Mr. Crocket:

Q. He was here when the tenders were let because he initialed the abstract?—A. That was in April. In August, 1906, parliament was not sitting, I think, and he would probably be in Nova Scotia.

By Mr. Maclean (Lunenburg):

Q. I suppose you would assume that delivery of the bill of lading to you was delivery of the goods?—A. Just so.

Q. Did Mr. McCann have anything to do with this contract?—A. All these letters would be prepared by Mr. McCann and signed by me, the work was practically done by him.

Q. He is conversant with the whole transaction?—A. He is far more conversant with it than I am, because I had many matters to deal with.

By Mr. Crocket:

Q. Just a few questions in explanation of the statement by Mr. McCann. You say the abstract of the tenders was not prepared by the minister?—A. No, certainly not.

Q. I will take that for granted, I notice it is typewritten?—A. The minister does not do the clerical work.

Q. On the abstract of tenders the initials of the minister are written, signifying his acceptance of Mr. Macoun's tender?—A. Yes.

Q. Notwithstanding that there was a lower tender at $18.95, and the other tender was at the same price as Mr. Macoun's, $19.

Mr. MACLEAN.—That is not correct.

A. There was a lower tender.

By Mr. Crocket:

Q. That is true, Mr. Macoun's was $19, Coghlin & Company was $19, and the third was $18.95?—A. There were three tenders, yes.

Mr. JOHNSTON.—Not three regular tenders.

By Mr. Maclean (Lunenburg):

Q. You are not supposed to answer 'Yes,' and 'No' to such questions?—A. Well, the lowest tender, as has been shown, contained a condition which no sane man would accept.

By Mr. Crocket:

Q. Now, there is a memorandum in reference to the lowest tender, the Vogelstein firm's?—A. Yes, a note on the schedule.

Q. But there are two grounds assigned there?—A. Yes.

Q. One of them was that the terms—that is terms of payment, that there should be cash on arrival—could not be considered?—A. That could not be considered but there was another condition.

Q. The other was that his guarantee was not to specification?—A. He would not guarantee to specification.

Q. You read a letter yesterday showing he was prepared to guarantee up to $99.90?—A. That is technical. I don't know that I am competent——

Q. That letter is on the file. Mr. Maclean asked you as to which of these two grounds you would consider the most important. That was the purpose, I take it?—A. I remember the chairman asking me, I don't remember Mr. Maclean asking me.

Q. Now yesterday——A. Do you mean yesterday or to-day?

Q. Mr. Maclean asked you this morning?—A. It was so exactly.

Q. The chairman referred to page 38 of yesterday's evidence in which you answered a question by Mr. Ross. Mr. Ross' question was: 'Would you consider the quality of the article was the important factor in the whole business?' and you answered 'Yes.' That is what you appear to have stated yesterday in answer to Mr. Ross?—A. Yes.

Q. Now, at page 37 there are these questions and answers (reads):—

'By the Chairman:

'Q. Would you consider the non-guarantee by the Vogelstein Company the determining factor, or the price on delivery? Which would you consider the determining factor in rejecting the tender?—A. Well the two together, I think.

'Q. Which would you consider the more important?—A. Either, I think, would be of sufficient importance.

'Q. Which would you consider the more important, the non-guarantee?—A. I should think that the condition that it should be paid cash on delivery would be sufficient and quite important enough to justify the rejection of the tender.

'Q. Would it be of as much importance as the refusal to guarantee the quality of the copper?—A. I do not know. It would be, I should think, reason enough to reject it.'

Q. That is what you said yesterday. I suppose you don't care to alter that?—A. Well, I would like to alter that, I think, because, if you think the matter over, as I have since, the fact that these people refused to guarantee their goods, particularly as it was coupled with a proposition that they should be paid for these goods down, would be a very strong reason; it would be absolutely necessary to reject the tender.

Q. Yes?—A. If they had said: 'We cannot guarantee these goods, but if you take them and test them and find that they are all right, you can pay us for them; if not, we will take them off your hands,' it would be one thing; but they stipulated they should be paid down, and if they were paid down I don't see what recourse you would have if the things were not up to specifications.

Q. That is just about as I understood the effect of your testimony yesterday; putting the two together, payment down and the absence of guarantee?—A. Well, the failure to guarantee is itself ample reason for rejection, and it was also coupled with a further condition that payment should be made down.

Q. Therefore, the fact is, the two reasons were assigned on this abstract of tenders the reasons why it should not be entertained?—A. The two were put before the minister. They were not assigned as the reasons, they were simply put before the minister for his information, and he judged accordingly.

Q. The minister considered these matters, I suppose?—A. Exactly.

Q. Because he was the one who initialed Mr. Macoun's tender?—A. Yes.

Q. Notwithstanding that fact, that this tender was rejected for those reasons that you have mentioned, is it not a fact that Mr. Macoun was paid practically the whole of his accounts before the copper was tested at Quebec?—A. I think so.

Q. And he was paid with regard to the last five carloads—take the three carloads which the certificates show arrived at Quebec on the 25th of August, the certificate endorsed on the bill, Mr. Macoun received a cheque for $33,000 on the 18th of August?

The CHAIRMAN.—I do not think it is fair to say that it arrived.

Mr. CROCKET.—Well, the certificate on the back of the bill states that the goods were received at Quebec.

The CHAIRMAN.—And had been inspected.

Mr. CROCKET.—Oh, no, it does not.

The WITNESS.—The goods were shipped, and we have the shipping bill.

Mr. CROCKET.—That is not the question. The certificate states that the articles mentioned were delivered at the Dominion arsenal, Quebec, on the 25th of August.

The CHAIRMAN.—Well, go on and read the whole thing.

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Mr. CROCKET.—That is all I am reading just now. The certificate shows that these articles arrived on the 25th August, and the bill amounts to $34,200.

Q. Is it not a fact that Mr. Macoun received a cheque for $33,000 on the 18th August?—A. A cheque was issued for $33,000, I think it was, on the 18th August.

Q. And yet you say one of the reasons why the Vogelstein tender was declined was that he insisted on the goods of the company being paid for on arrival?—A. Yes. Well then, we have in the specification asking for these tenders, there is one clause, 'No tender will be accepted without trial of the copper offered unless it is a brand known to be suitable for the purpose required.' We were well aware that copper was suitable for the purposes required.

Q. What copper?—A. The copper they were delivering.

Q. That who were delivering?—A. This company. The copper in connection with which we made that payment of $33,000.

Q. You were well aware of that?

Mr. SINCLAIR.—How do you know that?

Mr. MACLEAN (Lunenburg).—Mr. Gaudet knows it.

The WITNESS.—I would have to take a statement as to that from Mr. McCann.

By Mr. Crocket:

Q. You have no knowledge of that?—A. I cannot say.

Q. Is it not a fact, Mr. Jarvis, that after the arrival of the goods, when you were pressing for payment to Mr. Macoun, that Gaudet, the superintendent of the arsenal, protested, and protested vigorously, against payment being made and pointing out that there would be great risk in making payment? Is that not a fact?—A. There is a letter on that file which says payment would be imprudent, I think, but whether it refers to the first lot or the second, I am not able to say.

By Mr. Maclean (Lunenburg):

Q. It refers to the first lot which the department used, copper from the same mine as the last five cars the year before or previous years?—A. I think so; I cannot state positively.

By Mr. Crocket:

Q. From which mine was that, the Calumet or the Franklin?—A. The Calumet, I think. The same mine as this second lot came from; I would not be positive.

Q. The first shipment, for which there was a bill of seventeen thousand odd dollars, the correspondence shows came from the Franklin mine?—A. Yes, sir.

Q. And in the letter which reports that fact Mr. Macoun states that the balance has to be got from another mine, does he not?—A. I think so.

Q. So that there was no test at all of any copper from the Calumet and Hecla mine under Mr. Macoun's contract?—A. I am not able to state positively whether there was or not.

Mr. MACLEAN (Lunenburg).—Would you read that part of the specification which you read a moment ago. Mr. Crocket does not want the certificate attached to that first shipment to be accepted as worth anything, and in relation to this shipment he does want it to speak for something.

By Mr. Crocket:

Q. Mr. Jarvis, you read a letter yesterday and I want you to turn up that letter that you read from Colonel Gaudet protesting against that, in which he pointed out the great risk that would be involved in paying Mr. Macoun before the copper was tested?—A. I have it, yes.

By Mr. Maclean (Lunenburg):

Q. What is the date of that?—A. 16th of July. (reads):

'Replying to acting deputy minister's letter of 14th instant, copper supplied by Mr. L. S. Macoun is being tested. We will hasten completion of trials, but they are unfortunately long and the amount involved is so large, that it would be imprudent to risk payment without completing tests.

'For reasons explained in previous correspondence, account should be paid by this office and not at headquarters.'

By Mr. Crocket:

Q. Now, you say that the record shows——A. I was just going to say that that last paragraph does not bear on this payment alone, but he is objecting to the principle of paying any of these accounts at headquarters, he thought he should do it down there. It is only an incidental reference, he takes the opportunity to emphasize his view that these payments should be made down there and not at headquarters.

Q. Notwithstanding that protest on the part of the superintendent of the arsenal against the payment of this account before the completion of the tests, $14,000, on an account of $17,000 was paid——

Mr. MACLEAN (Lunenburg).—Paid on the 19th of July, the test may have been completed then.

By Mr. Crocket:

Q. It was not completed, was it now?—A. I cannot say positively.

Q. You said that yesterday, don't you know that the records show it?—A. I read the records yesterday and, as I read them, I agreed with you on some questions you put to me; of course I had not all these papers in my head.

By Mr. Maclean (Lunenburg):

Q. What is there on record showing that it was not tested, point it out, witness, it is not clear?

The CHAIRMAN.—The witness knows nothing except what he sees on the record.

A. When I was asked by the deputy minister to come up here and give evidence I told him I was not conversant with the papers, I only had them and glanced over them for a few minutes before coming here. There was nothing in this business to impress it on my memory at all, and I do not know what the papers contain.

By Mr. Crocket:

Q. Turn up the letter there that says it was not certified until the 1st of August that is what the return shows, and there is nothing to show, until the 1st of August, that it was certified.—A. The first delivery?

Q. Yes, there was a cheque issued on the 19th of July.

The CHAIRMAN.—There is a letter there on the 1st of August——

Mr. MACLEAN (Lunenburg).—The certificate shows it was delivered on the 27th of June.

Mr. CROCKET.—Now, you are harping back to that again, there is no date on that certificate.

By Mr. Crocket:

Q. Is there anything in that file, prior to the 1st of August certifying to the department that the copper was satisfactory, and that the tests had been completed? —A. I think not.

By Mr. Maclean (Lunenburg):

Q. The certificate shows that the goods were received on the 27th June, does it not, Mr. Jarvis ?—A. Yes, sir, received on the 27th of June.

By Mr. Crocket:

Q. Now, you have said in answer to Mr. Maclean ,in explanation of the grounds upon which the Vogelstein tender was rejected, that if the copper was paid for on

delivery the department would have no recourse against the tenderer, that is the answer you made to Mr. Maclean this morning; would not that apply equally to Mr. Macoun, if it was paid for before delivery ?

Mr. MACLEAN.—No, certainly not, that is explained fully, and you know that Mr. Macoun gave a guarantee and the other man would not give a guarantee, that is the reason.

By Mr. Crocket :

Q. If it was paid for, you said, on delivery the department would have no recourse against the tenderer, you said that; now if Mr. Macoun was paid for it before delivery and the copper did not come up to the guarantee, what about that ?—A. I must have been satisfied at the time that we were well protected and would be quite safe in making that payment.

Q. You said in answer to Mr. Maclean that your practice was to satisfy yourself and I think you said with reference to this payment that you satisfied yourself it was a proper payment to make ?—A. Yes.

Q. Now is it not a fact, Mr. Jarvis, that these payments that were made to Mr. Macoun before the test of the copper, not to speak of before the arrival of the last shipments, were in straight contravention of the express written terms of the contracté—A. Not if w consider that specification which I read to you afew minues ago.

Q. What specification ?—A. I read an extract from the specifications there.

By Mr. Maclean (Lunenburg):

Q. Read it again ?—A. (reads):

'No tender will be accepted without trial of the copper offered unless it is a brand known to be suitable for the purpose required.'

By Mr. Crocket :

Q. Unless it is a brand known ?—A. To be suitable for the purposes required.

Q. And that is what you set up as the reason why these payments were not in contravention of the terms of the contract?

Mr. MACLEAN (Lunenburg).—Respecting the last five cars, that is all he means it to apply to.

By Mr. Crocket :

Q. The letters to these gentlemen inviting tenders contains this paragraph (reads):

'These metals will be tested as soon as possible after delivery and if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted.'

A. Yes.

Q. Do you say that this payment that was made of $33,000 in one case to Mr. Macoun before arrival, and $22,500 in another case before arrival, were in conformity with that term of that contract ?—A. It might not strictly have been so but the goods were shipped and we had the shipping bills and we knew pretty well what we were getting.

Q. You knew pretty well what you were getting although not one particle of that copper from Calumet mine had been tested and the department had not one scratch of the pen on its records showing any test or even its arrival at Quebec?—A. No.

Q. All they had was a notification from Mr. Macoun that the copper had been shipped?—A. Not a notification, shipping bills, I think.

Q. Handed you by Mr. Macoun ?—A. Yes.

Q. And upon that and that alone you paid practically the whole of the account ? —A. Well that and our general knowledge of the thing.

Q. Now I want to know, Mr. Jarvis, if you as the acting deputy minister of that department and the person responsible, considered that you were satisfied under these

circumstances that that was a proper treatment ?—A. Considered that I was satisfied? Yes, certainly I was satisfied. I was satisfied that the payment should be made.

Q. Notwithstanding that term in the contract I have read?—A. Well the contract is only a letter from myself, I think. I wrote the letter and they wrote an acceptance of it, presumably.

Q. I suppose you know that makes a contract?—A. That makes a contract.

Q. That is written for the Militia Department stating the terms upon which the sale will be made?—A. Well, I am not a lawyer but having made a contract I suppose I could set it aside to a certain extent, I don't know. It might be a legal point, perhaps.

Q. What is the practice of the department in regard to payments for goods? Do you mean to tell this committee that it is the practice of the Militia Department to pay for goods before there is a certificate as to reception or the quantity or the quality?—A. Well, we are constantly making advances to other contractors, and I don't think we have done anything in this case that we would not have done to other contractors of their standing.

Q. Do you say that you are doing this in numerous cases, paying for goods without their being certified?—A. We do make many advances as the work progresses, yes; payments that may be considered similar.

Q. You are doing that in the case of the Ross rifle? Is that the one you have reference to?—A. No, I had no reference to that. We do it in other cases. I think the Ottawa Car Company here manufactures wagons and different things for us; we have made advances to them.

Q. Without certificate of any kind?—A. Well, we have got certificates, we would have a knowledge of what was being done, of what we were doing; but this is the same way, we had shipping bills in this case.

By Mr. Maclean (Lunenburg):

Q. Do you mean to say that this section of that letter in which you say: 'These metals will be tested as soon as possible after delivery and if found to conform to specifications and to be suitable for use, payment will be made at once after they are accepted' was not a controlling element, that is the specification?—A. Mr. McCann has just told me that no payments have been made to the Ottawa Car Company without the report of the inspector. It is made on the report of the inspector, that is the way. I just mentioned that we made similar payments to the Ottawa Car Company.

By Mr. Crocket:

Q. Not without a report?—A. Mr. McCann tells me it is only on the report of the inspector such a payment would be recommended.

Q. As a matter of fact, Mr. Jarvis, can you recall another single instance where such a proportion of an account was paid without the department having any certificate?—A. I cannot recall any, but you must remember it is only at odd times I act as deputy minister and when I am acting as deputy minister I have nothing whatever to do with these cases.

Q. You said yesterday, Mr. Jarvis, did you not, that this was a contravention of the contract and of the regulations of the department—what had taken place in this case ?—A. I don't think I said regulations of the department; I don't know of any regulation. It may be a practice of the department, I don't know of any regulations.

Q. The ordinary regulation with respect to payments for supplies requiring certificates ?

The CHAIRMAN.—That is on page 30.

By Mr. Crocket :

Q. Let me read from the evidence given yesterday by you. (reads):

'Q. That seems to have been in contravention of the terms of the contract, was it not, Mr. Jarvis as to payment ?—A. Well the cheque was not necessary under the contract, but there was a big sum involved——

'Q. Did not the terms of the contract require distinctly that that copper should be tested and certified before payment?—A. Yes.

'Q. And not only did the terms of that contract specially require that, but did not the rules of the department provide that no payment should be made until there was a proper certificate that the goods had been received, that the quantities are right and that the prices are correct? Do not the rules of the department require that?—A. That is the custom but I think there are times when it is not done.

'Q. But in the case of Mr. Macoun practically the whole amount, in relation to the last two shipments, was paid before the copper had arrived at Quebec, notwithstanding that the Vogelstein Company which was the lowest tender, was declined and that one of the reasons for declining it was that one of their terms was "cash on arrival"?—A. Yes.'

By Mr. Maclean (Lunenburg):

Q. You did not say that?—A. No.

Q. That is Mr. Crocket's questions?

Mr. CROCKET.—Yes, but this is his answer. 'Yes.'

Mr. MACLEAN (Lunenburg).—I know but it is a long question.

By Mr. Crocket:

Q. That is what you said yesterday. Now do you mean to say this morning that is not the view as you held it and as expressed in this way?—A. I would like to read it carefully.

Mr. MACLEAN (Lunenburg).—Here is the evidence (handing the evidence to witness).

Mr. CROCKET.—At page 30.

Mr. MACLEAN (Lunenburg).—Those questions were hypothetical and very lengthy and he could only answer 'Yes' or 'No.'

The CHAIRMAN.—He could only answer 'Yes' or 'No,' or not at all.

By Mr. Maclean (Lunenburg):

Q. In the questions that Mr. Crocket put to you he makes the direct statement that the lowest tender was refused. You don't admit that, do you?—A. The lowest tender was refused?

Q. Yes, declined because they wanted cash?—A. Well, no, I think I have explained that. I think the condition at the time was primarily the fact that they would not guarantee it.

Q. Now, as I understand it, this scale business is all settled?—A. I understand to Mr. Crocket's satisfaction.

Mr. CROCKET.—Oh yes, that is settled.

By Mr. Maclean (Lunenburg):

Q. You make this statement, the specific statement, that the determining factor in declining the New York tender was the fact that they refused to give a guarantee?—A. Well, I would like to state that positively after thinking the matter over as affecting the ground on which——

Q. That would be the ground?—A. Yes.

Q. In respect to the first shipment of copper, which cost about $17,000, it was received in Quebec in the latter part of June, was it not?—A. The 27th of June.

Q. The 27th, I think it was earlier, and the first payment was not made until July 19th?—A. That is correct.

Q. Now, with respect to the other five cars, which amounted to $66,000, you contend that having had some knowledge of the brand of copper under the specifications, you were justified in receiving and paying for the same upon receipt of the bills of lading?—A. I contend that I must have satisfied myself at the time of authorizing that payment that that was the right course, yes.

By the Chairman:

Q. Of course, you had the bills of lading properly endorsed?—A. These same papers authorizing the payment show that the bills of lading had been endorsed.

Q. And the bills of lading having been properly endorsed, of course, the copper became your property?—A. Yes.

By Mr. Maclean (Lunenburg):

Q. I do not know but all this copper reached Quebec before payment was made, but I do not see any way of proving it. This certificate on the back of the bills of lading does not bear date?—A. No.

The CHAIRMAN.—They are to satisfy the Auditor General more than anything else.

By Mr. Crocket:

Q. Is there any record in the department showing the result of the test of this copper?—A. I have no knowledge of everything not being perfectly satisfactory, but I cannot say there is anything in the department; I understand we have all the correspondence here; I did not get it together, the director of contracts did, and I have been told that all the correspondence is here.

Q. There is no certificate of the assayer or tester?—A. I cannot say as to that; Mr. McCann will be able to give evidence as to that.

Q. And the department has none to this day showing what the percentage of impurity was?—A. I do not know.

By the Chairman:

Q. That is all done in Quebec?—A. That is done in Quebec.

Q. And these assays will be in Quebec, I presume?—A. Yes.

Witness discharged.

Mr. L. S. MACOUN called, sworn and examined:

By Mr. Crocket:

Q. Where do you reside, Mr. Macoun?—A. At Ottawa, usually.

Q. You are a son-in-law of the Minister of Militia?—A. I am at present, yes.

Q. What is your occupation?—A. I am a general broker of machinery, metals, chemicals—I am a manufacturer's agent, if you know what the term means.

Q. You said that you are a general broker of a great variety of articles?—A. Yes, I have been for a good many years.

Q. You are a manufacturer's agent, in short?—A. Yes, that is what really it is usually known as; my business is known as that of manufacturer's agent.

Q. Manufacturer's agent?—A. Yes.

Q. Haven't you been announcing yourself simply as a broker?—A. General broker; it is really the same thing. My letter paper used to say 'Manufacturer's Agent,' and I changed it to 'General Broker,' because sometimes I handle insurance as well, and I handle customs business as well.

Q. Does that cover all your occupations?—A. I am secretary-treasurer of the New Brunswick Cold Storage Company and connected with a number of other companies; I am secretary of the Canadian Financial Agency Company and general secretary of the L. B. Seward Company and several other companies.

Q. You say that general broker and manufacturer's agent is the same thing?—A. Yes; I do not mean that I handle stocks at all; very often people have come to me as a stock broker, but I am not a stock broker.

Q. You are a general broker, handling anything you can?—A. I represent certain firms; I represent the manufacturers.

Q. Have you a warehouse, a storehouse, or shop of any kind?—A. I do not keep any shop.

APPENDIX No. 1

Q. You have an office, I suppose?—A. I have, several.

Q. Where are they located?—A. I have one in Ottawa, one in Hull.

Q. Is that all?—A. That is several, yes.

Q. Where is the Ottawa office?—A. In the Central Chambers.

Q. That is a building occupied mostly by law offices and insurance agencies, isn't it?—A. I could not say. I pay two hundred a year at the Central Chambers, my office rent there.

Q. $200 a year?—A. Yes.

Q. I should think you could well afford to pay that with these numerous companies?—A. Oh, yes.

Q. It does not strike me as being very excessive?—A. I try to keep them down, but that is the best I can do.

Q. Now, I notice, Mr. Macoun, that you received a cheque from the Militia Department on the 13th February, 1906, for $6,300 for automatic labour-saving machinery which was supplied to the Dominion arsenal at Quebec by the firm of Potter, Johnston & Company, of Rhode Island?—A. Whom I represent.

Q. Whom you represent, you say?—A. Yes.

Q. Now, will you tell the committee how you came to get interested in that contract?—A. Well, I represent the company, and naturally I would be interested in any business that would be going on in Canada.

Q. Tell us how you came to represent the company?—A. Well, I knew it was a good firm. They are about the—they are probably the best people in the world on these automatic machines. They have a world-wide reputation. They send their machines all over the world.

Q. And when were you appointed agent?—A. I have been the agent for—I could not say—for perhaps three or four years. I don't just remember the exact date.

Q. You do not remember the exact date?—A. No.

Q. You cannot say when you were appointed agent of the firm?—A. No.

Q. I notice that there is a letter here from you to—I think it is to Mr. Brown, the director of contracts—dated 5th April, 1905, notifying him of your appointment as the agent of that company. This is the letter, Mr. Macoun (producing letter). That seems to have been written by you, that is your signature?—A. Yes, I think so.

Q. Have you any doubt about that?—A. No, I should say that is my signature. It appears to be on my letter paper anyway.

Q. (Reads):—

'OTTAWA, CANADA, April 5, 1905.

'H. W. BROWN, Esquire,
'Director of Contracts,
'Dept. Militia and Defence.

'DEAR SIR,—I have been recently appointed by the Potter & Johnston Machine Co., Pawtucket, R.I., as their agent. They manufacture a large line of automatic labour-saving machine tools, such as chucking, turning and shaping machines, and which, I feel confident from what I have heard, could be used very advantageously in the Dominion arsenal.

'Trusting, in the event of your being in the market for any of the above, that I may be favoured with your valued inquiry.

'Believe me,
'Yours very faithfully,
'(Signed) L. S. MACOUN.'

A. Yes, that is about three or four years ago, was it?

Q. It was 5th April, 1905?—A. Yes, that is about the time I should say.

Q. And that was your first intimation to the Militia Department that you had been appointed agent of that company?—A. According to that file, yes.

Q. According to that file?—A. Yes.

Q. Was there any other?—A. Not that I know of.

Q. How did you come to be appointed agent just at that time?—A. Well, I was interested in other machinery, and I got in touch with this company through another inquiry in connection with the Canadian Fairbanks Company, whom I represent.

Q. You also represent the Canadian Fairbanks Company?—A. Oh, yes.

Q. And that company was a company from whom the Militia Department was also buying goods?—A. I will just see.

Q. Hold on?—A. I would not like to say yes without—(after referring to memoranda). I see that I sold them one Columbus wheelbarrow.

Mr. MACLEAN (Lunenburg).—Never mind telling about the things you sold.

The WITNESS.—I sold three wheelbarrows, $34.50.

By Mr. Maclean (Lunenburg):

Q. $34.00?—A. $34.50, yes.

By Mr. Crocket:

Q. But do you say then that it was through your connection with the Fairbanks Company, which was also selling goods to the Militia Department, that you got knowledge of this firm of Potter, Johnston & Company?—A. Yes.

Q. When did you first hear of the existence of that firm?—A. Probably some time previous to that. I could not say the date; I don't know.

Q. But some time before the date of that letter?—A. It might have been some months, I could not say.

Q. Did you know that the Militia Department had been in communication with that firm for some months before you sent this letter to the department notifying them of your appointment as agent?—A. Some months? No.

Q. You did not know that?—A. No.

Q. Why, I think, Mr. Macoun, you will find that there was a letter sent to you referring to correspondence that had been carried on with that firm in the month of February?—A. The month of February?

Q. Do you not know that?—A. Have you the letter there? Can you tell me when the department wrote me.

Q. Yes, just a minute?—A. How many months was it previous to that?

Q. Here is a letter written to you by Mr. H. W. Brown, Director of Contracts in which he says (reads):—

'I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. The Potter & Johnston Machine Coy's offer of the 22nd February last.'—A. Yes.

Q. (Continues reading):—

'(Copy enclosed)'——

A. Yes.

Q. (Continues reading):—

'To furnish the undermentioned machinery'——

A. Yes.

Q. So you then did know. You had a written communication from the department, had you not, showing that before you bobbed up as agent of the company the Militia Department had been in direct communication with them?—A. I knew later; I did not know in February.

Q. But you did know?—A. I know now. Yes, certainly.

Q. And you had a written intimation of it from the Militia Department?—A. Yes, certainly.

Q. That the department was communicating and negotiating directly in the month of February?—A. I did not know in February that they were. That was your original question: 'Did I know some months before?'

Q. I ask you don't you know?—A. No. You said: 'Did you know,' not 'Don't you know?'

Q. But, as a matter of fact, you do know?—A. I know now.

Q. You know now?—A. Yes.

Q. And you have a written communication from the Militia Department stating to you that they had been carrying on correspondence with this firm in the month of February?—A. Yes, I believe there was something. April 15th, was it?

Q. Yes. But in that letter of April 15th they referred to a communication they had with that company in the month of February?—A. That was on April 15 they did. I did not know previous to my letter of April 5th.

Q. Then, on April the 5th you appeared to bob up as the agent of the company that the Militia Department had been carrying on negotiations with?—A. I appeared to?

Q. You did?—A. I did, you say? Yes.

Q. After your letter of 5th of April?—A. After the letter of the 5th of April, yes.

Q. How did you come to apply for that agency?—A. That is some of my business, not yours.

Q. That is some of your business. Well, I think it is some of my business, you will see, as a member of this committee?—A. No, it has nothing to do with you.

Q. How did you come to apply for that agency?—A. That is none of your business. That is my private business, and has nothing to do with the——

Mr. CROCKET.—I must ask you, Mr. Chairman, to direct the witness to answer that question.

The WITNESS.—That has nothing to do with the facts of the case.

Mr. CROCKET.—This has a good deal, I think, Mr. Chairman, to do with the facts of the case. A department of this government is carrying on direct communications with a firm from whom they have bought goods direct, and then the son-in-law of the Minister of Militia turns up as their agent, pending negotiations, and the whole thing is passed into his hands.

Mr. MACLEAN (Lunenburg).—That statement is hardly fair, Mr. Crocket.

Mr. CROCKET.—Well, it is; that is what I have already shown. We want to know how these middlemen get into this business.

Mr. MACLEAN (Lunenburg).—That would be fair, but I do not think it is fair for you to ask how he came to apply. I think he told you already that he applied through his connection with the Fairbanks Scale Company.

Mr. CROCKET.—He knows quite well what I want apparently, and refuses to answer. I direct attention to the fact that the Militia Department was carrying on negotiations with this concern, that it had been decided to buy material from this concern, and just at this time Mr. Macoun turns up as agent of the company, which did not get the contract until Mr. Macoun had become their agent, and I want to know the reason why?—A. I can't answer that; I do not know.

Q. But at that particular time, while these negotiations were proceeding between the Militia Department and the Potter & Johnston Company, how did you come to apply for the agency and to refer particularly to their being able to manufacture a line of automatic labour-saving machinery suitable for the Dominion arsenal?—A. Well, they have supplied other arsenals, they supply arsenals all over the world with automatic machinery.

Q. You know that is not an answer to my question?—A. Yes it is.

Q. How did you, at that particular time, come to apply for that agency, and obtain it, and communicate that information to the department?

The CHAIRMAN.—I suppose it was a matter of business.

A. A matter of business, yes.

By Mr. Crocket:

Q. The chairman says it was a matter of business and you say, yes ?—A. Certainly it is.

Q. Now did you have any intimation that the Department of Militia was considering the purchase of this machinery that is mentioned in your letter?—A. I know from the Fairbanks Company that they were after it.

Q. You know from the Fairbanks Company ?—A. Yes.

Q. That the Department of Militia was after this particular machinery ?—A. No, that they were after machinery.

Q. That they were after machinery ?—A. Yes.

Q. Machinery generally ?—A. Yes.

Q. But this letter refers particularly to the machinery that the department purchased, the automatic labour-saving machinery, such as the turning and shaping machinery?—A. Yes, what other sort of tools would they use in the arsenal? That is the only sort of tools they use.

Q. Where did you get the information ?—A. I have already told you.

Q. What have you told me?—A. That I heard it through the Fairbanks Company.

Q. Everybody would know that the Department of Militia would at some time be buying general machinery?—A. No, I did not say that.

Q. I am asking you about the particular machinery referred to in your letter ?—A. I have already told you that I heard of it through the Canadian Fairbanks Company.

Q. When did you hear of it ?—A. I could not say.

Q. Were the Canadian Fairbanks Company asked to tender?—A. I could not say.

Q. Don't you know that they were not ?—A. I could not say. They are the agents for the Pratt Whitney Co., who also make similar machines, somewhat similar machines.

Q. You say that the Fairbanks Company are the agents for—what is the name of the firm ?—A. The Pratt Whitney Company, I think it is called.

Q. Who make similar machines ?—A. Somewhat similar machines.

Q. The Canadian Fairbanks Company is on the patronage list, are they not ?—A. I could not say, I have never seen the patronage list.

Q. Mr. Gaudet says they are ?—A. I do not know anything about those things.

Q. You do not know whether there was a tender for these goods or not ?—A. I could not say, I do not remember.

Q. Can you tell us when you applied for the agency ?—A. I cannot.

Q. Have you many letters with the company? Have you copies of the correspondence that you carried on with the Potter-Johnson Company in relation to this business ?—A. Yes.

Q. Have you them with you ?—A. I have some of them here at any rate.

Q. I would like to see your letter applying for the appointment of agent ?—A. I haven't any letter applying for the appointment of agent here, that had nothing to do with the Militia Department.

Q. You say you have not a copy of your letter applying for appointment as agent? —A. Yes.

Q. Not here in this room?—A. Yes.

Q. But you have a copy, have you, at your office ?—A. I could not say—I likely have, I could not say whether it is on the file or where it is.

Q. I would like you to look that up and produce it before this committee ?—A. That is something to do with my private business and I refuse to do so.

Q. I would like you, Mr. Macoun, to look that up and if there is such a letter to produce it before this committee ?—A. You would like me to ?

Q. Yes?—A. Yes.

Q. Will you do that?—A. No.

Q. You won't do that ?—A. No.

Q. Why ?—A. Because it is none of the business of this committee, it is something entirely to do between myself and my principals.

Q. Something that is entirely between yourself and your principals ?—A. Yes.

Q. Now, up to that time had you ever acted as the agent or did you ever sell any goods of any kind for this firm ?—A. No.

Q. Have you done any business for that firm except with the Militia Department? —A. I have endeavoured to.

Q. Have you done it ?—A. I have not been successful.

Q. You have done no business as agent of the Potter Johnston Company except with the Militia Department ?—A. There is only one arsenal in Canada.

Q. That is right, you say you have done none, although you have endeavoured ? —A. I have endeavoured.

Mr. CROCKET.—Now, Mr. Chairman, I am going to ask that you direct the witness to produce that letter applying to the Potter Johnston Machine Company for appointment as agent.

The CHAIRMAN.—You had better leave that over now, and I will consider the matter. I cannot see now just what relevancy it would have to this matter, I cannot see that now, but you may bring it out.

Mr. MACLEAN (Lunenburg).—I do not think you will see next week either, Mr. Chairman.

By Mr. Crocket :

Q. Do you know that the firm of Potter Johnston & Co. was upon what is known as the government patronage list, or the patronage list of the Department of Militia? —A. I have never seen the patronage list and know nothing about it, that is, what names are on it.

Q. Did you ever hear they were?—A. I never heard they were.

Q. Did you ever hear that the Canadian Fairbanks Company were?—A. I do not know anything about it, whether they were on it or not on it.

Q. You do not know anything about the patronage list?—A. I know there is a patronage list, but I do not know whether they are on it.

Q. Are you on it yourself?—A. Yes, I am on it.

Q. How long have you been on it?—A. I could not say.

Q. How long have you been doing business with them?—A. I could not say.

Q. Is it two or three years?—A. I could not say, it is a long time ago.

Q. You certainly did business with the Militia Department in 1906?—A. Yes.

Q. In the year 1906?—A. Yes.

Q. This machinery was sold?—A. Yes.

Q. Was that about the first sale you had made?—A. I could not say.

Q. You could not say. Well just think for a moment?—A. I probably did—I have been for years doing business with the government and with everyone else.

Q. With the Militia Department?—A. Possibly.

Q. Was that about the first sale that you had made?—A. I should not think so. I have been—I have sold other things.

By the Chairman:

Q. You sold before 1906, did you?

Mr. CROCKET.—I glanced over the Auditor General's Report of the year before and that is the first I saw. I did it hurriedly this morning.

A. (After referring to memoranda) I have found it, yes. I have found that on November 25th, 1905, I did business.

Q. November 25th, 1905?—A. Yes, I sold them five vices and one arbour press. They cost me—the five vices cost me $12.50, less 15 per cent. The account came to $53.13. Then there was the arbour press, I think it cost $16. So I probably sold them, perhaps, nearly $70 worth in 1905 that I know of.

Q. And is that the only transaction you had before the sale of this machinery? —A. I have found something else I sold. This was not much. On December 9th, I sold them a Yale duplex block. The price was $40. I see I made 5 per cent commission on it, $2.

Q. And that was when?—A. That was in 1905 too.

Q. 1905?—A. Yes.

By the Chairman:

Q. What time of the year?—A. In December, around Christmas time.

By Mr. Crocket:

Q. It came in handy?—A. It was most useful; I was able to buy my Christmas presents. On December 23rd the order was given. I presume I got it on the 25th.

Q. You began very small and worked up to almost $75,000, I see?—A. I am sorry the profits were not as they might have been. This was 5 per cent. The profits in a number were less than half of one per cent.

Q. Less than half of one per cent?—A. You see I went on the down grade as far as my profits were concerned.

Q. You did not seem to be looking after your interests properly?—A. The copper business, if you know anything about it—the metal business is done on a very small percentage basis. It is done from a half of one per cent to one per cent.

Q. We will deal with this machinery first?—A. That probably would be better, yes.

Q. You notified the department on the 5th of April. Now did you have any communication with Mr. Gaudet, the superintendent of the arsenal, about your acting as agent for this company?—A. It is quite possible; I saw him often in Ottawa.

Q. Don't you remember that you did?—A. I probably did.

Q. You probably did, and what did you say to him? Did you have any correspondence with him on the subject?

The CHAIRMAN.—Is there any correspondence on the subject?

Mr. CROCKET.—There is a letter from Mr. Gaudet in which he informs the department about Mr. Macoun being able to do this business.

The CHAIRMAN.—Oh, yes, that is the letter of April 8th.

By Mr. Crocket:

Q. I am asking you if you had any correspondence with Mr. Gaudet?—A. I could not say. I cannot find anything here (referring to papers).

Q. Well, from what the public documents show?—A. Does the file show anything? I have not seen the file.

Q. There is a letter of April 8 in which he says he knows you were in a position to do business?—A. Is there? I have not seen it.

Q. Now when did you see Mr. Gaudet and indicate that to him?—A. I could not say. I don't know. It is too long to remember.

Q. You don't remember anything about that?—A. No, I probably saw him at the club, and told him, very likely. I often see him at luncheon at the club.

Q. Was it before Mr. Gaudet proceeded to Pawtucket under the minister's direction or not?—A. I was not there at the interview, if there was one,

Q. I am asking you if this communication you had with Mr. Gaudet?—A. Lieutenant-Colonel Gaudet?

Q. With Mr. Gaudet, in which you intimated to him that you could do this business was before Mr. Gaudet went to Pawtucket or not?—A. Well, I could not say, I don't remember when he went.

By the Chairman:

Q. Do you know that he went at all?—A. I think he went; I don't know that.

By Mr. Crocket:

Q. You know he went, don't you?—A. I expect he went; I don't know if he did or not.

Q. And you cannot say whether it was before he went or not?—A. I don't know, I am sure.

Q. You do know that he came back and recommended the purchase of the machinery by the department?—A. He very likely did. It is the best thing that could be procured. I should think he would recommend the best thing that could be procured, but I don't know anything about that.

Witness retired.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
OTTAWA, THURSDAY, June 11th, 1908.

The Committee on Public Accounts met at 11 o'clock, Mr. Finlayson in the chair.

The committee proceeded to the further consideration of the payment of $74,362 to L. S. Macoun in connection with the sale of goods (copper, &c.) by him as set out in page Q—98 Report of the Auditor General, 1907.

Mr. MACOUN recalled.

By Mr. Crocket:

Q. Mr. Macoun, when your examination was adjourned last Friday you were about to tell us how you came to get on the patronage list of the Militia Department?—A. I do not recollect that.

Q. Well, that is the last subject we were questioning you about?—A. The last question was 'You did know that he came back and recommended the purchase of the machinery by the department,' and I answered: 'He very likely did. It was the best thing that could be procured. I should think he would recommend the best thing that could be procured, but I do not know anything about that.'

Q. That arose out of the question of your being on the patronage list of the department and Mr. Gaudet having reported that you were on the patronage list, so that I was asking you how you came to get on the list of the department?—A. I could not recollect now. I am on the patronage list of all the departments, if I recollect rightly.

Q. Of all the departments?—A. I think so.

Q. How did you accomplish that?—A. I applied through the usual channel.

Q. What is the usual channel?—A. Through the sitting member.

Q. Of what constituency?—A. Of the city of Ottawa.

Q. Mr. Belcourt or Mr. Stewart?—A. It may have been either, I don't remember.

Q. You don't remember?—A. It was some years ago.

Q. It would be one or the other?—A. Yes.

Q. Have you no recollection? You are on the list of all the departments of the government?—A. I think so; I applied for all.

Q. You said a little while ago that you were on the patronage list of all?—A. Well, I think I am, I applied to be.

Q. I notice that you have been selling water pails to the Railway Department?—A. For the Eddy Company I would do that, and brushes for the Skedden Company of Hamilton.

Q. And fire clay?—A. There is one per cent on that and the commission on that sale was $1.

Q. The bills are made out to you? The Eddy Company does not figure in it at all. You are entered as having sold to the government?—A. I have a running account with the Eddy Company the whole time.

Q. Neither in the Railway or any other department are any of your principals mentioned. You are entered as having made these sales? You did not sell them as agent to the government?—A. Oh, yes, certainly I did, on the commission basis.

Q. So that you do not buy these goods?—A. I buy them, yes.

Q. From the houses you mentioned at a certain price?—A. They give me the price which I quote the government and they allow me off the invoice. In other cases they merely invoice direct and credit me with my commission.

Q. Who do?—A. The manufacturers. I am a manufacturers' agent.

Q. Get back to this question of getting on the patronage list. Do you know how many lines you are down for?—A. No, I have no idea.

Q. Well, when you applied to get on did you indicate what line of goods you would be prepared to sell?—A. I do not think so. It was so long ago I cannot recollect. I am almost certain that I did not but I cannot be sure.

Q. You are almost sure?—A. It is so long ago; it is some years ago.

Q. Not many. How long have you been in the country?—A. 18 or 19 years.

Q. 18 or 19 years?—A. Yes. I came out when I was 16, the tender age of 16.

Q. Lived about Ottawa the most of the time?—A. Yes, I have been here most of the time. I came here in 1893.

Q. That is pretty nearly 15 years ago?—A. About 15 years ago. I was in the Northwest inspecting western lands for a while.

Q. Before you got into the copper and machinery business?—A. Yes, several years before.

Q. So that you do not recollect that you indicated what you would be able to handle in the particular lines of goods ?—A. I cannot recollect that I did.

Q. As you understood it, you were put on the list to handle anything the department wanted?—A. I have never seen the list. I do not know what it is.

Q. How do you understand it? That you would get an inquiry for everything the department wanted, whether a water pail or a steam engine?—A. I think so. I don't know. I get all kinds of inquiries from the Intercolonial, for instance.

Q. Whether you represent manufacturers handling these lines or not?—A. Yes, and the lowest tenderer gets it.

Q. About how many inquiries in the course of a year?—A. I could not give you any idea. I do not know.

Q. You do not know?—A. The Intercolonial, for instance, sends a long list of five or six pages of different stuff.

Q. Do you get inquiries from the Intercolonial Railway to tender for steel rails? —A. I would not be sure that that is one of the inquiries. I get inquiries for steel, nails, bolts, &c.

Q. Referring to the Potter Johnston Company of Pawtucket, you first learned of them through the Fairbanks Company?—A. Yes, I think so.

Q. And the Fairbanks were agents of the company which manufactured similar machinery?—A. Somewhat similar.

Q. Do you mean to say that the Fairbanks Company, agents of a firm in that line, and in that business, recommended that you should get the agency of the Potter Johnston Company ?—A. I never said that. I heard that the Dominion arsenal were in the market for machinery through the Fairbanks Company, and it being my business to sell machinery I got into touch with the best people.

Q. You said that what you learned from Fairbanks was that the Dominion arsenal was after machinery of this kind?—A. Yes.

Q. How did you hear of the Potter Johnston Company?—A. Well, I could not tell you now. I think it was through the Fairbanks Company, it is several years ago.

Q. Oh, no, it was 1905?—A. Well, it is three years ago; that is several years.

Q. Well, it is only three years ago. But you do remember that you learned from the Fairbanks Company that the arsenal was after machinery; was in the market for machinery?—A. Yes.

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Q. For this particular kind?—A. Yes, that would be about the only kind they would be in the market for.

Q. Are you quite sure that the Fairbanks informed you of this other company?—A. Well, I could not tell that.

Q. Did you ever hear of Potter Johnston before you heard it from the Militia Department?—A. Oh, yes, they are people of wide-world reputation.

Q. And you tell us you never heard of the existence of the firm until shortly before you applied for the agency. That is right, is it not?—A. Yes, that is about correct. A short time before.

Q. As soon as you heard of the existence of the firm you applied for the agency?—A. That is about correct.

Q. Now, did you hear of that through the Militia Department?—A. No, I don't think so.

Q. Will you swear that you did not?—A. I will not swear because I cannot be sure.

Q. You will not swear that you did not get the information through the Militia Department?—A. Well, it is several years ago and my memory it not sufficiently good for that.

Q. Three years is too far back?—A. Well, in a great many details, certainly, I could not remember.

Q. Then you wrote this letter on the 5th of April stating that you had been appointed?—A. Yes.

Q. And that this firm were in a position to sell?—A. Yes.

Q. And that this firm were in a position to manufacture automatic labour-saving tools, such as chalking, turning and shaping machines, and on the 15th April you received the order?—A. Yes.

Q. That is a fact?—A. Yes.

Q. Now, did you ever see the factory of this firm?—A. Oh, no. I never visited all these factories. I wrote.

Q. Did you ever see this machinery which you sold?—A. No, I have never been in the factory.

Q. And until this day you have never seen it?—A. I have seen illustrations of it in their catalogues.

Q. You did not go to Pawtucket in connection with this order?—A. No.

Q. All you did was to obtain this agency, urge the order later to the department and receive the cheque?—A. Oh, no.

Q. What else did you do?—A. I had a good many negotiations.

Q. Is not this the only negotiation you had, your letter notifying them of the appointment. That is the only letter you wrote to the department before you received the order?—A. Yes, certainly.

Q. I am asking you if you did anything in connection with the supply of this machinery other than writing that letter?

By the Chairman:

Q. Which letter?

Mr. CROCKET.—5th April, 1905.

The WITNESS.—I first answered that. I said I did a good deal after writing that letter.

Q. Before you received the order?—A. You said before I received the cheque. That is a different thing.

Q. Before you received the order?—A. That is another story.

Q. Then all you did in connection with that order was to write that letter to the department?—A. After securing the agency. I had a good deal of work in securing the agency.

Q. I am asking you did you, from the time you secured the agency to the time you received the order, do anything else than write that letter to the department for the purpose of getting the order?—A. I do not understand what you mean.

Q. Did you, Mr. Macoun, from the time that you received the appointment as agent of this concern, in connection with the obtaining of this order, do anything more than write that letter?—A. Do anything more in connection with that?

Q. After getting the order?—A. No, I do not think so.

Q. So you got that order simply upon that letter?

The CHAIRMAN.—Be careful about your answer to that question.

The WITNESS.—I do not know exactly what he means.

By Mr. Crocket:

Q. Did you do anything else in connection with the obtaining of the order from the Militia Department for this machinery between the date of your appointment and the obtaining of the order than write that letter?—A. No; I believe my principals did.

Q. You did not even quote a price, did you?—A. No; it had already been quoted.

Q. And on that letter, and that letter alone, you got the order for the $6,000 worth of machinery?—A. Yes. Excuse me, how much did you say?

Mr. CROCKET.—$6,000 or $6,300.

By Mr. Maclean (Lunenburg):

Q. Was the price quoted by your principal from that factory charged to the department?—A. No.

Q. You were paid entirely by your principals?—A. Entirely by my principals. It did not come out of the government funds. I might be allowed to read a short statement which covers the whole thing.

By Mr. Crocket:

Q. You say you were paid entirely by your principals?—A. Yes.

Q. Did you not receive cheques for the order?—A. Of course, I did, but they were invoiced by my principals.

Q. L. S. Macoun?—A. They were invoiced by my principals. They sent them to me as agent of the company.

Q. A cheque was sent to you and you cashed it in Ottawa, didn't you?—A. Yes.

Q. Instead of your principals paying you, you paid your principals, didn't you? You took off your rake-off and paid the balance to them?

Mr. MACLEAN (Lunenburg).—I object to these words being used—rake-off.

The CHAIRMAN.—I do not think you should use that word.

Mr. CROCKET.—Perhaps we should call it commission.

The CHAIRMAN.—Your questions are very leading.

By Mr. Crocket:

Q. The witness has stated that his principals paid him?—A. I might read a letter which would probably explain what you want.

Q. Just one moment. You received the cheque?—A. I have admitted that.

Q. And you cashed it yourself?—A. I have admitted that.

Q. And you sent what was coming to the Potter Johnston Company, is that right?—A. Yes, at their request.

Q. How much did you make out of that thing?—A. That is a very leading question.

Q. How much profit did you make on that order?—A. May I just refer to my file? On December 14th I wrote to Colonel Gaudet, asking him if he would have the cheque remitted through me. On February 13th, 1906, they say they enclose herewith a cheque for $6,300 in payment of machinery manufactured by Messrs. The Potter Johnson Machine Company. I find that on February 17th I wrote Colonel Gaudet that I had forwarded this firm my personal cheque in full settlement of their account. I see I wrote Potter Johnson: 'I have this day received from the Dominion arsenal a cheque in my favour for $6,300 in payment of the machinery supplied by you in

accordance with the departmental order No. 72-3-12 of April 15th, 1905. Would you prefer drawing on me for same, less the commission named, namely, 5 per cent, or will I forward you a draft on New York for a similar amount?'

Q. How much did you make out of that?—A. Five per cent, $300. To continue; on February 20, I received a letter from Potter Johnston : 'We received your favour of 16th instant, notifying us that you had received payment for the machinery furnished for the Dominion arsenal and inquiring how the remittance should be made. We had previously requested you to send draft for the amount, but, fearing that our letter had been lost in the mails, we wired you "Letter sixteenth, mail New York draft for our account." which we herewith confirm. Your favour of 17th instant reached us in the afternoon enclosing draft for $6,000 in payment of the account.' It is crossed you see. There is the whole transaction now.

Q. So by the mere writing of that letter you made $300?—A. Many a lawyer makes $3,000.

Q. You knew that this concern was negotiating with the Militia Department, did you not?—A. I now do.

Q. You did know at the time ?

Mr. MACLEAN (Lunenburg).—At what time?

By Mr. Crocket:

Q. At the time you wrote that letter. At the time you wrote that letter, April 5th, did you not know that the Militia Department was negotiating directly with the firm of Potter Johnston?—A. Certainly.

By Mr. Maclean (Lunenburg):

Q. At the time you got your appointment as agent?—A. At the time I wrote the letter, April 5th.

By Mr. Crocket:

Q. But at the time you secured the agency of this concern?—A. I did not know then that the department had a quotation from Potter Johnson.

Q. You did know when you wrote that letter that the department had been negotiating directly with the firm?—A. Yes.

Q. You say you did not know when you obtained the agency?—A. No, when I wrote this letter of April 5th.

Q. You did know ?—A. I did not know. I am talking about this letter of April 5th.

Q. You certainly did say so. I asked you about the time you wrote that letter?—A. I answered that the department were in negotiation with Potter Johnston but I did not know that they had made a quotation.

Q. You wrote the letter of April 5th simply stating that you had been appointed agent of this firm who were manufacturing this line of goods?—A. Yes.

Q. And you say this (reads):

'And which I feel confident can be used very advantageously in the Dominion arsenal.'

You wrote that?—A. Yes.

Q. That is all you did? You did not even give a quotation?—A. It was not necessary. The department had already received a quotation.

Q. But the contract went to you?—A. Certainly.

Q. In your own name?—A. I could not say that. No. Here is a letter of April 15th:—

'I have the honour to inform you that the Minister of Militia and Defence has accepted Messrs. Potter & Johnston's machinery,'

By Mr. Bennett:

Q. You were not agent on 22nd February?—A. No.

By Mr. Crocket:

Q. That letter is from Mr. Brown, the dictator of contracts?—A. Yes.

Q. What did you do with that? You simply sent that on to Potter & Johnston? —A. Yes.

Q. They put in the machinery. You never saw it. You never saw their factory. You never did another bit of business for them, and you got cheques and got $300. Is that the fact?—A. Never did any other business for them.

Q. You got this order in this way on the 15th April, after having simply written that letter. You forwarded it to the Potter Johnston Company. They supplied the machinery. You never saw it.

Mr. MACLEAN (Lunenburg).—Why don't you let the evidence speak for itself?

Mr. CROCKET.—I am asking him if that is the fact.

The WITNESS.—I have already given all this.

By Mr. Crocket:

Q. You got the order on 15th April?—A. 15th or 16th, I would not be sure.

Q. It is that order dated the 15th?—A. Yes, dated the 15th.

Q. You sent that forward to the Potter Johnston Company. Is that right?— A. Yes.

Q. They made up the machinery and shipped it direct to the arsenal?—A. Yes, they would not ship it to me.

Q. You never saw it ?—A. No.

Q. You received the cheque from the Department of Militia ?—A. Yes.

Q. And forwarded them the proceeds, less commission of five per cent ?—A. I was their agent, yes.

Q. That is all you did ?—A. What more would I do.

Q. And you got your commission for that service ?—A. Yes, rather.

Q. And Potter Johnston & Company, although they had been negotiating with the department did not receive the order until you became their agent. Is that right? —A. Certainly, is there anything wrong about that ?

Q. It is a very nice way of making $300.—A. I had a good deal of worry about getting it through in as good time as possible.

Q. Did you receive a letter from the Potter Johnston Company acknowledging receipt of the money ?—A. Yes.

By the Chairman :

Q. Is the quotation from the Potter Johnston Company on record ?

Mr. CROCKET.—Yes, a letter of the 22nd of February..

Q. I want to understand from you if you saw or talked with Colonel Gaudet before he went to Pawtucket on the instructions of the Minister ?—A. I cannot really tell you. I saw Colonel Gaudet quite often. I cannot tell you whether it was before or not.

Q. Do you know he went ?—A. I understand he went.

Q. Did he ever speak of it afterwards ?—A. I cannot say. I fancy he did probably.

Q. You told us the other day there was a letter, 8th April, 1905, in which he said that acting upon the instructions of the minister he had gone to Pawtucket ?—A. I have not seen the file.

Q. Your attention was called to that the other day. That he had gone down to Pawtucket to interview this firm. Did you know that he was going ?—A. Very possibly.

Q. When you say that you mean that you did, don't you ?—A. No, I say very possibly.

Q. Have you any recollection about it or not ?—A. Well, it is so many years ago I cannot remember.

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Q. It is only three years ago last April. Did you see him before he went to Pawtucket ?—A. I very probably did.

Q. About this contract of the Potter Johnston Company, and did you talk to him about the obtaining of this contract ?—A. I very possibly did.

Q. Did you inform Colonel Gaudet before he went down that you had been appointed agent?—A. Very possibly. If I discussed the thing at all I very possibly told him I was.

Q. And I think the other day you told us you could not remember how long before the letter of April 5th you had been appointed?—A. Yes.

Q. You could not tell us when you were appointed ?—A. No.

Q. But you think you told Colonel Gaudet before he went down there, that you had been appointed ?—A. When did he go down ?

Q. He did not say when he went. There is a letter of 8th April reporting that he had gone down on the instruction of the minister. I asked you the other day when he went and you said you did not know ?—A. I had nothing on the file at all to show when he went.

Q. You think you did see Colonel Gaudet and talked the subject over with him before he went ?—A. Very likely.

Q. And that you were in a position to do business ?—A. I would not say that.

Q. He wrote that ?—A. Oh well, possibly. I have not seen the file.

Q. I asked you the other day about your letter applying to the Potter Johnston Company for appointment as agent. Have you looked up that letter ?—A. No.

Q. You told us I think, that you had a copy of that letter in your office ?—A. I believe I have.

By Mr. Bennett :

Q. Is the letter copied in your letter book ?—A. No.

Q. How do you have a copy ?—A. I have a modern system in my office. I have a carbon copy. I probably have it there, I cannot say. I have not looked at it.

By Mr. Crocket :

Q. You keep copies of all your important letters, don't you ?—A. Yes, but the files are generally cleaned out once a year.

Q. You told us you had no doubt a copy of that letter was in your office ?—A. Yes.

Q. And if the committee ask you to produce it you can produce it ?—A. Possibly.

By Mr. Crocket :

Q. I would ask you, Mr. Chairman, to order the witness to produce a copy of that letter.

The CHAIRMAN.—On what grounds.

Mr. CROCKET.—I want to see how this contract came to be turned over from the Potter Johnston Company to Mr. Macoun.

Mr. MACLEAN.—It was not turned over. There is no evidence to supoprt that statement.

Mr. CROCKET.—I think the committee has a right to find out how it is that middlemen are imported into this transaction when there does not seem to have been any necessity for it whatever.

Mr. MACLEAN.—It is the witness who is objecting to it.

Mr. BENNETT.—The witness has not objected to it.

The WITNESS.—I do, emphatically.

Mr. CROCKET.—I want to ask you, Mr. Chairman, if supposing that letter should prove to have contained a statement that if he was appointed the agent of that company he could get that contract for them at the figure that they first quoted, do you not think that would be a matter that the committee should know. Supposing the letter showed that, is that not a matter which the committee should know ? The

witness says he objects emphatically to the production of that letter. I cannot see why he should unless there is something in it that he does not want this committee to know.

Mr. CARVELL.—I protest against a suggestion such as that. This is purely a matter of private transaction between this witness and his principals. What right has the committee to inquire into the private transactions of any man who is brought here as a witness. This committee has the right to inquire into any transactions between this witness and the department, but surely we are not going to turn every man's business inside out. I think we ought to rule positively that this is not proper evidence and that this witness cannot be asked to produce this document.

Mr. CROCKET.—Mr. Carvell was not here the other day and does not know what has taken place. My learned friend probably does not know that this witness stated that he has never done another bit of business for the company than this little business for the Militia Department. Therefore he got the agency to sell only to the Militia.

The WITNESS.—I tried to sell to the Royal Mint, which required that sort of machinery, but I was not successful.

By Mr. Crocket:

Q. There is only one arsenal in the Dominion and that was the only customer you could look to?—A. Oh, no. I said I failed to do any business with the Royal Mint.

Mr. CARVELL.—I think, Mr. Crocket should withdraw the unfair imputation that there must be something in that letter.

By Mr. Bennett:

Q. Is there any special reason why you should not produce the letter ?—A. None, except that it is my private business and I object to giving any information that is not required.

Mr. CROCKET.—I ask you, Mr. Chairman, for your ruling.

The CHAIRMAN.—I rule against you. I really think it is not relevant. If the witness wishes or chooses to produce it he can. But I am not going to order its production.

Mr. MACLEAN.—I think Mr. Crocket should recall that expression and have it struck off the record.

Mr. CROCKET.—I said it was proper for this committee to ascertain just why it was and how it was that this son-in-law of the Minister of Militia——

The WITNESS.—I was not his son-in-law then.

Mr. CROCKET.—Well, how you, Mr. Macoun came to be imported into this transaction at this particular time and I said that letter might throw some light upon that.

By Mr. Carvell:

Q. I would like to know did the fact of your being appointed agent of this company increase the cost of this machine one dollar to the government of Canada?—A. It did not increase the cost one cent.

Q. And is it not a common thing for wholesale firms to sell only at the price which they would sell to their agent, when they have an agent in the country?—A. You are quite correct.

Q. And that is always the case?—A. That is always the case.

Q. When the company has an agent they will not sell to any customer, except at the price at which the agent receives his commission?—A. Yes.

Q. And in this case you got your commission from your principals, and not from the company ?—A. Quite correct.

Q. It is a universal practice, is it not?—A. Yes.

By Mr. Bennett:

Q. Did you make application after you had been appointed agent to any one in

the department to carry out the sale? Did you interview anybody and ask them to make the contract after you had been appointed agent?—A. I cannot recollect now, whether I did or not.

Q. Had you no negotiations with any representative of the department, the minister or any one else, asking them whether they would buy?—A. I did not see the minister about it.

Q. Who also in the department might have been seen, or did you see any one?—A. Possibly, Mr. McCann, who looks after the supplies of the Dominion arsenal.

By Mr. Carvell:

Q. You were trying to get an order, were you not?—A. I was trying to get an order. I may have seen Mr. McCann but to my recollection I did not.

Q. Did he tell you whether the matter had been a matter of negotiation between the company and the department?—A. I do not remember.

By the Chairman:

Q. Does Major Gaudet live here or in Quebec?—A. He is often here.

By Mr. Crocket:

Q. I think you said the other day to me that you met him frequently at the club?—A. That is the only place where I probably would meet him.

Q. Now, this is not the only transaction you had with the Militia Department during that year? You negotiated the copper that was spoken of the other day?—A. That first transaction, if I recollect, was in 1905, or the copper was in 1905.

Q. The first transaction was in 1905, and the copper was the following year. Now, on the 12th April, 1906, there is a letter on the file that was produced the other day asking you to send in quotations for the supply of 180 tons of copper. You remember getting that letter?—A. Oh, yes, I got it on the 13th.

Q. You were asked to put in a tender on or before 24th April. Have you got there with you a letter of receipt acknowledging that inquiry?—A. No, I don't think so.

Q. Here it is. On the 14th of April you acknowledged with thanks a receipt of that inquiry and stated that you had carefully gone over the conditons therein and that you would name prices on or before the 24th instant. That letter is on file here? —A. Yes.

Q. You did put in a tender on the 24th?—A. Yes, I think I did; or perhaps on the 23rd, wasn't it?

Q. Perhaps it was. Yes, it was. When you acknowledged the receipt of that first inquiry did you know anything about the prices of copper?—A. Oh, yes, I had been in the copper business before. This is not my first transaction by any means. I sold to others.

Q. Who did you get the quotation from that you submitted to the department? —A. From the Franklin Mining Company and the Calumet and Hecla, through a friend in Boston.

Q. The Franklin Company's head office is in Boston?—A. Yes.

Q. When you received the inquiry from the Militia Department you wrote to a friend in Boston to find out what you could buy copper for?—A. Yes.

Q. And then having obtained quotations you put the tender into the department on 23rd April?—A. Yes.

Q. Now, what quotations did you get from the Franklin Mining Company ?—A. Would you object to my reading a short statement which really covers the whole thing?

Q. Answer it briefly, what quotations did you receive?—A. $19 a hundred.

Q. A hundred pounds?—A. Yes.

Q. And that is the same quotation that you made to the department?—A. Yes.

Q. Then you wish us to understand that you made nothing on this transaction? —A. I made a loss.

Q. I ask you what quotations you got from the Franklin Mining Company and you said $19.00 ?—A. Yes.

Q. That is the same amount you tendered to the department ?—A. Yes.

Q. Did you obtain quotations from the Calumet also ?—A. Yes.

Q. What were their quotations ?—A. $18.75 for later delivery. These things are all graded on the different deliveries like wheat, for different months just as you would wheat.

Q. So that before you put in a tender you had made inquiries and obtained the quotation of $19 from the Franklin and $18.75 from the Calumet and Hecla ?—A. Yes, but the latter was for a later delivery.

Q. But they all came in this order ?—A. Yes, and when pooled they made a profit of less than one-half of one per cent.

Q. Was your tender $19 for the whole quantity?—A. Yes.

Q. Now, you supplied 45 tons or thereabouts from the Franklin people and 156 tons from the other ?—A. This statement of mine covers all that.

By Mr. Bennett :

Q. Did you know the prices offered at the same time that you tendered to the department ?—A. Yes.

Q. I am asking if you sold at the same prices you were getting it?—A. Yes. I did in connection with the Franklin.

By Mr. Crocket. :

Q. You got a quotation of $19 from the Franklin and $18.75 from the other and you tendered the department for the whole quantity at $19 ?—A. Yes.

Q. How many hundred pounds did you put in the Franklin copper ?—A. About twenty-five per cent I think. I delivered 90,000 lbs. of the Franklin.

Q. And how much Calumet and Hecla?—A. I delivered 135 tons, that would be 302,400 lbs.

Q. Well, in the Auditor General's Report you are down for 151½ tons refined Lake Superior copper, Calumet, Hecla ?—A. They do not know anything about the copper business or they would know that it is delivered by the long ton. They are giving the short ton.

Q. Well, they have the 151 tons here. So that on Calumet and Hecla you made twenty-five cents on a hundred pounds ?—A. Yes.

By Mr. A. K. Maclean :

Q. What about the freight ?—A. I had to pay the additional freight. The way it is sold it is all based on New York delivery. You pay the difference in freight from the mine to Quebec.

By Mr. Crocket :

Q. You paid the freight ?—A. Yes, I lost the additional cost of freight to Quebec.

Q. You gave us the number of pounds of Franklin copper?—A. Yes; 90,000.

Q. And Calumet and Hecla ?—A. Yes, 302,400. And, mind you, on New York delivery. That is plus freight to Quebec.

Q. Yes, I know. How much did you pay for freight ?—A. The extra freight was about $605.40 on that Calumet and Hecla.

Q. $605.40 for freight ?—A. Yes, and that you would deduct from my little profit, you know.

Q. And how much freight on the other ?—A. The freight charged to Quebec was $279.02 on the Franklin lot. It is just possible that includes direct freight from Houghton, Michigan, to Quebec. I do not know that I can show that or not. I do not think I have the account.

APPENDIX No. 1

Q. Now the file shows that you were paid for the Calumet and Hecla shipments before its arrival at Quebec. In the letter of April 12th there was this statement : 'These materials will be tested as soon as possible after delivery and if found to conform to specifications and to be suitable for use payment will be made at once after they are accepted.' You understood from that and the contract entered into, that you were not entitled to receive payment for the copper until it had arrived at Quebec, been tested and certified as accepted ?—A. Yes.

Q. But you did receive payment before it was tested in both cases, both Franklin and Calumet and Hecla ?—A. Well, I don't know in connection with Franklin whether it was tested or not, they had it there three weeks and it only takes four days to test copper.

Q. Mr. Jarvis went over that. It had arrived and had not been tested and you received a cheque for $14,000 ?—A. Six weeks after shipment.

By Mr. A. K. Maclean :

Q. Did you know that under the specifications they could accept this company's material without testing if it is suitable ?—A. Yes. These brands are well known. I find on April 1st, 1905, I was advised by the arsenal as to what brand was suitable for their use, Lake Superior, Calumet and Hecla and Lake Superior Q. M. Co.

By Mr. Crocket :

Q. I do not know whether you were in the committee the other day, because we have a letter on file from the superintendent of the arsenal protesting against payment before inspection on account of the great risk involved. You said to us here you understood that you were not to receive payment until the copper was tested. Did you not state that to me ?—A. Well I will look over my tender and see. Here it is: 'Terms net cash. Payments to be made as promptly as possible after goods delivered.' That is my offer in reply to their letter of the 12th.

Q. Well, we have on file these letters, and they were gone over the other day. Now, Mr. Macoun, did you not state a few minutes ago that you understood, under the terms of that contract, that it had to be received and tested before you were entitled to payment ?—A. I understood that, but I did not accept it.

Q. But did you not understand that that was one of the terms?—A. Yes, but I did not accept it. That is what the department wanted, but my offer is payment to be made as promptly as possible after the goods have been delivered.

Q. Were you in the committee when Jarvis was giving evidence, and giving reasons why the offer of the Vogel Steel Company was declined? That it was not according to the specifications?—A. Was that the last day I was here—yes.

Q. So that your offer was not according to the specifications; your offer did not comply with specifications?—A. Yes, it did.

Q. Did it comply with the terms of specifications ?—A. Yes, it did.

Q. Did not their letter of April 12 require that you should not be entitled to payment until after the test?—A. Yes.

Q. And you say now that you were not willing to agree to that term?—A. My contract says: 'Terms, net cash; payment to be made promptly after delivery.'

Q. You say under the terms of your offer you are not to be paid until after delivery of the copper?—A. Yes.

Q. You were paid, were you, before the copper arrived at Quebec?—A. I could not say.

Q. Don't you know that?—A. I find that the copper was laying at Quebec three weeks before I got payment.

Q. I am speaking of the last shipment?—A. The cars were shipped August 11th. I do not know when they arrived, but I was not paid until August 18th.

By Mr. Carvell:

Q. Did you have the way-bills?—A. No, the government had them

Q. And they had the copper?—A. Oh, yes.

By Mr. A. K. Maclean :

Q. When did you have to pay?—A. All in advance; before I got anything from the government.

By Mr. Crocket:

Q. The copper was shipped on the 11th of August and you got your cheque on the 18th of August, before you were advised of the arrival of the copper at Quebec? —A. Well, I do not know whether I would be advised or not. It was shipped direct.

Q. Do you know it had not arrived before 25th and 28th of August?—A. I do not know that.

By the Chairman:

Q. How long would it take?—A. To come from Buffalo it would take a week.

By Mr. Crocket:

Q. How did you manage to accomplish that—to get payment in violation of the terms of the contract before the copper arrived at Quebec?—A. I have found a letter which I had overlooked, August 22nd, in which it says: 'Replying to your letter of the 20th, we are unloading two cars of copper.' That would show that they had it there for several days.

Q. If you turn up the certificates here you will find that the copper had not arrived. How would you manage to accomplish that?—A. To accomplish what?

Q. To get payment for the copper before arrival at Quebec, on the mere production of the railway bills. Who did you see?—A. I saw Mr. McCann.

Q. At the Militia Department?—A. Yes.

Q. And what request did you make to him?—A. I asked to get something on account.

Q. What did Mr. McCann say?—A. He is here himself to answer.

Q. You are able. Answer what took place between you and Mr. McCann. Did he make any objection?—A. I do not recollect now. I told him it was Lake Superior copper, which the department had used before, and had stated it would be suitable for their work.

Q. How did you come to secure payment in what seems to be a violation of the terms of the contract? Solely through Mr. McCann?—A. Mr. McCann and Mr. Jarvis, I think. I think he took me to Jarvis.

Q. Jarvis was acting deputy?—A. Yes. It was the usual practice of the department. Why make exception in my case?

Q. Do you say that it was the usual practice?—A. I believe so, so far as I know.

Q. Did they make any objection at all?—A. I do not think so; not that I know of.

Q. Did they assent on your first visit?—A. I think so; I think they did.

Q. Or did they put you off, and say they would consult and see?—A. They may possibly have; I could not say.

Q. Your recollection is indistinct on that?—A. I have a letter to Gaudet on the 18th, the day I got the cheque, in which I say that I handed to the department the bills of lading for the first three cars, and would, as soon as possible, hand in the others.

Q. Did you see the minister about it?—A. No, I did not discuss it with the minister at all. He was in Nova Scotia and I did not call him up.

By Mr. Carvell:

Q. Was he not in England ?—A. No, I looked it up. I expected some such insinuations.

APPENDIX No. 1

By Mr. Crocket:

Q. How did you find that out?—A. From his private secretary. I anticipated your insinuation. He was in Nova Scotia from about August 1st to 13th. Arrived in Ottawa August 14th; left Ottawa for Quebec, August 16th; in Nova Scotia until August 26th, and left Ottawa for England, August 31st.

Q. Well, he was here when he initialed your tender ?—A. Yes.

Q. And he left Ottawa August 14th ? He was evidently here a couple of days about that time?—A. Yes.

Q. And that was about the time you were trying to get payment. Did you not get a cheque on August 18th?—A. Yes, the minister was then in Quebec or Nova Scotia.

Q. You have been notified of the shipment of August 11th. I see here a letter of August 16th that shows that the Calumet and Hecla had forwarded two cars of refined copper. At that time the minister was in Quebec and you were notified that the copper had been shipped on the 11th of August ?—A. Yes, but the notification had to come from Buffalo to Boston, then back to Ottawa. I don't know how long.

Q. However, you got a cheque for $33,000 on the 18th?—A. Yes. I see they wrote from Boston on August 15th and I would not get that letter until the 16th.

Q. At that time the minister was in Quebec ?—A. I did not see the minister.

Q. I suppose you are not in the habit of talking to the minister in regard to any of these contracts?—A. He is a very busy man.

Q. You never talked to him at all about supplies?—A. Very seldom.

Q. You got your cheque for $33,000 on August 18th, and a further cheque of $22,500 on the 20th, and you say you did that through Mr. McCann and Mr. Jarvis? —A. As far as I can recollect that was it.

Q. You went to the department and got the cheques there?—A. I think so. You have got the cheques there. I cannot tell you whether they came from Quebec or not.

Q. Do you remember whether you went to the department and got the cheques ? —A. Yes, I must have.

Q. Who gave them to you?—A. I could not tell. Probably the accountant or Mr. McCann or Mr. Jarvis.

Q. You got cheques for these amounts and could not tell who gave them to you? —A. No, I do not remember.

By Mr. Carvell:

Q. Before adjournment I would ask that the witness give us a statement in precise form as to the cost of these goods, cost of freight and the profits accrued to him.

The WITNESS.—My disbursements were as follows: To the Franklin Mining Company on account of copper, $17,004.59; freight charges on same to Quebec, $279.02; Bank of Ottawa, interest charges on loan, $97.80. telegrams *re* these shipments, $3.49. Calumet and Hecla, on account of copper, $33,516; Calumet and Hecla on account of copper, $22,790.88; Bank of Ottawa, interest charges on loan, $13.15; freight charges on the same to Quebec, $605.40. A total of $74,310.33. Profit on the transaction, $317.67. Less than one-half of one per cent.

Mr. CROCKET.—That is what you made on the transaction?—A. Yes.

Q. You made that by getting this order and passing it over to the other people? —A. I bought the copper; I was not acting as an agent.

By Mr. Carvell:

Q. You paid the money and had to take the risk?—A. Yes.

Committee then adjourned.

HOUSE OF COMMONS.

COMMITTEE ROOM No. 32,

WEDNESDAY, June 24, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of $74,362 to L. S. Macoun, as set out at Q-98, Report of the Auditor General, 1907, and other payments in connection with the sale by Mr. Macoun of goods to the railway and other departments.

Mr. L. S. MACOUN, recalled.

By Mr. Maclean (Lunenburg):

Q. I understand that you desire to complete a statement you were making the other day?—A. Yes, it was only in connection with some statements that were made in reference to goods I have sold the government. I was accused of selling fireclay, and some water pails. I find that on the water pails my profit was 61 cents, less $1.02 freight deducted. The buckets I see were ordered on the last day of the contract and the Eddy Company objected to paying the freight, so I swallowed the charges, and my loss there was somewhere about 40 cents.

By Mr. Crocket:

Q. These were sold to the Railway Department?—A. Yes, those that you spoke of. I see that on the fireclay my profit was 1.99, and in lead pipe that I sold them my profits were 99 cents exactly. My vouchers and everything are here to show that. My profit during that year was $5.29 less some freight and postage, stationery, etc.

Q. What year?—A. That was the year ending 1907.

Q. Does that include all the goods you sold to the Department of Railways?—A. That includes everything sold to the Department of Railways. I think Mr. Fowler stated in the House that Mr. Merwin would have to look to his laurels. I do not think there is any danger. I see the year before I enjoyed greater success.

Q. They are not using you as well as they do Mr. Merwin?—A. I have never had any favours from the government whatever, I am sorry to say; I would take them if I could get them. I see I sold the I. C. R. some white lead, I represent the Canada Paint Company, and my profits were $12. I sold some copper tubing, and my profits were $8.25; I sold also some fireclay and my profits were $2.03. I sold some lead pipe—in fact I remember they ordered four feet of it on one occasion, I think it came to 73 cents, the freight cost me just about as much, I think the rate is 45 cents there —my profit on that was 45 cents. I made a total during that year of $23.74, there are all my vouchers (producing vouchers).

By Mr. Chisholm (Antigonish):

Q. That is the Railway Department?—A. Yes.

By Mr. Crockett:

Q. And did they come to you and buy four feet of pipe?—A. No, I tell you I had the contract for all their pipe and they ordered during the year as they required it, but when I entered into that contract I did not think that we were going to be retailers. We are entirely wholesalers, however we had to take our medicine as it came. With regard to the Department of Militia and Defence I think we have already gone over the profits I made in reference to two wheelbarrows and a truck, also on five vises, one block, one Arbor press and some machinery; that disposes of that. With

regard to the copper I think you already have the statement of the transaction involving an expenditure on my part of $75,000. I made a profit of $317.67, the vouchers are all here, and that is less than one-half of one per cent profit. In connection with this copper I would just like to give a very short statement if the committee will permit me. As you probably know nothing whatever about the subject, I will inform you for your information that there are four grades of copper, namely, 'Lake' 'Mountain,' 'Electrolytic,' and 'Casting.' The highest grade is 'Lake' and the lowest grade is 'Casting.' The former is worth considerably more than the latter. It is the toughest of all coppers and is considered by the largest cartridge manufacturers to be the only copper suitable for making shells. Lake copper during 1906 was very scarce and to secure it a handsome premium had to be paid——

Q. You say 'Lake' copper is the only copper suitable for making shells?—A. I say that is what the largest manufacturers of cartridges claim—and this I did, not wishing to take the chances I would be running in supplying Mountain or Electrolytic, both of which might have complied with the war office's specifications, and which I could have bought at considerably less money. Lake copper comes almost entirely from Northern Michigan and is mined in the promontory projecting out into Lake Superior, from which lake the copper derives its name.

On April 12, 1906, I was asked by the department to quote on 180 tons of copper ingot and 38 tons of spelter. These to be entirely in accordance with specifications attached to the inquiry. One fourth to be delivered on or before the 20th of June and the balance during the month of July. In the copper specification there was a clause No. 4 which stated that 'no tender would be accepted without trial of the copper offered unless it was a brand known to be suitable for the purpose required.' On April 23, I quoted the department, on copper a price of $19 per 100 lbs., and as per their specifications Nos. 150-151. I also quoted on spelter the price of $11.42 per 100 pounds as per specification No. 7-8-2. Terms not cash payment to be made as promptly as possible after the goods had been delivered. I, however, was too high on spelter, and I understood my quotation was the lowest on copper.

By Mr. Crocket:

Q. Mr. Coghlin, of Montreal, was the same price as you?—A. So that we were both the lowest.

Q. And Mr. Vogelstein was $18.95?—A. But it would not come up to the specifications.

Q. And then he insisted upon the payment on arrival?—A. Yes. Mr. Coghlin, I understood, got the spelter and I got the copper.

On June 5th I shipped from Hancock, Michigan, 90,000 lbs. of copper and on June 14th I informed the department of this fact and advised them that this was lake copper and was as far as I could ascertain the only grade which was fully up to their specifications.

Q. Have you any letter to that effect, I do not find any on the file?—A. I do not know whether it is on the file.

Mr. CROCKET.—I think, Mr. Chairman, this whole matter has been gone over, we have all the records there, and I do think it is necessary for the witness to put this statement upon the record. It is, to my mind, an incorrect summary of the facts as disclosed on the records that are already in the case.

WITNESS.—I want to give it in a consecutive form.

Mr. MACLEAN (Lunenburg).—I think it is right to allow the witness to give a narrative of his transactions with the government if he desires to do so.

Mr. CROCKET.—I think it is unfair for a witness who has been examined on the one side by myself and on the other by Mr. Maclean to come back here and read a statement that has been prepared.

WITNESS.—Carefully prepared.

Mr. CROCKET.—And which does not set out the facts, he is putting on the record

those things which he desires to have recorded, and is omitting those which he does not wish to have recorded.

The CHAIRMAN.—You will have the right to cross-examine him.

Mr. CROCKET.—What is the use, I do not want to take him over the ground again. I point out to the committee that all these things have been threshed out already.

Mr. MACLEAN (Lunenburg).—I did not examine the witness very carefully when he was before the committee on a previous occasion, there are many things I neglected to ask him about. For reasons of his own he asked to be allowed to make a statement and I think, Mr. Macoun, you had better just read that statement, without comment; do not make comments as you go along.

The CHAIRMAN.—This is a sworn statement, he has sworn to give an accurate statement.

Mr. CROCKET.—He has given the effect of certain correspondence which is not on the file.

A. I think that letter is on the file.

Mr. MACLEAN (Lunenburg).—Go on, Mr. Macoun, but do not make comments.

A. I asked that the copper should be tested at the earliest possible date and a remittance forwarded on July 2nd. And on the same date I wrote to Colonel Gaudet that the shipment would likely arrive that week and advised him that it was fully guaranteed by the Franklin Mining Company, and was similar to that supplied by the C. & H. Co. whose mines were about two miles distant and who are filling the balance of the order next August. I received on June 16th a letter from the department stating that the appropriation from which my account should be paid was exhausted, but that it was expected that further funds would be available on July 2nd. If so, my account would then be settled. But provided that prorogation had taken place. On July 21st the Dominion Arsenal wrote to forward the balance of the shipment in one lot early in August and further that the first shipment of copper arrived in Quebec on June 26th. On July 19th I received a cheque for $14,000 and on August 8th the balance due. I cannot explain why this was not forwarded earlier, as Col. Gaudet stated that it only took about four days to make the test. In this connection I would point out that copper had advanced fully 10 per cent since the order had been placed so that they had on July 19th besides the $2,892.98 held back a further margin of $1,700. Surely a total margin of $4,600 was sufficient protection. If my memory serves me rightly the cause of the delay was that the chemist at Quebec was absent owing to the illness of his mother, and there was no one qualified at the arsenal to carry on his work. I do not know why Col. Gaudet should have doubted for a moment whether this copper would have been fully up to the specifications as I find on April 1, 1906, he writes that, 'we find the following brands of copper and speltzer are suitable for our work,' and amongst those named, he mentions, 'Lake Superior, Calumet and Hecla.' However, the department knew all this, knew that the copper I had delivered was a copper that had been used before and had been found entirely satisfactory. They knew the copper had been lying at Quebec for several weeks and that the tests if promptly taken in hand on the arrival of the copper, would have been completed prior to July 19th.

Now in reference to the copper shipped in August by the C. &. H. Co. We have the following information. On August 11th 120,000 lbs. were shipped valued at $22,800. On August 16th, 60,000 lbs. valued at $11,400. $34,000 in all. On August 17th two cars 122,400 lbs., comprising the balance of the shipment and valued at $23,256 were forwarded. All of this copper was on the way on August 18. It was consigned to the Dominion Arsenal at Quebec and I had no right or title to it. Further I find that on August 18 I had delivered to the department the bill of lading covering the first three cars which as stated already amounted to $34,200 and I received a cheque on account from the department for $33,000, so the department still held back $1,200, and in addition were further protected by $23,256 worth of copper which was consigned to themselves direct and not to me. Two days later I

handed them the bill of lading covering the last two cars valued at $23,256 and received a cheque on account for $22,500 so that the department still held back $1,956 which would have been more than sufficient to have prepaid the freight back to New York or Europe had the copper proved to be defective. In addition to this please note that the copper had advanced more than 10 per cent since that order had been placed, so that in addition to this $1,956 they had on these August shipments a safe margin of a further $6,000. Surely a margin of $8,000 should be sufficient protection.

The Militia Department had in addition to the sum held back and the 10 per cent advance in copper, my own personal guarantee that the copper I was supplying was fully up to specifications, and I on my part had the guarantee of the Franklin Mining Company and the C. & H. Co. that they were supplying the most satisfactory copper for cartridge purposes and that it would be fully up to the government specifications, copies of which I sent them on two separate occasions. In reference to the payments being made in advance this was the usual custom of the government. I received no special favouritism, other contractors had always received advances provided the department had a guarantee that the metal they were supplying would be fully up to the specifications. In one case I understand that even before the bills of lading were delivered by the contractor that large payments had been made. Why, therefore, should the department not pay me in advance of testing when the copper was consigned to themselves alone and they further had the bills of lading and knew that it was 'Lake' copper which was known to be suitable for cartridge making?

By Mr. Crocket:

Q. Mr. Macoun, in reference to those goods that you sold to the Railway Department, do you say that you sold them as agent of the manufacturer?—A. I am agent to Bellhouse, Dillon & Company.

Q. Of the manufacturers?—A. Bellhouse, Dillon and Company are manufacturers in Scotland, I think.

Q. You mention a variety of goods that you sold to the department, such as brushes, water pails, fire clay?—A. Yes, I represent the Canada Paint Company. For instance Bellhouse, Dillon & Company, Limited, for the fireclay, the Canada Metal Company for the pipe and then there are some brushes, from the Skedden Brush Company, Hamilton.

Q. Now, the Miiltia Department or the Railway Department did not deal with you as agent of those companies, they dealt with you in your own personal capacity? A. I am agent of those companies and look after their business.

Q. These bills that you produce here show that those concerns, the Canada Paint Company, and others, bill you directly for the goods which the bills set out have been sold to you?—A. Yes.

Q. And you sell them to the government; the government does not know these houses in the transaction at all, they deal direct with you, isn't that correct?—A. No, not correct, it is to a certain extent. The Canada Paint Company invoiced the I. C. R. and the I. C. R. wrote them returning their invoices and saying that the order had been placed through me and that the goods should be invoiced through me. I merely acted as agent to the Canada Paint Company.

Q. You got these orders from the Department of the Government and forwarded them to the manufacturers?—A. To my principals.

Q. And they sold them direct to the department?—A. Certainly, I am merely their agent.

Q. You never buy things, you merely get orders, turn them over, collect the bills? —A. I am just manufacturers' agent.

Q. And you get your own profit?—A. Yes.

Q. You seem to be acting for a great variety of businesses, in that explanation that you gave this morning, and the file that you produced it would appear that you were getting orders upon the Canada Paint Company?—A. I have represented them for years.

Q. Anybody could buy those goods and turn them over to the government?—A. Oh no.

Q. This paint that was sold by you to the Intercolonial Railway was got from the Canada Paint Company, Montreal, was it not?—A. I just turned the order over to my principals, I represent them here, I am their agents.

Q. You bought the paint from them, turned it over to the government at an advance, billed the government in your own name, got the government's cheque and paid the Canada Paint Company?—A. I am their representative, I am not on salary, but on a commission basis, that is the usual way.

Q. That is not the case as far as it appears here, you did not deal with the government as agent of these companies at all, you dealt with them directly, the government addressed the order to you direct and you go out and buy the goods where you can make the best bargain?—A. It is not fair to say that, I did not buy them.

Q. Does not this bill show this, 'L. S. Macoun, Ottawa, in account with the Canada Paint Company'?—A. I think I have represented that firm for the last eight years.

Q. The bill is $127.10, you billed the government at your own prices?—A. No, I billed the government at the prices they quote me.

Q. Do you?—A. At prices that the Canada Paint Company quote me.

Q. Oh, no, that is not so?—A. Yes, that is true, they tell me, you are to quote so much.

Q. Then you do business for nothing, do you?—A. In some cases, yes, I do it at a loss.

Q. You are doing business with the government at a loss?—A. In some cases.

Q. What business?—A. Well, in connection with those pails I have shown a loss of 45 cents.

Q. How did that happen?—A. Because I sold at the price the Eddy Company quoted me, $1.70 I think it was.

Q. Did you get a requisition from the Railway Department for those pails?—A. Yes, I tendered for the contract and got it.

Q. You contracted for that particular work?—A. For their full requirements for one year, and they ordered as they required them.

Q. You tendered to supply all the water pails that would be required by the Intercolonial for one year?—A. Yes, that is the way, they have printed bids ready.

Q. And did you supply all the water pails for one year?—A. I fancy so, or if I did not it was a breach of contract.

Q. It is only a very small order?—A. I think that is all, I had the contract for supplying all the water pails, the payments in the Auditor General's Reports there will show.

Q. There must be some mistake about that if you were asked to tender for all the goods of a certain kind that the railway required for one year, that is not the practice of the department, is it?—A. Yes, this is in those printed forms.

Q. I think you are mistaken?—A. Oh, no, I am not.

Q. You inquired to see what you could get the pails at?—A. Yes, I just asked the Eddy Company for their price.

Q. And you quoted them at the price they gave you?—A. Yes, I did.

Q. And did the Eddy Company ship the goods direct to the railway?—A. Yes.

Q. And they billed you?—A. They billed me.

Q. As having sold the goods to you?—A. As having sold the goods.

Q. Then you billed the government or the Railway Department?—A. Yes.

Q. Do you wish the committee to understand or believe that you made no profit at all, that you were doing this for your health?—A. I did that for my health.

Q. For your health?—A. Yes, you have the papers in your hand there.

Q. Was your health very much in need of treatment at that time?

Mr. MACLEAN (Lunenburg).—Explain what you mean by 'health,' Mr. Crocket.

A. Those pails; there are the invoices; they cost me $1.70, anad I sold them to the government at $1.70. I lost whatever freight was to be deducted from that amount.

Q. Did you know you were going to lose on that?—A. I knew I was going to make nothing, but I did not expect to lose anything. The last order for buckets was for six dozen, and I think it was on the 6th of April, 1906, or the 7th, perhaps. It was just a question whether it was within the terms of the contract. The order arrived when the contract had expired, but I felt in honour bound to fill the order and lose the freight. I would have made 61 cents, I think, if it had not been for that, because there was 2 per cent profit for cash in ten days, and as the Intercolonial did not pay for nearly three months that could not be considered as a profit.

Q. So that it is hardly right to say that you went into it entirely for your health, you went into it to make 61 cents?—A. No.

Q. And you were disappointed?—A. No, I was not disappointed.

Q. You said you expected to make 61 cents, I thought?—A. No, I did not.

The CHAIRMAN.—He said he should have made 61 cents.

A. I said I should have made 61 cents.

By Mr. Crocket:

Q. Did you expect to make 61 cents?—A. Supposing I had paid the Eddy Company at three months I would not have made anything, but having a little money on hand at the time, $10 or $12, I made use of it; I received my own with usury.

Q. This statement is simply a summary that you have prepared yourself, there are no vouchers in support of it?—A. It is all in the Auditor General's Report, what more do you want? And here is my ledger itself (producing ledger).

Q. Now, there is a firm you seem to have bought machinery for the government from, B. & S. H. Thompson & Co.?—A. I have represented them ever since I was in business.

Q. Where do they do business?—A. At Montreal.

Q. At Montreal?—A. Yes.

Q. These bills are for copper tubing?—A. Copper tubing; I run to copper a little, you see.

Q. You run to copper, do you?—A. Yes.

Q. And this copper tubing was for the railway?—A. Yes, for the railway.

Q. And this was bought by you from the B. & S. H. Thompson Company Limited and turned over to the department in the same way?—A. Yes, I represent them and I asked for their quotation to submit to the Intercolonial Railway, they did that and then either credited me at the end of the year with my commission or else deducted it from my account.

Q. In all these cases, as you have told us the other day, you are on the patronage list of the department?—A. No, I did not, I said I think I am on the patronage list.

Q. Have you found out from examination? You believe that is a fact?—A. I believe that is a fact. I do not know.

Mr. Reid (Grenville):

Q. How do you get on the patronage list?—A. I believe that is in evidence.

By Mr. Crocket:

Q. You told us that you were on the patronage list of the department?—A. Yes.

Q. In all these cases, as I understand it, you get notice from the department when they want goods of any kind?—A. Yes, there are printed circulars sent out, I think they are advertised in the papers, I think I have seen the papers containing that.

Q. With them went an enumeration of certain goods and asking you to give your prices for their supply. Then you inquired of these different companies and got their quotations, and after getting their quotations——A. I turned the matter over to my principals, if that is what you mean.

Q. That is you say you turned the circular over?—A. Their part of it.

Q. The requisition that you got?—A. Sometimes these circulars request the prices of a whole lot of things I do not represent and the parts I do represent I send over.

Q. You make a quotation to the government after finding out what you can buy these goods for?—A. After ascertaining from my principals what they wish to quote.

Q. What they quote to you?—A. What they wish me to quote to the government. I am only their agent.

Q. Now, Mr. Macoun, neither the Auditor General's Report nor these vouchers, as you call them that you produced this morning, say that?—A. They are vouchers.

Q. They show that in all these cases you bought these goods from the manufacturers?—A. I bought from my own people.

Q. And sold to the government at your own prices?—A. No, I did not. These are the prices that are quoted by these people here. They are not my prices. If I had quoted I would have quoted a great deal more.

By Mr. Maclean (Lunenburg):

Q. What Mr. Crocket means is that these bills are made out direct to you?—A. Well, because they are dealing with me direct.

By Mr. Crocket:

Q. Certainly?—A. I would much sooner these people would invoice their own stuff but I invoice it for them.

Q. Can you explain to me how it is that neither the Militia Department nor the Railway Department buy from the Canada Paint Company directly, that they find it necessary to buy from you?—A. They do not find it necessary.

Q. How is it that they do not deal direct with the Canada Paint Company?—A. They do not find it necessary to buy direct from me. I am their representative at Ottawa. I have been long before I ever sold a cent to the government.

Q. There is no need of going over that?—A. You want to make insinuations.

Q. You have not acted as agent for all these companies in your dealings with the government?—A. I did.

Q. The record does not show that, you are labouring under a complete misconception?—A. Oh, no. I am the agent. I write them for prices and turn them over to the government with my name signed.

Q. Neither do you act as broker, you act as a plain middle man?—A. No, I do not, I act as the agent for these companies. I hope that Mr. Crocket does not think that I have been making an undue profit.

Q. Not if it is true that you have been losing on these things?—A. I do not say that I have been losing on anything.

By the Chairman:

Q. Your profits came from your principals?—A. My profits do not come out of the pockets of the government, they come entirely out of the pockets of the firms I represent in this city.

By Mr. Maclean (Lunenburg):

Q. Your principals will sell just as cheaply to the government via you, as they will direct to the government?—A. Oh, certainly. I just ask them what they want to quote that is all. They can quote direct if they want to but I am here on the spot and I suppose know where to send things to and all that. There is nothing to hide at all. I have got a statement here that I wanted to read.

Q. What is that?—A. I have a statement here of profits and things. I do not think my profits were outrageous.

Q. You have finished that statement, have you not?—A. No. This is another one that I have prepared. I do not want to be paraded around as a man who is getting rich quick.

Witness discharged.

APPENDIX No. 1

Mr. J. A. McCann called, and sworn, and examined.

By Mr. Maclean (Lunenburg):

Q. You are in the Militia Department?—A. I am.

Q. What is your position?—A. Well, I am a first-class clerk, assistant to the director of contracts.

Q. You are assistant to the director of contracts?—A. Yes.

Q. Then you would have knowledge of all contracts made and goods purchased and sold?—A. Nearly all.

Q. This inquiry has had to do largely with purchases from Mr. L. S. Macoun or principals of his?—A. Yes.

Q. You have been here during the last few days that this inquiry has been going on?—A. During the last few days.

Q. I want to call your attention to the purchases of copper. Do you know the various steps taken in this matter?—A. I do.

Q. In your opinion upon what ground was Mr. Macoun's tender accepted?—A. Because it was one of the two lowest tenders.

Q. One of the two lowest tenders?—A. Yes, regular tenders without conditions.

Q. There was a New York tender a little lower, was there not?—A. There was.

Q. Why was it declined?—A. Solely upon the ground that the tenderer would not guarantee the quality.

Q. Would not guarantee the quality?—A. Solely upon that ground and upon my recommendation.

Q. That statement that was made for the Minister of Militia——?—A. It was prepared by me.

Q. Prepared by you, was it? And all the printed memoranda throughout were your statements?—A. Yes, they were.

Q. This copper supplied by Mr. Macoun came from one mine with the exception of the first shipment?—A. It came from Lake Superior.

Q. Lake Superior?—A. Yes, the copper district of Lake Superior.

Q. The first shipment was other copper?—A. From the Franklin copper mine.

Q. Now, Mr. McCann, the gravamen of the charge in this connection is that this copper was paid for prior to inspection, and it was also said prior to delivery. Have you any statement to make in connection with that?—A. The papers show that instalments were paid on account of the copper, the payments in August possibly, before the copper reached Quebec, but not until after we took delivery in the shape of all the documents endorsed over the department. The copper for which Mr. Macoun received one cheque in July and the other one, a cheque for the balance, later on, was delivered at Quebec in June or previous to any payment having been made, of course.

By Mr. Daniel:

Q. How would you know when Mr. Macoun received a cheque?—A. Well, I think I recommended myself that a cheque should be issued to Mr. Macoun on account.

By Mr. Maclean (Lunenburg):

Q. Were you responsible then for these payments?—A. I was responsible for the recommendations of advances to Mr. Macoun, payments on account.

Q. These recommendations did not emanate primarily from the minister?—A. They did not, most certainly not. That is a very unusual thing.

Q. How long does it take to make an analysis of this copper?—A. We had, a couple of years before this copper was bought from Mr. Macount, a statement from the superintendent of the arsenal that it took four days.

Q. Who is he?—A. The superintendent of the arsenal?

Q. Yes?—A. Lieutenant-Colonel Gaudet.

Q. Had Colonel Gaudet ever before recommended payment prior to delivery in previous transactions?—A. Well, he had, as I will explain, yes. In 1904 the depart-

ment purchased some copper which, if my memory serves me, was consigned to the Bank of Montreal in Quebec for the contractor. The Bank of Montreal, who held the papers, would not deliver the copper until after they received an instalment on account and that instalment was paid.

Q. Can you give the reasons why you recommended this payment before actual delivery or before inspection, whichever it was?—A. Well, there are several reasons which, taken together, warranted me in making the recommendation. One was the terms of the tender, or of the specification which accompanied the invitation to tender, wherein it was stated that copper of brands known to the department were workable in the arsenal.

By Mr. Crocket:

Q. Will you turn up where it says that, I want you to be accurate about it?

Mr. MACLEAN (Lunenburg).—It is in the specification.

A. It is paragraph 4 of the specification wherein it is stated (reads):

No tender will be accepted without trial of the copper offered unless it is of a brand known to be suitable for the purpose required.'

By Mr. Maclean (Lunenburg):

Q. What knowledge did you have that this copper was of the character required?—A. Why the superintendent of the arsenal had intimated two years previously that certain brands were suitable for work in the arsenal there.

Q. I see?—A. He named over 10 or 12 brands.

Q. And these——?—A. And these were included among them.

Q. And you knew that the copper coming from Mr. Macoun was one of those brands? It was on account of this memorandum or statement of the superintendent of the arsenal that you concluded——?—A. We knew that the specification admitted of it. We knew that the superintendent of the arsenal had stated that copper of this brand was suitable for work in the arsenal. We further possessed, or had been given possession of, the bills of lading endorsed over to the department and had protected ourselves in every way we could see was essential.

Q. And at the time you recommended this payment had the price of copper fallen or risen?—A. When the payment made on the 18th August was recommended we knew that copper had advanced over 10 per cent. If you would permit me I can refer you to *The Hardware and Metal Journal* of the 18th August, 1906, where, on the 31st page, the Montreal quotations are given for Canadian metal markets. It is stated there (reads):

'Copper remains steady and is very firm. There are no great stocks on hand in Montreal, and jobbers are not showing much anxiety to sell at current prices ,as higher figures are looked for.'

As a matter of fact copper continued to rise in price until it reached about 24 cents. In another column it states (reads):

'COPPER.—The light stocks on hand here have made dealers not over anxious to sell. The market is very firm at the following prices: Ingot copper, 21 c. to 21½c. Sheet copper, base sizes, 25c.'

The contract price was 19 cents.

Q. As a matter of fact you were advised of the receipt of most of this copper at Quebec, were you not, before you recommended payment?—A. We had been advised of the receipt of the first lot.

Q. And of the second lot?—A. Of the second lot we had been advised of the shipment of it about a week previous, or more, and had the bills of lading.

Q. So the result of this is: under that clause of the specification, which forms a part of the contract, you considered you were justified in paying for that copper when you did?—A. We considered we were quite justified in paying for it notwithstanding what the superintendent of the arsenal had stated in one of his minutes,

which I heard read the other day, because two years prior to that the superintendent of the arsenal had recommended that advances be made.

Q. To whom?—A. To the contractor for that year.

Q. Who was he?—A. Mr. Coghlin, I think, Mr. J. B. Coghlin.

By Mr. Crocket:

Q. That was in the case of the Bank of Montreal?—A. Yes, that is the one. He also recommended—an advance on lead was also made to Mr. Coghlin and later on another advance was made. It has not been a very unusual thing to make these advances.

By Mr. Maclean (Lunenburg):

Q. Has the fact of the department buying through the agent of principals increased the price?—A. Well, I don't know of a single case where it has, sir, and we have had numerous cases; in fact I can recall one case which was recalled to my mind by some questions relating to the Canada Paint Company. As a matter of fact we iinvited this spring, quotations for paint from the Canada aPint Company, from their principal here and from a firm in the city.

Q. From their agent here you mean?—A. From their agent, from Mr. Macoun their representative. Their quotation was exactly the same as Mr. Macoun's and another firm actually quoted lower than the Canada Paint Company although they supplied paint made up by the Canada Paint Company. And besides that it is quite well understood that principals will not quote lower direct to the department than through their representatives.

Q. So there is, as a matter of fact, nothing in this cry against purchasing through the middleman is there?—A. So far as we know, so far as I know.

Q. That is true of commerce generally?—A. True of commerce generally. Why it is unheard of in my experience, it is unheard of altogether for a house to quote lower than its representative will. Why a representative would not stay for a day with a house that would quote lower to a customer than he is permitted to do; in fact it is the very reverse.

Q. In your experience the Militia Department cannot buy any more cheaply by dealing directly with the principals, than they can by dealing through their agents in Ottawa or elsewhere?—A. They are not expected to.

Q. Is there anything else you wish to say about this matter?—A. Nothing except that personally I know the whole transaction was absolutely, was perfectly defensible. There was nothing unusual about it at all.

By Mr. Crocket:

Q. Mr. McCann you say that Mr. Macoun's tender was accepted because it was one of the two lowest tenders?—A. Regular tenders.

Q. Regular tenders?—A. Yes, without conditions. I think I mentioned without conditions, tenders without conditions.

Q. You added afterwards, regular tenders without conditions. Now, as a matter of fact, there were three tenders?—A. There were three tenders.

Q. On was for $18.95?—A. It was.

Q. Per hundredweight. Mr. Macoun's was $19 and the tender of Mr. Coghlin of Montreal was $19?—A. The same figures exactly.

Q. Will you explain why it was that Mr. Macoun, whose price was the same as Mr. Coughlin's, was preferred to the latter gentleman?—A. Well I could not say that I am sure.

Q. You cannot give any explanation of that except the fact that the minister initialed Mr. Macoun's tender?—A. That is all we go by.

Q. That is the only explanation you have to offer?—A. And not only that but it is not an unusual thing for two tenderers to quote at the same price and one is accepted while the other is not. You have got to accept one. That is nothing unusual.

Q. In this case Mr. Macoun's tender was initialed by the minister?—A. It was.

Q. Although Mr. Coghlin's tender was the same in every particular?—A. Yes.

Q. And complied with the specification?—A. Just the same as Macoun's. They both tendered on exactly the same conditions.

Q. You say the Vogelstein tender was declined merely on the ground that the tenderer would not guarantee quality?—A. That is correct.

Q. You think that is quite correct?—A. I am absolutely certain it is because I made the recommendation myself.

Q. Well we will see. This is the schedule of tenders here (holding up file of documents) and there are three tenders for copper: L. S. Macoun. Thos. Robertson & Co. No, Robertson is for Muntz's metal?—A. Robertson's tender is for Muntz's metal.

Q. Well the other two tenders are B. J. Coghlin & Co., and L. Vogelstein, at the prices already quoted?—A. Yes.

Q. And Mr. Macoun's tender is initialed by the minister. There is a foot note on the schedule of tenders which refers to the Vogelstein tender?—A. Yes.

Q. (reads):

'The tenderer states he will not guarantee that copper will be in accordance with specification; it is absolutely essential it should be. Another condition—payment on arrival—could not be agreed to, as testing before acceptance is necessary.'

A. Well that is put right.

Q. Do you say you wrote that?—A. I wrote that.

Q. Will you tell us that it was right to have paid Mr. Macoun even before the copper had arrived at Quebec?—A. I certainly do.

Q. Although you wrote that statement as one of the reasons why the Vogelstein tender, which was lower than Macoun's, could not be entertained?—A. Pardon me I do not state it was one of the reasons why Mr. Vogelstein's——

Q. Is not that there?—A. Which?

Q. Exactly as I have read it?—A. It is but that is not the reason for the rejection of his tender.

Q. Why did you put there 'another condition—payment on arrival—could not be agreed to'?—A. We put these things before the minister for his full information. The reason it could not be agreed to was because he would not guarantee his copper. Now had——

By the Chairman:

Q. Go on?—A. To show you, had he guaranteed his copper, the department might have consented, under his guarantee, to pay him an instalment on arrival of the goods at Quebec, but they could not undertake to pay the whole thing without any guarantee.

By Mr. Crockett:

Q. You do not desire to alter the statement you wrote on the schedule of tenders at that time in connection with the tender of Vogelstein?—A. Certainly not.

Q. 'Another condition—payment on arrival—could not be agreed to, as testing before acceptance was necessary'?—A. Yes.

Q. That is what you understood under the specification at that time, that testing before acceptance was necessary?—A. Taken in connection——

Q. And that appears on a minute explaining the fact that the Vogelstein tender could not be entertained?—A. Taken in connection with his statement in his tender that he would not guarantee the quality.

Q. Yes, I understand that. At that time the department had a letter from the Vogelstein firm stating just to what extent they would guarantee, had they not, and a telegram?—A. Certainly.

Q. (reads):

'Referring yours twelfth addressed Orford Copper Company offer hundred eighty tons prime electrolytic ingot copper guaranteed ninety-nine decimal ninety copper

contents not guaranteeing impurities detailed your specification delivered as requested eighteen ninety-five f.o.b. Quebec cash arrival wire if accepted.

(Sgd.) L. VOGELSTEIN & CO.

A. The department buys this——

Q. On that telegram the words 'not guaranteeing impurities' and 'cash arrival' are underlined. These were the objectionable features. In addition to that you had a letter from them stating that it was impossible to guarantee beyond 99.90?—A. Impossible for them.

Q. And explaining also that it was impossible for anybody to guarantee to a point beyond that?—A. That was simply their statement. The department buys upon its own specification not upon anybody's else's.

Q. That is sufficient for that. Now you say you are responsible for these payments to Mr. Macoun?—A. I take full responsibility for the recommendation.

Q. And you recognize, do you not, that you are responsible to the minister?—A. Certainly.

Q. And I suppose you do not care to do things that you know the minister would disapprove of?—A. I would not think of doing such a thing.

By Mr. Hughes (Victoria):

Q. If it were your duty?—A. Naturally.

Q. What is that?—A. Naturally in the discharge of my duty in the department. That is understood I suppose.

By Mr. Crocket:

Q. I suppose you did not anticipate that you would be called down by the minister in this case?—A. Well I don't know whether the minister knew anything at all about that case at the time, about these payments.

Q. Now you say, Mr. McCann, do you, that it was solely on clause 4 in the specification that you made these payments?—A. Not at all, I did not say any such thing.

Q. Before delivery?—A. Not at all.

Q. Was that not the explanation and the justification you gave for the payments before delivery?—A. If the reporter's notes are referred to I think you will find that is not so. I said taking that and taking the intimation we had from Col. Gaudet that that brand of copper was workable in the arsenal, also taking into consideration the fact that we had received delivery of the papers in connection with the copper, and further that the price of copper had advanced and that we were withholding a certain sum. I took all these into consideration in recommending the advance to Mr. Macoun.

Q. Well there were four reasons that entered into it?—A. Four or five.

Q. One of which is clause 4 of the specification?—A. That is it.

Q. Another was the advance in the price of copper?—A. That is another.

Q. And what were the others you mentioned?—A. The intimation to the department by Lt.-Col.———

Q. By Lieutenant-Colonel Gaudet two years ago?—A. That these brands were workable.

Q. And what was the other?—A. The other was that we withheld part of the invoice price and another that the papers had all been delivered over to us, endorsed over.

Q. I am going to read from the specification (reads):

'(3) Specimens will be taken indiscriminately from the supply and chemically analyzed to ascertain if the metal conforms in quality to the above conditions.

'(4) No tender will be accepted without trial of the copper offered unless it is of a brand known to be suitable for the purpose required.'

That is what you relied upon?—A. Yes.

Q. (reads):

'The supply will be subject to the inspection and approval of an officer of the department.'

A. Yes.

Q. Clause 4 does not relate to the question of payment at all, Mr. McCann. It says 'No tender will be accepted without trial of the copper offered.'—A. Yes.

Q. 'Unless it is of a brand known to be suitable for the purpose required?' —A. Yes.

Q. That is that no tender would be accepted without trial?—A. Yes.

Q. Mr. Macoun's tender was accepted without trial?—A. The brand was known.

Q. That is to say that clause would justify the acceptance of his tender?—A. Yes.

Q. Do you tell this committee that, in view of the other provisions in the specifications, that would justify payment before arrival?—A. I think the whole five reasons I gave justify the payment taken together.

Q. Do you think that would at all justify, in connection with other reasons, payment before the arrival of the copper at Quebec or before testing?—A. Taken alone by itself it would not.

By Mr. Ross (Cape Breton):

Q. Payment in full?—A. Well the honourable gentleman said if taken alone. I said it would not taken alone, because that left out of account the getting the shipping bills endorsed over to us, the value of the copper and other conditions.

By Mr. Crocket:

Q. Did you prepare this specification?—A. I did not.

Q. Did you see the specification before the contract was let?—A. I did.

Q. Have you any doubt in saying, with reference to the clause, 'No tender will be accepted without a trial of the copper offered unless it is of a brand known to be suitable for the purpose required'—that this refers only to the acceptance of the tender?—A. Certainly.

Q. And Mr. Coghlin's tender offered a brand that was known?—A. Yes.

Q. And there was no trial of his copper and no trial of Mr. Macoun's before the acceptance of the tender?—A. What do you refer to in connection with Mr. Coghlin's name?

Q. Mr. Coghlin was one of the tenderers?—A. For this particular copper, yes.

Q. His tender could have been accepted?—A. Yes.

Q. Without a trial of the copper offered if it was of a brand known to be suitable? —A. Yes, that is quite right.

Q. And Mr. Macoun's could have been and was?—A. Yes, and was.

Q. Then you appreciate the distinction, do you not, between the acceptance of a tender and the provision for payment?—A. Well, these all have to be taken together. At least I have taken them all together.

The CHAIRMAN.—What constitutes the contract? That is the better way to put it.

By Mr. Crocket:

Q. What does it mean that it is subject to chemical analysis, that it must conform to the specifications and be subject to the inspection and approval of the officer of the department?—A. Yes.

Q. That clause 4 of the specification is one reason, no another reason you say was that this was known to be of a brand suitable?—A. Yes.

Q. And that it was so reported by the superintendant of the arsenal?—A. It has been so stated.

Q. You are familiar with the papers on the file?—A. Yes, I think so.

Q. Do you not know that the superintendent of the arsenal while that copper was at Quebec wrote to the department protesting against payment before inspection and

pointing out the risk that the department would run by making such payment?—A. Yes, I know that, but I know further that that recommendation was not consistent with previous recommendations of his. Further I might say that it was thought that the officials of the department, the deputy minister and those connected with that work, were just as qualified to judge of whether there was any risk or not as the superintendent of the arsenal, and that we were as careful to look after the public interest as he was; and the correspondence in connection with the invitation for tenders, and nearly all the correspondence in connection with the awarding of the contract and all that was looked after in the department, and we knew something about that just as well as the superintendent of the arsenal did. And we were as careful to look after the public interest. The accountant, the deputy minister and myself were concerned in that and not one of us would, for one moment, dream of making an advance that would be a risk to the department.

By Mr. Hughes (Victoria):

Q. Tell me what it is that the superintendent of the Dominion Arsenal did? I just caught you saying he did something.

Mr. CROCKET.—The superintendent of the Dominion Arsenal in connection with this shipment wrote to the department when it was suggested that payment should be hurried up, stating that payment should not be made before the test, as on account of the great amount involved in that, there would be great risk if payment were made before the test.

By Mr. Hughes (Victoria):

Q. The superintendent of the Dominion arsenal wrote that to whom?—A. To the secretary.

Q. What authority had the superintendent of the Dominion arsenal to write that letter?—A. I do not think he needed any further authority than his jurisdiction as superintendent of the arsenal.

Q. Has he been in the habit of securing copper himself, personally?—A. As far as I know he is the principal man——

Q. Had this officer ever been in the habit of ordering copper for the arsenal?—A. I could not answer that, but for two years' previous we had been ordering it from headquarters, and we have been subsequently.

By Mr. Reid (Grenville):

Q. Is the superintendent of the arsenal a practical workman?—A. He is the superintendent of the arsenal, he is a graduate of the Royal Military College and he went over to England two or three times to study up matters at Woolwich arsenal, gaining all the information he could.

Q. And he was a practical man?—A. Well, he doesn't do the testing to see whether the copper is right.

By Mr. Crocket:

Q. He is responsible for the administration of the arsenal?—A. Yes, that is it.

By Mr. Reid (Grenville):

Q. What I want to know is if Mr. McCann claims that this man has knowledge as a practical man and a judge of the quality of copper?—A. I would not like to say that; he depends upon the analysis, so far as the chemical qualities go, and upon the practical working up of the material in the factory.

By Mr. Crockett:

Q. So you do not care in this case to adopt the statement of the superintendent, Lieutenant-Colonel Gaudet; at least in this case you did not, although it was in the form of a letter strongly protesting against payment for the copper then lying there

at Quebec?—A. We considered it was entirely outside his province to make such a recommendation.

Q. You seek to justify this payment by the statement that this same superintendent made two years ago, a report that this copper was of a brand suitable for the purpose, is that the position you take?—A. Have you finished your question?

Q. Yes?—A. I have told more than once the stand I take, but I will repeat it here, that I did not take it upon the statement made two years ago, but we took it on our own knowledge of conditions here, and we know that this same superintendent of the arsenal two years previous had recommended payment before inspection, so that his last recommendation was not at all consistent with the other one.

Q. You chose to adopt the first made two years ago, and to turn down the recommendation he made in regard to this particular shipment?—A. I will answer that in my own words. You say we chose to do that, that we chose not to act upon this last recommendation.

By Mr. Hughes (Victoria):

Q. Yes, tell me when was this last recommendation made, before delivery at Quebec?—A. The first one was made two or three years ago.

Mr. CROCKET.—It was made when the copper was lying in Quebec waiting the test.

By Mr. Maclean (Lunenburg):

Q. That was the Franklin copper?—A. Yes, it had been delivered, it was certainly three weeks previous, the copper reached there about the 26th of June and the cheque was not issued until some time in July, on the 14th or the 18th of July, I think, and it would have taken only four days to analyse the copper.

Q. When was this letter written?—A. I do not remember the date, some time in July.

By Mr. Crocket:

Q. It was while the copper was lying there awaiting the test. And notwithstanding that protest when the other copper was shipped there, 154 tons odd afterwards, you paid for it while it was in transit, practically the whole amount?—A. After we had received the bills of lading endorsed over to us.

Q. That disposes of two reasons. Now another reason you say was that copper was advancing?—A. Yes.

Q. What had you to do with that? You had a contract with this man, Mr. Macoun, to put this copper in at $19 a ton. What had you to do with what the market price of copper was, to see how his contract was effected?—A. If the price of copper had fallen to $15 we would not have made an advance of that nature.

Q. If the price had fallen you would not have made the advance?—A. Not an advance to that extent, certainly not.

Q. You had a contract with Mr. Macoun to put that copper in at $19 per hundred weight?—A. Per hundred pounds.

Q. And when you signed that contract with him your interest in that was done, except to see that Mr. Macoun filled his contract, was it not?—A. Certainly.

Q. And yet you tell this committee that one element that entered into this matter of payment before delivery was that the price of copper had risen?—A. I did not say anything of the kind, at least I do not remember saying that. I say that was one of the reasons that we felt warranted in making an advance to Mr. Macoun because we would take no risks as far as copper was concerned; if he had the money we had the copper and it was worth more at the time than we were paying.

Q. Was Mr. Macoun required to make any deposit in connection with this contract?—A. No, nor were any of the tenderers asked to make a deposit.

Q. And the department held no security?—A. Well, it hadn't paid for the copper.

Q. Yes, but it did pay for the copper before it became the property of the department?—A. How do you mean, no security from the tenderer or contractor?

APPENDIX No. 1

Q. Did you have any security for the fulfillment of the contract?—A. No.

Q. You had no security at all?—A. No security, if he did not perform his contract he wouldn't have got any money.

Q. And he was paid before he performed his contract and while the copper was in transit?—A. Pardon me, after he had endorsed all the bills of lading for the whole of the copper to the department we had possession of the copper.

Q. That is all you had. Was not that handed by him to the department to show the department that the copper had been shipped?—A. Oh no.

Q. Did not his contract require delivery of that copper at Quebec?—A. He could have notified us——

Q. Did it not require delivery of the copper at Quebec?—A. Have you finished your question?

Q. Yes?—A. He could have notified us of the shipment of the copper without sending the bills of lading, he could simply have written us a letter.

Q. Did not the contract require delivery of the copper at Quebec?—A. It did.

Q. It did?—A. Yes.

Q. And in addition to the specifications that we have referred to, wasn't there a clause in the letter inviting the tenders, 'these metals will be tested as soon as possible after delivery'?—A. Yes.

Q. 'And if they are found to conform to the specifications and to be suitable for use, payment will be made at once after they are accepted'?—A. Yes.

Q. It also says, 'That there may be no misunderstanding regarding the quality it must be understood that as the copper and spelter are required for a special purpose they must conform to the specifications otherwise they will not be accepted as the department has no other work in which to use them'?—A. Yes.

Q. You are aware that is in the letter?—A. Certainly.

Q. And not withstanding that upon the mere production of the bills of lading you paid them for 60,000 lbs. of copper?—A. Pardon me, I did not.

By Mr. Reid (Grenville):

Q. You recommended it?—A. No, not on the mere production of the bills of lading, I gave four or five reasons all taken together.

By Mr. Crocket:

Q. But as far as the bills of lading were concerned that is all you did?—A. And the notice showing the brand of copper, and the copper having come into our possession, Mr. Macoun having endorsed over the bills of lading to the department so that no one else could have got that copper, it was our copper.

Q. Do you know that that copper ever had been chemically tested?—A. I cannot say.

Q. Has the department anything to show that that copper was analysed as provided by the specifications, up to this time?—A. Will you pardon me? If you will show me the invoice, the certificate of the superintendent of the Dominion arsenal, I think, is on each one to the effect atat the material has been found satisfactory.

Q. Yes, that is fair, it is on the invoices—endorsed with a rubber stamp.—A. Yes, but it is not signed with a rubber stamp.

Q. But it is a rubber stamp certificate?—A. Yes, and nearly every business house in the country uses rubber stamps for endorsations.

Q. They are varying, I believe, those forms of certificate in the different departments?—A. I am not concerned with them, they may be or they may not be, I do not know anything about it.

Q. Is that all you have showing the quality of that copper, that certificate?—A. The superintendent of the Dominion arsenal does not send to headquarters the reports of chemical analyses. We do not ask that, but we take it for granted, and it has never

even been suggested to the contrary, that when the superintendent of the Dominion arsenal endorses a certificate upon an invoice, he takes all the responsibility of saying that all the conditions have been complied with.

Q. And that is all you have up to the present time, that certificate that you have referred to?—A. I do not say it is all, it is all so far as I know of, that is in the department at Ottawa.

Q. I am speaking of the department at Ottawa, so far as you know?—A. Yes.

Q. There are no assayers certificates that you know of?—A. As a matter of fact the copper has been used up long ago and that is sufficient proof.

Q. I am not asking you about that, if you will just answer my questions I will be much obliged to you.—A. Go ahead.

Q. I am asking you if there are any assayers' certificates, that you know of, showing the quality of this copper and the presence of these impurities?—A. I have not seen any, they are not sent to the department headquarters, I have no doubt they are in the arsenal.

Q. These tenders were very close, in fact you have said that two of them were equal and another was $18.95; they were called for to be in on or before the 24th of April, but I see there are no envelopes showing just when these tenders were received? A. Well, is the schedule dated?

Q. Yes, the schedule is dated but there are no envelopes here showing when they were received?—A. Are there not?

Q. Does the Militia Department keep the envelopes in which original tenders are received?—A. Well, sometimes, it depends upon the clerk who files them; if he thinks his files are very bulky he may put them away, sometimes we do and sometimes we do not keep them.

Q. If the envelopes in this case had been kept they would be on that file, would they not?—A. They would be.

Q. You know they are not on the file?—A. I assume they are not.

Q. And there is nothing to show, except that abstract of tenders, when Mr. Macoun's tender was received?—A. Under oath I state that the tender was received before I made out that schedule.

Q. I do not want you to make any speeches, but to answer my questions?—A. That is my answer.

Q. I am asking you if you can produce the envelope in which Mr. Macoun's tender was received so that we can see whether it came in after the other tenders or before by original evidence?—A. Will you allow me then to give my answer?

Q. Yes?—A. One tender might have come in five days before the other, or four days, or three days, but the tenders are not opened until after the last moment for receiving them.

Q. They are not supposed to be opened?—A. I do not say 'they are not supposed to be opened,' I say 'they are not opened.'

Q. They are not supposed to be opened?—A. I say 'they are not opened.'

Q. But you say in some case you keep the envelope?—A. Well, there are cases where they are, but there is no regular rule of procedure about it.

Q. I notice in other departments, in any matter that I have had come under my notice with regard to tenders, the envelopes are always preserved?—A. Possibly.

Q. I have seen in the Railway Department only the other day where the envelopes were preserved?—A. I have no doubt there are some cases in our department where the envelope may have been preserved by the clerk dealing with it. The fact that one single case is reported from the Railway Department where it was done does not make it a general rule.

Q. I have also seen envelopes in the Interior Department when the files of the original papers were asked for. It is usual to show the envelopes, I think, in that case.

But in this case they are not there?—A. No, they are not there, but the dates of the letters and the date of the schedule are there.

Q. Now you say the department this year asked for tenders both from the Canada Paint Company and through the Canada Paint Company's agent in Ottawa, Mr. Macoun??—A. Yes.

Q. Did you ask for a tender from Mr. Macoun as agent of the Canada Paint Company?—A. I do not know, I cannot remember, but when we asked it, we knew that he was acting as agent of the Canada Paint Company, and it was as agent of the Canada Paint Company that we asked for a tender. I do not know whether the letter was addressed to him as agent of the Canada Paint Company or not, I do not think it was.

Q. Don't you know that the department deals with Mr. Macoun in his personal capacity without reference to the agency of any company?—A. I do not know that, but there may be some cases.

Mr. MACOUN.—I notified the department I was the agent of the company.

Q. In the case of this machinery that was bought from the Potter Johnston Company, you had a statement from Mr. Macoun that he had been appointed agent of the company?—A. We had.

Q. Now, the department has been communicating directly with the firm?—A. Yes

Q. And after Mr. Macoun notified the department that he had been appointed agent the contract was closed with him, and then in that case you made the contract, did you not, with Mr. Macoun?—A. We made the contract, it is there and speaks for itself. We notified him that we accepted.

Q. Is it not a fact that he handled the contract in his own name?—A. We notified Mr. Macoun that the prices quoted by the Potter Johnston Company had been accepted.

Q. If Mr. Macoun were acting as agent for the company are you not aware that the contract would be with his principals?—A. I am not aware of it.

Q. What is your position, have you anything to do with contracts in the Militia Department?—A. A little.

Q. Do you not know that when a contract is made through an agent of a known principal, that the contract is with the principal, and that the principal must, in that case, be sued, or sue for recovery of the price?—A. Well, I do not quite understand you.

Q. Do you not know, as a matter of fact, that when a man acts as agent? —A. Yes.

Q. If you make a contract with Mr. Macoun as agent say, of the Canada Paint Company?—A. Yes.

Q. That the contract in that case would not be with Mr. Macoun, but with the Canada Paint Company?—A. I fail to see the drift of your question?

Q. And that the bills would be with the Canada Paint Company?—A. We did not get paint from either Mr. Macoun or the Canada Paint Company?

Q. I am merely putting you that case as an example, I understood you to take the position that the department is dealing with Mr. Macoun not in his personal capacity, but as agent of the different companies?—A. Well, I hardly know how to answer that the way you are putting it.

Mr. MACLEAN (Lunenburg).—Why ask this witness about that, this is a legal question.

A. We know that Mr. Macoun represents certain companies, and we communicate with him, we do not address him as 'Mr. Macoun, agent for such and such a company.'

Q. You ask Mr. Macoun to tender for his prices on those goods?—A. Yes.

Q. And if he gets the contract you look to him to carry it out?—A. We expect that he will quote prices for his principals, we expect that in every case, we ask him to quote prices for supplies of which we know he is agent.

Q. You expect him to quote prices for his principals, but this requisition in regard to copper had no reference to principals, had it?—A. No, none whatever.

Q. And the machinery matter has been gone over, we have found out how that

contract came about with Mr. Macoun, that Mr. Macoun had been appointed agent of the company, and although the department has been in communication direct with the company at those quotations?—A. Yes.

Q. And no contract was made until Mr. Macoun notified the department that he had been appointed agent?—A. Well, it was let ultimately, but the contract might not have been let until three months later, but it was just when the department was prepared to give the order that the contract was made and the department got the machinery at the prices that the Potter Johnston Company quoted.

Q. Yes, in connection with the Potter Johnston purchase did you have any quotation from any other firm than the Potter Johnston?—A. Not that I am aware of.

Q. And they got the contract at the first price they quoted, didn't they, without ever being asked if that was the lowest, or without any other firms being communicated with?—A. Oh, no, that is not so.

Q. Well, the file shows that.—A. Several firms had been communicated with, so far as my knowledge of it goes, but suitable machinery for the arsenal, of the kind that was required, may not have been made by any other firm, as far as I know; they are specialists in that line.

Q. You cannot find on the file any quotation from any other firm, or any communication from any other firm?—A. We cannot oblige firms to quote.

Q. You cannot oblige firms to quote?—A. No.

Q. And were they asked to quote?—A. I have no doubt some others were asked to quote, verbally, I do not know about that. I have no doubt that others were asked to quote.

Q. You cannot show me a letter?—A. No, I am not sure.

Q. And the file does not show it. Is it not a fact that this company proposed to the department the purchase of this machinery, that it would be suitable for the arsenal?—A. No, I have no knowledge——

Q. The matter was initiated by them?—A. The superintendent of the arsenal doubtless thought that the Potter Johnston people were the only ones who could produce the machinery required to meet his needs, he would not need to go to competitors, and even if he did they were the ones who produced the machinery, and they quoted their price in the regular way and their price was accepted, and the country lost nothing.

Q. But you read Colonel Gaudet't letter when he returned from Pawtucket?—A. I do not know whether it is there, I may have read it.

Q. My recollection is that Colonel Gaudet stated then for the first time, after being down there, that this machinery was the best that could be got, he was satisfied this was the best that could be got for the purpose?—A. Yes, there is no doubt about that.

Q. But the fact is that their quotation of the 22nd of February was accepted, and that is the first quotation that they made without the department having any other quotation?—A. Yes.

Q. And that was not accepted until after Mr. Macoun notified the department in the month of April that he had been appointed agent of this firm?—A. Yes, their agent here was notified that the price quoted by them in February was accepted.

By Mr. Reid (Grenville):

Q. You stated that you recommended these contracts to the minister?—A. I beg pardon.

Q. You make recommendations to the minister for these contracts, do you not?—A. In what way?

Q. Do you make recommendations to the minister on tenders that have been received?—A. No, they usually go direct to the deputy minister and he recommends, where there is only one, but where there is more than one tender it is not necessary to make a recommendation because the lowest one gets it.

Q. What I am getting at is are you the one who recommends the acceptance of

tenders to the minister?—A. I recommended the acceptance of this one because I was dealing with it.

Q. Is this the only one you have recommended?—A. No.

Q. But you are the man who recommended this one?—A. I am.

By Mr. Maclean (Lunenburg):

Q. You did not recommend acceptance of Mr. Macoun's tender, did you?—A. I recommended that the tender of Mr. Vogelstein should not be accepted, if that is what you are getting at.

By Mr. Reid (Grenville):

Q. Did you recommend that this tender of Mr. Macoun's be accepted?—A. No, I did not, that went without saying, the lowest one of the two tenders had to be accepted.

Q. How many tenders were received?—A. Three.

Q. Who were the tenderers?—A. Messrs. Coghlin & Company, Mr. Macoun, and Mr. Vogelstein, New York.

Q. Now there was only one you say that you knew was workable?—A. No, I did not say that..

The CHAIRMAN.—He said that one should be rejected because it did not comply with the specifications?

A. I recommended that the Vogelstein tender should not be accepted because he would not guarantee the quality of the copper. The other two we knew were workable and the schedule was placed before the minister, who accepted Mr. Macoun's tender.

Q. Who prepared the specifications?—A. The specifications used we got from the War Office, and it is the specification they used for similar purposes. Lately the arsenal has received a copy of the specifications for similar metals used by the War Office for the manufacture of cartridges.

Q. And does the superintendent send them to you?—A. I am not certain whether these particular specifications came first to the department and were then sent down to the superintendent to be looked over by him and any changes made, if any were necessary, or whether they went direct to the arsenal first and then were sent up to Ottawa from the arsenal.

Q. Did you have to speak to the minister about making an advance of this amount?—A. No.

Q. Who assumed that responsibility?—A. The deputy minister.

Q. How did he know that the copper was on the cars?—A. Well, we had all the weights, every car was checked and a receipt given by the railway people for it.

Q. But in making out the bills of lading for a carload of stuff they often, at least they could just as well add on a few thousand pounds, and if the railway company do not object to that there is no guarantee that that quantity shown by the bill of lading is in the car?—A. We had the weights attached to the bills.

Q. Still there was no guarantee really that there was that quantity of copper in the car?—A. I do not know, but as in any business——

Q. How is this copper packed?—A. In barrels.

Q. Does not the railway company when shipping, cause them to add the weight of the barrels to the bills of lading?—A. Those weights were exclusive of the weights of the barrels.

Q. That is the weights on the invoice?—A. Yes, you see the barrels were charged for.

By Mr. Crocket:

Q. Mr. Macoun was paid for the barrels?—A. Yes.

By Mr. Reid (Grenville):

Q. How were they paid for, on what weights?—A. We paid on the weights shown on the invoices, certified to by the superintendent of the arsenal.

Q. And the weight on the railway shipping bill and on the bill of lading was different?—A. The railway shipping bill included the weights of the copper and the barrel.

Q. And the weights on the bills of lading showed that much less, according to the weight of the barrels?—A. The bills of lading showed that much less.

By Mr. Hughes (Victoria):

Q. Where was the copper at the time it was paid for, was it in Col Gaudet's possession?—A. The first lot was in Col. Gaudet's possession.

Q. Were there two lots?—A. There was another lot shipped in August. The first lot was received at Quebec in June. The second lot was received there some time in August. It was on board.

By Mr. Reid (Grenville):

Q. Paid for in July in transit?—A. No, the first lot was paid for after it had been received at Quebec, some three weeks after it had been received, only a part, $14,000.

Q. And the second lot?—A. The second lot was paid for, I think, about a week after it had been shipped and the bills of lading had been endorsed over to us.

Q. But before it had arrived at Quebec?—A. I am not sure of that.

Q. At all events, it had not been accepted from the railway companies at the time it had been paid for?—A. It may or may not have been.

Q. There should be a certificate here to show whether it had or had not?—A. We had the bills of lading endorsed over to show the copper was received.

By Mr. Hughes (Victoria):

Q. Was Col. Gaudet's letter written after the copper arrived there and after he had an opportunity of examining it, if he did examine it?

Mr. MACLEAN (Lunenburg).—We have gone into that.

A. Yes, Col. Gaudet replying to the acting deputy minister's letter—Col. Gaudet wrote on the 16th July, three weeks after the copper had reached Quebec he wrote his letter recommending that no advance should be made.

Q. He had no opportunity of analysing this copper before that date?—A. He had three weeks in which to do it.

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RESPECTING

PAYMENTS AGGREGATING $235,272.61

TRANSCONTINENTAL RAILWAY, DISTRICT 'F' TERMINAL AND RIGHT OF WAY

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

ROOM 32, HOUSE OF COMMONS,
THURSDAY, April 23, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding.

The Committee proceeded to the consideration of payments aggregating $235,-271.61, Transcontinental Railway, District 'F,' terminals and right of way, as set out at page W—338 of the Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. JOHN HENRY KERN, Winnipeg, called, sworn and examined.

By Mr. Barker:

Q. Where do you live, Mr. Kern?—A. At Moosejaw, Sask.

Q. What is your occupation?—A. I have a hotel there and other interests.

Q. You are a hotel-keeper, that is your main occupation; you may do other things?—A. Yes.

Q. Tell me how far, exactly, is Moosejaw from Winnipeg?—A. 400 miles.

Q. 400 miles?—A. Yes.

Q. In 1906 did you sell some land to the Transcontinental Railway Commissioners near Winnipeg?—A. I did.

Q. I suppose if I mention the lots it will facilitate matters—the south-west quarter of 4, township 11, range 4 east?—A. No. The south-east quarter of 4 and the south half of 5 in the same range and same township.

Q. Are you quite sure about that?—A. Yes.

Q. Well, perhaps you are right, south-east quarter and the south half of 5?—A. The south half of 5.

Q. In the same range?—A. The same range and the same township.

Q. How long had you owned that south-east quarter of 4?—A. From about the end of September, 1905, until the time I sold.

Q. From the end of September, 1905, until the end of November, 1906?—A. Until the time I sold, I think the option was given in November, 1906.

Q. On the 27th of November, yes. From whom did you buy?—A. I bought the south-east quarter of 4 from a man named McIntosh, Finley McIntosh.

Q. How was it you didn't register your deed?—A. I bought it under agreement for sale.

Q. You had an agreement?—A. Yes.

Q. Did you ever get the deed from him?—A. I did.

Q. When did you get your deed?—A. I could not say exactly; it was some time—

Q. About, I do not want to know the exact date?—A. Some time in the fall of 1906.

Q. Some time in the fall of 1906. Was that before or after you made the bargain with the Commissioners?—A. I think it was before; I am not sure; I think it was before.

Q. Have you a copy of the deed?—A. No, I have not.

Q. Where is the agreement?—A. The agreement? I haven't got that either.

Q. What has become of it?

Mr. PARDEE.—He handed it over with the title, I suppose.

WITNESS.—I think so; I left it with my lawyer.

By Mr. Barker:

Q. You left it with your lawyer?—A. Yes.

Q. You were asked to produce all the papers, you know. It will be sufficient, perhaps, to give the general terms. Was it a bill of sale or an option?—A. A bill of sale.

Q. Of the 160 acres?—A. Of the 160 acres.

Q. On what terms?—A. There was one-half to be cash, I am not sure as to the proportion exactly, and the balance within a year.

Q. Part cash and part within a year?—A. Yes.

Q. What was the total sum?—A. The total sum was $20,000.

Q. Are you quite sure about that?—A. Yes, sir, $20,000.

Q. Did you pay $10,000 down?—A. I think I did.

Q. You think you did?—A. I am not sure.

Q. Don't you recollect when you buy $20,000 worth of land whether you pay one-half down or not?—A. I think it was one-half down.

Q. You paid one-half cash down, quite sure about that?—A. I am quite sure, yes.

Q. You are quite sure the price was $20,000?—A. It was at the rate of $125 per acre, which will amount to $20,000, will it not, 160 acres?

Q. Were you alone in making that purchase?—A. Yes.

Q. There was nobody but yourself interested?—A. No.

Q. Neither directly nor indirectly?—A. No.

Q. You put up your own money?—A. Yes.

Mr. MACLEAN (Lunenburg).—This man has money to buy a dozen places like that.

Mr. BARKER.—I daresay, they are all wealthy up there.

By Mr. Barker:

Q. Mr. McIntosh, I suppose, did not retain any interest in the land; it was an outright purchase?—A. No, he did not retain any interest.

Q. Where is McIntosh now?—A. I believe he is in the neighbourhood.

Q. He is still out there?—A. I think so.

Q. At that time you lived at Moosejaw as you do now?—A. Well, at that time, that particular time, I was as much or almost more in Winnipeg than at Moosejaw.

Q. Your home was at Moosejaw?—A. My family lived in Moosejaw, but I also had property, hotel property, in Winnipeg, which I was running there at the time also.

Q. You were running both hotels, were you?—A. Yes.

Q. Well, at the time you made the proposal to the government that has been produced you had not completed your purchase from McIntosh, had you?—A. I think I had.

Q. You think you had? You think you had paid the whole money before the 27th November?—A. Yes, I think I did: I am not sure as to the dates when I did pay it?

Q. But before the 27th of November?—A. But the time was up, and I think I made the payments.

Q. Before you made that offer to the government on the 27th of November, 1906?—A. Excepting that there was a mortgage on the place which took some time to clear up, but I tendered the money before then.

Q. There was a mortgage on the place?—A. There was one held by some company down here.

Q. How was it Mr. Kern, that after paying $10,000 on that property in 1905, and the balance of the purchase money, with the exception of the mortgage, in the next year you registered neither the agreement nor the deed?—A. The mortgage was not cleared off, the papers did not get through, it took a long time to put the papers through clearing up the mortgage.

Q. Up to January, 1908, your name does not appear in that, does it?—A. No.

Q. Why was that?—A. It took a long time to clear off the mortgage.

Q. You could have registered your agreement; in other cases you register your agreement; why didn't you register the agreement you had?—A. I left it with my lawyer.

Q. And your lawyer actually did not see the propriety of your securing a registration of the agreement when you had already paid $10,000 on account of the land?—A. It seems not; I left it all to him.

Q. Who was your lawyer?—A. W. F. Hull, of Robinson & Hull.

Q. How did the Railway Commissioners know, in the absence of any registration, that you owned that quarter lot?—A. I do not know, I am sure.

Q. Did you go to them, or did somebody come to you?—A. No, they approached me the first thing.

Q. Who approached you on behalf of the Commissioners?—A. The first communication I had from the Commissioners was through Mr. Morton, the agent.

Q. Was that verbal or written?—A. Not verbal, written.

Q. It was written, a letter?—A. Yes.

Q. How did he ascertain you owned that lot; you were not in possession of it, were you?—A. Not in possession? No, it was this man Finley McIntosh was living on the adjoining property taking care of it for me, as it were.

Q. Taking care of this quarter too?—A. As well.

Q .He may have told them, then?—A. Likely.

Q. What did Mr. Morton ask you? I don't want the particular words, did he ask you if it was for sale, or what?—A. No, he asked the price for a right of way across the property.

Q. That was for a right of way?—A. Yes.

Q. Do you recollect when that was?—A. I think it was possibly in August, 1906.

Q. That was the first?—A. Yes.

Q. And that brought you together?—A. Well, we had some correspondence about it.

Q. I suppose that all fell through, we hear no more about it; but you sold the whole quarter section?—A. Eventually.

Q. Come to the purchase of the quarter section, when did that occur?

Mr. MACLEAN (Lunenburg).—What section is that you were at now, Mr. Barker?

Mr. BARKER.—The south-east quarter of 4.

WITNESS.—What was your question?

By Mr. Barker:

Q. I asked you how you began the discussion about the purchase of the whole quarter section, instead of a mere right of way; how did that open?—A. I answered Mr. Morton's letter in the first place, his application for a right of way, which he asked me to sign; I returned it unsigned, saying that not knowing how much nor where they wanted the right of way, I could not put a price on it. I wrote that from Moosejaw, and then the next letter was offering me, I think, $300 for eight acres for the right of way.

Q. I do not want to go into the right of way which dropped?—A. This was leading up to it.

Q. All right, give us the information the shortest way you can.

By Mr. Maclean (Lunenburg):

Q. They offered you $300 per acre for the right of way?—A. Which I refused to accept, and he found out I was in Winnipeg and he came to see me and asked me to come up to the office; this was about the 26th of November, 1906, and on going up to the office I met Mr. Morton, Mr. Young and, I think, a lawyer, Mr. Johnson.

Q. Mr. Young is one of the Commissioners?—A. Yes, a Commissioner, and they then approached me for the purchase of the other half, or the whole section——

Q. Keep to this quarter section for the present. He approaced you to buy this quarter section?—A. Yes, he asked me the price.

Q. That all resulted, did it not, in a written proposition?—A. After another meeting; it did not result in anything at the time. I said, 'I will think it over and see my lawyer;' but it did not result in anything at the time. At a subsequent meeting I gave an option for the purchase of that quarter.

Q. Now, then, up to the time of that option being given by you, you had bought this quarter section from Finley McIntosh?—A. Yes.

Q. For $20,000, part of which had been paid and part of which either had just been paid or about that time was paid, and you owned that quarter section yourself at that time; nobody else had any interest in it?—A. No.

Q. Nobody else but yourself?—A. Nobody but myself.

Q. Do you know whom McIntosh bought from, was it the C.P.R.?—A. No, I think he took it as a homestead long before.

By Mr. Barker:

Q. He held it for a long time?—A. For a long time. The fact of the matter is, I did not buy from McIntosh direct. I bought from Mr. Hueback, of Hueback & Co., who was acting for McIntosh.

Q. Who do you suppose has that agreement between you and McIntosh?—A. Well, I think the lawyer would have it.

Q. Would you have any objection to sending it down to the clerk of the committee, that agreement, it will be returned to you?—A. None whatever.

Mr. BARKER.—I suppose, Mr. Chairman, we can ask him to do that; the clerk can make a copy of it and return it to him.

The CHAIRMAN.—Certainly.

By Mr. Barker:

Q. Now, as to the south half of lot 5, who owned that before you became interested in it?—A. The Arctic Ice Company.

Q. They owned how much of lot 5?—A. They owned three quarter sections, the south half and the north-east quarter.

Q. Did you buy the three quarters from that company?—A. I did.

Q. What did you pay for that?—A. $125 per acre.

Q. $125 per acre?—A. Yes.

Q. That amounted to how much, that amount for 160 acres would it be?—A. Yes.

Q. That would amount to $20,000 for each quarter?—A. Yes.

Q. When did you buy that?—A. I did not buy it until just before that other deal with Finley McIntosh.

Q. That was before 1905, or in 1905, I should say?—A. In 1905, in the early part of September.

Q. September, 1905. Did you get a deed or an agreement?—A. An agreement.

Q. You did the same with that agreement, I suppose?—A. Yes.

Q. Who were the Arctic Ice Company?—A. Mr. Hueback was one of the officials, he was the man that I purchased from; he acted for the Arctic Ice Company. There was another man by the name of Charles McIntosh—no, not McIntosh; I do not know what his other name was.

Q. How was that $60,000 to be paid?—A. There was some thousands to be paid down at the time of the agreement, and enough to make one-third, I think, within the month; it is not the exact figures, of course, but that is about it.

Q. You were to pay a sum down?—A. At the time of the purchase.

Q. And within a month, or about a month, you had to make a payment up to one-third of the whole purchase money?—A. Yes, I think it was one-third I paid then and then the balance was distributed over a year.

Q. When was the final payment made?—A. I think within a year.

Q. Within a year?—A. Yes.

Q. When did you pay that, within a year?—A. Yes, I think I paid them within a year at the time it became due.

Q. That would make it out that you had paid up the whole $60,000 before you made your proposition to the government?—A. Yes, about the same way as with the McIntosh property.

Q. About the same time as the McIntosh lot?—A. Yes.

Q. Did you get a deed from the Arctic Ice Company then?—A. I did.

Q. Before you made the proposition to the government?—A. I cannot tell you whether it was before or after, but I got the deed.

Q. Did you get the deed from the ice company just as soon as you paid them?—A. No, I did not. There was also a mortgage against that property which was held by people down in Ontario some place.

Q. By a loan company?—A. Yes.

Q. Then you paid everything up but the mortgage?—A. I paid the whole cheque; I left it to the lawyer to be paid for when the papers were clear.

Q. Then your belief is that you had paid the whole of it before the 27th of November, 1906?—A. I tendered it.

Q. Paid everything except what there was against it?—A. I left it with my lawyer.

By Mr. Pardee:

Q. He was to be satisfied with the title?—A. Yes.

By Mr. Barker:

Q. Was that purchased by you on your own behalf?—A. Yes.

Q. There was nobody else interested in that with you?—A. No.

Q. Your family were living in Moosejaw and you were living in Winnipeg at that time?—A. A great deal of my time I was there then, I was running——

Q. You were running the two establishments at the time?—A. Yes.

Q. Did you on either that quarter section of 4, or on the half section of 5, expend any money at all, at any time, in improving it?—A. No, nothing but the taxes.

Q. It remained up to the time the government got it just as you bought it?—A. Yes.

Q. Do you still own the north-east quarter of 5?—A. I do.

Q. Alone?—A. No, I have sold an interest to Mr. Christie.

Q. To Mr. who?—A. To Mr. W. J. Christie.

Q. You sold W. J. Christie an interest in the northeast quarter of 5?—A. Yes.

Q. Was that since the government sale?—A. Yes.

Q. Up to the time you sold to Mr. Christie, did you own absolutely the whole interest?—A. Yes.

Q. Nobody having any interest with you?—A. No.

By Mr. Maclean (Lunenburg))

Q. How much did you sell Mr. Christie?—A. I sold him an interest in 800 acres.

Q. Did you charge him pretty well for it?—A. I did.

Q. How much?—A. I charged him at the rate of $450 an acre.

By Mr. Barker:

Q. That was after the acquisition of your land by the government?—A. Yes.

Q. That put up, I suppose, the value of your remaining quarter section?—A. Yes, it put up the value of all land up there.

Q. In your proposition, which is here—I want that proposition to be put in as an appendix to the evidence, that is the proposition put in by Mr. Kern to the government, dated the 27th November, 1906.

The CHAIRMAN.—Certainly.

By Mr. Barker:

Q. I see in that proposition you ask for these three quarter sections, the southeast quarter of 4 and southerly quarter of 5, which had cost you roughly about $20,000 a piece, you ask them $138,000 for it?—A. Yes, I asked more than that, but that is what I got.

Q. It is all set forth in the documents?—A. Yes.

Q. Now, we have that under your proposition it was to be $138,000, subject to certain conditions?—A. Yes.

Q. One condition of which was to compel them to put up their shops on either that part of part 5, or part of 4 ?—A. Yes.

Q. And within 500 feet of your remaining quarter?—A. Yes, about that.

Q. Within 500 feet of the northerly limit of what you sold, which would be within 500 feet of your remaining quarter; that is right, isn't it?—A. If I sold at that price, I wanted to see the shops, if they were going to be built, put as near to the centre of my remaining property as possible.

Q. I quite understand; it is good business for yourself?—A. Yes.

Q. It was to be put not more than 500 feet from your remaining proprty, and should be e itheron the southwest quarter of 4 or the southeast quarter of 5?—A. Yes.

Q. That is about as close up to you as they could get it?—A. Yes, that is it.

Q. You made the condition as to price that if they did not put the shops there, or do you recollect, what the condition was?—A. No, if they did not put the shops there, or if they took all my land, all the section or the section and a half, I wanted more money for it than if they only took a half of it.

Q. Was not the condition that failing the shops, you were to get $350 per acre? —A. No, not failing the shops.

Q. Eh?—A. I was to get $325 per acre if they took all my land.

Q. Well, didn't you say this—I do not want, of course, the agreement speaks for itself, but I want to recall to your memory, didn't you say in your contract that the inducement to put it at $287.50 was the building of the shops?—A. Yes.

Q. Instead of $350; there is not much to fight about, but I only want to get the substance. You wanted $350, or rather $325 if they took the whole of your land?—A. Yes.

Q. And if they left you one quarter section they must build the shops and give you $287.50?—A. I agreed on that price provided they built the shops in a certain locality ; they were putting up their shops and I wanted them, if they built them, I would like the mto build them as near to the centre of my remaining property as possible.

Q. You said $20,000 was the purchase price from McIntosh. The figures appear to be $19,200, do you recollect that? That is the way it appeared in the figures here. However, there is no practical difference between those figures and the $20,000?—A. No.

Q. And $40,000 for the two quarters of 5 made a total cost to you of $59,200?—A. Yes.

Q. And for that you asked the government $138,000?—A. Yes.

Q. With a possibility of $18,000 more on certain conditions?—A. Yes.

Q. What information had you, at that time, Mr. Kern, to induce you to invest $59,200 in these lots 5½ miles from Winnipeg?—A. The information—what led me to do it was that in the spring of 1905, I think it was, when the contracts between the Transcontinental Railway, or the government, and the Grand Trunk Pacific Railway Company was published in the western papers, it was reported that the government would build as far as Winnipeg, and the Grand Trunk Pacific Company would build from Winnipeg on west——

Q. I am speaking now of 1906, you know?—A. I am speaking of 1905, that is the time I bought, and that is what induced me to buy.

Q. You bought simply because you knew the railway was going on, is that it?

Mr. CARVELL.—I think the witness should be allowed to explain; he should not be interfered with when he is answering.

Mr. BARKER.—I am putting it shortly, I want to get at the pith of it.

By Mr. Barker :

Q. Was that your reason for buying, that you knew the railway was a fixture ?—A. No. The papers also stated that the government and Grand Trunk Pacific, and also likely the Canadian Northern would build a union depot at the old Canadian Northern station site, and that the shops, terminal facilities, yards, would be east of the river, on the government end of the road. So I sized it up that if they had to go east of the river any of that land east of the river could not help but rise in value.

By Mr. Maclean (Lunenburg) :

Q. Whether it was taken for terminals and yards or not ?—A. Whether it was taken for terminal facilities or not.

By Mr. Barker :

Q. Supposing it was taken for the right of way would it justify you for the expenditure, in your judgment?—A. No. What induced me to buy that particular property was that it was, in the first place, good land, good value, which even if nothing happened, if nothing ever happened there, it was producing a good interest on the money invested.

Q. You thought it was a good investment at $59,000 ?—A. It was very much the cheapest land, by 50 per cent or more than any land in the same neighborhood.

Q. Had you any more precise information than what you got through the newspapers ?—A. Nothing more.

Q. Are you sure of that ?—A. Yes.

Q. Quite sure ?—A. Quite sure.

Q. You got no information from anybody?—A. No.

Q. Nothing more than you got from the newspapers ?—A. No, not more than general talk and newspaper report.

Q. Did you get any information that Mr. Lumsden had reported as to the location for the shops ?—A. No.

Q. Before you made that proposition ?—A. No.

Q. You are quite sure of that ?—A. Quite sure.

Q. Before you met Mr. Young, and the lawyer, Mr. Robinson, was it ?—A. Mr. Hull.

Q. And who was the other gentleman, Mr. Hueback ?—A. Mr. Hueback, yes.

Q. Before you met these gentlemen in Winnipeg you had no information?—A. No.

Q. From anybody?—A. No.

Q. That there was any report made about this location ?—A. No.

Q. I suppose you know now that Mr. Lumsden had reported about ten days before that?—A. I did not know.

Q. Now, leaving that for the moment had you anything to do with the other quarter of 4 and the south-west quarter of 3 ?—A. Yes, I had a half interest in them.

Q. You had a half interest in them ?—A. Yes.

Q. When did you acquire that ?—A. In the spring of 1906.

Q. 1906 ?—A. Yes.

Q. From whom did you buy ?—A. From Mr. James Hamilton.

Q. From James Hamilton?—A. Yes.

Q. You bought the two quarters from him ?—A. Yes.

Q. Have you that agreement ?—A. No.

Q. What has become of that ?—A. The property was not in my name, I bought it, or it was bought in my friend's name, he bought it rather.

Q. I would like to correct you in that, I think you are mistaken there, although

I do not think you are trying to misstate it. Didn't you take an agreement from Hamilton in your own name and register it ?—A. An agreement ?

Q. Yes, I do not want you to make a mistake, and I tell you that the papers show you took it in your own name and registered it ?—A. Yes.

Q. In May, 1906, I will tell you now, you need not swear to it, because I will tell you, but according to the papers you got the agreement from Hamilton and within two or three weeks you assigned it to Mathews, and on the same day, 22nd of June, both papers were registered ?—A. Yes.

Q. Does that recall it to your mind ?—A. I cannot dispute that.

Q. There is no trouble about that, it is in the papers. But we will not make any trouble about that ?—A. No.

Q. Where did Hamilton live then ?—A. On that land.

Q. He lived on that land ?—A. Yes.

Q. You say you have not a copy of that agreement ?—A. No.

Q. Well, we can get that, because it is registered, we need not trouble you about that ?—A. No.

Q. You have never had a copy of it ?—A. I may have had it in my possession for a little while, I do not know, it may have passed through my hands but I do not know.

Q. Do you recollect handing it over to Mathews ?—A. No, I do not recollect handing it over to him.

Q. Is Mr. Mathews here ?—A. Yes.

Q. Is he in the room ?—A. Yes.

Q. Have you a copy of that agreement, Mr. Mathews ?

Mr. MATHEWS.—No, I have not.

Q. Mr. Mathews is the man who subsequently sold these two quarter sections to the Commissioners ?—A. Yes, as far as I know.

Q. Where did Mr. Mathews live then ?—A. At Moosejaw.

Q. What was his business ?—A. Hotelkeeper.

Q. He was also a hotelkeeper there ?—A. Yes.

Q. Mr. Mathews is the man to whom you turned it over anyway ?—A. Yes, he coming in for a half interest, I put the papers in his name.

Q. You put the papers in his name ?—A. Well, whether it was done the way I say or not it is the same thing in effect ?—A. The same thing.

Q. You retained a half interest ?—A. Yes.

Q. You retained it to the end, I suppose ?—A. Yes.

Q. But the transactions with the Commissioner as to that lot were in Mathews' name ?—A. Yes.

Q. You did not appear in those transactions ?—A. No.

Q. Can you tell me why ?—A. Why I was there at the time that the bargain was made but, of course, the property being in his name, he signed the options and all that, although we conferred about prices and terms, &c., together.

Q. There was no reason why it should not have remained in your name instead of being put in his ?—A. No, no particular reason, except that he had put his money into it and I did not object to his having it in his own name, nor I do not know that he objected to having it in my name.

Q. What did you agree to give Hamilton for the two quarter sections ?—A. $125 per acre.

Q. That is $20,000 for each quarter ?—A. Yes.

Q. How much of that did you contribute ?—A. I contributed one-half.

Q. And Mr. Mathews contributed one-half ?—A. Yes.

Q. How much was paid down ?—A. I think there was one-third paid down.

Q. There was one-third paid down ?—A. Yes.

Q. Was that one-third by each of you, or one-third between you ?—A. One-third between us.

Q. When was the balance paid ?—A. I can't tell you, it was paid—the balance,

the final payment was made—Mr. Hamilton was away in California at the time and we left the money with the lawyer.

Q. Take it this way, was it before or after the sale to the government?—A. He did not get paid until after the sale to the government.

Q. That is, Hamilton did not get paid until after the sale to the government?—A.—Yes.

By Mr. Johnston:

Q. Did you tender the money before or after the sale to the government?—A. I could not say as to that, but it was at that time, or it may have been prior to that.

By Mr. Pardee:

Q. Was the money paid under the terms of your agreement?—A. Yes, I think so.

By Mr. Barker:

Q. You bought this yourself from Mr. Hamilton?—A. I had an option, I think.

Q. A written option?—A. Yes, a written option.

Q. And in your name?—A. I filed a caveat, I think.

Q. Having got a written option in your own name, instead of continuing to hold it in your own name for yourself and Mathews, you turned it over to Mathews to hold for you and him?—A. Yes.

Q. Was there any talk between you as to why you did that?—A. No, no more than inducing him to come in with me on that piece of property.

Q. The written option you took stated distinctly, I suppose, the terms which the the two quarters were obtained by you from Hamilton?—A. I think it did.

Q. There would be no object in registering it unless it did?—A. No.

That was on record at the time Mathews sold to the government ?—A. I suppose it may still have been on record at that time, there had not been any title passed.

Q. The price stated in that agreement for the two quarters was $40,000?—A. I think so.

Q. Nothing had been done on that property, I suppose, since the purchase?—A. Not by us, but there had been by Hamilton, who lived on it for some time.

Q. But there had been no improvements since you bought it?—A. No.

Q. Now, had you and Mathews agreed to go into these deals together? You were both Moosejaw men you say ?—A. Yes.

Q. Had you and he consulted about the future of this speculation when you agreed to go into these deals together?—A. I induced him, he and I were friends together for a good many years, and had been having different deals together, so I told him I was going down there and he, having an interest in Winnipeg property and having sold property there a short time before and made large profits, he was saying he would not mind taking a hand in the deal.

Q. Did he take a hand in with you in the other?—A. No.

Q. You kept all that to yourself?—A. Yes.

Q. And you gave him half of the Hamilton land?—A. Yes.

Q. Well now, there was a written proposal made to the government for the Hamilton two quarters?—A. There was an option given.

Q. Your name did not appear in that?—A. No, not in that.

Q. Mathews gave that?—A. Yes.

Q. What was the sum that you asked the government, that is, the price of those two quarters that we are now speaking of, the south-east quarter of 4 and the south-west quarter of 3?—A. The price we asked?

Q. Yes?—A. I think it was $300 per acre for the southwest quarter of 3 and $350——

Q. Not so much per acre, but give us the gross sum?—A. I do not know any lump sum, but it was $300 for the southwest quarter of 3 and $350 for the southeast quarter of 4.

Q. It was $350 for that?—A. Yes, I think that is right.

Q. That will be $104,000, then?—A. I think so.

Q. That is $104,000 for a piece of property that you bought for $40,000 and had never done anything to?—A. Yes.

Q. And within a year?—A. Yes.

Q. Who negotiated that transaction with you?—A. Do you mean on the other side?

Q. A. Yes?—A. It was Mr. Young, in the presence of Mr. Morton and Mr. Johnson, the lawyer.

Q. Mr. Young, the commissioner, negotiated that——

Mr. GERMAN.—He says that is what he asked, but what did they pay.

Mr. BARKER.—They paid $250 for one and $275 for the other.

By Mr. Barker:

Q. That will be what I said at first, you got $84,000 for the whole?—A. Yes.

Mr. GERMAN.—He doubled his money.

Mr. BARKER.—I am not finding fault with a man for that. I wouldn't find fault with him for doing that.

By Mr. Barker:

Q. You got $84,000 then as a result of negotiating with Mr. Young, and you put that in writing, or was it Mathews negotiated it?—A. It was Mathews and Young. I was with them part of the time.

Q. Did Mr. Young know that you were interested?—A. No, I do not think he did.

Q. At that time you had not completed that purchase?—A. I beg pardon.

Q. The Hamilton purchase, he had not been paid for it, only in part?—A. Well, as I say, Hamilton had not——

Q. I can tell you something now that will help your memory I think. Didn't the government advance $30,000 to enable Mathews to pay off on it?—A. Yes.

Q. That shows he had not been settled with, you say that the government gave that?—A. Yes, final payment had not been made.

Q. When the government advanced the money?—A. They wanted the title.

Q. I understand, that will all come out, that will be settled by the papers I have put in; I only wanted to refresh your memory, that you had not closed the Mathews-Hamilton deal at all when you sold to the government. Did you tell Mr. Young what your position was with regard to Hamilton?—A. I do not think we told Mr. Young, no.

Q. Did he ask you what you paid for it?—A. It came out during the bargaining, he said, 'you have only paid this much, and you know you are asking me so much more,' and so on.

Q. And 'this much' was the $40,000?—And you were asking $84,000?—A. Yes, he says, 'you are doing well enough even at that price.'

By Mr. Pardee:

Q. You asked more than $84,000?—A. Yes, we asked for $104,000.

By Mr. Barker:

Q. That is the position, that Mr. Young knew that you claimed under an agreement by which you were entitled to buy for $40,000, and within the year you were selling for $84,000?—A. No doubt he knew, according to the way he bargained with us, the way he beat us down in price.

Q. It is all on record here?—A. Yes.

Q. Who offered the $84,000? Did you ask it or did he offer it?—A. Well, we asked, as I said——

Q. You asked $104,000?—A. Yes.

Q. Who made the offer of $84,000 ?—A. He offered, the offer he made at first he would give $250 all round.

Q. He offered you $250 all round ?—A. In the first place he started——

Q. That would be $80,000 ?—A. He started in at lower than that, but that was when we got near.

Q. He offered you $80,000, and who made the offer of $84,000 ?—A. He or you ?

By Mr. Pardee :

Q. There was the usual offer and counter offer, wasn't there ?—A. I could not say, anyway it wasn't us.

By Mr. Barker :

Q. You didn't come down to that ?—A. No, it came from his side, whatever it was.

Q. I see, it came from the government side, and upon that Mr. Mathews made a written proposition, a copy of which is among the papers ?—A. Yes.

By Mr. Maclean (Lunenburg) :

Q. Were you asked to keep this quiet after the option was given ?—A. Yes, we were asked to keep it quiet.

Q. Not to make it public ?—A. Not to make it public until the option was taken up or refused.

By Mr. Barker :

Q. Mr. Young knew you were in the other deal, in the south half of 5 and the south-west quarter of 4 ?—A. Yes, he knew I owned it.

Q. And he knew you were in the Mathews' deal?—A. I do not know that he knew, I don't think he did.

Q. Weren't you there discussing it with him ?—A. No, I was there at the same time. I mean I made my deal first, and then Mr. Mathews, who was in the outer office, and when I came out we talked the thing over and he went in and made his bargain.

Q. You acted as people that didn't hardly know each other?—A. How do you mean?

Q. You acted independently of each other, as though you had no interest in Mathews at all?—A. I do not know that it was done for that purpose, but the property being in his name——

Q. When you were dealing for the south half of 5 why couldn't you have dealt with Mr. Young for the whole of it ?—A. No, the property being in his name, Mathews had the right to make the deal.

Q. Did he go in and make the deal without you ?—A. Did he close the deal without me ?

Q. When you said that you came out and Mathews went in, did he go in without you ?—A. He went in and closed the deal for the sale.

Q. Without you ?—A. Without me.

Q. Could you not have closed the deal just as well as he could ? At all events you went in separately ?

By Mr. Pardee :

Q. He went in to close the option he had given, you could not have done that ? —A. No.

Q. It was in his name ?—A. Yes.

By Mr. German :

Q. How do you mean, 'dealing separately' ?—A. It was in Mathews' name ?

Q. You were both interested in this land, as I understand?

By Mr. Barker :

Q. You went in and dealt for 5 and part of 4, and then you came out and Mathews went in and dealt for part of 4 and part of 3, that is what I mean by 'dealing separately' ?—A. Yes.

By Mr. Maclean (Lunenburg) :

Q. You had discussed the matter with Mr. Mathews, of course ?—A. Yes, they had been dealing for a day or so before.

Q. What you mean by dealing separately is that when you wanted to give an option Mathews had to deal with Mr. Young?—A. Yes.

By Mr. German :

Q. Could your partner have taken a price that would not be suitable to you?—A. If he was so minded he could, the property being in his name we went into it together and in a friendly way.

By Mr. Pardee:

Q. And you come out of it together ?—A. We came out together.

By Mr. Barker :

Q. I thought you were present when the offer of $80,000 was made and when you got up to the $84,000?—A. I was present on the first occasion, I think the day before, and they could not come to any terms at that time.

Q. But when you got down to $80,000 and $84,000 you were present ?—A. At the time the $84,000 was mentioned I was not present, I don't think, at the final when the deal was closed.

Q. You were present then when the $80,000 was proposed ?—A. Yes, I think I was present at that time, but we didn't take that.

Q. Did Mr. Young speak to you, when you were in with him, as to how far he ought to go to settle with Mr. Mathews ?—A. How do you mean ?

Q. When you were in with him, before Mathews went in, did Mr. Young say anything at all about the Hamilton property ?—A. No.

Q. He did not speak to you at all about that ?—A. No, he didn't speak to me about that.

Q. Nor you to him about it ?—A. No.

Q. You just dealt with the part that was in your name?—A. Yes.

Q. And left Mathews to deal with the part that was in his name ?—A. Yes.

Q. Although you were a partner with him ?—A. Yes.

Q. Now Hamilton, you say, was in California ?—A. Yes.

Q. Is he back ?—A. He did come back, I do not know where he is now.

Q. Was he paid $40,000 for the two lots ?—A. Yes.

Q. That is as far as you know ?—A. As far as I know, yes, because that was the bargain.

Q. You have every reason to believe he was paid it ?—A. I have every reason to believe he was paid that, yes.

Q. How was the final payment made to Hamilton ?—A. Well, it was made by using, as you say, the moneys that were got on advance.

Q. From the government ?—A. From the government.

Q. I see that on the 4th of January, 1907, the government advanced $30,000 to Mathews, through the solicitors, in order to enable him to settle with Hamilton and get the title ?—A. Yes, that is right.

Q. And that enabled you to get it from Hamilton ?—A. Yes.

Q. And close the transaction ?—A. Yes.

Q. How long after that $30,000 was advanced by the government was it that the government got their title ?—A. Oh, you have it there.

Q. It is the 4th of February here, I thought perhaps you could say ?—A. No, I cannot say from memory.

Q. The simple result of this Hamilton deal was that in May you got an option upon which you paid about $13,000 ?—A. Yes.

Q. You did nothing to the property and you sold it in the fall?—A. Yes.

Q. To the government, and you cleared between you $44,000?—A. Yes.

Q. Between you you agreed to pay $40,000, you had paid $13,000 of the $40,000?—A. I think we had paid more than that, I think we made another payment.

Q. There was something about $30,000 left, because the government advanced $30,000 for the purpose ?—A. I don't think they advanced the $30,000 to clear off Hamilton, I think we made a payment, but I am not sure.

Q. That may be, but a few thousands do not make any difference. You did clear $44,000 on the transaction?—A. We cleared about $40,000, there were taxes and interest and all that.

Q. That is less taxes and interest on the money?—A. Yes.

By Mr. German :

Q. Did Mr. Young have any interest in the property ?—A. No, sir.

Q. Did anybody have any interest in it except you and your partner ?—A. Nobody else.

By Mr. Barker :

Q. The result of the two transactions, part of 4 and part of 5 and part of 3 was that there was a profit of $123,000, was it not ?—A. Approximately, I suppose you have figured it out.

Q. There was $138,000 you got off one set of lots ?—A. Yes.

Q. No, it won't be as much as I said, you got $138,000 and $84,000, that would be $222,000 ?—A. Yes.

Q. That is the exact transaction as stated in the papers, and you paid for it $40,000, and $19,200, that is $59,200—you paid $122,800 altogether?—A. I just made about 100 per cent counting interest and all expenses and everything.

Q. I am not finding fault with you if you made five times that much, I am not expressing an opinion at all, but that is the result ?—A. Yes.

Q. You hadn't done anything to the property except pay the taxes on it ?—A. Yes.

By Mr. Reid (Grenville) :

Q. All this property is 5½ miles from Wninipeg ?—A. No, it was not, it started in near 2 miles from Winnipeg.

By Mr. Barker :

Q. Lot 5 ?—A. Yes.

By Mr. Reid (Grenville) :

Q. It was two miles from the outskirts of Winnipeg ?—A. Yes.

Q. What are the limits of Winnipeg ?—A. The city limits do you mean ?

Q. How far would it be from the centre of the city ?—A. About four miles.

Q. It started four miles from the centre ?—A. Yes, about that.

Q. That is where your land would start ?—A. Yes.

Q. How many acres altogether were sold by you and Mathews ?—A. 800 acres.

Q. 800 acres ?—A. Yes.

By Mr. Barker :

Q. Have you had any understanding with the government about the shops on that property ?—A. Not any more than——

Q. Except what is in that agreement ?—A. Not more than what is in the agreement.

Q. Yes, I am afraid you have them here too. If they don't put the shops there you may have a claim on the original proposition ?—A. Yes.

Q. And that is $18,000 more ?—A. Something like that.

Q. As far as you know were any valuations obtained of this property ?—A. No, I do not know anything about that.

Q. I believe they said they did not make any but you do not know of any ?—A. I do not know of any.

Q. Is Mr. Morton here ?—A. Yes, I think he is, I saw him here.

Q. That is all I wanted to ask you. You won't forget to send those agreements ? —A. No, I will not.

By Mr. Maclean (Lunenburg) :

Q. Mr. Kern, did you never buy land for speculative purposes in the west before this transaction ?—A. Yes, sir.

Q. Frequently ?—A. Quite frequently.

Q. Where at ?—A. I bought in Winnipeg, at Medicine Hat, near Edmonton, and down in Fort William.

Q. What I want to get at is this, this was not your first attempt at buying land for the purpose of selling at a profit, was it ?—A. No.

Q. How did you come to buy those lands ?—A. As I said before my own judgment told me that, according to the reports in the newspapers, the western newspapers especially; and when the contract was made known, that the shops had to come east of St. Boniface, or east of the railway, which would be east of St. Boniface. Then about a month or so afterwards it happened that one of the St. Boniface hotel keepers who had been staying with me in Moosejaw met me and directed my attention to the value of the property there at that time and what they would likely be if these shops were built anywhere east of Winnipeg, and he pointed out a locality to the south-east of St. Boniface, about 2 miles, which he offered for sale at $175 per acre, and which he said would surely double in value in a short time. I then looked around to learn the prices of property in the vicinity of St. Boniface and, in fact, bought a 40 acre piece there at $325 per acre.

Q. But that is not any of this land you sold to the Commission, is it ?—A. No.

Q. You bought it at $325 ?—A. Yes, I also bought another piece to the north of it at $400.

Q. That is to the north of this land ?—A. In the same locality. Then I went and priced other lands, for instance there is a place, Block F, which I was pricing and which I was told was $1,500 to $2,000 per acre.

Q. And block F immediately adjoins this land sold to the Commission ?—A. Not immediately adjoining, but block F is between the city of St. Boniface and this land. I also had an option for two days on a 60 acre piece, or a 100 acre piece at $400, and when I did not take it up at the hour I was told that the man had sold it for $600 the next day.

Q. That was immediately in the vicinity ?—A. That was towards this property I eventually bought.

Q. How far from it ?—A. Roughly speaking about a mile.

Q. Nearer St. Boniface, or nearer Winnipeg ?—A. Nearer St. Boniface.

Q. As I understand it St. Boniface is between this land you sold to the Commission and Winnipeg ?—A. That is right. And the lots I bought for $400 I sold at $800 per acre.

By Mr. Carvell :

Q. That would not come out of the government ?—A. No, that was a private matter, a man named Cairns bought them, I think he works in the 'Telegram' office.

By Mr. Maclean (Lunenburg) :

Q. What is the land worth around the Roman Catholic church, the corporation holds a great quantity of land around St. Boniface ?—A. I went to see Father Belliveau and told him I wanted to buy a piece of land, and the lowest price he

quoted, even for land away from there, a great deal more remote than the land I bought and sold to the Commission, he was charging $400 per acre for it, and the land they had in the vicinity that I bought eventually was not in the market at all at any price. I am told they refused $1,200 per acre for it.

Q. Did you buy any property, or perhaps that was one of the properties you referred to a moment ago, three quarters of a mile west of the land you eventually sold to the commission, did you buy any acreage there?—A. Yes, I bought some there.

Q. How much?—A. 83 acres.

Q. How much did you pay for that?—A. $500.

Q. $500 per acre?—A. Yes.

Q. Well now, it appears you bought these lands, these lands that you bought from Hamilton and from the Ice Company and from McIntosh, you bought them at a bargain, apparently?—A. I did.

Q. They were worth all you paid for them?—A. They were worth that for farm lands.

Q. What conditions were the lands in?—A. They were mostly seeded in timothy.

Q. With buildings on them?—A. Good buildings on them, yes.

Q. What would the land yield you per acre just as farm land?—A. The timothy would yield, the way I figured, an average of 2 tons per acre per year.

By Mr. Carvell:

Q. What would that be worth standing?—A. Standing? I have no doubt—timothy would be from $12.50 to $18.00 per ton in Winnipeg; I do not know what the average would be, but you would not need to sell any cheap at any time, you could realize from $15 to $18 per ton.

Q. What would it be worth standing in the field?—A. I do not know.

By Mr. Maclean (Lunenburg):

Q. It would be worth about $25 or $30 per acre?—A. It would bring that in revenue per year.

Q. It would bring that?—A. Yes.

Q. That would have been 10 per cent on your purchase price?—A. Yes.

By Mr. Carvell:

Q. That would be on the price you sold for?

Mr. MACLEAN (Lunenburg).—It would be 20 per cent on the purchase price.

By Mr. Maclean:

Q. Were these lands in good condition?—A. In splendid condition.

Q. Good farm lands?—A. Yes, splendid farm lands, as level as this floor with a flowing well on it and very good soil.

Q. About 3 miles from the city of Winnipeg?—A. About two miles from the city limits and about four miles from the centre.

Q. From the post office, four or five miles from Winnipeg post office?—A. Yes, less than five.

Q. What are lands worth on the west side of the city of Winnipeg about the same distance from the city?—A. They would be worth about 50 per cent more, double and treble the price.

Q. As a matter of fact land to the west of Winnipeg is worth from $1,000 to $1,500 per acre about the same distance from the city, is it not?—A. Yes.

Q. What is land worth for the purpose of market gardening around the city of Winnipeg?—A. There is a man by the name of Stevenson who advertises to sell garden property about 2 miles further east, and away from the city, from the eastern limit of this property that we sold to the Commissioners, at $250 to $400 per acre, and he praises it as a great bargain and people are buying it at those prices.

By Mr. Barker:

Q. Mr. Kern, in May, 1906, Mr. Hamilton lived on these two quarters?—A. Yes, he did.

Q. And he sold you the two sections on time for $40,000?—A. Yes.

By Mr. Maclean (Lunenburg):

Q. You gave the Commission an option on this land for three weeks didn't you?—A. Yes.

Q. What deposit did they pay?—A. $3,000 for the one property and $1,000 for the other.

Q. They put up $4,000 altogether, and if they did not exercise the option within that period the amount was to be forfeited?—A. Yes, and if they exercised it it would be applied on the purchase.

Q. They did exercise the option, of course, and got a conveyance from you?—A. Yes.

Q. As you have already stated you dealt with Mr. Young representing the Commission in the purchase of this land?—A. Yes.

Q. Nobody participated in your profits but yourself and your partner?—A. No.

Q. Mr. Young never suggested any commission?—A. No.

Q. To be paid by you to anybody else?—A. No, he never did.

Q. Nobody ever suggested it to you?—A. No.

Q. Looking back upon the transaction now, of course you have made a good profit, and in your judgment of lands, of the value of lands in the west, do you consider that Mr. Young made a good bargain on behalf of the Commission when he bought your lands at that price?—A. I do, and, for my part, I would rather he had not bought it from me.

Q. Of course you would have been better off if the railway shops had been located on somebody else's land? Therefore you were not anxious to sell?—A. No, I was not. If the shops were located at any place between my land and the city of St. Boniface, anywhere east of the river, my lands could not help but rise as much, or more, in value, than what I got for them.

Q. In other words, you would have made more money if the Commission had purchased not your land, but some other adjoining lands for that special purpose?—A. I would.

Q. Give me your opinion as to this arrangement, from the standpoint of the public, which Mr. Young made; do you think it was a good one?—A. I do not know, I can only express my own feelings in the matter, and, as I say, I would be money ahead to-day if he had bought from somebody else.

Q. What are lands worth there now adjoining to this land which you sold?—A. Well, there have been lots surveyed to the south and sold in lots at from $60 to $250 per lot; that is 25-foot lots.

Q. What would that be per acre?—A. About ten lots to the acre would run from $600 to $2,000 per acre.

Q. That is since it has been definitely decided that the Grand Trunk Pacific shops shall be located in that particular spot?—A. The public takes it that way.

Q. Then I understand that lots there to-day are worth from $600 to $2,000 per acre?—A. Yes.

Mr. REID (Grenville).—If surveyed in lots.

By Mr. Maclean (Lunenburg):

Q. Well, taking land sold for farming purposes, per acre, what is that worth to-day?—A. For farming purposes?

Q. Yes?—A. Well, for market gardening it would sell at from $200 to $400 per acre.

By Mr. Reid (Grenville):

Q. For farming purposes in 160 acre lots?—A. Well unless you want it for

special purposes you do not need to buy as expensive land as that for raising wheat or anything of that sort, for that purpose you can go out ten miles and get it much cheaper.

Q. But around that locality what would farm lands be worth for farming purposes ?—A. It would be worth whatever you could make out of it and whatever you feel like paying for it.

Q. Did Hamilton know the value of farm lands in that locality?—A. I have no doubt he thought he got a good bargain at the time.

Q. Wouldn't you consider to-day that $125 was a good price for 160 acres of land for farming purposes in that same locality ?—A. It is a good price.

Q. It is a good price to-day ?—A. Yes.

By Mr. Pardee :

Q. But there is something else to be taken into consideration than farming values isn't there ?—A. Yes, at Moosejaw, even in a little place like Moosejaw we have paid $100 and $150 per acre for farm lands with a view of eventually subdividing them into lots;it has been done and people have made money out of it.

By Mr. Reid (Grenville) :

Q. But when you bought this land you purchased it with the intention of selling it to the government ?—A. No, I did not.

Q. But with that expectation ?—A. No, I did not, I simply thought that the building of the shops east of the river, that was my judgment, would increase the value of that property.

Q. Not for farming purposes ?—A. For market gardening, or eventually for subdividing into lots and selling.

By Mr. Barker :

Q. Mr. Young is a citizen of Winnipeg, isn't he ?—A. I do not know whether he is or not, I am not sure.

Q. He has been, he is a bird of passage just now, perhaps ?—A. I am sure I don't know.

Q. He is a Winnipeg man, isn't he?—A. I do not know.

Q. Wasn't he a Winnipeg man when appointed to the Commission?—A. He may have been, I do not know.

By Mr. Maclean (Lunenburg) :

Q. Did you ever meet Mr. Young before this occasion?—A. No, I never did.

Q. Did you ever hear tell of him?—A. I saw his name in the paper, that he was a Commissioner.

By Mr. Barker :

Q. Mr. Young ought to know all about property in the neighbourhood, oughtn't he ? Now, Mr. Kern, do you mean to say as a hotelkeeper in Winnipeg, you did not know who Mr. Young was ?—A. I did not, excepting by newspaper report, but I would not have known him if I had passed him on the street.

Q. There are lots of men you have never seen that you know all about. Did you not know he was a prominent Winnipeg man ?—A. I did not.

Q. You did not ?—A. No, I did not.

Q. Although you were a hotelkeeper there ?—A. Yes.

Q. You did not know that ?—A. No, I was not keeping hotel in Winnipeg very long.

Q. I suppose you know enough about expropriation by railway companies to know that a railway company expropriating would not have to pay for the improved value created by their own railway ?—A. I have an idea they have a right to expropriate, but at the same time they must pay; they can take the land at the value at the time.

Q. At the value at the time, but not at the improved value that is going to be created by the railway.

Mr. MACLEAN (Lunenburg).—That is for right of way, Mr. Barker, that is not for terminals.

By Mr. Barker :

Q. For any purpose. I am asking him what is his own impression about that. Does he think he would have the right as owner to make the railway pay for the improved value that the railway would create ?—A. Between the time that I bought the land at $125 per acre—within a few months the land in the neighbourhood rose in value even before the option was given. At that time, when I made the sale the land values had risen from 50 to 100 per cent.

Q. By reason of the railway?—A. No, by reason of its coming in there.

Q. That is what I say?—A. Generally, but no particular place.

By Mr. Maclean (Lunenburg):

Q. What you were saying is this: that from the time you bought to the time you sold the lots had increased from 50 to 100 per cent?—A. Yes.

Q. By reason of the fact that the railway was coming to Winnipeg in that locality?—A. Yes, and in fact it increased all around Winnipeg, all property increased.

By Mr. Carvell:

Q. If the company had expropriated this land, do you consider you would have been entitled to an increased profit by reason of the railway entering?—A. I would expect it.

Q. You would?—A. Yes, I would expect it.

Mr. BARKER.—He thinks he should receive it and ought to get it.

By Mr. Maclean (Lunenburg) :

Q. Nobody ever approached you on behalf of the Commission before Mr. Young, did they?—A. Never.

Q. He was the first man to approach you?—A. The first man.

Q. And you never saw him in your life before that to your knowledge?—A. No.

Q. And you never had any communication with him at all before that ?—A. Not of any kind.

Q. Some time ago you stated that Mr. Young enjoined secrecy at the time he took the option, did I understand you to say that?—Yes.

Q. What was his purpose in making that request, do you know?—A. He thought no doubt that if they did not exercise this option and wanted to buy elsewhere that the public——

Q. That there would be an inflation of prices?—A. Yes, that no doubt was the reason; that is my opinion.

By Mr. Johnston :

Q. Mr. Kern, you told us earlier in your evidence about the location of Block F—you are familiar with what is known as Block F in St. Boniface?—A. Yes.

Q. How far did you say that was from the land you sold to the commission for terminals ?—A. Roughly, about a mile and a half.

Q. About a mile and a half ?—A. Yes.

Q. That is block F ?—A. Yes.

Q. Have you any knowledge that Block F was offered to the Commission for the same purpose as your land was acquired?—A. Not directly.

Q. But indirectly you have?—A. Yes.

Q. Have you any knowledge as to the value placed upon Block F?—A. I am told they asked $2,000 per acre.

Q. That is correct, and I think in that connection it will be well to put the letter on the record. I think that is necessary in order to complete the story which is before us.

Mr. BARKER.—I propose later to put in all the letters that are material.

The CHAIRMAN.—Who is the letter from?

Mr. JOHNSTON.—It is from R. J. Mackenzie, and it is addressed to Charles A. Young, Esq., Railway Commissioner, Ottawa, Ont.

The CHAIRMAN.—Perhaps you had better leave it until Mr. Young is on the stand.

Mr. BARKER.—I want to have it left over so that it may go in the appendix in its regular order.

Mr. JOHNSTON.—I will read the letter just for the information of the committee. (Reads):

'TORONTO, November 15, 1906.

'Re Block F in St. Boniface.

'DEAR SIR,—This is to confirm my offer to you of block F, St. Boniface, which contains 279 acres, more or less, at the rate of $2,000 per acre. As you say, if this is too much land for your requirements, I will be willing to sell 200 acres and arrange with you what part of the acreage I should keep.

'I would like to hear from you as quickly as possible as I have several offers for small blocks of it.

'Kindly answer to Winnipeg.

'Yours very truly,

(Sgd) 'R. J. Mackenzie.'

By Mr. Johnston:

Q. Mr. Mackenzie, although addressing the letter from Toronto, is a resident of Winnipeg?—A. Yes.

By Mr. Reid (Grenville):

Q. This is within the limits of the municipality?—A. Block F?

Q. Yes?—A. No, it is outside the limits of the municipality.

By Mr. Barker:

Q. It is surveyed into lots, isn't it?—A. Yes, but it is outside the municipality.

By Mr. Reid (Grenville):

Q. But it is all surveyed into town lots?—A. Not all.

Q. Part of it is surveyed into town lots and it is adjoining the municipality?—A. Remotely, not very closely.

By Mr. MacLean (Lunenburg):

Q. It does not adjoin the municipality, does it?—A. No, there are several other lots between the municipality and that block.

Q. By 'municipality' you mean the city of Winnipeg?—A. No, St. Boniface. It is outside of that.

Q. Did you ever hear of the price of the chruch property up there?—A. I enquired about it myself.

Q. What was that valued at?—A. It was not on the market, they wouldn't sell it at all. They were offered by a friend of mine, $1,200 per acre, and they did not accept it.

By Mr. Reid (Grenville):

Q. They do not generally sell church property?—A. This is college property, they had a whole township.

Witness discharged.

Mr. E. C. MATHEWS., called, sworn and examined.

By Mr. Barker:

Q. You are the gentleman the previous witness has been speaking of?—A. Yes.

Q. You have heard what he said about the Hamilton lots?—A. Yes.

Q. Is Mr. Kern's statement, as he made it, practically correct?—A. Yes, sir.

Q. What is about the fact as to your agreement with Mr. Hamilton?—A. Which?

Q. There is an agreement registered apparently from Hamilton to Kerns, assigned to you at the time, he thought it was made direct to you, what is your recollection of it?—A. My recollection in relation to that is that he got the land and transferred it to my name, that is as well as I can recollect it.

Q. That is it, I just wanted to get the thing straight. What is your occupation? —A. Hotelkeeper.

Q. Where?—A. Moosejaw.

Q. Moosejaw? How did you come to go into this speculation with Mr. Kern? —A. Through Mr. Kern.

Q. He offered it to you, did he?—A. Yes.

Q. Was there any particular reason why he should offer you a good thing like that?—A. No, not any more than that we were friends. I had been in with him in other deals.

Q. And he took you in on this and you had it assigned to you?—A. Yes.

Q. Was there any reason why it should be assigned to you instead of remaining in his name for both of you?—A. There was no particular reason at all.

Q. Did he think you would not trust him?—A. No, I do not think so. My recollection of it is that he simply said, I will put it in your name, that is all.

Q. You employed a lawyer to put it in your name?—A. Mr. Kern did.

Q. He assigned it formally to you?—A. As near as I can recollect he did most of the business.

Q. You expended no money in improving the property?—A. No, sir.

Q. You got the assignment of the Hamilton option in May, 1896?—A. Yes.

Q. And the amount you paid for that was $40,000?—A. $40,000, yes.

Q. For the two quarter sections?—A. Yes.

Q. And in November of that same year you made, you yourself as assignee, made a written offer of these same two sections, standing precisely as you bought them—— A. Two quarter sections.

Q. These two quarter sections for $84,000?—A. Yes, that is right.

Q. That was a profit of $44,000 on $40,000?—A. About $40,000, I think it was, we had some expenses in connection with it.

Q. You paid the taxes and all those things, we always know that there are those expenditures in dealing with land, but the bare transaction was that you purchased at $40,000 and sold at $84,000?—A. Yes.

Q. You have heard what Mr. Kern has said about the negotiations with Mr. Young?—A. Yes.

Q. How did you come to see Mr. Young in connection with the matter?—A. I came up to Winnipeg on the advice of Mr. Kern who telegraphed for me to come. He apparently had seen the Commissioner the day before and he told me that he thought the Commissioner wished to see me. So I came down to Winnipeg and went to Mr. Morton's office where I met Mr. Young.

Q. Mr. Morton is the land agent?—A. Yes, sir.

By Mr. Maclean (Lunenburg):

Q. He is the land agent for the right of way?—A. Yes, sir.

By Mr. Barker:

Q. For the Commissioners?—A. Yes, sir.

Q. At his office you saw Mr. Young?—A. Yes, sir.

Q. Did Mr. Young make the proposition to you or did you make it to him ?—A. He spoke to me in connection with the buying of the land and I told him what I wanted, and eventually the deal was closed at $250, I think, for the easterly quarter section, and $275 for the westerly quarter, making $262.50 for the 320 acres.

Q. That is $84,000 ?—A. $84,000, yes, sir.

Q. Who proposed that ?—A. Who proposed it ?

Q. Yes, the $84,000 ?—A. I don't believe I can just tell you who proposed it. I know I asked Mr. Young a certain price and he said he wouldn't give it.

Q. But eventually you came down to $84,000 ?—A. Eventually it came down to $84,000, but as to who said $84,000, the exact amount, I would not be prepared to say.

By Mr. German :

Q. It was a compromise price between you ?—A. Yes, sir.

By Mr. Barker :

Q. It is also correct that you had not, at that time, paid Mr. Hamilton in full; you had only made one advance payment ?—A. Yes, sir, only one payment, yes, sir.

Q. And the government advanced, some weeks before you got your title straight, $30,000 to pay off ?—A. Yes, I think that is how it was. Mr. Kern got the money for me, or for us, and he settled it himself through the lawyers. At this time Mr. Hamilton was in California.

Q. Mr. Kern got it from the government ?—A. Yes.

Q. He got $30,000, it is so stated in the papers with which Hamilton was squared off ?—A. Yes, I think that is how it was.

Q. And some weeks after that you completed your title and got the balance from the government ?—A. Yes, sir.

Q. Have you a copy of the agreement ?—A. Have I the agreement ?

Q. Yes ?—A. No, I looked for it, I did have it, but I can't tell you where it is; the lawyers must have it. That is the option you refer to, I presume.

Q. I mean the one from Hamilton to Kern, assigned by Kern to you ?—A. All I remember is that I signed it, and having the dealings with Kern, I cannot say whether I gave it to Kern or whether he gave it to me, I am not sure.

By Mr. Maclean (Lunenburg) :

Q. You can send it to the committee if you have it ?—A. Yes, sir.

By Mr. Carvell :

Q. Have you ever had any other land transactions in the city of Winnipeg ?—A. Yes.

Q. Tell me where and when ?—A. I bought, two years previous to this, I had a deal in Winnipeg land. I had a deal with Mr. Maclean, the Mayor of Moosejaw with land in Fort Rouge, the beginning of the land would be about 2½ miles from the post office and it ran back 4 miles, making altogether 6 miles from the post office. It is what they call river lots running back from the Assiniboine river.

Q. How much land was there in the lot ?—A. I think there was pretty close to 300 acres.

Q. What did you pay for it ?—A. Something like $37,000.

Q. How much per acre—that would be about $100 per acre ?—A. It would be about $115 or $120 per acre.

Q. Did you sell it again ?—A. Yes.

Q. How soon ?—A. I sold one-half of it in about 5 months at about 60 per cent profit.

Q. How much profit ?—A. 60 per cent profit.

Q. At 60 per cent profit, and if you paid $120 per acre, that would be $190 per acre ?—A. Yes, somewhere about that, I would not be certain but it is somewhere in that neighborhood, 50 or 60 per cent.

Q. Profit ?—A. Profit, yes.

Q. What about the balance ?—A. I sold the balance, we got in the neighborhood of $82,000, I think it was for the $36,000 we put in, I forget the details of the transaction exactly, it is four or five years ago.

Q. It was a small deal for you, wasn't it ?—A. No, it was not particularly small, that was one of my first deals.

Q. How much did you clear out of the 300 acres of land you purchased ?—A. Some $60,000, the two of us.

By Mr. Sproule :

Q. The land which you are speaking of now is in Fort Rouge ?—A. Yes, sir.

Q. In what part of Fort Rouge ?—A. It is in the southwest end of the city. At the time I bought it there was nothing there outside of the convent which was about a mile and a quarter from the land; and as I say it looked very blue——

Q. Is the land located between the convent and the river?—A. Well, the land runs back from the river.

Q. The land goes to the river ?—A. Yes, to the river. I should say the frontage of the lots on the river would be about—well you can easily imagine when land runs back six or four miles from the river how small a strip of land it would be to run back for three or four hundred acres.

Q. Would it run back in the direction of the Agricultural College ?—A. No, the Agricultural College was further west.

Q. West ?—A. Yes. The line would run somewhat perpendicular along the east of the Agricultural College.

Q. I believe you are aware that that part of the city was sold off very rapidly and land was advancing to an enormous price ?—A. Yes, the land in Fort Rouge did eventually get to be considerably more in value than when I sold it.

Q. When did you purchase ?—A. When did I purchase ?

Q. Yes ?—A. It would be, I think, about 1903.

Q. And when did you sell ?—A. I sold a half of it in about five or six months, as I say, and the other half in about a year and four months.

Q. That would be getting on to 1905 ?—A. Yes.

Q. At the time it was in a very active state. Now where is the land in St. Boniface ?—A. The land in St. Boniface ?

Q. Yes ?—A. The land in St. Boniface was east of the Red river.

Q. East of the Red river ?—A. Yes, the land in St. Boniface. I don't quite catch your meaning ?

Q. I mean was it outside the limits of the corporation ?—A. The land that we bought?

Q. Yes?—A. Oh, yes, outside the limits of the corporation.

Q. Well then you would not consider that there was any development in values, would you, compared with the development in Fort Rouge at the same time?—A. No, not at the same time. In parts of Fort Rouge it was somewhat brisk but in other parts it was not. The part that I bought was not very brisk at the time of the purchase or otherwise you can easily imagine I could never have bought it for $106 or $107; in fact quite a few of my friends said I was crazy.

By Mr. Reid (Grenville) :

Q. How long have you known Mr. Young ?—A. Mr. Young ?

Q. Yes ?—A. I have not known Mr. Young any length of time.

Q. Did you know him prior to the making of this arrangement ?—A. Not personally, no. I knew of him.

Q. You knew of him ?—A. Yes.

Q. Did you know where he lived ?—A. I knew he lived in Winnipeg—at least I had an idea that he lived in Winnipeg—and knew that he lived in Deloraine at one time.

Q. Where is Deloraine?—A. Deloraine is in southern Manitoba.

APPENDIX No. 1

By Mr. Maclean (Lunenburg):

Q. You did not pay a commission to anybody ?—A. No, sir.

Q. And you were not asked or solicited by anybody to pay a commission, were you ?—A. No, sir.

Q. Do you think Commissioner Young made a good business arrangement when he bought that 800 acres for that price ?—A. I certainly do.

Q. You think he did ?—A. Decidedly.

Q. You think it was good business ?—A. Yes.

Q. You think he did better by private arrangement than if he had proceeded by expropriation or by arbitration ?—A. If it had gone to arbitration it strikes me that we would have got more for the land. Take my own case, while I was not interested so much as Mr. Kern was, I am satisfied I would have made considerably more money. Naturally Mr. Kern was anxious to sell because of the amount of land which he held about there.

Q. The people of the city of Winnipeg regarded it as a good business transaction, did they not ?—A. So far as I know, I am not a resident of Winnipeg.

Q. You have heard the matter discussed, I suppose ?—A. I have not heard it discussed very much.

Q. Did the Winnipeg papers ever say anything against the transaction ?—A. I never heard a word against it; I never heard it spoken of.

By Mr. Carvell :

Q. Was the Agricultural College built at the time you purchased the land ?—A. No. At that time I do not think there was very much talk of it. I did not hear of it when I bought the land. About six months, or a little while, after there was talk that there was to be an agricultural college going on through the country.

Witness discharged.

Mr. T. L. MORTON called and sworn and examined.

By Mr. Barker:

Q. What is your position, Mr. Morton ?—A. Right of way agent.

Q. Right of way agent for the Transcontinental Railway?—A. For the Transcontinental Railway.

Q. What are your duties?—A. Well at the present time they are——

Q. As right of way agent ?—A. To obtain contracts, or options as some people call them, for the right of way for the Transcontinental Railway and carrying out——

Q. Speak louder please?—A. To obtain options or contracts for furnishing a right of way by the property owners to the Commissioners and carrying out the agreements afterwards.

Q. What experience have you had in that sort of business?—A. I was secretary treasurer of a municipality in Manitoba for twenty-five years and was quite au fait with the assessment of rural lands naturally.

By Mr. Maclean (Lunenburg):

Q. Will you speak a little louder, please?—A. I had been secretary treasurer of a rural municipality in Manitoba for twenty-five years prior to taking the duties of right of way agent for the Commissioners.

By Mr. Barker:

Q. Secretary treasurer of a township municipality?—A. A rural municipality we call it there with 44 townships in it.

Q. Not a city or town municipality?—A. No.

Q. And you had been a sort of assessor there?—A. No, I had been treasurer.

Q. Well, did you become familiar with assessments?—A. Yes, sir.

Q. That is the sort of experience you had?—A. Yes, sir.

Q. Who appointed you?—A. The Commissioners.

Q. The Commissioners appointed you as right of way agent?—A. Yes.

Q. To make contracts?—A. Yes.

Q. Did you undertake to value the lands or to get the lands value?—A. I did both.

Q. You did both?—A. Yes.

Q. You valued yourself and sometimes you got a valuation?—A. Yes.

Q. Did you value this land which we have been talking about?—A. Yes.

Q. Did you make a report upon the value?—A. Yes.

Q. In writing?—A. Not specially on this——

Q. I don't know what you mean by specially, did you make a report in writing?—A. Not specially on these five quatrer-sections, I made a report to the Commissioners along the whole line.

Q. That would be for the mere right of way?—A. For the mere right of way.

Q. You know there is a very great difference in valuing a right of way where it cuts a farm in two and where you take the whole of it?—A. Yes.

Q. You did not value this property in that way at all, did you ?—A. No.

Q. Was any valuation made in that way by any officer of the government?—A. Not that I know of.

Q. These people asked a certain price, I understand you were present?—A. Yes.

Q. And they asked a price and there was a marking down of that price?—A. If I remember right Mr. Kern asked $350 per acre at first.

Q. You have heard his statement here, I suppose it is substantially correct?—A. I heard a part of it.

Q. You were present during that conversation he spoke of?—A. Yes.

Q. Now in what way were you acting ? Were you acting, or was Mr. Young acting ?—A. Mr. Young was acting.

Q. You were taking no part except to listen?—A. Yes.

Q. Who drew the contracts?—A. Mr. Johnson.

Q. He is the government solicitor?—A. The right of way solicitor, yes.

Q. You really took no part in this business at all except to be present in your office?—A. That is all.

Q. That is all you did from first to last?

By Mr. Maclean (Lunenburg):

Q. Did not Mr. Young consult you or ask your opinion or advice?—A. That was prior to Mr. Kern being there.

Q. You discussed the whole matter with Mr. Young?—A. We discussed values.

Q. Yes, that is what I meant?—A. But not before Mr. Kern.

By Mr. Barker:

Q. Did you discuss the value of these properties as entire or only as regards right of way?—A. Oh, yes, as a whole.

Q. You did?—A. Oh, yes.

Q. Did you tell him what your opinion was as to the value?—A. Yes.

Q. What was your opinion as to this land?—A. The value of this land?

Q. Yes?—A. As to what.

Q. The government buying up 800 acres?—A. I told Mr. Young I thought if they got the whole of the five quarter sections for less than $300, they would be making a good bargain.

Q. You told him that?—A. Yes, I knew what they had been sold for and I knew the increase in value of land in that district; at that time there was not only the natural increase——

Q. You say you knew what such properties had been selling at ?

Mr. CARVELL.—Let him finish the answer.

APPENDIX No. 1

By Mr. Barker:

Q. He can give that afterwards. I want him to answer this question now. You say you knew what such properties had been selling at within the year?—A. Yes.

Q. At what? Give us an instance?—A. Well, I could not say exactly the year, I knew they had been bought the preceding year.

Q. Did you know what Mr. Hamilton sold part of this very property for?—A. I knew what Hamilton told me he sold for. He was living on the place and I went to him for a contract for the right of way, and he said I have given the option on it to such a date and I expect it to be taken up.

Q. When did you go to him?—A. In the month of June, 1906, or in 1905, isn't it?

Q. 1906, that was about three weeks after he sold?—A. In 1906, that is about it, shortly after, yes.

Q. Did you ever get a look at the agreement?—A. No.

Q. Did you ask Hamilton what he sold for?—A. Yes.

Q. Did you tell Mr. Young what Hamilton sold for?—A. Yes, I think I did.

Q. These people you knew at that time were holding these two quarter sections, under contract five or six months old, at $40,000 for the two quarter sections, you knew that?—A. Well, we take everything by the acre there.

Q. Did you know that, put it any way you like?—A. At $125 per acre.

Q. You knew Hamilton, within five months before this time, had sold that to Mr. Mathews, or Mr. Kern, at $125 per acre?—A. Yes—well, no, I didn't know the date.

By Mr. Maclean (Lunenburg):

Q. You knew the amount?—A. I knew the amount; it might have been sold a month before or six months before.

By Mr. Barker:

Q. Didn't Hamilton tell you he had just sold it?—A. No, he did not say 'just.'

Q. Did you ask?—A. No.

Q. You were there for business, I suppose, and you did not find out when it was sold?—A. It was not part of my duty.

Q. It was not?—A. No, I found sufficient to know that Hamilton hadn't anything to do with it after he sold it.

Q. And you as the land agent, helping the government to buy land as cheaply as possible, did not think it was any part of your duty to find out what lands had been selling for recently there?—A. I did find out.

Mr. MACLEAN (Lunenburg).—That is not a fair way to put it. He says he did find out.

By Mr. Barker:

Q. When you were talking with Hamilton you did not try to find out when that sale took place?—A. No, I did not find out. He may have told me it was sold lately, or something like that.

Q. You did not ask particulars, did you ask who the purchaser was?—A. Certainly.

Q You did?—A. He told me it was Kern.

Q. You did not know Mathews was in it at that time?—A. No.

Q. Did you at any time look at these properties to see what they had passed through the registry office at ?—A. No.

Q. Not one of them?—A. No.

Q. Did any person, acting on behalf of the government, try to find out what the prices had been of this property from year to year?—A. I do not know.

Q. Did you make any enquiry as to what the Arctic Ice Company had sold this property at?—A. I did.

Q. You heard they had sold it at what?—A. At the same price, $125 per acre.

Q. When did they sell, was it within a year?—A. I found that out from Mr.

Hueback, who was the agent, and I think perhaps a partner in the Arctic Ice Company. I cannot remember whether he told me the exact date of the sale, but I think it was the same year, probably the same year.

Q. It was within a year, at all events, that is what you understood?—A. Yes.

Q. You made no written report of this?—A. I made a written report only on the right of way, and these enquiries were all made in regard to the right of way.

Q. You were not talking of buying a block of property at that time?—A. There was no word of suspicion of that either in my mind, or their minds or the public mind at that time.

Q. You did not consider it in that light at all?—A. No.

Q. I see here there are $138,000 charged as paid, that is all to Mr. Kern, and there are $84,000 paid to Mr. Mathews, and to Morton for expenses and salary, or whatever it is, $10,036.97, you appear to have just made these two purchases, to have closed these two purchases,—I will omit now for the present the hire of horses and all that sort of thing, and you got apparently for your services $9,355, what was that for?—A. I did not get anything of the kind.

Q. Well, it is charged here ?—A. I am just getting $100 per month, that is all I was getting.

Q. There was $9,000 for right of way, and you got your salary ?—A. Yes.

Q. They put it rather badly here. What was that $9,355 for ? Was it anything affecting these properties ?—A. Not these properties, no.

Q. Was it anywhere in the neighbourhood there ?—A. Yes.

Q. For right of way purposes ?—A. Right of way only.

Q. I won't go into that. Was there any person asked at all to value these properties on behalf of the Commission?—A. Not by me.

Q. Or by anybody else to your knowledge ?—A. Mr. Young told me he got the values generally in that neighbourhood of property, but he never spoke to me about any particular land for shops at all. I only——

Q. He instructed you to look after the purchase for the right of way ?—A. Yes, that was a general instruction.

Q. He never gave you any instructions to look after that property for this purpose? —A. He gave me instructions, first of all, general instructions as regards the purchase of right of way, and then I had instructions from Mr. Young to find out the general value of property in the neighbourhood for ordinary farming or market gardening or subdivision purposes and I did so, and I reported to him verbally.

Q. You told him what the Arctic Ice Company got and what Hamilton got ?—A. Oh yes.

By Mr. Carvell :

Q. Did you tell him the value of the property in that locality ?—A. Yes, my idea of it.

Q. What did you tell him was the value of property in that locality ?—A. Starting from block F, which we have heard talked of so much, for which $2,000 per acre was asked in the letter of Mr. Mackenzie, the next block I valued at about the same.

Q. That is $2,000 per acre ?—A. Block D. The ground in that block was subdivided into town lots. Then it came down to blocks C and B and I think I put them at about from $1,200 to $1,500 per acre.

Q. That was the price per acre ?—A. Yes, in the west we say 'per acre' just as we would 'per bushel.'

Q. Yes, I observe that ?—A. Then lot A, which belonged to the Roman Catholic mission, and which came within half a mile of the particular land, I think I put that at about nine—I think it was under a thousand—at about nine hundred or eight hundred per acre. Then came some lots of the St. Boniface College. They were a little less, although we actually paid more for the right of way per acre than we did in the other cases because we were cutting across corner-ways. I think I put a value on them of $700 per acre. All these were in the old parish lots. Then we struck the Dominion subdivision, surveyed into sections. First there was an 80 acre piece belonging to Mr.

Ernest Kern, not the gentleman who is here this morning. I put a valuation on that of about $550 per acre, and the next was this property of Mr. J. H. Kern, which was sold to the Commissioners. I thought the first quarter ought to be worth $450 per acre and gradually graded them down from $450 to—I think there were five of them in a row—either $275 or $300.

By Mr. Reid (Grenville) :

Q. Where are those lands you are talking about ?—A. These are the lands starting from block B which have been under discussion. I have given you my valuation on the whole of them.

By Mr. Carvell :

Q. Did you so report these valuations ?—A. Yes.

Q. Before the purchase ?—A. Yes, before the purchase.

Q. My friend Mr. Barker asked you if you took any pains to see what the assessment on these different properties had been. Would that be of any assistance to you in ascertaining the value of property in the vicinity of Winnipeg ?—A. The municipal assessment ?

Q. Yes ?—A. None whatever.

Mr. BARKER.—I did not ask him about that but only said I thought he was an assessor.

Mr. CARVELL.—There was a question asked by somebody if he had looked into the assessmentof the land.

Q. Would the assessment on the land be of any value at any particular time as to the actual value of the land ?—A. None whatever, they do not assess improvements.

Q. More than that is it not a fact that land at that time was increasing in value in the vicinity of Winnipeg ?—A. Yes.

Q. And the assessment put upon it one year would not be any criterion of its value next year ?—A. No.

By Mr. Maclean (Lunenburg) :

Q. It was Mr. Young's policy not to make public the exact location of the shops until he had actually obtained an option on the lands, was it not ?—A. As a matter of fact he swore me to secrecy and also the right of way solicitor, that we would not divulge in any way that the Commissioners were then entertaining the idea of purchasing the land for shops there and it never got out. It never got out until the option was closed.

By Mr. Barker :

Q. But after these options he did not try to get any others in ?—A. Well, I don't know.

Q. As far as you know ?—A. As far as I know he did not.

Q. And the valuations that you have been speaking of to Mr. Carvell were valuations for right of way through property ?—A. No, the actual value of the land.

Q. But you told me a few minutes ago that you made no valuations at all except for the purpose of right of way purchases ?—A. What I said was that I reported to the Commissioners my valuation of the whole line for right of way purchases. Afterwards I discussed with Mr. Young, before he interviewed Mr. Kern, this matter and I made a report as to my valuations of land in the neighbourhood.

Q. You told him, did you not, of the sales of the Arctic Ice Company ?—A. Yes.

Q. What the actual sales were that year ?—A. Well, the actual sales as far as I could find out.

By Mr. Maclean (Lunenburg) :

Q. You think that Commissioner Young made a very good bargain when he purchased 800 acres at that price ?—A. Yes.

By Mr. Jackson (Selkirk):

Q. Supposing the Grand Trunk Pacific had crossed at St. John and gone out on the other side of the Canadian Pacific Railway shops, could you give me any idea of what the 800 acres would have cost in the same district?—A. In Kildonan?

Q. What would they have cost there?—A. In Kildonan?

Q. Back of Winnipeg?—A. On the north side?

Q. On the north side of the Canadian Pacific Railway shops?—A. They would have cost as much as block F.

Q. What would it have cost from Fort Rouge out for the same distance?—A. The proportion is higher there again. That is the same distance as where they cross from St. Johns you are speaking of?

Q. Yes?—A. From $2,500 to $3,000.

Q. Was this the cheapest property the Grand Trunk Pacific could have got within that distance of Winnipeg?—A. Certainly. The whole property east of the Red river was far lower than it was anywhere else at the same distance from the centre.

By Mr. Sproule:

Q. Have you any knowledge of the value of land in that part of St. Boniface or Fort Rouge, and where you are talking about, opposite the St. Johns' College?—A. I only know general valuations, I don't know of any actual sales.

Q. What would be the difference in values?—A. The values in the north and west of Winnipeg would be certainly from a third to a half more than in the east of Winnipeg.

Q. I mean comparing Winnipeg with St. Boniface where this land was?—A. You see, St. Boniface, although it is a separate municipality, the town of St. Boniface is so adjacent to Winnipeg that we generally talk about Winnipeg as if St. Boniface was part of it. When we speak of four miles from the post office we mean four miles from Winnipeg post office, no matter whether it takes in St. Boniface or St. Johns or any of these other places.

Q. I suppose you are aware of this fact: that you can buy land in St. Boniface for less than a quarter of what you can buy land at in Fort Rouge or around St. Johns College—I mean same classes of lots?—A. You can buy them for considerably less.

Q. That is my information. What distance from St. Boniface is this land outside the city limits?—A. Outside the town of St. Boniface?

Q. Yes?—A. From the town of St. Boniface to the nearest point of these shops? That would be from block B across blocks B and A. It would be about a mile and a quarter.

Q. Outside of the city limits?—A. Outside of the town limits of St. Boniface.

Q. Would you apply to any real estate man in Winnipeg to ascertain the values of lands in that locality, buying the lands outright?—A. I got valuations.

Q. Were you in the real estate business then?—A. No.

Q. Were you ever in the real estate business?—A. Not as a member of the exchange.

Q. Were you in the real estate business in Winnipeg?—A. No.

Q. Did you ever apply for valuations of property in that locality?—A. Yes, I did.

Q. To ascertain the valuations?—A. Yes.

Q. To whom did you apply?—A. To Mark Fortune and to C. H. Enderton and Company.

By Mr. Maclean (Lunenburg):

Q. Do you approve of the policy pursued by Commissioner Young in obtaining these lands quietly without making any public demonstration, was that preferable to arbitration proceedings?—A. If it had been known at the time that the government had to acquire these lands for shop purposes I don't know what they would have had to pay. Land in the west, you know, will soar up 100 per cent in value very easily.

Q. Then you approve of that course being pursued in obtaining control of these lands?—A. Yes, it was the only practicable way of doing it.

Q. It was the only way of doing it?—A. Yes.

Q. You think they saved money by it?—A. Yes.

Q. You have known the value of land in the west, yourself personally, for a great number of years?—A. Oh, yes, I have been there over thirty years.

Q. You have not been practicing in real estate?—A. I have to a certain extent. When you say real estate agent, you have got to be a member of the exchange there.

Witness discharged.

Committee adjourned.

COMMITTEE ROOM NO. 32,
HOUSE OF COMMONS,
THURSDAY, May 7, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the further consideration of payments aggregating $235,271.61, Transcontinental Railway, District F, Terminals and Right of Way, as set out at page W—338, Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. C. A. YOUNG, Commissioner, Transcontinental Railway Commission, called, sworn and examined.

By Mr. Maclean (Lunenburg):

Q. Mr. Young, you are one of the Transcontinental Railway Commissioners?—A. I am.

Q. You reside in Ottawa at present?—A. Yes.

Q. Prior to your appointment on the commission you resided in the West, in Winnipeg?—A. Yes.

Q. How many years did you live in the West?—A. Since the spring of 1879, 29 years.

Q. Did you ever engage in the buying and selling of land during this period?—A. Oh, yes.

Q. That is, more or less, and you had some idea of land values during all these years?—A. I thought so.

Q. It became necessary for you to obtain lands for your railway shops for the Grand Trunk Pacific?—A. Yes.

Q. At or near Winnipeg?—A. Yes.

Q. I suppose it was necessary to own a considerable lot of land, wasn't it, for that purpose?—A. Well, we considered it advisable to secure sufficient lands for yards and shops to answer the purpose for all time, while it was cheap.

Q. I see that your engineer reported that you would require 600 or 800 acres of land, or that it was advisable to get that much?—A. Yes.

Q. Did you disclose to the public, long before actually purchasing, where these shops would be located, in any way?—A. We did not.

Q. I have been handed a copy of a telegram from Mr. Hugh D. Lumsden to Mr. A. E. Hodgins, who was the engineer making the charge against the commission, dated December 21, 1905, as follows:—

'A. E. HODGINS, Esq.,
'District Engineer,
'Kenora, Ont.

'DEAR SIR,—I wired you to-day in cipher, as follows:—"Do not run your survey nearer Winnipeg than centre of Range 4 East."

'Yours truly,
(Sgd.) 'HUGH D. LUMSDEN.'

What was the purpose of that telegram?—A. I fancy the chief engineer had two objects in view: in the first place, to prevent the public generally speculating on the land in the vicinity of Winnipeg which we afterwards would have to secure.

Mr. BARKER.—Do you not think the telegram, or the letter, would answer for itself?

Mr. MACDONALD (Pictou).—No, it does not disclose the purpose.

Mr. BARKER.—First of all, it has never been produced under the order for the production of all the papers.

Mr. MACLEAN (Lunenburg).—Well, we are rather lax about these things; I can produce it another day.

By Mr. Maclean (Lunenburg):

Q. What was the purpose in view in sending that telegram?—A. I understand that the reason I gave was one of the reasons—the reason was, that until we decided at what point we were entering the city of Winnipeg, it was not advisable to go too close. If we came into the south part of Winnipeg our line would have to be diverted to the south from that point, and if we came in on the north side it would naturally have gone to the north; but until the location in Winnipeg was practically decided upon, I understand that the chief engineer considered it unwise to go any closer with the survey than the centre of Range 4.

Q. That would have a tendency to keep the public guessing where you were going to locate, would it not?—A. Naturally.

Q. You had that in mind, had you not?—A. I had, yes.

Q. You did not procure these lands by arbitration proceedings or by exchequer court proceedings, you bought them privately on behalf of the commission, didn't you?—A. I secured the options privately.

Q. You got an option from Mr. Kern and an option from Mr. Mathews?—A. Yes.

Q. Mr. Kern said he never heard tell of you in his life until these negotiations, was that correct?—A. I never met Mr. Kern until I met him in our office in Winnipeg.

Q. That was the first time you ever met him?—A. The first time I ever met him.

Q. You never disclosed to anybody, prior to your meeting Mr. Kern, that you wanted this particular lot of land called the Arctic Ice Company farm?—A. Oh, yes. In the first place, our chief engineer and my colleagues knew of it, and Mr. Morton and Mr. Johnson, prior to Mr. Kern being called in.

Q. Then it was understood the policy was that you were to negotiate quietly for the option?—A. Yes, sir.

Q. And your colleagues concurred in that policy?—A. Oh yes.

Q. And the chief engineer, too?—A. And the chief engineer.

Q. Well, did you enquire as to the prices of lands adjoining to those that you subsequently bought?—A. Oh yes.

Q. What other lands was there available for you?—A. Well, the land between the property we secured and Winnipeg was held at very much higher prices. I understand that a party owning 80 acres, immediately adjoining our property, had been offered $600 per acre prior to our negotiating with Mr. Kern. We also had an offer for Block F, containing some 280 acres, or thereabouts, at $2,000 per acre.

Q. Who owned these lands, lot F?—A. It was Mr. Mackenzie submitted the offer.

Q. He submitted an offer in writing, by letter, which is on the file and in evidence?—A. I believe so.

Q. Then there was the Roman Catholic church property?—A. The Roman Catholic church property, if you will refer to that map, immediately adjoins the 80 acres for which $600 per acre had been offered; it is between that and Winnipeg, immediately adjoining the 80 acres, and I was informed they had been offered $1,200 an acre for it.

Q. You were informed they had been offered $1,200 per acre for it, and those 80 acres for which they were asking $600 per acre immediately adjoins that which you subsequently bought?—A. For which they had refused $600 per acre.

Q. For which they had refused $600 per acre?—A. Yes.

Q. Then was Block F ever offered to you prior to that?—A. Yes, sir.

Q. At what price?—A. It was offered to me some time in the fall of 1905 for $725 per acre, I think.

Q. For $725 per acre?—A. Yes.

Q. Who owned it then, do you know?—A. I understand the Hon. Robert Rogers owned it—no, not at that time—it was offered by a real estate man in Winnipeg to me at $725 per acre and afterwards the Hon. Robert Rogers bought it.

Q. You were offered Block F at $725 per acre about the time the Hon. Mr. Rogers bought it?—A. Yes, sir.

Q. Were you ever given another figure on it later?—A. We were, by Mr. Mackenzie, at $2,000 per acre.

Q. Did the Hon. Robert Rogers become interested in Block F between the autumn of 1905 and the time Mr. Mackenzie made that offer to you?—A. I understand that Mr. Rogers bought the property in the first place.

Q. In the first place?—A. That is, shortly after it was offered to me at $725.

Q. Then Mr. Mackenzie became interested with Mr. Rogers?—A. I so understood it.

Q. And the price went up to $2,000 per acre?—A. Yes.

Q. Have you ever heard that Mr. Rogers was fulminating on the streets of Winnipeg because you did not buy this piece of land?

Question objected to by Mr. Barker.

The CHAIRMAN.—That is not evidence.

By Mr. Maclean (Lunenburg):

Q. Well, Block F was offered to you subsequently at $2,000 per acre?—A. Yes.

Q. You thought you could do better, and you negotiated with Mr. Kern and his partner for these other lands?—A. Yes, sir.

Q. You met him, in company with your solicitor, the commissioners' solicitor, in Winnipeg?—A. Yes, sir.

Q. And the commissioners' solicitor is?—A. Mr. Johnson.

Q. And you met together and negotiated?—Yes.

Q. How much did Mr. Kern ask for his land then?—A. Oh, he started in at, I think, $350 per acre.

Q. He started in at $350 per acre?—A. I would not be sure; it was $350 or $400, away up.

Q. Did you find him an easy person to negotiate with?—A. No, sir.

Q. He is a hard man to buy from?—A. I think he is.

Q. He looked a bit that way; and eventually you concluded the option?—A. Yes, sir.

Q. And you took a three weeks' option—I think the papers show that—from Mr. Mathews and Mr. Kern?—A. Yes.

Q. You paid how much on those options?—A. I think it was $3,000 to Mr. Kern and $1,000 to Mr. Mathews, that is what I understand.

Q. After the option was exercised these payments were to be applied on the purchase price?—A. Yes, sir.

Q. The commissioners eventually exercised the option?—A. Yes.

Q. Why did you take the option at all? Why didn't you buy direct?—A. Our

powers are limited, and the commission could not buy without the consent and approval of the government to close a deal of that kind.

Q. I see; so that you had to get the authority from the commission?—A. From the government.

Q. Well, the commission eventually bought the property at how much per acre? —A. Part of it at $287.50 per acre; part of it at $275 per acre, and part of it at $250 per acre, according as it went east; the cheaper property was in the east.

Q. Your colleagues concurred in this?—A. Yes, sir.

Q. The chief engineer concurred in this?—A. Yes sir.

Q. What is your own judgment as to the policy you pursued?—A. I think by adopting the policy that we did we saved an immense amount of money to the country; I am satisfied of that.

Q. You are satisfied of that?—A. Yes, sir, that no other policy would have secured that land as cheaply as we secured it.

Q. Is it your judgment that had you resorted to arbitration or Exchequer Court proceedings, the land would have cost you more?—A. Certainly.

Q. You feel certain about that?—A. I do, for the reason that the moment it became known that this property was secured for railway purposes, I think, in twenty-four hours all the land in that neighborhood increased $100 per acre, and in some cases over $100 per acre.

Q. That is immediately it was made public that this land had been bought for railway purposes?—A. Immediately.

Q. You think then you got a good bargain?—A. I do indeed.

Q. You think the policy you pursued was a businesslike one and in the interests of the country?—A. I do.

Q. Did you enjoin secrecy upon Mr. Kern and Mr. Mathews when you obtained the option?—A. I did.

Q. For what purpose?—A. For the reason that should the government not decide to approve of it, or should want any delay, I did not want Mr. Kern to cancel his option at the expiration of the time and ask a higher price. If we wanted a renewal of the option we could get it without extra cost, that was my idea.

Q. Mr. Young, there is a letter addressed to you——

Mr. BARKER.—Is this another official letter?

Mr. MACLEAN (Lunenburg).—No, it is a letter addressed to him.

Mr. BARKER.—As commissioner?

Mr. MACLEAN.—(Lunenburg).—I presume so.

Mr. BARKER.—Why has it not been produced before?

WITNESS.—It is addressed to me, but not as commissioner.

Mr. BARKER.—Then it is not official.

By Mr. Maclean (Lunenburg):

Q. Just tell him what the letter is?—A. I might state this is just a letter in which the offer of this Block F was made to me at $725 per acre; it is dated the 6th of September, 1905.

Q. And it offers you certain lands; where are these lands situated?—A. In the vicinity of St. Boniface.

Q. And what are the prices he asks for these lands?—A. Block F, $725 per acre; Block G, $825 per acre; then there is Block—well, another piece here, I think it was part at one time of Block G, at $900 per acre, and then there is another piece at $625 per acre, in fact there are three other pieces at $625 per acre, and the way he makes the offer, he simply writes me that the total amount of land he offers in St. Boniface, this is from Mr. Fortune of Winnipeg, is 589 acres, and there is a tracing which shows the different blocks and the different prices. 'This property is two miles from the post office, and is by far the cheapest property that close to the centre of the city'; that is what he says in the letter.

Q. Now, were those lots mentioned in that letter fairly near to the lots you pur-

chased?—A. They are closer to Winnipeg, probably half way between the western boundary of our lots and the city of Winnipeg.

Q. And they naturally would command a little higher figure than those you bought?—A. Naturally, yes.

Q. There was no commission paid to anybody in connection with those purchases?—A. No, sir.

Q. You derived no personal profit for yourself?—A. Not a cent.

Q. Or anybody else?—A. Not to my knowledge.

Q. Did public opinion, so far as it was reflected in the Winnipeg press, approve of this purchase?—A. I never saw or heard any disapproval of the purchase neither through the press—that I would consider was disapproval at least—in the press nor by interview or anything of that kind.

Q. The press rather confirmed your policy?—A. I would understand so.

Q. It is a fact, is it not, that the Winnipeg *Tribune* and the Winnipeg *Telegram* commented rather favourably upon your purchase?—A. I thought so.

Q. Are these lands fairly level?—A. Very level.

Q. They would not require much work to make them suitable for the purposes they were bought for? Were they dry?—A. Dry and level, and in every respect much better than Block F.

Q. How would you get water there?—A. There is a flowing well on the property now.

Q. So that on the whole, Mr. Young, you say from your experience that you took the proper course to acquire these lands; it is your judgment that you paid a fair price?—A. I got them very reasonable, in my opinion.

Q. It is your opinion that the country received value in these lands?—A. Yes.

Q. And that you acquired railway shop lands cheaper in this way than you could have in any other way?—A. I do not think there is as good a railway yard in Canada, or the making of as good a yard, as there is in that property.

By Mr. Barker:

Q. Mr. Young, where did you live in the West?—A. I originally went to Turtle Mountain, Southern Manitoba; I afterwards lived at Deloraine, and then went to Winnipeg.

Q. You went from Turtle Mountain to Deloraine, and then where?—A. And then Winnipeg.

Q. And these are the only two places you have lived in?—A. Yes, sir.

Q. Have you ever lived in Moose Jaw?—A. No, sir.

Q. Mr. Kern and Mr. Mathews are tavernkeepers at Moosejaw?—A. So I have been informed.

Q. Did you know either of them?—A. I met Mr. Mathews, I knew Mr. Mathews years ago, when he was a newsboy on the train, but I had no idea it was the same Mathews until I met him again in Winnipeg.

Q. Probably you didn't know Mr. Mathews any more than you did Mr. Kern?—A. No more than Mr. Kern.

Q. Except in that casual way you say?—A. Yes.

Q. About the lands to the east of these lands in question, you made no attempt to buy there for yards?—A. No, sir.

Q. You just heard that the prices were high?—A. To the east of that property?

Q. Yes?—A. Well, not unless we had been forced to go east, I would not. I do not think the chief engineer would have recommended our going more than 7½ miles out.

Q. You did not attempt to negotiate nearer Winnipeg either?—A. No, sir.

Q. That property, Block F, was subdivided property, wasn't it?—A. Very little of it, if any.

Q. Some portion of it, then?—A. It would be a very small portion at that time.

Q. Some portion of it had been subdivided into town lots?—A. Possibly.

Q. Do you know that it was or was not?—A. I do not know it; part of it was not, but part of it may have been. When I went over the property, I did not notice any subdivision, although there may have been a part of it subdivided.

Q. The plan you have produced here shows that it was subdivided?—A. Does it?

Q. Yes?—A. I didn't notice that.

Q. You said you were very anxious to keep these negotiations secret?—A. Yes, sir.

Q. You were very anxious about that?—A. Yes, sir.

Q. And you enjoined secrecy upon Mr. Kern and Mr. Mathews?—A. I did.

Q. When was that?—A. At the time the option was secured.

Q. That would be in November?—A. November, yes.

Q. And yet two months before that you had been in negotiation to buy part of Block F?—A. We had an offer of Block F two months before that.

Q. And do you suppose when you began to negotiate and to get offers in writing, such as these letters you have produced for Block F in September, that the thing was secret that you were going there for lands, in that vicinity?—A. Everybody had an idea that we would require land, and these were offers made without solicitation from the commission.

Q. Yes, but then if you enter into correspondence with land agents, and people of that character in September to get property close to this land that you aftewards got there wasn't much secrecy about it, was there?—A. I do not know that I understand what you mean.

Q. There was a lot of secrecy about the commissioners wanting land in that vicinity in November when you had been negotiating in September for the lots?—A. I do not think there was any secrecy about our requiring land, but the location of it was what I wanted to keep secret.

Q. It was the neighbourhood, I suppose, you wanted to keep secret?—A. The exact property I wanted to keep secret.

Q. The exact property, that is all. I understand that you simply did not want anybody to know the exact property you were buying, that is all?—A. Yes.

Mr. MACLEAN (Lunenburg).—He says the exact location.

Mr. BARKER.—He says the exact property.

By Mr. Maclean (Lunenburg):

Q. Don't you mean the exact location, Mr. Young?—A. The exact location, certainly.

By Mr. Barker:

Q. You are one of the Transcontinental Commissioners, I suppose it is part of your duty to buy lands for the railway?—A. It was the duty of the commission.

Q. Was it part of your personal duty to go into the purchase of lands for the railway?—A. Simply as commissioner.

Q. Was it part of your duty to do that?—A. As commissioner, yes.

Q. It was?—A. Yes.

Q. Well, I understand that these commissioners take up different sections of the work, one would buy the lands and the others would do something else?—A. No, sir.

Q. How is it you were deputed to go and buy the lands?—A. It was on my suggestion, after discussing the matter with the chief engineer, that this plan should be adopted, and the fact of my being familiar with the conditions at Winnipeg, was, I presume, the reason for my colleagues asking me to negotiate the options.

Q. Who were your colleagues that requested you to go and buy these lands there?—A. The whole board.

Q. Was that in writing?—A. I do not think so.

Q. Eh?—A. I do not think so, except to the extent of the resolution under which the money I took for deposit on the options was paid.

Q. Of course, you have to get the money officially?—A. Yes, sir.

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Q. Who told you to go up and negotiate?—A. Well, I do not know how I can answer that; it was decided by the board that I should go up, I do not know it was by anyone specially.

Q. But the whole board, before you went up or entered upon these negotiations, directed you to do it?—A. Yes, sir.

Q. You say that?—A. Yes, sir.

Q. Who did you first see about these purchases?—A. In the first place the chief engineer and myself examined the lands earlier in the season.

Q. At what time?—A. I think it would be in July.

Q. That was done publicly, I suppose?—A. I beg pardon.

Q. I suppose you went on the ground publicly, you and the chief engineer?—A. We drove along the line of the railway, and naturally examined the ground, for the right of way.

Q. When did you first begin any negotiation for the purchase after you were directed to purchase?—A. I went immediately to Winnipeg and had Mr. Morton send for Mr. Kern and started the negotiation.

Q. How did you know anything about Mr. Kern?—A. I knew he was supposed to be the owner of the property, Mr. Morton informed me that.

Q. Mr. Morton informed you, you did not know anything about it yourself?—A. I knew through Mr. Morton who was our agent there.

Q. You only knew through Mr. Morton?—A. Only from Mr. Morton.

Q. When did Mr. Morton tell you this?—A. He told me, when securing the right of way, he gave me the name of the owner of each property.

Q. That would be some time before these negotiations?—A. Yes.

Q. How long before?—A. I could not say.

Q. Was it a year?—A. No, it would not be a year, for the reason that we were not attempting to secure the right of way a year before.

Q. Was it six months?—A. I think so.

Q. It was about six months before this?—A. At least six months.

Q. How is it you did not buy a right of way from Mr. Kern?—A. For the reason that I have explained before, that if we went in by the north side our line would have been deflected to the north, and if we went to the south it would have been deflected to the south of that point.

Q. When did you first determine to go on this line?—A. I do not know, I cannot give you the date, but we determined it as soon practically as we made up our minds to have joint terminals with the Canadian Northern at Winnipeg.

Q. In the neighbourhood, the immediate neighbourhood of this land you bought?—A. No, but in almost a direct line with this.

Q. With this land?—A. Yes.

Q. When did you first see Mr. Mathews?—A. I saw him after negotiating with Mr. Kern.

Q. Was it the same day you saw Mr. Kern or the next day?—A. I think it was between two and three days, I think we had three sittings altogether.

Q. Within one or two days after you began negotiations with Mr. Kern?—A. Yes, sir.

Q. Did you have any examinations made in the registry office to see what had been paid for these lands before you entered upon negotiations?—A. No, sir.

Q. You made no examination to see what the price of these lands had been to Mr. Kern or Mr. Mathews?—A. No, sir.

Q. Did you make any enquiry?—A. No, sir.

Q. You did not know?—A. I was informed what he had paid for them.

Q. By whom? By Mr. Kern?—A. By Mr. Morton.

Q. Had Mr. Morton been instructed to make enquiries about these lands with reference to these purchases?—A. No, sir.

Q. Why did he make these enquiries?—A. With reference to the right of way.

Q. It was with reference to the right of way he made these enquiries?—A. Yes.

Q. Then you did learn—all you did learn about this thing in regard to Mr. Kern was the idea that you might have to buy a right of way ?—A. That is all.

Q. And it was not at all with reference to this transaction?—A. No, sir.

Q. You made no enquiry except through Mr. Morton, and what did he tell you he knew?—A. Well, I cannot recollect, but the impression he left on my mind was that the land had been purchased by Mr. Kern, and as nearly as I can recollect, he gave me a price of $125 per acre.

Q. That is his impression was that the land had been bought by them at $125 per acre, within what time?—A. Well, I do not think he stated what time.

Q. Well, did he say 'recently'?—A. I can't recollect what he said.

Q. Did you ask him if that price had been paid recently?—A. I don't think I did.

Q. Now, as a shrewd man of business, do you not think in buying lands it would be of great value to you to know how recently there had been an actual transaction and at what price?—A. Well, I did not consider that the price he may have paid for the land would affect its value very much. Land was increasing very rapidly, and it would not do much, if any, good to know that.

Q. Shortly, you did not think it was material to know?—A. I did not.

Q. Who was this Finley McIntosh?—A. He was a farmer, I fancy.

Q. Living on his place?—A. I do not know whether he was living there at the time or not.

Q. You are not sufficiently familiar with the surroundings to know whether he lived on his place or not?—A. He was not living on the place when I saw it, but of course Mr. Kern was the proprietor when I saw it. I think I had been over the place years ago.

Q. Was MacIntosh in any way connected with anybody in the Arctic Ice Company?—A. I think he was a cousin of McNaughton who was in the Arctic Ice Company.

Q. He was a cousin of Mr. McNaughton?—A. I think so.

Q. What was Mr. McNaughton?—A. He was one of the Arctic Ice Company.

Q. I suppose he is still?—A. I think so.

Q. Did you have any discussion with him about the value of the land?—A. No, sir.

Q Did you ask any member of the Ice Company, who had owned this land that you bought from Mr. Kern, what he considered the lands were worth?—A. I did not.

Q. You knew some of these people, I suppose?—A. I did.

Q. Have you had any relations whatever with any of the people connected with the Arctic Ice Company?—A. I was acquainted with both Mr. McNaughton and Mr. McIntosh, with Mr. Huebach, and I do not know who are members of the company, but I am acquainted with the most of them, I think.

Q. Is any one of them any connection of yours?—A. Yes, sir, Mr. McNaughton and Mr. McIntosh are distant relations of mine.

Q. They are both connections of yours, in what way?—A. Distant relations, they are cousins, second and third cousins.

Q. Are they connected in any other way?—A. No, sir.

Q. Are they connected by marriage?—A. No, sir.

Q. Are they any connection of Senator Young by marriage?—A. Well, I do not know that has very much bearing on this case.

Q. I ask you the question?—A. All right, Senator Young is married to a cousin of both these gentlemen.

Q. Then there was that connection by marriage, and a connection by blood between you and these gentlemen who were interested in the Arctic Ice Company?—A. Not by marriage, no, my brother's marriage would not connect me.

Q. Well, with your brother, that is the Senator?—A. Yes, sir.

Q. You are connected by blood with some of these people, and your brother is connected by marriage, and Finley McIntosh was connected with these people also?—A. Yes, sir.

Q. So you were, in a sense, connected with the whole lot of these people, from whom these purchases were made?—A. No, just those two, McIntosh and McNaughton.

Q. There were two lots besides Finley McIntosh's three lots purchased and they came through people who are connections of yours?

Mr. MACLEAN (Lunenburg).—These connections did not own the lands, it was the Arctic Ice Company. You might ask if he had any relations in the Arctic Ice Company.

By Mr. Barker:

Q. I suppose Mr. McNaughton and Mr. McIntosh had an interest in the ice company and have still, have they not?—A. I do not know.

Q. You do not know that?—A. I do not know.

Q. Now at the time that the Arctic Ice Company in which the McNaughtons were interested, at the time they sold to Mr. Kern, I suppose the McNaughtons, and all these people knew just as much about the railway prospects as Mr. Kern did, didn't they, or as Mathews did?—A. I do not know.

Q. Eh?—A. I do not know what they knew.

Q. Hadn't they the opportunity to know just about as much as any man in Moose Jaw, 400 miles away?—A. I should think so.

Q. You should think so, even if they had not been connected with one of the commissioners?—A. Certainly.

Q. And yet they sold for $20,000 a quarter lot?—A. Yes.

Q. When was that?—A. I do not know, it is in the evidence here.

Q. We have it down in their testimony, and I need not trouble you repeating it.—A. I might state for the information of the committee that I never corresponded or discussed with either McIntosh or McNaughton the sale of their lands nor anything connected with that sale.

By Mr. Maclean (Lunenburg):

Q. I suppose if you had wanted to help any of your poor relations out you could have gone to them and told them and they would not have sold to Kern?—A. I simply make that statement positively and clearly.

By Mr. Barker:

Q. What I understand you to say is, that within a year before you bought these lands, these people were selling property and did not consult you as to the prospects?—A. Not at all.

Q. That is your statement?—A. Yes, sir.

Q. I suppose Mr. McNaughton was a shrewd man of business, wasn't he?—A. I always considered him so.

Q. He is on good terms with you?—A. The very best of terms, I haven't spoken to him, I do not think I have met him for two years.

Q. But Mr. McNaughton, having a large interest in this property, selling to a man who was buying, as he told us, Mr. Kern told us he bought because he saw you were going ahead with the railway, did not consult you before selling?—A. He did not consult me nor did any one on his behalf.

Q. When you saw Mr. Kern—in Winnipeg I understand it was you met him?—A. Yes, sir.

Q. You knew what they had paid for the land?—A. I did.

Q. They didn't have to tell you?—A. No, sir.

Q. You knew it already?—A. Yes, sir.

Q. And you knew what Mathews had paid for his?—A. I do not know that I did know what Mathews paid for his.

Q. How did you know what Kern paid?—A. Mr. Morton told me.

Q. But he did not tell you what Mathews paid?—A. He may have.

Q. You are aware, are you not, that the agreements are all on record, so that you could see everything?—A. Certainly.

By Mr. Maclean (Lunenburg):

Q. Mathews may have told you the day you were negotiating for the option?—A. He may have.

By Mr. Barker:

Q. Oh, Mathews had his agreement registered. When you talked to Mr. Kern and Mr. Mathews in those two or three days about the price, you, at all events, knew what Mr. Kern had paid for his land?—A. Yes, sir, I thought I did.

Q. You know also that their title was not complete, that they had only agreed to buy?—A. I did not.

Q. You did not even ask that?—A. I left that with the solicitor.

Q. You did not even ask how long they had owned it?—A. I don't think I did.

Q. You did not ask whether they had got the title or whether they had only an option to buy?—A. No, sir.

Q. In such a question as that, where you were buying property that was going to cost some hundreds of thousands of dollars?—A. I left that with the solicitor.

Q. You left that entirely with the solicitor?—A. But you were making a bargain about the price?—A. Yes, sir.

Q. You made no inquiry of that nature?—A. I did not consider it affected the price.

Q. Even as a matter of information you did not want to know anything of that kind, whether they had an option or had purchased, or whether you could get behind their agreement and buy it direct; you did not make any inquiry at all?—A. I did not.

Q. You knew you had power to expropriate if they were asking you an exorbitant price?—A. Yes, sir.

Q. And you knew you were not bound by what the arbitrators would do, and you could go to the Exchequer Court if there was any extortionate price asked?—A. Yes, sir.

Q. And you knew what the lands cost?—A. I did.

Q. And you made this proposition that has been carried out, you made that to them yourself?—A. The proposition of getting——

Q. The offer which has been carried out was made by you?—A. I am not positive whether the price offered was made by Mr. Kern or by myself, but it was the result of negotiation between us.

Q. Mr. Kern's story is, as you say, he asked more?—A. Yes.

Q. And after some talk you made this proposition which he accepted?—A. Well, possibly that was the way it was.

Q. Now, knowing that this property cost these two men, Kern and Mathews, within a year $99,200 for the five lots, one of them cost $19,200, you gave them $222,000 for the property, didn't you?—A. Yes, sir.

Q. And you thought that was saving an enormous sum of money to the country?—A. I am satisfied it was.

Q. You reported it as a very fine bargain?—A. I did, and I think so still.

Q. You know now that they hadn't even paid for the land, don't you?—A. I heard the evidence the other day.

Q. The government actually advanced Mathews $30,000 before they were obliged to pay a cent, to enable him to pay up for his land?—A. $30,000 was sent to our solicitor for the purchase.

Q. To enable Mathews to pay for his land?—A. I do not think it was sent in that way.

Q. I will read your telegram and you will see you then offered that, and you

further agreed, didn't you, to put the shops on a particular part of the property you purchased?—A. Yes, sir.

Q. And if you failed to do that how much were you to pay?—A. There was no provision as to what should be paid additional. I may explain that before going to the west the chief engineer made a rough draft of how he proposed to lay out the yard. In that draft he showed the probable location of the shops. I took the precaution in the negotiations that I did not limit it to any particular point east or west, except that it would be near the centre of our property.

Q. Near the lot they had kept back and held for themselves?—A. Near the lot which we did not eventually purchase although I had an option on it, and I did so for the purpose of getting the land at a reduced price.

Q. That is the way you put it. According to the agreement Mr. Kern wanted $325 per acre?—A. I think he started higher than that.

Q. But finally when you came to the agreement?—A. $325 per acre, yes.

Q. He took $287.50 on condition that you put the shops where it was stated?—A. Yes.

Q. But it was to go up to $325 if you did not put the shops there?—A. No, sir.

Q. That is his view of it?—A. My understanding is that we had two options, one was for the whole section, in which the location of the shops was not mentioned, at $325 per acre. The other was for $287.50 per acre with the condition that the shops should go within a certain distance.

Q. That was the condition, and he says himself he was to get the larger price if they were not put there, and it is so, no doubt about it. That $325 per acre would make it $18,000 more for the land. I am just giving you the figures because the agreement will speak for itself, but that will make the price $240,000 if you do not build the shops within 500 feet of their land?—A. I do not so understand the agreement.

Q. We will put that agreement in, it will answer for itself. But Mr. Kern's contention is that you will have to pay him $18,000 more if the shops are not located in that particular spot?—A. I did not understand Mr. Kern to say so and I do not so understand it.

Q. Assuming that Mr. Kern's statement is right, and that you had to pay $18,000 extra if you did not comply with that part of the contract, it would probably be better to do that than stand a suit for damages for breaking your agreement, that will make the price $240,000, in the one case the profit for these two men would be $122,000 and in the other case it would be $140,800, and you think that is a bargain, which you have to submit to your colleagues?—A. You seem to be reading something into that agreement which I do not think its language will justify.

Q. Leave that out for the moment and let us deal with what is distinctly set forth in the agreement. You paid them $222,000 for the land which gave them $122,800 of profit before they had paid all the money for the land?—A. I did not figure it out but I presume you are right.

Q. $222,000 is the sale price—what was the total amount you agreed to pay for the land?—A. Something in the neighbourhood of $222,000.

Q. That is the exact sum. The two quarter lots Mr. Kern put down at $40,000. They kept one-third of the land they bought which made up the $60,000 which was the total paid for the Arctic Ice Company's lots, is that correct?—A. I do not know what they paid for it.

Q. I thought you said you did know?—A. Which?

Q. What Mr. Kern paid for the ice company's lot?—A. I know in a general way, but I can't give you the figures at all.

Q. You knew then didn't you?—A. Mr. Morton told me some time previously to our purchasing what Mr. Kern paid.

Q. Then you knew what Mr. Kern paid?—A. I did in a general way.

Q. And you heard the evidence the other day?—A. I did, yes.

Q. Didn't you hear the other day that the price Mr. Kern paid was $60,000 for

the three quarters of the ice company, of which two were given to the Transcontinental railway and they retained one quarter, you heard that didn't you?—A. I heard that evidence.

Q. Didn't you hear that?—A. When we bought from Kern I didn't even know how much land Kern bought from the ice company.

Q. You didn't even know that?—A. No, I did not.

Q. Did you know it at the time?—A. Know which?

Q. Did you know what land they bought from the ice company when you made the bargain with Kern?—A. I knew they had bought the land we required from the ice company. I had the word only of Mr. Morton, but I did not know what other lands they had bought.

Q. You did not even know what lands Kern had bought from the ice company?—A. I did not.

Q. When you bought these lands from him?—A. I did not.

Q. You did not even enquire as to the number of quarter lots there were in that purchase?—A. I understood there were three quarter lots, but I did not know it.

Q. That is what has been given in evidence here?—A. Yes.

Q. What did you understand was the price Kern paid for the three quarter lots?—A. I understood it was $125 per acre, that is what I had been told.

Q. It was $60,000, wasn't it?—A. It depends upon the size of the lots, if they were exactly 160 acres each it would be.

Q. The quarter lots are 160 acres each?—A. Yes, if they were exactly 160 acres it would come to that.

Q. That is the evidence that has been already given and what I wanted to get at was—I want to state what the lands cost and what you paid for them, and I wanted to ask you upon your oath if you think this was a good bargain you made?—A. I certainly do.

Q. According to the evidence you heard the other day, $99,200 was paid for the 800 acres you speak of?—A. That is my recollection of it.

Q. And that within about a year afterwards you gave $222,000 for the same lands, and you had the power to go to the Exchequer Court if there was an unreasonable amount asked, and you think that was a good bargain, do you?—A. I do, indeed.

Q. That is what I want to get at.—A. I think it would have cost a great deal more money to go to the Exchequer Court, I am satisfied of that.

By Mr. Johnston:

Q. That is from your knowledge of the conditions?—A. From my knowledge of the conditions.

By Mr. Macdonald:

Q. What relation has the price paid for other lands in the neighbourhood to this statement that you have made, that you think this is a good bargain?—A. Take Block F, for instance.

Mr. MACLEAN (Lunenburg).—You have gone over that already, Mr. Young?—A. Yes, it almost trebled in value in the same time.

By Mr. Barker:

Q. Did Mr. Kern tell you who was in this with him, or that anybody was interested with him in this deal?—A. He did not, as a matter of fact.

Q. Did you ever hear that anybody was interested with him in this deal?—A. As a matter of fact I did not know that Kern was interested in the Mathews property until I heard the evidence here the other day.

Q. Have you ever heard that Mr. Kern had anybody interested with him in this deal?—A. I do not know that I have.

Q. Reflect a moment now, and see whether you did hear?—A. Well, I have heard

a good deal one way and another but I do not wish to give any hearsay evidence under oath.

Q. You do not know of your own knowledge?—A. I do not know of my own knowledge.

Q. Nor as to the Mathews' deal?—A. Nor as to Mathews.

Q. You do not know as to either of them. From all you know of your own knowledge they were the sole owners?—A. For all I know, they were.

By Mr. Maclean (Lunenburg):

Q. What are these lots worth to-day, Mr. Young, or perhaps I should ask what are lots immediately adjoining these 800 acres worth to-day?—A. I cannot say what they would be worth to-day. I understand that lands a little to the south of property we bought are sold at $350 per acre, and I understand that land a little to the north of where we bought and further from Winnipeg was sold at $350 per acre, and some other land at $300. I understand that from report.

Q. Did the Hon. Mr. Rogers ever ask you more than $2,000 per acre for this land of his in Block F?—A. Mr. Rogers did not.

Q. He never asked more than that?—A. No.

Q. Did he ask that?—A. Mr. Rogers never offered the land to me, during the time we were negotiating, it was Mr. Mackenzie made the offer at $2,000 per acre, and I understood that he asked $3,000 per acre for the right of way.

Q. He asked $3,000 per acre for the right of way?—A. Yes.

Q. But Mr. Rogers was interested in this land with Mr. Mackenzie, so you understand?—A. So I understand.

By Mr. Reid (Grenville.)

Q. How do you know? Do you know of your own knowledge?—A. No, sir.

Q. You do not know of your own knowledge, it is only heresay, common talk around the streets?—A. I know the same as I know that Mr. Kern owned the others.

By Mr. Maclean (Lunenburg):

Q. Have you any doubt about it?—A. I can't say whether Mr. Rogers is interested in the property to-day or not.

By Mr. Reid (Grenville):

Q. Or that he ever was?—A. Yes, I know he was interested in the first place.

Q. How do you know he was?—A. He told me so himself.

Q He told you so himself?—A. Yes, sir.

By Mr. Macdonald:

Q. He told you so himself, did he?—A. Yes.

By Mr. Barker:

Q. Referring now to the options, when did you accept them?—A. In December, I fancy.

Q. On the 22nd of December, 1906, wasn't it?—A. I think so.

Q. That is what Mr. Kern says, and it is the fact too?—A. Yes.

Q. I see a copy of a telegram is produced by the department from Mr. P. J. Ryan, Secretary to the Commissioners of the Transcontinental Railway, addressed to Mr. Mathews at Moosejaw, Saskatchewan, stating that 'the Commissioners hereby accept option to purchase' etc., describing the lot, and a similar telegram was sent to Mr. Kern on the same day; both telegrams are in the same terms.

Q. When you sent that telegram, you understood, as any businessman would understand, that the bargain was confirmed?—A. Yes.

Q. And that that was an acceptance of the option?—A. Yes.

Q. And I suppose that you knew after that it was for the vendor to make his title good and get his money?—A. That is the natural inference.

Q. Now I find here, two days before that, the first letter apparently that is produced, communicating to the President of the Grand Trunk Pacific the intention to take this land for the shops?—A. Yes.

Mr. MACDONALD.—What is the date of that letter, Mr. Barker?

Mr. BARKER.—It is dated the 18th of December, 1906, and is addressed to Chas. M. Hays, Esq., President of the Grand Trunk Pacific Railway, by Mr. P. J. Ryan, Secretary of the Transcontinental Commission. I will read it now for the purpose of asking you a question upon it, Mr. Young, and it will be better to put it in the appendix along with the other correspondence: (Letter read by Mr. Barker)

By Mr. Barker:

Q. Have you such a recommendation from Mr. Morse, as referred to in that letter, in writing, approving of this land for shops and yards, or saying that the shops and yards should be contiguous to each other as you say here?—A. You will understand, of course, that the approval of the Grand Trunk Pacific was not absolutely necessary.

Q. I do not say it was.—A. But the location of the shops was discussed by Mr. Morse and the Commissioners at a board meeting and my idea at that time was that we should have the shops in St. Boniface.

Q. At your terminals?—A. Not the terminals, but the shops.

Q. I say your shops would be at the end of your section of the road?—A. Not at the end, because we go into Winnipeg, but just east of the river. My idea was that it would be an advantage to have them there so that the workmen could live either in Winnipeg or St. Boniface.

Q. Your reasons are not material, but the fact you say is that Mr. Morse wished it to be contiguous?—A. Mr. Morse said that in the operation of the road it would be a disadvantage.

Q. What I ask you is, was that in writing at all?—A. No, sir.

Q. Is there a board, or Commissioners' minute on that subject?—A. I do not recollect whether there was or not, I do not think so.

Mr. MACLEAN (Lunenburg)—There is a letter of Mr. Morse's on file giving his opinions on that.

Mr. BARKER.—I haven't seen it, there was no letter from Mr. Morse in connection with that statement. Mr. Ryan simply says that he spoke of that?

A. I think if there is a letter from the Commissioners in reply to it it would be on file.

Q. You see what he says there that Mr. Young has deferred to the views of Mr. Morse as expressed at a meeting—that is verbal, of course. Had you any letter in regard to that?—A. No, sir.

Q. I will read the letter of Mr. Hays on this subject which is addressed to the Hon. S. N. Parent, Chairman of the Transcontinental Railway Commission, dated December 21st, 1906, in which Mr. Hays gives his views on this matter? (Letter read by Mr. Barker, see Appendix) You remember getting that?—A. I recollect that letter.

By Mr. Maclean (Lunenburg):

Q. Mr. Hays apparently favoured the purchase of Block F, didn't he?—A. Yes.

Q. For which they asked $2,000 per acre?—A. Yes.

Q. It looks as if the Hon. Mr. Rogers was trailing after Mr. Hays, doesn't it?

Question objected to by Mr. Barker.

By Mr. Barker:

Q. That letter was written by Mr. Hays on December 21st, 1906, certainly criticising to some extent this purchase. I find on the same day, December 21st, 1906, a telegram from Mr. C. A. Young to Thomas H. Johnson, Winnipeg, Manitoba,

APPENDIX No. 1

'Please make out and have executed deed for Kern and Mathews property covering south half of sections four and five and south quarter of three in accordance with terms of option and forward at once.'

Will you tell me why, having accepted the option on the 20th, and the contract being confirmed, and the duty remaining with the vendor to complete his title, you telegraphed your solicitor to get the deed at once—what was the object?—A. I had no special object.

Q. Why did you telegraph?—A. If you will look at the date of the expiration of the option you will find that there was, I think, only one or two days to go.

Q. But you had accepted the option, and you told me a few moments ago that the bargain was confirmed, and it was for the vendor to close, if it took him six months to make his deed to you?—A. I do not recollect exactly why I sent that message, but I presume it was to inform our solicitor that the option was accepted, and to proceed with the carrying out of the terms of the option.

Q. That was not necessary, you had told him in another letter that the option was closed?—A. Did I?

Q. I am only giving you an opportunity, Mr. Young, to explain why, on the 21st of December, you telegraphed to Mr. Johnson to get the deeds at once, what was the object?—A. I cannot recollect that I had any special object except what I have stated.

Q. You cannot recollect your reason for doing that?—Now, on the 22nd of December——

By Mr. Johnston:

Q. Before passing from Mr. Hays' letter you might as well make it clear with reference to one or two points. You have already observed that Mr. Hays seemed to favour the acquisition of this Block F.

Mr. BARKER.—No, he was not speaking of any particular block?—A. He did afterwards.

Mr. JOHNSTON.—Yes, he does, he intimates his preference for this Block F in which the Hon. Robert Rogers was interested, and which was offered to you, was it not, Mr, Young, for $2,000 per acre?—A. Yes.

Q. If you had acquired that property, 800 acres, it would have cost you $1,600,000.

Mr. BARKER.—There is not a word in Mr. Hays' letter to show that he favoured that Block F. It is not in the letter, although Mr. Johnston is putting it as if it were.

Mr. JOHNSTON.—It is quite clear that it is.

By Mr. Barker:

Q. Can you point to a word in Mr. Hays' letter recommending any particular place except that they should get as near the river as possible?—A. Mr. Morse certainly recommended Block 'F.'

Q. I am not speaking of Mr. Morse, but of Mr. Hays?—A. Well, Mr. Morse stated that he went over the property, Block F, with Mr. Hays, and recommended the purchase of Block F, a considerable time after this transaction, but he did.

By Mr. Barker:

Q. After the purchase from Mr. Kern?—A. Yes.

By Mr. Johnston:

Q. What I wanted particularly to get out was that if you had acquired Block F, 800 acres, at the price at which it was offered, and the proof that such offer was made is on the file, it would have cost $1,600,000, so that, as a matter of fact, you had saved $1,378,000 to the country by the purchase of the property you did purchase?

Mr. BARKER.—You are assuming that Mr. Morse would have recommended the purchase at $2,000 per acre.

By Mr. Bennett:

Q. Do you mean to say that this $2,000 was discussed after this other land had already been purchased by the Commission?—A. No, before. I drove over the land——

By Mr. Barker:

Q. On December 22nd Mr. Parent answered that letter of Mr. Hays: he says: 'I am in receipt of your favour of the 21st inst., having reference to the purchase of land in District 'F' Tp. 11, Range 4 East, a total of 800 acres (not 840 as stated in your letter) for the purpose of yards and shops, and have submitted same to our board for consideration.'

You see it is 'District F.' he is speaking of, and not 'Block F.' Mr. Parent in that letter says further, 'our chief engineer, who reports a continuous water supply on the property,' did the chief engineer report a continuous water supply on the property?—A. I do not know whether he reported it or not, but the fact is it is there.

Q. Mr. Parent says in his letter that he did; he tells Mr. Hays that in answering his objection. Now, did the engineer report anything of the kind?

Mr. MACDONALD.—Either verbally or in writing?—A. He must have reported it; both the chief engineer and myself saw the flowing well on the property.

Q. Here is what the chief engineer did report—after dealing with the price he says, in his report of December 7, 1906:

'Abundant water is stated to be obtainable by artesian wells through this section of the country from a depth of 70 to 100 feet.'

That is what the engineer reported?—A. That is one report.

Q. Is there any other report that you can point out on this subject by the chief engineer?—A. He reported, I presume, verbally, because we were all aware it was there, he and I had both seen the well.

Q. This report is dated in December, 1906, from the engineer to the Commission, and Mr. Parent, dealing with that report, says in his letter that the chief engineer reports a continuous water supply on the property, and that is all he says on that subject. But in the report of the engineer, as I have just read, all that is said is that an abundant supply of water is stated to be obtainable by artesian wells, not on this property, but throughout this section of the country, from a depth of 70 to 100 feet.

Mr. FINLAYSON.—It is unfair to draw that conclusion. There is nothing to show that the report you are quoting is the one that Mr. Parent is referring to in that letter?—A. I am satisfied that if Mr. Parent stated in his letter that the chief engineer had made such a report, he had done so.

By Mr. Barker:

Q. The papers are all here, can you point anywhere to any such report as Mr. Parent tells Mr. Hays he has received from the engineer?—A. He could not but have given him a verbal report——

Q. Do you think it was a verbal report?—A. Well, I told all the Commissioners and I think, in the chief engineer's presence, that there was a fine flowing well on the property.

Q. It is extraordinary that the chief engineer's did not report that?—A. Well, I do not know why he did not put it in just that way.

Q. This is a formal report on the whole thing from beginning to end, from which I have quoted, dated December 7th, 1906?—A. It is just a formal report.

Q. Yes, a very formal report. Do you mean to say that these gentlemen who are commissioners, without consulting the experienced railway officials of the Grand Trunk Pacific, undertook to settle that important question without getting anything more in writing from the chief engineer on the subject of the water supply, than is stated here?—A. As one of the Commissioners I want to say that I never had any doubt about the water supply.

Q. I ask you again, did you gentlemen undertake to settle this very important question without consulting the company that was to operate the road? Did you get any further information in writing from the chief engineer than is set out in the engineer's report here which I have just read ?—A. I cannot say.

Mr. JOHNSON.—I think the report of the engineer is specific enough, I think he says that an abundant water supply is stated to be obtainable.

Mr. BARKER.—He doesn't know it, he has made no enquiries.

By Mr. Maclean (Lunenburg):

Q. You never gave any information to Mr. McNaughton or to Mr. McIntosh on the subject of your buying these lands?—A. None at all.

Q. Directly, or indirectly?—A. Either directly or indirectly, at any time.

By Mr. Barker:

Q. Here is a letter here dated 31st December, 1906, from Rothwell & Johnson, which says that 'Mr. Mathews owes a balance of purchase money on the property which is being purchased from him, and he has requested us to advance out of the purchase money some $30,000 in exchange for a good and sufficient conveyance, the balance of his purchase money to be paid as soon as the registration of the conveyance is completed.' You advanced that money, didn't you?—A. I presume so, the matter is left altogether with our solicitors.

Q. Can you give any reason why the government, before the money is payable, before you got the title, should advance $30,000?—A. I do not know except that, at that time, it was on the representation of our solicitors, who are responsible people.

Q. This is a request to you, he is not recommending it, he simply says that Mr. Mathews wants it. I ask you the simple question, was there any reason why you should, before Mathews conveyed his property to you, or made his title good, advance him $30,000 to pay what he owed on the land?—A. I presume the payment was recommended by the proper officer before it was made by us.

Q. I have read the solicitor's letter?—A. Our own solicitor, I fancy, would approve of it before it was sent.

Q. Of course you sent it to your solicitor and he paid the money, but I want to know what object or motive there was for the government to advance $30,000 that you were not obliged to pay?—A. I presume our solicitors were recommending the payment.

Q. Who are they?—A. We have a law clerk, rather, in our office, Mr. Atkinson.

Q. You can give no other reason than that?—A. No.

Q. I see on the 3rd of January, 1907, this telegram was sent by your secretary to Messrs. Rothwell & Johnson, your solicitors at Winnipeg,

'Your letter thirty-first ultimo. Close with Kern. Make draft and attach deed—' that does not refer to the $30,000. Then it goes on

'If necessary draw on commisioners for thirty thousand dollars on acount Mathews' property.'

Can you tell me why you paid that $30,000? Can you give me any reason for it?—A. Matters of that kind, as I have stated before, are left altogether to our legal advisers.

By Mr. Maclean (Lunenburg):

Q. This money was the commissions' money, wasn't it? It was not the government's?—A. Yes.

Q. Mr. Young, you never divulged any information to Mr. McNaughton or to Mr. McIntosh concerning the possibility of the sale of this property?—A. Never.

Q. Was Mr. Morse, or Mr. Hays, insistent upon buying Block F?—A. Mr. Morse, a considerable time afterwards suggested our entering into negotiations to secure Block F for the G.T.P.

Q. Don't you think after all that he was merely catering to Mr. Rogers, or you do not know?—A. I do not know.

By Mr. Bennett:

Q. Do you mean to say that Mr. Morse was capping for Mr. Rogers?

Mr. MACLEAN.—I think Mr. Rogers would ask Mr. Morse to do that for him, perhaps.

By Mr. Macdonald:

Q. Did you know that Mr. McNaughton or Mr. McIntosh had any interest in this land when you bought from Kern?—A. I did not.

Q. You assumed that Mr. Kern owned that himself?—A. I did.

By Mr. Barker:

Q. Do I understand you that there was a letter from Mr. Morse recommending that Block F be purchased?—A. For the Grand Trunk Pacific, yes.

By Mr. Maclean (Lunenburg):

Q. No, I was mistaken, it was Mr. Hays' letter.

By Mr. Barker:

Q. There was no such letter, Mr. Young?—A. It seems to me I saw one.

By Mr. Maclean (Lunenburg):

Q. How much do you think these lots would have cost you if you had resorted to the Exchequer Court? Have you any idea?—A. I believe they would have cost us in the neighbourhood of $100 more than what we have given.

Q. That would be a matter of $800,000?—A. $80,000.

By Mr. Reid (Grenville):

Q. Did Mr. Morton have an abstract of title——

By Mr. Bennett:

Q. Did you know that Mr. McIntosh owned these lands?—A. I did not.

Q. Did you know he lived there?—A. I knew he lived in that neighbourhood but I did not know on what lot he lived.

Q. You had never been at their house?—A. Never at McIntosh's; no.

Q. And you had no idea where he lived?—A. No, I had no idea; I knew it was in that neighbourhood, but I did not know where they lived.

Q. Did you know that McIntosh had any interest, or that McNaughten had any interest in the Arctic Ice Company?—A. McNaughten had an interest in the ice company, yes.

Q. You had no idea that McIntosh had any interest in this land?—A. I do not know that I can make it any clearer than I have already. I knew that McIntosh lived in that neighbourhood somewhere, but I never was at his house and I did not know he lived on this land that we purchased.

Q. I did not ask you about his living there, did you know he owned it?—A. I did not know he owned it until I heard at the time.

Q. You hadn't the faintest idea that McIntosh owned any portion of the lands that were required?—A. Not the faintest.

By Mr. Barker:

Q. Can you put your hands upon any letter from Mr. Morse recommending the purchase of Block F?—A. I do not know, I thought all the letters were on the file, but I will look it up.

Q. The only letter on the subject of the location that I can find is from Mr. Hays and it does not mention any particular lot. Can you produce or put your hands upon any letter from Mr. Morse recommending the purchase of Block F?—A. I will look it up, it seems to me there is one.

By Mr. Bennett:

Q. Of your own knowledge were the McIntosh's the owners of other lands in that neighbourhood?—A. I do not know.

Q. Had you ever known him other than as a farmer?—A. McIntosh, I understand, was in the butcher business.

Q. You have known him as a butcher and farmer?—A. Yes.

Q. Had you known him as an extensive land owner?—A. I simply knew them; I have met McIntosh a few times in Winnipeg but I have never been at his place, and, as a matter of fact, I did not know very much waht he was at.

Q. Had you ever known him as an extensive landowner?—A. Who, McIntosh?

Q. Yes?—A. No, I had not.

By Mr. Barker:

Q. Did you know of any person, other than McIntosh and the Arctic Ice Company, being interested in these lands, and in the sale to Kern or Mathews?—A. I did not.

By Mr. Johnston:

Q. I want to ask you, Mr. Young, will you look carefully over the files and ascertain whether there are any papers in connection with this matter which have not been brought down?—A. Yes, I will.

Witness retired.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RESPECTING

PAYMENTS AMOUNTING TO $10,956.10 TO H. E. VAUTELET

FOR SERVICES ON

ST. ANDREW'S RAPIDS DAM, RED RIVER

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, April 22, 1908.

The committee met at 11 o'clock, a.m., Mr. Duncan Finlayson presiding, and proceeded to the consideration of payments amounting to $10,956.10 to H. E. Vautelet on account of services as engineer in connection with the St. Andrew's rapids dam, Red river, as set out at page V—27 of the Report of the Auditor General for the fiscal period ending March 31, 1907.

Mr. H. E. VAUTELET, called, sworn and examined.

By Mr. Northrup:

Q. What is your business, Mr. Vautelet?—A. Civil engineer.

Q. Where do you practise?—A. In Montreal.

Q. I believe you drew the plans for the St. Andrew's rapids dam, near Winnipeg?—A. Yes.

Q. When was that?—A. When were they finished?

Q. When did you begin?—A. The first time I had anything to do with it was in 1901.

Q. The first time was in 1901—tell me what you did at that time?—A. Well, at that time, I studied the question generally without doing any work.

Q. How did you come to do that?—A. Because I was consulted by the department.

Q. You were consulted by the department in 1901, and studied the question generally without doing any work then?—A. Without doing any work.

Q. Was anything paid at that time for your services?—A. No.

Q. When next did you have anything to do with it?—A. On the 17th of June, 1902, I received an order from the department to draw plans for the superstructure, the movable portion of the St. Andrew's rapids dam.

Q. On 17th June, 1902, you received an order from the department to draw plans for the movable portion of the St. Andrew's rapids dam?—A. Yes.

Q. Did you do so?—A. No, sir; at the time I received that order from the department I had some other work that was to take precedence of the St. Andrew's rapids dam, so I did not do it then.

Q. When next did you do anything with the St. Andrew's rapids dam?—A. Well, it was on March 24, 1906.

Q. On March 24, 1906, what took place then?—A. I received a letter from Mr. St. Laurent, as follows (reads):—

'OTTAWA, March 24, 1906.

'H. E. VAUTELET, ESQ.,
'69 Victoria street,
'Montreal.

'DEAR SIR,—I am directed by the chief engineer to ascertain what would be your conditions for making contract plans for the movable portion of the St. Andrew's rapids dam, which would consist of a service bridge, about 800 feet long, and movable frames and shutters or curtains for a length of about 700 feet. As the plans for the masonry lock and dam are now being made, your charges to include payment for the

necessary consultations with you in order that the fixed masonry work may be made on such lines that it will amply provide, as to general shape and proportions, for the metallic portion of the work.

'Yours very truly,

'A. ST. LAURENT,

'*Asst. Chief Engineer.*'

Q. That is a letter from somebody asking you what your charges would be?—A. What my charges would be.

Q. Who is the gentleman who wrote that letter?—A. Mr. St. Laurent, the assistant chief engineer of the department.

By the Chairman:

Q. That is a letter from the department to you?—A. Yes.

By Mr. Northrup:

Q. Did you reply to that?—A. I replied on March 27 to Mr. St. Laurent as follows (reads):—

'March 27, 1906.

'A. ST. LAURENT, Esq.,
'Asst. Chief Engineer,
'Department of Public Works,
'Ottawa.

'DEAR SIR,—Your letter of the 24th instant *re* St. Andrew's rapids dam has been duly received.

'I expect to be in Ottawa on Friday next, and will give you an answer then.

'Yours truly.'

Q. What was the next step?—A. The next step was that I wrote again on March 30th to Mr. St. Laurent to the following effect (reads):—

'MONTREAL, March 30, 1906.

'A. ST. LAURENT, Esq.,
'Asst. Chief Engineer,
'Department of Public Works,
Ottawa.

'DEAR SIR,—In further answer to your letter of March 24th, I will undertake to make contract plans and specifications for the portion of the St. Andrew's rapids dam consisting of the service bridge about 800 feet long and movable frames and shutters or curtains for the length of about 700 feet, for a percentage of 5 per cent of the cost of the dam as above described.

'This price will include payment for my acting as consulting engineer for the masonry work, of which the cost will represent about four-fifths of the total cost of the dam.

'In addition to the price above mentioned, I would ask the sum of $600 to cover travelling expenses of a journey to examine similar dams constructed in Europe without any remuneration for the time occupied by the journey.

'I think it is very important that we may profit by the experience acquired by others for a work of this magnitude, more especially about the wear under vibrations of the connections of working parts.

'This price of $600 would also include a report to the chief engineer on the result of my observations.

'If you wanted me to design the work my charges, including journey, would be 5 per cent of the total cost.

'Yours truly.'

Q. Then was that letter written after you had the interview that you referred to in your previous letter?—A. Yes, sir, because I came to Ottawa, and as the first letter

that was written to me by Mr. St. Laurent mentions that the remuneration was going to include my fee for consultation on the masonry work—I did not know what was meant by that, whether I had simply to see whether it was strong enough to carry the steel work.

Q. At all events, we will not bother about that; you had conversations here in Ottawa?—A. Yes.

Q. With whom?—A. With Mr. St. Laurent.

Q. And that conference was followed by the letter you have just read?—A. Yes.

Q. Was that the complete contract between you and the department?—A. That was my answer, and then I received a letter on April 15, I received a letter from Mr. St. Laurent as follows (reads):—

OTTAWA, April 17, 1906.

H. E. VAUTELET, Esq.,
69 Victoria St., City.

DEAR SIR,—I am directed by the chief engineer to advise you that the honourable the minister has considered favourably your offer to undertake to make contract plans, and specifications for the service bridge and movable portions of the St. Andrews rapids dam, for 5 per cent of the cost of the metallic portion. This remuneration to include consultation work regarding the masonry part of the lock and dam.

Also the investigation of similar dams in Europe has been authorized, for which you have asked a sum of $600.

I am sending you herewith copy of the chief engineers' letter in regard to this matter.

As the honourable the minister is anxious to have the tenders out as soon as possible in connection with the masonry work of the lock and dam, will you kindly let me know, when it will be possible for you to meet me with Mr. Dufresne who has that part of the work in hand, in order that we may consult together as to certain matters connected with the masonry dam.

Yours very truly,

A. ST. LAURENT.

And then there was enclosed with that letter a copy of the letter from Mr. Lafleur, the chief engineer.

Q. I don't care about all these details? A. The letter of Mr. Lafleur, of which a copy was enclosed, was as follows: (reads.)

OTTAWA, April 14, 1906.

Copy.

Subj. St. Andrews Rapids.

SIR,—I have to acknowledge the receipt of your letter of the 30th ultimo, covering communications from Mr. Vautelet, offering to undertake to make contract plans and specifications for the superstructure of the St. Andrews rapids dam, for 5 per cent of the cost of this superstructure, with an additional sum of $600 to cover the cost of travelling expenses, to examine similar dams in Europe or elsewhere. The honourable the minister has authorized the employment of Mr. Vautelet, and the expenditure of $600 for the trip. Would you kindly inform Mr. Vautelet that the honourable the minister is anxious that this work be performed as soon as possible, and ask him to obtain the information he requires with the least possible delay.

Yours truly,

EUGENE D. LAFLEUR,
Chief Engineer.

A. ST. LAURENT, Esq., C.E.,
Engineer-in-Charge,
Department of Public Works.

By Mr. Gervais :

Q. What is the date of that letter ?—A. The letter of Mr. St. Laurent is dated April 15.

Q. Of what year ?—A. 1906.

Q. 1906 ?—A. With a copy of the letter of Mr. Lafleur to Mr. St. Laurent of April 14.

Q. 1906 ?—A. Yes.

By Mr. Northrup:

Q. Then the contract was that you were to be paid 5 per cent of the total cost, and to be allowed $600, for a voyage to the old country ?—A. On the cost of the superstructure only, not the masonry.

Q. Five per cent on the superstructure only, not on the masonry ?—A. Yes

Q. And you were to be allowed $600 for a trip to the old country to examine similar dams there ?—A. Yes.

Q. Had you, up to that time, drawn plans for any work similar to this work ?—A. I have drawn practically all the plans for the Department of Public Works for this class of work, steel work, since 1889.

Q. I am referring to this particular kind of work, the St. Andrews rapids dam; had you drawn plans for work similar to this work ?—A. There was no work done in America similar to this work, and there are only two examples of it in France.

Q. Then you had not drawn any plans for work similar to this up to that time ?—A. Not for steel work.

Q. I am not asking you about that ?—A. Because there was none.

Q. Then you had not drawn them ?—A. No sir.

Q. Exactly, that is what I want to get at. Was anything at all said at the time the contract was made as to what the cost would be on which you were to be paid?—A. Well, the idea at the time—yes, there was an estimate of cost of a similar dam built in France on the river Seine.

Q. I mean when you were in communication with the department about this contract, was anything said about the amount?—A. Yes, sir.

Q. What was the amount?—A. If I remember right, it was a little less than $300,000.

Q. A little less than $300,000, that was the estimate?—A. That was the rough estimate.

Q. Then, before you began work, I suppose the first thing you did was to go to the old country?—A. I went to the old country.

Q. When did you start for there?—A. It was on the 15th April, I think, that I started for the old country. Well, the end of April.

By Mr. Pardee:

Q. Of what year?—A. Of 1906.

By Mr. Northrup:

Q. And when did you return from the old country?—A. Well, I returned, I think it was about the end of May or beginning of June.

Q. The end of June?—A. The end of May or beginning of June.

Q. So you were away about two months?—A. No, sir, I was not away that long.

Q. Were you over a month away?—A. Yes, sir, I was over a month.

Q. Somewhere between one and two months?—A. Yes.

Q. And you visited similar dams in the old country, did you?—A. I visited the only two dams that were in existence.

By Mr. Gervais:

Q. Where are they situated?—A. One is at Port Mort and I don't remember the name of the other place; it is not very far from it.

By Mr. Northrup:

Q. On what river are they?—A. On the river Seine.

Q. Are they both on the Seine?—A. Both on the Seine.

Q. Then you returned to Canada and proceeded to draw your plans, did you?—A. No. At the time I was called here to Ottawa to finish the plans for the masonry.

Q. When you came back?—A. When I came back.

Q. You were called to finish the plans for the masonry?—A. Yes, to consult with Mr. Dufresne, who was the engineer in charge.

Q. That was something quite outside your first contract?—A. No, I was supposed to be consulting engineer upon the masonry.

Q. Then you came to Ottawa to consult with him?—A. Yes.

Q. And did you go on to draw your plans?—A. Then it went on until we finally decided about those plans, about the masonry plans.

Q. When was that?—A. That must have been somewhere in July, so far as I remember.

Q. July, 1906?—A. Yes.

Q. Did you proceed to draw your plans?—A. Then I proceeded to draw my plans.

Q. When did you hand your plans over to the department? We have no correspondence in this file, Mr. Chairman; there is only one single letter brought down?—A. I have here a letter to Mr. St. Laurent of April 16, 1907, in which I tell him (reads):—

'If you happen to be in Montreal on Thursday, I would very much like to see you and to give you the last sheet of the St. Andrew's rapids dam.'

That settles the date.

Q. What date was that?—A. April 16, 1907.

Q. By April 16, 1907, you finished your plans?—A. Yes, I was beginning to work on the specifications then.

Q. Then at this time in April, when you handed over your last sheet, no work had been done?—A. The work was progressing on the masonry.

Q. The work was progressing on the masonry, but nothing had been done on that work for which you had drawn plans?—A. No work has been done yet.

Q. No work has been done yet?—A. No work has been done yet. The specifications are being printed.

Q. You handed your last sheet over in April, 1907?—A. In April, 1907.

Q. Up to that time no work had been done, and no work has since been done?—A. Excuse me, some work has been done, as I understand. Of course, I was not very well posted as to that, but there was a part of the steel work——

By Mr. Gervais:

Q. I understand the original plans provided for eight spans, and then new plans were drawn according to your idea providing for six spans?—A. Yes, sir; the number of spans was changed from eight to six.

Q. And what was the total saving which was effected by that?—A. I think the total saving must be $30,000.

By Mr. Northrup:

Q. Let us be clear about one point. You handed over the last sheet of your plans in April, 1907?—A. Yes, sir.

Q. At that time no work at all had been done under those plans?—A. I do not think so. Of course, the engineer in charge could tell you better than I could.

Q. The masonry work had progressed?—A. Yes.

Q. The committee perhaps understand better than I do just what this work was. Describe briefly what the work was and what it was for?

By Mr. Gervais:

Q. Where are St. Andrew's Rapids?—A. Half-way between Winnipeg and Lake Winnipeg.

By Mr. Northrup :

Q. What was the work for?—A. To raise the water of the Red river.

Q. To raise the water of the Red river Yes ?—A. To maintain a certain level in summer so that navigation may be carried on.

Q. It is a dam or barage ?—A. It is a barage or dam, part of which is under water. It consists of a large dam of masonry, which is under water, and a movable dam above, so that it will have a free flow for ice in high water at springtime.

Q. Then the masonry part of the contract would be above the water would it not ?—A. No, it is generally under water.

Q. Would it not be above water ?—A. No sir.

Q. It would be under water ?—A. Yes.

Q. And what was the superstructure for which you drew the plans ?—A. The superstructure is a movable dam. If you had the plans here I might explain bettter. It is a movable dam. There is an overhead bridge supported on masonry piers. From that overhead bridge there are needles that are jointed to the bridge and brought down so as to touch the masonry. When these are brought down there are curtains that are unrolled right down to the bottom of those needles so as to make a temporary dam when the curtains are down.

By Mr. Maclean (Lunenburg) :

Q. Curtains between the piers of masonry ?—A. Between the masonry piers. It is like a wooden dam that is resting on the metallic part of the movable dam.

By Mr. Northrup :

Q. Then these curtains that you speak of would be down under the masonry ?—A. No, they are alongside the iron beams that are supported from the overhead bridge. You know what a stop-log dam is like. Well, instead of being supported by a crib this is supported by metallic needles that can be raised in the fall.

Q. How far had the masonry progressed in April, 1907 ?—A. I dont' know, sir. I could not tell you, I was not in charge.

Q. Do you know as a matter of fact if there has been any particular progress made ?—A. Yes, there has been in 1907. I understand that the lock walls were practically completed then. I remember seeing some photographs in Mr. St. Laurent's office, I don't remember the exact date, showing that the lock walls were completed and the first pier for the dam.

Q. Have you ever been up there at St. Andrew's dam to see ?—A. No.

Q. You have never seen the work on the spot ?—A No sir

Q. When did you receive your first payment from the department for your services in drawing the plans ?—A. I do not remember.

Q. It would be some time subsequent to finishing the work ?—A. It was right at the beginning, as soon as I got some work completed.

Q. It was right at the beginning ?—A. I was anxious to get some money.

Q. Before you went to the old country were you paid anything ?—A. $600.

Q. That is all you received before you went to the old country ?—A Yes.

Q. How soon after you returned at the end of May, did you receive anything ?—A. I received it as soon as I could, I think there was a payment of $2,000.

Mr. Maclean (Lunenburg) :

Q. What have you against this man, Mr. Northrup, tell us something about it, we do not know.

Mr. NORTHRUP.—I have nothing against him, but I have something against the department that they paid him something over $10,000 and it will depend upon how much the bridge costs how much more he will get, he may get another $5,000, and they paid him this amount before the work started ?

WITNESS.—No, sir, I did not get a cent before doing any work.

APPENDIX No. 1

By Mr. Gervais

Q. Did you receive $10,000 in a lump sum ?—A. No, sir, I received three payments, as far as I can remember, one of $2,000, one of $3,000 and one of $5,000.

Q. You were paid according to the work you did ?—A. Yes.

By Mr. Northrup :

Q. Here (producing file) are some of the cheques which appear to have been paid to you. On August 27, 1906, there is a cheque for $356.10 ?—A. Yes, that was for something else, that was for a trip I made to the Soo in connection with the St. Andrew's rapids dam.

Q. You might as well explain about this cheque while you are about it, you have not told us anything yet of your trip to the Soo. What was the trip for ?—A. I forgot all about it. If I remember right it was that at the Soo there was a movable dam that had been built by the American government so as to enable them to unwater the locks of the American canal, and I was sent by Mr. Lafleur to investigate this work and see how it was working, and to see if some work of that kind could be applied to the St. Andrew's rapids.

Q. So your trip to the Soo was on the same principle as your trip to the old country, to enable you to get the information upon which to draw the plans ?—A. Yes, exactly.

Q. And you were paid $356 for it ?—A. Yes.

Q. I have a tabulated statement here showing how it was made up. You were allowed how much per day ?—A. $30 a day.

Q. How many days did you get at $30 per day ?—A. (After examining file) Seven.

Q. There are seven days charged at $30 a day ?—A. Yes.

Q. And the other entries give the expenses ?—A. Yes, the expenses.

Q. And that was at what date ?—A. That was on April 23.

Q. It was in June and July, practically; I think there is only 50 cents charged in April ?—A. Yes, June and July.

Q. That was after you came back from the old country ?—A. Yes, after I returned.

By the Chairman :

Q. Is that correct ?

Mr. NORTHRUP.—He said he was there in April and May.—A. There was only fifty cents charged in April, that was for a telephone message to Mr. Lafleur, the rest was in June and July.

By Mr. Northrup :

Q. How long do you say you were at the Soo at that time ?—A. That is shown by the account.

By Mr. Gervais :

Q. You were five days at the Soo, were you not ?—A. No, I was not five days at the Soo. You can see here from this account, here is the charge for my ticket to the Soo and back (pointing to voucher), and it will show when I returned.

By Mr. Northrup :

Q. At the beginning of that account there is a trip to Otttawa ?—A. Yes, that was for consultation with the department.

Q. And you were allowed $30 for that ?—A. $30 allowed for that.

Q. And the next item is a trip to Ottawa ?—A. The next is for a trip to Ottawa, that must have been that they were making plans at the time.

Q. And you were allowed $30 for that ?—A. Yes, $30 for that, that is all.

Q. And the next two days you were at Ottawa ?—A. Yes

Q. That would be four days, so far, at Ottawa ?—A. Yes, four days at Ottawa, and then there is from July 18 to the 21st at the Soo.

Q. You just charged three days at the Soo ?—A. Yes, three days at the Soo.

Q. So that out of seven days four were spent at Ottawa and three days at the Soo ?—A. Yes.

Q. That was the first cheque you got, that is as far as appears from this file. Then the next cheque is for $2,000?—A. Yes.

Q. That is dated October 16, 1906 ?—A. October 16, 1906.

By Mr. Gervais :

Q. That is the second payment?—A. $2,000 is the second payment I received on account of the St. Andrew's rapids dam.

By Mr. Northrup :

Q. That is the second, and the third is for?—A. $243.90.

Q. There is nothing on this to show what it is for ?—A. I think that at the time Mr. St. Laurent asked me to send in an account for $600 and I sent in the account, in fact I think I have a letter to that effect somewhere.

The CHAIRMAN.—What is the date of the first account?

By Mr. Northrup :

Q. On September 11, 1905, there is a voucher for $600 ?—A. I think that $243.90 with the $356.10 was to cover the $600.

Q. It says : 'On account travelling expenses and disbursements April, May and June' ?—A. Yes.

Q. On the same day there is another cheque for $356.10 ?—A. Yes, those two would make the $600.

By Mr. Gervais :

Q. And that makes up the $600 expenses you were allowed?—A. Yes.

By Mr. Northrup :

Q. Then the next cheque is on December 19, for $3,000 ?—A. Yes, for $3,000 and then there is one for $5,000.

Q. That cheque is not here.,

By Mr. Gervais :

Q. What is the date of that cheque for $5,000 ?—A. I do not know.

By Mr. Pardee :

Q. This was all preliminary work, wasn't it ?—A. Yes.

Q. Preliminary to building the dam ?—A. Yes.

By Mr. Northrup:

Q. You say, Mr. Vautelet, that these cheques which I have shown you only amount to $5,000, but, outside of travelling expenses, in the Auditor General's Report you are charged up with $10,000?—A. Well, I received another $5,000.

Q. You received the other $5,000, I suppose, before the 31st March?—A. I could not tell you exactly; it was when the plans were finished.

Q. When the plans were finished?—A. Yes, sir.

Q. The plans, you told me, were finished by April 16?—A. Well, according to this letter just read.

Q. It was after the plans were finished that you got $5,000 ?—A. I got $5,000.

Q. And in the Auditor General's Report you are charged up with $10,000 prior to the 31st March, 1907?—A. I could not say.

Q. Do you say the accounts are wrong then?—A. I don't know anything about those accounts.

Q. There are no cheques produced from the department?—A. I got, as usual, a cheque, when they mentioned that no receipt was necessary.

Q. Then by April of last year you had received $10,000 in addition to the $600?—A. Yes, sir.

By Mr. Gervais:

Q. Is there a balance remaining due to you?—A. I don't know. That will depend upon the cost of the work.

Q. Have you any doubt as to that?—A. It is difficult to say, because the cost of everything has gone down since last year.

By Mr. Northrup:

Q. Then, when the $10,000 was paid to you, had any work been done by the department under the plans which you had drawn for them?—A. I think part of the work was authorized. If I remember right—of course, I am not in charge of that part of the work—a contract had been given for steel castings as a part of the steel work that I had designed that had to be embedded in the masonry.

Q. You told me before two or three times that no work had been done?—A. I said I thought so, because, of course, I cannot know.

Q. Well, then, as far as you know, when you had received the $10,000 no work had been done by the department under your plans?—A. Except possibly what I have stated; I don't know.

Q. Except possibly that an order had been given for steel castings? Have you any further claim against the department?—A. Well, I will have a claim of 5 per cent on the total cost of the work when the contracts are given.

Q. And if the work should be dropped and not gone on with, you would still claim the $5,000?—A. Certainly.

Q. I see a further item of three hundred odd dollars paid you in connection with masonry, '8½ days at $30; travel, &c., $101.10—$356.10.' What is that?—A. Work in connection with masonry? That must be that cheque you were speaking of, of $356.10.

Q. That is in addition to the $600?—A. Yes, that is in addition to the $600.

Q. We had figured out only 7 days at $30, and yet here are 8½ days, and I wondered if it was correct?—A. As to the amount of $356?

Q. Let us look through and see if we were right in our calculation (after examining the accounts), when we stated before that in your $356 account there were only 7 days at $30, we were wrong. It should be 8½ days?—A. Yes, 8½ days.

Q. During this time, between April, 1906, and April, 1907, that you were engaged on the plans for the St. Andrew's rapids dam, were you doing any other work for the government?—A. Yes, sir.

Q. What other work did you do?—A. I made plans for an immigrant receiving depot at Quebec.

Q. When did you do that?—A. At the same time.

Q. Yes, I know, but in what month?—A. I think the order must have been given to me in September or October. Between September and November, I don't remember which.

By the Chairman:

Q. 1906?—A. 1906.

By Mr. Northrup:

Q. What was to be the value of that building?—A. $350,000.

Q. And what percentage were you to be allowed in the case of that contract?—A. 3½ per cent.

Q. You were allowed 5 per cent on the St. Andrew's rapids dam?—A. Yes, sir; that was a different class of work

Q. It was in October or November, I think you said, that you drew the plans?—A. When I received the order, if I remember right.

Q. Were you paid anything on that Quebec bridge before the work began?—A. It was not the Quebec bridge, but the immigrant receiving depot. I would not start the work until I had received $3,000 in advance.

Q. Then you went to work to draw the plans for this $350,000 shed?—A. Yes, sir.

Q. When did you complete these plans?—A. I know I left for the old country on the 16th or 14th of June, and all my work was finished at the time—before the 14th of June.

Q. 14th June, 1907?—A. 1907.

Q. Then, up to the time you had finished your plans how much had you received?—A. Three thousand.

Q. Then was the immigrant shed built under those plans?—A. I don't know; I don't think so.

Q. You don't know whether it has ever been built?—A. I don't know.

Q. As far as you know?—A. No.

Q. Have you received any more money?—A. No.

Q. You still have a claim against the department? For how much is that claim?—A. $9,250.

Q. Now, during the same time, between April, 1906, and April, 1907, were you doing any other work for the department?—A. No, sir, I do not think so.

Q. Had you done work for the department before drawing the plans for the St. Andrew's rapids dam?—A. I had been doing work for the department since 1889.

Q. And how were you paid; on a percentage basis?—A. By a percentage. The percentage was fixed at the time when I began the work—it was 3 and 5 per cent.

Q. Fixed as to each contract?—A. No, sir; it was fixed in this way: There were three different items. If I designed the masonry and steel work I received 3 per cent. If I designed only the steel work and not the masonry, I received 5 per cent. Where there was masonry, such as swing bridges or large machinery, to design I was to receive 5 per cent on the total cost. That was my arrangement with the department.

Q. Apparently the less you designed the more you got?—A. No, just the contrary, sir.

By the Chairman:

Q. I think you are giving it the other way?—A. If I designed the masonry and steel work I received 3 per cent.

By Mr. Northrup:

Q. When you designed both you were paid 3 per cent?—A. Yes, and if I designed the steel work alone I got 5 per cent.

Q. Then when you designed for both classes of work you got a smaller amount?—A. Certainly, because the drawings for the masonry are very easily drawn.

Q. I see from the correspondence in the Auditor General's Report that you claim another $5,000 should be paid you on the Quebec immigrant shed?—A. It was at the time I wanted to be paid, because I had received only $3,000 altogether.

Q. And Mr. Lafleur, the Chief Engineer of the Public Works Department, agreed with you that you should be paid the other $5,000?—A. I think so.

Q. And he recommended the account for payment?—A. I suppose; I don't know.

Q. Mr. Vautelet, do you know who has the contract for the work for which you drew the plans at St. Andrew's rapids dam?—A. You mean for the masonry?

Q. No; you did not draw the plans for the masonry?—A. No, I was consulting engineer on the masonry.

Q. I am asking about the work for which you drew the plans?—A. The contract is not given yet.

Q. Who has the contract for the masonry part?—A. I do not know.

Q. You do not know that? Do you know if the department is now proceeding

under the same plans for the masonry work that they had when you drew your plans for the superstructure?—A. I suppose so, but I do not know.

Q. Have you ever been consulted by the department in connection with the masonry work, or the work for which you drew the plans, since that date in July, 1907?—A. Since July, 1907? No, sir.

Q. Since July, 1906?—A. Oh, since 1906, yes, of course, the plans were made at the time; I changed the dimensions of the masonry. After that, if I remember well, my letters will show it; after beginning on the steel work I saw it would be better to make six spans instead of eight—six spans of 133 feet instead of eight of 100, and I proposed that arrangement to Mr. St. Laurent, he accepted it, and so the change was made.

Q. At what date was that?—A. I have a letter here of August 31 to Mr. St. Laurent.

By the Chairman:

Q. In what year?—A. In 1906—August 31, 1906, which reads as follows (reads):—

'A. ST. LAURENT, ESQ.,
'Assistant Chief Engineer,
'Department of Public Works,
'Ottawa.

'SIR,—I return corrected plan No. 5, with changes made for 14-foot wide piers and 133-foot 8-inch span so that the new plan may be ready by the 10th of September.

'It is not, of course, for me to decide about the size of the span, but I would strongly recommend the adoption of 6 spans instead of 8. There is, of course, a large saving in the amount of concrete, and as the contractor will save the moulds and face work of two piers, he should readily accept the change.

'I wish you would come to an early decision about the different points I have asked as the drawings are getting into such shape that it is necessary for me to know final decisions.

Yours truly,

By Mr. Northrup:

Q. But since that date have you been in consultation with the department concerning the St. Andrew's rapids dam?—A. Not since—of course I was in consultation, I might say, all the time, with Mr. St. Laurent about different points.

Q. That is what I want to get at. Let us go back to the point. You had some consultations up to 31st August, 1906, evidently?—A. Yes.

Q. When next, after that, did you have a consultation with the department about the St. Andrew's rapids dam?—A. I had consultations right up to the time when I gave my last plan.

Q. That is up to April, 1907?—A. April, 1907.

Q. With whom have you been consulting?—A. With Mr. St. Laurent.

Q. How often would you consult with him?—A. Practically the whole time either by letter or personally.

Q. Hardly all the time, because you were doing some other work also?—A. That does not mean the whole time.

Q. I am trying to find out what time you were consulting?—A. Well, you could find it by the correspondence in the department.

Q. The department has not brought down any correspondence at all, so that when you say I can see by the correspondence, I have not the correspondence before me?—A. A good deal of it would be by correspondence and a good deal would be when I came to Ottawa, or when Mr. St. Laurent came to Montreal we would consult.

Q. How often do you say you came to Ottawa?—A. I came very often.

Q. How often do you say you came here?—A. At least every two weeks.

Q. At least every two weeks you came up to consult?—A. Not exactly to consult on this, but when I came up for other matters.

Q. I am not discussing other matters, I am asking you how often you came up here to consult about the St. Andrew's rapids dam?—A. I could not say.

Q. You could not say?—A. Every time I came up I consulted.

Q. Every time you came up you would talk about it?—A. There was some talk about it, there were changes made or information I needed.

Q. How often did you come to consult on the St. Andrew's rapids dam?

Mr. GERVAIS.—He says every two weeks.

A. I do not think I came especially for that purpose every time I came to Ottawa.

By Mr. Northrup:

Q. The only time you can remember you came specially for the purpose would be on those occasions when you charged for it and were paid for it?—A. Oh, no; I came after that.

Q. You have just said you do not remember coming specially for the purpose at any time?—A. I mean since October, 1906, when everything was completed. Before that I came several times, that is until the plans were completely finished for the masonry.

Q. In June and July you came several times to Ottawa and charged $30 per day?—A. Yes, because I was called here.

Q. Will you tell me why you ceased to charge $30 a day in July?—A. Because the information I wanted after that was for the part of the work for which I was paid.

Q. How would you distinguish between that work for which you were paid $30 a day in July and what you did in August?—A. Because the plans were finished for the masonry then, so I had no consultation any more about that, and what I wanted to consult about was in connection with the steel work in its relation to the masonry.

Q. These various trips you had after July were about the connection between the superstructure and the masonry?—A. Yes, or about the motive power to be used in the machinery.

Q. Considering that there had not been any contract let for the superstructure, you did not come very often to consult about that?—A. I beg pardon.

Q. Considering that there had not been any contract made for the superstructure——

The CHAIRMAN.—No, but he was finishing his plans.

A. I was finishing my plans.

By Mr Northrup:

Q. Were you the one who was responsible for the plans?—A. I did the whole thing on the plans.

Q. Do you mean to say you claim the credit for coming to Ottawa to consult with the engineers here about the plans that you were being paid $15,000 for drawing?—A. I do not claim anything at all.

Q. I understood you to claim that you came up to Ottawa frequently to consult about the plans you were drawing?—A. Certainly. For instance, at Winnipeg we had to employ some kind of power, and I did not know what kind of power was available or was used there, so I came to ask Mr. St. Laurent where he could get his power from, and he asked Mr. Dufresne to find out what kind of power could be got at Winnipeg.

Q. That is your example of the consultations you had with Mr. St. Laurent, that you came up to find out where they got their power from?—A. Yes, and there were other questions of various kinds which came up.

By Mr. Pardee :

Q. What is your profession ?—A. Civil engineer.

Q. And construction engineer ?—A. I don't know what a construction engineer is.

Q. You supervise construction and that sort of thing ?—A. Yes sir.

Q. And you make a speciality of bridges ?—A. A speciality of steel work.

Q. You have been employed by railway companies in that work ?—A. Yes sir.

Q. What company ?—A. I was for 16 years with the Canadian Pacific Railway.

By Mr. Gervais :

Q. You were appointed chief engineer for the Canadian Pacific Railway Company ?—A. I was with that company for 16 years. Out of the 16 years I was for perhaps 12 years responsible assistant to the chief engineer and for nine months acting chief engineer and I am doing work for them yet.

Q. Can you tell the committee how many bridges you built for the Canadian Pacific Railway ?—A. I don't know, an immense quantity.

Q. As a matter of fact you built for the Canadian Pacific Railway all the bridges that have been constructed between Montreal and British Columbia ?—A. Between St. John and British Columbia, except the St. Lawrence bridge which was built before my time.

Q. At Lachine ?—A. Yes.

Q. How many bridges have you supervised the construction of, about 3,000 ?—A. I could not tell you. I remember we had about 10,000 bridges including wooden and steel bridges. They were being replaced all the time and I don't know how many I replaced.

By Mr. Pardee :

Q. What is the nature of this work at St. Andrew's rapids ?—A. I explained it before. The thing is to raise the level of the water of the Red river so that navigation may be kept going during the whole summer.

Q. Is there a large amount of navigation there ?—A. I don't know.

Q. What is the cost of it ?—A. The cost of what ?

Q. Of the work ?—A. Well I could not tell you. Mr. St. Laurent will be able to tell you that better because a contract was given for the masonry; and the work I designed myself. I should imagine that it would cost about $300,000. I expected it would cost more but material has come down in price since.

Q. It is a large and important work is it ?—A. It is a very important work.

Q. Were you paid for this contract in the same manner that you have been paid in each and all of your other contracts ?—A. In the same way.

Q. Just in the same way ?—A. Yes.

Q. In the payments under consideration there is nothing out of the ordinary at all ?—A. No.

Q. The moneys received by you are the moneys that have been earned by you and are payable according to the practice of your office and profession ?—A. Yes, sir.

By Mr. Gervais :

Q. If you had done the same amount of work for any private individual would you have charged the same rates ?—A. The same rates.

Q. That you charged to the government ?—A. Yes, sir.

Q. You have been employed by the city of Montreal too ?—A. Yes. Not much by the city of Montreal but I have been employed some by them.

Q. You have been retained by large companies in Montreal ?—A. Yes.

Q. And in each case you have charged these companies or corporations the very same rates which you charged the government ?—A. Exactly.

By Mr. Northrup :

Q. In working for companies or firms has it been your practice to supervise construction ?—A. My practice has been to supervise the construction in the shop; I don't supervise construction in the field.

Q. You don't go into the field at all but just supervise construction in the shop ?—A. Yes, sir.

Q. But you do supervise construction in the shop ?—A. Yes, sir.

Q. And this is part of the work for which you are paid ?—A. No, not in this case.

Q. In other cases ?—A. Yes, sir.

Q. Now tell me have you any other client with whom you do business that pays you in advance, when the plans are made, before there is any supervision or any work done at all ?—A. Some of my clients don't pay me at all. It is just for that very reason that I claimed payment in advance for the immigrant shed at Quebec.

Q. Have you any other client that pays you in advance for your plans before he has commenced to build at all ?—A. Certainly, sir. Whenever I think that a client is rather doubtful I want payment in advance.

Q. On that principle you made the present government pay in advance ?—A. Exactly.

Q. Was it the honesty or the permanency of the government that you distrusted? —A. No, sir, it was neither.

By Mr. Gervais :

Q. Would you explain to the committee whether you had any difficulty previously with the government about payments made by them ?—A. I was given by the Department of Public Works the contract for large plans for the harbour of Montreal which caused a large amount of work and for which I never received a cent.

Q. And then you got a petition of right issued by the Department of Justice?— A. I did, sir.

Q. And what was the plea?—A. That I did the work and wanted payment.

Q. You had done the work at the special request of the Minister of Public Works, but it was argued that it had not been authorized by the parliament of Canada, and the petition was dismissed with costs against you?—A. That is it, sir.

Q. And that was a lesson which had been taught you?—A. Yes, sir.

Q. For this reason you objected to doing any work for this government without being paid in advance?—A. Exactly.

Q. As a matter of fact, is it not true that you had filed with the Department of Public Works plans and specifications on which you had earned over $25,000?—A. I had.

Q. And the department is still owing you $25,000 which they do not want to pay you?—A. They have not paid me, because I lost the case before the courts.

Q. You had been working for the government for a long time, but you were not paid?—A. No.

Q. When they desired to give you any other work, you wanted to be paid in advance?—A. Yes.

Q. As a matter of fact, you are a consulting engineer now in Montreal?—A. Yes, sir.

Q. You have been employed by the largest banking institution in Paris?—A. Yes.

Q. You have been employed by La Banque de Paris and des Pays Bas?—A. Yes.

Q. You would not do any work for less than 3 per cent or 5 per cent?—A. No.

By Mr. Northrup:

Q. Did you make that big company pay in advance?—A. The Banque de Paris?

Q. Yes?—A. Yes, I made them pay 5 per cent in advance.

Q. You were in the employ of the Canadian Pacific Railway, you told us, for a long time?—A. Yes.

Q. Did you devote your whole time exclusively to Canadian Pacific Railway work?—A. No, I did lots of outside work.

Q. When you were doing this work for the government you were engaged in outside work, too?—A. Certainly.

Q. So this government work did not interfere at all with that?—A. No.

Q. Have you any objection to stating what your salary was from the Canadian Pacific Railway?—A. That is my good business.

Q. You have an objection to stating that?—A. Yes, sir.

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By Mr. Maclean (Lunenburg):

Q. You commenced doing work for the Dominion government in 1889?—A. Yes, in 1889.

Q. What was the first work you did for them, bridge work?—A. It was bridge work; yes, sir.

Q. How were you paid for that?—A. I was paid 3 per cent of the cost, that is, at the time my remuneration was fixed.

Q. Who was the minister in the government who entrusted you with the work in 1889?—A. I don't know. The chief engineer was Mr. Perley.

By Mr. Northrup:

Q. Mr. Ouimet was probably the minister in 1889?—A. I don't think so.

By Mr. Maclean (Lunenburg):

Q. So from 1889 to 1896 you did work for the government of Canada?—A. Yes, sir, I did lots of work.

Q. Your charges were the same then as they are now?—A. Three and five per cent.

By Mr. Pardee:

Q. Were you just as much afraid of those fellows; did they pay in advance?—A. Sometimes. Of course, when I began I had always a little something paid in advance so as to pay my draughtsmen, because I was not a capitalist.

By Mr. Reid (Grenville):

Q. Did they always pay you for any work you did?—A. Yes, I was always paid.

By Mr. Maclean (Lunenburg):

Q. Your charge of $30 a day was as consulting engineer respecting the masonry work?—A. Yes, sir, for which I was not paid otherwise.

Q. For which you were not paid otherwise?—A. Yes.

Q. You were to be paid 5 per cent of the cost of the superstructure?—A. Of the superstructure.

Q. You were to draw the plan of the superstructure and to superintend the shop construction?—A. No, sir, not to superintend the shop construction; just to draw the plans.

Q. Just to draw the plans?—A. Draw the plans and act as consulting engineer for the masonry.

Q. When the plans were drawn and accepted the money was due?—A. The money was due me, but we did not know what the amount was.

Q. Then this was merely an advance?—A. An advance, yes.

By the Chairman:

Q. The plans drawn by you are the plans on which the work will be constructed?—A. The specifications are being printed now, and the department will ask for tenders.

By Mr. Maclean (Lunenburg):

Q. Did you gain any wisdom by this journey to Europe?—A. Yes.

Q. You saw works of a similar character?—A. There are only two similar dams in existence.

Q. Of this character?—A. Of this character, and both were designed by two different men. One was designed by Mr. Eiffel.

Q. I suppose you would say it was good business on the part of the department to send you over to Europe to inspect those dams?—A. I think it would have been nearly impossible to have designed this dam otherwise.

By Mr. Gervais:

Q. One of the dams in France was designed by Mr. Eiffel who built the Eiffel tower?—A. Yes, sir.

By Mr. Northrup:

Q. That is the keynote of the whole thing. Would you not have been able to draw these plans if you had not gone to the old country to inspect the dams there?—A. I did not say I would not have been able, but I don't think I would have made as good a job as I did.

Q. Then I suppose the architect or the engineers of the department, if they had had the opportunity of going to the old country could have drawn plans, couldn't they?—A. I am not aware that they have any men in the department that can draw plans for steel work, because they always put it out.

Q. You say that there is no one in the department who could have drawn the plans?—A. I do not think they have men in the department who could.

By the Chairman:

Q. Bridge engineering is a special class of work, anyhow, is it not?—A. Yes.

Witness discharged.

Mr. A. St. Laurent, Assistant Chief Engineer, Public Works Department, called, sworn and examined.

By Mr. Pardee:

Q. What is your position?—A. Assistant chief engineer, Public Works Department.

Q. Had you to do with the question of the St. Andrew's rapids dam?—A. Yes, I was in charge of the arrangements to be made in connection with the work.

Q. Did you make the arrangement with Mr. Vautelet as he set out here this morning?—A. Yes sir.

Q. Is it the custom of the department to make such arrangements as he has told the committee of, this morning?—A. It is the custom for all special work, special steel works which require expert knowledge.

Q. And this work requires that expert knowledge?—A. This was a very special work requiring the best experts we could find.

Q. Is it an important work?—A. It is a very important work.

Q. For what purpose is it constructed?—A. It is to practically make Winnipeg the head of navigation for Lake Winnipeg.

Q. To make Winnipeg the head of navigation for Lake Winnipeg?—A. Yes, navigation was interrupted between the lake and the city by a chain of rapids.

Q. And the dam was constructed for the purpose of overcoming the low water?—A. For the purpose of raising the water and drowning out those rapids.

Q. And the cost of that work was about what, approximately?—A. The cost was variously estimated at from $700,000 to about $900,000, I mean for everything.

Q. That is for masonry?—A. For masonry and steel work.

Q. Is the navigation large at that point?—A. The navigation of Lake Winnipeg is of some importance. I think there are now from 20 to 30 steamers on the lake.

Q. And will the effect of building this dam be to make navigation larger?—A. It would make navigation possible as far as Winnipeg. On Lake Winnipeg the draught of the boats is limited to 8 feet on account of the sand-bars which form at the mouth of the Red river every spring.

Q. And this work, as I understand you, overcomes this difficulty?—A. This work is to make the navigation 8 feet to Winnipeg.

Q. Then you have heard Mr. Vautelet give his evidence as regards the payments, and what he said regarding them is that correct?—A. That is all correct, before Mr.

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Vautelet was given any payments I made sure that I had enough plans in my hands, which would show that the value of the work done by him covered the amount paid him in every case. I followed very closely the manufacture of the plans, as I might call it, and as soon as a certain portion of the plans were ready if he asked for an advance I would consider what work I had in hand from him.

Q. You just paid him for what you had ? You would just go over what you had and value the work that he had done ? That is what I understand, that before you made a payment you would consider what work Mr. Vautelet had done ?—A. Yes.

Q. And you told us before these are the plans upon which the work is to be constructed ?—A. Yes.

Q. You heard what he said regarding the expedition he made to Europe. The department thought it was a work of such importance that they thought that was necessary?—A. Yes. I recommended myself that the department send somebody to the old country to study the system of movable dams.

Q. And do you know yourself, as a practical engineer, that there are only two of these dams in existence?—A. Yes, that is as far as I have read, of course.

Q. And it was these that Mr. Vautelet was sent to inspect?—A. Yes, Mr. Vautelet was sent to inspect these works, because in studying what was required for the Red river I thought these might be of the type best adapted to the conditions there.

Q. And were the plans and specifications of those dams followed out in the specifications that have been given for the St. Andrew's rapids dam?—A. They were generally followed out, with the changes necessary to meet the local conditions there.

Q. But practically having regard to the conditions, the principle upon which this is to be constructed, is the same as Mr. Vautelet brought back from his inspection of those other works?—A. It is of the same character.

Q. It is of the same character, and along the same lines, so that in your opinion the sending of him to Europe was absolutely justifiable?—A. It was justifiable, because in this as in other hydraulic works, we have to base our work on the experience acquired on similar lines in other countries. On all large works, take the Panama canal and the new Erie canal, they always send experts to the old country to learn all they can with regard to similar works there, so that in sending to Europe for information in connection with movable dams, or special bridges, we were following the general practice in connection with important works like this.

Q. You followed the general practice in this case. Now then, as to the payments to Mr. Vautelet you followed out the practice that has always been followed out, or didn't you?—A. We followed out the practice that has been generally followed by this government, but which should be more followed than it is. We followed also the practice which is followed by all other governments, like the United States, of sending experts to other countries to see what has been done and to get the benefit of the experience made in the same work by other countries.

Q. Now, just one question, do I understand that the plans which have been finally accepted by the department, and drawn up by Mr. Vautelet on the information that he obtained in Europe, have been finally accepted by the department, as the plans upon which this work is to be constructed?—A. They are.

Mr. Maclean (Lunenburg):

Q. Have you asked for tenders for the work?—A. The contract for the masonry part of the work has been given.

Q. But for the superstructure?—A. For the superstructure the specifications are just now in the hands of the King's Printer, and the department will decide in a few days, or a few weeks, when tenders shall be called.

By Mr. Gervais:

Q. As a matter of fact, you say the department never paid one farthing to Mr. Vautelet for work which had not been done by him?—A. No, sir.

Q. Then you did not advance half a cent to Mr. Vautelet?—A. Not until I was sure that the work had been performed.

Q. Then there was no payment in advance made to Mr. Vautelet by the department?—A. Not in connection with St. Andrew's rapids. The work was performed before the money was advanced.

By Mr. Northrup:

Q. You are the gentleman who made the contract with Mr. Vautelet, are you?—A. Whether I wrote the letter to him or not I could not remember. I made all the arrangements, but whether the letter was signed by the chief engineer or not I do not remember.

Q. Who is responsible for the financial terms of the contract, the 5 per cent and the trip to the old country?—A. The recommendation?

Q. Who is responsible for that part?—A. I first recommended that an expert be sent to the old country.

Q. Yes?—A. As to the advance the chief engineer probably made the recommendation.

Q. I am asking about the 5 per cent and the trip to the old country, who is responsible for those two items?—A. The chief engineer, sir.

Q. Did you recommend the 5 per cent?—A. I recommended the 5 per cent verbally at least.

Q. Did you recommend the trip to the old country?—A. Yes, sir.

Q. And did you recommend it because other governments were doing the same thing?—A. That is the general practice in connection with some special works.

Q. Take the United States and tell me the name of any outsider not in the employ of the United States government who has ever been sent to the old country at their expense?—A. I could not.

Mr. MACLEAN (Lunenburg).—They have sent hundreds, there is no doubt in the world about that.

The WITNESS.—I think Mr. Ripley was sent not very long ago in connection with the Panama canal.

Q. Who is Mr. Ripley?—A. Mr. Ripley was the superintendent of the Soo locks, and then he was engaged to draw the plans of the Panama canal.

Q. To draw the plans for the United States government?—A. For the United States government.

Q. Then he went into the employment of the United States?—A. Of course, that would be understood.

Q. That is the point of the whole thing. Then the United States government sent a man who was in their employ to the old country. Now, I ask you to tell me the name of any person not in the employ of that government who was sent to the old country at their expense?—A. I could not give you the name of one who is not an employee.

Mr. MACLEAN (Lunenburg).—Why would a man go if he was not in the government's employ?

The WITNESS.—I could not mention a name, but I know it is a general practice.

Q. You could not name anybody who was not in the service of the government?—A. I know that since the Erie canal construction was started they have sent men abroad.

Q. Quite possibly, but I want to know if they were employed by the government?

By Mr. Gervais:

Q. What about Mr. Munroe, who drew the plans for the Soulanges canal? How many years did he spend abroad?—A. Mr. Munroe went to visit the Manchester ship canal.

By Mr. Northrup:

Q. Mr. Munroe was an employee of the government all that time, was he not?—A. As far as I know, he was.

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Q. Mr. Munroe was in the service of the department, was he not?—A. Yes, sir.

Q. And paid a salary by the department?—A. Yes.

Q. He was not paid for the plans he drew?—A. As far as I know, he was in the employ of the department.

Q. And was not paid for the plans which he drew?—A. He was paid a regular salary.

Q. Certainly. Now, come back to the other question. Can you tell me of anybody that has ever been sent from England, or any other civilized country, abroad to look up works of this kind unless such person was a government employee?—A. I could not say that, sir. I know we often have visitors from the old country inquiring into our works.

Q. The agreement was made that Mr. Vautelet was to be paid 5 per cent?—A. Yes, sir.

Q. On the cost of the superstructure of the work? Now, what service was he to render for which he was to be paid 5 per cent?—A. First for his brain work, then for his designs, and then for the manual work done by his draughtsmen.

Q. Did the supervision of the superstructure as it was being constructed enter into the case at all?—A. When it was building?

Q. Yes?—A. No, he was not to include that.

Q. He was to have no responsibility about supervising that?—A. No, sir.

Q. All he had to do was to draw the plans?—A. To draw the plans.

Q. So you agreed to pay him 5 per cent on the total cost of the superstructure and give him a trip to the old country, and all he had to do was to draw the plans?—A. He was paid for his brain work and drawing the plans and paying his draughtsmen.

Q. But it did not require brain work to pay the draughtsmen?—A. I do not mean that.

Q. Let us be perfectly clear. You were paying Mr. Vautelet 5 per cent for merely drawing the plans?—A. Yes, and to act as consulting engineer for the masonry part of it. He may be called at any time yet in consultation in connection with the masonry part, which is under construction now.

By Mr. Gervais:

Q. Was the government benefited by employing Mr. Vautelet?—A. Certainly, and it was because we had no staff of experts in the department.

Q. Did Mr. Vautelet alter the original plans which had been designed?—A. Yes.

Q. In what way, will you explain to the committee in what way?—A. Because the original plans that were made were for the masonry only.

Q. Yes, and they provided for eight spans?—A. For eight spans.

Q. What was the opinion of Mr. Vautelet?—A. In discussion he thought that the spans could be enlarged so as to give more chance for the ice to float down over the dam in the spring. The 'break-up' is very severe up there.

Q. And the number of spans was reduced from eight to six?—A. Reduced to six.

Q. That means that the government is saving by having a less number of spans?—A. We save in concrete, certainly.

Q. Is not the saving $15,000 per span?—A. From twenty to thirty thousand dollars, I suppose.

Q. By employing the brains of Mr. Vautelet this government has saved $30,000 clear at an expenditure of $600?—A. Saved probably that money and with a design of great merit.

By Mr. Northrup:

Q. Who drew the original plans providing for eight spans?—A. I did, sir.

Q. Did you draw all the plans for the masonry work?—A. For the masonry, yes.

Q. How much was the masonry work to cost?—A. The masonry will cost——

Q. How much is it supposed to cost, that is the idea?—A. Between five and six hundred thousand dollars.

Q. And the superstructure is to cost about $300,000?—A. About $300,000, but, of course, I am not sure because it is such a——

Q. It is quite possible the superstructure may cost half a million, is it not?—A. I don't think so.

Q. Do you find that your estimates are very much exceeded by the amount of the tenders?—A. No, sir.

Q. Do you find that your estimates are above the tenders?—A. Yes, generally, in my experience, I think.

Q. Do you find that as a rule your estimate of the cost is more than the contractor's tender?—A. Yes. In this case there has been a contract given and the estimate is a little higher than the tender.

Q. That is for the masonry work?—A. For the masonry work, yes.

Q. For the superstructure it is quite possible that the contract price may be more than you estimate?—A. It may be a little more but not over fifty thousand.

Q. This masonry work that you are to build is a great deal of it under water, isn't it?—A. Yes.

Q. It is difficult, is it not?—A. It is difficult work.

Q. I should imagine it is very difficult?—A. Well, the dam is to be built across the Red river, and at the deepest portion of the river there is about 8 feet of water during the low period, which does not last very long.

Q. And a pretty full current?—A. Yes, there is a swift current there.

Q. So there is a great deal of difficulty in constructing the masonry work there?—A. They are liable to encounter a great deal of difficulty on account of the water coming into their coffer dams.

By Mr. Maclean (Lunenburg):

Q. Masonry isn't any new class of work, they know what obstacles they are going to meet.

Mr. NORTHRUP.—I cannot see why any ordinary engineer could not draw the plans.

By Mr. Northrup:

Q. Supposing you had gone to the old country and had seen those dams and had gone to the Soo and seen a similar dam there, could you not have drawn plans?—A. I am not a steel expert.

Q. I am asking you could you not, if you had seen what Mr. Vautelet has seen, have drawn the plans for this work?—A. I could have drawn some plans, certainly, but they would not have one-half the merit of plans drawn by an expert.

By Mr. Pardee:

Q. Is this man, Mr. Vautelet, recognized as an expert in this class of work?—A. He is recognized as an expert.

By Mr. Gervais:

Q. He is a man of some repute?—A. He is regarded as one of the best experts in steel work.

Q. Are you not a member of the Society of Congresses of Navigation?—A. Yes, I am the only member in Canada.

By Mr. Pardee:

Q. All Mr. Vautelet got for that trip to the old country was $600?—A. As far as I know.

Q. He was not paid anything but that?—A. That is the advance that was made to him.

By Mr. Maclean (Lunenburg):

Q. He was away about six weeks, wasn't he?—A. It would be at least six weeks.

Q. Six hundred dollars would probably about cover his expenses, wouldn't it?—A. I have had no experience in that.

Q. That is hardly a fair question to ask you, anyway.

By Mr. Northrup:

Q. Who drew the first plans for the masonry work?—A. I drew the first plans for the masonry work and my recommendation that an expert be sent to the old country was made in order to see if the plans could not be improved; in almost every case plans for dams and special works can be improved of course, and that was the case with regard to this work.

Q. Haven't you a number of engineers and architects in your department?—A. In the department there are at headquarters two or three engineers, who have their own work to attend to in their own districts.

Q. Isn't there somebody there who would sit in judgment on Vautelet's plans?—A. If there is somebody there——

Q. Nobody to sit in judgment on his plans?—A. I beg pardon?

Q. Is there nobody in the department to sit in judgment on these plans?—A. To sit in judgment?

Q. Yes, when he sent in his plans, the department would have to accept them, no matter what they were, is that what I understand?—A. Oh, well, I approved of the plans myself. I have followed the plans very closely.

Q. That is not the point. Can't you understand me? Mr. Vautelet was employed to send in certain plans, he has sent them in; was there anybody in the department capable of scrutinizing those plans to see whether they were good ones or not?—A. There was, because I did myself.

Q. And you consider yourself competent to inspect his plans?—A. Yes sir.

Q. Then why wouldn't you be competent to draw the plans yourself if you could see the same works as he saw?—A. Well, all my time is taken up with other work.

Q. That is the reason you could not do it?—A. All I could do was to supervise the contract and consult with him.

Witness discharged.

Mr. St. Laurent recalled and examined.

By Mr. Gervais:

Q. I would like to put one question more to Mr. St. Laurent before he goes. Would you tell the committee how much Mr. Vautelet spent for getting ready the plans and specifications for which he received $10,000 from this government?—A. I can only give an estimate. In my opinion I think it must have cost between four and five thousand dollars for draughtsmen. I know for a fact that he paid the draughtsmen a dollar an hour.

Q. For making the plans?—A. For making only the tracings.

By Mr. Reid (Grenville):

Q. Then these draughtsmen did all the work I suppose?—A. They did the work of tracing.

Q. Mr. Vautelet just superintended the making of the tracings?—A. No, he made all the designs on paper in pencil and then they were given to the tracers and the plans were traced. As the plans developed changes were necessary and they had to be re-drawn.

Q. Then according to your statement Mr. Vautelet would be out about $4,000?

Mr. Pardee.—Between four and five thousand dollars?—A. Between four and five thousand dollars is what I estimate

Q. And he was to receive $15,000 ?—A. I don't think he received that much.

Q. I understood you to say, or to concur in Mr. Vautelet's statement that the cost of the superstructure of the St. Andrew's rapids dam would be at least $300,000? —A. It will be near $300,000.

Q. Then he is to get 5 per cent of that sum, or $15,000 ?—A. Yes.

Q. Then he will have at least $10,000 for his own work on St. Andrew's rapids dam ?—A. That appears to be so.

Q. You gave an estimate of what you thought would be the cost to Mr. Vautelet but you don't know anything about it ?—A. I am a judge of cost according to my experience.

Q. You are giving merely an estimate ?—A. Yes.

Q. You were not present in his office where the draughtsmen were working ?—A. I was present in his office when he had the draughtsmen there and gave instructions, and when they were bringing in tracings and changes were ordered; I was present many times.

Q. Do you pretend to know how much time the draughtsmen spent on this work ? —A. No.

Q.You don't even know how many draughtsmen were engaged ?—A. No.

Q. So that you are merely giving an estimate of your own?—A. Yes.

By Mr. Pardee:

Q. From your knowledge as engineer, of that class of work ?—A. From my experience.

By Mr. Johnston:

Q. You have already said that this was not a new arrangement but one that had existed with this gentleman for many years ?—A. Just the same arrangement.

By Mr. Pardee:

Q. How long have you been in the department ?—A. I have been in the department since 1888.

Q. And that arrangement has been going on from that time down ?—A. My first recollection of any work given to Mr. Vautelet is in 1892.

The witness discharged.

The committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

$4,000 TO H. N. COCKBURN RE PURCHASE PRICE OF TUG 'CATHERINE C.'

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

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$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

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and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
WEDNESDAY, April 22, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., Mr. Duncan Finlayson presiding.

The committee proceeded to the consideration of a payment of $4,000 to H. N. Cockburn, purchase price of tug *Catharine C.*, as set out at page V—208 of the Report of the Auditor General for the fiscal year ended March 31, 1907.

Mr. E. B. GODWIN, Assistant General Superintendent of Dredging, called, sworn and examined:

By Mr. Northrup:

Q. You are engaged in the Department of Public Works, are you not?—A. Yes, sir.

Q. What is your position?—A. Assistant superintendent of dredging, particularly for Ontario and Quebec.

Q. You were aware of the tug *Catharine C.* being purchased by your department?—A. Yes, sir.

Q. The tug belonged to Mr. Cockburn, I believe, didn't it?—A. Yes, sir.

Q. It will make a long story short, perhaps, if I ask you—I think you recommended the department to purchase this tug for about $4,000?—A. Yes, sir.

Q. Why did you recommend that she should be purchased for $4,000, do you remember?—A. Because we needed the tug, sir.

Q. You were paying rent for the tug, were you not?—A. Yes, sir.

Q. Didn't you make a statement showing what the cost was under the rental and what it would be if you bought the tug?—A. Yes, sir.

Q. Kindly look at this and see if this is your statement?—A. Yes, sir.

Q. You showed they could buy the tug for $4,000?—Yes, sir.

Q. And that the tug was then costing, rented monthly, $636?—A. Yes, sir.

Q. That, if rented, it would cost the government $636 per month?—A. Yes, sir

And that if they bought the tug it would only cost $372 per month; that is your signature (handing document to witness)?—A. Yes, that is my statement right enough; yes, that would be the running expenses.

Q. So you summed it up in your statement that the cost of the tug rented for the season would be $4,452, is that correct?—A. Yes.

Q. And that the cost of the tug, if owned by the department, for the season would be $2,604?—A. Yes, sir.

Q. And you recommended the department to buy the tug?—A. Yes, sir.

Q. And the department accepted your recommendation to buy it?—A. Yes, sir.

Q. Do you happen to remember the date you made that recommendation?—A. I think it is all here on the document, sir.

Q. On January 24, 1906, you wrote to Mr. Lafleur, Chief Engineer, Department of Public Works, Ottawa:—

'SIR,—I have the honour to enclose herewith a letter received from H. N. Cockburn, of Sturgeon Falls, the owner of the tug *Catharine C.*, which we have rented as tender to the dredge *Mattawa* since the completion of the vessel.

'As this tug is in first-class condition, and suitable in every way for our service, I would recommend its purchase, as the price is very reasonable; and, should we con-

tinue to rent as we have been doing, we would pay the amount asked for the vessel in two seasons.

'I therefore trust you will see your way clear to recommend the purchase of the boat, as we could not build one ourselves of the same size for double the money asked.

'I have the honour to be, sir,

'Your obedient servant,

'E. B. GODWIN,

'*Asst. Gen. Supt. of Dredging.*'

So on January 24, 1906, you wrote to the department recommending the purchase of the tug?—A. Yes, sir.

Q. Do you know whether the tug was purchased, as a matter of fact?—A. I know when it was paid for, because I got a letter from the chief engineer to that effect.

Q. When was the tug paid for?—A. On the 6th of September, 1906, I believe; I would not be quite sure, but I think it was then—some time in September.

Q. Was rent paid for the vessel in the meantime?—A. Yes, sir.

Q. I have the statement here somewhere, if I could find it?—A. I think I could find it for you, sir.

Q. Just look at the papers and tell us what rent was paid during that season for the tug?—A. I do not think this will show the amount of the rent, sir.

Q. There is one statement there that will?—A. The Auditor General's Report would give it—it is $1,400 and something. I think it was fourteen hundred and something.

By Mr. Pardee:

Q. What is the length of this boat?—A. 47 feet. She is 12 feet 6 inches beam, 5 feet draught and engines high pressure 9 by 9.

By Mr. Northrup:

Q. Is there, Mr. Godwin, any account for Mr. Cockburn showing what he charged for rent of the boat?—A. There is a statement here that I submitted to the chief engineer.

Q. Yes?—A. Mr. Cockburn sent in accounts up to the 6th September, the time he received payment. According to my books we paid him up to the 31st August.

Q. You paid him up to the 31st August?—A. Yes; we paid him nothing for September.

Q. That would be exactly the account he sent in less the 6 days?—A. Yes, sir.

Q. At how much a day?—A. $12.

Q. That would be less $72?—A. Yes.

Q. So the government paid Mr. Cockburn $1,512 rent that season less $72?—A. Yes, sir. That is $1,440.

Q. Would you look at this extract of the report of the committee of the Privy Council recommending the purchase of the tug?—A. Yes, sir. (Refers to document.)

Q. What is the date of that?—A. 21st May.

Q. 1906?—A. 1906.

Q. So on 21st May, 1906, the committee of the Privy Council recommended purchasing the tug for $4,000?—A. Yes, sir.

Q. Have you anything there to show when the tug was purchased?—A. Yes, sir; I have a letter from the chief engineer.

Q. Give us the date?—A. (After examining file.) No, it is not in this file.

By Mr. Reid (Grenville):

Q. Then all the papers have not been brought down?—A. This was a letter to me.

Q. But it would be an official letter?—A. It was an official letter to me stating that the accountant had informed the chief engineer——

Q. And that has not been brought down to the Public Accounts Committee?—A. I have it.

Q. Then the file that has been brought down to the committee does not contain all the official correspondence in connection with this purchase? Am I right or not? —A. Hold on just for a moment (after again examining the file), here is the letter, sir.

Q. What is the date of that?—A. November 2.

Q. What year?—A. 1906.

Q. What does the letter say?—A. I will read it (reads):—

'SIR,—In reply to your letter of the 5th instant, regarding the purchase of the tug *Catharine* C., I am informed by the accountant that the cheque in payment was sent to the Department of Justice on the 6th of September last, and that it was received by Mr. Cockburn on the same day.'

By Mr. Northrup:

Q. The fact is that the order in council authorizing the purchase of the boat was passed on the 21st May?—A. Yes, sir, according to the order in council

Q. And the boat was not paid for until——?—A. Until the 6th September, according to that.

Q. And the department paid rent for her at $12 per day during the interval?—A. Yes, sir.

By Mr. Pardee:

Q. It was decided to purchase the boat on the 21st May, 1906?—A. Yes, sir.

Q. And she was not purchased until September?—A. Yes, sir.

Q. It was on your recommendation that was decided?—A. The purchase of her?

Q. Yes?—A. Yes, sir.

Q. Showing that by such purchase, taking the rental into consideration, the department would save about $2,400 a year?—A. Yes, sir.

Q. Why was not the purchase carried out prior to that date, you don't know about that?—A. I don't know, sir.

Q. You don't know that?—A. No.

Q. Why is it, as far as you were concerned, the department continued to pay rent when you knew that your recommendation had been accepted?—A. I did not know that my recommendation had been accepted.

Q. You did not know?—A. No, sir; not at all.

Q. But since September, 1906, the department has owned the tug?—A. Yes, sir.

Q. And she has been doing the work which she was doing prior to that time?—A. Yes, sir.

Q. With a consequent saving as to the total that you figured out?—A. Yes, sir.

Q. That is right?—A. Yes, sir.

Q. And she is still at that work in the department's employ?—A. Yes, sir.

By Mr. Northrup:

Q. Although the order in council was only passed on the 25th of May, you had recommended the purchase of the tug in the previous January or February, hadn't you?—A. Yes, sir; that is the first time that I recommended it.

By Mr. Pardee:

Q. But if council did not reach it until May——

By Mr. Johnston:

Q. You do not know whether there was any money available for the purchase of this boat when the order in council was passed, do you?—A. No, sir; I do not know anything about that.

Witness retired.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RESPECTING A PAYMENT OF

$6,960.92 TO THE ST. JOHN 'SUN' FOR PRINTING AND LITHOGRAPHY

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

1—52½

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HOUSE OF COMMONS.

COMMITTEE ROOM No. 32,

OTTAWA, Wednesday, July 15, 1908.

The select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The Committee proceeded to the consideration of the payment of $6,960.92 to the St. John 'Sun' in connection with printing and lithographing as set out at B-6, report of the Auditor General, for the fiscal year 1906-7.

Mr. RALPH E. WHITE, called, sworn and examined.

By Mr. Northrup:

Q. Are you connected with the St. John 'Sun'?—A. Yes, sir.

Q. In what capacity?—A. As accountant.

Q. I see a number of accounts put in by the St. John 'Sun' for printing done for the Intercolonial Railway, have you seen these accounts?—A. I do not know that I have.

Q. Altogether they total $6,960.92?—A. For 1906-7?

Q. Yes?—A. Well, I did not join the St. John 'Sun' Printing Company until along in the latter part of February, 1907.

Q. These run up to the 31st of March, 1907. However, you did not join the 'Sun' staff until February, 1907?—A. About the middle, or along the latter part of that month.

Q. I see that these accounts are mainly for forms and books, you will notice here is an account (showing file to witness) for 500 books, here is another for 500 books, and here is one for 20,000 forms, and then 500 books again.

Mr. CROCKET.—Are there accounts for bookbinding as well as printing.

By Mr. Northrup:

Q. Then here is another voucher for printing 500 books with '100 leaves in each, as sample, buff colour, perforated, stitch back, cut flush, hard cover.' Has the St. John 'Sun' any job printing department?—A. Not at present.

Q. Had it at any time in the past?—A. Not since I have been connected with it.

Q. Is there anything printed by the St. John 'Sun' outside the paper itself?—A. No.

Q. Then, there having been no establishment in connection with the paper in which to print these forms and books do you know where they were printed as a matter of fact?—A. Not at that time, no.

Q. Then they have gone on doing work of this kind since you have been there, haven't they?—A. We have orders of this kind.

Q. Where was the printing done?—A. At present we get it done by Mr. Armstrong.

Q. Is Mr. Armstrong here in the room? He is not here is he?—A. I haven't seen him.

Q. Do you know if at any time the St. John 'Sun' had any job printing department?—A. Well, as a citizen of St. John, before I joined them I know they had.

Q. When?—A. Along in 1905, and perhaps in part of 1906.

Q. After that do you know, as a citizen of St. John, they had not any job printing department?—A. Since I have been in their office they have not.

Q. You spoke about their having a job printing office in 1905 and it is as a citizen of St. John you knew they had?—A. I believe they had.

Q. Why do you limit your time to 1905 and 1906?—A. I was about St. John then and knew they did job work.

Q. At that time you speak of was the same management in control of the St. John 'Sun' as there is to-day?—A. In 1905 the management was different.

Q. Can you tell us when the new management came in?—A. Not definitely, except from what I might get from the books.

Q. Speaking as a citizen of St. John when would you say the change took place? —A. Early in 1906.

Q. What is the management now, a joint stock company or a private ownership? —A. A joint stock company.

Q. Who is the president of the company?—A. Well, now, I would not be positive of that; I think it is the Hon. B. F. Pearson.

Q. Since this joint stock company took charge are you aware of there being any job printing department?—A. From what I saw in the books I think there was a job department early in their ownership.

Q. How long did that continue?—A. Well, along perhaps for three or four months.

Q. Where did you say that the printing, such as is charged for in these accounts, is done?—A. At the present time do you mean?

Q. Yes?—A. It is done by Mr. Armstrong.

Q. How long has that been the case?—A. It has been done since I have been with the company.

Q. That was the case when you first went with them and it has continued ever since?—A. Yes.

Q. Have you personally had any correspondence with the Intercolonial Railway under orders which would be given for books and printing?—A. Have I——

Mr. CARVELL.—Is my honourable friend asking now in reference to the accounts under discussion which only go up to the year ending 31st March, 1907, or with reference to work done since that date?

Mr. NORTHRUP.—I have only the right to ask concerning accounts up to the 31st March, 1907, but I think under the circumstances, when we have asked for two witnesses from this newspaper so as to be sure to get at the facts, and they send us only one witness who has been there but a short time prior to the 31st March, 1907, I think we have the right to ask that question.

The CHAIRMAN.—The other witness you subpœnaed was not there earlier either.

Mr. NORTHRUP.—I admit I have not the right to go into anything since 31st March, 1907.

By Mr. Northrup :

Q. Will you tell me again, Mr. White, when was it you went with this company ? —A. February, 1907.

Q. At that time, when you went with them were they doing any printing for the Intercolonial Railway ?—A. No.

Q. Were they having it done by Mr. Armstrong ?—A. I would suppose so, it seemed to be the practice when I went there.

Q. It seemed to be the practice. What was your practice when you received an order from the Intercolonial and sent it on to Mr. Armstrong to fill ?—A. I had nothing to do with that whatever.

Q. I mean from your knowledge of what occurred, you were the accountant, were you not ?—A. Yes, but I did not keep these accounts.

APPENDIX No. 1

Q. In your books, of the St. John 'Sun' Company, there was no account against the Intercolonial for printing ?—A. There was one then.

Q. There was one account that would include everything that was done for the Intercolonial Railway, is that right ?—A. I did not have the book of original entries, I just had the total.

Q. But as accountant you would have the ledger ?—A. Just the totals for the month.

Q. You had a regular account at that time with the Intercolonial Railway for printing ?—A. Yes.

Q. And did your paper do that printing or send it over to Mr. Armstrong to do it ?—A. To Mr. Armstrong.

Q. Had you also an account with Armstrong in your books for this printing ?—A. No, we would not have that.

Q. How did you keep track of those items that you had charged against the Intercolonial Railway that Armstrong did the printing for, how was his account kept? —A. His account was kept by the then manager.

Q. And it did not go through the books of the accountant ?—A. No.

Q. His account was kept in another book by the general manager ?—A. Yes.

Q. Would that be a private book the general manager had, that did not go with the books of the company ?—A. It was not a part of that set, no.

By Mr. Crocket :

Q. Who was the general manager that you speak of ?—A. When I first joined the 'Sun' Printing Company, John S. Leighton was general manager.

By Mr. Northrup :

Q. Then was it the habit of the company to keep a number of accounts with different people that did not go through the books in your hands ?—A. No .

Q. Was this Armstrong account the only one of which you are aware, the entries for which were not in the books that went through your hands ?—A. Yes.

By Mr. Maclean (Lunenburg) :

Q. Do I understand you to say that Mr. Armstrong's account was not kept in the ordinary ledger or ordinary book ?—A. No, we did not have any account, only a private account—not pertaining to this though—with Armstrong.

Q. I do not quite understand you. In the account in your books in which Armstrong was debited with cash and credited with work, was a printing account ?—A. Yes. Not as Armstrong's account, it was just kept as a printing acount.

Q. But after all that really contained the accounts of Armstrong though it was under the head of printing account ?—A. Yes, it would practically.

By Mr. Northrup :

Q. You opened an account with the Intercolonial Railway in which you charged up to them the prices for the printing that they ordered from you ?—A. Yes.

Q. That printing was done by Armstrong you say?—A. Yes.

Q. Had you any account with Armstrong relating to these items in the books which passed through your hands?—A. Well I had an account relating to these items but it was not as Armstrong's account.

Q. It was not in Armstrong's name ?—A. No, just a printing account which debited the Intercolonial for the printing for the month and credited the printing account.

Q. That would be simply between you and the Intercolonial I suppose ?—A. Well as far as that would go, double entry, we had to make a credit when we made a debit for printing.

Q. That is between you and the Intercolonial Railway ?—A. Yes.

Q. You sent this printing over to Armstrong to do, you say?—A. It was sent. I did not do it.

Q. The paper paid Armstrong I suppose for doing the printing?—A. Mr. Armstrong was paid from the proceeds.

Q. Was there not an account in the books as between the St. John 'Sun' and Armstrong as to what he was paid?—A. No.

Q. Nothing of that kind at all?—A. Not to my knowledge.

Q. No record is kept as to what is paid Armstrong?—A. When the cash was paid to Armstrong for the printing, the printing account would be debited.

Q. Then would it be the same items in the account between your company and the Intercolonial? Would the amount paid for printing be the same items as in the other printing account?—A. The amount paid would not necessarily correspond with the amount credited.

Q. Should it correspond?—A. No. The printing account would be credited month to month.

Q. The printing account, that is for the work that Armstrong did——?—A. Yes.

Q. Would be credited once a month?—A. Yes. Well there would be several things.

Q. I am not referring to payments, I am referring to the charges you made as between you and the Intercolonial and the items that are entered in the printing account. Would they do the same?—A. No.

Mr. MACLEAN (Lunenburg).—Ask the witness if he has got the books so that he can explain it to you.

By Mr. Northrup:

Q. Have you the books?—A. I have a book showing those two accounts.

Q. Let me see that book, please?—A. (Producing book.) This is the book that I found as kept by the manager. The order came in——

By Mr. Reid (Grenville):

Q. This is the book for the Intercolonial?—A. This is the Intercolonial.

Q. It is kept purposely for that?—A. It is kept purposely for orders of that kind.

By Mr. Maclean (Lunenburg):

Q. What is the practice, charging by number?—A. The form is charged up here (pointing to book), the quantity and the form number of the sheet, or whatever it is to be printed, and the order number of the requisition slip and so on.

By Mr. Daniel:

Q. How do you know the work is from the Intercolonial from this book?—A. It is not marked so.

By Mr. Northrup:

Q. Are all the items in this book, between the St. John 'Sun' and Armstrong, for Intercolonial printing?—A. I don't understand.

Q. Are all the items in this book, between the St. John 'Sun' and Armstrong, for Intercolonial printing done by Armstrong?—A. Excuse me just a minute and I will show you just how it is. We will take the first item.

Q. I have it here?—A. What have you got there?

Q. Five hundred letter heads?—A. (pointing out items in the book) That is the date you see. That is the way I interpret it, as I am now using it. Date received. There is the order number. Here is the date the goods were invoiced and I presume showed the correct amount charged. Here is the amount allowed by the King's Printer and the date on which we were paid.

Q. Take the month of July, 500 letter heads. Then next 500 circulars?—A. Those are corrected to correspond.

APPENDIX No. 1

Q. Next page, 200 forms, No. 93?—Yes.

Q. The point is, all these items that are charged for in the month of July by the St. John 'Sun' to the Intercolonial, were actually printed by Armstrong for the newspaper according to that book?—A. No. It does not show according to this book how it was done.

Q. I thought I understood from you before that this book contained——?A. This is the original—let me explain.

Q. The original of what?—A. The original memo. This is the original memo of the orders received and that completed the amount charged and what we were paid.

Q. And then?—A. Excuse me just a moment. Take September. There seems to be quite a quantity. This would be totalled and an entry put through the journal debiting the I. C. R. printing for the total amount. This would be all invoiced and credited to printing account.

Q. That is simple enough?—A. That is simple enough. There is no account of Armstrong's other than there is in this book.

Q. Was this printing done by Armstrong?—A. That I cannot tell you, I was not there.

Q. Taking the work done after you did go there, did it go on in the same way?—A. The same way.

Q. Was the printing done by Armstrong?—A. The printing was done by Armstrong since to my knowledge.

By Mr. Daniel:

Q. Was there any printing done by anybody else?—A. Not to my knowledge.

By Mr. Northrup:

Q. To make a long story short, is it not the fact that the order from the Intercolonial for printing received by the St. John 'Sun' was not filled by the 'Sun' at its own office but handed over to Armstrong and the printing done by him?—A. The printing was done by him.

Q. I suppose you paid Armstrong for that printing?—A. I did not pay him.

Q. Your books would show that he was paid, would they not?—A. I presume they would.

Q. Can you tell me whether the books would show that Armstrong was paid the same amounts that were allowed by the King's Printer?—A. I can show you the account, that is all.

Q. Can you give me an answer to that one question? Will your books show that Armstrong was paid the same amount by the St. John 'Sun' that the King's Printer allowed for that printing?—A. I hadn't any knowledge of the books at that time.

Q. I am asking you will your books show that?—A. I have not examined them.

By Mr. Northrup:

Q. Will you go over the account now?—A. (witness referred to ledger). There is one charge, that is the return for that month. Now, here is April 28, the government paid $754.16 and I see on April 30—Mr. Armstrong was paid two amounts, I see in that month, $306.95 and $565.62.

Q. Is there anything to show what items were paid?—A. No, that would be done by the then manager.

Q. The point I want to make is this: do these items in the printing account on page 203 show the sums paid by the St. John 'Sun' to Armstrong?—A. Yes.

Q. And do these sums on page 202 show the sum received by the St. John 'Sun' from the government?—A. Yes.

Q. Now, then, see how these two sides would appear in the month of April, for example. What sum was received by the St. John 'Sun' from the government?—A. It would seem there were two amounts, on April 17 there is a credit and on April 26 there is a credit.

Q. I want to get at it to see the differece between those two pages?—A. Well, you mean just for the one month?

Q. I am willing to take for one month or for two.—A. I notice here there is an item of $754.16.

Q. Yes?—A. And about the same date there is a debit on that side.

Q. But taking the whole month, does not this book show that from February 28 to the end of April, we will say, that will be two months, that the amount received by the St. John 'Sun' was $2,392.27?—A. No, that is February.

Q. I said from the 28th of February to the end of April?—A. That is not the money received at all, that is the gross totals of the charges made against the government.

By Mr. Carvell:

Q. Does that necessarily mean that is the sum received from the government?—A. Not at all.

Mr. NORTHRUP.—The government was charged that amount.

Mr. CARVELL.—The books show you did not get what they charged, the King's Printer cut them down.

A. Yes, I see an allowance there and there is still a balance due.

By Mr. Northrup:

Q. A balance of $926.46, so that you received $2,292.27, less $926.46.—A. Also less $20.95, do you see? They cut that out apparently, and the Intercolonial Railway was given credit for it.

Q. You received $2,292.27, less $20.95, and $926.46 balance due?—A. $926.46 apparently is still due.

Q. That $20.95 being an allowance?—A. Yes.

Q. Now, then, going on to the next entry you carry $926.46 over as the amount still due, do you not?—A. Yes.

Q. In July, is it not correct to say that there was $3,297.95 charged against the government?—A. Including that balance.

By Mr. Johnston:

Q. Less $926.46 which is already charged?—A. Yes, as I already say, that includes that charge.

By Mr. Northrup:

Q. Yes, and do you not in the July account charge $3,297.95 less——A. No.

Q. This will show, as I understand it, what was charged? The amount charged against the government on July 31 was $3,297.95?—A. Yes.

Q. That was up to the 31st of July; how much have you received since the former payment?—A. There were two payments.

Q. Two payments for the full amount of $3,297.95, less $1,657.56?—A. Yes.

Q. Then you start on July 31st——A. I beg pardon, I do not, those are the former book-keeper's books.

Q. These books say that starting on July 31 you started with a balance due of $1,657.56?—A. Yes.

Q. And then the work up to the 31st of December, including that balance, would be $5,190.64, would it not?—A. Yes.

Q. And you have received on that, how much ?—A. There are several cash items there.

By Mr. Johnston :

Q. The whole amount—— ?—A. $405.15, and $316.46.

By Mr. Northrup :

Q. What is that item of $316.46 ?—A. That is a cross-entry again, that is deducted by the government, I presume, I take it for granted that is what it is.

Q. When you start on January 1, 1907, you start with a balance brought forward of $405.15 due ?—A. Yes.

Q. That runs on down to March 31 ?—A. The receipts here would not go that far, because we are always two or three months behind in receiving payments.

Q. But taking the books down to the 31st of March, 1907, there would be how much?—A. Including the balance down to the 31st March, 1907, there would be total charges that year of $3,689.64.

Q. How much was paid up to the 31st of March ?—A. Up to the 31st of March we had received $2,056.14.

Q. So that there is a balance still due at the close of the year of how much?—A. $1,635.50

Q. Now, taking the account on page 203, did I understand you to say that the items here will show the amounts paid Armstrong ?—A. I would presume so, I would interpret that the same as I would the account at present.

Q. As a matter of fact, 'E.J.A.' or 'E. J. Armstrong' in some places is opposite these items, is that correct ?—A. Yes.

Q. Now, taking the account down to the 30th of April, how much was apparently paid to E. J. Armstrong ?—A. To the 30th of April ?

Mr. MACLEAN (Lunenburg).—Why do you ask all these questions, Mr. Northrup ? Why not ask at once how much Armstrong was paid ?

By Mr. Northrup :

Q. What percentage was Armstrong paid, or how much was Mr. Armstrong paid for this printing?—A. How much was he paid then ?

Q. Yes ?—A. That I could not answer positively.

By Mr. Maclean (Lunenburg) :

Q. How much is he paid now ?—A. He is paid 75 per cent.

By Mr. Northrup :

Q. And the St. John 'Sun' has the other 25 per cent, is that it?—A. Yes.

By Mr. Crocket :

Q. All the St. John 'Sun' does for the 25 per cent is to receive the orders?—A. Not at all.

Q. What else does it do then ?—A. Am I to answer that question 'What else does it do ?'

Q. What else does the St. John 'Sun' do besides receiving the orders, sending them over to Armstrong, sending the bills into the government and receiving the cheques ?—A. Well let me tell you how we are doing it at present, my knowledge of it. We receive the orders from the government, they are entered up in the usual form here, and the copy is sent to Armstrong to be printed.

By Mr. Daniel :

Q. What is that copy, a copy of the order ?—A. The copy, the printer's copy. The form or whatever it might be, the guide to go by, is sent to Armstrong and he does the work and gives us a copy of the charge. We invoice it and we also receive the cheque from the Intercolonial Railway.

By Mr. Maclean (Lunenburg) :

Q. Who supplies the paper ?—A. Well the thing is done in two ways : He gives the wholesaler the order on us for whatever the cost of the paper may be, that is the one that the St. John 'Sun' uses, and we also advance him money in order to help him finance the work and keep a stock of paper on hand; we practically finance the whole thing.

Q. So far as the paper is concerned you supply him with all the paper ?—A. With all the paper.

By Mr. Daniel :

Q. Does that come out of the 25 per cent, the paper ?—A. I beg your pardon.

Q. Does that come out of the 25 per cent ? He pays for the paper you do not supply him with it free ?—A. No, we deduct it later.

By Mr. Crocket :

Q. All that book-keeping, of course, could have been done away with if the government had given the order direct to Mr. Armstrong ?—A. If we did not get the order we would not have that kind of thing.

Q. And you charge 25 per cent simply for your book-keeping ?—A. No, we do not charge—

Mr. MACLEAN (Lunenburg).—You need not answer that.

By Mr. Crocket :

Q. That is for dealing with Mr. Armstrong ?—A. We do not make any charge.

By Mr. Johnston :

Q. When you get a job of that kind from the Intercolonial or the government you turn it over to Mr. Armstrong for him to do the work ?—A. Yes.

Q. You pay Mr. Armstrong before you get your money from the government ?—A. We do.

Q. Do you owe Mr. Armstrong any money, are there any bills you have not paid to him ?—A. No.

Mr. REID (Grenville).—This is getting into private business.

Mr. JOHNSTON.—That is what you have been doing all along, so we might as well have a little more.

Mr. REID (Grenville).—It is all right if he chooses to answer.

The WITNESS.—We do not owe Armstrong. Armstrong owes us.

By Mr. Johnston :

Q. As a matter of fact you make advances to Mr. Armstrong?—A. That is so.

Q. You advance him money ?—A. Yes.

Q. As a matter of fact he owes you money now ?—A. Yes.

Q. For advances that you have made to him ?—A. Yes.

Q. Roughly speaking how much does Mr. Armstrong owe you at the present time?—A. Well I would have to make a guess at that, about $3,000.

Mr. NORTHRUP.—Just a moment please. My honourable friend knows we cannot go into the accounts that are standing at the present time. I was limited to accounts down to the 31st March, 1907.

Mr. JOHNSTON.—All right if you do not want the information.

Mr. NORTHRUP.—I will be happy to go through the whole account if you like.

By Mr. Johnston:

Q. Are you a practical printer yourself?—A. No, sir.

Q. If you were a practical printer yourself you would be able to tell us that Mr. Armstrong could not do this work if the government were dealing directly with him?—A. I do not understand that.

By Mr. Maclean (Lunenburg):

Q. This is an arrangement that the St. John 'Sun' has met with Mr. Armstrong. instead of putting in their own plant Mr. Armstrong does the work for them?—A. That is it.

Q. On a common basis?—A. That is it.

Q. He does the other work for the St. John 'Sun,' outside of the Intercolonial Railway work on the same basis?—A. Yes.

By Mr. Carvell:

Q. Do you make any profit out of other work which Mr. Armstrong does for you? —A. He does for us all round stationery ,and so on, and occasionally a small job would come in from outside. We would hand that over to him too.

By Mr. Maclean (Lunenburg):

Q. On the same basis?—A. On the same basis.

Q. That is not an uncommon thing in the printing trade is it?—A. I believe not.

By Mr. Northrup:

Q. You have spoken of Mr. Pearson, the president, is he a Halifax gentleman?— A. Yes.

Q. Is he connected with the Halifax 'Chronicle' do you know?—A. I would suppose he was, I would think so.

Q. You understand him to be the same man?—A. Yes.

Q. Do you know if it is the same company in possession of the two papers or different companies?—A. I would think not. One is the 'Sun' Printing Company, anyway, of St. John.

Witness discharged.

Mr. F. J. FARRELL, called and sworn and examined.

By Mr. Maclean (Lunenburg):

Q. Are you in the Civil Service?—A. Yes, sir.

Q. In the Department of the King's Printer?—A. Yes, sir.

Q. What is your position there?—A. Audit Clerk.

Q. Is there any statute relating to the prices charged for printing?—A. Not as to the prices, sir, other than that the prices shall be fair commercial rates.

Q. What are the regulations?—A. Do you want to know the figures we allow, sir?

Q. No. Was there not some statute passed?—A. Yes, sir.

Q. Explain that, please?—A. If you would let me read it, please. The first was passed in 1893, 56 Victoria, Chapter 15 (reads):

'Provided that nothing in this Act shall be held to require that the printing for the purposes of the Intercolonial Railway, or of the Prince Edward Island Railway, shall be done in the said establishment in any case where such printing may be more conveniently done elsewhere at a cost not exceeding that which would be charged for such printing at the said establishment.'

Up to either 1902 or 1903 the rate was that agreed upon by the King's Printer and the province printers after conference with them. That rate was continued until 1903 when the Auditor General objected and claimed that the conditions which I have just read were not complied with, that is to say that the prices allowed up to 1903 were in excess of what that work could be done for in the Bureau, and he caused Dr. Dawson to go back to the literal reading of the Act, and for six months of 1903 we paid the accounts of the province printers on the basis of the charges which would be placed against the work of the Printing Bureau. The cut was so great that objection was taken by the province printers and after representation to the government, and after conference upon the matter subsequently a bill was passed which provided that in future what are called 'commercial rates' are the rates which will be allowed to the province printers and on that basis the accounts are being audited at present.

Q. When was that?—A. In 1903. I have the three certificates that have been given, the first was that the prices were 'fair and just' and the second certificate which the Auditor General demanded in 1903 was that the prices charged were not higher than that at which the work could be done by the Printing Bureau, that they were the same as would be charged at the Printing Bureau, and the third certificate, that which is now given is, that they are 'customary and fair commercial rates.'

Q. What is meant by 'commercial rates'?—A. The rates in general use throughout the country.

By Mr. Maclean (Lunenburg):

Q. How do you get at that?—A. We know the prices that are current at Toronto, Montreal, Halifax and other places. If you want to know the figures I can give them for composition, press-work, &c. All the items are based upon the prices at which the different classes of work can be done at a fair profit.

Q. And in these accounts in question for printing done by the St. John 'Sun' Publishing Company are the prices charged the ordinary commercial rates?—A. They are the ordinary commercial rates.

Q. And the prices paid were what you would have paid elsewhere for the work?—A. Yes.

By Mr. Crocket:

Q Does the ordinary commercial rate include a commission?—A. I did not understand that, I only looked into the question of the figures which are based on the commercial rate.

Q. You would not say, would you, that ordinary commercial rates include commission?—A. I never thought of 'commission' in that connection.

By Mr. Northrup:

Q. In view of the evidence you have heard this morning will you call the attention of the King's Printer to the fact that work can be done at St. John, and is being done at St. John, at 75 per cent of what he is paying?

Mr. MACLEAN (Lunenburg).—That is not done, that has not been shown in the evidence.

A. I heard the evidence, sir, and I am certain that the St. John 'Sun' is not allowed any more than any one of the many other offices that are doing the work that way.

By Mr. Maclean (Lunenburg):

Q. Do you allow the printer any profit on the paper used on a certain job?—A. Yes.

Q. How much?—A. 25 per cent on domestic papers, that is fair, and if it is other than Canadian paper we allow 25 per cent plus the duty on importation.

Q. What do you allow him on labour?—A. It is not put in that way, sir, we allow him a rate commercially known among printers as 'per housand ems,' which covers the labour.

Q. Have you the schedule of prices with you?—A. No, sir, I have not, but I can give them to you offhand.

Q. You might give them?—A. Composition is 50 cents per thousand, that is plain matter, ordinary matter for report, for catalogue matter, which will necessitate justification more than once, up to two or three justifications, we call that catalogue matter and allow a price and a half (75 cents), and for regular tabular matter we allow double, $1.00 per thousand ems. For press work $1.00 per thousand or 25 cents per token up to 10,000 impressions, and over that it is 20 cents per token or 80 cents per thousand; binding we allow according to the nature of the work and for ruling the rates are according to the time taken, some of it being intricate work, for folding, stitching, we have another rate, according to the size of the sheet.

APPENDIX No. 1

By Mr. Johnston:

Q. You have before you there certain accounts sent in by the St. John 'Sun,' and I want to call your attention to them. There are two columns of figures there?—A. Yes, sir.

Q. The first column——?—A. That is the charge.

Q. In the first column there is $126?—A. That is the charge made by the 'St. John 'Sun.'

Q. And that was cut down to?—A. $110; $16 off.

Q. Then you have another item here of $9.50?—A. That was struck down to $5.00.

Q. You struck that down to $5.00?—A. Yes.

Q. Then you have an item here for $85 and you reduce that to $76.35?—A. Yes.

Q, You have one here for $65.50 and you reduce that to $52.01?—A. Yes.

Mr. CROCKET.—They charged $13.00 more than they were entitled to.

Mr. JOHNSTON.—That is what they would have got from anybody else in commercial business in this country.

Mr. CROCKET.—They reduced that account by $13.

Mr. JOHNSTON.—They reduced that price from the ordinary commercial price down to a price lower than any practical printer in this country would undertake to do the work for. This is one of the things that I chance to know something about personally.

By Mr. Johnston:

Q. Now here is an item of $82.50, which is the commercial rate in ordinary use commercially throughout the country and the government pays for that $69.65?—A. Yes.

Q. I have some more here of a similar character?—A. Oh yes, they are all cut.

Q. Here is one which is $82.00 at the commercial rate and it is reduced to $62.90.

Mr. DANIEL.—Why is it reduced?—A. Because it is an overcharge.

By Mr. Johnston:

Q. That is in your estimation?—A. In my estimation, sir, that is figuring on the schedules placed before me.

By Mr. Daniel :

Q. You put it at what you considered fair?—A. Yes.

Mr. JOHNSTON.—I was saying that the charge of $82 was the commercial rate? And in your opinion it was not a correct statement. I say that it was a fair commercial rate and you cut it down to some other rate?—A. Having in view the schedule of prices.

By Mr. Crocket:

Q. Are not the charges above the schedule all through this account. So that you had to cut the amounts down, is not that so?—A. What is that, please.

Q. Is it not a fact that the charges are all above the schedule all through this account so that you had to cut the amount down, is not that so?—A. What is that, please.

Q. Is it not a fact that these charges were all above the schedule that you say was agreed upon, and you had to cut them down, and that if it had not been for the vigilance of the King's Printer they would have been overpaid to that extent?—A. It would have been overpaid to that extent? Well, I would not like to answer that question, sir.

By Mr. Johnston:

Q. You will not say that the St. John 'Sun' would not have obtained this rate from any commercial house in the City of St. John or Halifax or Montreal?—A I would not like to say, sir.

By Mr. Daniel:

Q. You could not say?—A. No.

By Mr. Johnston:

Q. Then there is another item here, there are several of them, one for $138, which is the commercial rate and which is reduced to $130, another one is reduced from $49 to $30. Here is an account where at the commercial rates obtaining in St. John and elsewhere the charge would be $444, and you have reduced it to $378.40? —A. That is form 18, Mr. Johnston. Those are the rates at which a large office would be able to print that form; I cannot take cognizance of the fact that a man has not the machinery or the facilities to do the work as cheaply as it could be done in a large office, with proper equipment, I simply base it on my opinion of what it is worth to do that work in an office which was thoroughly equipped.

.Q And in order to have that work done for your figures a man would require to be thoroughly equipped?—A. A first class plant, sir.

Q. No small office could undertake to do that work for that money?—A. No, sir. Some offices have already thrown up the work.

By Mr. Maclean (Lunenburg):

Q. Have you ever increased the price?—A. Not unless through correspondence—if it has come to my knowledge, as it has on one or two instances, that people in fixing their schedule prices and putting their prices on the back of the samples of the work, have omitted something. I remember that in one instance $100 was omitted. I knew the man was doing himself an injustice and the King's Printer gave him the opportunity of revising his figures, with the result that the $100 was added. That is fair.

By Mr. Crocket:

Q. Did you ever knew the like of that to happen in the case of the St. John 'Sun'? Has the St. John 'Sun' ever omitted to make any charges?—A. It may have done so. You know there are twelve months' work in the year with an average of ten items a month. It is hard to keep track of them all.

By Mr. Daniel:

Q. The St. John 'Sun' did not make mistakes of that kind?—A. I cannot remember, it may have done it.

Witness discharged.

Mr. G. FRED PEARSON.—called and sworn and examined.

By Mr. Maclean (Lunenburg):

Q. You belong to Halifax?—A. Yes.

Q. As a matter of fact, I believe, you are managing director of the St. John 'Sun' Printing Company?—A. Yes.

Q. You heard the evidence this morning about the printing done by Armstrong for you?—A. Yes.

Q. What was the reason of this work being given to Armstrong?—A. Well, we purchased—my father and myself—the 'Sun' in St. John in January, 1906, and I went over it with Colonel Markham, who was then general manager, and Mr. Scott, who was then editor and continued to act in that capacity for some 6 months or so after we purchased the paper——

By Mr. Carvell:

Q. Mr. Scott knows the whole transaction?—A. He knows the whole transaction. I went there and discovered that the job printing plant was very antiquated and very

old. We needed a room as a mailing room for our newspaper business so it was necessary to get rid of that plant or, if we intended to continue the job printing business, to put in a new plant. After a consultation with Col. Markham and Mr. Scott I sold the job printing plant to Mr. Jones for $450. It would have cost us from $8,000 to $10,000 to put in a new plant to do the job printing that was ordinarily offered to a newspaper. I might say that we have another newspaper, the 'Chronicle,' at Halifax, and there we have a large job printing business sent us by private people, that is as distinct from the government. I thought when we bought the 'Sun' at St. John that the same business would come to the 'Sun.' At my consultation with Colonel Markham and Mr. Scott there were two propositions considered; either to put in a new job printing plant at a cost of eight or ten thousand dollars, or have the work done by another printer under the ordinary conditions which obtain in the trade, deducting the commission. I made arrangements to have the job printing at St. John done by Mr. Armstrong, who I understood was a good printer with plant and possessed limited capital. The arrangement made with him was that he was to do all our printing—whatever came into our office was to be done by him for 75 per cent of the schedule rates, that is ordinary competition rates in St. John for printing.

By Mr. Crocket:

Q. When you speak of schedule rates do you mean the schedule rates that Mr. Farrell referred to?—A. No, I explained that. I mean the ordinary rates that are established by competition in the printing business in St. John.

Q. Have they among the printers in St. John a schedule of rates for printing that they have all agreed upon?—A. They charge so much for composition, and so much for other classes of work and when you take a job it is fixed on that basis. Mr. Farrell said that the Printing Bureau allows 50 cents a thousand for composition. In Halifax we are doing business for other houses and getting 75 per cent of the price. We charge 80 cents a thousand for composition and the printer pays us 60 cents.

By Mr. Daniel:

Q. You charge 75 per cent profit?—A. No, I did not say anything about 75 per cent profit. I say we are allowed 75 per cent of the price for doing the work The man who furnishes the work gets 25 per cent commission. At the Printing Bureau 50 cents a thousand, as Mr. Farrell explained, is allowed for composition and we charge 80 cents a thousand. That is the total rate for doing the work and we get 75 per cent of that.

By Mr. Maclean (Lunenburg):

Q. Go on with your explanation?—A. The arrangement with Mr. Armstrong was that we were to accept the orders. Perhaps I had better explain the way the orders came in. An order would come in from the Department of Railways. Paper would be required and we would accept an order for the price of that paper and pay for it in 30, 60, or 90 days, whatever time was allowed by the man who supplied the paper. Then we had to advance money to Armstrong from time to time to pay wages. The government would not pay their printing bills for three, six, or sometimes eight or nine months. In the meantime we would have advanced Armstrong perhaps a great deal more. We would have advanced him, perhaps, 75 per cent on that job and on a lot of other jobs. At the present time he owes us $3,000 over and above all the work that has been done.

Q. And the 'Sun' is constantly receiving payments from the government and I suppose constantly making payments to Armstrong?—A. We receive payments from the government from time to time but we make payments to Armstrong without reference to the government work. We have to finance him.

By Mr. Crocket:

Q. These advances are made only on account of government work?—A. They were made from time to time to help to pay his wages. He did other work at the same time, of course.

By Mr. Daniel:

Q. That is in connection with your general business as well as your business from the government?—A. I do not quite understand.

Q. You said just now that Armstrong does all your——?—A. All our printing.

Q. All your work of that kind?—A. Of that kind.

Q. Not only what business comes to you from the government but what comes from elsewhere?—A. Quite so.

Q. And you say that you owe Mr. Armstrong money at the present time?—A. I did not say that.

Q. I understood you to say so?

Mr. CARVELL.—Mr. Armstrong owes them money.

A. That is on account of the general printing business.

By Mr. Daniel:

Q. It is not entirely on account of the Interprovincial business?—A. Oh no.

By Mr. Maclean (Lunenburg):

Q. I suppose the Intercolonial work is the heaviest?—A. We did not get the work we anticipated at St. John.

Q. And the work that Armstrong does, the larger percentage of it, is the Intercolonial Railway printing work ?—A. Yes.

Q. If that arrangement had not been made with Mr. Armstrong you would have been obliged to install a plant yourself?—A. It was a question of installing a plant at the cost of eight or ten thousand dollars for job printing, or making a deal with a man who had a job printing plant and financing it.

By Mr. Crocket :

Q. And getting 25 per cent for doing no printing ?—A. We did not do that at all. If you wanted to be fair you would not say that.

Q. That is what it amounts to ?—A. That is what you say it amounts to.

By Mr. Carvell :

Q. Do you get 25 per cent net on this work ?—A. Taking the capital invested and charging a reasonable amount for the use of that capital we do not by any means.

By Mr. Crocket :

Q. What capital did you invest in the job printing business?—A. We have about $3,000 invested in Mr. Armstrong at the present time.

By Mr. Carvell :

Q. And you are advancing money all the time ?—A. Advancing money all the time.

By Mr. Crocket:

Q. Armstrong owes you $3,000 for advances made by you to him on account of government work ?—A. No, he does not, nothing of the sort.

Q. What did you mean then ?—A. I meant what I said in reply to this gentleman (Mr. Carvell).

Q. I would like to understand then what the $3,000 is for ?—A. Well if you had ordinary comprehension you would have understood from my reply to this gentleman here.

Q. You need not talk in that way, you can make what assumption you like ?—A. It is you that are making the assumption. I do not desire to make any assumption. I desire to be fair and I want you to be fair also if you know how.

Q. You said this was for advances, for capital that you had invested ?

Mr. CARVELL.—No, he did not say that at all.

Mr. CROCKET.—Did he not say this was to compensate for an investment of capital ?

By Mr. Carvell :

Q. No, he did not.—A. I said that Mr. Armstrong at the present time owed us $3,000 money advanced him to enable him to do a general printing business, work which we handed over to him.

Q. Including the government printing ?—A. Including the government printing.

By Mr. Northrup :

Q. You spoke about some jealousy in Halifax which prevented you getting as much printing as you expected ?—A. I did not say that.

The CHAIRMAN.—He said jealousy in St. John against Halifax.

By Mr. Daniel :

Q. What paper in Halifax would have got the printing that you didn't get ?—A. In Halifax? What I said was that when we took the 'Sun' over calculating upon our experience in Halifax, we thought we would get a large amount of printing which we did not get.

By Mr. Crocket :

Q. You were the secretary of the Eastern Railway and Supply Company, were you not ?—A. Is that pertinent to this inquiry ? I will give you any information I can in relation to that company, if it is pertinent.

Q. What I want to know is, is the same system employed by the 'Sun' Printing Company in connection with this printing as was employed by the Eastern Railway and Supply Company ?—A. I will be glad to discuss that question with you, Mr. Crocket, but I came here in response to a summons upon another matter.

Question objected to by Mr. Carvell.

By Mr. Crocket :

Q. This Eastern Railway and Supply Company received orders from the government for supplies for the Intercolonial Railway in about the same way as the St. John 'Sun' received these orders for printing, did they not ?

Mr. CARVELL.—Do not answer that question. I object to the question, Mr. Chairman, as being outside the matter at present under investigation.

The CHAIRMAN.—What bearing has the question upon the matter under investigation?

Mr. CROCKET.—I want to know if this system of getting orders from the government and farming out the work to a printer to do the work is not the same system that was pursued by the Eastern Railway & Supply Company, of which Mr. Pearson was the secretary, in furnishing supplies to the Intercolonial Railway?

Mr. CARVELL.—I am going to protest, and I am going to object to my hon. friend (Mr. Crocket) putting something on the records which he knows he has no right to put there.

By Mr. Maclean (Lunenburg):

Q. What is the practice in Halifax, Mr. Pearson, with reference to printing? Does this practice prevail there as in St. John?—A. Yes, that is the general practice.

The practice we follow in St. John is the general practice followed in Halifax to-day among printers, and we are doing a large amount of printing in Halifax on the same basis; we have a large job plant there and we are getting 75 per cent of the ordinary competitive rates for doing the work.

By the Chairman:

Q. You are doing that for other people?—A. Yes, for Halifax printers, competing printers.

By Mr. Daniel:

Q. Then in Halifax you find you can make a profit by doing the work at 75 per cent of these rates?—A. I will explain to you: printing is an expensive business to carry on, you have to employ competent men at high rates of wages, and where you can make a profit is when you can keep the men employed all the time. So that when one printer is filled up with orders you can keep your men employed by doing work for him, with a man in a small way of business he cannot always keep his men employed, but in a large establishment it is possible, by taking work for other printers, to do the work in that way at 75 per cent.

Mr. CROCKET.—I want your ruling, Mr. Chairman, as to whether I am, as a member of this committee, going to be excluded from asking the witness about the Eastern Railway & Supply Company.

The CHAIRMAN.—I think so, unless there is something here in the Auditor General's Report which applies to them.

Mr. REID (Grenville)—If Mr. Crocket wants to ask the witness about the Eastern Railway & Supply Company we can get an item here which has been paid to them.

The CHAIRMAN.—I do not think it relates to this particular item now under investigation.

Mr. CROCKET.—It relates to other items before the Public Accounts Committee and which are contained in the Auditor General's Reports. I want to prove that this gentleman is the secretary or was the secretary of the Eastern Railway & Supply Company that have been supplying thousands of dollars worth of goods to various departments——

Mr. CARVELL.—I object to that statement being placed upon the record.

Mr. CROCKET.—That that company supplied thousands of dollars worth of goods to the Railway Department, that they never owned any goods of any kind ,that they did their business from Mr. Pearson's law office, and that their sole equipment was a chair and desk in that office, and notwithstanding that they supplied thousands of dollars worth of goods at middleman's profit. I want to know whether I am going to be allowed to prove that by the Secretary of the Company.

The CHAIRMAN.—You have not shown that that has anything to do with the item under consideration.

Mr. MACLEAN (Lunenburg).—I move that the comittee rise.

Mr. NORTHRUP.—Before that motion is put I move that this evidence be printed and reported to the House.

The CHAIRMAN.—My idea is that the answer to the question that Mr. Crocket desires to put to the witness is not evidence on the item we have been considering. There is an item here in the Auditor General's Report of a payment to the Eastern & Supply Company, and it is for the committee to say if they will go into the consideration of that item.

By Mr. Carvell:

Q. I submit that this witness was brought here on a subpœna to give evidence on a certain question; he came here prepared with books and documents to give evidence on that question. At this stage of the session it is not decent, let alone fair to ask the witness questions upon another subject altogether upon which he has not had a chance of informing himself. I think it is absolutely unfair, and my hon. friend

(Mr. Crocket) is only putting the question because he got a little piqued at the answer the witness gave him.

The CHAIRMAN.—Is there any other evidence on this item relating to the 'Sun'?

Mr. REID (Grenville).—I gumess that is all the evidence on the 'Sun.'

The CHAIRMAN.—That closes the evidence on this item relating to the 'Sun'?

Mr. CARVELL.—I move that this witness be discharged, so far as the enquiry into that item is concerned.

Mr. CROCKET.—I want to go into the affairs of the Eastern Supply Company.

The CHAIRMAN.—After this motion is disposed of that will be the subject matter for another motion. Shall the witness be discharged?—Carried.

Witness discharged.

Mr. CROCKET.—I move that Mr. Pearson be summoned to appear before the committee to-morrow morning for examination in regard to supplies furnished by the Eastern Railway & Supply Company to the Intercolonial Railway as set out in the Auditor General's Report.

The CHAIRMAN.—That is the item which has been referred to, a payment of $1,325.21 at page W-120.

Mr. REID (Grenville).—And any other payments to the Eastern Railway and Supply Company that may appear in the Auditor General' report which is before us.

Mr. MACLEAN (Lunenburg).—That is a pretty small piece of business. Everybody expects that the House will rise on Friday or Saturday and Mr. Crocket had no idea of going into the matter of the Eastern Railway and Supply Company until now. He knows that nothing that Mr. Pearson can tell about the affairs of that company will be of any inteest to the House or to the people.

The CHAIRMAN.—Of course if the witness objects we cannot compel him to appear, even if a summons were issued, because there is not a quorum of the Committee here to authorize the issue of the summons.

WITNESS.—I am quite willing to give all the evidence I am able to give in respect to the Eastern Railway and Supply Company. But I want to say this, Mr. Crocket: I simply acted as solicitor, I can give you absolutely no evidence in respect to any item that appears in the Auditor General's report; I took no money out of it, no money passed through my hands, I had nothing to do with it, I am simply in the position of a solicitor and I cannot give you any evidence that will help you or anybody else with respect to any item in that report.

By Mr. Crocket:

Q. Were you not secretary of the company?—A. I was, yes. I was secretary to the three incorporators who were clerks in my office, just the preliminary organization. I did no business and had nothing to do with it beyond what I have stated.

Q. We will find out about the company?—A. If you will come upstairs I will discuss it with you if you want to be fair.

Mr. CROCKET.—I am not here to discuss public matters privately with you.

The CHAIRMAN.—If there is any objection I must rule that there is not a quorum here to permit us to go on with the investigation.

Mr. MACLEAN (Lunenburg).—I object to Mr. Pearson being called to-morrow.

The CHAIRMAN.—There is not a quorum. We cannot force the attendance of a witness if it is objected to.

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO

PURCHASE OF 200 SUB-TARGET GUNS FROM THE ONTARIO SUB-TARGET GUN COMPANY

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74.362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM 32.
THURSDAY, January 30, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock, a.m., Mr. Carvell presiding in the absence of the Chairman, Mr. Clarke.

The committee proceeded to the consideration of the dealings of The Ontario Sub-Target Gun Company with the Department of Militia in connection with the purchase of 200 sub-target guns from the said Sub-Target Gun Company as set out in Sessional Papers No. 136 referred to the Public Accounts Committee by order of the House of Commons.

Mr. H. H. WICKWIRE, called and sworn and examined.

By Hon. Mr. Foster :

Q. You are Mr. H. H. Wickwire, of Kentville, N.S. ?—A. I am.
Q. Have you any knowledge of, or connection with The Ontario Sub-Target Gun Company, Limited ?—A. I have no connection with it at present.
Q. You have knowledge of it ?—A. Yes, I had when it was incorporated.
Q. Were you one of the original incorporators ?—A. Yes.
Q. And a director, one of the original directors ?—A. Yes.
Q. Qualified for $500 worth of the stock ?—A. Yes, I think so.
Q. For which you would pay $500 ?—A. I gave a note for my stock.
Q. And the note you were afterwards called upon to pay ?—A. I have never paid the note.
Q. You have never paid the note ? Do you still own the $500 worth of stock for which you gave that note ?—A. No.
Q. You have disposed of that ?—A. I have.

By Mr. Macdonald (Pictou) :

Q. The note is still outstanding ?—A. Yes, as far as I know.
Q. You never got the note back ?—A. No.

By Hon. Mr. Foster :

Q. Was that note to the company itself ?—A. I really could not tell you; I don't remember about that.
Q. You don't remember whether it was a note to the company or a note to Mr. Jewell ?—A. I do not. I do not remember about that.
Q. However, you know that you gave a note for it ?—A. Yes.
Q. And you believe that note is still outstanding ?—A. Well, I have never paid it, and I have never seen it since.
Q. You have never paid it ? Have you ever had any communication with the holder of the note as to the payment of it ?—A. Not that I remember.
Q. Rather odd is it not that a man should hold a good note in these perilous times?—A. Well, I may have, but I have no recollection of it now.
Q. You would have a recollection if you had been asked about the note would you not ?—A. Oh yes. I have never been asked about the note.
Q. For what length of time did you give the note ?—A. I think it was a three

months' note if I remember. I would not be sure about that but I think it was for three months.

Q. You gave that note in 1904 ?—A. I think so, yes.

Q. And have never been called upon for its payment ?—A. No.

Q. Had you any understanding or arrangement with any person or company that you would not be called upon to meet that note when it became due ?—A. No.

Q. None ?—A. No.

Q. A sort of act of Providence is it not about that ?—A. I don't know anything about it.

Q. Did you ever have any other stock than that $500 worth in the company ?—A. I had the one block of stock that is all I ever had. I don't quite understand what you mean.

Q. The stock to which I referred was that which the original directors had to have, to qualify, $500 worth. Did you ever have any more stock than that?—A. Yes, I think there was more than that.

Q. How much did you have ?—A. I had the same that all the other directors had in the inception of the thing, I think it was $25,000 worth.

Q. That is you were to pay for $500 worth of the stock and for that you gave your note ?—A. Really I don't know that there was any such agreement as that.

Q. Well, was the stock given to you for nothing ? What consideration did you give for the stock ?—A. I gave a note for $500 and the other consideration was that I was a promoter and organizer of the company, the same as the other directors of the company.

Q. Then for that note of $500 your understanding was you were to get $25,000 worth of stock ?—A. Not for that alone, no.

Q. What for ?—A. In consideration of my being a promoter, etc.

Q. Was there any other money consideration, other than the $500, for which you gave your note ?—A. Any other money consideration ?

Q. Yes ?—A. None.

Q. None? Then you became a director of the company, you gave your note for $500, and you received $25,000 worth of the stock?—A. I did.

Mr. MACDONALD (Pictou), objected to the nature of the examination, claiming that the object of the committee was simply to ascertain whether or not the country had received proper value for any money that had been expended upon guns appearing in the Auditor General's Report. He asked for the ruling of the Chair as to whether questions on extraneous matters such as the formation of this company, should be allowed.

The CHAIRMAN.—Well, gentlemen, as I understand the matter, at present there is nothing on which to rule. If any of you object to a question I won't hesitate very much to give you my ruling in the matter.

By Hon. Mr. Foster :

Q. This $25,000 of stock——

Mr. MACDONALD (Pictou), objected that Mr. Foster should communicate to the committee what he proposed to establish and what the purport of this examination was, and whether he was going to keep within the lines which were proper lines for the committee to follow.

Debate followed.

The CHAIRMAN.—Unfortunately I occupy the position of Chairman temporarily. This question has been raised before, and I took grounds on this last year, and I will have no hesitation in giving you my views on it.

Mr. FOSTER.—You need not rule so rapidly. If there is any ruling to be given I would like to discuss the question.

The CHAIRMAN.—If you will ask a question I will give a decision on it.

(Discussion followed.)

APPENDIX No. 1

By Hon. Mr. Foster :

Q. I understand Mr. Wickwire———A. I wish to make an explanation before going any further, because I do not think any of you gentlemen here have got the rights of this thing just as it is. I did not get that $25,000 of stock from The Sub-Target Gun Company, I got it from Mr. Jewell and it was issued to him for value, as I understood it, for the purchase of the Canadian patent; the stock I got was part of the stock issued to Mr. Jewell. Therefore I did not get $25,000 of stock for nothing from The Sub-Target Gun Company.

Mr. BARKER.—That is a very important statement and I hope it will be taken down.

By Hon. Mr. Foster :

Q. I understood you to say that at present you have not any interest in the stock ?—A. No.

Q. You have, therefore, disposed of your stock ?—A. I have.

Q. Have you any objection to saying to whom you have disposed of it ?—A. If there is any reason why I should give that information I should wish the consent of the party to whom I sold it.

Q. I do not see there is any reason why you should not; it appears each year on the returns who the stockholders are, there is no proper reason?—.A I really do not know to whom I sold it.

Q. Did you make the sale yourself?—A. Yes—No, I did not make the sale myself.

Q. How did you sell it?—A. Through a broker.

Q. You gave instructions to your broker, I suppose, to sell?—A. I did.

Q. Did you transfer the stock ?—A. I forget whether I transferred it in blank or otherwise, I do not remember.

Q. You employed a broker to sell it and he sold it ?—A. Yes.

Q. How much did you get for it ?—A. $1,500, I think.

Q. For the $25,000?—A. Yes.

Q. So that we have so far, that you got $25,000 for the authorized stock, you gave a note for $500, which you never paid, and then you sold the $25,000 of stock for $1,500?

Mr. MACDONALD (Pictou), objected to the insinuation that the note had never been paid.

By Hon. Mr. Foster :

Q. Now Mr. Wickwire, let me ask you another question : How did you come to be interested at first in The Ontario Sub-Target Gun Company?—A. I don't understand what you mean.

Q. There was a time when you knew nothing about the company and had no interest in it. How had you come to be interested in it ?—A. It was at the instance of Mr. Jewell and Sir Adolphe Caron, I think.

Q. You first had knowledge of the machine and the company through Mr. Jewell? —A. Yes, I think it was Mr. Jewell at first.

Q. Do you remember about what time that was ?—A. It was not very long before the company was incorporated, not very long.

Q. That was in the early part of 1904 ?—A. I think so, yes.

Q. When did you first meet Mr. Jewell?—A. I met him in the early part of 1904. I cannot tell you the exact time.

Q. Had you known him before that time?—A. No, I had never met him before that.

Q. Did you seek an interview with him or did he seek an interview with you ?—A. I think he sought an interview with me.

Q. That is, you had not known him before ?—A. No.

Q. Then Mr. Jewell sought an interview with you and as a result you saw him. Do you remember where it was ?—A. I think it was in Montreal.

Q. He met you in Montreal ? By agreement ?—A. Yes.

Q. And he asked you to take an interest in The Sub-Target Gun Company?—A. He did.

Q. What reasons did he give to interest you in that?—A. Well really, I could not tell you; I don't remember about that. The principle reasons that I got were from other people than Mr. Jewell.

Q. And up to that time you had not made inquiry into it?—A. I beg your pardon.

Q. Up to that time you had not made inquiry into it?—A. I had not. I had seen some account of the machine in the 'Scientific American' some time before that.

Q. And that had impressed you with the machine?—A. Yes, I thought it was quite a wonderful machine.

Q. So when Mr. Jewell approached you, you were quite ready to talk the matter over with him?—A. I knew something about the machine at that time.

Q. You said a moment ago that you were a promoter. You became a promoter after you had had this talk with Mr. Jewell, I suppose?—A. Naturally.

By Mr. Macdonald (Pictou):

Q. Who were the other people?—A. I beg your pardon?

Q. You said there were other people who spoke to you about it. Who were they?—A. Sir Adolphe Caron and a couple of American gentlemen; I forget their names at this date. One of them was an expert rifle shot and the other was a machinist—an expert machinist who was connected with the company in Massachusetts, where the machines were manufactured. They had a couple of machines on hand then in Montreal.

Q. These gentlemen were in Montreal at the time?—A. Yes.

Q. Would you tell us about these other people? You said the reason you went into this concern was more on account of the representations of other people than on account of Mr. Jewell's representations?—A. Certainly.

The CHAIRMAN.—I think, Mr. Macdonald, we will get along much better if you will allow Mr. Foster to conclude with the witness and then conduct your re-examination. I know it is customary in this committee to break in at all sorts of places—we all do it—but still I think it is a practice which breaks up the narrative, and I do not think we get the best results from it.

By Hon. Mr. Foster:

Q. Have you the correspondence that went on between Mr. Jewell and yourself which led to that meeting in Montreal?—A. No, I have not.

Q. You were asked to bring all correspondence in connection with the matter?—A. I was summoned here to this committee last spring, when I think I had that letter and one or two others, but the meeting was afterwards cancelled, and when I came to look over this stuff again—I had taken it from my office to my house—I could not find anything except one or two letters notifying me of meetings of directors, and I did not bring those.

Q. Still, you remember you did receive a letter, and as a result you had a conference?—A. That is why I went there in the first place.

Q. Your memory is perfectly good on that?—A. Oh, yes.

Q. But it did not succeed in finding the papers?—A. I did have that letter about the time I was coming here last spring, but in the meantime I did not pay much attention to it. I did not know I would be brought here again, and I do not know what became of it. At that time I took it away from my office to my house to put into my bag when I was coming up here.

Q. You made search for those letters, but you did not have them?—A. I did not have much opportunity to make search for them.

Q. They may be still there?—A. Possibly.

Q. But you remember you did have correspondence?—A. I did have a letter. I don't say I had correspondence, I say I had a letter.

Q. And at that time you were living in Kentville?—A. I was.

Q. And Mr. Jewell was in Toronto?—A. I presume so.

Q. And your correspondence went on?—A. I don't say that.

Q. Do you say then that you had no other correspondence with Mr. Jewell?—A. I don't remember anything except meetings of directors. I think I had a telegram from him once, asking me to come to Monereal, or something of ehat kind.

Q. Will you state now that you had no other correspondence with Mr. Jewell excepting this letter which resulted in the conference in Montreal?—A. I would not say that. I say I don't remember any at the present moment.

Q. You don't remember that you had correspondence after that with Mr. Jewell? —A. I cannot recall to my mind any particular correspondence.

Q. I will try and suggest some things which may help your memory, or test your memory, a little with reference to it. What were the considerations urged by Mr. Jewell upon you to induce you to become a promoter in this company?—A. What were the considerations?

Q. Yes. What reasons did he use to induce you to become a promoter? You said you were a promoter of this company?—A. I don't know that I can answer that question; I don't know what you mean by that.

Q. Mr. Jewell summoned you by letter to meet him in Montreal, and you met him? —A. I did.

Q. You talked over this matter of The Sub-Target Gun Company, you became a director of The Sub-Target Gun Company; you sa id here this morning that you were a promoter of that company; now what considerations, what reasons were given by Mr. Jewell to induce you to become a director and a promoter of that company? That is plain; you understand that?—A. Well, I do not know that I can give you an answer to that. I do not know; it was a company formed to manufacture a useful article which, in the opinion of the gentlemen who formed the company, might be of value to this country and to all the provinces, and it was at that time there was another machine, known as the pistol machine, which looked as if there might be some money in it. That is all I can say about that.

Q. He asked you to become a director, did he?—A. No, the company did; he did not ask me to become a director that I remember; the company made me a director.

Q. Was the company organized at the time you met Mr. Jewell?—A. Well, I could not say about that; I do not think it was.

Q. You were one of the original incorporators of the company?—A. Yes, that is right.

Q. Who asked you to become an original incorporator ?—A. Mr. Jewell and Sir Adolphe Caron.

Q. Very well, I suppose that question was asked you at Montreal at the time you had that conference?—A. I think so.

Q. Then you did not need any reasons to persuade you to go into the company?— A. I have already given reasons, I examined the thing very carefully, talked with American experts who were there; I questioned them about its use in the United States, and all that sort of thing before doing so.

Q. Anyway, after they interviewed you, you became a director and promoter of the company?—A. I did.

Q. What advantage did you expect to gain personally by coming into that company and becoming a promoter and director?—A. Well, the only thing I can say about that is I was to be the agent of the company in the maritime provinces; that is the only thing I know of.

Q. You were to be the agent of the company in the maritime provinces?—A. Yes.

Q. Anything else?—A. No.

Q. Had you any special duties to perform as the promoter of the company and the recipient of that stock?—A. No, I have attended but one meeting of the directors in fact.

Q. Did you at that time visit Ottawa?—A. I do not think so.

Q. You did not come further than Montreal, where you had the interview with Mr. Jewell?—A. I think not.

Q. After that you returned to your residence?—A. I do not know whether I went directly home or to Boston, I have forgotten about that.

Q. You are quite sure you did not come to Ottawa at that time?—A. I did not.

Q. That closes the matter of the negotiations. You became a director and promoter of the company and had the promise of the agency in the maritime provinces? —A. Yes.

Q. Can you fix nearly the date at which you had that interview at Montreal with Mr. Jewell?—A. No, I cannot fix the date; I have no way of fixing the date.

Q. It was in the early part of 1904?—A. Yes, it was March or April, I think.

Q. Yes, in the spring of the year?—A. Yes.

Q. You can tell the season, March or April, 1904; do you remember, when becoming a director and promoter with the interests you had in it, to what you looked chiefly for the profits of this company?—A. I cannot answer that, because I could not say; I do not know.

Q. You must have thought as to what market this gun, this machine, would get, and how the company was going to make its profits, didn't you?—A. I supposed they were going to make the profits out of the manufacture of the guns and the machines.

Q. Out of manufacturing the machines and selling them at $250 each, which was the price set?—A. That was the price set, that was the United States price—the same price the United States paid.

Q. Did you think at that time, or didn't you think, that a very important customer would be the Dominion government?—A. Well, I could not say that I thought; probably they would be of advantage to the militia, certainly.

Q. You thought that the gun would be of advantage to the militia; yes, that is true; but did you in your view with reference as to how that company was going to make out, did you, or did you not, look upon the Dominion government as being your best customer?—A. I can't say that I did.

Q. Did you look upon it as being a customer necessary to the full success of your company ?—A. I can't say that I ever thought of any such thing.

Q. You had a slight idea, didn't you that it would be a valuable customer ?—A. Yes.

Q. If it could be got to adopt the machine?

Mr. MACDONALD (Pictou), objected that there should be a limitation to the number of times the same question should be put to a witness in order that the time of the committee might not be wasted.

The CHAIRMAN.—It is hard for me to interfere, but if the witness asks for protection or any member of the committee raises objection I will give my ruling.

By Hon. Mr. Foster :

Q. Mr. Wickwire, there was no talk between you and Mr. Jewell as to pressing for a contract with the Militia Department ?—A. No, I do not think so.

Q. Are you sure on that point ?—A. Well, any talk that way that we might have had—we did not have any talk at the time you are speaking about.

Q. Did you at any time ?—A. Did I what ?

Q. Did you have any talk or communication with Mr. Jewell as to the advisability of pressing for a contract wih the Militia Department for these machines ?—A. I do not remember any.

Q. You do not remember any ?—A. No.

Q. You never talked that over ?—A. I do not remember, I do not remember any talk that was not general talk among the members of the company present.

Q. Did you have any talk at all with Mr. Jewell, or other members of the company as to the number of guns that you would try and get a contract for from the Militia Department ?—A. No, I do not think so.

Q. You are sure on that point ?—A. I think so.

Q. Was there any talk between you and Mr. Jewell as to whether a contract should

not be urged for at least a thousand of those machines ?—A. No. There was talk among the members of the company that if the Militia Department took up the matter and if they supplied these guns to the units of militia for Canada, that the probabilities were that it would take a thousand guns to do that.

Q. And did the company, while you were present or at any conference at which you were present, come to a conclusion as to pressing for a contract wih the Dominion government for a specific number ?—A. No, I never heard that; I never heard such talk as that.

Q. But you know that they did, as a matter of fact, press for a contract from the Militia Department ?—A. I don't think I did at that time.

Q. Did you later ?—Q. Yes, I think I did.

Q. At what time?—A. The first I remember of it was last year when you were having this investigation here.

Q. Was that your first knowledge of a contract being urged ?—A. That is as far as I can remember about any urging of any contract for any more.

Q. Or any decision of the company come to, to ask for a contract with the Militia Department ?—A. Well, you see, Mr. Foster, I only attended one meeting of the directors of this concern.

Q. Where was that?—A. That was in Montreal.

Q. At the time you mention ?—A. I think so. That is the only meeting I ever attended.

Q. At the time you mentioned, when you had a conference with Mr. Jewell, you at that time had a meeting of the directors ?—A. That was one time. I think I met Mr. Jewell before that.

Q. Then after you had met Mr. Jewell, at the time you speak of, there was a meeting of the directors in Montreal ?—A. Yes.

Q. Who were present at that meeting?—A. Mr. Jewell was present, Sir Adolphe Caron was present, Mr. Dewart, of Toronto, was present, and I think there was a gentleman named Tilden. I never saw the gentleman before or since.

Q. Yes?—A. Then there was another gentleman. I have forgotten his name.

Q. Was Mr. F. O. Lewis there?—A. No, I did not see him.

Q. You did not see him?—A. No.

Q. Were there any others that you remember?—A. Yes, I cannot remember the man's name just at the moment. If I heard the name I might know it.

Q. About what time was that meeting held?—A. I don't know whether that was in April or May.

Q. You received notice of the meeting?—A. Yes.

Q. Have you those notices with you?—A. No.

Q. But you were asked to bring all the papers in connection with this matter with you?—A. I did have one or two subsequent ones, but I never kept those things on the file. I threw them away.

Q. I understood you to say that in looking over your papers before you came you found notices for meetings and the like of that?—A. I did have two or three, yes.

Q. Not this particular one?—A. No, the ones I had were the very last ones I got after Jewell had gone out of the thing.

Q. Then at that meeting of the directors was there any move made, or any resolution come to, to try for a contract from the Dominion government or the Department of Militia?—A. Not that I remember.

Q. You don't remember that at that meeting there was any such resolution passed? —A. I do not.

Q. Were you in Ottawa in July, 1904?—A. I may have been.

Q. Can you say that you were?—A. Well, I was in Ottawa after that, some time during that summer. I don't know what time it was. I think I was in Ottawa twice, as a matter of fact.

Q. Are you not sure whether you were here in July or not?—A. I don't know whether it was July or August.

Q. Did you know at all that a contract had been made with the Minister of Militia and Defence for a certain number of guns?—A. Did I know?

Q. Yes?—A. At that time, do you mean?

Q. Did you know during that summer at any time?—A. I think so.

Q. About what time did you become cognizant of that?—A. I could not tell you.

Q. Was it in July?—A. I could not say.

Q. You cannot bring yourself to remember?—A. I have not the slightest idea.

Q. You don't know the month?—A. No.

Q. But it was some time that summer?—A. I think so.

Q. You became cognizant that a contract had been entered into with the Militia Department?—A. I think so.

Q. For how many guns?—A. I don't know.

Q. You don't know the number?—A. No.

Q. Whether it was 200 or 1,000?—A. I don't think it was 1,000, but I don't know the number.

Q. You became cognizant that there was a contract entered into, but you don't know whether it was for 200 or 1,000, but you are rather sure that it was not for 1,000, is that right?—A. I think so.

Q. Do you recollect whether or not you were in Montreal in the month of July, 1904?—A. If I came to Ottawa I would probably be in Montreal.

Q. That is not the question I asked you. Do you recollect whether you were in Montreal or not?—A. I have the same to say about that. I was through Montreal twice, I think, that summer, but I could not just say whether it was in July or August, or what time it was.

Q. Do you recollect meeting Mr. Jewell in Ottawa during either of those times when you were here?—A. Mr. Jewell was here once while I was in Ottawa.

Q. Was that the first or second visit that you made here?—A. I could not tell you.

Q. Can you fix the month?—A. No.

Q. And you also recollect being in Montreal on each of these occasions when you passed through the city?—A. Oh, yes, I always come that way. I could not get here any other way.

Q. Did you have any communications with Mr. Jewell from Montreal in the month of July, 1904?—A. From Montreal?

Q. Yes?—A. I have no recollection of it; I don't think so.

Q. Just think now whether you had any communication or not, by letter or by telegram?—A. No, I have no recollection of it.

Q. And you have none of your correspondence with you?—A. No, I have none.

Q. Do you recollect in the month of July, 1904, sending a telegram from Montreal to Mr. Jewell?—A. No, I have no recollection of it.

Q. Did you not send a telegram to Mr. Jewell from Montreal, dated the 31st July, 1904, reading this way (reads):—

'Leaving via Boston. Get letter forthwith and wire that same has been sent proper party. Will arrange meeting next week by wire. Must be prepared for business on delivery of papers.'

Do you recollect sending a telegram of that kind?—A. I do not.

Q. Will you swear you did not?—A. No, I won't swear I did not.

Q. You have no recollection of it?—A. No, I have not the slightest recollection of it.

Q. You will not, however, swear you did not send it?—A. No.

At the request of Mr. Macdonald (Pictou), who explained his attention had been momentarily drawn away, Hon. Mr. Foster read the telegram a second time

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Q. Now, having heard it repeated, Mr. Wickwire, you say you have no recollection that you sent such a telegram?—A. I have not.

Q. But you would not swear you did not send it?—A. Of course, not.

Q. I am taking this as being in July. You say you may have been there then?—A. Yes, I may have been.

Q. Do you recollect that on leaving Montreal you did go to Boston?—A. I think I did go to Boston on one of these occasions but whether that was the time or not I don't know.

Q. The telegram states 'leaving via Boston' and you say that on one of these occasions—it may have been that time—you did go from Montreal to Boston?—A. I think so.

Q. Did you see a Mr. North when you were in Boston?—A. I did not.

Q. Do you know Mr. North living in Boston?—A. I know a number of people named North, but I don't know any particular one.

Q. You know a number but you don't know any particular one?—A. Yes, I do know a number of people living somewhere in Massachusetts.

Q. Do you know William B. North?—A. No.

Q. W. H. North?—A. No.

Q. You do not know him?—A. I do not.

Q. You are sure of that?—A. I am certain.

Q. But you do know some Norths, you say?—A. Yes, I know some chaps of the name of North who have gone up from Nova Scotia to Massachusetts somewhere; I don't know where they are.

Q. After leaving Boston did you go to your home in Kentville?—A. I think I went to Yarmouth.

Q. And then to Kentville?—A. I stayed for a little time, my family was there at that time.

Q. And then you went to Kentville, that is your home?—A. Yes.

Q. Do you recollect sending a telegram from Kentville on the 9th of August?—A. No.

Q. To Mr. Jewell?—A. I have no recollection of it.

Q. Do you remember having any communications at all with Mr. Jewell in the month of August, 1904?—A. No.

Q. Didn't you send a telegram on August 9 from Kentville to Mr. Jewell, Toronto, 'Trust you appreciate the necessity of having letter before prorogation and ministers leaving Ottawa'?—A. No, I have no recollection of that..

Q. You won't swear you didn't send it?—A. I might have.

Q. You might have sent it?

Mr. MACDONALD (Pictou).—Have you any evidence that this telegram was sent? The CHAIRMAN.—I believe that is a pertinent question.

Hon. Mr. FOSTER.—I believe there were telegrams sent, yes, ad I am trying to see whether the gentleman in giving his evidence, recollects these things.

Mr. MACDONALD (Pictou)—The usual course of examination is, as you are aware, to produce these documents.

The CHAIRMAN.—I think Mr. Foster should either produce the document or assert that he has the document and is reading from the document.

Mr. MACDONALD (Pictou).—If he has the document he should produce it, if he has not he should not examine upon it.

Hon. Mr. FOSTER.—I have no doubt at all these were telegrams that were sent.

The CHAIRMAN.—This may be very true from your standpoint, but I do not think it is treating the witness fairly.

Hon. Mr. FOSTER.—My object is to get informaton and I am asking the witness whether or not he has any recollection of these communications and the witness is giving his answer.

The CHAIRMAN.—I think Mr. Foster should produce the telegrams or else not examine on them.

Hon. Mr. FOSTER.—I have copies of the telegrams here.

The CHAIRMAN.—It is a copy, isn't it? This committee hasn't any assurance—they do not even have your assurance that it is a copy of a telegram sent or that he received it

Mr. BARKER.—The man who received it is one of the leaders of this company and he probably will be asked to produce it if we haven't the original.

The CHAIRMAN.—Then if you have not the original this examination ought to cease.

Mr. MACDONALD (Pictou).—Mr. Foster won't tell us that he has the telegrams.

Hon .Mr. FOSTER.—These are copies of telegrams which certainly were in existence when I got them, and I believe they are in existence yet. They are not in my possession now, they are in possession of the party who received them and he is a party who is to be called in this examination.

Mr. MACDONALD (Pictou).—Have you seen them so that you are able to say they are copies?

Hon. Mr. FOSTER.—I may say they are copies of telegrams which I have seen.

Mr. MACLEAN (Lunenburg).—When Mr. Jewell gave you those copies did you see them yourself or did he give you those copies and tell you they were copies?

Hon. Mr. FOSTER.—I saw them myself.

(Examination of witness resumed.)

By Hon. Mr. Foster :

Q. So that you have no recollection of sending that telegram, have you any recollection of getting a letter from Mr. Jewell in August or September with reference to this ?—A. No.

Q. Or any letters from him ?—A. No.

Q. Well, you say you did not get a letter from Mr. Jewell, dated September 19, 1904, in reference to this matter ?—A. In reference to what matter ?

Q. The matters we have just been discussing ?—A. I have no recollection about such letters, I do not think I did.

Q. Maybe this will call it to your memory, a letter written by Mr. Jewell—written to Mr. Jewell, rather, by you, from Kentville ?—A. I have no recollection of it.

Q. You have no recollection of it—maybe this will call it to you, on September 27, 1904, a letter to Mr. Jewell :

'Yours of the 19th received, I have seen the party referred to and he tells me he made it plain to you that present contract would have to stand; the mistake was made in hurrying up a contract you now want to change.'

Does that help you to remember whether or not you wrote such a letter on 27th September, 1904 ?—A. I may have; I may have.

Q. In that letter you say, 'Yours of 19th received, I have seen the party referred to,' what party is that?—A. I do not know whether that has anything to do with this Sub-Target Gun business. We had other business, Mr. Jewell and I.

Q. 'And he tells me that he made it plain to you that present contract would have to stand,' what do you understand by 'present contract' as referred to in your letter here ?—A. I have no recollection of the letter.

Q. Then the further sentence, 'Mistake was made in hurrying up contract you now want to change.' Does not that stir your memory at all as to the matter in hand?—A. The letter speaks for itself, I suppose, if I wrote it.

Q. What contract was that——

Mr. MACDONALD (Pictou) asked again if Mr. Foster was in possession of the letter, and objected that unless Mr. Foster had the letter and was able to produce it to the committee now, he ought not to be permitted to examine along the line he was pursuing.

(Argument followed.)

The CHAIRMAN.—The witness has stated he has no recollection of ever writing such letter and until Mr. Foster shows that he has written such letter this examination should cease, and I will so rule.

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By Hon. Mr. Foster :

Q. Do you recollect, then, Mr. Wickwire, receiving a letter from Mr. Jewell, dated September 30, 1904 ?

Mr. MACDONALD (Pictou) objected to Mr. Foster expanding upon the record the contents of an alleged letter on the ground that it was manifestly unfair to the witness.

The CHAIRMAN.—I think this is even a more flagrant case than the other. In the other case Mr. Foster sought to have evidence of a letter or telegram which he alleges the witness wrote to somebody else and about which the witness would be supposed to have some knowledge. He is now asking about a letter which he alleges was written to the witness, but he has not proved the witness ever received the letter in question, or that such a letter was even written. Therefore, I think this second instance is worse than the other. Mr. Macdonald has properly stated the situation with this exception : if any member of this committee can show any transaction between the minister and the company, or any member of the department and the company, I think that is proper evidence. I do not see, however, what right this committee has to go into the internal transactions of the company between two members of it; and, therefore, so far as I am concerned, I would feel like ruling out any further investigation into the transaction between different members of the company unless it shows connection with, and leads up to, the minister or the department. I presume we are here to investigate the financial end of this transaction, and the whole of the transaction, as far as the department is concerned. If Mr. Foster will produce a letter here, or a letterpress copy of such a letter, then it is a different thing. Of course there is no objection to Mr. Foster asking the witness any questions relating to his transactions with the minister or the department.

(Argument followed, and at 1 o'clock the committee adjourned.)

HOUSE OF COMMONS,
COMMITTEE ROOM 32,
Friday, January 31, 1908.

The Committee resumed the consideration of payments to The Ontario Sub-Target Gun Company.

The examination of Mr. H. H. Wickwire continued.

By Hon. Mr. Foster:

Q. Mr. Wickwire, I asked you a question yesterday as to whether you knew a man by the name of W. H. North or Wm. H. North, of Boston or Massachusetts. Do you remember your answer to that?—A. I think I said I did not.

Q. Do you still adhere to that, that you don't know him?—A. I do, yes.

Q. You were in Montreal, according to your yesterday's evidence, in the month of July, and went from there to Boston. It was on the occasion of asking you that question, getting that information from you, that I inquired if you knew Mr. North, and you gave your answer. Did you, in the month of October, 1904, receive a draft to your order on the National Shawmut Bank of Massachusetts for $9,000?—A. I did not.

Mr. MACLEAN (Lunenburg) objected to the questions asked by Mr. Foster as being irrelevant to any issue before the committee.

Hon. Mr. FOSTER.—The witness has answered the question. He says he did not receive it. He swears to it.

The WITNESS.—I am on oath, Mr. Foster.

By Hon. Mr. Foster:

Q. You are on oath, and you swear to that. Were you ever made a party to a suit in connection with the private secretary—this has all been taken before——

Mr. MACLEAN (Lunenburg) again objected to the line of examination as being outside of matters which bore any relation to the inquiry.

By Hon. Mr. Foster:

Q. I want to know from Mr. Wickwire whether or not he received a letter from Mr. Jewell of September 30, 1904?—A. I do not know.

Q. Well, now, Mr. Wickwire, you were summoned to appear here last year, and in your evidence you said that at that time, last spring I think it was, you looked up your letters and found you had several?—A. I had a few notices to attend directors' meetings, and I had a writ, I remember that.

Q. But in your testimony of yesterday you said there were some letters?—A. That is what I meant by 'letters,' notices.

Q. What you meant by 'letters'? But you said 'letters' in one sentence and 'notices' in another, that you received both?—A. That may be so.

Q. I have taken it here from your evidence?—A. That may be so.

Q. If you looked up these, and if you put these in your house, having taken them from your office, as you say you did, with a view to coming and testifying last year, you must have refreshed your memory with reference to them?—A. No, I can't say I did. I put them in my bag and I started for here last year, and I received a telegram before I got here that the thing was over, and I had to go back.

Q. There is the fact again that you had letters, and you have acknowledged before the committee that you have.

Mr. MACDONALD (Pictou).—He does not say so; all he says is he recollects having notices for directors' meetings, and he cannot say whether there were letters or not.

By Hon. Mr. Foster:

Q. He says: 'I was summoned here to this committee last spring, when I think I had that letter and one or two others, but the meeting was afterwards cancelled.' Now, that is the evidence he gave yesterday.

The CHAIRMAN.—What letter is he referring to?

Hon. Mr. FOSTER.—'I was summoned here to this committee last spring, when I think I had that letter——'

The CHAIRMAN.—What letter?

Hon. Mr. FOSTER.—That was a letter from Mr. Jewell, arranging a meeting with him in Montreal. 'And one or two others, but the meeting was afterwards cancelled.' Now, another question; I ask him with reference to what letters he had, and he says he had notices of meetings.

A. That is what I meant by 'letters.'

Q. What you said was: 'I had that letter and one or two others?'—A. One or two others, yes; a notice of a meeting is a letter.

Q. I would not take it to be a letter. I would take it to be a notice; perhaps you have peculiar ideas with reference to that?—A. Oh, no.

Q. Don't you know you received letter after letter from Mr. Jewell?—A. No, I did not.

Q. You will swear you did not?—A. I will swear I did not.

Q. Let me refresh your memory. I will read you a letter and see if you had it or not; that letter went to you, you were subpœnaed to bring that letter with you, you have absolutely refused to bring that letter, therefore I have the right to refresh the witness' memory by reading a copy of that letter, and asking him whether he received it or not.

Mr. MACDONALD (Pictou) objected to the question.

Mr. MACLEAN (Lunenburg).—The subpœna does not direct witness to produce letters.

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Hon. Mr. FOSTER.—I will read the letter first and I will put the question to the witness afterwards.

Mr. MACDONALD (Pictou), objected to Mr. Foster putting upon the record the contents of an alleged document of the existence of which he was not able to give any assurance to the committee, or the original of which he had not in his possession.

Hon. Mr. FOSTER.—I will ask witness a question as to whether he received a letter from Mr. Jewell, dated September 30, 1904, in the following words, and I will read the words——

Hon. Mr. EMMERSON.—I object to that because you are proving the original by reading from a document. Mr. Foster must realize that the proper procedure is for him to hand that document over to the witness and ask 'Did you get the original of this'; but he certainly cannot read out and place on the record the contents of an alleged original document in that way, and I object to the question being put.

The CHAIRMAN.—Now, gentlemen, I think the issue is perfectly clear. If you wish this matter decided now, we can settle it on the question as now put.

Hon. Mr. FOSTER.—I wish to ask the witness that question and I will read from the letter——

Hon. Mr. EMMERSON.—I object to that.

Hon. Mr. FOSTER.—In order to refresh his memory. (reads.) 'The Minister of Militia at our last interview'——

The CHAIRMAN.—I will rule that you have not any right to ask that question. I am not going to decide as to whether or not we should be guided by the rules which govern a court of law. If we were guided by the rules which prevail in a court of law I would have no hesitation in saying this question is not a proper one; I don't think that requires argument. But I will decide the question on a different basis. The submission to this committee was to inquire into the accounts between the government and The Sub-Target Gun Company. I think you, Mr. Foster, have a right to ask any question of this witness referring to the value of the article purchased, or to what may be called the financial side of the transaction. You also have a right to ask any question showing whether or not improper, or unfair, relations have taken place between the company or any member of the company, and the Minister of Militia or any member of his department. Yesterday I gave the ruling and I state again, that so far as I am concerned, sitting here as chairman for the time being, I think that any question along those lines is perfectly regular; but when it comes to asking for the private transactions between the different members of the company I think it is going entirely beyond the subject submitted to this committee and entirely beyond our province, and, therefore, I will rule on this ground alone that the question is not a proper one and cannot be asked. It is now open to any member of the committee to appeal against my ruling if he feels so inclined.

Mr. BENNETT.—What is in the letter do you know ?

The CHAIRMAN.—I do not know and do not care. It is an improper way to get evidence before the committee.

Mr. SPROULE.—Is this not an inquisitorial committee ? It is not controlled by rules of evidence is it ?

The CHAIRMAN.—I do not care, Mr. Sproule.

Mr. SPROULE.—Is that true or not ?

The CHAIRMAN.— Do you want my opinion ?

Mr. SPROULE.—Yes.

The CHAIRMAN.—My answer is, that to some extent this committee is inquisitorial in respect of proper questions submitted to it. I submit, however, that it is not in the province of this committee to inquire nto the private relations between two members of a company.

Hon. Mr. FOSTER.—Yeas and nays.

The CHAIRMAN.—Shall the decision of the Chair be sustained ? The yeas have it.

Hon. Mr. FOSTER.—No. Let the yeas and nays be taken.

On a division the Chair was sustained by 28 yeas to 9 nays.

The CHAIRMAN.—I declare the decision of the Chair sustained.

Hon. Mr. FOSTER.—I move that the proceedings upon which this decision has been rendered and the decision itself, be reported to the House.

Mr. MACLEAN (Lunenburg).—When ?

Hon. Mr. FOSTER.—Forthwith in the usual manner.

Mr. JOHNSTON.—Is the inquiry disposed of ?

Hon. Mr. FOSTER.—The inquiry is not disposed of.

The CHAIRMAN.—It has been moved by Mr. Foster seconded by Mr. Northrup that the question submitted to the witness, the decision in regard thereto, the reasons given by the Chair, and the appeal from the Chair's decision be reported to the House forthwith.

(Argument followed.)

Hon. Mr. PUGSLEY moved, seconded by Mr. Gervais : That the meeting now adjourn and that the subject be discussed at a later sitting.

Motion to adjourn carried.

The committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

$10 BY THE BRITISH AMERICAN FISH CORPORATION AND $10 BY ARCHIBALD McNEE FOR FISHING LEASES

PRINTED BY ORDER OF PARLIAMENT

OTTWAA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY.
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
FRIDAY, April 3, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock, a.m., the chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to the consideration of a payment of $10, by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin and Great Slave lake in Mackenzie district to May 1, 1908, as set out at page P—198, Auditor General's Report 1906-7.

Mr. R. N. VENNING called and sworn and examined.

By Mr. Northrup:

Q. What position do you occupy in the Marine and Fisheries Department?—A. I am Assistant Commissioner of Fisheries.

Q. Do you produce three fishing leases, one to Markey, another to McNee and another to Coffey and Merritt?—A. I have those three leases here.

Q. Take the Markey lease, for example, is there any correspondence leading up to its issuance?—A. Yes, there is some correspondence, not very much, connected with the application.

Q. There is an application is there for a lease?—A. Yes, there is. There is the application (pointing to document on file.)

Q. What I want to know is, after the application was put in what steps were taken by the department to ascertain the value of the concession asked for?—A. I don't know that there were any specific steps taken in that direction.

Q. Then did the department grant the lease without having the slightest idea as to its value?—A. Well, they granted the lease practically as applied for.

Q. I know that, but did they grant the lease without making any inquiries whatever as to the value of the concession they were giving?

Hon. Mr. BRODEUR objected on the ground that the question referred to a matter which occurred some four or five years ago, whereas the committee had authority only to investigate the accounts of the past year, and the year preceding.

Argument followed.

The CHAIRMAN.—It is a matter, according to the minister's argument which should have been before us in a previous year, but it does not come within the purview of this committee under the order of reference from the House. Just let me say what I think about this now. I have been thinking about it a good deal since the timber licence investigation, because a good many thought I went too far in that instance. When Mr. Ames wanted to go into the tender, and into the first contract, objection was made, and I ruled that I thought he should be allowed to go into those questions because they might affect the amount payable, that is the amount of the item then under investigation. That was gone into, and as it went on the inquiry did broaden, but I repeatedly stated that I thought it was going further than, in my opinion, it had a right to go. But as statements had been made it was allowed to go in, in order to clear the whole thing up. If the rule is to be so broad that you can investigate

anything, no matter how far back, if you find some item here connected with it, I do not know anything this committee could not investigate, because either directly or in some way or other you will find some item in the Auditor General's Report, if it is in continuing transactions, that will affect the whole administration of the government. It seems to me that all we have to investigate here is the amount which is shown by the item now under consideration to have been paid; we have the right to go back any distance I think to show the nature of the transaction and the amount that is payable, but when you are going to consider the question whether or not this is a good lease, or whether or not it ought to have been entered into, it seems to me that is a substantive inquiry, and not something that is included in this item. Personally I would like to go into all these things for my own satisfaction. I do not think there is any desire to stifle inquiry.

Since I have been here I have given some thought to the matter and I have noticed what they are doing at Toronto, and I think we are allowing very wide latitude compared with what they are giving there. With reference to this payment of $10 for rental, or whatever it is, we find there is a lease made three or four years ago. I think you have a right to see the application for the lease if you want it, to show whether it has any effect on the contract, but once the contract is established it seems to me that the only question before this committee is whether or not the amount payable in this year, which is now under inquiry, is the proper amount according to that contract which is the basis of the transaction.

Argument followed.

The CHAIRMAN.—The simple question in my mind is whether this committee can investigate the transactions of the government before the period now under consideration, which is the years 1905-6 and 1906-7.

Mr. NORTHRUP.—It must be borne in mind that section 3 provides that the 'said lessee' shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased,' therefore I submit that we are entitled to know what the state of things was at that time.

Hon. Mr. BRODEUR.—I might say that I will not press the point, I simply thought it was due to the men who were administering the department before me that I should raise the objection, because I think it is very unfair to the ministers who were there before me and who were responsible for this transaction, they are not here, they have passed away. I am here and will not shirk any responsibility; I am prepared to answer for all my actions. However, I will not press the point.

Mr. MCCARTHY (Simcoe).—Although the rental is only $10 per year the lessees are bound by the lease to spend at least $100,000 in exploring, developing, equipment and improvement of the territory during the term of twenty-one years.

The CHAIRMAN.—Clause 3, to which Mr. Northrup has referred, does not affect the amount of rental paid.

Mr. NORTHRUP.—I suppose we would be entitled to say, if that clause were not there at all, that that would be the law. That clause might be considered as wholly superfluous.

The CHAIRMAN.—My ruling, of course, is that this inquiry is not pertinent, is not before us.

Hon. Mr. BRODEUR.—I do not press my objection. I simply want to state to the Public Accounts Committee that I am here and ready to face any investigation which may be made into the accounts of the department under my administration. I am extremely sorry, however, that members of this committee want to go outside of that and to investigate the transactions under ministers who are dead.

The CHAIRMAN.—The objection is withdrawn.

The WITNESS.—You wish me to answer the question?

The CHAIRMAN.—Yes.

The WITNESS.—I understand that there were no specific investigations with regard to the value, but it was considered that these people in getting this lease were doing

a great deal of good to the community by opening up roads and they bound themselves to perform certain obligations in the expenditure of certain moneys.

By Mr. Northrup:

Q. Did they?—A. Yes.

Q. Are you sure?—A. I think so.

Q. Look at the lease and see.

By the Chairman:

Q. Are you speaking of what is in the lease when you say they bound themselves?—A. No, this is the obligation.

The CHAIRMAN.—Of course, if it were in the lease that would speak for itself.

By Mr. Northrup:

Q. All the conditions by which they are bound were expressed in the lease?—A. They are expressed in the lease, yes.

Q. What is the date of this lease to Mr. Markey?—A. Well, it is 1904, the actual date is not inserted.

Q. It is not in my copy but I thought it was perhaps in the original. Have you the original lease there?—A. I have what would have been the original. It is a carbon copy of the original. The original itself is in Mr. Markey's possession.

Q. Then the department has not the original lease?—A. This is what purports to be the original. It is a carbon copy of the lease that was typewritten, but the original itself is in Mr. Markey's possession.

By the Chairman:

Q. You have not the signature of Markey on your copy?—A. No.

Q. What you have is only a copy of the lease?—A. Only a copy of the lease. Perhaps I had better explain that the lease was taken over to the House of Commons in a hurry one day. Mr. Markey wanted to get it to take it away with him. It was not known whether it would be signed that day or not. Mr. Markey got the lease and took it with him to Montreal. The department, therefore, did not have a signed copy but subsequently we wrote to Mr. Markey asking for a copy of the last page of the lease including the signatures, which he sent to us. That is the explanation of why we have not the original lease with the signatures.

Q. Have you nothing, therefore, which would tell the actual date of this lease to Mr. Markey?—A. On April 19 a formal letter was sent covering the lease to Mr. Markey.

By the Chairman:

Q. In what year?—A. On April 19, 1904.

By Mr. Northrup:

Q. Have you on the file which you have produced the assignment from Mr. Markey to the British-American Corporation?—A. Yes.

Q. Give me the date, please?—A. It is dated 19th day of April, 1904.

Q. Will you please read the first clause of the preamble?—A. (reads):

'Whereas on the 19th day of April, 1904, His Majesty the King, represented by his Minister of Marine and Fisheries of Canada, did grant a lease of certain fishing rights and privileges to the party hereto of the first part, upon the terms and conditions which are more fully set out in the said lease.'

Q. So it appears that the lease was given to Markey, and an assignment of it was made by him, to the British-American Fish Corporation, on the same day?—A. That is according to the record here apparently. I mean to say that according to our letter which forwarded the lease it may have been taken the day before by him.

Q. And according to the statement in his assignment?—A. Yes.

Q. Was this lease given by the department alone, or was there an order in council authorizing it. A. I think there was an order in council authorizing it. There would necessarily be one as it was for a period of 21 years. (After referring to the papers.) Yes, there was an order in council.

Q. Bearing what date?—A. There is an order in council dated 11th April, 1904.

Q. What was the date of the original application by Mr. Markey?—A. 1st December, 1903.

Q. I have not had a chance of seeing the files, could you tell me was there any correspondence between Mr. Markey and the department between the time of his application for the lease and its being granted?—A. Apparently none. The application is very complete.

Q. And the lease was granted after the application?—A. I see that there is some correspondence. There is an acknowledgment, in the absence of the minister, of the application for a lease. That is about all the correspondence excepting a letter to Mr. Smith, who was in the company, to the following effect (reads):

'Referring to your letters of the 11th and 12th instant, on the matter of a fishery concession in Hudson bay, I have had placed before me official reports on the question, and I shall be glad if you could call at my office and see me next Tuesday, the 26th inst., about noon.'

Q. That is a letter from your department?—A. That is a letter from the late Mr. Prefontaine.

By the Chairman:

Q. What Mr. Smith is that?—A. Mr. Robert C. Smith.

By Mr. Northrup:

Q. That was a personal letter from Mr. Prefontaine saying that he had before him some reports?—A. Yes. Those must be reports of the Commissioner of Fisheries to the minister, they are not on the file.

Q. So far as your files show there are no such reports?—A. No such reports.

Q. Would there be anything in your files or books to show that there was anything handed in?—A. There might possibly be.

Q. Are we supposed to have all the documents here now?—A. All the documents relating to the application or the lease, and subsequent operations.

Q. You did not find those reports there?—A. I do not find anything there.

Q. That letter of Mr. Prefontaine's is dated in January?—A. The 22nd of January.

Q. And the application of Mr. Markey is what date?—A. 1st of December.

Q. If you will kindly look at the lease itself to Mr. Markey and tell me what was given to Mr. Markey by that lease. In the first clause you will find it?—A. Do you want me to read it?

Q. Yes.

Hon. Mr. BRODEUR.—Why don't you put the whole lease in in evidence, that would be a better way.

The CHAIRMAN.—You had better put the whole lease in.

(Lease filed as Exhibit 1,' as follows):—

APPENDIX No. 1

This indenture made in duplicate the year one thousand nine hundred and four, Between:—

His Majesty the King, represented by his Minister of Marine and Fisheries for Canada, hereinafter called "The Minister,"

Of the First Part,

and

Fred. H. Markey, of the City of Montreal, in the Province of Quebec, hereinafter called "The Lessee,"

Of the Second Part,

witness that in consideration of, and subject to rents, conditions and provisos hereinafter reserved and contained, and on the part of the Lessee to be paid, observed and performed, the Minister, under the authority of the Fisheries Act, doth hereby demise and lease unto the said Lessee, the exclusive right to take fish with nets, or in any other legal manner to take and catch all kinds of fish and salt-water fish and sea-foods of any kind, in the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river from Cape Tatnam, to Owl river, extending three miles from shore; also the Hayes river and tributary waters, all in the District of Keewatin; also that portion of the Pigeon river and its tributary waters in the District of Keewatin; also the waters of Great Slave lake, in the District of Mackenzie.

Provided that the above Lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore on the distinct understanding that the right of fishing for their own use; but not for commercial purposes, is hereby reserved to the settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company;

To have and to hold until the said Lessee, subject as aforesaid, for and during the term of twenty-one years, to be computed from the 1st day of May, One Thousand Nine Hundred and Four, and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty or his successors yearly and every year during the said term, the certain rent or sum of Ten Dollars, to be paid annually in advance.

Should the said Lessee conform to all the terms and conditions of the present Lease, and should establish at the termination of the said period of twenty-one years, that he, or the Company hereinafter mentioned, has expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least One Hundred Thousand Dollars, then he shall have the option of renewing the present lease, subject to the same terms and conditions, for a further period of twenty-one years.

These presents are made and issued subject to the following provisos, terms and conditions, viz.:

1. That the said lessee shall in the use and occupation of the fishery privileges hereby leased, conform in every respect to the provisions, enactments and requirements of the Fishery Laws now, or which may hereafter be enforced, and comply with all the rules and regulations which may have been, or may from time to time be adopted or made by the Governor General in Council relative thereto:

2. That the said Lessee shall not transfer his interest in the present Lease, except to the British-American Fish Company, Limited, for which application for Letters Patent of Incorporation, has been made to the Governor General in Council of Canada, without obtaining the written consent of the Minister or that of some other person or persons authorized to grant the same.

3. That the said Lessee shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased;

4. That the said Lessee or the said Company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery leased;

5. That the said Lessee or the said Company shall, during the three years following the first day of May, One Thousand Nine Hundred and Four, expend a sum of at least One Thousand Dollars per annum, in the exploration of the territory hereby leased, and during the period of ten years from the first day of May, One Thousand Nine Hundred and Four, shall expend and lay out at least Fifty Thousand Dollars in the exploration, development, equipment and improvement of the said property leased;

6. That if the said Lessee or the said Company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisos hereinbefore mentioned, or if the said fishery is being improperly operated by the said Lessee or the said Company, and so as to prejudicially affect the public interest, the Minister may give or cause to be given three months' notice in writing to the said Lessee or the said Company, that the term of the Lease by these presents created, will be determined, ended and cancelled, and the said term, and Lease shall thereupon and thereby be determined ended and cancelled, and His Majesty may thereupon resume possession of the said fishery, and the privileges hereby created, without indemnifying the said Lessee or the said Company for any improvements that may have been done and His Majesty may thereafter, without let or hindrance from the said Lessee or the said Company, resume possession of the said fishery and the privileges hereby created, and may continue to enjoy the same, or relet them to others as His Majesty may deem fit;

7. That the said Lessee or the said Company shall be liable for any damage or loss that may accrue to His Majesty by reason of any act or neglect of the said Lessee or the said Company, in connection with the said fishery, and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith;

8. His Majesty reserves the right to grant other leases in and upon the said waters; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station, erected thereon by the said Lessee or the said Company, in said Lake, within a limit of fifty miles from any such station erected on said Lake.

In witness whereof the Minister has subscribed and set his hand and seal of office, and the Lessee has hereto set his hand and seal.

(Sd.) R. C. PREFONTAINE.

Signed, sealed and delivered
in the presence of
(Sd.) F. GOURDEAU.

FRED. H. MARKEY.

Witness, R. N. VENNING.'

By Mr. Northrup:

Q. 'Pigeon River' is omitted from the territory included in the lease in the copy I have, will you please have this copy corrected?—A. Yes, if you will pass it over I will correct it now.

By the Chairman:

Q. The lease is for twenty-one years?—A. Yes, I understand for twenty-one years.

By Mr. Northrup:

Q. And the rental is $10 per year?—A. Rental $10 per year.

Q. Can you tell me anything about the extent of the area that is covered by it. Take, for example, the waters of the Nelson river and its tributaries; from West river to the mouth, for which the exclusive right to take fish with nets or in any other legal manner is given?—A. No, I am not familiar with the country.

Q. Is there no record in the department to show that at all?—A. I do not know that there is any record, I suppose we could have it by measuring up the maps.

Q. And is it the same way with respect to the West river, that you have nothing to show us what waters are covered from the west river to its mouth and also the estuary of the river from Cape Tatnam to Owl river?—A. Nothing except what could be taken from the map. I do not think we have any record, except that, as to what the extent of territory would be.

Q. That would apply also to the Hayes river and to the Pigeon river?—A. Yes.

Q. As to the Great Slave lake, have you any information with regard to the area of that?—A. I haven't it, but I could get it.

Q. Will you let us have a statement of the area of the various rivers and Great Slave lake, could that be handed in?—A. I suppose that could be done.

Q. How long will it take?—A. It will be pure computation as far as I am concerned. I might get some land surveyor or geographer to do it, but we have not anybody at our disposal to do it.

Mr. NORTHRUP.—Never mind then.

Q. Mr. Markey is a fisherman in the Northwest, is he?—A. I understand he is not a fisherman in the Northwest.

Q. What is he engaged in?

By the Chairman:

Q. What sort of profession is he engaged in, do you know?—A. Mr. Markey?

Q. Yes.—A. I have always understood Mr. Markey to be a lawyer.

By Mr. Reid (Grenville):

Q. Do you know where he lives?—A. I believe he lives in Montreal.

By Mr. Northrup:

Q. Have you any statements, any actual returns giving the details and the particulars of their operations as called for by the lease?—A. Yes, there are some.

By the Chairman:

Q. While you are on that point, do you know who his associates are? Do you know the members of the British American Fish Corporation?—A. No, I only know what is shown in these records here.

By Mr. Reid (Grenville):

Q. Who signed the lease on behalf of the British American Fish Corporation?

By Mr. Pardee:

Q. There are some letters there from other parties than Mr. Markey?—A. There is that letter there from Mr. Smith.

The CHAIRMAN.—That is his partner, isn't it?

By Mr. Reid (Grenville):

Q. Is it John Smith?—A. Robert C. Smith.

Q. Does that state who his partner is?—A. No, the assignment is signed by Fred. H. Markey, president, and Geo. H. Montgomery, secretary of the British American Fish Corporation, Limited, and Waldo W. Skinner.

The CHAIRMAN.—Mr. Skinner is the witness to the execution of the document?—A. Yes.

By Mr. Northrup:

Q. Do you know who Mr. Montgomery is?—A. No.

Q. Is he a partner of Mr. Markey?—A. I could not say.

By the Chairman:

Q. Do you know of Mr. C. E. Fleming, of Windsor, being connected with it, or Michael Doe, of Detroit?—A. I do not know anything about it further than this.

By Mr. Northrup:

Q. What statements have they made under the clause in the lease requiring them to give annual returns? They began, I suppose, in 1905 and there will be 1906 and 1907?—A. They began in 1906, you see there are only two years concluded. We called upon them for that and this is the reply (producing file.)

By Mr. Pardee:

Q. You have a letter there signed by Mr. O. E. Fleming, of Windsor?—A. Yes.

(Witness examines file.)

Mr. PARDEE.—Mr. Chairman, I think the proper course would be to adjourn this examination until Mr. Northrup and other members of the committee have had an opportunity of going over the file, so that we can examine this witness intelligently. It will, I think, affect a saving of time if we adopt that course, and I will move in that direction.

Motion agreed to, and examination postponed until Tuesday, April 14th.

Committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
TUESDAY, April 14, 1908.

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

The committee proceeded to the consideration of a payment of $10 by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin and Great Slave lake in Mackenzie district to May 1, 1908; also payment of $10 by Arch. McNee, Windsor, Ont., annual rental for lease of James Bay for 1907; also payment of $100 by Merritt and Coffey, Winnipegosis, annual rental for lease, Cedar, Moose, Cormorant and Atikamag lakes to April 1, 1908, as set out at page P—198 Auditor General's Report for the period ended March 31, 1907.

The examination of Mr. R. N. Venning, Assistant Commissioner of Fisheries, resumed.

By Mr. Northrup :

Q. Have you brought with you the original leases to Markey, McNee, and Merritt and Coffey ?—A. Yes, but with regard to the Markey lease I think Mr. Markey himself has probably got the original lease. As I explained the last time I was here there was something about the unsigned copy that we got, purporting to be a copy of the original, of the lease which was taken from Ottawa by Mr. Markey. I find that we have not the original here but a copy of the original.

Q. There is a copy of Mr. Markey's lease produced here?—A. Yes, I have the original of that copy.

Q. That is the original ?—A. Of which the lease produced is a copy.

Q. Then were there two leases to Mr. Markey ?—A. No, there were two draft leases.

Q. Do you mean two different leases ?—A. Well drafted at different times. There were some changes I believe between the two but Mr. Markey himself has the original lease as finally signed.

Q. Then are you prepared to say whether or not the copy brought down by your department is a true copy of the lease executed or not ?—A. Well, I explained when I was here the last time that the department really did not have an actual copy of the lease which Mr. Markey took with him. As far as our records showed we had a copy purporting to be such but I find it does not seem to have been such a copy. As a matter of fact the names are in pencil and the date is left out.

Q. So then it seems that the department has not any original, or copy of the original lease to Markey on which you can depend, that is a fact is it not ?—A. Yes, it must be so under those circumstances.

Q. That is as to the Markey lease. Then as to the McNee ?—A. We have the McNee lease (producing file).

Q. Have you the original McNee lease there ?—A. Yes, I have.

Q. What is the date ?—A. November 13.

By Mr. Pardee :

Q. What year ?—A. 1902.

By Mr. Northrup :

Q. Was that the only lease granted in that year by the department to McNee ?—A. The only lease that I know of.

Q. I find on the file brought down a document purporting to be a copy of the lease dated March 13, 1902?—A. There is a copy, a draft copy of a lease here, which was never executed, bearing that date.

Q. You have a copy there which was never executed ?—A. An original draft apparently.

Q. See if you have a letter on the file, dated October 22, 1902, written by Archibald McNee to the Hon. James Sutherland, Minister of Marine and Fisheries ?—A. Yes, there is such a letter here.

Q. Does that letter start off in this way (reads): 'Adverting to my interview with you to-day relative to the fishing lease dated the 13th day of March, 1902, in James Bay, granted by your department to me, I have since had a conversation with your deputy and now beg to put my request in the matter in formal shape ?' Then the writer goes on to give reasons why the lease should be for 21 years instead of 7 ?—A. That is the purport of this letter.

Q. Now have you the original applications for a lease put in by Mr. McNee dated 10th of Janary, 1902 ?—A. Yes.

Q. Just tell me for how many years lease he applied?—A. A 9 years' lease I see.

Q. Then having applied for a 9 years' lease if you look at the letter from McNee to Sutherland you will find that he states 'The term of the lease at present, namely, 7 years would be pretty nearly, if not quite, exhausted in getting in shape to operate' ?—A. Yes, that is in this letter.

Q. Then if you look towards the close of McNee's letter you will find he refers, or rather there are objections that he makes: 'I refer first to the second clause which prohibits the transfer of any interest, &c., and second, to clause 5 which places the arbitrary power in the hands of the minister for the time being to terminate the lease at any time he may deem it in the interest of the fishery and without compensation. Do you find that clause ?—A. Yes.

Q. That is stated in his letter is it not ?—A. It is.

Q. Will you please look at the original copy of the lease you have there of March 13 and see if that does agree, see if your copy bears out those statements contained in McNee's letter to Mr. Sutherland?—A. The copy says that it was originally intended to be 7 years. There is a change to be made in the new lease, or whatever it was, to make it 21 years. There was an order in council authorizing 21 years.

Q. And were the other clauses stricken out, the clauses of which he complains

preventing him from assigning any interest and enabling the minister to put an end to his lease at any time without compensation? Are those clauses omitted from the second lease?—A. I will have to examine both.

Q. See if they are not in the second lease?

By Hon. Mr. Brodeur:

Q. Was that lease of the 13th March executed?—A. No, it was not executed; there is nothing on file here to show it was executed except that letter, but it was sent back for revision apparently. I suppose it really formed a draft.

By Mr. Northrup:

Q. Here I find Mr. McNee stating that he had a certain lease and now you say there was not such a lease?—A. Well it culminated in another lease apparently.

Q. One at a time. As to this first lease are you prepared to say for a certainty now that the first lease which he says he had, never really existed?—A. I don't know that I could make a satisfactory answer to that. I can only say what I find on the file. I find on the file that there was apparently an original draft which may have been——

By Mr. Pardee:

Q. That draft was never executed?—A. Which may have been signed but apparently when it went to the other party it was not executed by him. Apparently not because there is correspondence here which culminates in a further lease which is somewhat changed from the original one.

By Mr. Northrup:

Q. If there is correspondence there then the whole return has not been brought down?—A. This letter from Mr. McNee which you have referred to is the only one.

Q. Let us understand where we are. What I want to know is whether the draft lease of the 13th March which you have there agrees with the statements made by McNee in his letter to Sutherland of 22nd October which I read a moment ago? First as to the 7 years, you said it does?—A. Yes.

Q. Then as to the clause which prohibited the transfer of his interest?—A. It does.

Q. And thirdly as to clause 5 which allowed the minister to terminate the lease without compensation at any time?—A. Yes.

Q. That was the statement as to those three points made by Mr. McNee in his letter of October 22nd?—A. Yes, they are borne out by the copy put in.

By Hon. Mr. Brodeur:

Q. We find Mr. McNee referring in his letter to the lease of the 13th of March, 1902, 'in James Bay, granted by your department to me.' Are you prepared to say he was wrong in that reference and that the lease was not granted to him?—A. I am not prepared to say anything further than the papers actually prove.

Q. You are not prepared to say anything further, only that you find that draft and nothing more?—A. I find this draft and nothing more.

Q. On the strength of that you are not prepared to contradict Mr. McNee who says in that letter that he had the lease?—A. No, it was a lease or not a lease, as I understand it, according to whether it was executed or not.

Q. Are you prepared to say the lease was not executed?—A. No, sir, I am not.

Mr. CARVELL.—If it had not been executed it would not be a lease.

By Mr. Northrup:

Q. You found in the case of the Markey lease that there was no lease on the file? —A. Apparently not.

Q. And there is no doubt that Mr. Markey's lease was executed by the depart-

ment, there is no doubt about that?—A. I want to qualify my statement—there is something which purports to be a copy of the Markey lease.

Q. I am not talking about a copy of the lease, but the original lease?—A. Not of the original lease.

Q. You have only what purports to be a copy of the original Markey lease?—A. That is all.

Q. And you have a copy of what purports to be the McNee lease?—A. Of what purports to be a draft; there are no signatures to it.

Q. Were there any signatures to the copy of the Prefontaine lease to Markey that you found on your file?—A. No, they are pencilled in, but I found afterwards, I secured from Mr. Markey, a typewritten copy of the last page containing the signatures.

Q. But that was subsequently?—A. Yes.

Q. But so far as the file was concerned, you are in this position that both the Markey and the McNee leases were wanting, originally, on your files?—A. I do not think I can answer that question except in this way—so far as the McNee lease is concerned I have here an actually signed copy of it on the file.

By the Hon. Mr. Brodeur:

Q. Not the McNee, but the Markey lease?—A. I have a copy of the only lease that I know is in existence to Mr. McNee, I have a signed copy of it.

By the Chairman:

Q. Have you the original lease to Mr. McNee dated the 13th of November, 1902?—A. I have the only lease that I know of in existence.

By Mr. Northrup:

Q. That is the lease in November?—A. The lease of the 13th of November, 1902.

Q. Here is a copy on the file brought down by the department, an alleged copy of a lease made on the 13th of March, 1902, where is the original from which that is made? Do you see it, that purports to be a copy, of a lease dated the 13th of March, 1902?—A. That purports to be a copy of what I regard as a draft, which is on the file: it must be, if the typewriting is correct, which it probably is.

By the Hon. Mr. Brodeur:

Q. Is this one of the 13th of March a draft?—A. This one of the 13th of March is a draft.

By Mr. Northrup:

Q. I will read my copy and you can check it with the original that you have (reads):

DOMINION OF CANADA,
DEPARTMENT OF MARINE AND FISHERIES.

LEASE OF FISHERY IN JAMES BAY.

This indenture made in duplicate the thirteenth day of March, in the year of our Lord one thousand nine hundred and two, between His Majesty the King, represented by his Minister of Marine and Fisheries for Canada (hereinafter called the Minister) of the first part, and Archibald McNee, of Windsor, Ontario, (hereinafter called the lessee), of the second part.

WITNESSETH: That in consideration of and subject to the rents, covenants, conditions and provisos, hereinafter reserved and contained, and on the part of the lessee to be paid, observed and performed; the Minister, under the authority of the Fisheries Act, doth hereby demise and lease unto the said lessee:—

The Fishery in the southern end of James Bay, an arm of Hudson Bay, comprised within the following limits, that is to say:—

Commencing at North Bluff or Point, at the southern end of James Bay; thence over the mouth of Moose River, and along to Buoy Bluff, at the north westwardly point of Hannah Bay, at low water line; thence south eastwardly into and around Hannah and Rupert Bays, following the shore line; thence northwardly along the shore to the northern point of Moor's Bay, opposite the Island known as Solomon's Temple. The privilege throughout, as above described to extend as far seaward as three miles from the general shore line, and from low water line on tidal waters shoreward and in the tidal waters of all rivers, with the privilege of fishing nets, lines and hooks within the area herein described;

Provided that the above lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore on the distinct understanding that the right of fishing for their own use but not for commercial purposes, is hereby reserved to all settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company.

To have and to hold unto the said lessees subject and aforesaid for and during the term of twenty-one years to be computed from the first day of April, one thousand nine hundred and two——'

A. Well, when these things were copied, going into the hands of the copyists they copied these as they found them, I suppose, altered. Now you see this was seven years, and whoever went over this draft to prepare it for the lease which eventually was signed, they made the changes in the draft which were supposed to be made eventually in the lease which was signed. This never ought to have been on the file as a matter of fact. This could not have been purported to have been a copy of the original, because this 'twenty-one' should have been 'seven' if it was a copy, clearly it was only a draft.

By Mr. Carvell:

Q. You had better follow it out.—A. In answer I do not want to be understood as stating that there were anything like two leases, because I cannot conceive that there were two leases. I only know one lease. I can certainly say that there are not two leases.

By Mr. Northrup :

Q. You say that in spite of the fact that Mr. McNee wrote that there were two leases?—A. Supposing we send a draft lease to a person to complete, and he says that does not suit him, and another lease is submitted, in which changes are made, that does not constitute a lease.

Q. He could say it did not suit him, but he did not. He wrote referring to the lease as having been granted.

Mr. CARVELL.—The very sending of that document to him might be construed by Mr. McNee as proof that the lease had been granted, but it is not a lease until executed by both parties.

Mr. NORTHRUP.—Excuse me, there is not one lease out of 100 executed by both parties. It is perfectly good if signed by the lessor.

By Hon. Mr. Brodeur:

Q. With regard to the twenty-one years will you explain how it looks on the document which you have before you now?—A. On the original draft it was for seven years.

Q. And the word 'seven' has been struck out?—A. The word 'seven' has been struck out and the words 'twenty-one' inserted.

Q. That has been put in in writing instead of the word 'seven'?—A. Yes, on the draft.

APPENDIX No. 1

Q. The original word 'seven' was in typewriting?—A. Yes, the original was typewritten.

By Mr. Northrup:

Q. The twenty-one year lease was computed from the first of April, 1902?—A. Yes.

Q. While the original lease of the 13th of March was computed from the first of January—this lease of the 13th of November is from the first of April, does that agree with your draft?—A. Yes.

Q. (reads)

'and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty, or his successors yearly and every year during the said term, the certain rent, or sum of ten dollars, to be paid annually in advance.

These Presents are made and issued subject to the following provisos, terms and conditions, viz:

1st. That the said lessee shall in the use and occupation of the fishery privileges hereby leased conform in every respect to the provisions, enactments and requirements of the fishery laws now, or which may hereafter be in force, and comply with all the rules and regulations that have been or from time to time may be adopted or made by the Governor General in Council relative thereto.

2nd. That the said lessee shall not transfer any interest in the present grant, nor sublet to anyone, without first notifying the minister and receiving his written consent or that of some other person or persons authorized to grant same;'

Is that in your lease?—A. Yes, that is here with the word 'stand' in the margin.

By Hon. Mr. Brodeur:

Q. There is a note in the margin in pencil, 'stand, letter to be sent'?—A. Yes.

By Mr. Northrup:

Q. (reads)

'3rd. That the said lessee shall not have any right or claim to any indemnity or abatement of rent by reason of a decrease or failure in the fisheries by these presents leased;'

'4th. That the said lessee shall annually make a return of full details and particulars to the Department of Marine and Fisheries of the operations carried on in every branch of the fishery hereby leased;

'5th. That if the said lessee shall neglect or fail to pay the rent hereinbefore reserved and stipulated for or any part thereof or shall neglect or fail to perform any of the other conditions or if the said fishery is being improperly operated by the lessee and so as to prejudicially affect the public interest'—

Now that was not in the original lease, that was not in the original draft ?

By Hon. Mr. Brodeur :

Q. Now please explain that ?—A. I say that was not in the original draft of——

By Mr. Northrup :

Q. Of March ?—A. Of March.

By Hon. Mr. Brodeur :

Q. What was not in the original draft ?—A. All of this was not. For instance the words after 'conditions.'

Q. Let us be more careful. Now take the words in the copy brought down, after 'the other conditions.' What is that ?—A. In the original draft after the word 'conditions' these words have been struck out 'terms and provisos, hereinbefore mentioned.'

By Mr. Pardee :

Q. From the word 'conditions' to the word 'fishery' in the fifth clause everything is struck out and the following is inserted instead (reads) : 'Or if the said fishery is being improperly operated by the lessee and so as to prejudicially affect the public interest' ? What I have quoted has been added to the clause in lieu of what has been struck out ?—A. That is right.

Q. Now go on reading?—A. (reads) : 'the minister may give, or cause to be given six months' notice in writing to the said lessee'——

Q. Wait. The clause says 'the minister may give, or cause to be given, notice.' There was no term mentioned at first but the words 'six months'' have been pencilled in the margin in red ?—A. Yes.

Q. Now go ahead?—A. (reading) : 'that the term of the lease by these presents created will be'——. There a change has been made from 'has been' to 'will be.' (continues reading) : 'Will be determined and cancelled, and the said term and lease shall thereupon and thereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created, without indemnifying the said lessee for any improvements he may have made, and His Majesty may thereafter, without let or hindrance from the said lessee, resume possession of the said fishery and the privileges by these presents created and may continue to enjoy the same, or re-let them to others, as His Majesty may deem fit ;

'6th. That the said lessee shall be liable for any damage or loss that may accrue to His Majesty by reason of any act, or neglect of the said lessee in connection with the said fishery, and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith.

In witness whereof the minister hath subscribed and set his hand and seal of office and the lesee has hereto set his hand and seal.

Signed, sealed and delivered
in the presence of.
Witness ,

By Mr. Northrup :

Q. What you have given me is not a copy of your draft as it originally existed ?

Mr. PARDEE.—Yes.

A. The original is——

By Mr. Northrup :

Q. There is a document before you which is supposed to be the original draft ?—A. Yes.

Q. The copy contained in the file laid before the committee is not a copy of that draft as it originally stood?—A. It is.

Q. The copy of the lease brought down to us is not a copy of the draft of the lease of March 13 as it originally stood ?—A. It is not, but I think that is susceptible——

Q. Wait a moment you can explain later.

HON. MR. BRODEUR.—It is only fair to the witness to allow him to explain.

THE WITNESS.—The copy you hold in your hand is not absolutely a correct copy of the original of the draft lease. That is what I find. I also find that the typewriter who had the copying in hand simply made the changes which were made in that original draft and incorporated them in his copy which probably should not have been done as it represented the corrected original draft. Still this is a draft of the lease which culminated in the lease which I have here signed by Mr. McNee and dated November 13.

Q. Just one other word. Will you tell me when these changes were made in this draft, striking out some words and adding others?—A. That would be very difficult for me to do, sir. I will see if I can find any key by which that information can be got. (After examining the file) There does not appear to be anything showing when

these alterations were made but it was evidently after the receipt of this letter. It is impossible for me to say.

Q. It was evidently after the receipt of McNee's letter of October 22nd?—A. Yes.

Q. So far as you can see there is no evidence to show when these changes were made but it was evidently after the receipt of McNee's letter of October 22nd?—A. Yes.

Q. Did McNee's letter of October 22nd correspond with that original draft of the lease before the changes were made?—A. Just ask me that question again please?

Q. Was McNee's letter of the 22nd October, 1902, in accordance with that original draft as it stood before these changes were made?—A. As I understand it this letter purports or desires to change the conditions.

Q. The letter of McNee of 22nd October stated that there were certain clauses in the lease which he had received to which he objected. Does it not say that?—A. Yes.

Q. Does what you have before you bear out McNee's statement, taking the draft as it was before the changes to which you have just referred were made?—A. Do you mean the original draft before it was changed or as you hold it in your hands?

Q. No, I have no original. I mean the original draft before it was changed?—A. Does it carry out?

Q. The statement made by McNee?—A. I will have to read them both carefully before I can undertake to say so.

Q. You have done it before?—A. I want to read the letter.

Q. Take the letter, you will see it complains that the lease was only for 7 years?

Hon. Mr. BRODEUR.—Do you not think it would be better to say draft lease instead of the lease?

Mr. NORTHRUP.—I am using Mr. McNee's statement.

The CHAIRMAN.—Call it the first draft.

Mr. NORTHRUP.—I decline to call it draft because I consider that McNee knew what he was doing.

The WITNESS.—Am I supposed to corroborate the statement of Mr. McNee that it is a lease?

By Mr. Northrup:

Q. You are not supposed to do that at all. What you are supposed to do is this: I am asking you to look at McNee's letter in which he states that the lease which he received was for 7 years. Is there such a statement in McNee's letter?—A. I think we found that out before.

Q. You did say there was?—A. Yes.

Q. Now look at the original draft and see if the period was originally 7 years?—A. It was originally 7 years.

Q. Then look at the other clause prohibiting him from transferring his interest?—A. Without permission of the Minister?

Q. That is correct?—A. Yes.

Q. See if there is clause 5 there which places the arbitrary power in the hands of the Minister to terminate the lease at any time without compensation? See if that is in McNee's letter and also in the original draft?—A. I don't think it is conveyed in that language?

Q. (reads): 'clause 5 which places the arbitrary power in the hands of the Minister for the time being to terminate the lease at any time in the interest of the fishery and without compensation'?—A. Yes, it is there.

Q. Now look in the original draft and see if that statement is borne out?—A. Well the draft gave the Minister power to terminate the lease.

Q. Exactly that is what he complained of. This statement is borne out by the original draft?—A. By the original draft, yes.

Q. Now then, in consequence of this letter of October 22nd, what was done by the department?—A. Well, I suppose it was in consequence of that. I find that after

the letter of 22nd of October a lease is entered into between the two parties on the 13th of November.

Q. And there was an order in council obtained to authorize that?—A. An order in council was obtained.

Q. On the 11th of November?—A. On the 11th of November.

By Mr. Ames:

Q. Did that supersede the previous lease?—A. There wasn't any previous lease.

Hon. Mr. BRODEUR.—There is no evidence that there was any former lease, there is just a draft of a lease, that is all the evidence shows so far.—A. Am I on record as saying there were two leases? Because I never intended saying so, and I do not know now that there were two leases.

By Mr. Northrup:

Q. I think you are on record as saying that you cannot find any record on the files of the original lease that McNee refers to in his letter of October 22nd?—A. I find a draft.

Q. Exactly, and you are also on record as saying that you could not find any original lease to Markey on your file?—A. I do not want to be represented as stating that there were two leases when I know there were not two leases.

Q. Now then, on your oath, how do you know there were not two leases in the face of Mr. McNee's statement that there were?—A. If there were two leases, one of seven years and the other of twenty-one years, overlapping each other, both leases would now be in existence. As a matter of fact, as an officer of the Department, I am certain there is no lease except the one for twenty-one years with Mr. McNee.

Q. I suppose if the lease for 21 years was for the same privilege that would supersede the similar one for seven years?—A. This is the lease, and the only lease which we know of, as far as everything shows, that there is in existence with Mr. McNee.

Q. Now in this lease of November, 1902, for 21 years at what date does it fix the term to begin? Your lease of November begins the term I believe on the first of January?—A. In the first clause it says the 13th of November.

THE CHAIRMAN.—In the clause 'To have and to hold' you will find it.

By Mr. Northrup:

Q. When does it fix the term to begin, you will find it in the 5th clause?—A. (reads) 'For and during the term of twenty-one years, to be computed from the first of January, one thousand nine hundred and three.'

Q. Have you any record there to show what inquiries were made by the department before giving the concession?—A. No.

Q. You have no records at all?—A. I have no records.

Q. In the Markey lease have you any records to show?—A. No.

Q. Well now, I wish you to look in the correspondence leading to the Markey lease, and you will find a letter of Hon. Mr. Prefontaine on 22nd of January, 1904—do you find a letter of that date there addressed to Robert C. Smith, Esq., K. C., Montreal?—A. Yes, there is such a letter.

Q. Just read it please?—A. (reads)

'22nd January, 1904.

DEAR MR. SMITH.—Referring to your letters of the 11th and 12th instant, on the matter of a Fishery Concession in Hudson Bay, I have had placed before me official reports on the question, and I shall be glad if you could call at my office and see me next Tuesday, the 26th instant, about noon.

Yours faithfully,

R. PREFONTAINE.'

Q. Where are those reports?—A. I do not know of any reports, there are none here.

Q. They are not on the files? Is there anything on your file that would show the value of the fishery concession in these waters referred to?—A. I think not.

Q. Would it be possible for those reports to have gone in without any record at all being kept in your department?—A. Quite possible, the minister very frequently gets memoranda from his officers.

Q. Private memoranda for use between him and his friends but not for the public?—A. Sometimes there are confidential reports and conversations and sometimes those conversations are reduced to writing.

Q. Would you say it is the practice in your department for the minister to obtain confidential reports from the officers that do not go on the file?—A. Well, very frequently memoranda may be made on a case which do not get on the file.

By Mr. Johnston:

Q. Do you reduce to writing every conversation you have with your minister? —A. No.

Q. You are not in the habit of reducing to writing every word you have with the minister?—A. Not at all.

By Mr. Northrup:

Q. Is it the custom of your department to obtain 'official reports' by word of mouth?—A. No, it is not, but he or the department might refer the matter to the outside inspectors to get official reports from them, but there are no such reports here.

Q. How would you explain this statement of Mr. Prefontaine if he had no reports?—A. It is impossible for me to explain it.

Q. The 'Mr. Smith' he addressed the letter to was the gentleman who made the application, was he not, or his firm made the application which resulted in the granting of the Markey lease, that is a fact, is it not? I find a letter from them here.—A. Yes, there is a letter from Mr. Smith here.

Q. It was his firm made the application; on whose behalf do they claim to make it?—In the first sentence of the letter, in the opening sentence I think you will find ité—A. Here is a letter dated December 12, 1903: 'I forwarded you an application for a concession of fishing rights in James bay, and presume you received it in Ottawa. There is a certain amount of urgency in the matter, and I would be very glad if you would take it up with as little delay as possible.'

Q. What is the date of that, please ?—A. The 12th December, 1903.

THE CHAIRMAN.—Is it the 12th or the 1st ?—A. The 12th December, but there is a letter on the 1st December signed by the firm.

By Mr. Northrup :

Q. Yes, that I think is the opening of the correspondence that led to the Markey lease, is it not ?—A. As far as I know it is.

Q. Then read the first sentence in that letter of December 1st ?—A. (reads) :

'On behalf of clients who propose forming themselves into a joint stock company for the purpose of exploiting the enterprise, we are requested to apply to you to grant them certain fishing concessions in the Northwest Territories.'

Q. So that the application was made on behalf of certain clients. Is there anything in evidence on the files of the department to show if there were any inquiries made as to who those clients were?—A. I can find nothing here.

Q. So that the application was sent in. Will you please look at the application and see what it applied for—tell me what was applied for and what was granted. I think if you look at the end—and see if the Greater Slave lake is mentioned there?— A. (reading): 'In and upon James bay——'

Q. See if in the application you can find any reference to the Greater Slave lake? —A. To the Greater Slave lake ?

Q. Yes, it will be in the description at the beginning?—A. Yes, but I do not like to answer the question until I am very sure about it——(After reading letter)—I do not see anything here about Great Slave lake.

Q. In the application the Greater Slave lake is not mentioned. Now tell me where, in the files of your department, the Greater Slave lake first appears in connection with this lease. I won't be sure, but I think you will find the order in council has the first reference to it?—A. I am just going through the papers. Of course I daresay there was a good deal of conversation with regard to the application.

Q. We cannot assume anything, we will have to go on something substantial. Where is the first reference to Greater Slave lake that you find ?—A. I find the first reference is in the order in council of April 11.

Q. That, I believe, follows the application sent in by Messrs. Smith, Markey and Montgomery, except that Great Slave lake is added ?—A. I would have to compare that.

Mr. MARKEY.—Put it that way, all the waters are changed, every one.

By Mr. Northrup :

Q. I am asking to find out ?—A. Well it is a matter of comparison.

Q. I would like to have it if you can tell me, was the grant asked for ?—A. Well I can read the two descriptions.

By Mr. Pardee :

Q. Read the two descriptions the first and then the second, and see if they correspond with what was granted?—A. Apparently the same language was not followed.

By Mr. Carvell :

Q. Tell us what language was followed?—A. All right. The application——

By the Chairman:

Q. What are you reading from?—A. The application of the 1st December reads (reads) :

'In and upon James bay, from North Point on the west shore to Point Ekwan on the northwest shore, extending seaward for three miles from the general shore line and extending up the streams flowing into the said James bay, between the points aforesaid, also up the Albany river to the head waters of Maynard lake to the Wabigoon river, including the lakes and rivers connecting Maynard lake and Albany river, also in and upon the Nelson up to the headwaters of West river in the Northwest Territories, forming the boundary of the Saskatchewan and Keewatin Territories, and all tributaries and waters flowing into the Nelson river that lie North of the 54th parallel of latitude to and including the mouth of the Nelson river on the Hudson bay, and from Owl river on the south shore extending eastward to Cape Tatnam Point and for a distance of three miles out into the Hudson bay.'

By Mr. Carvell:

Q. That is the application?—A. That is the application.

Q. Now let us have the order in council?—A. The order in council is dated April 11, 1904 and the description reads as follows:

'The waters of the Nelson River and its tributaries, from West River to its mouth; also the estuary of the Nelson River, from Cape Tatnam westward to Owl River, extending three miles from shore; also the Hayes and Pigeon Rivers, and tributary waters in the district of Saskatchewan; also the waters of Great Slave lake in the District of Mackenzie, reservation being made in the said lease of the right of His Majesty to grant other leases in and upon said waters, under such restrictions as shall be made by the Minister of Marine and Fisheries; provision is also to be made in the lease that the privileges conveyed are not to infringe the rights of the Hudson's

Bay Company, and to maintain to Indians, Esquimaux and other native tribes, as well as to white settlers, the right of fishery for domestic purposes.'

By Mr. Pardee:

Q. That is the order in council?—A. That is the order in council.

Q. Is that what these parties got?—A. This purports to be the same thing.

Q. Does the lease follow the order in council?—A. I will have to read it.

Q. Well read it then?—A. I think myself it does.

Q. What does your copy purport to say?—A. I will read from the lease if somebody else will follow the order in council (reads):

'In the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river from Cape Tatnam'—

Mr. MARKEY.—The order in council says 'from Cape Tatnam westward to Owl river'?

The WITNESS.—That does not appear here. It says 'from Cape Tatnam to Owl river, extending three miles from shore; also the Hayes river'—

Mr. MARKEY.—In the order in council it is 'also the Hayes and Pigeon Rivers'?

The WITNESS.—(continues reading): 'and tributary waters, all in the District of Keewatin; also that portion of the Pigeon river and its tributary waters in the District of Keewatin; also the waters of Great Slave lake, in the District of MacKenzie.'

Mr. MARKEY.—The two documents are the same with the exception of some slight changes in the wording.

By Mr. Carvell:

Q. Then further on you have a provision providing for the Esquimaux, the Indians and the white settlers?—A. For all the other conditions.

By Mr. Northrup:

Q. Be good enough to read clause 8 of the lease which confers the right to grant other leases?—A. (reads):

'His Majesty reserves the right to grant other leases in and upon the said waters; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station, erected thereon by the said lessee or the said company, or in said lake, within a limit of fifty miles from any such station erected on the said lake.'

Q. So the Crown had the right to grant other leases but could not grant a lease to fish within ten miles of any fishing or refrigerating station on the rivers or in the lake within 50 miles of any such station?—A. Established by that company I take it.

Q. You cannot find from your files anything that will explain the addition of Great Slave lake?—A. No, I cannot unless it appears amongst the papers which I have.

Q. Have you any personal knowledge as to how that addition came to be made?—A. The only place I find it, is in the order in council.

By Hon. Mr. Brodeur:

Q. The Albany river was applied for was it not?—A. The Albany river, yes. That was in the original application, I think, as I read it. (After referring to file) Yes, the Albany river is there.

Q. Great Slave Lake has been substituted in the order in council for the Albany river and the Albany river does not appear there?—A. No, the Albany river does not seem to appear there. It talks of the Nelson, Pigeon, Hayes and Owl rivers.

By Mr. Northrup:

Q. Would that order in council have been prepared in your department?—A. The report upon which it was based would be prepared in my department.

Q. Is there any memorandum containing the instructions given for the preparation of that order in council or showing how it came to be worded in that way?—A. I don't see any.

By Hon. Mr. Brodeur:

Q. Who prepared that report to council, was it you?—A. No, sir, I don't think so. I was not doing the executive work of the office in 1902.

By Mr. Northrup:

Q. Who was doing it then?—A. Professor Prince.

Q. Have you any personal knowledge as to the size of Great Slave lake?—A. No, I have not any personal knowledge.

Q. It is very large is it not?—A. It is a very large lake.

Q. Are you aware it has an area of 10 or 11 thousand square miles?—A. I have never looked it up. You can get Lovell's Gazeteer from the Library and it will give you the full measurements of the lake. I know it is a very large lake.

Q. I would like you to find out the size of Great Slave lake so that it can go into the evidence?—A. I can find it out.

Q. It is 10 or 11 thousand square miles I think?—A. I cannot say what it is, but I will look it up and let you know.

Q. Now both of these leases we have been talking about, to Markey and McNee, require an annual return to be made to the department, don't they?—A. Not the McNee lease, I understand.

Q. I beg pardon?—A. Not the McNee lease, I understand.

Q. But the Markey lease does, doesn't it?—A. The Markey lease does.

Q. Have the returns been made to your department in pursuance of that clause? —A. I think so.

Q. The clause is, 'That the said lessee or the said company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.' What return was made for the year 1905, that would be the first year, I suppose?—A. In April, 1905, on the 18th of April, I have a return.

Q. Is it a full and complete return will that show the amount that has been expended in their operations, and on what it has been expended?—A. It says here that the expenditure in connection with the exploration of the Nelson river was $850. And that

'During the past winter this company has constructed and acquired fishing stations, buildings, equipment and outfits placed upon the Nelson river entailing an expenditure of $24,000, we are not able to report at this early date what the result of the operation of this equipment has been during the past winter, as complete reports have not reached us since the opening of navigation.

The company also sent out an exploration party of three men up the Pigeon river and part of its tributaries during last summer, who during two months explored waters entailing an expenditure of $420. Some sturgeon were found therein, but we are unable yet to report whether in sufficient quantities as to promise successful commercial operations.

Yours truly,

BRITISH AMERICAN FISH CORPORATION.

(Sgd.) *O. E. Fleming, Treasurer.*

Q. Then the return for the first year did not give any idea as to the amount of fish caught? But informs you that the company spent $24,000 in acquiring and building stations, etc., and $850 for exploring the Nelson river and $420 in explor-

ing the Pigeon river; that is the sum total mentioned?—A. That is the first year, yes.

Q. Were there any details given as to where these stations were, any of the stations?—A. Not in this report.

Q. This was in the year 1905, was there any report put in for the year 1906?—A. In January 1907, I have a report here dated January 29th, which is of course for the year 1906. (reads)

Windsor, Ont., Jan. 29, 1907.

The Hon. the Minister of Marine and Fisheries,
Ottawa, Ont.

DEAR SIR,—Referring to your communication of the 11th instant in reference to the lease granted by the Minister of Marine and Fisheries to Mr. F. H. Markey of Montreal and transferred by him to this company, we are now in a position to give you the necessary information for parliament, as covered by the motion, as follows:—

(a).The number of tug boats and men employed.

(b) The quantity and value of nets used.

(c) The number and value of fish taken.

(d) The quantity of fish exported under each of said leases during the last period of twelve months for which figures are available.'

Q. Excuse me, 'under each of said leases' I do not quite understand what that means?

Mr. MARKEY.—This was a motion made on the floor of the House, and this is in reply to the question.

Mr. NORTHRUP.—This is alluding to various leases, is that it?

Mr. MARKEY.—This was to enable the minister to answer questions on the floor of the House.

By Mr. Northrup:

Q. I thought it a funny thing when it said, 'under each of said leases?—A. Yes, this narrative was prepared under an inquiry for information in the House. (continues reading):

'We are sending you enclosed inventory of the boats, nets and other equipment placed upon the Nelson river and remaining in 1905. Some of this equipment was replaced and added to during the year 1906, but we are not in a position at the present time to give you a complete inventory inasmuch as one has not been made at the end of the season 1906.

The number of men constantly employed were fifty, but additional help was obtained from time to time in the locality, and employment given to settlers and any others desiring to fish, the catch of which would be purchased by the company.

The catch for the season 1905 was 60,000 pounds of sturgeon of the value of 10 cents per pound, 45,000 pounds of whitefish of the value of 6 cents per pound, and 3,000 pounds of caviare of the value of 80 cents per pound.

We regret that we are not in a position to supply you with the operations for the year 1906, as this will only be available when the catch is brought down, upon the opening of navigation.

Yours truly,
THE BRITISH AMERICAN FISH CORPORATION LIMITED,
O. E. Fleming, Treasurer.'

By Hon. Mr. Brodeur:

Q. Give me the details of these schedules, please?—A. I do not know that it gives the money value.

Q. What would be included in Schedule A. how many tugs were employed?—A. The number of tugs and men employed—well there is the tug *Cygnet* (Steam), the tug *Eagle* (Gas), the tug *Falcon* (Steam), three York boats, four boats, 24 feet for

freighting sturgeon, 8 skiffs new, 1 skiff second-hand, 20 feet, good order; one pound net boat, one sail boat (*Pterodactyl*).

Q. Did you give the value of those things ?—A. No sir.

By Mr. Northrup :

Q. Then the only report you had as to the fish brought out is for the fish for 1905, apparently ?—A. That is so far.

Q. Even up to this date in the year 1908 you have no report showing the fish bought in the year 1906, is that a fact?—A. Well, I will just see, sir.

Mr. MARKEY.—No.

Q. Has the department taken any steps to cancel the lease for violation of this clause ?—A. None that I know of.

Mr. MARKEY.—A report was made in 1907.

By Mr. Northrup:

Q. Yes, but that is for 1905 ?—A. I have a report here dated April 12, 1907—You asked me whether I had any report for 1906, and I was forced to answer the question while still looking at the papers. I find I have here a letter of April 12, 1907, I will read it if you like.

Q. Read it if it gives the information that we are after?—A. It gives the information for 1906. (reads):

WINDSOR, ONT., April 12, 1907.

The Honourable
The Minister of Marine and Fisheries,
Ottawa,

DEAR SIR,—In pursuance of the terms and conditions of the lease dated April 19, 1904, issued by your department to Frederick H. Markey, and assigned by him to this company, we beg to report the operations for the year 1906, as follows :—

1. The amount expended in explorations, equipment, improvements, fishing operations and preparations for future operations, is the sum of $2,160.

2. Paid in wages to settlers and men employed in the operations, $4,400.

3. About 60 miles of new fishing territory on the Nelson river has been explored and to a certain extent developed by the operations of the company on these waters during the season.

4. The quantity of fish taken from the Nelson river and tributary waters was : 16 tons of sturgeon, 1,100 lbs, caviare; 37 tons whitefish; and 1,400 lbs. pickerel.

5. All of the said fish were exported except about 21 tons used in Canada to supply the demands of the trade.

Yours respectfully,
THE BRITISH AMERICAN FISH CORPORATION LTD.,
O. E. Fleming, Treasurer.

By Mr. Ames:

Q. What is the date of the lease of which that letter makes mention?—A. April 19, 1904.

By Mr. Northrup:

Q. In 1905 the company got 60,000 pounds of sturgeon, 40,000 pounds of whitefish and 3,000 pounds of caviare?—A. Yes.

By Mr. Ames:

Q. I think you said the lease did not begin until November?—A. That is the McNee lease.

By Mr. Northrup:

Q. There is nothing there to show from what particular waters these fish were taken is there?—A. No, I do not see that there is.

Q. They might all have been caught within the space of a mile or two, as far as

that letter shows? Is that the fact?—A. This does not show the locality of the fishing operations.

Q. Then as to the moneys which have been expended all the details you have are: 'Expended in explorations, equipment, improvements, fishing operations and preparations for future operations, $2,160. Paid in wages to settlers and men employed in the operations $4,400. About 60 miles of new fishing territory on the Nelson river has been explored'.——?—A. That is for 1906.

Q. For 1906?—A. Yes.

Q. There is a long schedule in the file of expenses of this company. Would that be for 1906?—A. Hold on, I don't know about that. That might very properly represent the plant they had there, not for any particular year.

Q. Tell me what it shows?—A. I see it says here, 'We are sending you enclosed inventory of the boats, nets and other equipment placed upon the Nelson River and remaining there in 1905. Some of this equipment was replaced and added to during the year 1906, but we are not in a position at the present time to give you a complete inventory inasmuch as one has not been made at the end of the season 1906.' I suppose that would represent the plant they had there.

Q. This schedule is supposed to represent expenditures made in conformity with the lease, is that it?—A. I suppose so. It does not deal in money. It deals in all kinds of plant and necessities for carrying on the work and I take it that they are supplying us with this information in accordance with the terms of the lease. That is to say I suppose that these——

Q. Is there any evidence before your department to show that any statement of expenditure for 1906 does not include what was already expended in 1904 or 1905? Have you any check at all over that?—A. I don't see that we could.

Q. Have you not any as a matter of fact?—A. No.

Q. You have no official on the spot to see that these expenditures have been incurred?—A. Not out at Great Slave lake.

Q. If you look at this statement you will find all sorts of articles, from Pink Pills and Castoria to ladies' shoes and that kind of thing. Do you think, without going into the items, that those are proper expenditures to credit a company with in exploring that country?—A. Well I don't think we would have anything to do with these expenditures. I mean to say that the government would not in any way be responsible for them but I could conceive circumstances under which all kinds of expenditures would be necessary in those remote districts.

Q. And you think that this company which is bound to expend a certain amount of money in exploring and development should be allowed to expend its money in such items as I have stated?

Mr. MARKEY.—Only three thousand and that statement represents $40,000.

Mr. NORTHRUP.—I don't know how much it represents because the prices are not given in the statement.

Hon. Mr. BRODEUR.—You can get Mr. Fleming to explain that I suppose.

By Mr. Northrup:

Q. I will not waste time over it. I want to find out this: You have not in any way gone through this account to see how much of the money that is said to have been expended was spent in a proper way in exploring the country and developing the fishing industry?—A. We have not the means at our disposal at Ottawa to do so.

Q. You have not got it as a matter of fact?—A. No, we have taken the statements that have been given us.

Q. Now that is the statement made by the company operating under Mr. Markey's lease. What statements have been handed in by the company which is operating under Mr. McNee's lease?—A. Mr. McNee's lease? I don't think his lease requires any statements.

Q. I think it does?—A. Probably so but it is not the same character of lease.

Q. I cannot keep track of the leases. Here is one dated 13th March which requires

it and here is one of November which also requires it. Clause 4 provides 'that the said lessee or the said company shall annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.'?—A. Yes.

Q. What return was made for the year 1904, which would be the first year of operations under that lease?—A. We have no return from Mr. McNee.

Q. None of any kind?—A. He has not operated there.

Q. Have any steps been taken by the department to cancel his lease in consequence of failure to perform his obligations?—A. None that I am aware of.

By the Chairman:

There has been nothing to report?—A. There has been nothing to report, there have been no operations there. My understanding of the matter was that they were waiting for railway communication and that is the reason he wanted the lease to be that length; they have not any means of getting fish out.

Q. Perhaps you will give us an explanation of the policy of the department? Why does the department tie up all these waters and keep them tied up until railway communication is established?—A. That would be impossible for me to say, I was not responsible.

Q. But the fact is that the department did deliberately do that, four or five years ago, knowing that these rights could not be utilized until there was railway communication?—A. All I know is there was a lease issued.

Q. And you understand since that the lease cannot be operated until there has been railway communication?—A. That has been my understanding but I may be incorrect in that.

Q. There was another lease to Messrs. Merritt and Coffey. Have you the papers dealing with that lease? I have not seen any of them. When was the lease granted to Merritt and Coffey?—A. What lease, sir?

Q. It is a lease of the exclusive right to fish for sturgeon with pound nets in the waters of Cumberland and Namew Lakes including Whitney's Narrows?—A. It was issued on November 26, 1903.

Q. When was the application put in for that lease?—A. The application is dated November 25, 1903.

Q. The application was put in on the 25th and the lease was granted on the 26th November. Was there any order in council obtained for that lease?—A. None was necessary.

Q. It was not obtained?—A. It was not. I may say the Minister of Marine and Fisheries has a right to issue a lease for a term of 9 years under the Fisheries Act, but a lease exceeding that 9 years can be granted only by authority of council. This lease was for only 5 years. There was no need for an order in council, and, therefore, none was obtained.

Q. Is it not possible that that fact may explain why there was no order in council obtained for Mr. McNee's first lease which was for 7 years?—A. Of course that would explain it.

Q. Then the application by Merritt and Coffey was made on the 25th November and granted on the 26th. Were there any inquiries made by the department as to value of the concession which was granted?—A. There were no inquiries from outside officers. I suppose any information that was required on it was obtained in the department at the time.

Q. Obtained during the 24 hours that elapsed between the application and the granting of the lease?—A. Yes.

Q. Will you please read what were the provisions of the lease, what the grant was, the exclusive right to fish for?—A. The exclusive right to fish for sturgeon only.

Q. Yes.—A. There was nothing to prevent others fishing for other fish, the lease granted, 'the exclusive right to fish for sturgeon with pound nets in the waters of Cumberland and Namew Lakes, including Whitney's Narrows.'

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Q. For what term?—A. For a term of 5 years to be computed from November 26, 1903.

Q. At what rent?—A. At $200 per annum.

Q. Have any returns been made from this lessee under Clause 5 of the lease which requires that they shall annually make a full return of full details and particulars. Has any return been made?—A. There does not appear to have been any special return made, unless such return can be found in the statistics of the fishery officer for that district.

Q. But as far as this file is concerned there is no return?—A. As far as this file is concerned there are no special returns, but they can be found in the statistics of the department, I think.

Q. Have any steps been taken by the department to secure this return?—A. There is nothing here to show that has been done.

Q. There has been nothing done to cancel the lease?—A. Nothing done to cancel the lease, but I think these returns are to be found in the report of the inspector for the district, and that will be found in the department.

Q. But under the lease he is bound to make a return to the department and that has not been done?—A. It has not been done to the department direct, but that can be done through the inspector of the district which will carry out the requirements of the lease.

Q. You do not know, as a matter of fact, whether it has been done or not?—A. I do not know that, but I do know that the officer collects the statistics for this district.

Q. But you do not know whether this company has given him any return or not?—A. I do not know, but I think——

Q. There is nothing on these files to show?—A. Nothing among these papers.

By Hon. Mr. Brodeur :

Q. That is, there is nothing on the file you have there?—A. Not on the files I have here, but it may be in other files in the department.

By Mr. Northrup :

Q. Will you kindly make a memo. to see whether that return has been made, you are coming again to give us the size of the Great Slave lake and you might give us that information also.

By Hon. Mr. Brodeur :

Q. We have fishery officers on these lakes, haven't we?—A. Yes, and we have a district inspector also, sir.

By Mr. Zimmerman:

Q. I would like to ask whether this company has the exclusive right to fish in these waters, or whether the government have the right to issue other licenses?—A. The government, as I said at first, has merely given in this lease the right to fish with pound nets for sturgeon, that is all the exclusive right they have under the lease. The settlers may get licenses to fish for all other kinds of fish except with pound nets for sturgeon and they do get them.

By Mr. Carvell :

Q. Do the settlers have licenses there?—A. The settlers in these lakes have what are called domestic licenses.

By Mr. Northrup :

Q. You have another lease there from the Crown to John Kenneth McKenzie, have you not?—A. Yes—I will just make a note of the information you require first.

Q. Yes, we want a return of the size of the Great Slave lake, and the return of

the Merritt and Coffey lease. Will you kindly see if you can find a lease from the Crown to John Kenneth McKenzie, a merchant of Selkirk?—A. I have a lease to Mr. McKenzie, yes.

Q. What is the date?—A. The 14th of May, 1904.

Q. And what is the concession?—A. (reads):

'The right to fish with nets, or in any other legal manner to take and catch all kinds of fish in and upon the waters of Lake Athabasca and Lesser Slave lake in the District of Athabasca.'

Q. And what is the rental?—A. $10 per annum.

Q. For what term?—A. For a term of nine years.

Q. To be computed from when?—A. From the first of May, 1904.

Q. Have any returns been made under the fourth clause of that lease which provides,

'That the said lessee, or the said company shall, annually make a full return of full details and particulars to the Department of Marine and Fisheries, of the operations carried on in every branch of the fishery hereby leased.'

A. I have a letter here dated 25th of April, 1905, from J. K. McKenzie. Do you wish me to read it?

Q. Does it give the particulars for 1905, does it shed any light on what has been done, if it does, I would like to hear it, and if it does not, I don't want it. I want to know how much money he has spent and how much fish he has caught?—A. I have another letter here which is dated April 24, 1905, which probably gives you the information you want, I will read it: (reads)

SELKIRK, April 24, 1905.

Hon. RAYMOND PRÉFONTAINE,
Minister of Marine and Fisheries,
Ottawa..

SIR,—Complying with the terms of the lease by His Majesty the King through your department, dated the 14th of May, 1904, granted to John Kenneth McKenzie, of the town of Selkirk in the province of Manitoba, and assigned to this company, we beg to report as follows:

In accordance with the terms of the lease Mr. McKenzie assigned the same to this company, a copy thereof having already been forwarded to you.

We sent an exploration party of four men in the month of July from Edmonton over the trail to Lesser Slave lake, a distance of about two hundred miles. This party reported having thoroughly tested Lesser Slave lake throughout its length. The expenditure in connection with this exploration party was $1,150.

The explorers reported that whitefish predominated in the lake. There are also to be found therein small quantities of yellow pike, green grass pike and suckers. There is also a species of fresh water trout in this lake, but not in large quantities, although the trout will run in size from 20 to 50 pounds each, and very much resemble the genuine salmon trout.

There are practically no settlements of any kind around this lake, with the exception of the trading post and a few Indians.

Upon the report of the exploration party, as soon as the trail became frozen the company sent in equipment with fourteen men, and by January 1st, 1904, had erected five temporary fishing stations at an expense of $4,200. These fourteen men employed all the Indians they were able to obtain, from January 1st until March 10th, and produced in their operations 168,000 pounds of white fish. The number of gill nets used in the operations was 80 of 5½ inch mesh. The quality of the Lesser Slave lake white fish is similar to the Georgian Bay white fish, a fish of high quality. The water in the centre of the lake is 140 feet deep which accounts for the high grade of the white fish.

It is, of course, unnecessary to explain to you that under existing conditions no fish can be exported from these waters except during the winter months when it is

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brought out in a frozen state. The company is endeavouring to promote the building of a railroad from Edmonton to Athabasca Landing, when fishing operations may be carried on during the whole year.

Yours truly,

THE ATHABASCA FISH COMPANY, Limited.

(Sgd.) *J. K. McKenzie, President.*

Q. So apparently 168,000 pounds of white fish were taken out that year. What year would that be?—A. The letter is dated April, 1905 so it must have been the first year of the lease.

Q. What was taken out the next year? Is there anything to show that?—A. There is another letter dated March 20, 1906 (reads):

The Hon.,

The Minister of Marine and Fisheries,

Ottawa.

DEAR SIR,—In compliance with the lease issued by His Majesty the King, through your department, dated May 14, 1904, and made with John Kenneth Mackenzie, of the town of Selkirk, in the Province of Manitoba, as signed to the Athabasca Fish Company, Limited, we beg to report as follows:

During the past winter ten or twelve men were employed in fishing in Lesser Slave lake, in the Province of Alberta, and produced two car loads of white fish, being about 50,000 pounds, which were marketed at Edmonton..

The expenditures during the season $1,775, principally for labour; six stations were located during the past season.

During the coming winter of 1906-7 the company expects to greatly increase its operations in this region, the means of transportation by rail being expected to be much improved.

Yours respectfully,

THE ATHABASCA FISH COMPANY, Limited.

(Sgd.) *J. K. McKenzie, President.*

By the Chairman:

Q. How far is it from Edmonton?

Mr. MARKEY.—200 miles.

By Mr. Northrup:

Q. It appears from the letter which you have just read that the company took out 50,000 pounds of white fish and spent $1,775?—A. Yes.

Q. Have there been any reports since then?—A. That was the year 1906, was it not?

By Mr. Carvell:

Q. No, for 1905?—A. There is another report due this month. There is another letter here giving some information asked for by the House of Commons. It is not directly——

By Mr. Northrup:

Q. It is not a return made to your department, that is what I want to get at?—A. There was a large amount of money spent in these Lesser Slave lake operations during the summer of 1904.

Q. That is the same story that we have already had?—A. Yes, but it is told in a different manner.

Q. Let us have it in case there are different results?—A. (reads):

'No tug boats are, nor have been, employed on the lake, but during the winter fishing 20 men were employed and who used in their operations $3,000 worth of nets. They got out 84 tons of white fish, about 8 car loads, valued at $8,000.

'During the time of the operations the fish were brought in boxes, frozen, by way of landing, by teams, and shipped from Edmonton, but the expense of bringing them

in this way to Edmonton was so great that the company suffered a great loss and it was found that operations could not be carried on to any great extent successfully until such time as railway facilities are constructed to a nearer point than they are at present.

'We have expended considerable money in carrying on further explorations, with the result that we find that the lake contains large quantities of the very finest white fish.

'In addition to these expenses and exploration work, we have established two fishing stations, one on the island at the east end of the lake and the other about the middle of the lake on the north side. Considerable money has been spent for buildings and shanties, &c., besides having several posts at the different points on the lake.

Yours truly,

THE ATHABASCA FISH COMPANY, Limited.

J. K. McKenzie, President.

That is from a letter of February 1st ,1907.

Q. Have you any other return ?—A. I have another return dated April 12, 1907 (reads)

DEAR SIR,—In pursuance of the terms of the lease dated May 14, 1904, issued by your department to John Kenneth McKenzie, of the town of Selkirk, and assigned by the said J. K. McKenzie to this company, we beg to report as follows :—

1. That the operations and expenditures under this lease for the year 1906 were curtailed on account of the difficulty in getting the fish from the waters to the market. A certain amount of exploration work was done and operations carried on in Lesser Slave lake to supply local consumption only, occasioning the expenditure for explorations and operations under the lease of the sum of $365.45.

2. Certain amount of exploration work was done on Lake Athabasca, but until it is possible to get better transportation facilities to get the fish to the market, it will not be profitable to carry on our operations to any great extent.

3. We understand that a charter has been granted for the construction of The Athabasca Northern Railway from Edmonton to the landing, which will enable us to transport fish from that point and which will be the means of a speedy development of the fishing industries in that country and of tremendous benefit to the settlement and the people already located in the neighbourhood.

Yours respectfully,

THE ATHABASCA FISH COMPANY LIMITED,

J. K. McKenzie, President.

Q. That letter gives a very full account of the future, but omits to mention what amount of fish they have caught in the past year does it not ?

Mr. MARKEY.—It was in the previous report.

A. That is for 1906. They did not do any fishing. All they spent was in explorations. He says in the letter : 'until it is possible to get better transportation facilities to get the fish to the market, it will not be profitable to carry on our operations to any great extent.'

By Mr. Northrup :

Q. He does not say how many fish they have caught ?—A. No, this report does not say. This is the last that is due except there will be one due about to-day. This is dated April 12.

Q. The last report you have read does not really give the information the department should have. It consists of a wail that fishing is not profitable but we would like to know the facts?—A. He practically says that he has not done anything.

Q. Except for local consumption ?—A. Yes. In another letter they explain that they have lost money.

Q. But there is not a word to show how much fish were caught ? That is what we are interested in ?—A. No.

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Q. Were any steps taken by your department to have that return made complete in order to show how many fish were taken?—A. That return was accepted in a general sense.

Mr. PARDEE.—It is not shown that they got any except for local consumption.

By Mr. Northrup :

Q. Were any complaints made by the people in that part of the country as to this company ?—A. No, none that I have ever heard.

Q. No complaints about fish beng hauled out on the ice and left there ? There is no such correspondence?—A. I have seen no such correspondence.

Q. Is there any correspondence about any of the companies ?—A. I have not heard of it.

Q. As to this concession it was Lesser Slave lake and Athabasca?—A. Lesser Slave lake and Athabasca.

Mr. NORTHRUP.—You will please let us have a memorandum as to the size of those lakes also.

By Mr. Ames :

Q. Is there anything about Lake Athabasca?—A. It is included in the lease that we are dealing with.

Mr. MARKEY.—A party went up last fall for two months and they have made a report of 20 pages. That is being prepared and will soon be ready. It is a daily diary of operations for the two months but it not yet in such a shape that it can be put in. When the report is ready you can peruse it.

By Mr. Northrup :

Q. Were inquiries made by the department before it granted this lease, as to the value of the concession ?—A. Are you speaking of the McKenzie lease ?

Q. Yes?—A. I don't know of any inquiries.

By Mr. Ames:

Q. Is there any provision in this McKenzie lease for its renewal on the expiry of 9 years?—A. I will just look it up. I think there is. (after referring to file) Yes, there is.

Q. What is the clause with reference to the renewal?—A. The clause says 'should the said lessee conform to all the terms and conditions of the present lease, and should he establish at the termination of the said period of nine years, that he, or the company hereinafter mentioned, has expended in the exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least ten thousand dollars, then he or the said company shall have the option of renewing the present lease, subject to the same terms and conditions for a further period of nine years.'

Q. That is practically an 18 year lease?—A. I suppose it would be if they complied fully with the terms and spent all that money, that involves $10,000 expenditure by them.

By Mr. Sproule:

Q. That will be determined, I suppose, by the bills put in by themselves without verification?—A. I do not know that is the case. Probably we would get reports from some of our inspectors; by that time there will be better communication in every way with these remote districts.

Q. These bills that you have gone over, I understand they are not verified, with regard to their lease?—A. I answered those questions as they were put to me, that there was no method of verification on the spot, but that our officers will look into that.

Q. That there was no effort made by the department to verify them, if we understood it correctly, that is what the witness said?—A. No, that they were accepted by the department as sent in by the company as representing their operations.

Q. They were accepted by the department as satisfactory?—A. Yes.

By Mr. Northrup:

Q. The Markey lease, if you look at it, had the same provision, hadn't it, that this lease has, you have just read it, with regard to renewal?—A. I think it had, I will look, in order to be certain.

Q. For a renewal for a further term of twenty-one years?—A. Yes, it is the same.

By Mr. Carvell:

Q. But not for the same amount of expenditure, though?—A. I will read it, probably it is better to have this answer correct. (reads):

'Should the said lessee conform to all the terms and conditions of the present lease, and should he establish at the termination of the said period of twenty-one years, that he, or the company hereinafter mentioned, had expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least one hundred thousand dollars, then he shall have the option of renewing the present lease subject to the same terms and conditions, for a further period of twenty-one years.'

By Mr. Ames:

Q. Is the McNee lease the same?—A. The same with regard to what particular?

Mr. MARKEY.—There is no provision with regard to expenditure.

The WITNESS.—But in what particular regard. I do not exactly understand the purport of that question.

By Mr. Ames:

Q. Has it any renewal proviso at all, and if so on what conditions would the McNee lease be renewable at the end of the period?—A. I will have to go carefully through it to see, I have the lease here. (after examination of lease) I find no clause at all in the lease providing for renewal.

Q. There is no clause at all? May I ask just one more question—have you anything on the file that tells as to his power to sublet under the McKenzie lease?—A. Nothing except what I have just read, which shows it to have been operated by the company under the McKenzie lease.

Mr. MARKEY.—An exploration party went out last fall, two men went up there, and the report is not made yet.

By Mr. Ames:

Q. Is it true that one Butterworth, is operating there?

Mr. MARKEY.—No, he is operating at Collingwood, I understand.

By Mr. Northrup:

Q. In view of the fact that these gentlemen are entitled to a renewal of their lease if they have spent a certain amount of money, is the department taking any steps at all to check their statements as to the amount?—A. The department has issued instructions to the inspector of fisheries to ascertain everything he possibly can as to the methods in which the fishing is being done. We, of course, appreciate that the fisheries are very remote and we are not able to get as exact information now as we will be able to later on.

Q. To come down to facts, let us understand something. You are given figures by the lessees as to expenditure, does the department take any steps to check those figures?—A. We are seeking such information as will enable us eventually to prove all these statements.

Q. Is any of that information given you under these leases accepted while you are seeking information?—A. It is such information as I have read; I have given you all the information that we have.

Q. You have not read me a word along the line that I speak of. Certain information is given to you by the lessees. I am asking you has your department taken

any steps to check the accuracy of that information?—A. My reply to that is that we instructed the fishery officers of the department to get all the information that they can that will enable us to check those statements eventually.

Q. These leases have been going on for four years. Have you received any such information up to date?—A. We have no specific information.

Q. Will you turn up the files, and give me any letter you have written to the fishery officers giving such instructions to them?—A. I haven't any here.

Q. Will you be good enough the next day you come here to let us have any letter you have sent to the officers, or any such information that you have received as will enable you to check these statements?—A. We have asked for all kinds and classes of information.

Q. You say you are seeking such information?—A. Yes, we are seeking it.

Q. I am asking you for the letters that will show what information you are getting. We haven't found that you have received any in the four years. We have spoken of Merritt and Coffey having a certain lease. Will you look up and see if they made another application for privileges of fishing with gill nets in certain water, dated March 20th, 1905? Have you a letter of that date?—A. An application?

Q. An application, yes?—A. There is an application, yes.

Q. An application ?—A. Yes, there is an application here.

Q. What is the date of that ?—A. March 20, 1905.

Q. What is the application?—A. It is an application from S. L. Merritt and E. D. Coffey, asking the government to grant them the privilege of fishing twenty thousand fathoms of gill nets in the waters of Cedar, Moose, Cormorant and Atikameg lakes, lying in the ditstrict of Saskatchewan, and also for the privilege of fishing pound nets in Cedar lake.

Q. What was done in that application ? It resulted in a lease I suppose?—A. It resulted in a lease.

Q. What is the date of that ?—A. The date of the lease ?

Q. Yes ?—A. March 25, 1905.

Q. That is 5 days later ? Was it a formal lease or just a letter ?—A. It was a letter expressing the terms. A lease in the shape of a letter.

Q. Were there any inquiries by the department before that lease was given to determine the value of the concession ?—A. Not that I am aware of.

Q. Do you know as a matter of fact that they have operated under that lease ?—A. Yes, they have operated under that lease.

Q. Have you any return to show to what extent they have done so ?—A. That lease does not call for any returns, and I don't think we have any.

Q. What was the duration of the lease ?—A. The duration of the lease ?

Q. Yes ?—A. The lease is for 5 years from April 1, 1905. It expires in 1910.

Q. And there are no returns ?—A. No.

By Mr. Sproule :

Q. Is there any clause providing for a renewal of the lease in that ?—A. No clause at all.

By Mr. Northrup :

Q. That lease covers two or three lakes and you will also give us their sizes ? You will come to-morrow morning and give us that information if you can ?—A. Yes, if I can procure it but I am not a geographer.

By Mr. Pardee :

Q. Did Mr. Coffey throw up that lease or was there any trouble about it ?—A. Not that I know of. He has had a good deal of trouble by others trying to get in to fish.

Q. The trust went in there and fished did they not ?—A. I don't know, I am not conversant with that.

Mr. MARKEY.—They wanted the department to seize the fish taken out by the trust.

Witness retired.

The committee adjourned.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
TUESDAY, April 28, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of $10 by the British American Fish Corporation, annual rental of lease Nelson and other rivers in Keewatin, and Great Slave lake in MacKenzie district, to May 1, 1908; also payment of $10 by Arch. McNee, Windsor, Ont., annual rental for lease of James bay for 1907; also payment of $100 by Merritt and Coffey, Winnipegosis, annual rental for lease Cedar, Moose, Cormorant and Atikameg lakes to April 1, 1908, as set out at page P—198, Auditor General's Report for the period ended March 31, 1907.

The CLERK.—I desire to read the following letter which has been sent to me (reads):—

OTTAWA, April 23, 1908.

SIR,—In the matter of the leases for fishing privileges now before the Public Accounts Committee, certain papers were brought down, among which was what purported to be a copy of a lease issued to Mr. Fred. H. Markey for fishing privileges on Nelson river and other streams, as well as Great Slave lake.

It appears, however, that this document is not a correct copy of the lease as finally issued, but of a draft of the proposed lease in a form which was eventually changed, no copy of the lease as executed being at the time on the file.

In explanation of this, I may say that upon examination of the Debates of the House of Commons, 1904, volume V., it has been ascertained that a discussion then took place on the leases now before your committee raised by Mr. Boyd, during which the late Honourable Mr. Préfontaine, Minister of Marine and Fisheries, produced the department's original copy of the lease to Mr. Markey, and Mr. Boyd read the same into the debates.

A comparison of the original lease held by Mr. Markey with that as read into the debates by Mr. Boyd shows them to be identical.

In February, 1905, the chief reporter of the Official Debates was asked by letter for the return of the lease, and he replied stating that the document had been returned, but according to the records of the department this does not appear to have been the case.

An officer of this department called at the office of the Debates Reporters in order to ascertain if the lease could be traced, and was informed that matter of so old a date was not kept, and that in the case of the lease in question, if the usual course adopted with documents read into 'Hansard' had been followed, the lease would have been handed back to the member of parliament who read it into the record, and that this was the invariable practice, unless some specific request or instruction to the contrary were made or given.

I am now directed by the minister to enclose herewith a correct copy of the lease, dated 19th April, 1904, held by Mr. Markey, with the request that it be substituted for that included in the papers submitted to the committee.

I am, sir, your obedient servant,

(Signed) G. J. DESBARATS,
For Deputy Minister Marine and Fisheries.

APPENDIX No. 1

The examination of Mr. R. N. Venning resumed.

By Mr. Pardee:

Q. The letter which has been just read fully explains the fact of the original lease not being upon the files of the department?—A. Yes.

Q. It was produced in the House, as I undestand from that letter, and handed to the 'Hansard' reporter to be inserted in the Debates?—A. All of which appears in 'Hansard.' The record appears in 'Hansard.'

By Mr. Northrup:

Q. You were asked, upon the last occasion of this matter being before the committee, to give us certain information?—A. You asked me when I was here last to give you the extent of certain lakes in the Northwest Territory. I obtained the desired information from Mr. White, Geographer of the Department of the Interior, and it is as follows (reads):—

	Sq. M.
Great Slave lake	10,714
Athabaska lake	2,842
Lesser Slave lake	480
Cumberland lake	166
Namew lake	66
Moose lake	552
Cedar lake	285
Cormorant lake	141
Atikamag lake	90

Q. Those are covered by the Markey and McNee leases?—A. No, the Great Slave lake is covered by the Markey lease, Athabaska and Lesser Slave lake by the McKenzie lease, and the other six lakes by Coffey and Merritt's two leases.

Q. The McNee lease does not cover any lake?—A. It does not cover any lake. No question was asked as to the extent of that.

Q. That covers James bay, if I remember right?—A. Yes, the southerly end of James bay.

Q. Are those the only questions that you were to answer?—A. Those are the only things in regard to which you asked me to bring information.

Mr. NORTHRUP.—The witness had better not be discharged in case anything should arise upon which we may want to again examine him.

The witness retired.

Mr. FRED. H. MARKEY, Montreal, called, sworn and examined.

By Mr. Pardee:

Q. You are concerned with some fishing leases in the Northwest that have been set out by Mr. Venning?—A. Yes.

Q. What ones are they, and what is the company concerned?—A. The lease covering the waters of the Nelson river, Hayes river and Great Slave lake was granted to me personally for the purpose of being transferred to the British American Fish Corporation, which had not been incorporated at the time of the application, but as soon as it was found that the application would be granted the letters patent were taken out, and the same day as I received the lease from the government I assigned it to the company, as was the original understanding.

Q. It was taken out by you for the purpose of turning it over to this joint stock company. What was the object of taking it out in your name; so as to avoid losing time and that sort of thing?—A. We did not know when the application was made that it would be granted, and therefore it was not advisable to incorporate a company

for the purpose of taking this lease from the government until we found that the application would be granted. The application being granted, and the order in council being passed in my favour, then the application was made for letters patent and they were issued simultaneously, almost simultaneously, with the granting of the lease.

Q. What led up to the granting of that lease, what was your first connection with it?—A. In the fall of 1903 Mr. O. E. Fleming, of Windsor, Ontario, came to me, saying that he represented a number of fish companies in the Northwest who were operating in opposition to the Fish Trust of the United States; that is to say, these companies were producing supplies to subsidiary companies in the United States for the purpose of carrying on this opposition. He explained that they were fighting a very hard battle with the Trust, and desired to get some extensive waters where they could be successful in competition. He suggested the Albany river, and I think the Nelson was also suggested in the first place.

Q. By him?—A. By him. The lease, however, he explained, would have to be of an exclusive character, otherwise as soon as the companies commenced operating and placed a large plant thereon the Fish Trust would come alongside and immediately commence operating, and so take the benefit of the expenditure made by his clients.

Q. Before you get any further, is the Fish Trust in absolute control of the market in the United States?—A. There are practically two companies operating in the United States—the Booth Company, known as the Fish Trust, and being an amalgamation of a large number of companies; and the combination called the Anti-Trust, consisting of the Buckeye, the Wolverine and several others, they are all joined together in fighting the Trust there. In the Northwest Territories and Manitoba there are subsidiary companies or representatives of these two concerns, who are operating and sending in supplies to the United States. It is well known to everybody in the west that the representatives of the Trust in Manitoba and the Northwest are the Dominion Fish Company, and the other companies are producing supplies for the purpose of supplying what is known as the Anti-Trust.

By Mr. Northrup:

Q. The Booth Company is the Trust and these other companies are the Anti-Trust?—A. Commonly called the Anti-Trust.

By Mr. Pardee:

Q. Well, between the two of them, do they control the trade?—A. They absolutely control the fish market of the United States. If you sent down a half a dozen carloads or ten carloads of fish to the United States to-day and these two companies, these two combinations, would not buy from you——

Q. That is the Trust and the Anti-Trust combination?—A. Yes. You would sell the whole of your fish at one cent a pound.

Q. Your object, or Mr. Fleming's object, when he first came to you, in asking for exclusive rights, was to prevent these people coming in and fishing contiguous to you and going on with the same game they had been going on with heretofore?—A. Yes; they could send form there, alongside of us, a large quantity of fish—and I may say you can only send it to the United States in carload lots—pile it up in their refrigerators, and as soon as we put in a small quantity, four or five carloads, they would unload their large quantities and we would be swamped. I am informed that the Trust has to-day ten million pounds of fish in their refrigerators, and some of that has been there a year, and if you take any fish down there they would unload it at a cent a pound less than it cost, and so put you out of business.

Q. Then, to go on to the conversation that Mr. Fleming and you had between you, Mr. Fleming came to you, and what took place then?—A. I thereupon went to Mr. Préfontaine and explained the condition of affairs to him. He took a great deal of interest in it, and he turned me over then to Professor Prince. Professor Prince and I discussed it from time to time, backwards and forwards with Mr. Préfontaine, and certain changes in the proposals were made. For example, the Albany river was not granted, for the reason that we might get into conflict with the Ontario govern-

ment. Mr. Préfontaine explained that he might give us half way across the river and then the Ontario government might grant the other side to the other people, and we immediately recognized that that would be of no advantage to us, because possibly the Trust might immediately get in on the other side of us, so that part of it was abandoned. Negotiations were taken up, as I think I have said, in the fall and continued until the month of April following. The great difficulty encountered with the minister was as to granting us an exclusive right. I can understand how, in the copy of the lease, as it came down before this committee, the word 'exclusive' appears. It was in the original draft which was prepared and which the minister refused to execute. Mr. Préfontaine explained that the government would not grant us exclusive rights, and we said we could not take it under any other circumstances. That brought the negotiations, as I have stated, along for several months. He offered me the right to fish, which was equivalent to the licence which is granted to companies under the statute at $10 per annum. That my people refused to accept. As a result of these negotiations a clause was inserted in the lease by which we should be granted an exclusive right for ten miles from the spot where we desired to locate. We did not know, of course, at that time where our fishing stations were going to be erected. We would have to explore possibly the whole of the Nelson river until we found where the fish could be caught in commercial quantities, and then, having explored the river, we would have to put up our plant, our icehouses, freezers, tramways, as we did two or three lines, to carry on our operations. A provision was therefore inserted in the lease that from the centre of those operations the government would not grant a lease within ten miles. That was the only exclusive privilege which we were granted.

Q. You have one of the original leases in your possession?—A. Yes.

Q. That differs from the lease which has been produced here?—A. Yes, as originally drawn.

Q. And in what does it differ?—A. It differs in respect to the omission of the word 'exclusive' in the first paragraph which, as I have stated, was struck out by the minister. The minister refused to give it to us.

Q. Then you produce now one of the duplicate original leases?—A. Yes.

Q. There were two executed?—A. As appears at the head of the document it was executed in duplicate. One lease went to the department and I took the other away.

Q. Then the one you produce now, which has been in your possession, is the original duplicate lease of which the facsimile was with the department ?—A. Yes.

Q. And the difference between that and the original draft lease is that the word 'exclusive' was left out because the minister refused to grant it?—A. Yes.

Q. Is there any other difference in these leases that you know of ?—A. I have not compared the two, but my attention has been drawn to the fact that there was a limit in the size of the fish which could be taken. This arose during the discussion between Mr. Prefontaine and Professor Prince regarding the protection of the fisheries in the district. The minister stated that we might fish out these waters in the course of a few years, and I said that our desire was to protect these fisheries and we would be willing to have inserted a size limit as to the fish that we could take. My attention has been drawn to it that this clause was subsequently inserted in the lease. The original draft was what was prepared months before the lease was granted.

Q. When Fleming first came to you did you just take it up on the ordinary terms of solicitor and client, or how?—A. A suggestion was made that I should receive payment——

Q. By whom?—A. By shares in the stock of the company.

Q. Who made that suggestion?—A. Mr. Fleming. This I refused and said I would undertake it in the ordinary professional manner, which I did.

Q. The lease then was granted?—A. I would like to say that there was another bone of contention between the minister and myself during this period, and that was the position of the settlers.

Q. Yes?—A. That caused some delay. After the minister thoroughly understood the manner in which the fisheries are operated in the Northwest the clause was inserted as will be found in the lease. I may explain that none of these fish companies operate personally; that is to say they do not fish with their own employees. They simply supply boats, nets, and other apparatus to the settlers who fish and bring the fish to the companies' large boats or refrigerators and the settlers are paid so much a pound. We insisted, therefore, that the settlers, in fishing, should fish only for their own use because otherwise the Fish Trust would come and plant themselves 100 feet away from us and the settlers would take the fish out of our waters, where we had expended all this money, right to their own boats. I explained to the minister at the time that we had no objection whatever to the settlers fishing and selling to the Canadian market; we would have no objection, and would have none to-day, to the settlers taking their fish out and sending to the United States if they could possibly do so; but what we desired to prevent was the settlers taking the fish from the scene of our operations, where we had made a large expenditure of money and built up the industry, and selling them to our competitors. This caused considerable delay and negotiations and then the clause was settled in the form that will be found in the lease.

Q. Did you, during the operations which were carried on, employ a considerable number of settlers?—A. We operated in the Nelson river, and all the settlers and Indians who desired to fish were given their supplies. The fish were caught by them and brought to our boats and icehouses and refrigerators and shipped down.

Q. And did these operations employ a large number?—A. Quite a number up there. All that were there and any that we could get to go up there.

Q. How did you pay the settlers and the Indians?—A. They are always paid so much a pound. It will depend very much upon the conditions of the market in the United States, the price we can get down there.

By Mr. Cyr:

Q. And the quality?—A. It depends upon the quality in some districts. For instance, there is a difference to be found between the Lesser Slave whitefish and the Nelson river whitefish; one is worth 2 cents a pound more than the other.

By Mr. Carvell:

Q. Which is the more valuable?—A. The Nelson river whitefish. The Lesser Slave whitefish have been found to be somewhat different. They are what is known as black bass.

By Mr. Pardee:

Q. Is there anything else leading up to the granting of these leases and prior to the starting of your operations in the Northwest that you want to say to the committee—I mean in regard to the leases, or the conducting of negotiations or anything of that kind?—A. I have only to add that it was thoroughly considered by the officcers of the department, by Professor Prince, who prepared drawings of the territory on maps, and I believe a report for the minister. I spoke to Professor Prince recently about this and he said, 'I remember preparing drawings and I am under the impression that I also prepared a lot of memoranda in connection therewith for the minister, but I cannot tell where it is now.'

Q. That was in the year 1904?—A. Then I may say in addition, the matter was discussed with some of the western members and with the Minister of the Interior, and went backwards and forwards from one to the other during the course of four or five months.

Q. Now, that is all you want to tell us with respect to what took place prior to the actual beginning of operations?—A. Yes.

Q. Then you did begin operations, in what year?—A. 1904.

Q. Can you give to the committee a short synopsis of what those operations were?

—A. We operated upon the Nelson river, I believe at a point about 50 or 60 miles down——

Q. Before we take that up, suppose we consider one or two clauses in the lease, so as to lead up to that. The lease provided that you were to expend certain sums of money?—A. Yes.

Q. Clause 5 of the lease reads as follows (reads):—

'That the said lessee, or the said company, shall, during the three years following the 1st day of May, 1904, expend the sum of at least one thousand dollars per annum in the exploration of the territory hereby leased, and during the period of ten years from the 1st day of May next shall expend and lay out at least fifty thousand dollars in the exploration, development, equipment and improvement of the said property hereby leased.'—A. Yes.

Q. That was a condition precedent on the lease hanging on, that is right, is it?—A. Yes.

Q. Being kept going, without voiding it?—A. Yes.

Q. Then the section goes on to say:—

'That if the said lessee, or the said company, shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisions hereinbefore mentioned, or if the said fishery is being improperly operated by the said lessee or the said company, contrary to the terms of this lease, so as to prejudicially affect the public interest, the minister may give, or cause to be given, three months' notice in writing to the said lessee or the said company that the term of the lease by these presents created will be determined and cancelled, and the said term and lease shall thereupon and thereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privilegse hereby created without indemnifying the said lessee or the said company for any improvements that may have been done.'

A. You will observe that provision is made that if it was not being operated in the public interest the government could cancel the lease.

Q. And that there should be nothing paid back to you on account of any expenditure you have made?—A. Yes.

Q. Then did you go on and make certain expenditures there, Mr. Markey?—A. Yes.

Q. Now, will you just tell us what they were, and for what? I understand you are not the treasurer of this company?—A. No; Mr. Fleming is the treasurer, but reports are made to me as president from time to time, and I have figures that I can take from my reports.

Q. Will you just give us what has been expended there and on what?—A. For a space of about seven or eight miles, being about 50 miles from the mouth of the Nelson river, the operations were actively carried on. As will be seen from the inventory produced and filed, a number of freezers, icehouses, warehouses, dwellings, stables, docks were erected, three lines of tramways were also erected; several tugs there are three large tugs and a large number of small boats and other apparatus necessary for fishing operations have been installed. The cost of this installation was somewhere between $30,000 and $40,000, and it all remains on the Nelson river to-day, with a possible exception, I think, of two tugs—two tugs have been taken out, and we are operating possibly only one, a large steam tug which could not be taken out, because it has been constructed above the falls there.

Q. It has to stay there in the river?—A. It has to stay there in the river. There will be found in the inventory, in addition to this plant, a lot of machinery, tools, fixtures, &c., dogs—that is sleigh dogs—horses, rigs, harness and articles of that description. Then again there will be found attached to the inventory filed, the merchandise on hand in the district when the inventory was sent to the department. I may say that the minister made a demand upon me on one occasion for a statement

of the plant, equipment, etc., used by the company, and I had a copy made, which also included—which I do not think was necessary—the supplies on hand at that period. The supplies were kept there for dealing with the settlers and the Indians. For instance, at that time there was about $10,000 worth of supplies in the nature of, as Mr. Northrup referred to the other day, books, shoes, castor oil, &c., which is used for exchange with the Indians and settlers for fish. We keep a regular store there in the same way as a contractor would. I may say that one of the larger items in connection with the equipment was for the three boats, which cost over $8,000.

Q. That is the three tugs?—A. Those three tugs cost over $8,000; roads, tramways, &c., cost a shade less than $5,000; and these small boats, &c., something over $2,000, and our inventory of nets and other equipment is $9,530.14. Figures were not placed upon the inventory sent to the department because we did not think the department was interested in our inventory values.

Q. Are you just referring in that inventory to the Nelson river equipment?—A. The Nelson river. In addition, taking up the British-American Fish Company lease, I think there was an expenditure of $1,000 in fitting up icehouses on Pigeon river, but the operations were not successful and this was abandoned as scrap.

Q. As I understand it, on the Nelson river the plant and operations have cost you between $30,000 and $40,000?—A. Yes.

Q. That was in the year 1905?—A. Yes.

Q. Then did it cost you anything more in 1905?—A. We operated for that season and suffered a loss on the actual operations of $20,000.

Q. You operated in 1905 and your net loss in that year, after giving yourself credit for what you took out and sold, was $30,000?—A. A net loss of $20,000 correct.

By Mr. Reid (Grenville):

Q. How did you make that out, again? You expended how much?—A. I am taking the actual loss on the practical fishing operations which amounted to $20,000. That did not include—which I will refer to later—overhead expenses of management outside the river.

By Mr. Carvell:

Q. Nor it does not include the tugs nor equipment?—A. No, no, nor does it touch the management expenses.

By Mr. Pardee:

Q. Then it means that you spent between $30,000 and $40,000 in plant and equipment; is that there yet?—A. That is there, most of it; I say two of the boats have been removed, but it is all there except those two boats.

Q. It is all there now except those two boats; the two boats that have been removed would cost you about what?—A. I do not know which two have been removed, possibly Mr. Mackenzie could tell us which ones have been removed.

Q. But the three boats cost you $8,000?—A. Yes, over $8,000.

Q. Two of those boats have been removed?—A. They are merely taken away temporarily, we will put them back at any moment when we resume operations.

Q. You have expended $40,000 for plant and equipment?—A. Yes.

Q. And you operated for one season and on that year the net loss was $20,000?—A. That is I will say that the loss on the practical operations during that summer amounted to $20,000, and if you want to know we owe $17,000 in the bank to-day on a bond for which they have personal guarantees.

Q. Did you take out fish in that year?—A. We did, in accordance with the report sent to the department.

Q. Is that on file?—A. That is on file.

Q. So that, so far as the year 1905 goes, and so far as the operations on the Nelson river go, it stands that you put in between $30,000 and $40,000?—A. That is the cost of the equipment there.

Q. And that would be in cash?—A. That would be in cash, it cost that.

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Q. You operated that year and your net loss was $20,000?—A. That is it.

Q. Your net loss was $20,000 and you had put in from $30,000 to $40,000, or splitting the difference, $35,000, so that you were out $55,000?—A. Much more than that.

Q. On that basis were you not out $55,000?—A. No, because you have not taken into consideration what we would call our management expenses.

Q. Overhead expenses?—A. Overhead expenses, travelling expenses and the expenses of running a business which you must add to the other.

Q. I understand that, but I am just getting at the cash basis at the present time, on the basis that you put in $35,000 in cash for equipment and development, and so forth?—A. Yes.

Q. And on the further fact that your net loss was $20,000. Therefore, without expenses of management or without overhead expenses, you were out $55,000?—A. I would go a little further, Mr. Pardee, and say that the amount that we are actually out is very considerably more than that. In order to operate this business it was necessary that we should practically operate the Imperial Fish Company, of which Mr. McKenzie was president. They had an equipment of about $100,000. Amongst other things they had the largest boat and the finest boat on Lake Winnipeg, the *Wolverine,* that cost $25,000. It was necessary that we should have all this equipment in addition at our disposal. Now, while we did not purchase the business of the Imperial Fish Company, it was operated in connection with ours and we had to go and give certain securities to banks and others for that company, so that our liabilities stand to-day very largely in excess of what I have mentioned. I don't wish to go into the details of it, or arrangements with the banks and so on, but it is a liability of another $50,000 nearly.

Q. Another $50,000?—A. Yes.

Q. How would you sum up your operations for 1905 in the Nelson river territory and with the Imperial Fish Company; what do you say that you have expended and what do you say is your liability in regard to it, approximately, of course?—A. The expenditure in plant on the Nelson river was between thirty and forty thousand dollars. A loss on the operating expenses of the season there amounted to $20,000. We have had a further expenditure, since our operations, on management expenses of $25,000.

Q. How much?—A. $25,000. We have liabilities of $57,000 or something like that, and—I could not say, but the treasurer could tell us—I believe there are other very large liabilities we are still upon.

Q. Then that leaves you what?—A. An expenditure of $35,000 for plant, $20,000 upon operating expenses and $25,000 upon management expenses.

Q. And $57,000 besides?—A. $17,000 and something over $40,000 besides on guarantees to banks.

Q. What you say is that you represent an investment of about $137,000 in the Nelson river and the Imperial Fish Company?—A. $15,000 would not clean up everything if we paid up all liabilities to-day.

Q. And as against that you have got a plant up there which cost, you say, $35,000, and which is remote from every place, is it not?—A. It is 400 miles north of Selkirk.

Q. Four hundred miles north of Selkirk. Any communication with that place?—A. Only by water—by our own boats.

Q. Beyond that it is outside the pale, is it not?—A. Yes.

Q. Then you stand to-day with $137,000, we will say, of net investment, and you have got up there a plant which cost, you say, about $35,000, to split the difference, and that plant is worth what to-day?—A. Oh, that would not be exactly correct, because on the indirect liability in connection with the Imperial Fish Company we have their plant.

Q. Oh, you got their plant, too?—A. Merely as guarantors.

Q. With that as security?—A. With that as security.

Q. If you mean to put your whole assets in you are entitled to add the assets in

plant of the Imperial Fish Company to the assets in plant of the British American Fish Corporation, in order to establish what has been expended, and for which you have got nothing to show?—A. Yes.

Q. Then what are those two plants worth?—A. Mr. McKenzie could tell you better what the plant of the Imperial Fish Company is worth. I don't think it would be fair for me to answer that question. It might disturb the relations of the Imperial Fish Company with the banks if we attempted to put a valuation on the Imperial Fish Company's assets. You can understand that.

Q. All right, I will put the question in another way, so as not to disturb anybody. What has been expended with the Imperial Fish Company we will leave out of the question altogether. We will take your own operations proper, and what amount have you expended on the Nelson river according to that statement (exhibiting statement)?—A. I have already given you the expenditure on plant as between thirty and forty thousand dollars, and the loss of $20,000 in connection with operations. In the following fall there was a further expenditure of $2,600—just about $2,600—in connection with the sending up of further supplies. The boat left Selkirk in the month of October or November and about three parts of the distance up the lake it was caught in the ice. The cargo and the supplies were taken out and the boat was hauled up on the shore, and an attempt was made to reach the Nelson river over a trail with dogs. I think the whole of that became a loss, but Mr. Mackenzie would be able to tell you about that. I think the loss was over $2,600.

By Mr. Carvell:

Q. That would make about $58,000, is that right?—A. Yes, besides our indirect liabilities.

Q. Outside of the Imperial Fish Company entirely?—A. Yes.

By Mr. Pardee:

Q. Outside of the Imperial Fish Company? Then we will just confine ourselves to your own operations proper and not to any offshoot at all. You have expended in plant, equipment and operations in the Nelson river territory $58,000?—A. Yes, that would be it.

Q. That was in 1905. Now, you have against that your plant that cost you between $30,000 and $40,000, say $35,000. What do you value that plant at to-day?—A. Anybody can have it for $15,000.

Q. And it is not worth more, is that what I understand from your answer?—A. It is not. I mean to say that if we were to resume operations again, then, of course, it would be worth that amount to us.

Q. But if anybody wanted to take it over to-day, the lease and all, would fifteen thousand take the lot?—A. No, certainly not with fifty or sixty thousand more of indirect liabilities. Not when we are in the hole $60,000, with $50,000 or $60,000 more of different liabilities. What I will do is this: We will suffer a $20,000 loss if anybody will take over the whole business at cost, including our deficit, take it over and we will transfer them the lease.

Q. You will transfer them the lease?—A. Yes, that is putting it in a nutshell.

Q. And you are willing to stand for a loss of $20,000?—A. Yes.

By Mr. Reid (Grenville):

Q. How much will they have to pay you altogether to get that, Mr. Pardee should bring that out?—A. We have our indirect liabilities, so that it is rather difficult to say.

By Mr. Pardee:

Q. You say that because you do not feel at liberty to take up the matter of the financial standing of the Imperial Fish Company?—A. Yes.

Q. Then since 1905 have you pursued any operations on the Nelson river?—A. There were some small operations, I believe, in 1906, but in a very, very small way, which I think Mr. Mackenzie can tell you about.

Q. What profit did you make that year?—A. Well, Mr. Mackenzie can tell you whether there was any profit—well, there was no profit at any rate, but he can tell you what the loss was. There never has been a pound of fish taken out of that river at a profit.

Q. That is as much as you want to tell us or that there is to be told regarding the Nelson river, is that right?—A. Yes.

Q. Did you have anything to do with the Athabaska Fish Company?—A. I was also one of the directors of that company. I may say that all these companeis were working in combination together, forming a part of what is, as I have already explained, the Anti-Trust.

Q. Exactly.—A. And we financed the Athabaska Fish Company one season for its operations in the Lesser Slave lake; that is our syndicate did.

Q. How did you pan out on that, did you make or lose?—A. We lost.

Q. That is on Lesser Slave lake?—A. The operations on Lesser Slave lake were only carried on during the winter season. Lesser Slave lake is 200 miles north from Edmonton, and there being no water communication you could only bring down the fish in a frozen state in sleighs. It was represented to us that the supplies going up to the Hudson's Bay Company were going up in teams, which came back empty and that if we would operate there we would have a reasonable rate for bringing out the supplies. These representations were made to us, I may say, before ever we got the lease. If I remember correctly the Hudson's Bay people were paying about $3 per pound for freight from Edmonton to Athabaska Landing.

By Mr. Carvell:

Q. $3 per hundred pounds, isn't it?—A. $3 per hundred pounds, I should say, and the rate was split so that they got two cents per pound going up and two cents coming back, the teamsters getting the benefit of it going up and the settlers of the district getting the benefit on their supplies coming in. We equipped, I may say, the lake up there at an expenditure of probably $2,000, or $3,000, I think it was, and gave supplies in the shape of nets, &c., to the settlers and during that winter a number of carloads were shipped from Edmonton. The loss in connection with the operations of that winter amounted to $7,000.

Q. That is on the Slave lake, what did the outfit cost?—A. About $2,000 or $3,000 I think, that can be verified by Mr. Mackenzie.

Q. So that on that state of affairs you were out on that winter's operations, of the Athabaska Fish Company, $9,000?—A. Something like that. We only operated one winter and then we came to the conclusion that we would endeavour to have a railroad built up there. A syndicate of us got together and got a charter, and subject to certain conditions, and arrangements being made, we have the necessary capital at our back for building it. If we can build that road for the 100 miles from Edmonton to Athabaska Landing we think we can resume operations there and bring out fish at a profit, but it will all depend upon the condition of the market in the United States.

Q. The road is not built yet?—A. No.

Q. That is still in an embryonic condition?—A. Except that we have the capital together.

Q. Did you do any more exploration on Athabaska lake afterwards?—A. Yes, Mr. Ames put that question to me at the last meeting of the committee the other day. Last fall we sent up an exploration party to Lake Athabaska, travelling by way of Athabaska Landing, up to Athabaska river to Lake Athabaska. This report cost us something between $1,200 and $1,500, I haven't got it in the shape of a report yet, to make to the department, but I have the daily diary of the foreman in charge of the operations; some fifteen pages it covers, all told. I told Mr. Ames the other day I would turn it over for his perusal if he would like to see it during the examination, but I did not wish to leave it, because I will put it in the shape of a report to be made to the department—I may put it in in the shape it is, but if I have time I would prefer to submit it in proper shape as a report.

Q. That is an expenditure in addition to the $9,000 you have already spoken of? —A. Yes.

Q. That stands you $11,000 to date?—A. Yes, and no returns.

Q. Without any return?—A. Yes.

Q. So you have told us now all of your operations regarding the Nelson river and Athabaska lake?—A. Yes, and Lesser Slave lake.

Q. And the figures you have given us are approximately correct as to how the financial end of it stands?—A. Yes; I may say that I have sent in during the last few days a report to the department regarding the last year's operations or non-operations. The companies have suspended operations for the present, more particularly as there is and has been for a year past in the United States a large surplus supply of fish in the hands of the Booth Trust. They have their refrigerators full, and it is almost impossible for you even to get a few carloads into the United States and sell them at a profit. They control the supply houses, and if any substantial quantity of fish is put on the market by somebody opposing them they immediately unload a large quantity of their own fish at cost. Their tactics in recent years have changed. Some years ago they used to buy up their opponents, now they crush them in another way by selling at cost. And as our opposition has not got the large facilities the Booth Company has for the storage of fish in the United States and the connection with the supply houses, the Fish Trust being also financially interested in most of the supply houses, it seems impossible at the present time to successfully carry on operations in opposition to the Trust.

By Mr. Jackson (Selkirk):

Q. Explain to us about the market in Canada?—A. The market in Canada? It would not pay anybody to fish exclusively for the purpose of supplying this market.

Q. Does not the market require fish?—A. I may say you require fish in Canada, but it is an expensive matter to fish. The Fish Trust could fish in Lake Erie and ship to Winnipeg whitefish cheaper than you could get it down from Nelson river, fishing for the Canadian market only.

By Mr. Pardee:

Q. To Winnipeg?—A. Yes; that is to say, if you were operating on the Nelson river for the Canadian market only. Only a very small percentage of the fish that is produced in Canada can be used on the Canadian market. Even if Canada put up a wall against foreign fish, I would not undertake to fish the Nelson river for the Canadian market. It would not pay. The quantity would be so small that the expense of operating would be too great. Canada obtains her fish at such a low rate because the operations are carried on on such a large scale, probably 90 per cent—over 90 per cent —of the fish being exported; and it is only by doing it on a large scale that the Canadian public can get their fish at such a low price.

By Mr. Carvell:

Q. Where does the immense quantity of fish that you say the United States Trust have stored come from?—A. Of course, from——

Q. From what source?—A. I think it was calculated that only about one-tenth came from Canada. They have got it stored in Buffalo, Chicago and Cleveland——

Q. I was not so anxious as to that, but I was anxious to ascertain the source of supply?—A. It was reported to me that Lake Erie last year produced a larger quantity of whitefish than it had produced for very many years.

Q. And was the quality as good as that of the Nelson river whitefish?—A. I am not in a position to say. The best quality of whitefish comes from the Georgian bay.

Q. So, even with the rental of $10 a year, you have not made that amount?—A. No, we have not made the $10.

By Mr. Northrup:

Q. Surely you are not going to suggest a reduction in the rental, are you?—A. The

$10 is based upon the amount which is set forth in the Statute as the amount to be paid by a company for a commercial license. Messrs. Coffey and Merritt got what they thought was a lease of Cumberland and Cedar lakes and they are paying $200 a year. It transpired afterwards that about all they had was a licence to fish for which they should have paid $10. I think the government, therefore, should refund them the other $190, because the moment they collected the $200 from Messrs. Coffey and Merritt they proceeded to grant other licences. That is to say they granted domestic licences which are issued at $2 a year. Messrs. Coffey and Merritt operated in those lakes but as soon as they had exploited the property the department proceeded to issue $2 licences. These were issued at the instance of the representative of the Fish Trust who went alongside of Messrs. Coffey and Merritt and operated. They paid $2 for each of the settlers around there and the fish was brought into their boats.

By Mr. Pardee:

Q. You are now speaking of Messrs. Coffey and Merritt?—A. Yes, Coffey and Merritt were paying $200 a year, while the Fish Trust were getting fish for $2.

Q. That was the Trust's method of getting after them?—A. Of course, that is the way the companies operate. Had Coffey and Merritt an exclusive right they would have put the Trust off their fishing ground, but they could not. I understand they protested to the department here, but the department would not protect them, and I have heard recently that they have threatened to abandon their fishing operations there.

By Mr. Jackson (Selkirk):

Q. You spoke about the Pigeon river?—A. Yes.

Q. There is a lake stocked with fish at the upper end, would it be very expensive to get out?—A. I do not think that is in our lease.

Q. Not Pigeon river?—A. Pigeon river is in our lease.

Q. That runs into a lake at the upper part?—Are you acquainted with the country?—A. I am aware of the situation of Pigeon river, but I do not know whether this small lake is in our territory.

By Mr. Carvell:

Q. You have Pigeon river and the tributary waters in the District of Keewatin? —A. That might be a tributary water. Mr. Mackenzie may be able to tell you that. He had charge of the exploration party into that country, at least he sent the party up. I don't know that he went personally. If more accessible waters could be obtained it is possible that we might successfully operate in opposition with the Trust. At the present time they are operating waters which are near the line of communication with the railways. They can bring their fish out very cheaply, but we cannot successfully do it.

By Mr. Ames:

Q. When your transportation facilities are improved and these waters are rendered more accessible do you expect to operate your lease profitably?—A. It will require, Mr. Ames, I believe, a capital expenditure of one million dollars. I would not say we could make one dollar of profit unless we put up a million dollars and bucked the Trust.

Q. A million of dollars to go entirely into your fishery operations?—A. Yes. That is to say, I would have to arrange my supply houses in the States, I would have to finance a number.

By Mr. Carvell:

Q. Does that mean that you would have to put up a million of dollars even if you had transportation facilities?—A.—Yes, it would require a million dollars, and a very large proportion of that would be for organization in the United States.

By Mr. Ames:

Q. The conditions may change considerably during the 42 years before your lease expires?—A. You are very much more optimistic in regard to the condition of these fisheries than I am. Possibly if you think that I can make a very liberal proposition to you. You may be possibly relying somewhat upon the Canadian market. I do not think that there is any prospect of the population in the Canadian market during the term of this lease being such as to render fishing operations financially successful.

Q. There will be a very large number of people living in the new provinces 35 years from now?—A. Do you forget that the operations commence 400 miles north of Selkirk and while, of course, it is possible that a railway may be built following the line of the shore of Lake Winnipeg and the line of the shore of the Nelson river when operations might be carried on with a profit, still that is extremely improbable because it would mean a line built for the benefit of the fish companies alone; and I do not think that you are going to get the fish out of those waters and brought down for export purposes, at any rate not while the existing conditions in the fish market last.

Q. How far will you be from the line of communication if the Hudson Bay Railway is extended from the Pas to Fort Churchill?—A. I don't know. If we had a map here I could tell you. I should say two or three hundred miles.

Q. Do the rivers in which you have been leased fishing rights lie two or three hundred miles to the east of that?—A. Fort Churchill is several hundred miles to the west of us, you know, and our rivers run easterly from Lake Winnipeg.

Q. I suppose you have water communication right down to Hudson bay?—A. No, there are falls at different points; that is the reason of the construction of those tramways, to get around the falls.

Q. Then I would understand, Mr. Markey, that your company has no intention or expectation of furnishing fish to the Canadian market. The whole idea was to take fish out for a foreign market?—A. No, some of it was supplied to the Canadian market. All that the Canadian market required. For instance, we had an affiliated company in Toronto, the James Fish Company, Toronto, which our people are also interested in some of our syndicate are interested as stockholders there. We shipped down to Mr. James whatever he required. I remember one of the first cars coming out of Lesser Slave lake was shipped to him in Toronto.

Q. You have told us already that even if you had a monopoly of the Canadian market it would not pay you to develop the fishery there?—A. Yes, if we had a monopoly it would, because we could put the fish up to whatever price we desired. But I meant to say if we had a monopoly against the American Fish Trust.

By Mr. Jackson (Selkirk):

Q. Who did you supply in Winnipeg?—A. Mr. Mackenzie can probably tell you that. He looked after the practical operations up there.

By Mr. Northrup:

Q. When you commenced your operations, when you first made your application, you were merely acting for clients, I understood?—A. Yes.

Q. Then as soon as the lease was granted you made it over to this company?—A. Yes.

Q. And you became president of the company?—A. Yes.

Q. Have you the charter of the company showing what its powers are?—A. I haven't it here.

By Mr. Pardee:

Q. I suppose it is an ordinary charter for carrying on the fishing industry in all its branches?

By Mr. Northrup:

Q. Does it give you power to purchase stock in other companies, Mr. Markey?—

A. I do not know whether there is special power given to purchase stock in other companies, but under the Joint Stock Companies' Act, with a vote of two-thirds of the shareholders, we get that power.

Q. I was just wondering how your charter was, sometimes these charters confer very wide powers?—A. They are under letters patent.

Q. But even under letters patent there are sometimes very wide powers given——

By Mr. Carvell:

Q. Is it under the Ontario statute?—A. It is a Dominion patent. You can see what the powers are by reference to the 'Official Gazette' in the month of April, 1904.

By the Chairman:

Q. And in the report of the Secretary of State?—A. Yes, it is in the report of the Secretary of State also, and the 'Official Gazette' will give it.

By Mr. Northrup:

Q. Then as soon as you obtained this lease, about the same day, you made it over to this company?—A. I left Ottawa on the afternoon of the day that the lease was granted, and I executed the transfer to the company that night.

Q. What is the capital stock of the company?—A. $250,000.

Q. How much of that has been paid up?—A. There are certain private arrangements among us with respect to that. I may say that I subsequently became financially interested in it, and there was a private arrangement between ourselves composing the syndicate for raising the money; therefore, the full cash capital was not provided, but that was a private arrangement.

Q. A certain number went into the company, and you made your own arrangements with the bank, so that the capital stock was not subscribed in the usual way?—No, it was to be kept as a close corporation among ourselves.

Q. Have you any objection to stating who the people are who are really interested in this company?—A. Myself, Mr. Fleming, Mr. Mackenzie——

Mr. PARDEE.—The witness need not answer that unless he chooses.

A. Oh, I don't mind. There is Roderick Smith——

By Mr. Jackson (Selkirk):

Q. Is that Mr. Smith, of Selkirk?—A. Of Selkirk; both those gentlemen, Mr. Mackenzie and Mr. Smith, belong to Selkirk; they are practical fishermen there. Mr. M. J. Dee, Detroit, he is president of the Wolverine Fish Company; Mr. E. E. Davis, he is manager of the Wolverine Fish Company. There are one or two other small stock-holders; the Hendries of Detroit—they have a small share, I believe. The Canadian interests would represent over 70 per cent, I think it would possibly exceed 80 per cent, the two outsiders being Dee and Davis, and the object, of course, as is apparent, in bringing these gentlemen in is that they are interested in the Anti-Trust, they are really running the Anti-Trust, and we had to rely upon them for the disposal of our supply, and we arranged regarding finances together.

By Mr. Northrup:

Q. So that, as soon as your company was organized, two Americans, who were at the head of one of the large American fish companies, were taken in?—A. The Anti-Trust.

Q. In order to secure a depot for the fish in the United States and to assist you in financing things?—A. Yes. I did not say to assist us in financing.

Q. You mentioned it yourself, I was only using your own words?—A. We have certain financial arrangements together. I may say it did have the effect of assisting us in financing.

Q. This was all done in 1904 and in 1905 you began to explore?—A. Yes.

Q. The only place, apparently, you did exploration work at, that year was in the Nelson river, you did not touch the others at all?—A. No, we did not touch them.

Q. I see by this lease that you were to expend a certain amount of money in the exploration, development, equipment and improvement of the said property hereby leased (clause 5)?—A. Yes.

Q. What would you understand by that? I do not see, looking over this lease, any property leased?—A. Property leased?

Q. I do not see any property leased under this document?—A. Well, in the first paragraph, about the 5th or 6th line, of the lease, it reads, "doth hereby demise and lease unto the said lessees the right to fish with nets or in any other legal manner.' Possibly it is a misnomer, Mr. Northrup, to call it a lease. It is endorsed as a lease and it has always been called a lease. It is, however, nothing more than a licence.

Q. It is really a licence, you say?—A. It is a right to fish which we are given for a very large territory in the same way as the department grants the right to fish in consideration of $10 to commercial corporations, the only difference being that in our licence, or right to fish, the department states that they will not, within a certain distance, grant anybody else the right to fish. We have commenced operations at one place on the Nelson river, and the department is free to grant a thousand leases if they like, or rights to fish, on other portions of the Nelson river, Great Slave lake, or any other territories they want to.

By Mr. Carvell:

Q. They can do that as long as they keep ten miles away from you?—A. From the spot where we are now, we don't care.

By Mr. Northrup:

Q. It is incorrect to call this a lease of any property you say?—A. I think it is, I did not think the word was used in the lease until I looked it up recently.

Q. Then on what property are you bound to expend $50,000? Do you mean where the right to fish has been given?—A. It can only refer to that.

Q. It can only refer to that, but inasmuch as there is not any property leased it is evidently a mistake, and I would like to know where you think you have to spend the $50,000, and in what way you consider yourself bound to spend $50,000?—A. There can only be one meaning, the reference in the first paragraph, 'doth hereby demise and lease unto the said lessee the right to fish with nets,' &c., on certain territory. Now, as in the first part of this statement, the government has called it a lease, then when later they refer to the property hereby leased, it must necessarily mean the waters in the first paragraph. Therefore, my interpretation of it is that we have to expend that amount of money there.

Q. That is on the waters?—A. On the waters.

Q. How would you expend it on the waters, casting your bread on the waters do you mean?—A. In exploration there can be no question.

Q. By means of exploration then? Does it not strike you that your expenditure upon refrigerator plant erected on the shore could not, by any stretch of the imagination, be spent on the waters?—A. It is possible you might induce a court to take that view but it is a very, a very fine legal distinction.

Mr. PARDEE.—Do you say that no money could be spent on a fishery?

Mr. REID.—On the waters.

Mr. PARDEE.—Well, on the waters. Do you say there is no company doing that.

Mr. NORTHRUP.—I want to know how they propose to make this expenditure on the waters.

The WITNESS.—That is in accordance with the interpretation placed on the lease by Mr. Northrup. Do you think it fair to ask me to make an admission of that description when I may have to go into court some day and defend the expenditure of the money.

APPENDIX No. 1

By Mr. Jackson (Selkirk):

Q. Are the docks not built on the water?—A. The docks are built on the water.

Q. And you would have a building on the dock in connection with your fishing operations?—A. Yes, and there would be a number of fixtures in the water.

Q. Is that not the case on Lake Winnipeg?—A. Some of the structures would be built out in the water. It is a fine legal distinction that Mr. Northrup is making.

By Mr. Northrup:

Q. According to the lease, $100,000 has to be spent in exploring, developing, equipment and improvement of the said territory. Now, the reason I am asking——?—A. I don't think I should be called upon to interpret my lease in that respect.

Q. The reason I am asking the question is that a statement has been submitted to the government showing a large expenditure and a part of that expenditure is for groceries and other goods that are used in trading with the Indians?—A. That should not be, possibly those supplies should not have been added.

Mr. PARDEE.—Yes. they should.

The WITNESS.—When the minister wrote to me for certain information in order that he might make his return to the House, I gave my stenographer instructions to copy our last inventory, and it was copied holus-bolus; but there is sufficient, I think, outside of that in the way of expenditure, a large surplus to cover the terms of my lease.

Q. Possibly. I am trying to find out what your expenditure was according to the lease. If you had a large expenditure for supplies to the natives, that would not be an expenditure such as is called for by the fifth clause of the lease?—A. I would not say that all these supplies would be given to the natives; a large portion of it would be consumed by our own employees. We will say expenditure in the actual work of exploration and so on.

By Mr. Pardee:

Q. You could not get on without such expenditures?—A. They would starve up there, they could not live on the fish.

By Mr. Northrup:

Q. Have you any statement showing the number of settlers you have employed there?—A. They would vary at different times. I could not say, not having been on the spot. I don't think our company would keep any report of employees of that character for the reason they are really not employees. They are given nets and so on and they go out to fish and they bring their fish to the boats or refrigerators. The catches are checked up and weighed, the amount is placed to the credit of the settlers, and they go to our stores and get their supplies and we balance up at the end of the season.

Q. All that could not be done if you did not have the supplies?—A. No.

By Mr. Northrup:

Q. There is a question involved in your statement about the American trust having the right to pay $2 for a man and he can go in and fish the same as you can. Only one man can fish under that $2 licence, is not that the fact—A. That is a fact but what the American trust or the fish company will do is, their boat will go in there and they will give these fishermen $2 to pay for their licence and they will have perhaps 100 employees.

Q. That does not touch the point which I am raising, and that is that each man who pays $2 can only fish for himself.

Mr. PARDEE.—And they can employ as many as they like.

The WITNESS.—It is $10 if you want a commercial licence.

By Mr. Northrup:

Q. It would be $10 for a commercial license if you wanted to sell to the company, would it?—A. No, not to sell. A commercial license if granted to a company would cover all these employees, if I remember right.

Q. Then you understand, under the fishing laws of the Northwest, your company could by paying $10 obtain a fishing license and allow all your employees to fish just as they can to-day?—A. That is my impression. I have not looked at the law recently. It was before me on the last occasion when I discussed the matter with the Honourable Mr. Prefontaine under the lease which has been granted.

Q. Then the only advantage under your lease, you would contend, would be under the 9th clause which gives what is called a right?—A. By it we could shoo the trust cut of our territory and that was the *raison d'etre* of the lease.

Q. And under that if you choose to put up any fishing or refrigerating stations nobody else would be allowed to fish within 10 miles?—A. Mr. Northrup, if we had attempted anything of that kind, that is to say by putting up a shanty and calling it a fishing station I think that the minister would have intervened under another paragraph of the lease to the effect that where the fishery is being operated to the prejudice of the public the lease may be cancelled on three months' notice. We had to operate in good faith and to keep faith with the minister and the Department of Fisheries, otherwise we would have been put out of business in three months and all our plant converted into scrap.

Q. Will you show me any clause in the lease that requires you to operate at any particular places?—A. No.

Q. None whatever. So that if you operated on any of these rivers or lakes that was complying with the lease?—A. I think that it would be within the discretion of the minister to say, the extent.

Q. Does that not depend wholly upon your lease ?—A. The lease is very broad and the powers of the minister are very broad in regard to cancelling a lease on three months' notice; and if a company attempted anything of that kind the minister would certainly—any minister would—exercise that three months' provision and, as I said before, cancel the lease, and render the whole of the plant of the company scrap.

Q. Tell me under what clause in this lease the minister would have power to cancel your lease providing that you were *bona fide* operating in any one place in each of these waters ?—A. I can understand what you are driving at. It has been suggested that the companies might put up a shack every ten miles along the Nelson river and thus preserve to themselves right to fish for the whole river.

Mr. CARVELL.—That is it.

The WITNESS.—That would not be a compliance with the spirit of the lease while it might be with the exact terms. But the minister is reserved the power under paragraph 6, that if the said lessee or the company shall fail or neglect, &c., so as to prejudicially affect the public interest, the minister may give or cause to be given three months' notice.

By Mr. Northrup:

Q. There are no such words there, I object to your reading them?—A. (reads : 'The minister may give or cause to be given three months' notice in writing to the said lessee or the said company, that the term of the lease by these presents created will be determined and cancelled, and the said term and lease shall thereupon and hereby be determined, ended, and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created without indemnifying the said lessee or the said company for any improvements that may have been done, and His Majesty may thereafter, without let or hindrance from the said lessee or the said company, resume possession of the said fishery and the privileges by these presents hereby created, and may continue to enjoy the same, or re-let them to others as His Majesty may deem fit.' My answer to your question, Mr. Northrup, is that if we put up stations of that character every ten miles along the Nelson river I do

not think we could successfully contend that we were not operating in a manner as would prejudicially affect the public interests, and therefore the minister would immediately proceed to cancel the lease, and I would have no hesitation in admitting his right to do so.

Q. Excuse me, so far, so good. Now, I am going to ask you, Mr. Markey, to show me any such words in that lease, 'so as to prejudicially affect the public interests.' They are not there except in conjunction with other words which alter their meaning. You will find that they are preceded by the words 'contrary to the terms of this lease,' and then it goes on, 'so as to prejudicially affect the public interests'?—A. I will read the whole clause. You are endeavouring to bolster up and strengthen my lease, and go further than we, the company would be prepared to maintain ourselves. The clause reads :

'6. That if the said lessee or the said company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof.'

Q. That is one thing, if you do not pay the rent?—A. (reads): 'or shall neglect or fail to perform any of the other conditions, terms, or provisions hereinbefore mentioned.'

Q. That is two things?—A. (reads) : 'or if the said fishery is being improperly operated by the said lessee or the said company.'

By Mr Carvell :

Q. That is three things?—A. (reads) : 'contrary to the terms of this lease, so as to prejudicially affect the public interests.'

Q. That is four things?

By Mr. Northrup:

Q. No, only three?—A. (reads): 'The minister may give, or cause to be given, three months' notice in writing to the said lessee or the said company that the term of the lease by these presents created will be determined and cancelled.'

Q. The words are 'or if the said fishery is being improperly operated by the said lessee or the said company, contrary to the term of this lease, so as to prejudicially affect the public interests, the minister may give, or cause to be given, three months' notice.' etc.

Mr. CARVELL.—You had better argue that before the Supreme Court.

By Mr. Northrup:

Q. There is nothing to argue about, because we come back to my original question that in case you are operating 'contrary to the terms of this lease, so as to prejudicially affect the public interests,' now I ask you again, if you were putting up shacks along the Nelson river every ten miles and *bona fide* operating one place on those waters, under what words in that lease could the minister cancel it?—A. We have always construed that, and so it was construed at the time, and I am prepared now, in the name of the company, to place that interpretation upon it, that we are bound to operate this lease in a manner to the satisfaction of the government or the Department of Marine and Fisheries, and if we do not do so they would have the power to cancel it. On the other hand, if going further, under the clause by which they may lay down regulations from time to time, it would not be a difficult matter for them to lay down such regulations that we would be put clean out of business and the whole of our plant rendered scrap.

Q. But that would apply to anybody; the government could not make any regulations that would apply to you that would not apply also to everybody else?—A. Oh, yes; regulations are passed regarding particular waters.

Q. Certainly, but with regard to certain waters and everybody that fished in them.

By Mr. Carvell:

Q. As a matter of fact, you did not do any such thing as put up bogus shacks all along the whole ten miles?—A. No.

By Mr. Northrup:

Q. No; but in case that you had put up such shacks on any of the lakes or waters for fifty miles, under what clause would the minister have the right to cancel the lease? —A. I never considered such a thing for a moment, and if I had considered it I would have been a fit subject for a lunatic asylum; because we have to operate in a manner satisfactory to the Marine and Fisheries Department, and nobody could operate successfully in this country under such conditions against the department.

Q. But I want to know where are the words that would bear out what you say. You say that those words are 'so as to prejudicially affect the public interests'?—A. Yes; and, as I say, that we would be forced, under the first clause, to 'conform in every respect to the provisions, enactments and requirements of the fishery laws now, or which may hereafter be enforced, and comply with all the rules and regulations that may have been or that may from time to time be adopted or made by the Governor General in Council relative thereto.'

Q. Supposing this tremendous American Fish Trust could obtain the privileges you have, would they be of very great value to them?—A. Oh, for the purpose possibly of keeping somebody else off these waters.

Q. Couldn't they operate them in such a way as to make money?—A. There are so many other waters that would be, as I have found by experience, in a much better position than we are in that respect.

Q. You mean to say that if the American Fish Trust had this very lease which was granted to you, it would have been of no practical value to them?—A. Yes, it would.

Q. Why were you and your colleagues so anxious to get a lease of this kind that seems so valueless?—A. We hadn't got the experience then that we have now. We have learned a little of the fish business since then.

Q. Perhaps you have learned something of the competition. I understood from your statement that you haven't only formed this company, the British American Fish Company, but you have gone into some other arrangements with some Winnipeg company, with Mr. Mackenzie and the Imperial Fish Company?—A. Oh, yes; some of us, some of our members are also shareholders in Mr. Mackenzie's company.

Q. And that company's preserves are where?—A. They have no preserves at all.

Q. They are just an ordinary fish company?—A. They have been operating for some years on Lake Winnipeg, and one of the reasons for these waters being obtained was that the Imperial Fish Company might also operate, supplying the Anti-Trust and forming a combination together, without which combination we could not be successful in the United States.

Q. And so, as soon as your company was formed, it went practically into partnership with another big fish company which hadn't any exclusive rights at all?—A. Practically an affiliation, not a partnership, there was no written partnership.

Q. You went into affiliation with another company which had no exclusive rights, but many of whose members were common to your members?—A. Yes, and in the United States, too.

Q. I do not understand; in the United States ?—A. And in the United States too, they are all affiliated together in the United States.

By Mr. Loggie:

Q. That is the Buckeye Company, and there is another company that you are connected with ?—A. Yes.

By Mr. Bristol:

Q. You mean that the Imperial Fish Company is affiliated with those ?—A. That certain individuals are interested in all these companies.

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Q. And they are interested in your company also ?—A. Yes. I have given the names.

By Mr. Northrup:

Q. So we have at least two fish companies operating in Canada ?—A. The Dominion and the Imperial Fish Companies, the Dominion is the representative of the Trust.

Q. Let us see how many companies your company is interested in. There is the Wolverine Company, you are interested with them ?—A. Yes, that was our main outlet, they are in Detroit, and they probably have 15 or 20 more companies connected with them, jointly interested in one another, located in New York, Cleveland, Buffalo, Chicago and different places where they distribute. For instance, if we sent down seven carloads of fish——

Q. We are not interested in all these details, just tell us how many ?—A. Really I do not know how many, but there is a whole string of them.

Q. There is a whole string of companies that the Wolverine Company is connected with. We have started out with the fact that your company is interested with the Wolverine Company and with the other companies connected with it. Is there any other company ?

By the Chanrman:

Q. I think you named the Buckeye ?—A. The Buckeye, they are interested with us.

By Mr. Northrup :

Q. Is the Buckeye connected ?—A. They are connected with the Wolverine. You just get round in a little circle again.

Q. Is there any other American company that your company is connected with ? —A. Not directly.

Q. It is only from the connection with these two companies ?—A. Yes.

Q. Through the connection with these two companies you are brought into connection with a great many ?—A. Yes.

Q. And I suppose your company could not do business at all if you had not the assistance of these American companies ?—A. No. There was one company last year that attempted to come down independently. I believe something like thirty or forty carloads of fish were taken out over the new line of the Canadian Northern railway and shipped down to the States. A hold-up was played upon that company and a syndicate—it was a New York syndicate—lost a considerable amount of money. I heard that the Trust ultimately bought the fish of that syndicate in the States for a cent a pound.

Q. From the very beginning then your company was connected with these American companies ?—A. Necessarily so. You could not do business otherwise. You cannot do business on your own bottom alone, except as I say, with one million capital and a good, able and energetic manager that can work up the organization.

Q. There were a number of other leases besides your own. Was your company connected with any of the other leases we have had before us ; for instance, there is the Mackenzie lease?—A. We are connected also with the Mackenzie company; that forms part of the combination. At Selkirk there was the Imperial Fish Company and the Ewing and Fryer Company. We are interested also in the Nelson River Packing Company, in connection with the Northwest Fish Company and the Northern Fish Company. These companies were all operating in opposition to the Booth Trust and the Dominion Fish Company.

Q. These were all the companies operating in Canadian waters, were they ?—A. So is the Dominion Fish Company. They are all operating in opposition to the American Fish Company which is in affiliation with the American Fish Trust. It was our intention to render such assistance to one another, irrespective of financial considerations, as we could; to form this company, and to supply the two main outlets

in the United States—that is to say the Wolverine Company and the Buckeye Fish Company. That was the intention that I was trying to carry out.

By Mr. Carvell :

That was to operate as against the Trust?—A. As against the Trust.

By Mr. Northrup :

Q. I was trying to find out how many of the leases that we have here are practically under the control of this combination of companies. There is the McNee lease, for example ?—A. We have nothing to do with the McNee lease.

Q. Then there is Merritt and Coffey ?—A. Merritt and Coffey are operating with us in the friendly combination bucking the trust.

Q. And Mackenzie in the same?—A. Mackenzie in the same way.

By Mr. Pardee :

Q. You are not financially interested in the lease of Merritt and Coffey ?—A. No, we have no financial interest in their company.

Q. Do not leave the impression that you have because it would mix the whole thing up ?—A. It is a friendly combination that is all.

Q. You are not financially interested in it ?—A. No.

By Mr. Northrup :

Q. The Dominion Fish Company is the Canadian representative of the American Trust, is that it ?—A. Yes.

Q. That is the one you are fighting ?—A. That is the one we are fighting.

Q. I think you said in the early stages of your examination that the Booth Company is at the head of the trust?—A. It is called the Booth Company. It is an incorporated company, a very, very large company. I understand most of the capital was obtained in England and a combination made some years ago, and they bought up all these supply houses. They own all the supply houses.

By the Chairman :

Q. It is really the American Fish Trust ?—A. The American Fish Trust.

By Mr. Northrup :

Q. It is known as the American Fish Trust ?—A. Yes.

Q. The combination of companies with which you are identified is nearly as large as the Trust itself?—A. Oh, no.

Q. These are very large companies in the combination, are they not ?—A. I cannot say what their aggregate capital would be, not knowing all their connections. The Wolverine Company is not a company of very large capital nor has the Buckeye Company a very large capital. They have a large capital when affiliated, but how far they would be financially interested in say the concern in Buffalo I could not tell you.

Q. What I am trying to get at is, there are quite a number of these companies that work together to fight the Trust as you call it?—A. Yes.

Q. And the combination of these, if put together, would be very large ?—A. It would be quite a large combination.

Q. A very large combination ?—A. It is a combination which has arisen since the formation of the Trust.

Q. And it has power to hold its own against the Trust?—A. I don't know how they are doing. They have a very hard row to hoe. I have heard lots of squealing now and again.

By Mr. Carvell :

Q. Have you your copy of the original lease ?—A. Yes, it has been here before me during the whole of my examination.

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Q. I would like to have this original lease ?—A. They have made a copy since the last meeting of the committee.

Q. Was it made from your original copy ?—A. Yes, I loaned it to Mr. Venning since the last meeting of the committee and he has made a correct copy.

Mr. CARVELL.—I just wanted it understood that there is no doubt that we now have on the files of this committee an exact copy of the original lease.

Mr. NORTHRUP.—I understand from the letter read that in 1904 there was a debate in the House and Mr. Prefontaine brought the original over to the House and it was read. It disappeared, however, but the records of the House apparently contain the terms of that lease and the department has reconstructed it from *Hansard*.

The WITNESS.—No, no. Mr. Venning will tell you, I think, that the department has made a copy from my copy of the original.

Mr. CARVILL.—It was not reconstructed from the debates of the House, but actually copied from Mr. Markey's original duplicate of the lease. If there is any question about that I would like to have Mr. Markey's duplicate original put in the evidence.

Mr. NORTHRUP.—I do not say what is here now is not a copy of the original ; I know nothing about it.

By Mr. Carvell :

Q. Then I want to ask you, Mr. Markey, have you in your possession now your duplicate of the original of this lease ?—A. Yes.

Q. It is signed by Mr. Préfontaine and yourself ?—A. Yes.

Q. Now has the copy which has been submitted here this morning by the Deputy Minister of Marine and Fisheries been taken from your duplicate of the original ?—A. According to the report of the Deputy Minister of Marine and Fisheries it is. Mr. Venning will swear whether it is a true copy. I have not compared the two.

Q. Did you hand your duplicate original over to the department for the purpose of a copy being made ?—A. I did about a week ago.

Q. And this morning a document has been brought here which purports to be a true copy ?—A. That is it.

Q. Will your duplicate original be at the disposal of any member of the committee at any time they wish it for the purposes of comparison ?—A. At any time, yes.

Mr. NORTHRUP.—I notice in the copy brought down this morning there is an addition to the waters leased as compared with those in the copy of the lease which we had before. Pigeon river was not in the copy of the lease first brought down.

Mr. CARVELL.—It is in the copy of the duplicate original brought down now.

The WITNESS.—In my duplicate original I find the words 'also that portion of the Pigeon river and the tributary waters in the district of Keewatin.'

Mr. NORTHRUP.—Exactly.

The WITNESS.—That limited the extent of the Pigeon river that we were given the right to fish in. I think we were not given the right to fish in the Pigeon river within the province of Manitoba, if I remember correctly. We had a lot of discussion about that.

By Mr. Northrup :

Q. The copy of the lease first brought down had no reference to the Pigeon river at all ?—A. No, it is in the original lease.

By Mr. Jackson (Selkirk)

Q. Are you aware that the Pigeon river does not extend out of the province of Manitoba ?—A. There is one portion of it in Keewatin, and we are only given that Pigeon river in Keewatin and not the portion of it in the other district.

Witness discharged.

Committee adjourned.

(APPENDIX TO EVIDENCE, APRIL 28TH, 1908.)

Copy of lease to F. H. Markey, accompanying letter of Mr. Desbarats of April 23rd, 1908.

This Indenture, made in duplicate the nineteenth day of April, One Thousand Nine Hundred and Four.

Between

His Majesty the King, represented by His Minister of Marine and Fisheries for Canada, hereinafter called 'The Minister,'

Of the First Part;

and

Frederick H. Markey, of the City of Montreal, in the Province of Quebec, hereinafter called 'the Lessee,'

Of the Second Part;

Witnesseth that in consideration of, and subject to the rents, covenants, conditions and provisions hereinafter reserved and contained, and on the part of the Lessee to be paid, observed and performed, the Minister, under authority of the Fisheries Act, doth hereby demise and lease unto the said Lessee, the right to fish with nets, or in any other legal manner, to take and catch all kinds of fresh and salt water fish, and sea-foods of any kind, in and upon the waters of the Nelson river and its tributaries, from West river to its mouth; also the estuary of the Nelson river, from Cape Tatnam to Owl river, extending three miles from shore; also Hayes river and tributary waters, in the district of Keewatin; also that portion of the Pigeon river and the tributary waters, in the district of Keewatin; also the waters of Great Slave lake, in the district of Mackenzie.

Provided that the above lease is granted and accepted without prejudice to the rights of the Hudson's Bay Company, and furthermore, on the distinct understanding that the right of fishing for their own use, but not for commercial purposes, is hereby reserved to settlers, Esquimaux, Indians, tourists and employees of the Hudson's Bay Company;

To have and to hold unto the said Lessee, subject as aforesaid, for and during the term of twenty-one years, to be computed from the 1st day of May, A.D.1904, and thenceforth next ensuing and fully to be complete and ended, yielding and paying therefor to His Majesty or His Successors yearly and every year during the said term the certain rent and sum of Ten Dollars to be paid annually and in advance;

Should the said Lessee conform to all the terms and conditions of the present lease, and should establish at the termination of the said period of twenty-one years that he, or the Company hereinafter mentioned, has expended in exploring, developing, equipment and improvement of the said territory hereby leased, the sum of at least One Hundred Thousand Dollars, then he or the said Company shall have the option of renewing the present lease, subject to the same terms and conditions, for a further period of twenty-one years.

These presents are made and issued subject to the following provisions, terms and conditions:—

1. That the said Lessee or the said Company, shall in the use and occupation of the fishery privileges hereby leased, conform in every respect to the provisions, enactments and requirements of the Fishery Laws now, or which may hereafter be in force, and comply with all the rules and regulations that may have been or that may from time to time be adopted or made by the Governor General in Council relative thereto.

2. That the said Lessee shall not transfer his interest in the present lease, except to the British-American Fish Corporation, Limited, for which letters patent have been granted by the Governor General in Council, without obtaining the written consent of the Minister, or that of some other person or persons authorized to grant the same.

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3. That the said Lessee or the said Company shall not have any right or claim to indemnity or abatement of rent by reason of a decrease or failure in the fishery by these presents leased.

4. That the said Lessee or the said Company shall annually make a full return of details and particulars to the Department of Marine and Fisheries of the operations carried on in every branch of the fishery hereby leased.

5. That the said Lessee or the said Company, shall, during the three years following the 1st day of May, 1904, expend a sum of at least One Thousand Dollars per annum in the exploration of the territory hereby leased, and during the period of ten years from the 1st day of May next, shall expend and lay out at least Fifty Thousand Dollars in the exploration, development, equipment and improvement of the said property hereby leased.

6. That if the said Lessee of the said Company shall fail or neglect to pay the rent hereinbefore reserved and stipulated for, or any part thereof, or shall neglect or fail to perform any of the other conditions, terms or provisions hereinbefore mentioned, or if the said fishery is being improperly operated by the said Lessee or the said Company, contrary to the terms of this lease, so as to prejudicially affect the public interests, the Minister may give or cause to be given three months' notice in writing to the said Lessee or the said Company, that the term of the lease by these presents created will be determined and cancelled and the said term and lease shall thereupon and hereby be determined, ended and cancelled, and His Majesty may thereupon resume possession of the said fishery and the privileges hereby created without indemnifying the said Lessee or the said Company for any improvements that may have been done, and His Majesty may thereafter, without let or hindrance from the said Lessee or the said Company, resume possession of the said fishery and the privileges by these presents hereby created, and may continue to enjoy the same or relet them to others as His Majesty may deem fit.

7. The said Lessee or the said Company shall not take from the said waters any sturgeon weighing less than twelve pounds, nor any whitefish, trout, or cat-fish, weighing less than two pounds, nor any yellow pike weighing less than one and a half pounds.

8. That the said Lessee or the said Company shall be liable for any damage or loss that may accrue to His Majesty by reason of any act or neglect of the said Lessee or the said Company in connection with the said fishery and shall indemnify and hold harmless His Majesty from all costs, loss and damage in connection therewith.

9. His Majesty reserves the right to grant other leases in and upon said rivers and lake; but no other lease will be granted to fish in and upon the said rivers and tributaries, within a limit of ten miles from any fishing or refrigerating station erected by the said Lessee or the said Company thereon or in said lake within a limit of fifty miles from any such station erected on said lake.

IN WITNESS WHEREOF the Minister hath subscribed his hand and seal of office, and the Lessee hath hereunto set his hand and seal.

(Sgd.) R. PREFONTAINE. (Seal.)
(Sgd.) F. GOURDEAU.
(Sgd.) FRED. H. MARKEY. (Seal.)

Signed, sealed and delivered
in the presence of
WITNESS
(Sgd.) R. N. VENNING.

HOUSE OF COMMONS.
COMMITTEE ROOM No. 32,
WEDNESDAY, April 29, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the acting chairman, Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of $10 by the British American Fish Corporation, annual rental of lease of Nelson and other rivers in Keewatin, and Great Slave Lake in Mackenzie district, to May 1, 1906; also payment of $10 by Arch. McNee, Windsor, Ont., annual rental for lease of James bay for 1907; also payment of $100 by Merritt and Coffey, Winnipegosis, annual rental for lease Cedar, Moose, Cormorant and Atikameg lakes to April 1, 1908, as set out at page P—198, Auditor General's Report for the period ended March 31, 1907.

JOHN K. MCKENZIE, called, sworn and examined.

By Mr. Pardee:

Q. What is your position, Mr. McKenzie, in connection with the Fish Company?—A. I am manager.

Q. Of what? The British American Fish Company?—A. Yes, I have been manager of the British American Fish Company.

Q. For how long?—A. Oh, since it began in 1904.

Q. Now you heard the evidence that Mr. Markey gave here yesterday?—A. I did.

Q. As manager you had direct knowledge of what went on there?—A. Yes.

Q. You knew what expenditures were made?—A. Yes.

Q. You know what plant was put in?—A. I do.

Q. And you know, generally, as well as anybody, about the operations of the company?—A. I do.

Q. You heard Mr. Markey's evidence regarding the expenditure during the year 1905?—A. Yes, I did.

Q. And you know of your own personal knowledge that what he told the committee yesterday was correct?—A. Was correct, yes.

Q. It was further correct that, as to the amounts that were taken out in fish, that it had been a losing speculation?—A. Yes, a losing speculation.

Q. And the amount taken out never compensated by the amount he told us yesterday for the sum that was invested?—A. No.

Q. It never did?—A. No.

Q. For the reason, as he said, of its inaccessibility and its cost of operating?—A. Yes.

Q. That is the idea?—A. Yes, that is the idea.

Q. And you know of your own knowledge too that at least $137,000 has been put into it, with the assets against that of the British American Company holding the securities of the Imperial Fish Company, and also the plant that they have there, that was put in by the British American Fish Company?—A. Yes.

Q. That is all they have to represent the amount of this $137,000 or thereabouts, that is the security and plant as I have said?—A. That is all.

By Mr. Crocket:

Q. What does the witness say is all they have to represent that?

Mr. PARDEE.—All they have to represent it is the security of the plant of the Imperial Fish Company and also the plant that was put in by the British American Fish Company.

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By Mr. Pardee:

Q. And that plant of the British American Fish Company you value at the amount Mr. Markey gave here yesterday?—A. Yes.

Q. The plant on the Nelson river you value at the amount that Mr. Markey put in yesterday?—A. I do, between $30,000 and $40,000.

Q. That was the amount put in the plant?—A. Yes.

Q. You are not entitled, I suppose, to speak for the British American Fish Company as to what amount they would be willing to take for the plant now?—A. Oh, I could not say off-hand, but I am satisfied that the company would be prepared to take considerably less.

Q. They would take considerably less than it cost?—A. Yes.

Q. Then, as manager of that company you can say there never were any bogus claims put in for any ten mile stretches by way of putting up any would-be plants or stations in order to hold those ten mile limits?—A. No, sir.

Q. That never was done?—A. It never was done.

Q. The only thing that was done was to put in a *bona fide* plant, that was actually put in at a cost, as you have told us, of between $30,000 and $40,000?—A. That is right.

Q. And on that plant you stand, as far as the protection for the rights you have under the lease are concerned?—A. Yes.

Q. With regard to the Imperial Fish Company you are an officer of that?—A. Yes, I am the president.

Q. And the working arrangement that Mr. Markey told us of yesterday was made as between the British American Fish Company and the Imperial Fish Company?—A. It was, yes.

Q. That also was a losing venture? Or was it otherwise?—A. It was a losing venture, yes.

Q. Did you have charge or direction of the Athabaska Fish Company?—A. I did.

Q. Now Mr. Markey told us yesterday that was operated in 1904, a little, and in the winter of 1905, I think?—A. Yes.

Q. He said that the loss was $7,000 or thereabouts?—A. It was fully that.

Q. And the outfit cost about $5,000?—A. $5,000, yes.

Q. That meant a total outlay of?—About $12,000 or $13,000.

Q. That meant a total outlay of $12,000 or $13,000 on Athabaska?—A. Yes.

Q. You have had considerable experience in the fishing business up there?—A. I have.

Q. And are there a good many difficulties surrounding it?—A. Oh, yes, transportation is the chief difficulty. The getting of the fish out of that country, after you have caught them, to the railway station is the great expense.

Q. Is there any outlet at the present time by railway for the fish?—A. No.

Q. How do you get them to your market?—A. We team them out some 200 miles from Lesser Slave lake to Edmonton.

Q. You team them 200 miles from Lesser Slave lake to Edmonton?—A. Yes.

Q. Which I suppose is a pretty costly proceeding?—A. It is very costly, in fact it costs—I think the rate that the traders there pay to the teamsters is something like $4 per hundred pounds for taking goods in, but when we started operating there the teamsters taking the goods in for the traders used to take out the fish for us and they cut down the rate to the traders to 2 cents.

Q. Has there been a considerable amount spent in the exploration of these various fish licence limits?—A. On Lesser Slave lake we have spnet in the fall of 1904, I think, for exploration, something like $2,000 or $2,500.

By Mr. Northrup:

Q. What company is that, please?—A. The Athabaska Fish Company.

By Mr. Pardee:

Q. That was spent in exploration alone?—A. Yes.

Q. Was there any other exploration done on any other waters?—A. Yes, last fall we sent a party out to Lake Athabaska and that cost us $1,500.

By Mr. Northrup:

Q. Excuse me, that is last fall, the fall of 1907?—A. The fall of 1907, and in the fall of 1905 we sent a party up into the Pigeon river and that cost considerable.

By Mr. Pardee:

Q. That cost which?—A. I do not know the exact figures, but it cost something in the neighbourhood of $2,000.

Q. Something in the neighborhood of $2,000?—A. Yes.

Q. Then on the whole what you tell us is that this question of taking up fisheries in that country is a most expensive one?—A. It is very expensive.

Q. It is very expensive?—A. Yes.

Q. And up to this date the venture has been?—A. A failure.

Q. A decided failure?—A. Yes, decided.

Q. How long since you have been in that country, Mr. McKenzie?—A. Since I have been there?

Q. Yes, operating in this way?—A. I have been in the fish business for the past ten or fifteen years.

Q. So that you are absolutely a practical man in that line?—A. Yes.

Q. And you think if anybody could make it profitable you ought to be able to do it?—A. I think so.

Q. And from the best expert knowledge you can give it, in carrying on those operations you, as an expert fisherman, have not been able to make it a profitable venture?—A. No, I have not been able to.

By Mr. Northrup:

Q. You have been in the fishing business, you said, for some ten or fifteen years?—Yes, sir.

Q. When did you get your first lease from the government?—A. My first lease was in 1904.

Q. That is the one we have before us, then?—A. Yes, sir.

Q. That is the one dated May, 1904, I suppose?—A. Yes.

Q. That gave you the right to fish in the waters of Lake Athabaska and Lesser Slave lake?—A. Yes, sir.

Q. Then at that time you had been in the fish business about how many years? A vast and varied experience you had up to that time, I suppose?—A. Oh, yes, considerable experience.

Q. And in the light of your experience you thought it desirable to get a lease to finish in these two lakes?—A. I did at that time.

Q. Now, a little time before Mr. Markey had obtained a lease, had he, or was it after that?—A. Just before that.

Q. His lease, I believe, was assigned to the British American Fish Company?—A. It is.

Q. And yours was assigned to the Athabaska Fish Company?—A. Yes.

Q. Did you hold any position in the British American Fish Company?—A. I did, yes.

Q. What?—A. Manager.

Q. Did you hold office in the Athabaska Fish Company?—A. President.

Q. And you were the manager too?—A. Yes.

Q. Then did these two companies work together?—A. They did, yes.

Q. Was there any other company worked with those two companies?—A. Well, the Imperial Fish Company in Selkirk.

Q. What company was that, or did they have a lease?—A. No, they had no lease.

Q. It was merely a purchasing company?—A. A purchasing and fishing company.

Q. It was a producing company?—A. Yes.

Q. How did they fish?—A. They fished over Lake Winnipeg.

Q. Without a lease?—A. Without a lease.

Q. Who is at the head of that company?—A. I am.

Q. You are the head of the Imperial Fish Company?—A. Yes.

Q. The three companies worked together?—A. Yes, sir.

Q. Did any other company work with these three companies?—A. Yes, we have worked in with the Ewing and Prior Company.

Q. What were they doing?—A. Fishing in Lake Winnipeg.

Q. It is an incorporated company?—A. Yes.

Q. Have you anything to do with it?—A. No, but working with them.

Q. You just worked in 'affiliation,'—that is the term used here yesterday,—with them?—A. Yes, we sell to the same dealers in the United States as they do.

Q. Was there any other company that worked with these two companies?—A. The Nelson River Packing Company.

Q. Where did it do business?—A. In Lake Winnipeg and on the Nelson river.

Q. Had they a concession?—A. Well, through the British American Company.

Q. They had a concession through the British American Fish Company?—A. They worked with the American company.

Q. Are you connected with the company?—A. I was.

Q. What position did you occupy?—A. I was president of that company.

Q. And manager?—A. No.

Q. Were they fishing and selling fish?—A. Yes, sir.

Q. Was there any other company working in connection with these companies?—A. No, I cannot say working in connection with them. They all worked in harmony, all the independent companies there who were opposed to the Booth Trust.

Q. You say you worked in harmony, had you any business connection with them?—A. No, no other business connections.

Q. You did not mutually work together for the common benefit, or buy and sell between one another?—A. No.

Q. Did any of these companies sell fish to companies in the United States?—A. Yes, they all sold to them.

Q. To what companies in the United States did they sell fish?—A. Well, to the Buckeye and the Wolverine.

Q. Any others?—A. And their different branches.

Q. We were told by Mr. Markey yesterday that there are two large trusts, I might say, in the United States, one called the Trust and the other the Anti-Trust?—A. Yes.

Q. Is that the case?—A. Yes.

Q. And the Wolverine and Buckeye and some others were known as the 'Anti-Trust?'—A. Yes, sir.

Q. And they are a very large corporation?—A. Not very large.

Q. A large one?—A. Yes.

Q. Doing a large business?—A. They are doing a large business there.

Q. I notice in the assignment by you to the Athabaska Fish Company that Mr. Dee signs as vice-president of the Athabaska Company?—A. Yes.

Q. Who is Mr. Dee?—A. He is from Detroit.

Q. Has he any connection with the Wolverine Company?—A. Yes, sir, he used to be chairman of the Wolverine Fish Company.

Q. What is he now in connection with that company?—A. I could not tell you what position he holds at the present time.

Q. He is some official of that company, isn't he?—A. I think so.

Q. Is he connected with the Buckeye Company?—A. Yes, sir.

Q. Do you know what position he occupies there?—A. I do not know.

Q. He has some position there?—A. I could not tell you what it is.

Q. He is vice-president of the Athabaska Fish Company?—A. Yes, sir.

Q. Is he an officer in any of these other companies ; the British American Fish Company?—A. Yes, sir, he is an officer of the British American Company.

Q. Is he an officer in any other of these Canadian companies?—A. Not that I am aware of.

Q. He is an officer of the British American, the Athabaska, the Wolverine and the Buckeye Fish Companies?—A. Yes.

Q. When you applied for your lease in 1904, did you intend operating that lease yourself or handing it over to the company?—A. I intended to hand it over.

Q. To whom?—A. To the company.

Q. And you did so?—A. I did, yes.

Q. Upon what terms did you hand it over?—A. Well——

Q. I see your assignment says $1, was that the consideration?—A. Well, we had just formed the company to work these waters.

Q. You, at that time, had the lease, what did you get for your lease?—A. I did not get anything.

By Mr. Pardee:

Q. Did you transfer that for stock in the company?—A. Yes.

By Mr. Northrup:

Q. You were given paid-up stock in the company for your lease?—A. Yes.

Q. How much did you get? (No answer).

By Mr. Pardee:

Q. I do not think that is a permissible question unless the witness wants to answer it?—A. We got a majority of the stock in the company.

By Mr. Northrup:

Q. You said that you got a majority of the stock in the company for your concession?

Mr. PARDEE.—He did not say that.

By Mr. Northrup:

Q. How much did you get in stock for the lease you had?

Mr. PARDEE.—He does not need to answer that question unless he wants to.

WITNESS.—I do not care to answer.

By Mr. Northrup:

Q. Do you decline to answer? I think we have a right to know it. But I am not going to waste time about it. Do you decline to answer—A. Yes.

Q. What was the capital stock in your company?—A. The Athabaska Company is $100,000.

Q. How much of that has been paid up?—A. Well, it has all been given us, there is no actual money put in.

Q. No actual money put in. Now then, when you formed this Athabaska Fish Company, I suppose you went to work, did you?—A. Yes, sir.

Q. Are there financial dealings between the Athabaska Fish Company and the British American Fish Company?—A. Yes.

Q. Are the financial accounts of these companies you have mentioned interwoven one with the other?—Yes, they are pretty well mixed up.

Q. So that it is pretty hard to say what the position of one of these companies is without considering the position of all the others, isn't that a fact?—A. I guess it would be, yes.

Q. It would be hard to find the position of one without finding the position of them all. Now, you got your lease in 1904, and you are bound by your lease to make a return to the government each year, you know?—A. Yes.

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Q. Have you any papers to show the first return you made to the government? A. No, I haven't them just now, but the return has been made.

Q. Was anything done in the winter of 1904?—A. Yes, 1904 and 1905.

Q. How much was your expenditure during that year?—A. The expenditure that year was somewhere in the neighbourhood of $2,500.

Q. Spent in what way?—A. Oh, when I say $2,500, that was in exploring, that is in the winter we fished there.

Q. You say that in 1904 and 1905 you spent $2,500 in exploring?—A. In the fall of 1904 we spent $2,500 in exploration, and that winter we finished the lake and spent a considerable amount of money; I do not know the exact amount, making a loss of about $7,000.

Q. First you spent $2,500 in exploration?—A. Yes.

Q. Then what other expenditures did you make in the winter of 1904-5?—A. We sent a gang of men out there to fish the lake.

Q. To fish the lake?—A. Yes, and to put up the necessary buildings.

Q. They put up buildings and fished?—A. Yes.

Q. You got a certain quantity of fish?—A. Yes.

Q. And you had the buildings there at the end of the season?—A. Yes.

Q. How much did you spend getting out the fish and in your business that winter?

Mr. PARDEE.—He said $7,000.

The WITNESS.—No, that was the loss; we spent about $25,000.

By Mr. Northrup:

Q. That is in the winter of 1904-5, to be perfectly fair, the company spent $2,500 in exploration and $25,000 in getting out fish, putting up buildings, &c.?—A. Yes.

Q. And these buildings were erected where?—A. Lesser Slake lake.

Q. Have you any figures showing how much fish you got out that year?—A. The report to the department shows that.

Q. I haven't it in my hand just now, do you remember the quantity?—A. No, I do not remember.

Q. Do you remember what buildings you erected there?—A. Well, speaking off-hand there are some houses for the men to live in, some fish houses——

Q. These are what you call fishing stations?—A. Yes.

Q. They would be a cheap kind of house, wouldn't they?—A. Not very expensive.

Q. Tell me, please, how much of the $25,000 was spent in buildings, and how much in the business, getting out the fish ?—A. I cannot tell you off-hand.

Q. Give it to me roughly ?—A. I could not tell you; it would be guessing at it.

Q. You couldn't give me an idea what the buildings were worth?—A. I could give a guess.

Q. To the best of your opinion?—A. The buildings would be worth $1,000.

Q. And the rest of the money would be spent in getting out the fish?—A. No, the rest of the money would be spent in exploring and getting out the fish.

Q. No, excuse me, you told me the amount spent in exploring was $2,500. You say that the buildings will be $1,000, what would the rest of the $25,000 go in?—A. In paying for the fish and the freight.

Q. You say about $1,000 went in buildings and the balance of the $25,000 went in getting out fish?—A. In the buildings and the stock on hand such as fishing boats.

Mr. PARDEE.—In boats, nets or anything of that kind?

WITNESS.—Yes, nets.

By Mr. Northrup:

Q. How would you distribute that $25,000?—A. The report to the government shows it.

Q. It should but it does not. There is no reference there to the $25,000?—A. There would be the nets, fish boxes, the amount paid to the fishermen, the teamsters and the freighting.

Q. And in that way you would make up the difference between $1,000 and $25,000. I have your statement here for a year, over your own signature dated 'Selkirk, April 24, 1905.' This is what you say:—

'Hon. RAYMOND PREFONTAINE,
Minister of Marine and Fisheries,
Ottawa, Ont.

SIR,—Complying with the terms of lease by His Majesty the King through your department dated the 14th of May, 1904, granted to John Kenneth McKenzie, of the town of Selkirk, in the province of Manitoba, and assigned to this company, we beg to report as follows:—

In accordance with the terms of the lease Mr. McKenzie assigned the same to this company, a copy thereof having been already forwarded to you.

We sent an exploration party of four men in the month of July from Edmonton over the trail to Lesser Slave lake, a distance of about two hundred miles. This party reported having thoroughly tested Lesser Slave lake throughout its length. The expenditure in connection with this exploration party was $1,150.

The explorers reported that whitefish predominated in the lake. There are also to be found therein small quantities of yellow pike, grass pike and suckers. There is also a species of fresh water trout in this lake, but not in large quantities, although the trout will run in size from 20 to 50 pounds each, and very much resemble the genuine salmon trout. There are practically no settlements of any kind around this lake, with the exception of the trading post and a few Indians.

Upon report of the exploration party, as soon as the trail became frozen, the company sent in equipment with fourteen men and by January 1, 1904, had erected five temporary fishing stations at an expense of $4,200. These fourteen men employed all the Indians they were able to obtain, from January 1 to March 10, and produced in their operations 168,000 lbs. whitefish. The number of gill nets used in the operations was 80 of 5½ inhc mesh. The quality of the Lesser Slave lake whitefish is similar to the Georgian bay whitefish, a fish of high quality; the water in the centre of the lake is 140 feet deep, which accounts for the high grade of the whitefish.

It is of course necessary to explain to you that under existing conditions no fish can be exported from these waters except during the winter months when it is brought out in a frozen state. The company is endeavouring to promote the building of a railroad from Edmonton to Athabaska Landing, when fishing operations may be carried on during the whole year.

Yours truly,
THE ATHABASKA FISH COMPANY, LIMITED.
(Sgd.) J. K. MCKENZIE,
President.

That was your letter of April 24, 1905, so that according to that letter your expenditure in exploration had been $1,150, and for the erection of buildings, $4,200, and you had brought out 168,000 pounds of whitefish.

The CHAIRMAN.—The $4,200 was for the buildings.

Mr. REID (Grenville).—That is $4,200 for buildings and for exploration, $1,150.

By Mr. Northrup:

Q. What was this fish sold for, and where?—A. These would be sold, f.o.b. at Edmonton.

Q. For local use or for exportation?—A. Mostly for exportation, but I think some were sold locally.

Q. What price would these fish bring at Edmonton?—A. 5½ cents or 6 cents per pound.

Q. Not for 5½ or 6 cents a pound, you can't buy them in this country at anything like that?—A. The freight is so high, you see.

Q. At 5½ or 6 cents a pound, why that is half what we pay in this country. Are

you sure they were sold at that price? We have the Georgian bay and the Lake Erie fish here and we pay 10 cents.

By Mr. Jackson (Selkirk):

Q. What do the buyers pay for whitefish from Lake Manitoba?—A. Last winter the price of white fish was down as low as 4 cents.

Q. That is ten miles from Portage la Prairie?—A. Yes.

By Mr. Northrup:

Q. You mean the buyers who bought them from the fishermen?—A. Yes.

Q. What were these whitefish sold for at Winnipeg?—A. You could not get more than 5 cents for them in Winnipeg from the dealers.

Q. There was not much money in that apparently then. Now, in the light of this letter of yours, would you still maintain your last statement of an expenditure of $2,500 in exploration and $25,000 otherwise in that year?—A. Well, I have no figures before me as to the exploration.

Q. I know, would you be inclined to think the figures in your letter of April 24, 1905, more likely to be correct?—A. They are more likely to be correct, yes.

Mr. PARDEE.—What did he say he had expended in exploration in that letter?

Mr. NORTHRUP.—$1,150.

By Mr. Northrup:

Q. You say in that letter that you expended $1,150 in exploration and that the company sent in 14 men who put up five temporary fishing stations at an expense of $4,200?

Mr. MARKEY.—He mentioned $25,000 as the total expenditure in that year for everything.

WITNESS—Paying for the fish, and so on.

The CHAIRMAN.—He is a little high on the figures for exploration, but he is away below what he spent on his buildings.

By Mr. Northrup:

Q. Taking these figures, $1,150 for exploration and $4,200 for buildings, would the remainder of the money be expended in getting the fish out, which you afterwards sold?—A. I do not understand the question.

Q. You have spent $1,150, according to your letter, in exploration?—A. Yes.

Q. You spent $4,200 in erecting five temporary fishing stations?—A. Yes.

Q. You said you spent $25,000 in erecting the buildings and carrying on business. Would the balance between the $4,200 and the $25,000 be spent in purchasing fish and bringing them to the market?—A. The balance would be spent in purchasing fish and bringing them to the market.

The CHAIRMAN.—That is not absolutely right, because he spoke also about nets

By Mr. Northrup:

Q. You have 80 nets of 5½-inch mesh; what would they cost each?—A. Oh, the nets, roughly speaking, they should be worth, all ready to put in the water, about $10 apiece.

Q. How long does a net last?—A. The life of a net is about one winter season.

Q. You point out in this letter that you expect to have a railway from Athabaska Landing to Edmonton, and then you could carry on your operations during the whole year?—A. Yes.

Q. As a matter of fact, if you had such a railway your concession would be a very valuable one, wouldn't it?—A. Well, at the present price of fish it would not be very valuable; it should be more valuable than it is now.

By Mr. Pardee:

Q. What would it cost to build a railway?—A. I am not a railway builder; I could not tell you.

Q. It is 300 miles; how much would it be, roughly?

Mr. JACKSON (Selkirk).—At $20,000 a mile?—A. I could not tell you.

By Mr. Northrup:

Q. What did your company, the Athabaska Fish Company, do in the following winter of 1906?—A. We caught some fish there, not a great deal, that winter.

Q. About how much did you spend that winter?—A. That winter it would be about——

Q. The second year you were fishing there?—A. I do not remember exactly, but I think somewhere about $2,000 or $3,000.

Q. You are not far astray, here is your letter of March 20, 1906, signed by yourself, saying:

'During the past winter ten or twelve men were employed in fishing in Lesser Slave lake, in the province of Alberta, and produced two carloads of whitefish, being about 50,000 pounds, which were marketed at Edmonton.

The expenditures during the season, $1,775, principally for labour; six stations were located during the past season.'

Do you remember how much you got for the fish in Edmonton? You say they were sold at Edmonton?—A. I do not remember exactly, but in the neighbourhood of 5½ or 6 cents per pound.

Q. Then at 5 cents it would be in the neighbourhood of $2,500, so that apparently you did not lose any money that year?—A. They might have cost more than that.

Q. I have your own figures here, here is your own return to the department, which says that the expenditures during the season were $1,775?—A. I am not quite sure what the fish brought at Edmonton; what they were sold for then.

Q. Would it be under 5 cents? You told me 5½ or 6, and I took the 5 cents in order to be sure?—A. It might be.

Q. At 5 cents a pound it would be $2,500, and the expenses you say, were $1,775, and besides that you located six stations up there, so that you were not very much behind in that?—A. There never was a year when we were not behind.

Q. How do you explain your own statement to the department; I am taking your own figures?—A. Well, that did not include what the fish cost probably.

Q. It does, because your letter says that the expenditure is principally for labour, and that is what the fish cost, the labour, although you do not say what the expenditure is for other than that it is principally for labour?—A. I do not think that covers the first cost of the fish.

By Mr. Pardee:

Q. That is at Lesser Slave lake; you were not there personally, managing operations, were you?—A. No, I was not.

Q. Who was?—A. A man named Butterfield.

Q. He has all the figures, so that when you are speaking about Lesser Slave lake expenditure are you speaking with any degree of personal knowledge at all?—A. No, not on that.

Q. The statements were just sent to you to sign as manager, and you signed what was put before you, is that right?—A. I signed, of course, knowing the expenditure pretty well in each case.

By Mr. Northrup:

Q. I suppose when signing any official statement to the government, you get the most correct figures you can?—A. I do.

Q. I suppose as president or manager you knew what the expenditures had been? They had gone through your hands, hadn't they?—A. Yes.

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Q. So knowing the expenditures and wishing to sign a correct statement to the government, you sent this letter of March 20, 1906, didn't you?—A. I did.

Q. It would probably be correct?—A. It would.

Q. So that the expenditures were $1,775 for six stations, and you sold 50,000 pounds of whitefish, and in that same letter you say :—

'During the coming winter of 1906-7, the company expects to greatly increase its operations in this region, the means of transportation by rail being expected to be much improved.'

Q. Did you increase your operations at all?—A. No, we did not do anything.

Q. You didn't do anything?—A. No.

Q. What was done in the following year, that would be the winter of 1906-7?—A. In 1906-7?

Q. That would be last year really, not the winter just passed, but a year ago?—A. I do not know whether there was any fish taken out or not, I do not remember just now; I do not think so, but if there was any it was very little.

By Mr. Pardee:

Q. What was that?—A. In 1906-7, I do not think there was any fish taken out of Lesser Slave lake that year.

By Mr. Northrup:

Q. I see by your letter of April 12, 1907, as president of the Athabaska Fish Company, you state that your expenditure in exploration work and operation under the lease was $365.45?—A. I do not remember at all what that was for.

Q. Your letter says:

'A certain amount of exploration work was done and operations carried on in Lesser Slave lake to supply local consumption only, occasioning the expenditure for explorations and operations under lease of the sum of $265.45.'

A. Yes, that would be all reported from Mr. Butterfield.

Q. It was on the strength of his report you made that statement?—A. Yes.

Q. You do not in that letter make any statement as to the amount of fish you caught?—A. No.

Q. Some fishing was carried on, I suppose, assuming that statement is correct?—A. Very little, if any.

Q. If I am to take as true the statement made by you, as president of the company, to the government all the money you expended that year was $366.45?—A. I guess so, if it is there.

Q. Tell me how your company has a very serious loss, taking these figures?—A. In the first winter they had a very heavy loss.

Q. In what way?—A. The first winter.

Q. Tell me how you lost money the first year, that is the winter of 1904-5?—A. Well, the fish cost us more than we got for them.

Q. That is the year you got 168,000 pounds ?—A. Yes.

Q. How much did they cost you?—A. Well, at the end of the season we were some $7,000 behind.

Q. In the meantime you put up buildings to the cost of $4,200, according to this statement?—A. That is right.

Q. And you had bought $800 worth of nets?—A. Yes.

Q. And you had a lot more money to make up if you had spent $25,000. Can you give this committee any explanation how you got $7,000 behind?—A. That does not show what the fish cost us.

Q. I am asking you how you account for having lost that large sum of money in the face of this statement ?—A. That does not show what the fish cost or what we got for them.

Q. Will you swear under oath that the fish cost you ten cents a pound, say?—A. The fish cost us considerably more than we realized on them.

Q. Can you give me any idea what they cost you, that is the first year ?—A. No.

Q. You cannot give me any idea what they cost you ?—A. Not off-hand.

Q. Although you are the president and the manager of the company?—A. I haven't the statement before me.

Q. One would think you would have enough interest in the company to know how the business was panning out ?—A. Well, I did at the time, but I haven't gone over the matter since.

Q. Can you give me any explanation at all to account for this large loss?—A. Well, that is on account of the fish costing us more than we got for them, more than we sold them for. That expenditure of $4,200 for buildings and $1,500 has nothing at all to do with the loss.

Q. What expenditure?—A. The $4,200 and the $1,500 has nothing to do with the loss at all.

By Mr. Pardee::

Q. Has nothing to do with what?—A. Nothing to do with the loss on the fish.

By Mr. Northrup:

Q. That loss would be entirely on the sale of the fish?—A. Yes.

Q. With 168,000 pounds of fish to work on, tell me how you can figure out $7,000 loss on those?—A. Well——

Q. You must have got 5½ or 6 cents a pound for them?

Mr. MARKEY.—There were lots of them never got down to Edmonton at all, they were left on the trail.

By Mr. Northrup:

Q. Can you explain that?—A. Well, they cost considerable to get the fish out to the market, and when we got them out to the market we were met by the slump in price by the big trust the Booth Trust.

Q. That is an explanation in a very general way, but can you tell me how you sustained a loss of $7,000? Will you swear that is the difference between what these fish cost you and what you got for them?—A. Most of it is that way, yes.

Q. You can't tell me what they cost you?—A. No, I can't tell you just now what they cost.

Q. And you stand by what you say, that you think they sold at 5½ or 6 cents a pound??—A. Well, you have asked me what fish were selling at around Edmonton, that is my answer to that question.

Q. I suppose you sold at ordinary prices at Edmonton?—A. Well, Edmonton is not a fish market; if we have a large quantity of fish to take out we have to sell it in the United States.

Q. You sold the bulk of this in the United States, did you?—A. Yes.

Q. To companies in the United States?—A. Yes.

Q. The Wolverine and the Buckeye companies?—A. Yes.

Q. Do you know what you got from them?—A. Pretty well.

Q. How much?—A. In some instances as low as 4 cents per pound.

Q. And in some instances as high as what?—A. Well, 5 cents.

Mr. MARKEY.—There is 4 cents freight, 2 cents from the Lake to Edmonton and 2 cents a pound from Edmonton to Detroit; that is 4 cents a pound for freight, and some of the fish were sold at 4 cents.

By Mr. Northrup:

Q. The practical result seems to have been that 168,000 pounds of first-class whitefish were taken from Lesser Slave lake and sold to American companies for about 4 cents a pound, is that correct?—A. Yes.

APPENDIX No. 1

By Mr. Pardee:

Q. Is that statement about freight, or do you know?—A. Which?

Q. Now it costs four cents to get the fish from the lake to Detroit, that is two cents from the lake to the shipping point, and two cents from the shipping point to Detroit. Do you know whether that is so?—A. It would cost over three cents anyway.

Q. Then you would not deny that it cost two cents each for the two shipments?—A. What is that again?

Q. It costs two cents to ship the fish from where they are taken out of the water to Edmonton, and then from Edmonton to Detroit it costs another two cents?—A. More than that.

Q. Now, tell us what it is ?—A. It costs two cents from Lesser Slave lake to Edmonton for freight, and it costs about $2.75 or $3 per hundred, freight and duty, from Edmonton to Detroit.

Now then, were there any other expenses in connection with that shipment besides the duty and freight?—A. Certainly there were.

Q. Tell us what they were?—A. There is the loading of the fish.

Q. How much would that be?—A. About a quarter of a cent a pound.

Q. Anything else?—A. There is the icing of the cars.

Q. What does that cost?—A. That would probably be one-sixteenth of a cent a pound.

Q. Anything else?—A. There would be the boxes; they figure about a quarter of a cent a pound.

Q. That is for the boxes themselves, or for boxing the fish?—A. The boxes themselves and boxing.

Q. The boxes and boxing would cost about a quarter of a cent per pound. So that how much can you give us, approximately, these fish stood you per pound in charges by the time they reached Detroit?—A. Oh, they would stand us——

Q. That is just from the time they were taken out of the water up to the time they were landed at Detroit, what did they stand you?—A. About ten cents a pound.

Q. And you sold them at what?—A. A lot of them were sold for four cents a pound.

Q. How much did the catching cost you?—A. The catching cost about three cents a pound.

Q. So that the fish stood you about 13 cents a pound, and you sold them at less than four, or at four cents if you want to put it that way, is that right?—A. That is right.

Q. Taking that, is that the way you make up these approximate figures of $7,000?—A. That is where the loss comes in.

Q. Now then, that is the explanation, if you have any other give it to the committee, but that is the explanation of the $7,000 loss?—A. That is the explanation, yes.

By Mr. Jackson (Selkirk):

Q. Did all these fish reach Edmonton? Was there any loss on the road on account of bad weather, or anything of that kind, spoiling?—A. They all reached Edmonton, but there may have been a loss, fish may have spoiled on the way.

By Mr. Northrup:

Q. I think you told us already, but I want to be perfectly sure; I understood you to say that the accounts of these various fish companies were so involved, the one with another, that you could not tell how one company stood without looking into the affairs of another. Didn't you tell me that?—A. Of course you could not tell how one company stood without looking into the affairs of the other.

Q. They are involved one with another?—A. They are pretty well mixed up, but at the same time you could tell it.

By Mr. Pardee:

Q. The treasurer does that work anyway, doesn't he?—A. Yes.

By Mr. Northrup:

Q. And the same people are concerned in the different companies, aren't they?—A. Pretty much.

Q. So that it would be perfectly possible that one company might lose money and yet, on the whole, the shareholders in that company might be content with the profits they might make in the other companies, wouldn't it?—A. Oh, it is possible.

Mr. PARDEE.—Would you mind following that out, Mr. Northrup, and asking if they did.

Mr. Northrup:

Q. Wait a moment. This gentleman, Mr. Dee, that you told us about is one of the leading men in the Detroit Fish Company, the Wolverine Fish Company?—A. I could not say that he is.

Q. He is president and manager?—A. He used to be president, I do not know whether he is to-day or not.

Q. At all events he is one of the officials of the company to-day?—A. Yes, I think so.

Q. And one of the leading men in the company?—A. I think so.

Q. And it was to his company you sold the fish?—A. Yes.

Mr. MARKEY.—On commission.

WITNESS.—On commission.

By Mr. Northrup:

Q. Are all your sales to the Wolverine Fish Company made on commission?—A. No, not all.

Q. Do you know that all these fish we have been talking about were sold to them on commission, will you pledge your oath to that, yes or no?—A. They have sold fish on commission.

By Mr. Pardee:

Q. What?—A. They sold fish for us on commission.

By Mr. Northrup:

Q. I am asking you whether all these fish we have been talking about as having been sold for four cents a pound were sold on commission?—A. Yes, I think so.

Q. Are you sure they sold them?—A. Yes.

Q. Do you know to whom they sold them?—A. No, sir.

Q. They might have sold them to the Buckeye Company for all you know?—A. They might have.

By Mr. Taylor:

Q. I understood you to state in answer to a question by Mr. Pardee a moment ago that the fish cost 13 cents a pound. I would like to be clear about that and I would like you to tell us how you make up the 13 cents.

The CHAIRMAN.—He said 10 cents.

Mr. TAYLOR.—No, ten cents and 3 cents for catching.

Mr. PARDEE.—Yes, he said that.

Mr. TAYLOR.—Thirteen cents was the amount fixed by Mr. Pardee and you said that was correct. As I understand you, the catching is 3 cents, it is two cents from the lake to Edmonton and from there to Detroit the freight and duty is 2¾ cents, the boxing is ¼ of a cent, and the icing is one-sixteenth of a cent, how much was there besides that?

Mr. PARDEE.—How much does that make?

Mr. REID (Grenville).—About 9 cents.

APPENDIX No. 1

By the Chairman:

Q. What is the duty on fish?—A. One quarter of a cent.

By Mr. Taylor:

Q. Explain to me where the balance of the 13 cents comes in?—A. I did not say 13 cents, I said it cost about 10 cents a pound, Mr. Pardee said 13 cents.

Q. You said 10 cents and Mr. Pardee said, 'And three cents for catching, that makes 13 cents,' and you said 'Yes' to that.

Mr. PARDEE.—Perhaps he mistook me.

The CHAIRMAN.—I think the witness said it cost him ten cents per pound, and he said it cost 3 cents for catching.

Mr. PARDEE.—If the witness is wrong I want to clear it up.

The WITNESS.—That is not right.

By Mr. Pardee:

Q. Figure that out and tell us what these fish cost you?—A. They cost about ten cents per pound.

Q. They cost you about 10 cents at Detroit?—A. Landed at Detroit.

Q. That is all told?—A. Yes.

Q. Catching and all costs you about 10 cents?—A. Yes.

By Mr. Reid (Grenville):

Q. Is that right now?—A. Yes, that is what it is and that is my first statement.

By Mr. Northrup:

Q. Have you any idea what proportion of the first lot sold at 4 cents?—A. No, I could not tell you that.

Q. Have you any idea what was the highest figure you got for fish that year?—A. The highest figure that we got for fish that year would be about 5½ cents.

Q. Can you give any idea how much was sold at that figure?—A. No, there would be very few sold at that, there may have been some large fish that were picked out.

By Mr. Pardee:

Q. Were all the financial affairs of these companies that we have been talking about, in the hands of Mr. O. E. Fleming, of Windsor?—A. They were all in his hands, yes.

Q. He was the financial man?—A. He was the treasurer.

Q. Which?—A. He was the treasurer of the company.

Q. Did he receive and disburse the moneys ?—A. He did, yes.

Q. Can he speak accurately upon that point?—A. He could, yes.

Q. He should be able to?—A. Yes.

By Mr. Northrup:

Q. Did I understand you to say that Mr. Fleming was the treasurer of all these companies you mention ?—A. Well, not all the companies, but for the British American and the Athabaska fish companies.

Q. It was only those two he was treasurer of?—A. Yes.

Q. Only those two?—A. Yes.

Q. He handled the funds for both?—A. Yes.

Q. And they worked together?—A. Yes.

Witness discharged.

Mr. ARCHIBALD MCNEE, called, sworn and examined.

By Mr. Northrup:

Q. I believe you obtained a fishing lease from the Dominion government in the year 1902?—A. Yes, 1902, I think that was the date.

Q. It was for the waters on the south shore of James bay, I believe ?—A. Yes.

Q. Had you ever been in the fishing business before applying for that lease?—A. I was never in the fishing business, and I never expect to be.

Q. Perhaps you are sorry that you are not?—A. I am glad I am not when I hear the evidence here to-day.

Q. How did you come to apply for that lease?—A. I am a newspaper publisher, and we have a great many fishermen in our county, on Lake St. Clair, the Detroit river and Lake Erie, and we were very much disturbed there by the fishing regulations and by our neighbours across the line on international waters. I had a great deal to do in connection with our fishermen there, trying to get the regulations modified, and in other ways I came in contact with our fishermen very largely. When they had apparently come to the determination to try to do something in other waters—James bay and Hudson bay were suggested—they came to me about it and I said that I believed the government were anxious to encourage the fishing industry; that they had encouraged it very largely in other sections of Canada, and that I had no doubt at all any reasonable proposition which the fishermen made would be acceded to. I told them that as far as I was concerned I would do what I could to help in encouraging the opening up and developing of the industry in James bay and in that way I became connected with.

Q. I understand from your story that the way you first became interested in this lease was when the fishermen came to you?—A. Some of the fishermen did.

Q. And said they were going to fish in other waters?—A. They spoke about James bay, and asked me if I thought a lease could be obtained, and I said to them: 'You consider the matter and let me know what you want and I will go to Ottawa; I know the Minister of Fisheries very well (it was then the Hon. James Sutherland) and I will lay the matter before him.'

Q. You came to Ottawa and applied for a lease, not really for yourself, but for these other people?—A. There was no company formed, someone's name had to go in, and my name was put in the lease.

Q. Just so, you did not get it for yourself, but for some other people?—A. I got it for myself, except—I might explain, they asked for a lease for nine years, as they said that a lease for nine years could be obtained from the department without an Order in Council; if it was over nine years it would have to be by Order in Council, and they assured me that with some of the local fishermen associated with some fishermen of Detroit and elsewhere, if they could get a licence for nine years there wasn't any doubt at all they could get sufficient capital interested to open up the industry in James bay.

Q. That is, these local fishermen told you that?—A. These local fishermen, yes. So I came down to Ottawa and saw the Hon. Mr. Sutherland and explained the situation to him as they had explained it to me. I stayed here for a day or two, and after consulting with the officers of the department, he said they would grant a lease for seven years. So I took the lease for seven years back and told them there was a lease for seven years and they had better get to work and organize their company.

Q. Excuse me, you say you actually got a lease from Mr. Sutherland for seven years?—A. Yes.

Q. And you took it back to these people?—A. I said to them, 'I have a lease for seven years, and you can go on and carry out your organization and do what you have promised to do, get your capital together and form your company.' I understood they had several meetings, in fact I went with them once over to Detroit to meet some gentlemen there. After some consideration they came to me and said that the lease was for too short a term. I have the seven years' lease here.

Q. You say you have the seven years' lease there, with you?—A. I have the seven years' lease, yes.

(Handed document to Mr. Northrup.)

Q. It is duly signed, 'J. Sutherland.' That is for the same waters as the present lease?—A. For the same waters. I did not suggest the waters myself, I do not remember what they were, but it is the southern part of James bay, I know.

Q. When you came to see Mr. Suherland, did you define to him what waters you wanted a lease of?—A. No, understand they said to me they wanted just the southern part of James bay or whatever waters the department were willing to give.

Q. You merely applied to Mr. Sutherland for the southern waters of James bay and got this lease?—A. Yes.

Q. And you took back to them this lease dated March 15, 1902?—A. Yes.

Q. You took that back to Windsor and you showed it to the gentlemen with whom you were acting?—A. Yes, I suppose I was acting for myself as well as the others. I agreed, I said I would put money in it if they thought it was all right. I would encourage them to that extent.

Q. You took the lease in your own name, but taking it for yourself and these other gentlemen. You took back the lease and suggested that they get busy and get to work and form their company and they said the term was too short?—A. After consultation they said the term was too short. I said 'What do you want?' And they replied, 'A twenty-one year lease.' I said to them, 'I tried to get a nine years' lease and I only got one for seven years; I do not know how I am going to get a twenty-one year lease.' I had a letter, I think, from Mr. Dickenson, postmaster of Detroit, who is chairman of the Michigan State Fishery Commission, who is interested in the fisheries—Detroit is quite a fishing centre—he wrote me a letter and said there was no doubt at all that if a twenty-one year lease were granted sufficient capital could be obtained to organize and develop the fishing industry there.

Q. That is in Detroit?—A. Yes. He estimated it would require over $1,000,000, because of the remoteness of the district from transportation, and that the fish would have to be taken around through the straits, and for that purpose vessels would have to be purchased or rented and a refrigerator plant would have to be provided on the boats, &c. So the first estimate was for $1,000,000.

Q. So, shortly, what he said was that there would be no trouble at all, if you could get a lease for 21 years in obtaining $1,000,000 capital?—A. Yes. I came back to Ottawa and wrote a letter to Mr. Sutherland.

Q. Do you remember writing a letter to Mr. Sutherland, apparently from the Russell House, dated October 22, 1902, as follows:—

'DEAR SIR,—Adverting to my interview with you to-day relative to the fishing lease dated March 13, 1902, in James bay, granted by your department to me, I have since had a conversation with your deputy and now beg to put my request in the matter in formal shape.

As I understand, it is part of the policy of the government to encourage enterprises and the expenditure of capital which will explore and develop the newer and less known parts of Canada. I and those associated with me intend if our investigation and operations turn out as we anticipate, to expend a very large sum in the establishment of fishing plant, vessels and appliances which will undoubtedly employ a large number of men and attract many others, with the probability also of establishing other industries. It is obvious that, owing to the distance and comparative inaccessibility of the region that the venture must necessarily require several years to start and develop, besides the expenditure of a great deal of money. It is also to a great extent experimental. The term of the lease at present, namely, seven years, would be pretty nearly, if not quite exhausted in getting in shape to operate. In contemplating putting capital into it, and discussing it with other practical men, and asking them to join me in the investment of capital, I have become and am convinced that the lease must be extended to say not less than twenty-one years, or otherwise it will be practically useless. There are also clauses in the existing lease that in my view are so

restrictive as to make it well nigh valueless. No one could afford to risk his capital under such conditions. I refer first to the second clause which prohibits the transfer of any interest, &c., and second to clause 5, which places the arbitrary power in the hands of the minister for the time being to terminate the lease at any time he may deem it in the interest of the fishery and without compensation. These clauses, you must see, are most objectionable, and I would respectfully urge, most unreasonable. I would ask, therefore, for the following changes and modifications in the lease:—

1. That the term be extended to at least 21 years.

2. That clause 2 be modified to read as follows:—'That the said lessee shall not transfer any interest in the present grant nor sub-let to anyone except to persons or a company agreeing to observe and perform the conditions of this lease,' and

3. That clause 5 should be modified by striking out the following words in lines 5 to 7, namely:—'Or if the minister considers it necessary in the interests of the said fishery,' and also providing that any notice in writing given for the purpose of terminating the lease shall be for the period of at least six months.'

That is dated October 22, 1902, what follows that?—A. Following that, to make a short story of it, we got the lease.

Q. The lease was given to you. Did the department understand you were getting it for yourself and others?—A. Oh, yes.

Q. You told them about the arrangements, that in Detroit they were raising a million dollars?—A. Yes, I told our fishermen that I did not care where the capital came from, that I would just as soon it came from Detroit as from England.

Q. You told them that?—A. They spoke about that.

Q. So that when you got a lease for 21 years the minister understood you were getting it for a syndicate of fishermen at Windsor, and that they had raised a million dollars?—A. He particularly stipulated that a company should be organized, stating that the whole object of the department was to open up these virgin waters and to ascertain what was in them, because the reports in the department—I went through the departmental reports and could not find very much about what the waters contained. However, by correspondence with people at Moose Fort and the Hudson's Bay Company's officers, these fishermen I am speaking about, or some of them, got the information.

Q. You said you went through the departmental papers and didn't find much?—A. I did not find very much in them, and Hon. Mr. Sutherland told me that the object of the department was to promote and open up all our natural resources, and I felt that way too, myself.

Q. In the seven years' leave that you obtained there was a clause that the lessee 'shall not transfer any interest in the present grant, nor sub-let to anyone, without first notifying the minister and receiving his written consent or that of some other person or persons authorized to grant same.'—A. That was modified afterwards, I think; there is a letter attached to this (producing document) in which they give permission.

The CHAIRMAN.—That is the second lease?—A. That is to the second lease, the 21-year lease—I think there is a letter here—oh, yes, there is a letter. I got this from the Hon. Mr. Prefontaine. Of course the intention was for me to transfer it to the company, that was the idea, and I thought that clause interfered with that intention somewhat, so I got this letter from the Hon. Mr. Prefontaine, who was then the minister,—(reads):

November 28, 1902.

'Minister of Marine and Fisheries,
Ottawa, Canada.

Re HUDSON BAY FISHERIES.

DEAR SIR,—In reply to your letter and request of the 26th instant, I hereby agree to a transfer under clause 2 of such interest in your lease, dated the 13th day of November, 1902, as you may consider expedient for the proper development and

carrying on of the work. What I am concerned about is that a *bona fide* industry will, if possible, be established and operated under this lease.

Yours faithfully,

R. PREFONTAINE.

ARCHIBALD MCNEE, ESQ.,
Windsor, Ont.'

Q. The point I was calling attention to is this, in the first lease, December's lease, you could not assign without the consent of the minister?—A. No.

Q. You objected to that clause, didn't you?—A. Yes, I objected.

Q. In your letter of October 22, you objected to it, and in your second lease it was modified?—A. By letter, not in the lease itself, the clause is in the lease of the 13th of November, but it is modified by this letter.

Q. I see, it is the same clause as in the first lease, but there was a letter consenting to the assignment, which was the same thing, had the same effect. You could not assign the lease without the consent of the minister, but you got his consent in that letter?—A. Yes, that was to facilitate matters.

Q. To make a short story of it, you came down here, wrote this letter to Hon. Mr. Sutherland, and you got your 21-year lease?—A. Yes.

Q. What was done with the lease?—A. Nothing was done with it.

Q. Didn't you see the other parties?—A. Yes, I saw the other parties and they tried in New York, in Detroit, and I think they had a man in London, but they failed to raise the capital. The location of the proposed fishing industry was so remote from transportation, and the expenses were so heavy, as I have said, a million or a million and a half.

Q. When you took the lease you did not intend to go on and operate it yourself?—A. Oh, no.

Q. Your intention was that there would be a company organized, and that you would make it over to them?—A. Yes.

Q. Who were the parties that were most interested with you?—A. Mr. C. W. Gauthier, a fisherman who has been for 40 years in that line; there were other fishermen there who were interested, but he was really the leading one. I did not have much conversation with the other fishermen, he was the one who was doing the fishermen's part of it, and I was to get the lease.

Q. Was there any person other than fishermen in it?—A. Oh, no, this Mr. Dickenson, of Detroit, the head of the Michigan Fishery Commission, seemed to be interested. I met him once by request of Mr. Gauthier.

Q. I understand that primarily in getting the lease there was nobody interested except yourself, some fishermen, Mr. Gauthier and Mr. Dickenson?—A. Well, Mr. Dickenson was really only in consultation, that is all. In a letter to me he claimed he ought to have an interest in the lease because of his suggestions, but he never got any interest.

Q. The question I am asking you is, outside of yourself, Mr. Gauthier and the other fishermen, there was nobody else interested in it?—A. No.

Q. And you have done nothing with the lease since?—A. No, we haven't done anything and we are not likely to under present conditions.

By Mr. Pardee:

Q. On the ground of expense?—A. Yes. Why, if the government to-day were to send up an expedition with nets and fishing boats, and were to lay the fish out on the banks and say to us, 'There are your fish lying on the banks, free, you can have them,' I would not accept them. You can get fish laid down in Detroit for from $80 to $130 a ton, and you couldn't lay them down there from James bay for $500 a ton under present conditions. The lease is not worth the paper it is written on, so far as any interest in it or profit is concerned.

Q. I suppose if the railway were built to the Hudson bay it would make a wonderful difference?—A. It might make some difference, most decidedly, but they can put fish in Detroit from Lake Erie for the amount it will cost these gentlemen to transport it from Athabaska to Detroit.

Q. How was it you didn't know about all this when you tried to get the lease?—A. I did not know anything about it; these were fishermen who were most hopeful; I do not know very much about it yet. I have heard more to-day than I ever knew about the fishing business. But my experience is that our fishermen are an exceedingly hopeful lot of people. Why, I have an offer from a fisherman to-day who says he will put in a plant costing a million if the government will do in the James bay what they are doing for the fishing industry in other parts of Canada and for the lead and iron and other industries—give a cent a pound bonus. If they will give that he will put in a million dollar plant and buy vessels to ship it out by the straits. I wouldn't have my name bandied about, in parliament and out of it, as it has been in connection with these fisheries, for the whole James bay, if you were to give me the exclusive lease of it. I am trying to develop the natural industries of Canada, and I am not at all encouraged by the result.

Q. You and these fishermen applied for this lease thinking it would be a good speculation?—A. They said so.

Q. And when you came to try to float this speculation it did not materialize.

By Mr. Pardee:

Mr. Northrup has used the expression, 'When you came to try to float this speculation,' you did not get it in the sense of a money-making enterprise?—A. I got it because these people told me that they wanted to go up and establish an industry and I said the government is encouraging the fishing industry everywhere, and no doubt they will give you all the encouragement they can. We are everlastingly talking on the hustings, in parliament and everywhere else, about developing and encouraging the natural industries of Canada, and I said if I can help to get an extra fish taken out of the water without too much cost to myself I will do it; it was not a mercenary matter.

By Mr. Northrup:

Q. There was the expectation of making some money ?—A. Decidedly, there is in all these transactions.

By Mr. Reid (Grenville):

Q. Have you been paying the rent annually?—A. Oh, yes, I have been paying it annually, and if the government will pay me back the rent I have paid I will give them back the lease to-morrow.

Q. If it is not worth anything why don't you drop it?—A. Well, the day I left one of the fishermen came to me and offered to establish this plant at a cost of a million dollars, as I say. It is not a breaking concern, it is only $10 and this man says he will have a man go to London this very year and organize the same. I am paying the rental and they are doing the talking. That is the whole situation.

Q. But you expect to make some money out of it yet?—A. I will transfer it to you before I leave Ottawa if you will carry out the intention of the lease and establish a fishing industry there and I will pay you five years' rental for you in advance and make the transfer right here in this room before I go out of it if you will accept an those conditions. I do not believe I will try to develop much more the natural industries of this country if I am going to be hawked about in this kind of way. I am getting rather discouraged with the whole thing.

Witness discharged.

APPENDIX No. 1

Mr. R. N. VENNING, re-called.

By Mr. Northrup:

Q. If I remember rightly when you were before the committee on a previous occasion you stated that the only lease to Mr. McNee was that dated November 13, 1902, and when the question was raised about the lease for seven years it was explained very learnedly and very exhaustively how that duplicate came to be in existence, and it was stated that there were not two leases?—A. There are not two leases, that is the only statement I made here, that there are not two leases in existence.

Q. There were two leases?—A. Perhaps I did not make myself understood, or perhaps I did not understand you. My only object in giving the evidence I did was to show that there was only one effective lease as between Mr. McNee and the government; that the lease for the shorter term was simply the first draft of the later lease, and as a matter of fact there was only one lease in existence.

Q. That is exactly what I understood you to say, that there was only one lease in existence, that this was a first draft which did not materialize into a regular lease; but that is not correct, because Mr. McNee produced the lease?—A. That comes to the same thing, there is only one lease in existence, he does not pay a second $10 rental.

Q. It is a different transaction altogether, is not that so? The whole transaction is that he got a seven years' lease which was not satisfactory, he came back to the department and got another one, and the first one did not then hold?—A. I do not want to appear on the records as denying that there was such a document as he has now produced. What I want to say is that eventually this lease for 21 years came into his possession for which he is paying $10 a year, and that is the only instrument which he has that carries a rental, and that practically covers the same waters as he first got a tentative lease for.

Q. I can't see any difference myself, he produces two documents here to-day, one of which was in existence for six months?—A. Is he paying $20 a year?

Q. No, there was only one lease in existence for six months and he was liable under that. Then another lease came along and took the place of that first lease. That does not alter the fact that there were two leases given him but he only paid rent on the second?—A. Did Mr. McNee accept the first lease and act on it?

Mr. PARDEE.—He did not, he says that he never paid on the first lease.

A. The only point I want to make is this, that I made the statement that the first lease culminated in the second lease. As a matter of fact, to my knowledge, there was only one lease in existence in the department, but there may have been twenty or thirty leases that led up to that lease. I want to be put right on the record.

Mr. NORTHRUP.—Nobody is disputing Mr. Venning's integrity at all, but that the documents from the department would show that only one lease was given?—A. That this seven year lease was a draft lease in which certain changes were made preparatory to the 21 years lease.

Mr. NORTHRUP.—It was no draft at all, because it is signed by the minister ?—(Document handed to witness)—A. There is no doubt about its being a signed lease. I have never seen that document before.

By Mr. Reid (Grenville) :

Q. That is a regular lease ?—A. Yes.

Q. Issued on what date ?—A. It was issued on the 13th of March, 1902.

Q. Then there was another lease issued on what date ?—A. The 13th November, 1902.

By Mr. Jackson (Selkirk) :

Q. Have you a copy of that lease in the department now, signed ?—A. There is what purports to be a copy of this, a carbon copy with changes in it, but the original paper was an exact copy of that. Some interlineations were made which went to form the second lease.

By Mr. Reid (Grenville) :

Q. What is the date of the second lease ?—A. The date of the existing lease is November 13, 1902.

Q. Then according to the two leases you have in your hand there never were two leases in existence at the same time, the second one superseded the first?—A. Yes, there were two leases issued apparently, but there is only one of them in existence now.

By Mr. Pardee :

Q. You can only speak from the records ?—A. That is all.

Q. I suppose perhaps the same explanation applies to that seven years' lease as applies to the duplicate lease of Mr. Markey.

By Mr. Reid (Grenville) :

Q. But you have no record of the first one in the department ?—A. Not as a complete lease.

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

$3,250 to Messrs. John Birnie and J. J. Noble re Georgian Bay Fishery Commission

PRINTED BY ORDER OF PARLIAMENT

OTTWAA
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1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
FRIDAY, April 3, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The Committee proceeded to the consideration of a payment of $3,250 to Messrs. John Birnie and J. J. Noble in connection with the Georgian Bay Fishery Commission, as set out at P—171, Report of the Auditor General for 1906-7.

Mr. R. N. VENNING, Assistant Commissioner of Fisheries, called, sworn and examined.

By Mr. McLean (Queens, P.E.I.):

Q. What is your position in the Marine Department?—A. Assistant Commissioner of Fisheries.

Q. Have you any knowledge of the commission that was appointed to investigate the fisheries of the Georgian bay?—A. Only the mere fact that there was a commission appointed, and that an order in council was passed appointing them. The order in council is here.

Order in council appointing commission read as follows:—

'EXTRACT from a report of the Committee of the Honourable the Privy Council, approved by the Governor General on the 22nd July, 1905.

'On a memorandum, dated 8th May, 1905, from the Minister of Marine and Fisheries submitting that in view of the representations, made by petitions and otherwise, that the present fishery regulations, so far as they apply to close seasons for salmon trout or great lake trout, sturgeon, whitefish, pickerel or doré and other commercially valuable fish in the waters of Georgian bay, are inappropriate, and that the existing restrictions as to methods of fishing, kinds of gear, etc., are unsuitable and unsatisfactory, and in view of the grievances felt by the fishermen and the diversity of views expressed by fish buyers and other interested in the Georgian bay fisheries, recommends the appointment of a special Fishery Commission to hold sittings, take evidence, receive petitions and representations, and to take such steps as the members of the commission may require to make in full investigation of the matters refered to; such commission to consist of three members who, on the completion of the sittings, shall submit their report and recommendations, so that the existing regulations may be suitably amended.

'The minister further recommends that the following persons compose the commission:—

'Professor Edward E. Prince, Commissioner of Fisheries and General Inspector of Fisheries for Canada, chairman.

'Mr. John Birnie, B.C.L., K.C., etc., Collingwood, Ont, and Mr. James Noble, of Little Current, Ont.

'The said commissioners, with the exception of the chairman, to be paid at the rate of seven dollars per diem for such days as they shall be occupied with the work

of the commission, and, in addition thereto, the commissioners shall be paid their living and travelling expenses.

'The committee submit the same for approval.

'(Signed) JOHN J. McGEE,
'*Clerk of the Privy Council.*'

Q. That is the commission?—A. That is the commission, yes.

Q. Were the accounts of these commissioners submitted to you?—A. Not at all; I have nothing to do with the accounts sent in.

Q. You have nothing to do with it?—A. Nothing to do with any accounting whatever.

Q. These are the accounts, are they not? You have seen them before (handing file to witness)?—A. I had not seen the accounts before, for the reason——

Q. Do you recognize the accounts?—A. I do not recognize the accounts, for the reason that it does not form any portion of my duties. I have nothing whatever to do with the accounts at all.

Q. Is that Professor Prince's signature (pointing to account)?—A. That is Professor Prince's signature.

Q. (Reads): 'I hereby certify that the above charges are fair and just and were duly authorized.—E. E. Prince'; that is Professor Prince's signature?—A. That is Professor Prince's signature.

By the Chairman:

Q. That is January 8, 1906?—A. January 8, 1906.

Hon. Mr. BRODEUR.—I may say in fairness to Professor Prince that he is away in Canso, but as soon as he was subpœnaed he left for Ottawa.

Mr. BENNETT.—I am afraid we cannot get on without Professor Prince; these accounts are all certified to by him.

Further consideration of the item deferred until Thursday, April 9.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
THURSDAY, April 9, 1908.

The Committee met at eleven o'clock a.m., M. A. H. Clarke presiding, and proceeded to the consideration of the payment of $2,250 to Commissioner John Birnie, Collingwood, advances not yet accounted for, in connection with the Georgian Bay Fishery Commission, and some other payments to officers in connection with the said commission, as set out at page P—171 of the Report of the Audior General, 1906-7.

Professor E. E. PRINCE, called, sworn and examined.

By Mr. McLean (Queen's, P.E.I.):

Q. What position do you occupy in the Marine and Fisheries Department?—A. I am Commissioner of Fisheries for the Dominion.

Q. I believe you were appointed on a Commission to investigate the fisheries of the Georgian Bay?—A. Yes.

Q. Is that the commission or the order in council?—A. Of the order in council That is a copy of the commission, yes.

Q. Is that the Commission or the order in council?—A. Of the order in council appointing the commission, that's it, I think.

Q. You were appointed chairman, I believe?—A. I was appointed chairman.

APPENDIX No. 1

By the Chairman:

Q. Was there a commission apart from the order in council?—A. No, sir, that is the form of appointment.

By Mr. McLean Queen's (P.E.I.) :

Q. I see this order in council provides that you shall be chairman of this commission, and that Mr. John Birnie, K.C., of Collingwood, and Mr. James Noble, of Little Current, shall be commissioners with you?—A. Yes.

Q. The said commissioners, with the exception of the chairman, to be paid at the rate of $7 per diem for such days as they shall be occupied with the work of the commission, and in addition thereto, the commissioners shall be paid their living and travelling expenses. The committee submit the same for approval. (Sgd) J. J. McGee, Clerk of the Privy Council?—A. Yes.

Q. The order in council is dated the 22nd of July, 1905?—A. Yes.

Q. Were you employed in this business, did you commence the work yourself ?—A. I presided at the first meeting of the commission.

Q. How many days were you employed in the commission?

Mr. McCarthy (Simcoe).—Is that the year 1905?—A. Yes, 1905. I was occupied, I presided at the first executive sitting at Parry Sound in September, which occupied several days, then I was called to British Columbia and when I returned in October I presided at the sittings—I remember, Killarney, in the North Channel——

Q. Was that in 1905?—A. I think that was in 1905, yes.

Q. Were you there in 1906?—A. I was also present at sittings in 1906.

Q. You were?—A. Yes.

Q. At what places?—A. In 1906 I was present at some executive sittings in Ottawa which lasted for several days, to discuss the framing of an interim report, and I presided over those meetings; also at Toronto where we took evidence for several days, and at Collingwood; that, I think, was in the month of March, and again in July.

Q. Would that be in 1905 or 1906?—A. That was in 1906.

Q. 1906?—A. Yes.

Q. How many days were you engaged in this commission altogether yourself ?—A. I am afraid I could not answer that but I should say I was present at about one-third of the sittings of the commission.

Q. Now when did this commission complete its work ?—A. Well, the commission had, on two occasions, additional work put upon it, given it to do. After the first order in council was passed, further instructions were given to it extending its work; I think I have the report which would show the date on which the first work was completed. (refers to documents). I am afraid I cannot give you the date exactly. We have handed in three reports, completed three different works.

Q. Here is a letter addressed to yourself, Professor Prince, Ottawa, (reads) :

Sarnia, January 28, 1907.

Dear Prof.—I received your registered letter with an enclosed draft for five hundred dollars, and enclose you the receipt for same in duplicate.

I am writing Colonel Gourdeau to-day about the issue of pound-nets. I don't understand what obstructions there would be in this matter.

I think we should finish taking evidence in Geo. Bay and make our report for it ought not to be mixed in with Lake Erie, we could do it this winter.

Yours sincerely,

JAS. J. NOBLE.

A. Yes, sir, that report is really what we call the main Georgian Bay report, it was preceded by two reports before that, which were completed and signed. I have a copy of it here.

Q. Was there any work done in the summer of 1907?—A. In 1907, there was, yes. There were nearly thirty places at which sittings were held in 1907.

Q. At what time of the year?

Hon. Mr. BRODEUR.—Does that come under this inquiry? That is not in the year under consideration.

Mr. MCLEAN (Queens, P.E.I.).—I just wanted to see whether it was included in the Auditor General's Report to the 31st of March, 1907.

A. No, it was in July to October these meetings were held.

Q. So that the account is not closed for those meetings yet?—A. That is not closed, no.

Q. I see a memorandum here of an order in council, dated March 20, 1907 (reads):—

'On a memorandum, dated 11th March, 1907, from the Minister of Marine and Fisheries, recommending that, as provision was not made for the engagement and payment of a secretary to the Georgian Bay Fishery Commission, the payment of remuneration be sanctioned to Mr. John Birnie, K.C., of Collingwood, Ontario—a member of the said commission—for the duties of secretary performed by him, such remuneration to be at the rate of ten dollars per day for such days as Mr. Birnie had been engaged exclusively with the duties of secretary of the said commission.

'The committee submit the same for approval.

'(Signed) RODOLPHE BOUDREAU,
'Acting Clerk of the Privy Council.'

Q. At whose suggestion was that order in council passed?—A. I think it must have been at some personal conference with the minister or deputy minister, or something of that kind.

Q. It must have been with the minister or deputy?—A. I think originally Mr. Birnie did make a charge for performing secretarial duties, which was objected to because it was not authorized.

The CHAIRMAN.—What is the date of that order?

Mr. MCLEAN (Queens, P.E.I.).—March 20, 1907.

A. I think Mr. Birnie did make a charge originally, some time in 1905, I think, and the charge was objected to.

By Mr. McLean (Queens, P.E.I.):

Q. Well, now, here is the account of 1905 (file handed to witness)?—A. Yes, I see the item here for secretary at $3 per day charged; there was no authority for that, and it was disallowed; it is marked 'Stand.'

Q. There was no authority, but still you certified it to be correct?—A. Just let me look at it.

Q. That is your certificate, 'I hereby certify that the above charges are fair and just and were duly authorized'?—A. 'Were duly authorized'; well, you see the account is first audited by the accountant, and that item is deducted off that. You see the amount is there, it is not for the whole amount. I certified to the account as audited.

Q. But this is the account which Mr. Birnie presented?—A. Yes, that is the account.

Q. Which he presented?—A. It passes to the accountant's branch at once.

Q. He presented that account himself?—A. I am not sure about that. I think it would come by mail.

Q. It would come by mail?—A. Yes.

Q. When you certified to this on the 8th January, 1906, were these deductions amounting to $132 made?—A. I always make it a rule, sir, not to certify to an account until it has been audited first.

Q. Who audited that account?—A. It would be audited in the accountant's branch.

APPENDIX No. 1

Q. Whose figures are those $132 in lead pencil?—A. (After examining account.) Those are my figures.

Q. Those are your figures?—A. But not the hand-writing.

Q. Was that figure given before the deductions were made, or after?—A. It was made after the account had been objected to. The account is marked 'stand.'

Q. 'Stand'?—A. Yes, that is not in my handwriting.

Q. Then it is evident from this account that Mr. Birnie thought he would be entitled to $3 a day for his services as secretary?—A. Yes, sir, that is clear.

Q. This order in council of 20th March, 1907, allowing him $10 for that work, was not passed in consequence of any suggestion of yours?—A. There was no memorandum of mine in the matter, no.

Q. It was suggested by whom?—A. I think it was Mr. Birnie himself who wrote on the matter, stating that he had done a lot of secretarial work.

Q. And who recommended that this amount should be changed to $10 a day?—A. Well, sir, I cannot say that. That was not my——

Q. You cannot say? Now, I see another order in council here, dated 6th May, 1907. It reads as follows (reads):—

'Marine and Fisheries:—

'That authority be given for the payment of a per diem allowance to Mr. John Birnie, K.C., of Collingwood, and Mr. James J. Noble, of Little Current (members of the Georgian Bay Fishery Commission), viz.: $5 per day for living expenses, exclusive of travelling and steamboat fares, when the said commissioners were absent from home on the work of the Georgian Bay Fishery Commission, such per diem allowance being necessary in view of the fact that the said commissioners did not keep detailed accounts of their expenses, and after long delays are unable to furnish the statements of the fair and just expenditure incurred by them from October, 1905, to October, 1906.

(Sgd) 'F. K. BENNETTS,
'*Asst. Clerk of the Privy Council.*

'The Honourable the Minister of Marine and Fisheries.'

Do you know anything about that?—A. I only know this, sir, that when we started out on the work it was understood that detailed accounts were to be furnished.

Q. It was understood?—A. That was understood.

Q. The order in council would be handed over to these gentlemen, would it not?—A. It was read at the first meeting, yes.

Q. It was read at the first meeting and they knew what their duties were?—A. Yes.

Q. With reference to their expenses?—A. They knew that certainly, it was made clear to them.

Q. But the department did not keep detailed statements?—A. In moving about in some remote places it was impossible to keep detailed statements of their expenses, in some out of the way places visited by the commission.

Q. Why?—A. Payments were made just on islands—landing on islands—and fishing stands and places visited, and payments had to be made to the men rowing them about, and at various other places.

Q. Would it not be easy enough to keep account of that?—A. They found it very difficult, they stated in fact that it was not possible.

Q. Who suggested applying for an order in council, was it you?—A. I think that was the accountant's suggestion, the per diem allowance was impossible unless it was done by order in council.

Q. So the order in council was passed, and that was after the commission had been at work nearly two years, on the 6th May, 1907?—A. Yes, it was quite a long time.

Q. Then the Deputy Minister wrote on the 11th July returning their account of expenses. Did you keep a copy of their account of expenses?—A. They were asked to

send in accounts in duplicate but I think the accounts would be returned. We did not keep copies of them.

Q. You did not keep copies. Here is an account of Mr. Birnie's, and one of Mr. Noble's, that you certified to on the 8th January, 1905: 'I hereby certify that the above charges are fair and just and authorized. ((Sgd.) E. E. Prince.'—A. Yes, sir.

Q. That is Mr. Noble's account, is it (producing account)?—A. That is Mr. Noble's account, and it is an audited account. Certain items were objected to. . .

Q. I think not?—A. Yes, that account was audited. That little tick alongside the figures shows that the accountant has gone over it.

Q. This account is for $331.70 and he charges $42 at $7 per day. Who kept account of the number of days that these men were engaged in the work?—A. As chairman, of course, I kept a kind of supervision of what the commission was doing. When I was not present at the sittings I was informed of what went on, and the only check, therefore, was the fact that they were responsible men appointed, of course——

Q. Did you audit this last account of Mr. Birnie?—A. I adopted the same rule in regard to that account, the accountant went over it first. He usually ticks it down the side and I was looking for his marks. I certified that it was audited.

Q. Who employed the stenographers?—A. Mr. Birnie employed the stenographers. In my absence he presided over the commission.

Q. Were you consulted about it?—A. I am trying to recollect as to whether we had a discussion about that. At the first meeting we had no stenographer, and then I left for British Columbia. I think I was away and could not be consulted. I think I was away west at the time.

Q. The first meeting?—A. The first meeting we had no stenographer. Those are the meetings I spoke of.

Q. How many meetings were there?—A. At Parry Sound we had, I think, three to go over and arrange the commission's work.

Q. How many days were you employed there without a stenographer?—A. I think three days probably.

Q. I see these stenographers received altogether $1,379.40. Who arranged with them for the rates they should charge?—A. Well, that was a matter which I know nothing about. I did not know the rates the stenographers are paid at all, and therefore I told the accountant I would have to leave that in his hands.

Q. Were you consulted before a stenographer was engaged?—A. No, I was not. I was away on the Pacific coast.

Q. The charge is 10 cents a folio, $672 for one stenographer, and another stenographer received for 2,664 folios $266.40, and another stenographer received for notes taken and extending the evidence taken before the commission, July 21st to September 21st, 2,208 folios at 10 cents, $220.80, and another stenographer received $25.20, and at other times there were payments to these stenographers of $11, $114 and $30, making altogether $1,739.40?—A. Well, that item was discussed between the accountant and myself, and I understood that was the usual rate paid for that kind of work—so much a folio.

Q. You did not know who was employed?—A. Well, I really did not know the people, of course, I saw them at some of the sittings, but I have no personal knowledge of them.

Mr. McCarthy (Simcoe).—Is it your intention to go into the determination of that account now?

Mr. McLean (Queen's, P.E.I.).—Not very much.

Mr. McCarthfl (Simcoe).—Because I only desire to call the attention of the committee to the fact that the proceeding is most irregular if it is the intention of the hon. gentleman (Mr. McLean) to go into that account now, because if you look at the first page of that account you will find that payments in respect to it were made during the current year, and if Mr. McLean will be kind enough to read out to the committee the note which the Auditor General has put on the first page of that return,

in which he says: 'There are no accounts in support of these advances in this office. They were made on the application of Professor Prince, to be accounted for in the fiscal year 1907-8.' So that we are investigating the accounts which the Auditor General has not yet audited, and which, of course, are not before us, because his report for that year is not here. I only desire to call the attention of the committee to the fact, because it is a most irregular proceeding. What we are, I understand, investigating are the advances, amounting to $3,250, made to Mr. Birnie and Mr. Noble, part by Professor Prince and part by the department.

The CHAIRMAN.—The item I have read here from the Auditor General's Report amounts to $2,250 advanced to Mr. Birnie and $1,000 advanced to Mr. Noble. That portion of this larger account is properly before the committee.

Hon. Mr. BRODEUR.—I think that the point raised by Mr. McCarthy is a very fair one. What we are called upon to examine into are the advances made to Mr. Birnie and Mr. Noble during the year 1906-7, according to the item on page P—171 of the Auditor General's Report, those advances amounting to $3,250. Now, I suppose it will be fair for the committee to investigate whether that sum of money was due at the time, for the purpose of seeing whether the department was justified in making that advance. But my hon. friend seems to want to go farther, and wants to investigate a payment made during the year 1907-8, the report for which is not before us.

Argument followed.

By Mr. McLean (Queens, P.E.I.):

Q. An advance was made by the department to these gentlemen, no accounts being produced, and later on—during the existing fiscal year, I suppose—the accounts were settled?—A. Yes, sir.

Q. Did you go over these different items in the accounts yourself?—A. I went over them, so far as the dates were concerned, to ascertain that they corresponded with the sittings which had been held.

Q. Take the charge for a rig to Meaford and return, $5, that is in Noble's account?—A. Yes.

Q. I suppose you checked over all these items?—A. I looked over these items, yes.

Q. Then do you notice in Mr. Birnie's account that there is a similar charge of $5 for a rig to Meaford?—A. Yes.

Q. Can you find in the accounts any vouchers for Mr. Birnie?—A. I know there is a voucher in one account but it is not an unusual thing for two men to take separate carriages.

By Mr. Bennett:

Q. Who passed this account of Noble's?—A. It went to the Accountant's Branch and was gone over in the usual way.

Q. Take notice of an account dated Little Current, December 9, 1905, and signed J. J. Noble. Whose signature is that at the bottom of the account?—A. That is my signature.

Q. The certificate reads, 'I hereby certify that the above charges are fair and just and were authorized.' That is your certificate?—A. That is my certificate.

Q. Now I find the following item in Mr. Birnie's account dated 25th September, 'Rig to Meaford and return, $5'?—A. That is in Mr. Noble's account.

Q. Why did you certify that that charge of $5 was right, was it because of the receipt of McMillan Bros. reading, 'Fisheries Commission, September 25th, carriage $5.' Did you certify that Noble had apparently paid that amount because that account was there?—A. That was the reason I certified to that item, that it was clear that it had been paid.

Q. It was clear that Birnie had disbursed $5?—A. No, Mr. Noble.

Q. Mr. Noble rather.

Mr. MCCARTHY (Simcoe).—That is hardly fair. Is the receipt attached to Birnie's or Noble's account?

Mr. BENNETT.—It is included with the rest.

Q. Now taking the account of Mr. Birnie I find on 25th September the item 'rig to Meaford, $5.' That is on exactly the same date, in the same year, as the other charge is it not?—A. Yes.

Q. Now can you find me any vouchers showing that $5 was paid by Mr. Birnie for a rig to Meaford?—A. Of course, that was a matter for the accountant, it was not my concern.

Q. Taking Mr. Birnie's account I find this certificate at the bottom: 'I hereby certify that the above charges are fair and just and were duly authorized. (Sgd.) E. E. Prince.' Is that your signature?—A. That is my signature, yes.

Q. And you went over this account of Mr. Birnie's?—A. After it had been audited by the Accountant's Branch.

Q. And you certified to it that it was right?—A. I certified to it.

Q. When this item of $5 was charged by Mr. Birnie for a rig on September 25th, it is the same price and for the same place for which Mr. Noble paid a bill of $5, had you any certificate or any voucher to show that Mr. Birnie had paid $5 for his rig to Meaford?

Mr McCARTHY (Simcoe).—I object to your stating that Mr. Noble paid it, there is no evidence that he paid it at all there is the evidence of an account there for $5.

Mr. BENNETT.—Well, the accounts of Mr. Birnie and of Mr. Noble showed that each of them had paid $5 on September 25th for a rig from Collingwood to Meaford and among the vouchers there is one that would show that there was a rig actually hired on that day. Have you any more than that one voucher?—A. Mr. Noble's account shows one voucher.

Q. There is one voucher shown in Noble's account, it doesn't say in the account that the voucher is shown, but there is one voucher shown. Is there any other voucher besides that one to show that $10 was paid on that date for that service?—A. No voucher appears here.

By Hon. Mr. Brodeur:

Q. Is it fair to say that $10 had been paid for it, I do not think there is any evidence that $10 had been paid.

By Mr. Bennett:

Q. I will put it this way. The charge was made; why did you certify and allow each of them $5 for a rig to Meaford when there was only one voucher there? How far is Meaford from Collingwood, are you aware?

Mr. SPROULE.—21 or 22 miles?

A. I do not know, I have not been to Meaford so I do not know.

By Mr. Bennett:

Q. You do not know personally?—A. I do not know personally.

Q. Well, now, did you make any enquiry from either of these gentlemen, Mr. Birnie or Mr. Noble, as to whether they had driven together or who had actually paid that bill?—A. Of course my reply to that is, I am not a salaried auditor, I have two certified accounts which have been already audited by the official auditors.

Q. Did you certify as to its correctness?—A. Oh yes.

Q. Now, take this account of Mr. Birnie's which totals up $4,611, and I call your attention to this item, 'July 25, carriage Midland to Penetang, $3,' and another item, this is in the year 1906, 'July 21, carriage Penetang to Midland, $3.' Now that is in Mr. Birnie's account. Then taking Mr. Noble's account for the same date '25th July, to carriage Penetang to Midland, $3,' and 'July 23, to carriage Penetang to Midland, $3, do you know the distance between Midland and Penetang?—A. I really do not know.

Q. I may say it is about 3½ miles. Now, when these accounts passed through your hands, did it strike you there was a charge made by each of these gentlemen for a separate conveyance at $3?—A. That is quite a common thing.

Q. That is quite a common thing you say?—A. It is quite a common thing for men to take rigs in that way.

Q. Do men employed on a commission, is it a common thing for them, when they have a distance of three miles to drive a rig separately? Can you tell me what order of precedence they take driving along the same road?—A. They do not always stay at the same hotel.

Q. Now take these accounts here, I have shown you that on that date, July 23, each of these commissioners charged $3 for a rig from Penetang to Midland. Now I read this among the vouchers, 'July 23rd, '06, Received from John Birnie $3 fare Penetang to Midland, Jos Dault.' that is right, isn't it?—A. Yes.

Hon. Mr. Brodeau:

Q. What year was that?

Mr. BENNETT.—1906.

By Mr. Bennett:

Q. Now, I read another livery account here, 'Penetanguishene, July 23, '06, Recd. from John Birnie, of Fisheries Com., $3 fare from Midland to Penetang and carriage. Thomas O'Reilly.' It is quite plain that Mr. Birnie, according to the receipts, paid $3 for that conveyance, one from Penetang to Midland and one from Midland to Penetang back, both on the same date, July 23, apparently, which, as a matter of fact, was the case. Can you find a bill where Mr. Noble paid $6 on that day which he charges up?—A. You mean a voucher?

Q. A voucher, yes.—A. No, the vouchers were not always given with these accounts.

Q. They do not always furnish vouchers? And if Mr. Birnie furnished a voucher you would pass his account, and if Mr. Noble did not furnish a voucher you would also pass his account without the voucher?—A. I should first of all require the accountant to go over it and to look into these details.

Q. You think from your knowledge that two commissioners driving around to the same place would each one hire a conveyance.

Mr. MCCARTHY (Simcoe), objected that this was a matter which had not yet been settled by the Auditor General, the accounts not yet having been paid. Although the account might have passed the officers of the Marine Department it had yet another step further, to pass the Auditor General before payment.

By Mr. Bennett:

Q. Well, Mr. Noble makes a charge there of $6 and there is no voucher there to show that he paid it at all.—A. There is no voucher at all.

Q. Has Noble been recently fined by the Fishery Department for illegal fishing?

Mr. MCCARTHY (Simcoe) objected to the question.

By Mr. Bennett:

Q. It is a fact he has, has he not?

Hon. Mr. BRODEUR objected that the examination should be confined to the item under consideration by the committee.

By Mr. Bennett:

Q. I want to call your attention to this account of Noble's: 'Rig from Owen Sound to Meaford.' Look at that item please of $3.50?—A. I see that.

Q. What was that amount originally?—A. My sight is not very good.

Q. It now is $3.50, what was it originally, $2.50 was it not?—A. (After examining account.) It is a little uncertain what it was.

Q. It has evidently been changed?—A. Evidently corrected.

Q. So that Mr. Noble changed his account in respect of that rig from $2.50 to $3.50 apparently?

Mr. McCarthy (Simcoe)—Is it fair to say that Mr. Noble did it?

Mr. Bennett.—I will take the chance that it was Mr. Noble.

Q. In the case of this Meaford charge, the receipt is not in the name of either of the two commissioners, so that either may have paid it?—A. I think they were asked for vouchers, I think you will find that in the correspondence.

Q. I think you will find that you did not get them. You cannot find them here, anyway?—A. No, sir, they are not attached.

Q. Well, did it arouse any suspicion in your mind when you saw these double charges, each commissioner charging for a conveyance to ride about in?—A. My reply to that would be that in some previous cases I have known three rigs to be engaged by a commission of seven members; on the same day three charges would be made for rigs from one place to another on the same journey, so it did not surprise me when in a commission of this kind charges of that kind were made on the same day.

By Mr. McLean (Queens, P.E.I.):

Q. Among the accounts there is a bill from the Queen's Hotel, Toronto, to John Birnie, 'To board, 5 days, $17.50; wine, $2.30; cigars 10 cents, telegraph, 25 cents; telephone 50 cents.' Would not the $5 a day allowed for living expenses include these charges? That was paid was it not?—A. Those items were objected to.

Q. In the face of that you allowed Mr. Birnie $5 a day?

Hon. Mr. Brodeur.—Oh, no.

Mr. McLean (P.E.I.).—You allowed him $5 a day instead?

Mr. McCarthy (Simcoe).—What is the good of referring to those charges if they were struck off?

Mr. McLean (P.E.I.).—It shows that misrepresentations were made.

Hon. Mr. Brodeur.—What is the date of that bill?

Mr. McLean (P.E.I.).—March 17th, 1906.

Hon. Mr. Brodeur.—And do you say he got a living allowance for that part of his account?

Mr. McLean (P.E.I.).—He got a living allowance at the rate of $5 a day.

Hon. Mr. Brodeur.—Yes, but for that part of his account?

Mr. McLean (P.E.I.).—For that part, yes.

Hon. Mr. Brodeur.—I would like to see the authority for that.

Mr. McLean (P.E.I.).—Look at the account.

The Chairman.—It can easily be determined.

Mr. Bennett.—Read the order in council where the $5 was granted.

Mr. McLean (P.E.I.).—You will find the first item in the account is for living expenses.

The Witness.—May 6, 1907, was the date of the order in council, I think.

The Chairman.—The item under discussion appears in a bill incurred in 1906. The question is whether order in council extended back.

Mr. McLean (P.E.I.).—The commissioners could not give particulars. Mr. Birnie made a declaration and they allowed him $5 a day from the commencement.

Hon. Mr. Brodeur.—From October, 1905, to 1906, because he did not keep a detailed account of his expenses.

Mr. McLean (P.E.I.).—Here is an account of the Queen's Hotel in which Mr. Birnie is only charged $17.50 for 5 days.

The Chairman.—That account was not acted on.

Mr. McLean (P.E.I.).—That account was not acted upon but here is another one. This is an account of the Belvidere Hotel, Parry Sound, for August 3, 1906: 'Mrs. and Miss Perdue, 2¼ days, $9, buss $1.' That would be less than $2 and Mr. Birnie boarded at the same hotel at the same time and at the same rate.

By Mr. McLean (Queen's, P.E.I.):

Q. Do you know who Mrs. Perdue is?—A. I never met Mrs. Perdue.

Q. Miss Perdue was a stenographer?—A. Yes, I have seen Miss Perdue but I don't know that I would know her again. I have not seen very much of her.

By Mr. Bennett:

Q. Miss Perdue was a stenographer on this work?—A. Yes, she was.

Q. Was Mrs. Perdue engaged on the work, are there any bills for Mrs. Perdue?—A. I was not present when Mrs. Perdue was attending the commission.

Q. Why did you pass an account for board for Mrs. Perdue?—A. Attention was called to these items, I think you will find, Mr. Bennett, by correspondence.

Q. But the account is paid?

Hon. Mr. BRODEUR.—No, that has never been paid by the government.

The WITNESS.—I think Mr. Birnie paid that.

Mr. McLEAN (P.E.I.).—I see an item in Mr. Birnie's account: 'Paid hotel bill of stenographer at Parry Sound, $8.'

Mr. McCARTHY (Simcoe).—Mr. Birnie informs me these accounts were not allowed. They were disallowed by the officers of the department, so that they are not the subject of investigation.

Mr. McLEAN (P.E.I.)—There are two certificates on Mr. Birnie's account. One certificate, which is signed by John Birnie, reads: 'I certify that the above expenses were incurred on government business in connection with the Georgian Bay Fisheries Commission.' Then there is another certificate: 'I hereby certify that the above account is correct, and the expenditures were made on government business. (Signed) E. E. Prince.'

Mr. McCARTHY (Simcoe).—These are not expenditures that were paid for by the government.

Mr. McLEAN (P.E.I.).—These are expenditures that were made and charged in his account.

Mr. McCARTHY (Simcoe).—Pardon me, they were disallowed by the officers of the department.

Mr. McLEAN (P.E.I.).—They were not disallowed.

Mr. McCARTHY (Simcoe).—Mr. Prince has already said so.

The WITNESS.—The $5 a day was substituted for that.

The CHAIRMAN.—Did that $5 per day apply to the stenographers?

Mr. BENNETT.—No.

Mr. LENNOX.—The recital in the order in council is that these gentleman are unable to give particulars of their living expenses; we show by the vouchers before the committee that they were able to give particulars in many instances, and that those particulars did not aggregate $5 per day.

The CHAIRMAN.—Let us understand this. Mr. Bennett says that the order in council does not apply to the stenographers.

Hon. Mr. BRODEUR.—As far as the department is concerned, I have not the least objection to have a full investigation. I am sorry to say that Mr. Bennett takes an item here and there and tries to create a suspicion that something is wrong. Now, we are going on to investigate the whole thing since it has been started, from beginning to end, and we will also have to investigate the accounts during the current fiscal year in order to do so.

By Mr. McLean (Queens, P.E.I.):

Q. Here is an account, August 10, 1906, for the Hotel Cotonaning, John J. Kelly, proprietor, at French River: '2½ days for self, $5.' How much would that be a day?—A. A very low rate.

Q. That is not $5 per day?—A. You say 2½ days?

Q. That is the first item. Now here is '2½ days for stenographer, $5.' That is for the same length of time, so they were saving some there, weren't they?—A. Yes.

Q. Then there is an item for cigars and another for extras, which were allowed? —A. Attention was called to these items and Mr. Birnie wrote, I know, that he could not live for less than $5 per day when away from home.

Q. Here is the Killarney Hotel bill for Miss Jeffrey, the stenographer, 3 days at $2 per day, and then here is another one for the same hotel for 6½ days at $2 per day, $13. So it is in nearly all these hotels—here is Miss Jeffery again at the Paterson House, Owen Sound, 2 days at $2 per day?—A. Of course, the rates are not all the same, there are different classes of rooms.

Q. Did you find a single account here for $5 per day, or anything near it? They average between $1.50 and $2?—A. $5 per day was allowed.

Q. Were you consulted about that yourself, about the change?—A. As to the change, the allowance was made, I think, on the objection of Mr. Birnie that he was out of pocket by the way in which the department was curtailing his account.

Q. How could he be out of pocket?—A. A number of his letters here on the file, which has been in your hands, state that.

By Mr. Reid (Grenville):

Q. Did he state it was on account of the whisky and cigars he was out of pocket? —A. I am not——

Q. Was that one of the reasons?—A. I do not smoke. I am a temperance man. I do not know anything about it.

Q. You say that he gave reasons why that allowance should be made, stating that he was out of pocket; was that one of the reasons he gave?—A. I do not think he goes into details in the letters.

By the Chairman:

Q. The letters are here, are they not?—A. Yes, there is a letter here.

The CHAIRMAN.—Well that speaks for itself.

By Mr. Sproule:

Q. At the commencement of this examination you were asked how many days the commission sat, and I think you answered you could not say?—A. I could not definitely state.

Q. Were there not minutes made of each meeting and of the date of such meeting? —A. Oh, yes, I could ascertain by looking over the report of the minutes of each sitting. The information is in the department.

Q. But you haven't it in your memory?—A. No, sir.

Q. That is what I wanted to know. It seems to me if they were regularly conducted meetings there would be minutes made of the proceedings of each meeting, showing the places where they were held?—A. Oh, yes, there are minutes of everything.

Q. There is a certain account there which you certified was 'just and duly authorized'? What do you mean by duly authorized?—A. That was a form which implies that these commissioners were authorized to travel and incur the expenditure of rigs, hotel expenses, &c., so that the expenses were 'authorized.'

Q. Under what authority, under the authority given by the order in council?—A. The order in council, yes, sir.

Q. That is the order in council appointing them?—A. Yes, the order appointing them.

Q. Therefore the order in council should state how much expenses would be allowed them?—A. It states their disbursements.

Q. But you would naturally regard the order in council as authority which justifies the expenditure?—A. That was my authority, the order in council, yes, sir.

Q. Well then, if the order in council authorized one rate of expenditure and the accounts contained another would you regard it as the proper authority for the larger amount?—A. I should take it from the Audit Department, and if the Audit Depart-

ment passed it, I imagine as an auditor he knows his business, and I should feel justified in certifying. I would look over these things, not as an auditor so much as chairman of the commission.

Q. Then you haven't regard to the order in council at all, but to the fact that the auditors passed it?—A. It is always passed by the auditor first. I would go over the items, I have gone over all these items, the accountant himself asked me to.

Q. Did the auditor go over these accounts that you certified to?—A. He went over them first, I notice his mark on them.

Q. If that be a fact then how does it happen that the amounts which were paid were larger than what was justified by the order in council, evidently the auditor did not detect that?—A. I do not think there are any items in the account that exceed anything authorized in the order in council. I mean the order in council says disbursements.

Q. But disbursements were to be actual disbursements?—A. Yes.

Q. These accounts show that the actual disbursements were $3 per day for living expenses; where does it justify paying $5 per day?—A. But there is the point, that $5 per day was not authorized until long after these accounts were in and had been discussed in the department, and Mr. Noble and Mr. Birnie claimed that they were out of pocket and they could not produce vouchers for everything.

By Mr. McCarthy (Simcoe):

Q. That they had not the vouchers?—A. That they had not the vouchers in some cases.

By Mr. Sproule:

Q. On what ground did you say that the accounts were duly authorized if it was not until long after this was done?—A. The accounts were in long before the $5 a day was allowed, and I certified to these accounts when they were certified to by the auditor: but they were afterwards overridden.

Q. You did that regardless of the authority contained in the order in council?—A. The later order in council was not passed at the time.

Q. No, but the original order in council put the charges at certain figures, and that would be your authority, would it not?—A. I think the wording of the order in council is the usual wording, that the living and travelling disbursements shall be paid.

Q. What would you understand by that, wouldn't you understand the actual disbursements?—A. Quite so, that was it.

Q. It might be that the accounts which purported to give the actual disbursements were not the ones that were actually paid, you certified to them, but there was more than that paid? Then it was to be paid by some other authority?—A. No, sir, I do not think so, but only the ordinary disbursements of a man travelling.

Q. No, but the accounts show the disbursements exactly. The money paid for that purpose was much larger than the actual disbursements?—A. That amount was paid under the later order in council.

Q. Were there two orders in council, one authorizing payment of the actual disbursements and another authorizing the payment of $5 a day?—A. Yes, sir. The first one authorizing the payment of their living and travelling expenses is dated July 22nd, 1905.

Q. Yes?—A. But on May 6, 1907 the later order in council was passed authorizing a payment of $5 a day, that is two years afterwards.

Q. That is after the accounts were all in?—A. After the accounts were in and gone over but they were not settled.

Q. They were not settled?—A. No, there was a long delay in the settlement of them.

Q. I thought there were a lot of them paid before that time?—A. You will find by the correspondence laid before the House that there was a long delay.

Q. They were paid out of advances that were not finally settled up?—A. Advances were made that were not finally settled.

Q. And they were paid out of these advances?—A. That is it exactly, yes.

By Mr. Bennett:

Q. This account of Noble's starts at what date?—A. September 9, 1905.
Q. September 9, 1905 and it ran down to what date?—A. October 18.
Q. And what were Noble's total disbursements during that time?—A. $331.70.
Q. And that covered all the railway and steamboat fares?—A. Yes, sir.
Hon. Mr. BRODEUR.—The accounts speak for themselves.
Mr. BENNETT.—Unfortunately the account has not gone into the evidence in full but we will have it inserted now and marked Exhibit A.
The WITNESS.—It includes the commissioners' per diem allowance.

EXHIBIT A.

LITTLE CURRENT, December 9.

Dominion of Canada Marine and Fisheries Department Dr. to James J. Noble.

1905. Interim Account.
9 Sept. to 20 Oct., 05.

Oct. 21	Forty-two days at $7 per diem	$294.00
Sept. 9	Fare Killarney to Little Current	1.00
" 12	Little Current to Owen Sound	5.25
" 13	Rig Owen Sound to Meaford	3.50
" 13	Fare Meaford to Collingwood	70
" 14	" Collingwood to Owen Sound	2.00
" 14	" Bus fare to Owen Sound	50
" 18	" Owen Sound to Wiarton	70
" 22	" Wiarton to Owen Sound	70
" 22	Rig Owen Sound to Meaford	3.50
" 22	Fare Meaford to Collingwood	70
" 25	Rig to Meaford and return	5.00
" 26	Fare to Thornbury and return	1.20
" 28	Fare to Toronto and return for Commission for information Fishery Department	5.70
Oct. 7	Fare Collingwood to Killarney	4.50
" 15	" Killarney to Manitowaning	1.00
" 18	" Manitowaning to Little Current	1.00
	2 wires	75
		$331.70
	Paid in advance $100 Oct. 16, 1905	100.00
		$231.70

Yours sincerely,

(Sgd. JAMES J. NOBLE,
Little Current.

I hereby certify that the above charges are fair and just and were authorized.

Jan. 8, 05. (Sgd.) ED. E. PRINCE.

Mr. BENNETT.—We will also put in at this stage the account of Mr. Birnie and have it marked Exhibit B.

APPENDIX No. 1

EXHIBIT B

Dominion of Canada. Marine and Fisheries Department. To John Birnie, K.C., Collingwood, Dr.

1905. Interim Account.

Oct. 21	Forty-four days as commissioner, from September 6 to October 21, at $7 per diem	$308 00
	Forty-four days as secretary to the commission at $3 per diem (stand)	132 00
Sept. 6	Fare to Parry Sound and return via Penetang	5 75
" 9	Boat hire at Parry Sound	1 00
" 14	Steamboat fare to Owen Sound	2 00
	Buss fare at Owen Sound, two trips	50
	Paid telephone message to *Bulletin* for advertising matter	50
	Minute-book	25
" 15	Two telephones to *Bulletin re* advertising matter	50
	Paid fee to constable at Owen Sound (room for sittings)	1 00
	Stamps	50
" 17	Fare to Wiarton	70
	Fee to constable at Wiarton (room for sittings)	1 00
	Paid telephone messages at Wiarton	75
	Stamps	50
	Paid rig to Oliphant	3 00
" 22	Fare Wiarton to Owen Sound	70
	Paid rig from Owen Sound to Meaford	3 50
	Paid fare Meaford to Collingwood	70
" 25	Paid rig to Meaford	5 00
	Fee to constable at Meaford (room for sittings)	1 00
" 26	Rig to Thornbury	5 00
	Half a dozen files for evidence	2 00
	Express	40
	Stamps	50
Oct. 7	Fare per steamboat to Killarney	4 50
	Man on boat at Killarney two days (visiting fishing net, &c.)	5 00
" 15	Fare Killarney to Manitowaning per boat	1 00
" 18	Fare from Manitowaning to Little Current per boat	1 00
	Fare Little Current to Collingwood	3 50
	Paid six months' hire of typewriting machine	40 00
	Paid stenographer's fare to Owen Sound	2 00
	Tea on vessel for stenographer	50
	Buss fare for stenographer	25
	Paid hotel bill for stenographer at Owen Sound from September 14 to 17	5 65
	Buss to train for stenographer	25
	Stenographer's fare to Wiarton	70
	Hotel bill for stenographer at Wiarton from September 18 to 21	4 50
	Paid fare and living expenses of stenographer from Wiarton to Collingwood	5 20
	Dinner at Meaford for stenographer	50
	Dinner at Thornbury for stenographer	50
	Fare Collingwood to Killarney for stenographer	4 50
	Meals and berth on steamer for stenographer	2 50
	Hotel at Killarney for stenographer from October 8 to 15	14 00
	Fare to Manitowaning for stenographer	1 00
	Meal	50
	Hotel at Manitowaning for stenographer from October 15 to 18	6 00

Fare to Little Current for stenographer	1 00
Hotel bill at Little Current for stenographer from October 18 to 21	5 50
Fare for stenographer from Little Current to Collingwood	5 50
Meals and berth for stenographer	2 50
Paid stenographer for 38 days from September 13 to October 23 at $3 per day	114 00
	$710 80
Cr.	
By cash from Prof. Prince	200 00
	$510 80

I hereby certify that the above charges are fair and just, and were duly authorized.

(Sgd.) E. E. PRINCE.

January 8, 1906.

By Mr. Bennett:

Q. Do the accounts of Mr. Birnie and of Mr. Noble which have just been put in show the exact amount claimed to have been disbursed by them in connection with attendance at the sittings of this commission?—A. It shows their disbursements attending the commission.

By Mr. Sproule:

Q. And you certified to them as correct?—A. Yes, I went over them and certified them to be correct.

Witness discharged.

Mr. JOHN BIRNIE, K.C., called, sworn and examined:

By Mr. McLean (P.E.I.):

Q. You were a commissioner appointed by the government to investigate the Georgian Bay fisheries?—A. Yes, sir.

Q. When did you commence your duties?—A. Some time in September, 1905.

Q. Where did you meet?—A. At Parry Sound.

Q. Who met there?—A. I was met there by the chairman, Professor Prince. That was the initial meeting of the committee.

Q. And you went to work then?—A. Yes.

Q. Where did you go first?—A. Owen Sound, I think. If you have the evidence it will show the dates.

By Hon. Mr. Brodeur:

Q. The accounts will perhaps show them, too?—A. The accounts will show them.

Q. Well, here they are (producing accounts?—A. I have something that will show it better still (after referring to memoranda). Yes, it was Owen Sound.

Q. When did you first employ a stenographer?—A. Then, to go to Owen Sound.

Q. To go to Owen Sound?—A. Yes.

Q. Who did you employ?—A. Miss Perdue.

Q. She was employed in your office?—A. In my office, yes. Previous to this she had been with me for a number of years.

Q. And you had been paying her a salary?—A. Yes.

Q. What were you paying her?—A. Have I got to tell that?

Q. I won't press that question. Did you make arrangements with her about what

remuneration she was to be paid?—A. Yes, I think so. It was $3 a day while she was away from the office on the work of the commission.

Q. $3 a day?—A. Yes; we paid $5 a day to men stenographers when we had them on the commission.

Q. How many men did you employ?—A. They were not employed at one time, but at different times.

Q. Did you employ any in 1905 or 1906?—A. No men, no.

Q. It is all ladies?—A. Yes.

Q. Who were they?—A. There was Miss Perdue, Miss Jeffery and Miss Simpson. I guess that was all.

Q. That is all?—A. Yes.

Q. Now, Miss Perdue——?—A. No, there was Miss Battrick, Mr. Bennett's stenographer.

Mr. BENNETT.—Miss Battrick got the money herself. You will see the date she earned the money and the date upon which she got it.

The WITNESS.—Sure.

By Mr. McLean (P.E.I.):

Q. How long was Miss Jeffery employed?—A. She has been with us for a couple of years.

Q. She has been with you for a couple of years?—A. She was with us last year.

Q. How long was Miss Battrick employed by you on this work?—A. By the kindness of Mr. Bennett and Mr. Finlayson we had her with us only for a day or so.

Q. You were appointed as commissioner at $7 a day?—A. Yes.

Q. That was all?—A. Unfortunately, it was.

Q. And your expenses?—A. $7 a day and living expenses and disbursements.

Q. You were satisfied with that at first, were you not?—A. I was at first, yes.

Q. At first?—A. Yes.

Q. And then you thought you ought to get $3 a day more?—A. That was at the end of 1905, yes.

Q. At the end of 1905?—A. Yes.

Q. It was in January, 1906, was it not, that you sent an account in?—A. It was made out in 1905.

Q. And you charged for 44 days as secretary at $3 per day?—A. Yes.

Q. You charged for acting as secretary $132?—A. Yes.

Q. You were satisfied with that?—A. I was at that time.

Q. But subsequently you applied for an increase? To whom did you apply for that increase?—A. To the minister.

Q. And he allowed you how much?—A. $10.

Q. Besides the $7?—A. Besides the $7.

Q. Making it $17?—A. Yes.

Q. And then you got $5 for travelling expenses?—A. For living allowance.

Q. In addition to that you got all your travelling expenses?—A. Yes, the $5 a day was simply for living expenses.

Q. For living expenses?—A. Yes.

Q. At hotels?—A. Yes.

Q. So you receive $7 per day as commissioner, $10 per day as secretary and $5 per day for living expenses, and in addition to that your travelling expenses?—A. Just so.

Q. How many days were you employed altogether?—A. I cannot tell you that from memory; the accounts will show you that.

Q. That will be $17 a day as commissioner and secretary, and $5 for living expenses, making altogether $22 per day?—A. Yes.

Q. And besides that you received your travelling expenses?—A. Yes, just so.

By Hon. Mr. Brodeur:

Q. Your living expenses for the whole time?—A. Yes.

Q. From the commencement?—A. From the commencement. If you will permit me to explain there—I do not know what your custom is here, but if you wish me to explain as I can, I will be very pleased to explain as we go along, or I will answer your questions first.

Q. This is your account here?—A. Let me see it. (File handed to witness.)

Q. That is certified to by Mr. Prince?—A. Yes, that is right.

Q. That is your account?—A. Yes; the hotel bills are not in that.

Q. The hotel bills are not in it?—A. No; there is nothing for living expenses in that account at all.

Q. You were paid that, were you not?—A. No, I was not paid that.

Q. That is in 1905?—A. No, I was not paid it.

Q. How much were you paid?—A. $378.

Q. $378?—A. Yes; and you will see there——

Q. You have received more than that. How much have you received altogether?—A. I can't tell you that.

Q. $2,250?—A. Yes, more than that.

Q. Besides travelling expenses?—A. No, that included travelling expenses, that included everything. The payment made up to March, 1907, was about half the amount due me; it was made up of accounts which included everything, travelling expenses and everything else.

Q. Do you know how much you were paid altogether?—A. I could not tell you from memory.

Q. You could not tell?—A. Not from memory.

Q. I make it out that you were paid for your services as commissioner and secretary, $2,295?—A. That is quite correct, I have no doubt—up to what time?

Q. Up to March, 1907?—A. I think that is correct.

Q. That is correct?—A. That is correct.

Q. You have received payments since then not included in this account?—A. Yes.

Q. How much?—A. I could not tell you off-hand.

Q. You cannot tell within $1,000 or $500?—A. No, I would not like to say.

Q. How many days were you employed in the year 1907?—A. From June 21 to October, I guess, sometime in October.

Q. You have been paid for that?—A. It was over four months.

Q. You have been paid for that?—A. No, I have not, not all; there is still money due me.

Mr. McCarthy (Simcoe).—We are not investigating that now.

Hon. Mr. Brodeur.—Perhaps it is as well to have the whole thing now?

The Witness.—There is money due me in the department now.

By Mr. McLean (Queens, P.E.I.):

Q. But you have received $2,295?—A. Yes.

Q. And you have received all that is due you for travelling expenses to March 31, 1907?—A. Yes.

Q. So that is included in this account which you rendered to the department?—A. Yes.

Q. You charged in that account $5 per day from the commencement in 1905?—A. Just so.

Q. For living expenses?—A. Yes.

Q. And you charged $10 per day?—A. As secretary, yes, and $7 per day as commissioner.

By Hon. Mr. Brodeur:

Q. Not $10 per day for the whole time?—A. Yes.

By Mr. McLean (Queen's, P.E.I.):

Q. That is what is charged here?—A. That is what I understood I was to get.

APPENDIX No. 1

By Mr. Bennett:

Q. That is what there is in your own order in council?—A. I can explain it, sir.

By Mr. McLean (Queens, P.E.I.):

Q. Explain it then?—A. Well, in regard to the change—for instance there is an account that I put in as secretary for $3 per day. When I was appointed I thought this was going to be a much smaller job than it actually turned out to be. I thought it would be finished up in a couple of months. When I was first requested to act as commissioner on the Fishery Commission for the Georgian bay I thought it would last a month or two and would then be all over. We did what work we could in 1905, and I did the secretarial work—that is, I arranged the meetings, hunted up the witnesses, wrote all the letters necessary, hired the halls, and supervised the typewriting of the evidence, &c., and I thought that was worth $3 per day anyway over and above what I was getting as commissioner, and I put in an account for $3 per day for secretarial allowance without consultation with anybody. If that account had been paid then and I had been discharged from my duty I would have been quite satisfied, but it was not. In the next year, or during the next session, between 1905 and 1906, the duty of the commission was enlarged materially, and we were told to investigate the game fish of the Georgian bay, and also to investigate the matter of the ownership and rights of occupancy of Squaw island, which had long been a matter of dispute among the fishermen of Georgian bay.

Q. Were not those duties the same as had been assigned to you at first?—A. Not at all: it was a question between the two governments, between the province of Ontario and of the Dominion, and it was in regard to the possession of a certain island there. It was not a matter of fishing at all, but to find out the rights of the two parties.

Q. Did you have a separate commission in regard to that?—A. Yes. It was explained to us also that our sphere of action was extended to Lake Erie. I saw it was going to be a long concern, and I quite appreciated Mr. Bennett's remark in the House that a King's counsel who would work for $7 a day would be a very poor one. I came down and saw Hon. Mr. Brodeur, and then I asked for an allowance as secretary, and I told him that I had to get more money than $7 a day as commissioner and $3 a day as secretary or I would get off the commission. I persuaded Mr. Brodeur to make that $10 a day, and I said I would not work on the commission unless I got it.

Q. And that came from the commencement?—A. Yes, right from the commencement.

By Mr. Bennett:

Q. Seriously, on your oath now, was it in consequence of the statement made by me in the House that you made that demand?—A. Which?

Q. Was it in consequence of that statement made by me in the House that you raised the fee?—A. Oh, no; you do not suppose I attach any importance to any statements made by you either in the House or anywhere else, do you, Mr. Bennett?

Q. But this has gone on the evidence as your oath?—A. Yes, that I appreciated the remark which you made, and so I do.

Q. And in a department where there is no attempt to have any conscience I don't blame you getting all you can?—A. But do not judge everybody by yourself. Now, in regard to the $5 a day for living expenses, I do not know, Mr. Bennett may perhaps live on $2 a day, but I can't. I can't live for less than $5 a day when I am travelling about, for legitimate expenses.

Q. But you have sent in a bill from the Queen's Hotel for $3.50 a day?—A. That is only the board bill. Is that all you pay when travelling?

Q. That includes everything?—A. That does not include everything; that is the board bill; a man does not simply live to eat, does he?

Q. We will see?—A. Well, see.

Q. (Reads): 'To board, 5 days, $17.50?'—A. Yes, that is what I eat.

Q. 'Wines, $2.50, cigars, 10 cents?'—A. Those are all struck out.

Q. This bill was not charged for?—A. Which?

Q. On this bill $17.50 is all that is allowed?—A. Yes.

Q. 'Extra meals, $1, telephone, 60 cents,' that would amount to $22.02?—A. For board.

Q. That will include all your expenses?—A. No, that does not include all my expenses; it is what I ate and drank; that does not include everything.

Q. What else is required?—A. As you know perfectly well, as a travelling man, you cannot live on the amount of your mere board bill. There are gratuities you have to pay employees and others.

Q. And in consequence of that you went to the minister and asked for a per diem allowance?—A. I went to the Hon. Mr. Brodeur and said, I can't be bothered keeping the details of every small sum I pay out for living expenses, and I asked him to make an allowance for living expenses.

Q. Did you tell Mr. Brodeur that you intended asking that from the commencement, the $5 a day allowance?—A. I do not know whether I submitted that or not, but I understood that.

Q. You understood that?—A. That I was to get it from the first, right from the first.

Q. Right from the first?—A. Yes. I don't know that I always complained to Mr. Brodeur.

By Mr. Macdonald (Pictou):

Q. You were in difficulty in getting the vouchers?—A. That is it; I could not produce the vouchers, and the accountant would not allow the account. I might say that Mr. Owen was very strict in regard to that account, and I could not get payment unless I had the account vouched for. I could not get these vouchers. I could not find them.

By Mr. McLean (P.E.I.):

Q. So you went to the minister and he got an order in council passed?—A. I do not know, but I think perhaps it was Mr. Owen who gave me the first suggestion of getting a per diem allowance.

Q. Yes?—A. I think he suggested that way of getting over the difficulty, because I wanted my money and I could not produce the vouchers. He said: 'Well, you might get a per diem allowance.'

Q. He would not allow the account to be passed?—A. No.

Q. And then you had to——?—A. Then I went to the minister and asked him to make a per diem allowance of $5, and he agreed to give me $5 a day.

By Mr. McCarthy (Simcoe):

Q. A specific amount of $5 was agreed upon?—A. Yes. Mr. Bennett was asking about a charge of $5 for a rig to Meaford. I cannot understand that being unpaid. I think, perhaps, if the Auditor General got after that it would be cleared up. I know, because Mr. Bennett told a friend of mine in Midland that Mr. Birnie had been defrauding the government out of $5 in an account for driving a rig to Meaford, and I took the trouble to go down to McMillan Bros., the liverymen, and ask them. I found that I paid $5 for the rig to Meaford on 25th September.

By Mr. Bennett:

Q. Did Noble ride with you?—A. I think Noble rode with me; we went together in the same rig.

By Mr. McLean (P.E.I.):

Q. Noble has made the same charge for a rig?—A. Apparently he has. I think he could explain that.

Q. Noble gives his voucher, but you do not?—A. Pardon me, it is my voucher.

APPENDIX No. 1

By Mr. Bennett:

Q. It is no voucher?—A. Well, I actually paid it. I make the statement that I actually paid that $5.

By Mr. McLean (P.E.I.):

Q. Did you pay any of these bills to the stenographers before you received money from the government?—A. Yes.

Q. You did?—A. Yes.

Q. Did you pay this sum of $266.40 to Miss Perdue?—A. I don't know whether I did or not.

Q. You got an order from Miss Perdue to receive the money?—A. Yes, it is all in there.

Q. Why did you get her to give you an order?—A. Because I wanted to get the money. I could not get it without an order.

Q. The same in the case of a second account of Miss Perdue?—A. Certainly.

Q. And the same with Miss Jeffery?—A. Just so.

Q. And did you receive this money yourself for those stenographers?—A. Yes.

Q. Did you pay them the full amount of these bills?—A. I cannot say what I paid them exactly.

Q. You cannot say?—A. No.

Q. Will you swear that you paid Miss Perdue the $266.40?

Mr. McCarthy (Simcoe).—Is this material? You can answer the question if you want to. Mr. Prince has said that the question of the stenographic fees was a matter of consultation between himself and the accountant.

The Chairman.—Do you mean Mr. Prince or Mr. Birnie?

Mr. McCarthy (Simcoe).—Mr. Prince said so, and the accountant told him that it was the regular amount allowed to stenographers for government evidence. Now, after the account was passed by the accountant, after it was admitted to be a fair charge and the work done, is it material to whom the money went?

Mr. Reid (Grenville).—Certainly.

Mr. McCarthy (Simcoe).—All right.

The Chairman.—This lady directed the government to pay what was coming to her to Mr. Birnie.

Mr. McLean (P.E.I.).—She was employed by the government and she gives an order to Mr. Birnie to receive her pay. Now I want to know from Mr. Birnie if he paid that money over to the stenographer.

The Chairman.—Is that not a matter between themselves?

The Witness.—The stenographer's receipt is on the file, and that is a voucher.

By Mr. McLean (P.E.I.):

Q. There is no receipt for this money from the stenographer?—A. Yes, there is.

Q. There is only an order to pay?—A. Well, that is something.

Q. Is it?—A. Yes, the signature on that order is a voucher.

Q. I want to put the question to you so plainly that there can be no doubt about it. Take this bill of $266.40, did you get that money from the government for Miss Perdue?—A. That $266.40 was charged as a part of my bill.

Q. Well, it was not in as your bill, but as her bill?—A. She did not put in any account at all. I put in the account.

By Mr. Reid (Grenville):

Q. Is the account not in her name?—A. No, it is not, it is in my name.

By Mr. Mclean (P. E. I.):

Q. The account is in her name?—A. That just indicates that Miss Perdue charged so much.

Q. The account is for $266.40?—A. Yes, it is a stenographer's account for extending and typewriting evidence taken before the Fisheries Commission. I want to tell you another thing. That is a mistake there—

Q. Answer this question now?—A. That should be 5 cents and not 10 cents, because there was twice that many folios.

Q. Have you paid that money to Miss Perdue?

Mr. McCarthy (Simcoe).—You need not answer that unless you wish to.

Mr. Barker.—I protest against Mr McCarthy making such a suggestion to the witness.

The Witness.—What I will say is that I paid Miss Perdue everything that is due to her from this government.

By Mr. McLean (P.E.I.):

Q. Did you pay Miss Perdue $266.40 the amount of this bill?—A. I don't know whether I did or not.

Q. Did you pay her that money?—A. I paid her more money than that.

Q. Did you pay Miss Perdue the $672 charged in one bill and also the $266.40 charged in another bill?—A. You must understand that this was not all paid at one time. I was paying her—

Q. You cannot shirk the responsibility?—A. I am not trying to shirk anything at all.

Q. Answer the question: did you pay Miss Perdue the $266.40 and also the $672, yes or no?—A. Not in that shape.

Q. I don't care what shape you paid it in, did you pay her the money?—A. Let me see when these accounts were put in.

Q. Answer that question?

Hon. Mr. Brodeur.—He has a perfect right to see the documents.

The Witness.—Let me see the documents.

By Mr. McLean (P.E.I.):

Q. Here is a document, look at that account?—A. No, I want to see that voucher, that is my voucher.

Hon. Mr. Brodeur.—The witness has asked to see the document which my honourable friend has got in his hand. It is only fair that it should be handed to him if he wishes to see it.

Mr. McLean (P.E.I.).—He does not require to see this document to answer a simple question.

The Witness.—Let me be the judge of that.

By Mr. McLean (P.E.I.):

Q. I am the judge just now. You as a lawyer know that?—A. You are not answering the questions, I am.

Q. I want to put this question to you and you can answer it or not; did you pay Miss Perdue $266.40 and also $672 for her services in connection with the commission as charged in these bills?—A. Now let me see the voucher.

Q. No?—A. I will also say that I paid—

Q. Answer the question, yes or no?—A. Oh, no, you are not going to put me up against a question like that. I will say that I paid Miss Perdue more money than that, Mr. McLean, in dollars and cents.

Q. Have you paid her more money than the $672 and the $266.40?—A. Yes, I have paid her more money than that.

Q. For work in connection with this commission?—A. I won't say that.

Q. No?—A. I want to see your voucher there.

Q. Now I will show it to you?—A. Very well, I want to see it.

Q. But you have not answered the question?—A. I will try and answer it if I can for you.

APPENDIX No. 1

Q. It is a very simple question?—A. (after examining voucher) Now, I am quite prepared to explain that. Miss Perdue took this evidence and she extended it from her shorthand notes. Miss Perdue had been in my employ for years before she went on the work of the commission at all. I paid her $3 a day when she was out on the commission and I found out down here that the allowance for government evidence was 10 cents a folio. That is what I was told. Now Miss Perdue, Miss Simpson and other stenographers extended their shorthand notes. Miss Perdue was not concerned in this alone. Some of that $266.40 and $672 would be paid to other stenographers besides Miss Perdue. But I did not pay it in that way. I just reckoned up the number of folios that there was in the evidence which they extended and put in the stereotyped charge of 10 cents a folio. But as a matter of fact I found out that I have only charged 5 cents a folio because there are actually double the number of folios that are charged for there.

By Mr. Lennox:

Q. Did you put in Miss Perdue's bill at the rate of 10 cents a folio?—A. Did I put in her bill?

Q. Yes, did you put in her bill at the rate of 10 cents a folio?—A. I don't suppose I did.

By Mr. Macdonald (Pictou):

Q. You actually have only got 5 cents a folio?—A. That is all, not 10.

By Mr. McLean (P.E.I.):

Q. Now, Mr. Birnie, I think you are astray. In Miss Perdue's bill of December 4th there are 2,664 folios charged for at 10 cents per folio, which would amount to $266.40?—A. Yes, but there is twice that amount of evidence there that is not charged for at all.

Q. Yes, but in the other bill there is the rest of it?—A. No, it is not the rest of it.

Q. In the other bill there are charged 6,720 folios?—A. Yes.

Q. At 10 cents?—A. That is different evidence altogether.

Q. Different evidence?—A. Yes. The evidence charged for in the bill amounting to $266.40 related to game fish. The other was evidence regarding the Georgian bay fisheries.

Q. And they were paid 10 cents a folio?—A. They all got 10 cents a folio.

Q. Did you pay Miss Perdue the $266?—A. In the same manner as I did the others.

Q. Then you did pay her the $266?—A. No, I won't swear that I did. I put in a stereotyped charge. If it is not right, the Auditor General would check it.

By Mr. Reid (Grenville):

Q. Do you mean to say there were twice as many folios as you have charged?—A. Yes, because I was under the impression that there were four copies supplied, but there were eight copies, as a matter of fact.

Q. How did that mistake come to be made?—A. I do not know.

Q. You are positive there were twice as many as you charged?—A. I am quite positive as to that, there were twice as many as we charged for.

Q. Who were the other stenographers?—A. Their names do not appear in the account.

Q. Who were they?—A. Miss Simpson, Miss Adamson——

Q. And they all worked in your office, did they?—A. At different times, no two of them worked at the same time. Miss Perdue and Miss Simpson worked in the office at the same time, but Miss Jeffery never worked in my office, she is a Midland young lady.

By Mr. McCarthy (Simcoe):

Q. Mr. Reid means was she an employee of yours?—A. No, she was not.

Q .She was employed specially for this work?—A. Yes.

By Mr. McLean (P.E.I.):

Q. So you paid to these stenographers $1,379.40 apparently?—A. I have not added it up.

Q. Was Mr. Noble with you on every occasion when you were meeting?

Mr. McCarthy (Simcoe).—Here again we are met with the same proposition, this has never been before the Auditor General.

Mr. McLean (Queens, P.E.I.).—Mr. Birnie swore to the employment of these stenographers. A. Oh, let us investigate the whole thing now.

By Mr. Reid (Grenville):

Q. With reference to Miss Jeffery, you say she was employed specially on this work?—A. Yes, she was never in my office.

Q. And the amount down here as being paid her?—A. Is correct.

Q. You paid her the exact amount shown here in this account?—A. Yes.

Q. She got that amount?—A. Yes, she got that in cash.

Q. You might say how much that is. Here (indicating file) is Miss Jeffery's account for $246—was an account rendered for that. Alma B. Jeffery?—A. Yes, that is it.

Q. And that amount was paid direct by you to Miss Jeffery?—A. To her, yes.

Q. You made nothing out of that?—A. Nothing at all, no.

By Mr. McLean (Queens, P.E.I.):

Q. Did you pay her the full amount of that bill?—A. Yes.

Q. I thought you stated a few moments ago that you did not?—A. I thought you were referring to Miss Perdue's account then.

Q. I showed you Miss Jeffery's account?—A. Then it was my mistake if I did say so, but I do not know that I did say so.

Q. Was Mr. Noble with you on every occasion on which the commission met?—A. Yes, I think he was; practically, yes. He may have been off a day, but I think so practically—no, he was not; there was one time he was not with us, he was sick with rheumatism.

Q. Just one day, was it?—A. No, several days; quite a long time; I could not tell you the exact time.

By Mr. Lennox:

Q. Did you attend all the meetings Mr. Noble attended?—A. Yes, sir.

Q. Every one of them—are you sure of that?—A. Well now, wait until I think—yes, I think probably I attended every session of the commission except probably two days here in Ottawa when Mr. Noble got down ahead of me.

Q. Did you attend the meeting of the commission at Port Stanley, for instance?—A. At Port Stanley?

Q. Yes?—A. At Port Stanley? Well now, that was in Lake Erie, that is not in the Georgian Bay as you no doubt know, investigating Lake Erie matters—there was one day I think, just one day that I missed somewhere, I do not know whether it was Port Stanley or not, where I was ill at the hotel.

Q. I am told there was two or three days?—A. Just one day, that is all I missed.

Q. You attended every meeting that was held by any of the commissioners with the exception of one day?—A. I think so, that is as far as I can recollect.

Q. Mr. McCarthy says there were two days at Ottawa you did not attend?—A. That is right.

Q. That will make three days you did not attend?—A. Three days that I was not here at the same time as the others were.

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By Mr. McLean (P.E.I.):

Q. You charged in the account on October 18, 1905, 'pay of six months' hire of typewriter machine, $40'?—A. Yes.

By Mr. Bennett:

Q. Mr. Birnie?—A. Yes.

Q. The receipts show you paid for rigs from Midland to Penetang, and from Penetang to Midland, that is correct?—A. Yes, I did.

Q. Did Mr. Noble ride with you each way?—A. I think he did one way, and we came back separately. I think we went from Penetang to Midland together and came back from Midland to Penetang separately, I think so.

Q. Was it on the same day?—A. Yes, on the same day. You see we had three trunks, Mr. Bennett, that we were carrying, and we perhaps may have had separate rigs for those trunks. We could not take them in the carriage with us, I think that is why the double charge appears.

Q. But he certainly rode over with you in the rig?—A. I think so, going to Midland.

Q. But coming back you cannot say whether you rode together?—A. No, I think we were separate.

Q. Were you alone in the double rig coming back?—A. No, I think Miss Jeffery was with me, she was coming with us up in the boat as stenographer.

By Mr. McLean (P.E.I.):

Q. Who did you hire the typewriter from?—A. From the Fleming Business College, Owen Sound.

By Mr. Reid (Grenville):

Q. I suppose the whole history of the typewriter business is that you charged the government the same price as Miss Jeffery was paid, and you paid your employees the regular wages you paid them?—A. Exactly.

Q. And you made a profit of the difference between the regular wages you paid them and what the government paid you, that is about the way of it, isn't it?—A. No, it is not. I paid them more than that, they were doing extra work and I paid them more than that.

Q. You paid them more?—A. I am certain I did, but how much I do not know.

Q. But you made a little profit out of it?—A. I do not know whether I did or not, I was not looking for it, but even if so it was perfectly legitimate.

Q. That is probably the way of it?—A. I cannot tell how much profit, if there was any profit, but I paid them more than their sterotyped wages, there is no doubt about that.

By Mr. Macdonald:

Q. And you only charged 5 cents a folio for the evidence?—A. Yes.

By Mr. Sproule:

Q. You paid Miss Perdue $3 a day when not in the office, did you keep account, can you tell how many days she was inside the office and how many days outside?—A. No.

Q. Does the account show that?—A. Yes, but I haven't it in my head.

Q. Did you keep an account?—A. Yes, of every day she was out of the office on the commission, that can be strictly got at.

Q. Then am I correct in understanding that you paid Miss Perdue the amount of money for services rendered in connection with this commission as set out in the account?—A. Well, as I explained it to Mr. McLean.

Q. I thought that was another account?—A. No, that is the same thing—it is Miss Perdue you are referring to, I explained that to Mr. McLean and Dr. Reid.

Q. How did you pay it?—A. How did I pay it?

Q. Yes?—A. I paid it in money, of course, in cash.

Q. I am merely asking you did you pay her this amount of money set out in the account for services rendered the commission?—A. No, I do not suppose she got exactly cash to the full amount of the money as set forth in the account. As Mr. Reid put it very fairly, she got her wages plus a gratuity for doing this work, and I charged the government at the rate of 5 cents a folio for the work. If there was any profit in the transaction, I do not know whether there was any at all, it went into my pocket.

Q. I am not asking how much you made, but for the satisfaction of knowing whether she was paid the amount of money charged to the country, that is all?—A. Yes, certainly.

By Mr. Lennox:

Q. She was paid wages and a gratuity?—A. Yes.

Q. You do not mention any amount, either wages or gratuity?—A. No, that is right.

By Mr. McLean (P.E.I.):

Q. Has she made any complaint?—A. Oh, dear, no; she is well satisfied.

By Mr. Bennett:

Q. In the account of March 25, 1906, there is an item, 'Hack-hire at Ottawa, $8.' That has been paid to you?—A. It has not been paid to me, pardon me.

Q. I thought it was the account as furnished by the department?—A. Oh, no; there is a lot knocked off that.

Q. Where is the account?—A. That has been knocked off. It has not been paid to me at all.

Q. Why did you charge the department that $8 for hack-hire at Ottawa?—A. Well, it was not allowed, Mr. Bennett; therefore, we need not discuss it.

Q. Why was it charged is the question I asked?—A. Do you never charge for anything you don't get paid for?

Q. No, sir, I do not?—A. You don't?

Q. On March 22 there is a charge for hack-hire at Toronto for $10?—A. That was not allowed either. Those charges are all stricken out, Mr. Bennett. I could not produce vouchers for these things. That is why I was given an allowance for living expenses of $5 a day.

Q. I see that at Collingwood on March 17 there is a charge of $1, what is that for?—A. That is for getting to the boat or the train from my house.

Q. Is it your usual practice to pay $1 for a hack to drive from your house?—A. Yes, if the hackman takes myself and a trunk, the two of us.

By Mr. Reid (Grenville):

Q. When you were appointed commissioner, did you think that you were entitled to make anything extra, such as in the way of employing these stenographers?—A. No.

Q. You considered that you were not?—A. No.

Q. Do you not think then that if you did not pay Miss Perdue the amount in question, you should not have taken it for yourself when you were paid for your own services?—A. I think I should. You see, even if Miss Perdue had put in the account herself, supposing she had done the work without any regard to me and had put in the account in this form, she would still have had to pay me for the use of the machine, rent, light, fuel and everything of that kind. She would have to pay for those things, you see.

Q. Then they did not have their own machine?—A. No, there was one we rented, but we only kept that for the first year, when it went back to the college. It is my machine they use.

Q. You consider it a reason why you took part of that money that it was for the rent of the machine?—A. Exactly, that is what it practically amounted to.

Q. What about Miss Jeffery?—A. Miss Jeffery was actually paid as charged here.

Q. What office did she work in?—A. At her father's house. I presume Mr. Bennett could tell you better about that; I don't know.

Q. She is a Midland lady?—A. Yes.

By Mr. Bennett:

Q. It is the first time I knew she was a stenographer, although I live alongside of her?—A. She is a very good one, too.

Q. It is the first time I knew it?—A. You see you have missed your opportunities.

By Hon. Mr. Brodeur:

Q. Will you put in as evidence the affidavit which was given by you in January, 1907?—A. Yes.

Dominion of Canada,
Province of Ontario,
County of Simcoe.
To wit:

IN THE MATTER OF an account rendered by John Birnie, Esquire, K.C., a member of the Fisheries Commission, against the Dominion of Canada.

I, John Birnie, of the town of Collingwood, in the county of Simcoe, King's Counsel,

DO SOLEMNLY DECLARE THAT

1. That with reference to the item of $220 for 44 days' living at hotels from September 1st to October 21st at $5 per day contained in the annexed bill, I say that at the time this item was incurred I was under the impression that the commissioners would be allowed a certain set sum per diem for living expenses, and that I consequently kept no vouchers for sums paid out as living expenses during that period, but the amount charged in the said bill, namely, $5, is a just and reasonable amount and was actually paid out for living expenses, and it would be and is impossible for me to live away from home at less than $5 per day living expenses.

2. That in some cases, owing to the hurry of departure or to inadvertence, no vouchers were taken for some of the hotel bills incurred by the stenographer and myself. But the amounts charged in the bill were actually and bona fide paid, although no vouchers appear for the same.

3. That for certain payments, notably to employees at the hotels at which the commissioners stopped and for hack-hire and other small matters appearing in the said bill, it was impracticable to take vouchers, but the sums charged in the said bill were actually paid, and a considerable number of other payments were made which are not charged in the bill at all, but which could reasonably be taken as living expenses.

4. That with reference to the item for 12 days' board at Killarney, Squaw Island and Meaford Islands, investigating the Squaw Island fisheries, from August 11th to 22nd, both inclusive, of $24 each for myself and the stenographer, no vouchers are produced for $32 on the Killarney Hotel, but the balance of $16 was incurred for living on the launch while going to Squaw Island and Beaford Island and while at these islands, and was actually paid .

5. That as to the charge of the $25 for a leather trunk purchased for the use of the commission, I found it was absolutely necessary to purchase the same owing to the large accumulation of papers and documents which the commissioners were obliged to carry from place to place, and it was impossible to do without a proper receptacle for the safe carriage and custody of such papers.

6. That all the disbursements contained in the said bill were necessary and reasonable and were actually paid.

AND I MAKE this solemn declaration, believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act of 1893.

DECLARED before me at the town of Collingwood, in the county of Simcoe, this day of January, A.D. 1907.

(Signed) JOHN BIRNIE.

(Sgd.) JAMES HAVERSON,
A Notary Public.

Witness discharged.

The committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A

PAYMENT OF $210,253.66 TO A. F. BOWMAN

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1909

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

OTTAWA, January 22, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the chairman, Mr. Clarke, presiding, and proceeded to the consideration of a payment of $210,253.66 to A. F. Bowman in connection with dredging in the years 1905 and 1906 at Port Arthur and Fort William as detailed on page V—26 and also on page V—27 of the Auditor-General's Report for the year ending June 30, 1906.

Mr. A. F. BOWMAN, called, and sworn and examined.

By Mr. Bennett:

Q. Where do you live Mr. Bowman?—A. Southampton.

Q. About what time, or what year, did you first engage in the business of contracting with dredges?—A. About what time did I start?

Q. Yes?—A. Oh it must be nine or ten years ago.

Q. Were you a member of the firm of Bowman and Bowman, contractors for dredging?—A. Well, there is no such firm that I know of.

Q. Was there ever?—A. Not that I know of.

Q. Were you ever a member of the firm of Bowman & Co., contractors for dredging?—A. Yes.

Q. Who composed that firm?—A. Oh there was Mr. Porter, Mr. McLaren, my brother, and myself.

Q. Where did Mr. Porter live and what was his christian name?—A. David.

Q. And Mr. McLaren?—A. Peter S.

Q. Where did he live?—A. Peter S.? He lived at Tiverton.

By Mr. Pardee:

Q. Where did Porter live?—A. Wiarton.

By Mr. Bennett:

Q. On page V—26 of the Report of the Auditor-General of the Dominion there appear a number of payments aggregating in all $200,000. You performed a lot of work, in respect of these charges, at Port Arthur and the Mission river in that year? —A. I did.

Q. Do you remember when the tenders were called?—A. I have some recollection of it, yes.

Q. I hold in my hand a newspaper clipping attached to the tender of a man named Hickler. It is apparently an extract from the *Globe* newspaper, an advertisement calling for tenders?—A. Yes.

Q. And it says that the tenders for dredging at Port Arthur will close on the 14th April, 1905?—A. Yes.

Q. Have you a recollection that that was about the time tenders were to close in that year, 14th April?—A. I have no particular recollection, but I think that is about right.

Q. As a matter of fact, I will tell you, the time was extended for the tender. Have you a recollection of it?—A. In that year?

Q. Yes?—A. Why I don't remember that it was in that year.

Q. Is that your tender (submitting document?)—A. (After examining document) Yes.

EXHIBIT No. 1.

SOUTHAMPTON, May 1, 1905.

Mr. FRED GELINAS,
Secretary Department of Public Works,
Ottawa.

SIR,—I hereby tender to perform the dredging in the Harbour of Port Arthur on the conditions named in the advertisements for said work, dated April 7, and as follows :—

1. For dredging clay, 14 cents per cubic yard.
2. For dredging boulders and clay, 22 cents per cubic yard.
3. For dredging quicksand, 29 cents per cubic yard.
4. For dredging hardpan, 50 cents per cubic yard.

Yours truly,

A.F. BOWMAN.

Q. Now do you notice the date of that, May 1st?—A. No, I did not notice the date.

Q. Well look at the date here?—A. Yes, that is all right.

Q. So apparently the time was extended for the tender?—A. It would indicate that, yes. From memory I have no recollection of it.

Q. Then there were tenders called also I see—looking at this same clipping from the *Globe* newspaper—covering certain work to be done in the Kaministiquia?—A. Yes.

Q. And from the documents, you tendered for that work also?—A. Do you mean whether I tendered at the same time?

Q. Yes?—A. Yes.

Q. And in that apparently the closing of tenders was extended to the same time. Is that your tender for that work (submitting document)?—A. (After examining document.) That is right.

EXHIBIT No. 2.

OFFICE OF THE MINISTER OF PUBLIC WORKS OF CANADA,
OTTAWA, May 4, 1905.

MEMORANDUM FOR THE DEPUTY MINISTER.

Kindly have report to council prepared as soon as possible for acceptance of offer of the lowest tenderer for dredging at Port Arthur and in the Kaministiquia river, the order in council to give the tenders received for this work in full.

C. S. HYMAN.

DEPARTMENT OF PUBLIC WORKS OF CANADA,
CHIEF ENGINEER'S OFFICE,
OTTAWA, May 4, 1905.

Hon. C. S. HYMAN,
Minister of Public Works,
Ottawa, Ont.

SIR.—With reference to the enclosed tenders and schedules of tenders for dredging in the harbour of Port Arthur and in the Kaministiquia river, I beg to state that as in both cases the bulk of the material to be dredged is clay, the tenders of Mr. A. F. Bowman for 14 cents per cubic yard, for the work at Port Arthur, and of 12

cents and 14 cents per cubic yard for dredging in the Kaministiquia river, make their tenders the lowest, I would beg to recommend that they be accepted.

I have the honour to be, sir,
Your obedient servant,
EUGENE D. LAFLEUR,
Chief Engineer.

M. GÉLINAS:

Je vous inclus 3 cédules de soumissions:—Nanaimo, Port Arthur et Kaministiquia, M. Hunter est venu pour vous voir, mais vous étiez parti.

Il m'a laissé la commission de vous dire d'envoyer les soumissions de Port Arthur et Kaministiquia à M. Lafleur pour lui permettre de faire rapport.

N. D.

3 mai 1905.

SOUTHAMPTON, May 1, 1905.

Mr. FRED. GÉLINAS,
Secretary, Department of Public Works,
Ottawa.

SIR,—I hereby tender to perform the dredging in the Kaministiquia river and the channel in Thunder bay leading to the mouth of the river on the conditions named in the advertisements for said work, dated April 7, and as follows:—

1. From channel in Thunder bay and up McKellar's creek, 12 cents.
2. From McKellar's creek to the power house, 14 cents per cubic yard.

Yours truly,
A. F. BOWMAN.

Q. That is the Kaministiquia river work?—A. Yes.

Q. And that is dated, I may tell you, May 1. Now you have two tenders in, one for the Port Arthur work and one for the other work?—A. Yes, sir.

Q. Now coming to what I will call the Kaministiquia work—dredging in the Kaministiquia river and dredging the channel in Thunder bay and up to McKellar's creek, 12 cents per cubic yard; from McKellar's creek to the power house, 14 cents per cubic yard. That is correct is it?—A. That is correct.

Q. That is your tender?—A. That is my tender.

Q. And that is your signature?—A. That is my signature.

By Hon. Mr. Pugsley:

Q. Twelve and 14 cents per cubic yard for the Port Arthur dredging?—A. The 12 cents and 14 cents were both for the Kaministiquia river.

By Mr. Bennett:

Q. Now this is the Port Arthur tender?—A. The same one I was looking at?

Q. Yes. The Port Arthur tender is dated May the 1st, and is as follows: 'Clay 14 cents per cubic yard; boulders and clay, 22 cents per cubic yard; quicksand, 29 cents per cubic yard; hardpan, 50 cents per cubic yard.' That is your tender?—A. That is correct.

Q. During the course of the work I suppose you were frequently at Port Arthur?—A. Oh, yes.

Q. And you are well acquainted there?—A. Fairly so.

Q. Do you know a gentleman at Port Arthur named Mr. James Morphy?—A. At Port Arthur, no.

Q. Or Fort William?—A. Fort William, yes.

Q. Do you know Mr. Louis Walsh?—A. I do.

Q. Do you know John King?—A. I do.

Mr. BENNETT.—I will put in a tender for these gentlemen. (Document produced and marked Exhibit No. 3).

EXHIBIT No. 3.

Ottawa, April 29, 1905.

FRED. GELINAS, Esq.,
Secretary Department of Public Works,
Ottawa.

Re TENDER FOR DREDGING IN THE KAMINISTIQUIA RIVER.

DEAR SIR,—We beg to tender for the following work on the Kaministiquia river and the channel in Thunder bay leading to the mouth of the river.

For dredging the channel in Thunder bay and up to McKellar's creek, price 12 (twelve) cents per cubic yard; for dredging from McKellar's creek to the power-house,, price 15 (fifteen) cents per cubic yard.

We agree to do the work according to the terms of the advertisement in the Ottawa *Free Press* of April 7, 1905.

Trusting to receive at your hands a favourable reply,

We have the honour to remain, sir,
Your obedient servants,

(Sgd.) JAMES MORPHY,
LOUIS WALSH,
JOHN KING.

FORT WILLIAM, Ont.

Q. Now, taking up what is called the Kaministiquia contract, it is divided into two sections, the work, under the advertisement, first from the harbour to McKellar's creek, and then the second section is from McKellar's creek to the power house?—A. From the harbour up, is it?

Q. Yes, from Thunder bay to McKellar's creek, and then the second section is from McKellar's creek to the power house?—A. Yes.

Q. Which of these two involved the greatest amount of work?—A. The upper work, up to the power house.

Q. Let me understand, do you mean number one or number two section? There would be more work in the section from the mouth of the Kaministiquia to McKellar's or in the section from McKellar's to the power house?—A. From the mouth of the Kaministiquia to McKellar's creek.

Q. That would be the biggest work?—A. Oh, no.

Q. You think the other section would be the biggest?—A. You mean the biggest quantity? I do not know that; it will rest with the engineer; I cannot tell.

Q. I do not know the locality, and I am asking you of the distances. In your opinion was the section from the mouth of the Kaministiquia to McKellar's creek a greater distance than it was from McKellar's creek to the power house?—A. From where? From the mouth of the river?

Q. From where the contract started?—A. Oh, the distance. The power house is a far greater distance from the mouth than it is from the mouth to McKellar's.

By Mr. Boyce:

Q. What is the relative distance between the points Mr. Bennett has named? Is the distance from the mouth of the river to McKellar's creek greater than it is from McKellar's creek to the power house?—A. Oh, you mean to compare the two distances?

Q. Yes?—A. Oh, well, I do not know that I would know that exactly. I think it is probably the longest distance from McKellar's creek to the power house.

By Mr. Bennett:

Q. You think that from McKellar's creek to the power house is the longest section? Or is the section from the mouth of the river to McKellar's the longest?—

A. From the mouth to McKellar's? I think it is the longest from McKellar's to the power house; that is longer than it is from the mouth to McKellar's creek.

Q. What difference is there in the distance, in your opinion?—A. I do not really know what it would be.

Q. Will you please read from the tender (Exhibit No. 3) of Messrs. James Morphy, Louis Walsh and John King?—A. Witness reads: 'For dredging the channel in Thunder bay and up to McKellar's creek, price 12 (twelve) cents per cubic yard; for dredging from McKellar's creek to the power house, price 15 (fifteen) cents per cubic yard.'

Q. So that Morphy, Walsh and King's tender was exactly the same as yours on the first section, but they were one cent higher on the second section, is that right?—A. Yes, that appears from the tender.

Q. Now I need not ask you—I suppose there was no collusion between you and Morphy, Walsh and King in putting in these tenders?—A. Not that I know of. There was none between me and them.

Q. Had you any conversation at any time with these gentlemen as to putting in this tender?—A. Not that I know of.

Q. 'Not that I know of,' you would have known if there had been?—A. I guess I would.

Q. Turn over that envelope there (Exhibit 3) and tell me what you find on the back of that in the shape of a seal, on the back of the envelope?—A. In the shape of a seal?

Q. On that envelope, what is on that seal?—A. What do you mean by 'seal'?

Q. There is a wax seal?—A. Oh, yes.

Q. I will tell you frankly I do not allege nor insinuate there was any collusion?—A. 'Chrysler & Bethune, Solicitors.'

Q. You have heard of them, they are a well-known firm of solicitors?—A. I never heard of them at all.

Q. And apparently this tender was sent in on behalf of Morphy, Walsh and King by Chrysler and Company, who are well known solicitors of Ottawa?—A. I do not know anything about that.

Q. And you add there was no collusion in putting in the tenders?—A. None whatever.

Q. Now, you admit then, that on the documents—we claim that on the documents—you were both exactly the same for the first section, that is at twelve cents per cubic yard?—A. That is on one section.

Q. Now, was that section put up for tender again?—A. No, separately.

Q. Now, taking that advertisement, please, issued by the department, is there anything in the advertisement that would tend to show that the tenders were included, that you could not get one without the other?—A. That is the way I understood it.

Q. That you had to take the two together ?—A. Oh, yes, they were all one work.

Q. Can you find me anything in the tender that would show that at all ?—A. Anything in the tender ?

Q. In the advertisement I should say, not the tender.?—A. Well, I do not know whether there is or is not. I know I never heard of anything like that before, the two sections were always the one work.

Q. Who led you to understand the two would be taken together ?—A. Nobody in particular, only my own judgment, I suppose.

Q. And in your opinion if a man had been six cents a yard lower on the one section than you, he would not have got the contract, assuming that he was higher than you were on the other section ?—A. I do not know anything about that.

Q. However, on the documents, you and the King Company, we will call it by that name, had the same figure on that section, twelve cents ?—A. Yes, the tenders show that.

Q. Was that to be put up for tender again ?—A. I believe it was, the same as the other.

Q. I do not think that is right.?—A. Isn't it, maybe I am wrong.

Q. I do not think they were put up for tender again ?—A. Weren't they all put up for tender the second time ?

Q. Mark me, this was the second time they were put up.?—A. I do not mean to say they were put up a third time.

Q. When the tenders were first called for on the 14th of April, I do not think you had a tender in, on that occasion at all; I do not think you had a tender at all the first time, but when the time was afterwards extended until the 1st of May you put your tender in which was quite regular ?—A. Oh, yes.

Q. Notice, I am reading a memo. which is attached to your tender, and which reads as follows, it is addressed to the Minister, Hon. C. S. Hyman.

'With reference to the inclosed tenders and schedules of tenders for dredging in the harbour of Port Arthur and in the Kaministiquia river, I beg to state that as in both cases, the bulk of the material to be dredged is clay, the tenders of Mr. A. F. Bowman for fourteen cents per cubic yard for the work at Port Arthur, and of twelve cents and fourteen cents per cubic yard for dredging in the Kaministiquia river make their tenders the lowest. I would beg to recommend that they be accepted.'

That is signed by Eugène D. Lafleur, Chief Engineer, and is dated May 4, 1905. Then there follows this memo. of the same date, 'Memo. for the Deputy Minister,' as follows :—

'Kindly have Report to Council prepared as soon as possible for acceptance of offer of the lowest tenderer for dredging at Port Arthur and in the Kaministiquia river, the Order in Council to give the tenders received for this work in full.'

This is signed by the Hon. C. S. Hyman. And so no new tenders were called for this work, although you and the King Company had tendered at the same figure ?—A. We did not tender at the same figure, that I know of.

Q. Well, for number one section. As a matter of fact, was there any collusion between yourself and any other tenderers on this work at that time ?—A. Not that I know of, no.

Q. You never discussed the question with any person else as to what figures they should put in ?—A. Nobody outside our own company.

When you speak of your own company, what do you refer to ?—A. The Great Lakes Dredging Company, which is the company I am interested in.

Q. What is the name of the company, to start with ?—A. Great Lakes Dredging Company.

Q. Do you hold any office in it ?—A. I am director.

Q. Who is the president of the company ?—A. Mr. C. M. Bowman.

Q. He is your brother?—A. Yes.

Q. And member of the local legislature ?—A. Yes.

Q. He is? Who else is concerned in the company, who are the other directors? —A. Well, there is Mr. Whalen.

Q. Mr. Whalen?—A. James Whalen and George Whalen.

Q. James and George Whalen? Are they brothers?—A. Yes.

Q. Do you know of any relationship between Mr. James Whalen and Mr. James Conmee, member for Rainy River?—A. Relationship?

Q. Yes?—A. I believe so, yes.

Q. What is the relationship?—A. Mr. Whalen is his son-in-law.

Q. When was this company formed?—A. Oh, it must be about six years ago, I guess.

Q. Six years ago. When that company was formed were you the owner of a dredge called the *Arthur*, personally?—A. No.

Q. Did your company buy a dredge known as the *Arthur*?—A. No. Well, of course they did afterwards, they bought one.

Q. Did they not buy her from you?—A. No.

Q. Who did they buy her from?—A. The company do you mean or me?

Q. Your company?—A. The company bought her from Conmee and Bowman.

Q. Conmee and Bowman? Who composes that firm?—A. James Conmee and C. M. Bowman. I don't know that I am just quite right in that.

Q. I think you are right because they were paid for work done by her?—A. I thought perhaps it might have been just Mr. Conmee that bought it.

Q. Now prior to this year, 1905, had you been doing work at Port Arthur?—A. Yes.

Q. In your name or in the name of the company?—A. I think it was in my own name, myself.

Q. Was that under contract or not?—A. Under contract, of course.

Q. Mr. Bowman, don't be too sure about that because as a matter of fact you had worked there for several seasons had you not?—A. Well, no.

Q. What I mean by tender, is by competition?—A. That may be; I don't remember exactly about that.

Q. Was not 1905 the first year in which tenders were called?—A. I am not sure about that, it may have been.

Q. As a matter of fact I may tell you I find it was?—A. It might have been, I don't remember that.

Q. In 1905 you expected some pretty keen competition?—A. I don't know that we did; no more so than any other time.

Q. Well refresh your memory please as to whether there have ever been open tenders called for the work, I mean public competition? I may say that there was a debate in the House in 1905 in which the Minister said that is the first year?—A. That would no doubt be correct.

Q. And so you expected there was going to be keen competition when tenders were called??

Hon. Mr. PUGSLEY.—He did not say that.

Q. I ask you did you expect keen competition?—A. I naturally expected to have some competition.

Q. And it was going to be different from the old way, the former system—we will call it that? That is what you expected?—A. I don't know as I did.

Q. You know that public advertisement had asked for tenders by competition did you not?—A. Yes, certainly.

Q. And you sat down at home at Southampton and you sent this document from Southampton to the department?—A. No, not necessarily.

Q. You sent it in? Did you mail it from Port Arthur or Southampton?—A. No, I think I was down here at the time.

Q. You think you came to Ottawa, and it was war to the knife between you and the other contractors to get the lowest tenders?—A. I don't know anything about that. I did not know anything of any scrapping or war at all.

Q. You expected there would be keen competition? Tenders had been called for?—A. Not any more so than at any other time that I know of.

Q. Can you tell me where you got this form upon which you tendered? I am dealing now with the Port Arthur work, Exhibit No. 1. Where was this typewritten document written? Can you recollect?—A. Well no, but I think it would be here in Ottawa.

Q. I would have no doubt about that?—A. I think that is where I made it up.

Q. Whereabouts? In the office of the Minister?—A. Oh, no.

Q. Where do you think it was?—A. I think it was——

Q. What?—A. I think it was in some lawyer's office here.

Q. In some lawyer's office? Do you know the name of the lawyer?—A. No, I do not know that; I do not recollect.

Q. Look at that document please (submitting document) do you recognize the

handwriting on that, the written part?—A. I recognize that as Mr. Whalen's handwriting.

Q. Did you see that tender before it was put in?—A. I don't know.

Q. Will you swear you did not?—A. Why no I will not.

Q. Did you show Mr. Whalen the tender you put in?—A. I don't know.

Q. Will you say you did not?—A. No, I won't.

Q. Did you and Mr. Whalen sit down together and put in these two tenders?—A. Well, I think we did, yes, but I don't know anything about showing it to him.

Q. So you knew the tender that was being put in by the Great Lakes Dredging Company and they knew the tender you were putting in?—A. I think they did.

Q. What was the object of disclosing to each other, of saying to each other what your tenders were? Was it a *bona fide* tender?—A. Why, yes, we were both interested in it, in trying to get the contract.

Q. Can you recollect at all whether these two typewritten documents were got by you when in the lawyer's office?—A. I don't remember where they were got.

Q. But the two were laid before you? Who else was present of the concern, besides yourself and Mr. Whalen, interested in the matter?—A. My brother.

Q. Your brother?—A. Yes.

Q. No person else?—A. No.

Q. Was Mr. James Conmee there?—A. Oh, no.

Q. Was he in the city at that time, do you know?—A. I don't know.

Q. And you are positive that these two forms, signed as they stand here to-day, were disclosed before yourself and Whalen and your brother?—A. Oh, well, I think we knew all about it. We knew all about the prices we were putting in, yes.

Q. Where did you get the envelope for these?—A. Oh, I don't remember that.

Q. They are both the same?—A. Are they? I don't remember where we got them.

Q. Taking your tender, what did you do with it? Did you deliver it personally to the department?—A. No, I don't remember just about that. I think that I mailed it by registered mail.

Q. I may tell you you did not mail it because it bears no mark of mailing?—A. I did not, eh? Well, then I am mistaken in it.

Q. The one of the Great Lakes Dredging Company bears no marks of mailing either, they were apparently both delivered. Now, did you deliver them?—A. Well, I delivered my own, I think.

Q. Will you pledge your oath to that, that you delivered it?—A. No, I would not swear positively, but I think I did.

Q. Then, as between yourself and the Great Lakes Dredging Company there was no *bona fide* competition at all?—A. Well, it was the same thing.

Q. Whoever got the tender, it was going to be a benefit to yourself and your associates?—A. Exactly.

Q. And, of course, when you went to the minister and the department you told them that the two tenderers were one and the same party, that there was no competition between you?—A. I don't think I told the minister anything.

Q. You did not?—A. Not that I know of.

Q. Was it understood by the company that day, that one of these tenders should go in and that you would stand or fall by one of the tenders?—A. Which one do you mean?

Q. Neither one. Was it understood between yourself, your brother and Mr. Whalen, that you would stand by one of the tenders and put it in?—A. I did not put it that way.

Q. At your meeting was it decided you should put in two tenders and not one tender?—A. It was first decided to put in a tender, and afterwards we decided to put in a second one.

Q. Had the first tender been put in when you decided to put in the second one?—A. I believe so.

APPENDIX No. 1

Q. Which was the first one you put in?—A. Which?

Q. Yes, which was the first tender you put in?—A. The Great Lakes Dredging Company.

Q. You put in the Great Lakes Dredging Company's tender first. Now, I notice in this Great Lakes Dredging Company's tender—but first, I will drop that for a time, you went back after putting in the Great Lakes Dredging Company's tender and got another form prepared for yourself. Where was the second form prepared?—A. I do not know. I think probably that when we got the first form prepared we got several of them.

Q. Then they were run-off together?—A. The chances are that they were.

Q. Well, the chances are all against that, because they are different?—A. Are they?

Q. Yes?—A. Well, then, I do not know.

Q. You will stand by this that the Great Lakes Dredging Company's tender was the first one put in?—A. That is my recollection of it ,and I think that is the way of it.

Q. You have no reason to change that?—A. No.

Q. Looking at that, I find that the name of Mr. Gelinas, the secretary of the Public Works, is spelt 'Gelenais,' that is on the first one that was sent in, you say. What time of the day was it you put in that first tender?—A. I do not know; it would be three or four o'clock; I am not sure about the time; it was in the afternoon.

Q. You waited the limit of time, waited until the afternoon to put it in—there is nothing wrong about that. Where was this second one that was put in, in which the name was spelt correctly, prepared? Wasn't that, as a matter of fact, prepared right in the minister's room?—A. Oh, no.

Q. Do you pledge your oath to that?—A. Certainly it was not.

Q. Where was it prepared ?—A. Either in some lawyer's office or in the Russel House.

Q. Who dictated it ?—A. I do not know that.

Q. Who dictated the first one ?—A. I do not know that either.

Q. Were you there ?—A. I suppose I was, I must have been, somebody went out and got these things struck off and the whole thing prepared.

Q. How do you spell Mr. Gelinas' name ?—A. 'G-e-l-i-n-e-a-s.'

Q. So that you do not spell it the same as either of these? So you were in the background?—A. The chances are that I spelt the name correctly as I have written it often enough ; I think I write it correctly.

Q. So that these tenders, as between yourself and the Great Lakes Dredging Company amount to nothing ?—A. I beg pardon.

Q. I say there was no real *bona fide* competition between yourselves and the Great Lakes Dredging Company ?—A. Well, no.

Q. It was all a play, putting in two tenders ?—A. No, it was not a play at all.

Q. Give me an explanation, then ?—A. The first tender went in ,and we afterwards came to the conclusion we would put in a second one.

Q. At what time did you put in the second one ?—A. I do not know, it was after the first one, it would likely be five o'clock.

Q. What time in the day was it, was it in the evening ?—A. Yes, it must have been close to the time limit for receiving tenders.

Q. Who else was in the city at that time, to your recollection ?—A. Do you remember a man named Peltier being in here ?—A. Yes.

Q. Was he down here to tender ?—A. I think he was.

Q. What was his tender? Was it *bona fide* or was it buncombe too?—A. I do not know.

Q. Did you know the contents of his tender ?—A. No, I did not.

Q. Did you have any discussion with him?—A. In regard to tendering?

Q. As to his tender ?—A. Not that I know of.

Q. Did you see Peltier down here and were you talking to him at the time ?—A. Well, yes, I must have seen him here.

Q. You knew he was tendering too ?—A. I understood he was, yes.

Q. What did you know about his prices, anything ?—A. Nothing in particular.

Q. You knew nothing in particular ?—A. Yes, nothing.

Q. How much did you know ?—A. I do not think I knew anything about his prices at all.

Q. Was Peltier the owner of a dredge ?—A. I do not think so.

Q. I think you are right there too. You were not much afraid of any tender Peltier put in, were you ?—A. Well,——

Q. Was Peltier at your meetings at all when you were discussing putting in the other tender ?—A. No .

Q. Mr. Bowman, I want to ask you a question which has just struck me about something else. Did you ever own a dredge called the *Hackett* ?—A. I was part owner.

Q. Who owned her with you?—A. Geoff Porter, Peter S. McLaren, C. S. Boone and myself.

Q. To whom did you sell that dredge ?—A. Dr. Spohn, we sold our interest to Dr. Spohn.

Q. Well, you say 'your interest.' What was left then, do you mean the Bowman interest alone went to Dr. Spohn ?—A. Yes, that is all.

Q. Who is Mr. Kastner ? Was he one of the purchasers ?—A. Not at that time.

Q. Of whom did he buy ?—A. From Porter, I believe.

Q. You sold your interest to Dr. Spohn ?—A. Yes.

Q. He was superintendent of an asylum at Penetanguishene ?—A. Not at that time.

Q. But that is the man ?—A. He is the man, he was afterwards superintendent.

Q. Has he sold her back to you ?—A. No.

Q. Were you paid for her out and out ?—A. In hard cash.

Q. For your interest ?—A. Yes, we were paid for her.

Q. It was a genuine *bona fide* sale ?—A. Oh, yes.

Q. Now, I see on this page V—26 of the Auditor-General's report, I will read from it, this item, 'Bowman, A. F. ; dredging in Kaministiquia river—services dredge *Dominion,* November 8-27, 1905, April 26, May 19, 1906,' and it amounts to $15,576.36. Now, that is a dredge called the *Dominion.* Who owns the *Dominion* ?—A. The Great Lakes Dredging Company.

Q. And you are not the owner of the dredge at all?—A. I am part owner.

Q. But you are not the whole owner of her?—A. No.

Q. Now, I see at page V—27 of the Auditor-General's report: 'The Great Lakes Dredging Company, dredge *Dominion*— services performed, $6,952.' Is that the same dredge?—A. The dredge *Dominion,* yes.

Q. Let me ask you another question. This dredge called the *Arthur* was the one that Conmee and your brother C. M. Bowman sold was it?—A. Yes.

Q. The dredge called the *Arthur* was the one that C. M. Bowman and James Conmee sold to the Great Lakes Dredging Company?—A. I am not quite sure whether it was C. M. Bowman and James Conmee. The dredge was originally purchased from Macdonald by James Conmee, so I think it was Conmee and Bowman.

Q. I see. The dredge was originally purchased from a man named Neil Macdonald by Mr. Conmee?—A. That is the man.

Q. And he in turn sold it?—A. I think it was Conmee and Bowman.

Q. That dredge is now known as No. 1 is it not?—A. Yes.

Q. And she is one of the fleet of the Great Lakes Dredging Company?—A. That is right.

Q. So that when we find the dredge *Dominion* figuring under the name of A. F. Bowman it is the same dredge that is figuring under the name of the Great Lakes Dredging Company in another part of the account?—A. The *Dominion* is the same wherever you find it; it is the same dredge.

Q. There are no two dredges called the *Dominion*?—A. No, just one.

Q. In the next year you were the lucky contractor for certain work on the Mission river. Your tender ,or rather that of the Great Lakes Dredging Company, was 9 cents a yard. In answering a question in the House it is stated that the price was 9 cents a yard?—A. Yes.

Q. And you, Mr. A. F. Bowman, had a tender for 18 cents a yard?—A. Yes.

Q. What is the object of that little foxy game?—A. I put in a tender.

Q. Explain why the Great Lakes Dredging Company put in a tender for 9 cents and you put in a tender for 18 cents?—A. I did not know of the Great Lakes Dredging Company's tender at that time.

Q. Did you not know when you were putting in your tender for 18 cents that the Great Lakes Dredging Company were putting in a tender at all?—A. I knew they were putting in a tender, but not what the figure was.

Q. You did not know what it was going to be?—A. No.

Q. And sitting up at Southampton you said to yourself 'I will put in one at 18 cents?—A. No, I was not sitting at Southampton.

Q. Where were you, in the Minister's room at Ottawa or in the Russel House?—A. No, I was not permitted to be in the Minister's room.

Q. You have been there often, you know?—A. Indeed, I have not.

Q. Perhaps you are not the business end of this concern?—A. Oh, well——

Q. You put in a tender for 18 cents in good faith that year?—A. I don't remember whether it was 18 cents. It turned out to be a great deal higher than what the Great Lakes Dredging Company put in.

Q. And you in good faith believed that you had a chance at 18 cents did you, and you were not prepared to do it for anything less?—A. I don't hardly think I expected to get it at 18 cents.

Q. You did not expect to get it?—A. Not with the competition that was going on.

Q. Did you have this idea, that if no tender intervened you would be able to withdraw the 9 cents tender and substitute the 18 cents tender?—A. No, I had no such idea.

Q. That idea never struck you?—A. No.

Q. It would strike 999 people in a 1,000 that that is what it was intended for? It never struck you that way?—A. I had no such idea at all.

Q. And at this time you were a director of the Great Lakes Dredging Company too?—A. I was.

Q. And the tender was for the same work at the same point?—A. Yes.

Q. And the material was the same?—A. Just the same, yes.

Q. And you never inquired what your company was putting in?—A. I did not know what price they put in.

Q. You never inquired, you told me a while ago?—A. I never inquired?

Q. Yes?—A. I did not inquire.

Q. You were satisfied anything the others did would suit you?—A. No, I was not, that was the trouble.

Q. You were in trouble?—A. Yes.

Q. You were vexed for fear they might make mistakes?—A. They were going to put in a price so much cheaper than I was willing to put in they simply cut me out.

Q. When did you discuss it with them?—A. It was discussed but not the price; I did not know that at all.

Q. Did you go down to Ottawa at that time to put in your tender?—A. Yes, I fancy.

Q. And the other members of the firm were here, Whalen and C. M. Bowman?—A. Yes.

Q. And you did not know finally that they put in a tender at 9 cents?—A. I did not know it, no; I did not know the price.

Q. What is the capital stock of the Great Lakes Dredging Company?—A. Let me see. I think it is $200,000.

Q. $200,000 or $250,000?—A. Yes.

Q. And you own one-quarter of the stock?—A. Yes.

Q. And your brother Charles owns the other fourth ?—A. Yes.

Q. And James Whalen owns the remaining half ?—A. That is right.

Q. How old a man is Mr. Whalen ?—A. Oh, I suppose about thirty-five or thirty-seven.-

Q. How long has he been married to Mr. Conmee's daughter ? Do you know ?—A. Oh, I don't know.

Q. How long have you known Mr. Whalen ?—A. I suppose ten or twelve years.

Q. So when Mr. Conmee declared in the House that he had never had anything to do with this Great Lakes Dredging Company it was not correct because he had sold them a dredge ? Is that right ?—A. What is that ?

Q. If Mr. Conmee made a statement that he had never had any dealings, directly or indirectly, wit hhis company, it is not correct because he had sold them a dredge? —A. I don't know. That may be correct too. I think at the time the sale was made that the Great Lakes Dredging Company was not really in existence, something of that kind.

Q. You are wrong on that because in the Public Accounts up to a certain date she is in the employ of Conmee and Bowman, and within the next two or three days afterwards she is in the employ of the Great Lakes Dredging Company. Of course, Mr. Conmee has no interest directly or indirectly in the Great Lakes Dredging Company ?—A. No, not that I know of.

Q. Do you say no he has not ?—A. I say he has not ; he is not a partner at all.

Q. He is not a stockholder ?—A. No.

Q. He has no interest whatever ?—A. No.

Q. And so if the country is to get the benefit of *bona fide* competition and cheap prices it won't be by the bidding between A. F. Bowman and the Great Lakes Dredging Company ?—A. I hope not.

Q. I should think you would not. Do you hold a mortgage on this *Hackett* dredge that was sold to Dr. Spohn?—A. No, I am not so fortunate as that.

Q. She was bought out in cash and cash ?—A. Yes, got the money.

Q. Who owns her now ?—A. Well, I think it is E. J. Kastner, Dr. Spohn and Peter S. McLaren.

Q. You have never heard that the Hon. A. G. McKay owns her now ?—A. No, I do not think so.

Q. He is in another crowd ?—A. Yes.

Q. He does not interfere with you at Port Arthur, does he ?—A. He interferes with us too much.

Q. He has other preserves to work in and you don't interfere with him there ? —(No answer.)

By Mr. Boyce :

Q. When on May 1, 1905, you tendered for the work at Port Arthur harbour, what dredges did you own ?—A. Well, let me see. Do you mean that I owned absolutely myself or was interested in?

Q. Absolutely yourself, if you own them ?—A. Yes. I owned one.

Q. What was it ?—A. The dredge *Frank*.

Q. Where was the dredge *Frank* at that time ?—A. Well, I am not sure about the port. It was somewhere on the Georgian Bay.

Q. She was not up at the head of the lakes ?—A. No.

Q. And she was not used on the work ?—A. No.

Q. So that was the only vessel in the shape of a dredge that you owned absolutely yourself at the time you put in any of these tenders ?—A. Yes.

Q. What dredges were you interested in, at that time, directly or indirectly ?—A. I was directly interested—do you want me to enumerate them ?

APPENDIX No. 1

Q. If you will.—A. I was directly interested in *Number 1, Number 5, Number 6* and the *Dominion.*

Q. You were interested in *Number 1, 5, 6* and the *Dominion.* Were there any others ?—A. I do not think so.

Q. So that you owned the *Frank* absolutely and you had an interest in *Number* 1, *Number* 5,*Number* 6 and the *Dominion,* in what way were you interested in this *Number* 1, *Number* 5,*Number* 6 and the *Dominion* ?—A. Stock in the Great Lakes Dredging Company.

Q. Was there any other way in which you were interested, other than as a stockholder in the Great Lakes Dredging Company ?—A. No, I do not think so, if I understand you aright.

Q. So that, only as a shareholder in an incorporated company did you have any interest, at any time, in any dredge except the *Frank,* which was down below ?—A. I did not just get that.

Q. At that time you tendered for this work, unless as a shareholder in an incorporated company, did you have any interest in any dredge except the *Frank* which was down below ?—A. The *Frank* is the only one I owned altogether.

Q. Then with what dredge and plant did you contemplate carrying out the work when you made those tenders to the Department of Public Works?—A. The Great Lakes Dredging Company dredges.

Q. So that if the Great Lakes Dredging Company didn't get the contract you proposed doing the work with their plant?—A. Exactly.

Q. And to turn in the profits of the work to the Great Lakes Dredging Company? —A. That is it.

Q. So that for the purposes of these tenders Mr. Bowman and the Great Lakes Dredging Company were one and the same person?—A. Practically so.

Q. Is not that absolutely so?—A. Sure, I have already said that.

Q. If you got the contract upon your own tender you would get the plant and the dredges from the Great Lakes Company?—A. Yes.

Q. And you would account to the Great Lakes Dredging Company for the profits of the work?—A. Yes.

Q. And the converse would be the case if the Great Lakes Dredging Company got the contract, you would share in the profits of that work?—A. Yes.

Q. So that while you put in two tenders, the two of you, the company and yourself, a director of the company, put in what appeared to be rival tenders on the face of them, at different prices, there were no rival tenders as a matter of fact?—A. No, they were not rival tenders.

Q. Did you ever communicate to the department this fact?—A. No, I do not think so.

Q. Did it ever occur to you that the department was entitled to know that you and the Great Lakes Dredging Company were one and the same person?—A. No, I do not think it did.

Q. That never occurred to you?—A. I do not think it did.

Q. That condition of things applied to the work in 1905 and 1906, at Port Arthur, Fort William and the Mission and Kaministiquia rivers, this condition of tendering? —A. It is all one, the Port Arthur and Fort William work.

Q. Now, take Port Arthur harbour, 1905, for a moment, please. The tenderers there were as follows: A. F. Bowman, W. Davis & Sons, the Fort William Dredging and Harbour Improvement Company, Limited, the Great Lakes Dredging Company, C. S. Boone, Roger Miller, John H. Hickler and Mr. M. J. Haney, you know that, I suppose?—A. I guess I did, I do not remember them all now.

Q. Mr. Peltier is connected with and represents the Fort William Dredging and Harbour Improvement Company, Limited?—A. I understand so, he did at that time.

Q. He was a candidate for election at the last Dominion election?—A. I do not remember that.

Q. You do not? Then I won't bother you with that. You saw him down here, didn't you, at the time these tenders were put in?—A. Yes.

Q. You knew that he was tendering?—A. I understood he was, yes.

Q. Did you see his tender before it was put in?—A. Oh, no.

Q. Are you quite sure of that?—A. Positive.

Q. Then between yourself and his company there was no collusion and no knowledge of each others tender?—A. No.

Q. When you came down in 1905 at whose call did you come?—A. I do not know that I was called by anybody particularly.

Q. You came down for what purpose?—A. In order to see about tendering, to get the work, to put in a tender.

Q. You came down from where, to Ottawa?—A. I think Southampton.

Q. From where?—A. I think Southampton.

Q. You came from Southampton to Ottawa??—A. Yes.

Q. Where is the head office of the Great Lakes Dredging Company?—A. Port Arthur.

Q. Before you came down did you know that company was going to tender also—had you made an arrangement?—A. Yes, it was all understood that the Great Lakes Dredging Company was going to tender.

Q. That was a regular understanding all along the line that if you tendered the Great Lakes Dredging Company should also tender?—A. Oh, no.

Q. There was a special arrangement in every case whereby you two tendered for the same work?—A. No, there was never any special arrangement.

Q. You tell me there was not a general arrangement, therefore there would have to be a special arrangement in every case. Was it a general understanding that whenever a new work was tendered for by the Great Lakes Dredging Company, A. F. Bowman put in a tender and the converse?—A. Oh, no.

Q. There was no such general understanding as that?—A. Not that I know of.

Q. Then there had to be special arrangements in every case?—A. If there was any arrangement about it, there would have to be, certainly.

Q. If there was no general understanding there would have to be a special arrangement?—A. Certainly.

Q. What was the special arrangement prior to the 1st of May, 1905, between the Great Lakes Dredging Company and A. F. Bowman with regard to tendering for work in Port Arthur harbour?—A. What was the special arrangement?

Q. Yes.—A. You mean what arrangement caused the second tender to go in?

Q. Yes.—A. I see. The first tender, I think, went in and some parties tendering there told us what they had done.

Q. What parties?—A. Macdonald & Hickler.

Q. They told you what tender they had put in?—A. They did not tell us the price, but simply told us they had cut our prices 40 per cent. Jack Hickler told us that and that is what caused us to put in a tender in my name.

Q. What price did they put in?—A. I did not know, I didn't know what their tender really was.

Q. What were you previously being paid for the work when there was no tender? —A. For the Fort William work?

Q. Yes.—A. Fifteen cents.

Q. All along the line?—A. Yes, I think so.

Q. Fifteen cents for sand?—A. I am not sure, but I think it was fifteen cents on the first job I took there.

By Mr. Pardee:

Q. You are speaking from memory now?—A. Yes, I cannot memorize to be positive.

APPENDIX No. 1

By Mr. Bennett:

Q. Then you were proceeding to tell us about another thing, about the Hickler tender, necessitating another tender on your part?—A. Yes, that is what caused us to put in the second tender.

Q. That was what caused you to put in the second tender?—A. Yes.

Q. When you came down here prior to May 1, 1905, what officers of the Great Lakes Dredging Company did you meet?—A. What officers?

Q. What officers did you meet?—A. The president and manager.

Q. Who is the president?—A. My brother.

Q. That is Mr. C. M. Bowman?—A. Yes.

Q. Are these all the Great Lakes Dredging Company people you met?—A. Yes, Whelan and my brother.

Q. Where does C. M. Bowman live?—A. At Southampton.

Q. Did he not come down with you?—A. The chances are that he did.

Q. So that the Great Lakes Dredging Company and A. F. Bowman travel together? That is a fact, eh?—A. No, I don't think that is a fact at all.

Q. Why did you go to Ottawa to put in that tender?—A. In order to try and get—

Q. Why did you go to Ottawa to put in that tender.—A. I always do that.

Q. You always do that?—A. I always come to Ottawa.

Q. Every tenderer does that does he?—A. I don't know as they do.

Q. You have always made it a point?—A. I don't think I ever put in a tender without coming to Ottawa.

Q. You found that a most successful procedure, did you not?—A. I have that method of doing it.

Q. You found it most successful, did you not?—A. I came down to meet the other fellows.

Q. Why did the president go?—A. I suppose because he was interested.

Q. Now you put in your tender at Ottawa?—A. Yes.

Q. Did you bring blank forms of tender with you from Southampton, you and your brother?—A. I don't know about that; I don't remember.

Q. Have you no recollection about it?—A. I don't think we did.

Q. You don't think you did?—A. I don't think so, I am not sure though.

Q. Did you have the prices agreed upon before you left Southampton you and C.M. Bowman?—A. No, I don't think so.

Q. Did you make an agreement before you left Southampton as to what rival tenders you were going to submit to the minister in the form of competitive tenders? —A. Do you mean as between ourselves?

Q. Yes.—A. No, we had none.

Q. You had not made up your mind exactly in what form you would try to hoodwink the minister, had you?

The CHAIRMAN.—That is hardly a fair question.

Hon. Mr. FIELDING.—It is not a fair question to say 'hoodwink the minister.'

By Mr. Boyce:

Q. Then I won't put it in that way. Had you made up your mind in what way you would put in these different tenders before you came down?—A. No.

Q. Then how long were you here?—A. Oh, I don't know, I might have been here for——

Q. I beg your pardon?—A. I think perhaps I got here one morning and went away the next night.

Q. Did you go to the department before you put in the tender?—A. I think perhaps I went up to Gelinas' office, Gelinas' room maybe.

Q. You went to see Mr. Gelinas?

Mr. PARDEE.—He says he may have?—A. I may have.

Q. Who else did you meet and discuss these tenders with?—A. Do you mean people that were liable to put in tenders?

Q. Yes, any one else?—A. Oh, I don't know. I was talking with different dredging men around the hotel.

Q. Let me understand you. When you left Southampton, you and your brother, you both intended tendering, one in the name of the Great Lakes Dredging Company and the other for yourself?—A. No.

Q. You did not know whether you would tender or not?—A. We intended to tender in the name of the Great Lakes Dredging Company and in that name alone.

Q. Tell us what the object was in putting in another tender?

Mr. PARDEE.—He told you.

Q. Tell me again?—A. Heckler told us that he had cut our prices 40 per cent.

Q. And was that always the reason that you tendered whenever the Great Lakes Dredging Company tendered, or was the first reason you gave the correct one?—A. I have had other reasons.

Q. That was the paramount reason?—A. That was the reason at that time.

Q. Then upon what basis, when you got to Ottawa, did you make up these prices for the Port Arthur work in 1905?—A. On what basis? We consulted and arrived at the price we were willing to put in a tender at and put it in.

Q. With whom did you consult?—A. The members of the Great Lakes Dredging Company, my brother and Mr. Whalen.

Q. Then Mr. Whalen was also here?—A. Yes.

Q. Did you consult with Mr. Conmee?—A. No, I did not see him.

Q. Did you see Mr. Conmee?—A. No, I don't think so.

Q. Are you quite sure of that?—A. I am quite sure I did not see him in connection with any tender.

Q. Not in connection with any tender, but you saw him?—A. I don't know whether I did. No I don't think I saw him.

Q. You saw Mr. Whalen?—A. Yes.

Q. Did he come down especially?—A. Yes, I believe so.

Q. What for? In connection with the tender?—A. Yes.

Q. I think you said you had not made up your mind as to whether you would tender or not when you left Southampton?—A. That is personally, in my own name.

Q. You had made up your mind to tender under the name of the Great Lakes Dredging Company, but not as to the necessity for putting in the usual two tenders?—A. No.

Hon. Mr. PUGSLEY.—Do you think that is fair? I have always understood that counsel should show fairness. The witness did not speak of 'usual tenders.' Your statement as to putting in 'the usual tenders,' intimating that they were bogus tenders, was something that was not said by the witness.

Mr. BOYCE.—I think that was justified by the witness' statement that the Great Lakes Dredging Company and A. F. Bowman tendered continually for the same work. That has already been proved.

Hon. Mr. PUGSLEY.—Not prior to 1905.

Mr. BENNETT.—There had been no tenders called prior to 1905.

By Mr. Boyce:

Q. Then you did that in 1905—that is you put in a tender in 1905 in apparent opposition to that of the Great Lakes Dredging Company by reason of the communication from Heckler?—A. Why yes. It was put in because the first, the company's tender, had already gone in.

Q. So that was the reason in 1905? In 1906 you tendered for Fort William harbour, did you not?—A. Yes.

Q. A. F. Bowman tendered at $4 for rock and 18 cents for material? That is correct, is it not?—A. I think it is.

Q. And the Great Lakes Dredging Company tendered at $3.09 and 9 cents, respectively? Is that correct?—A. I don't remember exactly.

Q. What was the object in 1906 in tendering in opposition to the Great Lakes

Dredging Company?—A. I came down to put in a tender. I made up my mind I would put in one before I went away and did so.

Q. Why?—A. Why did I put in a tender?

Q. Yes.—A. To make an attempt to get the contract.

Q. You knew what the Great Lakes Dredging Company were doing?—A. Not about the price.

Q. You as a director of the Great Lakes Dredging Company and having that arrangement that you detailed in the early part of your examination with the company did not know what the price was in 1906?—A. I did not.

Q. You did not?—A. I did not know what their contract price was.

Q. What was the object then in your putting a tender in at all when you knew the Great Lakes Dredging Company were tendering?—A. Oh, there was not any particular object any more than I came down for that purpose prepared to put in one and did put in one.

Q. You tendered at 18 cents for sand and other material in 1906?—A. I think that is the figure, I am not quite sure.

Q. What was the tender in 1905? That was 12 cents, was it not?—A. 1905?

Q. Yes?—A. That is the 12 cents and 14 cents one.

Q. Twelve cents for one part and 14 cents for the other? What was the reason for increasing the price when there was going to be more competition?—A. The chances are it was the way the work was situated. That perhaps had some bearing on it.

Q. What?—A. It is very possible the way the work was situated had some bearing on the price. More went up the river or there was a long haul or something of that kind.

Q. Then you say that the time the contract of 1906 was awarded at 9 cents, was it not, to the Great Lakes Dredging Company?—A. That is correct, 9 cents.

Q. You did not know in 1906, you say, what the Great Lakes Dredging Company was tendering at?—A. I did not know the price they tendered at until after, the contract was put in after I went away.

Q. Was the tender put in at Ottawa?—A. Yes.

Q. And you and your brother, C. M. Bowman, were here?—A. Yes.

Q. You were both here, and you went to the department and got the forms of tender, did you, or did you have them typewritten again?—A. I do not remember that.

Q. Is that (producing Exhibit No. 4) the tender of the Great Lakes Dredging Company?—A. Yes, it looks like it, yes.

Q. Is that your tender? (Exhibit No. 5)—A. Yes, that is mine.

Q. Who wrote them both out?—A. This is mine, and this writing is in my brother's hand.

Q. Were not you two together when you wrote them out?—A. No.

Q. You went to the department and put them in together?—A. No.

Q. You did not? What did you do with yours?—A. I am not sure whether I mailed it or whether I took it up myself.

Q. You were in Ottawa when you made them out?—A. Yes.

Q. Did you mail them in Ottawa?—A. Is there a stamp on it?

Q. There is a stamp on it.—A. If it was mailed at all it was mailed in Ottawa.

Q. The postmark shows they were mailed in Ottawa?—A. Yes.

Q. Did you mail them together, you and your brother?—A. No.

Q. Were they not mailed at the same time?—A. No.

Q. Were they registered?—A. Mine was.

Q. Was your brother's?—A. I do not know.

Q. Who mailed yours?—A. I mailed it myself.

Q. Who mailed your brother's?—A. I do not know, I was not there.

Q. Are you quite sure?—A. Yes.

Q. Wasn't your brother standing by your side at the time it was mailed?—A. I do not think so.

Q. I draw your attention to the matter of the coincidence that the registered number of the one (Exhibit No. 4) is 318, that is in the Ottawa post office, and the other (Exhibit No. 5) is numbered 319, is that a curious coincidence or not?—A. I do not know anything about it (looking at envelope covering tender of A. F. Bowman) but is that 309 or 319?

Q. 319.—A. Well, it may be either one or the other.

Q. It is either 309 or 319.—A. I do not know anything about it.

Q. Don't you know there is a curious coincidence, and that the envelopes are the same?—A. That is not very peculiar.

Q. It is not peculiar?—A. No.

Q. At any rate, at the time you put in your prices you did not know what prices the Great Lakes Dredging Company were putting in?—A. I did not know what price they did put in, no.

Q. You did not want to know, Mr. Bowman, did you?—A. Well, the fact of the matter was they got down so cheap in their price that I objected.

Q. I did not catch that.—A. I say they got down talking such cheap prices that I objected.

Q. You did not ask what their prices were?—A. Oh, yes, we discussed prices, but I was not willing to go lower than eleven cents.

Q. What price did you understand they were going to put in?—A. I did not know.

Q. You discussed the prices but didn't know their price?—A. I did not know their definite price.

Q. You knew they were going to put in a very much lower price than you thought proper?—A. They talked of putting in a lower price than I was willing to put in.

Q. And you, as director of the Great Lakes Dredging Company did not make it your business to find out the actual prices they were putting in their tender, is that correct?—A. That is the way it happened.

Q. Is that a fact?—A. I did not just get the way you put that.

Q. You being a director of the Great Lakes Dredging Company and having a quarter of the stock in that company, did not make it your business to find out what prices they were putting in?—A. That is so.

Q. Is that correct?—A. Yes.

Q. And your brother was present in Ottawa tendering on behalf of the company?—A. Yes.

Q. And you knowing that the Great Lakes Dredging Company were, in your opinion, going to tender at a price which was very much below what you thought the work could be done for?—A. Well I would not say that.

Q. Is that what you wanted to tell the committee?—A. What I am saying is that they were putting in at a lower rate than I was willing to put in for it.

Q. But you did not know the price?—A. I did not know the price they did put in.

Q. But you knew it was much lower than you thought the work could be done for?

By Mr. Pardee.

Q. Because you had gone out?—A. Yes, we differed on the matter and I went away and left them.

By Mr. Boyce?

Q. Were you willing they should put in that tender?—A. I was not.

Q. Did you object to their doing so?—A. Yes.

Q. To whom did you object?—A. To my brother and Mr. Whelan.

Q. And they overruled your objections?—. Yes.

Q. Did they make out that tender in your presence?—A. No.

Q. What item were you discussing when you objected? Can you tell me?—A. No.

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Q. It was below eleven cents, you were discussing an unknown price with your co-directors?—A. I was not discussing anything under eleven cents, I was not willing to go lower than that.

Q. Then you tendered at eighteen cents?—A. Yes.

Q. Why did you tender at that when you knew they were going under eleven cents? Did you expect to get the contract?—A. No, I did not.

Q. Then why tender?—A. Well, because I came down to put in a tender and did so.

Q. You have said in a previous part of your examination that if your tender had been successful you would have to use the Great Lakes Dredging Company's plant to do the work?—A. That was referring to the other matter.

Q. Didn't that apply also to this?—A. We did not have any understanding as to this at all.

Q. Between 1905 and 1906 had you acquired any plant?—A. No, I do not think so.

Q. You only had the plant of the Great Lakes Dredging Company and the Frank?—A. Yes.

Q. So that the conditions were the same with regard to the dredging at this time?—A. We hadn't any understanding or arrangement at all.

Q. If you had been successful in your tender in 1906 you would have had to go to the Great Lakes Dredging Company to do the work?—A. They would have been only too pleased to do the work at that price.

Q. And I suppose the Great Lakes Dredging Company would have been pleased to have you do it. Have there been settlements of accounts on these contracts, *pro* and *con*, between yourself and the Great Lakes Dredging Company for these different works?—A. There wasn't anything to settle.

Q. Eh?—A. We didn't have any settlement about it, no.

Q. You have told us that where you received the contract you would have gone to the Great Lakes Dredging Company for the profits, haven't you? Haven't you now?—A. Well, I do not know that I said that.

Q. You also said that where you tendered and the Great Lakes Company got the contract you would look to them for a share in the profits—according to my recollection that is what you said, that where the Great Lakes Dredging Company got the contract you would share in the profits?—A. Yes, I said that.

By the Chairman:

Q. As a member of the company?—A. As a member of the company, that is right.

By Mr. Boyce:

Q. What accounts have you from the Great Lakes Dredging Company showing the distribution as between yourself and the Great Lakes Dredging Company, of any contracts awarded to you in your own name and performed by you with the dredges of the Great Lakes Dredging Company?—A. No, the money that was earned in a particular contract was paid directly to the Great Lakes Dredging Company, that is how it was done.

Q. Do you understand my question? Have you any accounts showing the adjustment between you and the Great Lakes Dredging Company of the profits of any contract performed by you for the government with the property and plant of the Great Lakes Dredging Company?—A. I do not think so.

Q. You have not?—A. I do not think so.

Q. How are these moneys paid to you?—A. Under power of attorney—I gave a power of attorney that the money would be paid in Port Arthur.

Q. To whom?—A. The Ontario Bank, I think.

Q. And those moneys—now, I am speaking about the moneys paid by the government on contracts to A. F. Bowman?—A. That is what I am speaking of.

Q. And performed by Bowman with the plant of the Great Lakes Dredging Company?—A. Yes.

Q. How were these moneys received by A. F. Bowman?—A. That is what I was telling you about, that I gave a power of attorney to the Ontario Bank to get the money.

Q. And pay it to whom?—A. It went to the Great Lakes Dredging Company.

Q. So that the money that was paid by the government to A. F. Bowman went to the Great Lakes Dredging Company through the Ontario Bank at Port Arthur?—A. Yes.

Q. And how did A. F. Bowman get back his share?—A. He has not got any of it yet.

Q. There has been no declaration of any dividend by the Great Lakes Dredging Company?—A. No.

Q. Has it been an unprofitable venture?—A. I have not seen any of the money yet.

Q. You have not seen any of the money?—A. No, not in the form of dividends.

Q. Where has the money gone then, the profits of this contract?

Hon Mr. PUGSLEY.—Mr. Boyce, I don't like to interrupt you, but can you suggest what the question of a division of profits as between Mr. Bowman and the Great Lakes Dredging Company has to do with this matter. Public tenders were called for, and a number of tenders were received by the department, and a contract was awarded to the company which was reported by the chief engineer to be the lowest tender. Now as to whether Mr. Bowman, as a shareholder, made much or little by it seems to me, to be beside the question.

Mr. BOYCE.—I submit it is very opportune that this committee should hear evidence showing the destination of this money. I think, only a few sessions ago, I heard the Finance Minister state one of the functions of this committee was to inquire who got the money.

The CHAIRMAN.—I think the objection to your last question is that you are going into the internal affairs of the dredging company. You have established, and there is no question, that the proceeds received by Mr. Bowman were turned over to that company. If that is the point you desire to make you have made it; but when you want to go further and go into the internal appropriation of the funds of the company it seems to me that is not pertinent to the inquiry, unless you suggest the money has gone to some persons who were not entitled by law to share in it. If you wanted to show that some member of the government profited, or some one who should not have done so, the question might be a proper one, but there is no suggestion of that sort.

THE CHAIRMAN.—Perhaps this would answer the question if you ask him if he received any money out of the contract with him, otherwise than as a shareholder of the company.

Q. That is what I wanted to get at; I may not have got at it exactly. Now, Mr. Bowman, did you, out of your contract in your own name, get any money other than as a shareholder of the Great Lakes Dredging Company?—A. No.

Q. You did not?—A. No.

Q. Then it naturally follows your contract was that of the Great Lakes Dredging Company?—A. I have told you that before.

Q. I want to ask you a few questions with regard to the early history of your dredging business. Before the incorporation of the Great Lakes Dredging Company you were engaged in what business?—A. Before the incorporation?

Q. Yes.—A. In the dredging business, and contracting.

Q. At Port Arthur and Fort William?—A. Yes.

Q. In what name, associated with whom?—A. A. F. Bowman.

Q. Who else?—A. James Whelan and C. E. Bowman in the first place.

Q. What was the first name?—. A. F. Bowman in the first place.

Q. Was not that firm Whelan and Bowman?—A. That was afterwards.

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Q. Can you recall what year that would be?—A. It would be about six years ago, I guess.

Q. That would be about 1902. Do you remember the firm of Conmee and Bowman?—A. Yes.

Q. Who were the members of that firm?—A. C. M. Bowman and James Conmee.

Q. Was there any interest of A. F. Bowman in that firm?—A. Well, yes, there would be.

Q. To C. M. Bowman?—A. Yes.

Q. Did the firm of Whelan and Bowman take over the business of Conmee and Bowman or succeed to them?—A. I am not just clear whether they did or whether it was absorbed by the Great Lakes Dredging Company.

Q. Wasn't it this way, first Conmee and Bowman; secondly Whelan and Bowman succeeding Conmee and Bowman?—A. No, it was the other way. In the first place A. F. Bowman, then Whelan and Bowman.

Where does Conmee and Bowman come in?—A. They started in on their own hook.

Q. What?—A. They turned in and bought a dredge, two of them.

Q. What, were the dredges imported by Conmee and Bowman, purchased or imported?—A. Possibly Conmee and Bowman, I think it was Conmee alone, bought No. 1—the Arthur, now called Number 1.

Q. Who did he buy that from?—A. Neil Macdonald.

Q. He bought that from Neil Macdonald?—A. Yes.

Q. That was a dredge in the lower part of the river, at Sault Ste. Marie?—A. No, she was at Fort William.

Q. What other dredge?—A. Number five was bought later on in the summer.

Q. Where did you buy Number five?—A. I did not buy her at all.

Q. Where did Conmee and Bowman buy her?—A. I think she was at the Sault.

Q. Were there any other dredges imported or purchased by Conmee and Bowman prior to the incorporation of the Great Lakes Dredging Company?—A. No.

Q. Are you sure of that?—A. I think I am sure.

Q. You think no scows or other dredging plant were imported by Conmee and Bowman?—A. They did not buy any other dredges or plant to my knowledge.

Q. Where did the Dominion come from?—A. She sprung up at Port Arthur.

Q. Was she built there?—A. Yes.

Q. By whom?—A. By the Great Lakes Dredging Company.

Q. Number six, where did she come from?—A. She was at Port Arthur when she was bought.

Q. By whom?—A. James Whelan and myself.

Q. And number eight?—A. There was no number eight in that contract.

Q. The Great Lakes Dredging Company owns number eight?—A. Not at that time.

Q. Not in 1902?—A. No.

Q. When did she come into existence?—A. A couple of years ago, about two years ago I guess.

Q. The Great Lakes Dredging Company succeeded what firm?—A. Well, they took in Conmee and Bowman and Whelan and Bowman.

Q. And the Great Lakes Dredging Company carried on and assumed the contracts of those two firms, didn't they?—A. Yes.

Q. Where are the accounts, as between those three firms, Conmee & Bowman, Whelan & Bowman, and the Great Lakes Dredging Company? Who keeps them?—A. They are kept at Port Arthur. I do not think Conmee & Bowman ever did any work.

Q. You don't think they did any work?—A. I don't think so.

Q. Conmee & Bowman and Whelan & Bowman were identical, weren't they?—A. It was all one company, at least it turned out that way afterwards. Whelan & Bowman bought one dredge and Conmee & Bowman bought another.

Q. And they put them together?—A. In one company.

Q. And that company was called what?—A. The Great Lakes Dredging Company.

Q. And all the interests as represented at the time of their incorporation in the Great Lakes Dredging Company are now represented by their holdings in the Great Lakes Dredging Company's stocks?—A. Yes—outside of Mr. Conmee, he does not hold any interest now.

Q. I did not ask that. Why do you say Mr. Conmee does not own any interest? —A. I understood you to say that the interests represented at the time of the incorporation are represented in the holdings of the stock of the Great Lakes Company and those interests were Conmee & Bowman and Whelan & Bowman.

Q. That is not what I said. I said that Conmee & Bowman and Whelan & Bowman were consolidated into the Great Lakes Dredging Company, and I asked you whether the respective interests in those concerns were not taken out in shares of the Great Lakes Dredging Company, to which you answered, yes.

The CHAIRMAN.—Except as to Mr. Conmee.

Q. Then where did Mr. Conmee get off? Was it before the Great Lakes Dredging Company was reached?—A. I do not think he got off before it was reached.

Q. Then he got into the Great Lakes Dredging Company?—A. I think perhaps he did.

Q. Under what name?—A. If he got in at all, it was in his own name.

Q. You knew he got in, didn't you?—A. I am not sure about the date.

Q. I am not suggesting that he hadn't a perfect right to get in?—A. I know you are not.

Q. There is nothing to conceal?—A. No, I am trying to explain why I answered that way. I do not remember as to the date, the Great Lakes Dredging Company may have been formed while Mr. Conmee was still interested.

Q. I will give you the date, it was somewhere between the 23rd and 25th of October, 1902?—A. Yes.

Q. Now, you were concerned in the incorporation of that company, weren't you? —A. Yes.

Q. And the company was formed to carry on and to take over the business carried on by James Whelan and one A. F. Bowman?—A. The company was formed to carry on that business alone.

Q. That was one of the objects?—A. Yes, part of it.

Q. What was another object?—A. Well, the plant of Conmee & Bowman came in.

Q. That was incorporated in the firm of Whelan & Bowman, wasn't it?—A. No, I do not think so, do you mean in the Great Lakes Dredging Company?

Q. What interest did Mr. Conmee take out? Did he take any shares of the Great Lakes Dredging Company for his interest in the partnership which was absorbed by that company?—A. Twenty-five per cent.

Q. How was that taken out, in shares?—A. Yes, the shares were issued to him the same as to the rest of us.

Q. Was there any agreement between your firms, or the persons composing these firms, to consolidate everything into the Great Lakes Dredging Company?—A. It must have been, we agreed to do that, yes.

Q. Who attended to the incorporation of the Great Lakes Dredging Company? —A. Oh, I don't know.

Q. What solicitor?—A. I think Mr. Rowell; I am not sure.

Q. And he was one of the original incorporators?—A. I think so ,yes.

Q. He was Mr. Conmee's solicitor, Conmee and Bowman's solicitor, and Conmee and Whelen's solicitor. I know that as a matter of fact?—A. I don't know that.

Q. And Mr. Conmee superintended the incorporation of that company himself?— A. Mr. Conmee?

Q. Yes?—A. No, I think not, not any more than any other person.

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Q. Do you not know he did attend to it absolutely, that he superintended it and with Mr. Rowell he got the company formed?—A. I don't hardly think so.

Q. You don't think so?—A. I don't think so.

Q. You would be surprised to learn that he did?—A. Yes, that he superintended it.

Q. He had something to do with the incorporation of it?—A. I naturally would suppose he would.

Q. And he was interested to the extent of 25%?—A. Yes.

Q. Do you know what he did with those shares?

Question objected to by Mr. Pardee.

By Mr. Boyce:

Q. With the permission of the committee I will put in the tender of the Great Lakes Dredging Company of May 4, 1905. No, I am wrong, I will put in the tender of the Great Lakes Dredging Company of 14th April, 1906; also the tender of A. F. Bowman, of 14th of April, 1906.

Document produced and marked Exhibits 4 and 5.

EXHIBIT No. 4.

Department of Public Works.

TENDER FOR DREDGING IN THE MISSION AND KAMINISTIQUIA RIVERS, ONT.

Great Lakes Dredging Company, Limited.

We, the undersigned, hereby offer to the Honourable the Minister of Public Works, to furnish all the necessary dredges, drills, tugs, steamers, scows, labour, plant and machinery, and to execute and perform dredging in the Mission and Kaministiquia rivers, Ont., in strict accordance with the specification exhibited to us, for the following prices, the material to be dumped at the places mentioned in the specification:—

Rock—two dollars per cubic yard, scow measurement.
All other materials, nine cents per cubic yard, scow measurement.
Rock—three dollars per cubic yard, measured in situ.
All other materials, nine cents per cubic yard, measured in situ.

And hold ourselves ready to enter into a contract for the due execution of the said works.

We herewith inclose an accepted bank cheque, payable to the order of the Honourable the Minister of Public Works, for the sum of fifty thousand dollars ($50,000) as per terms of the advertisement and the specification for this work.

Envelopes containing this tender are to be endorsed 'Tender for dredging in the Mission and Kaministiquia Rivers,' and addressed to the Secretary of the Department of Public Works, Ottawa.

All blanks to be properly filled, and the signatures of the persons tendering must be in their respective handwritings.

Signatures, occupations and post office addresses of parties tendering:

(Sgd.) Great Lakes Dredging Company, Limited,
Per A. F. Bowman, *President.*

Dated at Port Arthur, this 14th day of April, 1906.

EXHIBIT No. 5.

Department of Public Works.

TENDER FOR DREDGING IN THE MISSION AND KAMINISTIQUIA RIVERS, ONT.

I,

We, the undersigned, hereby offer to the Honourable the Minister of Public Works, to furnish all the necessary dredges, drills, tugs, steamers, scows, labour, plant

and machinery, and to execute and perform dredging in the Mission and Kaministiquia rivers, Ont., in strict accordance with the specification exhibited to me, us, for the following prices, the material to be dumped at the places mentioned in the specification : rock, $2.50 per cubic yard, scow measurement. All other materials 14 cents per cubic yard, scow measurement. Rock, $4 per cubic yard, measured in situ. All other materials 18 cents per cubic yard, measured in situ, and hold myself ready to enter into a contract for the due execution of the said works.

I herewith inclose an accepted bank cheque, payable to the order of the Honourable the Minister of Public Works, for the sum of fifty thousand dollars ($50,000) as per terms of the advertisement and the specification for this work.

Envelopes containing this tender are to be endorsed 'Tender for Dredging in the Mission and Kaministiquia Rivers,' and addressed to the Secretary of the Department of Public Works, Ottawa.

All blanks are to be properly filled and the signatures of the persons tendering must be in their respective handwriting.

Signatures, occupations and post office address of parties tendering.

Signed A. F. BOWMAN, Contractor,
Southampton, Ont.

Dated at Ottawa this 14th day of April, 1906.

Q. You say that you did not go to the post office with your brother to mail these tenders which I have just produced?—A. No, I don't think I did.

Q. And that you are ignorant of the time or circumstances under which the Great Lakes Dredging Company's tender was mailed?—A. I say that I don't know when it was mailed or whether it was mailed at all or not, or what the price was they put in until afterwards.

Q. Until afterwards?—A. Until after the thing was all over.

Q. All you knew was—A. They were going to put in cheaper than what I was going to put in a tender at.

Q. Now I just want to draw your attention to this feature; you see on the postage stamp 'Ottawa, Canada, April 14th, 1906'?—A. Yes.

Q. What are the figures above April 14th?—A. I don't know what that is. It is a one and something else.

Q. It is 1.4 is it not?—A. I don't know.

Q. I can see 1.4 as plain as possible.

Mr. PARDEE.—It speaks for itself. Put it in.

Q. Will you look at the post mark on the other stamp and see if it has the same figure?—A. That is a little more distinct.

Q. And what does that say? 1' 4? —A. Yes.

Q. So if 1' 4 is on the first one I showed you it is necessarily on the second?—A. Not necessarily.

Q. It is on the second envelope?—A. It is not on the second but it is on this one.

Q. The figure 1.4 appears on the top of the post mark on the tender of the Great Lakes Dredging Company?—A. It is 1.4 on that one.

Q. Do you know what 1.4 means on the postage stamp?—A. No.

Q. It means the hour does it not?—A. No, I don't know that. I did not stop to think about it at all.

Mr. BOYCE.—Well I suppose the post office records will supply the number and everything else.

By Mr. Bennett:

Q. I want to direct your attention to some work performed by this dredge No. 1, by which you were paid some $15,000 odd, dollars. Reading from the Auditor-General's report that dredge was employed from July 2nd to October 12th. In the month of

July how many working days would there be starting on the 2nd July?—A. Twenty-four or twenty-five I suppose.

Mr. PARDEE.—What year is that?

Mr. BENNETT.—1905.

Q. Would there be about twenty-five working days?—A. Twenty-four or twenty-five.

Q. Then in August there would be about how many days? Twenty-six days?—A. In August there would be twenty-five or twenty-six.

Q. Working days?—A. Yes, it depends upon the Sundays.

Q. I will leave the Sundays out.

THE CHAIRMAN.—Let us see what the items are. I do not follow you.

Mr. BENNETT.—It is for the fiscal year 1905.

The CHAIRMAN.—We have nothing before us but the Auditor-General's Report for 1906 and 1907.

Mr. BENNETT.—Then I will have to bring Mr. Bowman back again next week. Under the agreement of last session I thought we were entitled to take up items in 1905.

THE CHAIRMAN.—No, 1906 and 1907 are all that are before us.

Mr. BENNETT.—Then I will have to bring Mr. Bowman back next week. I want to ask a similar question on the 1906 accounts.

THE CHAIRMAN.—You can ask him that.

Hon. Mr. PUGSLEY.—I would like to ask the witness one or two questions. Let me see the tenders for 1905 and 1906.

By Mr. Bennett:

Q. Turning to V—26 of the Auditor General's Report for 1905-6, I find this item, 'Dredge Number One, $25,717.26.' Now, apparently, from this she started, it does not say so, but I assume it was on the first of June. You have no memoranda to show when she started?—A. No.

Q. Assuming that she worked all of June that would be 26 days about?—A. Yes.

Q. And in July about 26, August 26, September 26, October 26, that would be altogether 130 days. How many hours a day does the dredge work?—A. That is five months, is it?

Q. Yes.—A. It would be about 25 or 30 days per month.

Q. How many hours a day do they work on the dredge, ten hours?—A. Sixteen hours.

Q. Do they all work sixteen hours all the time?

Hon. Mr. PUGSLEY.—Wouldn't it be November, as well, Mr. Bennett?

Mr. BENNETT.—I am taking it to November, if November is inclusive it would be 156 days.

Q. You say they work sixteen hours a day all the time?—A. They are working sixteen hours a day altogether.

Q. What?—A. Sixteen hours a day, yes.

Q. Assuming that she works sixteen hours a day, how many hours would she have worked altogether? Just take a memo. there and see, I think you will find it is 2,496 hours?—A. How many days?

Q. We have 156 days including November.—A. About 2,500 hours, 2,496.

Q. Now, I find from the public accounts that this dredge, Number One, when working by the hour was paid at the rate of $8 an hour, do you think that that is correct? I can give you day and date for it?—A. That is a long time ago.

Q. It is in the year 1904, I think.—A. This Number One is not the same dredge as she was when we got her, it is a different dredge altogether.

Q. That is you have improved her?—A. It is a different dredge altogether.

Q. It is a different dredge?—A. Yes.

Hon. Mr. PUGSLEY.—Mr. Chairman, I do not wish to take up any time in the examination of this witness, but would ask that all the tenders both for 1905 and 1906 be put in evidence so that comparison of prices can be made.

The CHAIRMAN.—Are they all here?

Hon Mr. PUGSLEY.—They are all here, I think, yes.

(Schedule of tenders put in and marked Exhibits 6, 7 and 8).

EXHIBIT No. 6.

SCHEDULE of tenders for dredging in the Kaministiquia River and channel in Thunder Bay.

Letter.	Names of Tenderers.	Address.	From Thunder Bay to McKellar's Creek.	From McKellar's Creek to Power House.	Remarks.
A	A. F. Bowman	Southampton, Ont	12c. per cub. yd	14c. per cub. yd	
B	Jas. Morphy, Louis Walsh, John King	Fort William, Ont	12c. " ..	15c. " ..	
C	Great Lakes Dredging Co., Ltd	Port Arthur, Ont	13c. " ..	16c. " ..	
D	Wm. Davis & Sons	Ottawa, Ont	$13\frac{6}{10}$c. " ..	16c. " ..	
E	The Fort William Dredging and Harbour Improvement Co	Fort William, Ont	14c. " ..	$19\frac{1}{2}$c. " ..	
F	John H. Hickler, Mal. Macdonald	Sault Ste. Marie, Ont.	$14\frac{1}{2}$c. " ..	15c. " ..	
G	C. S. Boone	Toronto, Ont	$14\frac{3}{4}$c. " ..	18c. " ..	
H	W. Davis & Sons	Ottawa, Ont	21c. " ..	23c. " ..	
I	Roger Miller	Ingersoll, Ont	30c. " ..	32c. " ..	
J	M. J. Haney	Toronto, Ont	31c. " ..	33c. " ..	

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EXHIBIT No. 7.

SCHEDULE of Tenders received for Dredging in the Mission and Kaministiquia Rivers, Ont.

PRICES QUOTED PER CUBIC YARD, SCOW MEASUREMENT.

Letter.	Name.	Address.	Amount.	Remarks.
			$ cts.	
A	Great Lakes Dredging Co., Ltd.	Fort Arthur, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	2 00	
		All other materials...	0 09	
B	R. Weddell, M. McAuliff, W. J. Poupore, Randolph Macdonald.	Trenton, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	3 00	
		All other materials...	0 09½	
C	Canadian Dredge & Construction Co., Ltd.	Midland, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	3 00	
		All other materials...	0 10¼	
D	Michael Connolly.....	Ottawa, Ont. Address, Montreal.....	.....	Accepted bank cheque for $50,000
		Rock.....	10 00	
		All other materials...	0 11⅞	
E	A. F. Bowman.....	Southampton, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	2 50	
		All other materials...	0 14	
F	Erie & Ontario Dredging Co...	Welland, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	3 00	
		All other materials..	0 14⅞	

OTTAWA, April 18, 1906.

PRICES QUOTED PER CUBIC YARD, MEASURED *in situ*.

A	Great Lakes Dredging Co., Ltd	Port Arthur, Ont	.....	Accepted bank cheque for $50,000
		Rock.....	3 00	
		All other materials...	0 09	
B	R. Weddell, M. McAuliff, W. J. Poupore.	Trenton, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	3 00	
		All other materials...	0 09½	
C	Michael Connolly.....	Montreal, Que.....	.....	Accepted bank cheque for $50,000
		Rock.....	12 00	
		All other materials...	0 14	
D	Canadian Dredge & Midland Construction Co., Ltd.	Midland, Ont,.....	.....	Accepted bank cheque for $50,000
		Rock.....	5 00	
		All other materials...	0 15	
E	A. F. Bowman	Southampton, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	4 00	
		All other materials...	0 18	
F	Erie & Ontario Dredging Co., Ltd.	Welland, Ont.....	.....	Accepted bank cheque for $50,000
		Rock.....	4 00	
		All other materials...	0 18	

OTTAWA,, April 16, 1906.

EXHIBIT No. 8.

SCHEDULE of Tenders for Dredging in Harbour of Port Arthur, Ont.

Letter.	Name of tenderers and residence.	Clay, cub. yd.	Boulders and clay, cub. yd.	Quicksand cub. yd.	Hardpan, cub. yd.	Remarks.
		Cts.	Cts.	Cts.	Cts.	
A	A. F. Bowman, Southampton, Ont.	14	22	29	50	
B	John H. Hickler, Neil Macdonald, Sault Ste. Marie, Ont	14½	21¾	38¾	38¾	
C	Great Lakes Dredging Co., Ltd., Port Arthur, Ont	16	25	27	45	
D	C. S. Boone, Ottawa, Ont	17	40	33	60	
E	W. Davis & Sons, Ottawa, Ont	22	28	38	38	
F	Fort William Dredging & Harbour Improvement Co., Ltd., L. L. Peltier, Fort William, Ont	22	40	85	85	
G	Roger Miller, Ingersoll, Ont	30	49	54	54	
H	W. J. Haney, Toronto, Ont	31	50	55	55	

By Mr. Barker:

Q. You tell us, Mr. Bowman, that when the Great Lakes Dredging Company proposed to tender below eleven cents for certain work you objected?—. Yes.

Q. Where was that?—A. Here in Ottawa.

Q. Did you never hear what the Great Lakes Dredging Company were going to tender at until you came to Ottawa?—A. No.

Q. Although you, a director, came down with the president?—A. We all came down and met here.

Q. At all events you knew nothing about the rate they were going to tender at until you came here to Ottawa?—A. I do not hardly think they did themselves; none of us knew what the tender was going to be until we met some of the other dredging men around.

Q. There was no decision arrived at as to what the Great Lakes Dredging Company would tender at, until they came here as far as you believe?—A. There had not been any tender price arrived at until we got here.

Q. When you discussed with your brother, the president, and with the manager, the question of tendering here they did not tell you what they were going to tender at, although you were a director?—A. The reason they did not tell me was because I went away and left them.

Q. Did you ask them?—A. No, I did not until after. I told them to put in what they liked, I was vexed.

Q. And you, as a director, did not learn from them what rate they were going to put in the tender at?—A. No, I did not know.

Q. But you knew it would be under 11 cents?—A. Yes, that was what I was objecting to.

Q. Knowing that they were going to tender under 11 cents you drew up and sent in a separate tender in your own name?—A. I think at that time when you arrived at that I had most of it made up and simply sent it in.

Q. Then all the data was already made out?—A. I think so, yes.

Q. Of your personal tender?—A. I think it was.

Q. Competing against the company of which you were a director?—A. I have already said I was not altogether competing.

Q. I take that to be the case, you were not competing. Will you tell me why you put in a tender at 18 cents?—A. Well, there was not any particular reason that I know of.

APPENDIX No. 1

Q. What do you say?—A. There was no reason that I know of.

Q. Was it child's play or were you serious? I will expect you as a business man to give some reasonable answer to that?—A. There is no good reason for that.

Q. There is no good reason except that knowing they were going to tender at a less price you put in a tender ,the form of which you had already brought with you with the intention of tendering, you put yours in personally at 18 cents?—A. I did.

Q. Will you tell me why? Did you intend to put in a tender by yourself before there was any dispute as to the rate you were going to tender at?—A. I always came down here prepared to put in a tender on any job.

Q. On any job?—A. That is any dredging work. I came down prepared to go on and put in a tender.

Q. Then if the president of your company had tendered at a price satisfactory to you are we to understand you would still put in another tender yourself?—A. No that does not follow. I might not, you know.

Q. Then it was really because they were tendering too low is that it?—A. Yes.

Q. That was the reason?—A. That was the reason.

Q. And the only reason?—A. Well, there really is no legitimate good reason for my putting it in. I did not expect to get it at that price. I simply put it in because I came down.

Q. It was a bit of child's play?—A. You can call it whatever you like.

Q. Are you in the habit of doing it?—A. I think that was the only time I ever did it.

Q. That was the only time?—A. I think so.

Q. Then your answer previously in which you said you always put in a tender was not quite correct?

Mr. PARDEE.—He said he always was prepared to put in a tender.

Q. Did you tell them you were going to do it?—A. No, I do not know that I did.

Q. Did they know you were going to do it?—A. I don't know that.

Q. Neither of them?—A. I don't know whether they did; I don't know whether they did or not.

Q. Did you consult with them and tell them that you were going to put in a tender against their tender?—A. Why I don't know that I did particularly. I don't know that I told them about it at all.

Q. They knew you were going to put in a tender?—A. I don't know whether they did or not.

Q. Do you say on your oath they did know you were going to put in a tender?—A. I don't know that they knew about it. My brother knew I was preparing to put one in.

Q. You gave us to understand both were prepared either in some law office or at the Russell House. Did they know you were preparing to tender?—A. Well, these forms were gotten-up there, gotten-up somewhere; I don't know exactly where it was.

Q. The form of your tender and the form of the company's tender was gotten up there?—A. Yes.

Q. And both parties knew they were gotten-up there?—A. They were not filled in there.

Q. Did you say to them you were going to make up a tender?—A. They knew I came down prepared to put in one.

Q. Did they protest against you as a director putting in another tender against theirs?—A. I don't know that they knew about it at all, my putting this tender in.

Q. You have just stated they did know?—A. I did not say that.

Mr. PARDEE.—He would not swear whether they did or did not know.

Q. If I have mis-stated the evidence it will appear on the notes. Do you mean to say they did not know that you had your form there and were going to tender?—A. I don't know as they knew about it.

Q. What is your belief about it?—A. I don't think they knew I put it in.

Q. You knew they were going to put in a tender?—A. Yes..

Q. Do you mean to say that your brother did not know that you put in that tender that was posted along with the other, that day?—A. I don't know as he did know about it.

Q. Do you think he did not? On your oath?—A. I don't know as he knew about it.

Q. You believe he did not know that you were putting in a tender that day? Will you say it on your oath?—A. I won't say he did not know but I don't know that he did know about it.

Q. You won't say positively?—A. I don't know about it.

Q. I suppose you won't say you did not know they put one in?—A. Indeed I did.

Q. If you knew what they were doing did you know that day they were putting a tender in?—A. I don't say that day but I knew they were going to put a tender in.

Q. Do you think they did not know you were putting a tender in?—A. Not necessarily. There was no arrangement that I should go and put this tender in.

Q. Now, will you give us any reason, except perhaps you did it for the fun of the thing, why you should put in a tender at nearly double the amount they asked?—A. I thought I was nearer the price they should get than they were, nearer the price that should be paid.

Q. Do you tell the committee seriously that you as a man of business put in another tender, with an expectation that it was to be treated as a tender, for nearly double the amount of the other tender?—A. I have already said I did not expect to get it.

Mr. Reid (Grenville):

Q. What deposit was necessary to put up in your tender?—A. On which one?

Q. The one for 18 cents?—A. Do you mean the Port Arthur or the Fort William tender?

Q. Port Arthur?—A. $15,000.

Q. Then when you put in this tender for 18 cents you put up a $15,000 cheque?—A. I did.

Q. And you knew at the time that the Great Lakes Dredging Company were putting in a tender at less than 10 cents?—A. I did not say less than 10 cents, I said less than 11 cents.

Q. Well, less than 11 cents. You knew that?—A. Yes.

Q. Whose cheque was put up with your tender?—A. My own.

Q. Your own personal cheque?—A. Yes.

Q. Was it an accepted cheque?—A. Oh, yes.

Q. An accepted cheque from the bank?—A. Oh, yes.

Q. You knew at the time when you put up the $15,000 that the other tender was less than eleven cents. Was there any discussion between your directors about the advisability of having a high and low tender put in?—.A Nothing of the kind.

Q. There was none whatever?—A. No.

Q. You never discussed that before or afterwards?—A. No, there was nothing like that.

Q. Was there nothing like that at all?—A. About a high tender?

Q. About a high and low tender?—A. Not to my knowledge. They did not know I put this tender in at all, that was to my knowledge.

Q. Was there any other tender put in between your tender and that of your firm, between the eleven cents and the eighteen?—A. Not that I am aware of.

Q. You are not connected with the other tenderers at all?—A. No.

Q. You had not any othr tender put in?—A. No.

Q. Did you have any discussion between you and the Great Lakes firm as to buying out other parties and having them withdraw their tender?—A. That is some other tenderers?

Q. Yes.—A. Not that I know of.

Q. You never did that?—A. No.

Q. You never authorized any one to do that on behalf of yourself or the Great Lakes Dredging Company?—A. No.

Q. Nothing of that kind was done?—A. No.

Q. You never paid any other contractors anything for withdrawing their tenders? —A. No, I did not.

By Hon. Mr. Pugsley:

Q. Mr. Bowman, among the tenderers in 1905 for dredging in the Kaministiquia river and channel in Thunder Bay I see is one of A. F. Bowman, Southampton, Ont., at 12 cents per cubic yard from Thunder bay to McKellar's creek, and 14 cents per cubic yard from McKellar's creek to the power-house. The next lowest tenderers are James Morphy, Louis Walsh and John King, Fort William, Ont., at 12 cents per cubic yard from Thunder bay to McKellar's creek, and 15 cents per cubic yard from McKellar's creek to the power-house; the next was the Great Lakes Dredging Company, Limited, Port Arthur, Ontario, at 13 cents per cubic yard from Thunder Bay to MacKellar's creek, and 16 cents per cubic yard from McKellar's creek to the power-house; the next tender was William Davis & Sons, Ottawa, Ontario, at 13$\frac{5}{10}$ cents per cubic yard from Thunder Bay to McKellar's creek, and 16 cents per cubic yard from McKellar's creek to the power-house. The next tenderer was from the Fort William Dredging and Harbour Improvement Company, Limited, Fort William, Ontario, at 14 cents and 17$\frac{3}{4}$ cents respectively; the next tenderer was John H. Hickler and Mal. Macdonald, Sault Ste. Marie, Ontario, at 14$\frac{1}{2}$ cents and 15 cents respectively; the next C. S. Boone, Toronto, 14$\frac{3}{4}$ cents and 18 cents; the next W. Davis & Sons, Ottawa, at 21 and 23 cents; the next Roger Miller, Ingersoll, Ont., at 30 cents and 32 cents, and the next and highest, M. J. Haney, Toronto, 31 cents and 33 cents per cubic yard respectively; let me ask you do you happen to know that all these tenderers are engaged in the dredging business and are practical people?—A. Well, practically so, there are one or two there I am not positive about.

Q. I see Mr. Haney's was the highest tender at 31 and 33 cents respectively, whereas yours was at 12 and 14 cents respectively?—A. Yes.

Mr. Reid (Grenville):

Q. Do you know Roger Miller and Mr. Haney?—A. Yes.

Hon. Mr. Pugsley!

Q. Then in 1906 the tenders were as follows: The Great Lakes Dredging Company, Limited, Port Arthur, rock, $3, and all other material 9 cents; R. Weddell, M. McAuliff, W. J. Poupore and Randolph Macdonald, Trenton, rock, $3, all other material 9$\frac{1}{2}$ cents; Michael Connolly, Montreal, rock $12, all other materials 14 cents; the Canadian Dredge and Construction Company, Midland, Ont., rock, $5; all other material 15 cents; A. F. Bowman, Southampton, rock, $4; all other material, 18 cents. Erie and Ontario Dredging Company, Welland, rock, $4; all other materials 18 cents per cubic yard measured *in situ*. Leaving yourself out of the question, are there all practical dredging people?—A. I think they are.

Q. And the Great Lakes Dredging Company Limited was the lowest tenderer at rock $3 and all other materials 9 cents?—A. Yes.

By Mr. Bennett:

Q. Prior to 1896, what was your business?—A. Prior to 1906?

Q. Prior to 1896. Prior to the change of government here at Ottawa?—A. Oh, I see, you are getting away back.

Q. Had you been engaged in the tannery business?—A. Yes.

Q. You were a practical business man in that line?—A. Supposed to be, yes.

Q. You had a very high reputation, I understand, in your business. Now, had

you any knowledge of contracting and dredging at all prior to 1896?—A. Well, not if that was the date I started. I am not sure of the date.

Q. When I tell you that C. M. Bowman first figures in the public accounts for dredging for 1897 would that be the commencement of your work?—A. I do not know what would cause him to appear there at that time.

Q. Oh, he got in quick?—A. If he did he deserves credit for it.

Q. He moved fast?—A. I do not know whether he had moneys coming to him that year or not.

Q. Now, you go up to Port Arthur to look after the work personally in Port Arthur?—A. I go up occasionally.

Q. Were you ever there one month continuously in the season of work?—A. Perhaps, not a month.

Q. How many visits do you make during the season?—A. This last while I go up once a month in the operating season.

Q. You go up there once a month for sure?—A. I might make it six weeks occasionally, but that is what I try to do.

Q. The practical knowledge that the Great Lakes Dredging Company have to depend upon is not the practical knowledge of A. F. Bowman, but somebody else when you have to come down to practical experience?—A. The whole thing doesn't centre in me.

Q. Are their tenders based on your knowledge?—A. I think my knowledge should be considered somewhat.

Q. I see, you think your knowledge is as good as your brother Charles' anyway?—A. I do not know about that.

Q. You are not a practical dredging contractor?—A. Yes, I am.

Q. Of how many years' knowledge?—A. It must be ten or eleven.

Q. You didn't know that it was in the accounts of 1897, you were surprised to know it was there?—A. I am not giving these dates exact, it is to the best of my knowledge from memory.

Q. You put in a marked cheque of $15,000 with this tender for 16 cents?—A. Well, 16 or 18 cents whatever the price was.

Q. It was 16 cents. How long did they keep that cheque of yours for $15,000 that was charged up against you in the bank?—A. If it had cost me anything, I would not have put it in, but under the arrangements that I have with the bank, they do not charge anything until the cheques are cashed.

Q. If anybody had known that you put in a tender at 16 cents when you knew that your firm had one in at 9 cents, would it not lead to the impression that if there were no other tenderers between, your firm would pull out?—A. I did not think of that.

Q. You did not think of that?—A. No, I did not.

Q. How are all the payments made up there now, is it by cubic yard?—A. Yes, scow measurement.

Q. Do you nominate the men who go on the scows?—A. I wish we could, no.

Q. Now seriously with a full consideration of the fact that you are under oath?—A. Yes.

Q. Who has nominated the inspectors on the scows?—A. I know I have not.

Q. You know you have not?—A. Certainly, not one.

Q. Have you ever heard who has nominated them?—A. I have heard that the executive did.

Mr. Reid (Grenville):

Q. The Liberal executive?—A. Yes.

By Mr. Bennett:

Q. Have you heard that Mr. Conmee has ever had anything to do with the appointment of them?—A. No, I have not. The only party or parties I have ever

heard of was the executive of either Port Arthur or Fort William. I thing that is the case.

Q. Have any of these inspectors ever been removed at your request?—A. No.

Q. Have you ever found fault with them for exacting too much as to what went into a scow?—A. Very often.

Q. You claimed that you were putting more into the scows than you were allowed for?—A. Yes.

Q. To whom did you make complaint?—A. To the engineer-in-charge.

Q. That was in writing you made these complaints?—A. Not necessarily so, I don't know that it was. We would get on the scow and discuss it there.

Q. Who was the engineer, Mr. Temple?—A. Yes.

Q. Who is the engineer there now? Mr. Temple has been removed?—A. Mr. Temple has got Port Arthur and Mr. Merrick, Fort William and the Mission.

Q. Did you make complaint personally to Mr. Temple that you were putting more stuff into the scows than you were allowed for?—A. Oh yes, we have often done that, you know.

By Mr. Pardee:

Q. That is a common thing in dredging, is it not?—A. It is a very common thing with dredging.

By Mr. Bennett!

Q. You were lucky to have the inspector there to make complaint to. My knowledge of the inspectors is that they are not near enough to make complaints to?—A. You want to go up there for a while and you will find them on the work.

Mr. Reid (Grenville):

Q. This cheque you put up with your tender. Was it the Great Lakes Dredging Company's money?—A. When I put up money with my tender?

Q. Yes.—A. No, my own personal cheque.

Q. You heard the list of tenderers that Mr. Pugsley read out, among the names was that of Roger Miller?—A. Yes.

Q. And you know Mr. Haney?—A. Yes.

Q. They are partners, are they not?—A. I believe they are.

Q. So that when their tenders were in it would be practically the same tender?—A. I don't know that they were in partnership at that time.

Q. Do you not know they were?—A. No.

Q. You don't really know?—A. No.

Q. Do you not know these two gentlemen were in partnership at Parry Sound?—A. I know that Roger Miller had the doing of some work there, but I don't really know that Mr. Haney was associated with him at that time.

Q. When you take the scow measurement, I suppose you have a certain capacity for the scow?—A. The scows measure up to a certain capacity.

Q. So that you could not load any more?—A. In fact——

Q. As a rule you fill these scows up, don't you?—A. And sometimes more than fill them.

Q. More than fill them?—A. Sometimes. It depends upon the material.

Q. But in those places where you were dredging what kind of material was there?—A. There was some material there we could put on an overload of ten per cent.

Q. More than the scow would hold?—A. More than the scow would hold. It will be stacked up on top of the scow, on the combing of the scow.

By Mr. Barker:

Q. You stacked it up although you naturally were not allowed for it?—A. Oh, no, the inspector gives us an overload.

By Mr. Reid (Grenville):

Q. In regard to this scow measurement. Before the work was proceeded with, for instance after you get a contract do you have a profile given to you showing you the earth below the water to be excavated?—A. They usually supply a plan of the work, a blue-print of it showing what is to be done.

Q. And after the work is completed there is not anything done, so far as engineering is concerned, to find out whether the quantity of material taken out is more or less than it would show by the profile?—A. In any case I have ever done any work, they take the soundings after the work has been done.

Q. Do you prefer the scow measurement or the other way of telling the measurement before any work is done?—A. Do you mean the difference between scow measurement and in situ which would I prefer?

Q. Yes?—A. I prefer the scow measurement. I don't think I would put in a price for in situ for anybody.

Q. You would not put any in?—A. No.

Q. You don't think it would be right to do that?—A. I have done it and been sorry for it. I have told the engineers in charge of the work that I don't think I would ever put in a price on material again in situ.

Q. Had the Great Lakes Dredging Company any contract of that kind?—A. The Great Lakes Dredging Company had nothing to do with them.

Q. Do you know whether they have any contract of that kind?—A. In situ?

Q. Yes?—A. No.

Q. They have not anything of that kind?—A. No.

Q. And you would not tender upon anything less than scow measurement?—A. Not unless I changed my opinion about it.

Witness discharged.

The committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO

SOURIS FISH DRIER

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32,
MONDAY, May 18, 1908.

The Select Standing Committee on Public Accounts met at 11 o'clock a.m., the chairman, Mr. A. H. Clarke, presiding, and proceeded to the consideration of a payment of $19,711.90, and also a payment of $14,449.36, in connection with the Souris, P.E.I., fish drier, the first mentioned payment being set out at P—196 of the Report of the Auditor General, 1906, and the latter payment at P—170 of the Report of the Auditor General, 1907.

Mr. JAMES MCEACHERN, Souris, P.E.I., called and sworn and examined:

By Mr. Crocket:

Q. Mr. McEachern, I see from the Auditor General's Report for the year ended 31st March, 1906, that you were down as having supplied lumber for the Souris fish drier to the amount of between $390 and $400, is that right?—A. I remember of having supplied some.

Q. You did supply lumber and hardware for the fish drier?—A. Yes, sir. Let me see. I don't remember of any hardware; I supplied some lumber.

Q. I will read the items set out at page P—186 of the Auditor General's Report for the year ended June 30, 1906 (reads): 'McEachern, James, Souris: inspection of plant, 35 d. at $3.50; iron, 821½ lbs. at $2.75 per 100 lbs.; round timber, 92½ tons at $3; sheathing, 1,040 ft. at $20; shingles, 25 M at $1.50; spruce boards, 5,450 ft. at $12; spruce plank, 3,445 ft. at $17; spruce straps, 1,200 ft. at $7.50—$613.85.' Did you supply those materials for the fish drier?—A. Yes, sir.

Q. At what time did you furnish them?—A. Some of them was furnished in 1905, some of them in 1906.

Q. How much did you furnish in 1905?—A. I don't remember the exact amount.

Q. You do not remember?—A. No, sir.

Q. Have you any books in which these details could be found?—A. No, sir.

Q. Or papers in connection with it?—A. No, sir.

Q. Is it not a fact, Mr. McEachern, that in addition to these items you furnished other material in 1905 which appear in the accounts of that year?—A. Yes, sir.

Q. I take it from the entry which I have read that all these supplies were furnished in the year 1906?—A. No, sir.

Q. From June, 1905, to June, 1906?—A. No, sir; it was 1905, some of them.

Q. Then you did not furnish all of these materials that I have specified and read from the Auditor General's Report in the year 1906?—A. No, sir, not all of them.

Q. In the year 1906 what was your occupation?—A. I was clerk of works building a post office.

Q. On the post office, where?—A. Souris.

Q. Built by the Public Works Department?—A. Yes, sir.

Q. How long were you engaged in that work?—A. I was engaged from August, 1905, to some time in December, 1906, I think, as near as I can remember.

Q. From August, 1905, too when?—A. To December, 1906, I think.

Q. 1906?—A. I think so.

Q. And were you employed at a daily wage as clerk of works?—A. Yes, sir.

Q. Did you spend most of your time in inspecting the post office building?—A. Yes, sir.

Q. Were you supposed to be specially on that work?—A. Yes, sir.

Q. Were you engaged, Mr. McEachern, in the lumber business during the year 1906?—A. I had some lumber.

Q. Were you engaged in the business, were you carrying on the lumber business?—A. On a small scale.

Q. What do you mean by a small scale?—A. Well, I had a small quantity of lumber on hand.

Q. Did you supply lumber to any other work than the fish drier?—A. I think so. I don't remember very closely, but I think I did.

Q. Are you certain about that?—A. Not quite certain, but I think I did.

Q. I am speaking of the period from the 1st July, 1905, until the 30th June, 1906; were you carrying on a lumber business at that time?—A. I would judge that I was about out of lumber at that time, but I think I had a little.

Q. Q. You were about out of lumber then?—A. Yes, but I had a little.

Q. Was it not the fact that you had failed in the lumber business during the previous year and had retired from that business?—A. Yes, sir.

Q. Then you were not carrying on a lumber business from the 1st July, 1905, until the 30th June, 1906? Were you, as a matter of fact?—A. I had not much of a lumber yard, but there was a few feet of lumber there, that is about all.

Q. A few feet of lumber?—A. Yes, sir.

Q. Was not all your stock sold?—A. Yes, sir.

Q. Your stock and property that you owned while carrying on your lumber business had been seized and sold?—A. Yes, sir.

A. And you [illegible] left without any?—A. Yes.

Q. So you were not carrying on a lumber business in the year 1905-6, during which you supplied the fish drier with this lumber? Now, that is the fact, is it not?—A. Yes; I had no lumber yard.

Q. You had no lumber?—A. Only what I bought myself.

Q. Where did you obtain this lumber that you supplied the fish drier with?—A. I bought it.

Q. From whom?—A. I bought some of it from the Hughes Company.

Q. You bought some of it from the Hughes Company?—A. Yes, sir.

Q. Did you buy it all from the Hughes Company?—A. No, sir.

Q. What part, or what proportion, of the lumber did you buy from the Hughes Company?—A. I bought some shingles.

Q. You obtained all the shingles, did you not, from them?—A. I bought some spruce shingles.

Q. All the shingles?—You have charged here for a certain quantity of shingles?—A. Yes.

Q. Did you get all those shingles from the Hughes Company?—A. In 1906?

Q. That were turned into the drier?—A. In 1906?

Q. Yes?—A. In 1906 I did.

Q. What did you say?—A. Yes, I did in 1906.

Q. What about the spruce boards?—A. I got some spruce boards. I bought some spruce boards of him.

Q. Did you get all the spruce boards which you turned into the drier from the Hughes Company?—A. I don't remember——

Q. You don't remember?—A. If I got them all. There is some two or three buildings connected with the drier.

Q. I am speaking of the boards that you supplied for the drier in the year 1905-6, did you get all these boards from Mr. Hughes' firm?—A. In 1906 I did.

Q. You did?—A. What I supplied them with.

Q. And all the plank?—A. I supplied whatever is given in the bill. I don't remember distinctly, but whatever is in the bill.

Q. And you got all the lumber from Mr. Hughes' firm ?—A. What is in my accounts charged here.

Q. What is charged in the account?—A. Yes.

Q. You got it all from Mr. Hughes' firm ?—A. That is for 1906.

Q. And also the hardware, did you get that from the Hughes' firm ?—A. Not that I remember of. I don't think there is any hardware in my account.

Q. Well, you are down here for 821½ lb. of iron?—A. That is iron, oh, yes.

Q. At $2.75 per 100 lb. Did you get all that from the Hughes' firm ?—A. Yes.

Q. So that all these goods that are charged here as having been supplied by you for the drier, you got from the Hughes' firm ?—A. In 1906.

Q. In 1906 ?—A. In 1906.

Q. Now, Mr. McEachern, did you buy these goods from Mr. Hughes, this Hughes' firm ?

Mr. MACLEAN (Lunenburg).—I wish to make objection here, the witness has already answered that he bought these goods from the firm of J. J. Hughes & Co. He calls it the Hughes Company. The firm of Hughes & Company, as I understand it, one of the members of that firm is Mr. J. J. Hughes, who is member for Kings, P.E.I., against whom an action for penalties for the violation of the Independence of Parliament Act has been taken——

The CHAIRMAN.—And the action is pending.

Mr. MACLEAN (Lunenburg).—The action is pending, and the writ has been issued. It is quite clear and apparent from the tenor of the examination this morning that my friend Mr. Crocket does not intend to pursue a line of examination that will come strictly within the purview of this committee. He is on an excursion this morning for evidence which may be used in this action for penalties which may be brought against Mr. Hughes. I submit he has no right to look in this committee for that evidence, either in connection with that action or for the purpose of disqualifying Mr. Hughes from holding a seat in parliament, and Mr. Hughes, or anybody on his behalf, should not be asked to submit evidence which may controvert any prima facie case which Mr. Crocket may make here. It is quite clear that an examination of that kind can only take place before the Committee on Privileges and Elections. Nobody can dispute that the witness said he bought these goods from Hughes & Company, and all that we are concerned about is whether the prices paid for the goods were fair, and whether proper values were received. I ask the chairman to rule on that question.

The CHAIRMAN.—The witness has already answered it.

Mr. MACLEAN.—(Lunenburg)—But I do not propose to allow Mr. Crockett to pursue his examination along these lines.

Mr. CROCKET.—My hon. friend is quite mistaken in his remarks as to the object of this question being an attack upon the seat of the hon. member for Kings. This is a matter which is surely open to this committee to investigate. I have read the item, and it is the function of this committee to make an enuqiry in reference to the supplying of these goods. The witness has said that he bought these goods from Hughes, that is the expression he used, and I want to find out whether, as a matter of fact, he did, and that the man he bought them from was Mr. Hughes.

Mr. MACLEAN (Lunenburg)—What difference does that make?

Mr. CROCKET.—I propose to show from this witness just exactly what they were worth, what they were turned into the government at, and what he paid for them.

The CHAIRMAN.—What do you say about that procedure in Toronto, to which reference has been made.

Mr. NORTHRUP.—The point in Toronto is this, that an attempt was made before the Public Accounts Committee to go into the procedure in the Registrar's office at Haileybury and it was held that that could only refer to the conduct of the registrar there, and, by no possibility, could the consideration of that matter come before the Public Accounts Committee.

Mr. PARDEE.—It was held that they could not ask any question in any way bearing on a case which was the subject of pending litigation.

Mr. NORTHRUP.—That is not the way I read the report in the newspapers. They would not allow this matter to come in on the ground that the only possible object of asking the question was to get evidence for a case which was then pending in the courts; that it could not interest the committee whether the registrar had discharged his duty or not.

The CHAIRMAN.—If this has nothing to do with the case before the committee it should not be asked of course.

Mr. PARDEE.—They further laid down the rule that no question could be asked in that committee that would have a bearing upon pending litigation.

Mr. NORTHRUP.—I think that would be a very foolish ruling. The question asked is a perfectly legitimate one.

The CHAIRMAN.—A good many thought it was a very absurd ruling that was given in Toronto, there is no doubt about that.

Mr. MACLEAN (Lunenburg).—Mr. Crocket a moment ago said he proposed asking this witness whether or not he actually bought these goods from the firm of Hughes and Company. There is only one purpose in putting a question of that kind.

The CHAIRMAN.—There would be the question of whether he paid too much for them of course.

Mr. CROCKET.—Mr. Maclean has raised the question whether it is open to the committee to go into a question which is pending before the courts. That question was determined in the courts of Nova Scotia in connection with the Halifax land deal, which was before this committee. A writ had been issued against the Halifax 'Herald' by Mayor McIlreith in connection with the libel suit, and it was sought in the course of that litigation to restrain the newspapers from publishing the proceedings before this committee. That was argued, and the court held, although the injunction was granted, that no paper could be restrained from publishing the proceedings of a Committee of Parliament. If there was anything in that contention, as was pointed out at the time, parliament would be controlled by the courts of this country, and I do not think that any member of the committee would support such a proposition as that.

Mr. BARKER.—It strikes me this principle must be very plain: we are here to investigate the accounts and are we to be stopped because two people quarrel, no matter what the point at issue, upon any transaction in relation to these particular accounts. It is one of the most preposterous objections I have ever heard. What is the position of this gentleman who is a witness here? He was a public servant, and while a public servant engaged on one building in the town, he was selling material to the government for another building; and the person who we want evidence from, Mr. McFarlane, I think it is, has got sick just at this moment. This is the only man we have here, and we are getting evidence from him, not only as to his own affairs, but also as affecting Mr. McFarlane. This gentleman surely is bound to tell us, especially having regard to the fact that he was a paid servant of the government at the time, whether he got this lumber, and this iron, and other things, and how it happened that he, a man who had gone into insolvency—I suppose the word insolvency does not apply strictly—at all events he was sold out of business and was at the time employed by the government as clerk of works on a building that was going on, is able to be selling lumber to the government; he is asked where he got that lumber: how do we know there was any lumber delivered at all.

Mr. MACLEAN (Lunenburg).—He tells us that it was.

Mr. BARKER.—We have the right to know that.

Mr. MACLEAN (Lunenburg).—He has answered that question.

Mr. BARKER.—Where did he get the lumber that he professes to have sold the government?

Mr. MACLEAN (Lunenburg).—He has answered that also.

Mr. BARKER.—We are not bound by that answer, we can cross-examine him if we desire to.

The CHAIRMAN.—So far there is nothing before the Committee. The question that has been asked, has been answered.

Mr. BAKER.—He has been asked a further question and Mr. Maclean objects and says there is a member of parliament in that firm, you must not ask any more questions in reference to that because there is an action pending; I do not see that at all.

The CHAIRMAN.—This the way it strikes me, so long as the evidence applies to these payments that have been made I do not see that we can rule out that evidence; but if it is intended to go into the substantive question of the disqualification of a member of parliament, then we will have to draw the line there.

Mr. CROCKET.—That will have to stand on its own bottom.

Mr. MACDONALD.—That is a matter for the Committee on Privileges and Elections.

The CHAIRMAN.—But because it bears on the item we could not rule it out.

By Mr. Crocket:

Q. Before these goods were delivered at the drier did you buy them from the firm of J. J. Hughes & Company ?—A. I bought them delivered.

Q. You bought them delivered. What do you mean by that?—A. Delivered at the works.

Q. The firm of Hughes & Company were to deliver them ?—A. Yes.

Q. And the firm of Hughes & Company did deliver all this lumber ?—A. Yes.

Q. And all this iron at the works ?—A. Yes, at the works.

Q. Were the firm of Hughes & Company carrying on a lumber business ?—A. Yes, they did some lumber business.

Q. Have they a lumber yard ?—A. They buy and sell lumber.

Q. Have they a lumber yard ?—A. They have lumber on hand and buy and sell always.

Q. Did you buy the lumber from the firm on the ground ?—A. I bought this delivered.

Q. Did you see the lumber on the premises of Hughes & Company ?—A. I don't remember anything about that. I bought the lumber delivered on the works.

Q. And the quantity specified, did you send an order for this quantity ?—A. Yes, sir.

Q. Do you know if the firm of Hughes & Company bought this lumber from others ?—A. I don't remember about that.

Q. Do you know that ?—A. I don't know anything about that.

Q. Do you know if they arranged with other parties to supply this lumber which you ordered ?—A. They likely bought from some one, they did not grow it.

Q. Did they not buy the specified quantity to turn over to the drier or to you?—A. To me?

Q. Yes ?

The CHAIRMAN.—What Mr. Crocket means, was this lumber got out of stock or was an order given by them for the precise quantities ?—A. I could not tell you.

By Mr. Crocket :

Q. Do you or do you not know, Mr. McEachern ?—A. I don't remember distinctly.

Q. You do not remember ?—A. Distinctly.

By Mr. Macdonald :

Q. Did you see any letter written by Hughes & Company to other people asking them to bring lumber or do you know of any arrangement made by them with a third party to get lumber ?—A. I don't remember.

By Mr. Maclean (Lunenburg) :

Q. You asked Hughes & Company to get this lumber for you did you not?—A. To get it from them.

Q. You asked them to get it for you ?—A. Yes, sir.

Q. You assumed that they purchased it from other people ?—A. Yes, sir.

Q. You assumed that they purchased it from other people ?—A. Oh likely.

Q. It is not likely. Have you not got an opinion about it ?—A. Yes.

By Mr. Crocket :

Q. You knew then that Hughes & Company did not have the shingles to supply at the time ?—A. The shingles ?

Q. Yes, you knew that they did not have the shingles to supply at the time?—A. I could not say.

Q. You did not know whether they did or not?—A. They always kept shingles.

Q. Do you know whether they had shingles in stock at the time or not?—A. They had.

Q. Do you know if they had boards and spruce plank in stock at the time?—A. They had boards.

Q. They had boards in stock?—A. Yes, sir.

Q. Did they have spruce planks in stock?—A. I ain't quite clear on that.

Q. And what about the spruce straps?—A. The spruce straps they are not in that. That would be in 1905 I think.

Q. Yes, there are spruce straps in 1906. Did they have those spruce straps in stock?—A. I think the spruce straps belong to 1905.

Q. No, they do not, they are in 1906. Well at any rate you are not able to say whether they had them or not?—A. I don't remember.

Q. At what price did you buy these goods from the Hughes' firm?—A. I cannot recollect exactly the figures I paid for them.

Q. You cannot recollect?—A. No.

Q. Do you recollect the figures that you charged the government?—A. Well, yes, for some of them I do.

Q. Tell us what you charged for shingles?—A. I think it was $1.50 for shingles.

Q. And the spruce boards per thousand what did you charge for them?—A. $12.

Q. And the spruce plank?—A. $17 or $18.

Q. It is $17 here. And for spruce straps what did you charge?—A. Spruce straps, is that lineal measure that is there?

Q. Spruce straps, 1,200 feet?—A. It would be lineal measure $7 or $8 a thousand.

Q. They are down here at $7.50 per thousand?—A. Something like that.

By Mr. Maclean (Lunenburg).

Q. Have you gone over the accounts which would give the selling price to the government since you came to Ottawa?—A. Well I have an idea.

Q. I ask you if you have gone over the papers, over your bills rendered to the department since you came to Ottawa?—A. No, sir.

Q. You have not?—A. No.

By Mr. Crocket:

Q. You recollect the prices that you charged the government. Then I ask you to give the prices that you paid to Mr. Hughes or the Hughes' firm. How much did you pay for the shingles?—A. I don't remember the exact price, I could not say distinctly.

Q. You do not remember the prices at which you bought from the Hughes' firm? —A. Well I would not like to swear to them exactly.

Q. Did you pay more than $1 a thousand for the shingles?—A. I think I must have paid more than that.

Q. What is that?—A. I think I must have paid more than that.

Q. Do you remember whether you did or not?—A. Not distinctly.

APPENDIX No. 1

Q. You do not remember what you paid for the boards or the planks?—A. I don't remember exactly what I paid for that material.

Q. While you were putting this lumber into the drier you were inspector on that building were you not?—A. No, sir, not in 1906.

Q. You were not inspector in 1906?—A. No, sir, not in the drier, I was in another building.

Q. You were not on the drier?—A. No, sir.

Q. When was the drier built?—A. Built in 1904 and 1905 the exterior of it and the interior.

Q. In 1904?—A. And 1905.

Q. It was begun in the fall of one year and continued in the spring of the next, is that what you mean?—A. In 1904 and 1905.

Q. Was there not an addition built in 1906?—A. Yes.

Q. Were you not inspector on that?—A. No, sir.

Q. You were not inspector?—A. No, sir.

Q. Was this lumber supplied for the addition to the building?—A. For the addition? It is a separate building, it is no addition.

Q. What is it called, the new building?—A. It is called a fish house to receive fresh fish, green fish.

Q. Were you inspector on the original building?—A. In 1994?

Q. In 1904-5?—A. No, sir, I was builder.

Q. You were builder?—A. Yes.

Q. Under a contract?—A. No, sir. I was instructed to build it.

Q. By whom?—A. By the department.

Q. By whom?—A. The department.

Q. By the department; by day's work?—A. Yes.

Q. You say that the arrangement was with you for the construction of this building, there was no contract, how were you to be paid?—A. Day's work—day's wages.

By Mr. Maclean (Lunenburg):

Q. You were under inspection, weren't you?—A. Subject to inspection, yes.

By Mr. Crocket:

Q. Did you supply all the materials for the construction of this building?—A. No, sir.

Q. Who supplied those?—A. I supplied some of them.

Q. Did your arrangement with the government include the supplying of material and supervising of the work as well?—A. Yes, sir.

Q. And you were responsible for all the materials and for the work?—A. Yes, sir.

Q. There was no contract?—A. No, sir.

Q. There was no specific sum fixed; you were just to be paid for the materials that were supplied, for the material that was put in and the labour that you paid for?—A. Yes, sir.

Q. Is that right?—A. Yes, sir.

Q. Was there any other labour supplied than what you supplied yourself?—A. No, sir; I supplied the labour.

Q. You supplied all the labour that was used in the construction of that building?—A. I engaged the men who did the work.

Q. And you paid the men?—A. The government did; that is, I certified to the accounts.

Q. Did they advance the money to you and you paid the men? Or did they pay the men?—A. I certified the accounts, and the cheques came to me and were delivered to the men.

Q. You were simply the foreman then?—A. The foreman; yes, sir.

By Mr. Bennett:

Q. You didn't have a profit on the labour?—A. No, sir.

By Mr. Crocket:

Q. You were simply the foreman then?—A. Yes, sir.

Q. It is hardly right, then, to say that you supplied the material and were responsible for it as well as for the labour?—A. Well, being a builder, I knew where to buy it, and I supplied some of it myself.

Q. You did buy material, lumber, for this building?—A. I bought some, yes.

Q. And you had some yourself and you turned that in?—A. Yes.

Q. And you sent on your accounts here to the department?—A. Yes, sir.

The CHAIRMAN.—Is that the same building that these goods were got for?

Mr. CROCKET.—He said that was the building, the original drier, that was built in 1904-5.

The CHAIRMAN.—That is not in these accounts here.

By Mr. Bennett:

Q. Would you have a profit on the material that you furnished?—A. No.

The CHAIRMAN.—We cannot go into anything before the 1905-6 report. If it is in the Auditor General's Report here for 1905-6 or 6-7, it is all right, but we cannot go into anything before that. The accounts for 1904-5 are not before us. Anything before July 1, 1905, is not before the committee.

By Mr. Crocket:

Q. Just to explain that. I see in the report for 1905 the entry with regard to the Souris fish drier, 'superintending, 104 days at $3.50,' does that refer to you?—A. Yes, sir.

Q. That is the position you occupied?—A. Yes, sir.

The CHAIRMAN.—That has nothing to do with these items, I understand.

Mr. CROCKET.—No, but I want to find out what position he occupied in connection with the construction of these driers. He is in there for superintending, and in the report for 1906 he is down for 35 days for superintending also.

The CHAIRMAN.—That is for 'inspection of plant'; that was 35 days.

By Mr. Crocket:

Q. Did you receive $3.50 per day for your services in 1904-5?—A. Yes, sir.

Q. When you said you were acting as foreman?—A. Yes, sir.

Q. And in that year you supplied materials as well as acting as superintendent?—A. Yes, sir.

Q. Now, in the report for 1906 it appears, in the item I have already read, Mr. McEachern, that you are down for 'inspection of plant, 35 days at $3.50'?—A. That should be 1905, I think.

Q. Well, it is in the report for the year 1906.

Mr. MACLEAN (Lunenburg).—He is not responsible for that; he says he didn't do any inspection work in 1906.

By Mr. Crocket:

Q. You say you did not do any inspection work in 1906, did you receive any pay for doing it?

The CHAIRMAN.—Do not mislead him; if the work was done after the 1st of July, 1905, it would come into that year—1905-6.

A. That would be in the spring of 1905.

Q. I suppose payment may have been made after the 1st of July and the work was done previous, that is possible?—A. Exactly.

By Mr. Crocket:

Q. Then you say your work as an inspector or superintendent ceased with the completion of the original building?—A. In 1905.

Q. And that you were not employed as inspector of any building that was being erected in 1906. When was work begun on that new building in 1906?—A. It would be in April, I think.

Q. In April?—A. Yes.

Q. And when was it completed?—A. It would be in July or August; July, I think, sometime.

Q. July or August? When was the original building completed?—A. The original building was completed in June or July, 1905.

Q. Now, I think you said you did not know who the Hughes' firm bought this lumber from? You said you did not know that?—A. I don't know the parties at all.

Q. Do you know, or do you not, Mr. McEachern, that this lumber that was turned into the drier in your name, was bought by the Hughes' firm from Messrs. Mooney, of Greenvale, at $2 and $2.25 per ton and turned into the government in your name at $3 per ton?—A. I don't know anything about that.

Q. You do not know that, as a fact?—A. I do not know what he paid for it.

Q. Do you know that the shingles were bought from Alexander Dixon by the Hughes' firm at $1 and turned into the government at $1.50?—A I do not know what they paid for their stock.

Q. When did you pay for this stock?—A. I do not remember distinctly; they charged me with the stock when I bought it and I paid for it later on.

Q. You say the Hughes firm charged you with the stock when you bought it?—A. I had a running account there.

Q. You had a running account with them and they charged you with it when you bought it and you paid for it later on. Did you pay for it before you received payment from the government?—A. I don't remember.

Q. You don't remember?—A. No.

Q. Do you remember when you received payment from the government?—A. It would be in May or June of that year, 1906.

Q. Did you receive cheques from the department?—A. Yes, sir.

Q. How many cheques did you receive?—A. Two, I think.

Q. Two cheques, and what did you do with the cheques?—A. I placed them to my credit.

Q. With whom?—A. With the Hughes Company.

Q. You simply turned the cheques over to the Hughes Company, didn't you?—A. I placed them to my credit.

Mr. MACLEAN (Lunenburg).—He endorsed them.

By Mr. Crocket:

Q. What do you mean by placing them to your credit, handing them over?—A. I endorsed them to the Hughes Company.

Q. You turned all the cheques that you received for this lumber from the government over to Hughes & Company, did you not?—A. I might have.

Q. Is it not a fact that you turned all the cheques you received that year over to Hughes & Company?—A. I may have, I don't remember.

Q. Well, here are the cheques (producing cheques.) There are three cheques?—A. (After examining cheques.) There is one in 1905, that has nothing to do with it. Here are two for 1906, it would be those two.

Q. These two cheques you say. There is a cheque dated 25th May, 1906, for $270?—A. Yes.

Q. 'Pay to the order of James McEachern $270'?—A. Yes, sir.

Q. It is endorsed 'James McEachern and J. J. Hughes & Company,' and for endorsement 'Pay to the order of any chartered bank or banker.' You turned that over to the Hughes Company as soon as you received it, did you not?—A. I endorsed it and told them to place it to my credit.

Q. Who did you give it to?—A. To the bookkeeper.

Q. To the book-keeper of the Hughes' firm?—A. Yes, sir.

Q. Here is another cheque for $132.99, dated 29th June, 1906, 'Pay to the order of James McEachern $132.99.' That is endorsed by yourself and by J. J. Hughes & Company the same as the other?—A. The same as the other, yes sir.

Q. As soon as you received that cheque you turned it also into the Hughes Company?—A. That was placed to my credit also.

Q. You got no cash from Mr. Hughes?—A. I got cash when I wanted it. I had an account there and I placed these cheques to my credit.

Q. You turned those cheques over to Mr. Hughes and you received no money?

Mr. MACLEAN (Lunenburg).—He has answered that two or three times. You have no right to question him in that way. This witness is not here to be bully-ragged by any member of this committee.

Mr. CROCKET.—I am not trying to bully-rag him.

Mr. MACLEAN (Lunenburg).—He has answered that these cheques were put to his credit in a running account with Hughes and company.

By the Chairman:

Q. At the time you turned the cheques over did you get any money on them or were they simply paid over?—A. I asked them to credit them to me. I had a running account there and whether I got any money I cannot just say.

By Mr. Maclean (Lunenburg):

Q. Were you usually a debtor to Hughes & Company or a creditor? Did you usually owe them anything?—A. Yes, sir.

Q. You usually did?—A. Yes, sir.

The CHAIRMAN.—He says he does not remember whether he got any money.

By Mr. Crocket:

Q. You had not paid the Hughes' firm for this lumber before you received these cheques?—A. Well I could not tell you. I am in the habit of having a running account there.

Q. Is it not a fact that you did not pay the Hughes' firm any money for this lumber?—A. When I got them cheques——

Q. And when you received these cheques you received no money?—A. I don't know whether I did or not, I could not tell you. I may have received money although I don't remember. I may have asked for $5, $20 or $100.

Q. Are you able to say whether you got any money at all for these cheques?—A. I don't remember.

Q. You do not remember?—A. I remember distinctly ordering the book-keeper to put the money to my credit.

Q. And you may have got from him $5 or $30?—A. I may have.

Q. Here is another cheque dated 1st August, 1905 for $210.86; 'Pay to the order of James McEachern $210.86.' That is endorsed in the same way by James McEachern and J. J. Hughes & Company?—A. That was in 1905?

Q. In August, 1905, and these cheques just pay the account. You did the same with that cheque?—A. That was for the drier proper.

Q. It is for the accounts that are in the Auditor General's report.

Mr. FINLAYSON.—You have got to take the witness' answer.

By Mr. Crocket:

Q. That is down to the 30th of June, 1906?—A. That was for the work of 1905.

Q. You did the same with that cheque as you did with the others?—A. Yes, sir.

Q. Turned it over to the Hughes' firm?—A. Yes, sir.

By Mr. Finlayson:

Q. The last cheque is not for goods supplied in 1906?—A. No, sir.

By Mr. Crocket:

Q. It for goods supplied during the year 1905-6—A. For 1905. There is no 1906 about it at all.

The CHAIRMAN.—These three cheques aggregate the amount payable to the witness in the Auditor General's Report for 1906, $613.85. Whether that is only a coincidence or not I do not know.

By Mr. Crocket:

Q. So that is the fact then, Mr. McEachern: you cannot remember paying the Hughes' firm one cent for this lumber, or you cannot remember getting one cent from that firm out of the cheques that were given for it?

By Mr. Johnson:

Q. You remember paying for the lumber don't you?—A. I had a running account there. I bought the lumber and the lumber was charged to me.

Q. You what?—A. I bought the lumber and it was charged to me at the time when I got them cheques they were placed to my credit. I had a running account.

By Mr. Crocket:

Q. Did you ever receive a bill from the Hughes' firm for this lumber and iron? —A. I don't remember.

Q. You don't remember whether you ever received a bill?—A. No.

Q. A bill of any kind?—Cannot you give us a better answer than that? See if you cannot say whether or not you did receive a bill from the Hughes' firm?—A. I got my yearly account from them, my annual bill. That is about the only bill I can remember of.

Q. Did you receive a yearly account covering this?—A. I must have.

Q. Do you remember receiving it?—A. I think so.

Q. Well where is that account ? Were you not subpœnead to bring your papers ? —A. That is a private account. That is my private account.

Q. Eh?—A. That would be my private account.

Q. Your private account?—A. Yes, sir.

Q. Well have you such a private account that you received from the firm?—A. I get a yearly account for groceries and whatever I do buy, it is all the one account.

Q. Have you got an account that you received from the Hughes' firm covering this lumber and iron that was turned in in your name to the Souris fish drier?—I think I have.

Q. Well, you were asked to bring this account with you, were you not?—A. No, sir.

Q. Did you bring any accounts?—A. No, sir; I was not asked to.

Q. Did you buy any other lumber from the Hughes' firm during that period?— A. Which period?

Q. The year 1905-6?—A. I may have; I don't remember.

Q. You may have, but you do not remember?—A. Don't remember distinctly.

Q. Is that the best answer you can make?—A. Yes, sir.

Q. Here is an account that I see on the file in your name: 'The Marine and Fisheries Department to James McEachern. To material used on interior fish drier at Souris, P.E. Island, to June 5th, 1905.' There is spruce plank, sheathing and other material amounting to $88.36. That account is certified by you and also by Mr. McFarlane?—A. Yes, sir.

Q. So you were turning in this material to the work when you were inspector at that time?

Mr. MACLEAN (Lunenburg).—He was not inspector.

Mr. CROCKET.—He was inspector at that time. This was June 5, 1905.

Mr. MACLEAN (Lunenburg).—He was not inspector then.

By Mr. Crocket:

Q. What does that mean (exhibiting account)? that account is certified by yourself and Mr. McFarlane?—A. In 1904-5 I was inspector, foreman——

By Mr. Maclean (Lunenburg):

Q. Wait a moment. Were you inspector or foreman?—A. I was foreman.

Mr. MACLEAN (Lunenburg).—Don't say that you were inspector then.

Mr. CROCKET.—The witness is giving evidence.

Mr. MACLEAN (Lunenburg).—I want to keep the witness straight.

The WITNESS.—McFarlane was inspector.

By Mr. Crocket:

Q. McFarlane was inspector?—A. Yes, sir.

Q. Was not the work put into the hands of Mr. McFarlane to manage, and were you not the inspector under that arrangement?—A. McFarlane, Peter McFarlane was——

Q. What was this work: 'Inspection of plant, 35 d. at $3.50'?—A. I was foreman.

Q. You were foreman?—A. And I was subject to the inspection of Peter McFarlane.

Q. And you were getting $3.50 a day?—A. Yes.

Q. And you certified to that account of your own?—A. Yes.

Q. In June, 1905?—A. Yes, sir.

Q. And does that cover the 35 days for which you were paid $3.50 a day as inspector?—A. Please repeat that again.

Q. The account is to June 5, 1905?—A. Well, that would be the last, would it not?

Q. For material supplied down to June 5, 1905?—A. That would be the last, I think.

Q. At that time you were receiving $3.50 as inspector of that work?—A. I was foreman.

Q. You were inspector?—A. No, Peter McFarlane.

By Mr. Finlayson:

Q. Who was inspector?—A. Peter McFarlane, New Glasgow.

By Mr. Crocket:

Q. Is that not your signature (showing account)?—A. Yes, I certified to the account. Peter McFarlane was——

Mr. MACLEAN (Lunenburg).—Mr. Crocket, just wait a moment. Mr. Crocket has been told a half a dozen times by the witness, and a half a dozen times by myself to the contrary, but he still persists in saying that this man was inspector, when he knows that the man was not.

Mr. BARKER.—He is on the books as inspector.

Mr. MACLEAN (Lunenburg).—That, it has been explained, is an error.

By Mr. Maclean (Lunenburg):

Q. Who was the inspector on that work?—A. Peter McFarlane, of New Glasgow.

Q. He is a government employee?—A. Yes.

Q. He inspects annually the government bait freezers and that kind of work?—A. Yes.

Q. Is he the same McFarlane that was at Souris?—A. No.

By Mr. Crocket:

Q. Here is a certificate signed by James McEachern and McFarlane—there is no Christian name for McFarlane—certifying to the fairness of your own prices?—A. I had to address the accounts to McFarlane, you understand, in New Glasgow.

Q. You sent your accounts to Mr. McFarlane?—A. Yes.

Q. Who certifies to them as correct?—A. Yes.

The CHAIRMAN.—That is all right; he had to send his accounts to Mr. McFarlane.

By Mr. Maclean (Lunenburg):

Q. It is signed 'Peter McFarlane' at the bottom there?—A. Yes.

By Mr. Crocket:

Q. Do you know George McFarlane?—A. Yes.

Q. Do you live in the same town?—A. Yes.

Q. Did you talk to George McFarlane before coming here to Ottawa to give evidence?—A. No, sir.

Q. When did you get word that your attendance would be required here, do you remember?—A. I think it was on the 5th.

Q. The 5th of May, is that right ?—A. I forget.

Q. You did not consult Mr. Macfarlane ?—A. I saw him.

Q. You saw him ?—A. Yes.

Q. Where did you see him ?—A. I saw him at his place, close to his own place.

Q. Where do you mean by 'his own place' ?—A. At his residence.

Q. Did you go to see him ?—A. No, sir, I happened to see him at the door as I was going by.

Q. That was on the 5th or 6th?—A. As near as I can remember it was, I cannot say exactly, he was standing at the door.

Q. He was standing at the door. Did he tell you he had received a notice to attend here also ?—A. No sir.

Q. Did he make any mention of it ?—A. No, sir.

Q. You did not discuss the question at all ?—A. No, sir.

Q. Did you hear, before leaving Souris, from any source, that McFarlane was ill ?—A. I did, his son told me.

Q. His son told you ?—A. Yes, he told me his father was sick.

Q. He was not confined to his house when you saw him ?—A. He was standing in the doorway when I saw him.

Q. And you spoke to him, did you notice he was ill ?—A. I did not take much notice to him.

Q. Did you hear he was under the doctor's care ?—A. I did.

Q He said nothing about his illness or his inability to be present here ?—A. I just saw him, I was walking along, and bid him the time of day.

Q. I asked you these questions because I have been informed that McFarlane on the 8th of May was not ill and was going about the same as usual. You do not know anything to the contrary of that ?—A. The only thing I know to the contrary is I was told he was under treatment by Dr. Macdonald, Souris, as being ill.

Q. You were talking to McFarlane himself, and he said nothing about illness ? —A. I only saw him as he was standing in the doorway and I bid him the time of day as I was coming away, that is all that passed.

By Mr. Chisholm (Antigonish) :

Q. You did not take his temperature, I suppose ?—A. No, sir.

By Mr. Maclean (Lunenburg) :

Q. Your occupation is that of a builder, or it was that ?—A. Yes.

Q. That is your experience, I suppose, has been in the erection of wooden buildings, has it ?—A. Both.

Q. Both ? Both what ?—A. Wood, brick and stone.

Q. You have been engaged in the erection of wood, brick and stone buildings ? And, incidently, you have been engaged in the buying and selling of building material ?—A. Yes, sir.

Q. You have been buying and handling lumber for a long period of years, have you ?—A. Yes, sir.

Q. What do you say as to these prices : '92½ tons at $3.00,' that is round timber, was that the correct market price at that time ? Is that a fair price ?—A. That was a reasonable price and a fair price.

Q. That is a reasonable and fair price. Did you ever buy any timber in your life before ?—A. Yes, sir, I have always been in building and construction work, and we have used some of it.

Q. What do you usually pay for it ?

The CHAIRMAN.—Do you buy wood by the ton down there ?—A. 12-in. timber is worth $6 to $7 per ton.

Q. Your ton is a ton weight ?

By Mr. Maclean (Lunenburg) :

Q. What is a ton, Mr. McEachern ?—A. 50 feet of round timber.

Q. That is fifty feet in length and one foot through makes a ton of round timber ?—A. One foot in diameter.

Q. Was the price $3 a reasonable price ?—A. It was reasonable, yes, sir.

Q. It was a reasonable price ?—A. Very reasonable.

Q. Then there is 1,040 feet of boards, at $20, was that the ordinary market price ?—A. 1,040 feet of what ?

Q. At $20 per thousand I suppose ?—A. What is the material ? Is it sheeting ?

Q. Yes, sheething, that is what it is.—A. That would be a reasonable price for sheething.

Q. That is reasonable ?—A. Yes, sir.

Q. Was it a reasonable price during those years ?—A. Yes, sir.

Q. And it was the market price ?—A. The market price.

Q. Spruce shingles, 25,000 at $1.50, is that a fair price ?—A. A fair price.

Q. Spruce boards at $12 per thousand; that ought to have been a fair price at that time ?—A. Yes, sir.

Q. That would seem cheap, wouldn't it? As cheap as anything else?—A. Yes.

Q. And do you know what they paid for the other articles purchased, do you say the prices were reasonable ?—A. The prices were fair and reasonable.

Q. I suppose you made a little profit on it—you don't recollect what it was?—A. No, I do not recollect.

Q. Mr. Crocket was surprised that your memory was so fresh as to the selling price, and that you were dull as to the purchasing price. Did you look over these accounts here since you came to Ottawa ?—A. The accounts ?

Q. Yes, did you look at these papers (indicating file), these accounts rendered by you to the government, since you came to Ottawa, there is a plain simple question ? —A. No, sir.

Q. I think I saw you looking at them myself. Do you mean to tell me you didn't have in your hands the bill rendered to the government?—A. Oh, yes.

Q. Why didn't you say so? Then would not looking at it refresh your memory as to the price you sold to the government?—A. Yes.

Q. Did you ever buy any of these goods personally from Mr. Hughes, the member? —A. No, sir.

Q. You never did. So far as you know he never had any personal knowledge of your having bought any?—A. He didn't know anything about it.

Q. Who did you deal with?—A. With the firm.

Q. With any particular member of the firm?—A. No, it was generally with the salesman.

Q. Who is the leading man in the firm when Mr. Hughes is away?—A. Mr. Brennan.

Q. You kept a running account with the Hughes store, did you?—A. Yes, sir.

Q. Now, when you received these cheques from the government, you say you asked them to place it to your credit in the account?—A. Yes, sir.

Q. At the same time you meant that, so far as it was necessary, it was to be an application on payment in part of the lumber bought and for which you received payment from the government?—A. Yes, sir.

Q. That would be in your mind, although it was just put in as an order, that you were simply to be credited with the whole amount and your account would be rendered to you at the end of the year?—A. Yes.

Q. Now, with regard to that round timber, did you ask the Hughes Company to purchase that for you or did they have it in hand?—A. They had it in hand.

Q. You think they had it on hand at the time you wanted it? You said to Mr. Crocket you did not know.—A. I know they had round timber on hand.

Q. At the time you bought it they had these 90 ton of round timber on hand——

Mr. BARKER.—He has not said that yet.

By Mr. Maclean (Lunenburg):

Q. When you bought that 90 tons of round timber, did Hughes Company have it on hand?—A. I do not know whether they had the whole of it, they had some.

Q. You asked them to get the rest?—A. We got the quantity I wanted, but whether they had it on hand at the time I could not be sure.

Q. Let us understand it now; in 1904-5 you were foreman of construction of the Souris fish drier?—A. Yes, sir.

Q. And you received a daily wage?—A. Yes, sir.

Q. The inspector was Mr. ——— who?—A. Mr. McFarlane.

Q. What McFarlane was that?—A. Peter McFarlane.

Q. An official of the Department of Marine and Fisheries?—A. Yes, sir.

Q. Who is constantly engaged in the inspection of such work?—A. Yes.

Q. You were under him?—A. Yes, sir.

Q. The building was designed and constructed according to his instructions and under his inspection?—A. According to his inspection.

Q. The workmanship was under you as foreman, that was all?—A. Yes, sir.

Q. You were never inspector, were you?—A. No, sir.

Q. That is on the drier—if the Auditor General's Report says you were it is an error?—A. Certainly.

The CHAIRMAN.—How does the account read?

Mr. BARKER.—He certifies to the quality and everything else.

The CHAIRMAN.—No, the account for inspection, what does the account itself say?

By Mr. Maclean (Lunenburg):

Q. Why did you certify to this bill of $88? You furnished that to the department?—A. $88? What date is it?

Q. 5th June, 1905?—A. Yes, sir.

Q. Why did you certify to it? You were sending it yourself to the department?—A. Well I certified to the accounts when I addressed them to McFarlane.

Q. You certified to the other accounts and I suppose you thought it was a proper thing to do with your own?—A. Yes, sir.

Q. The prices which you charged in that account were fair prices at that time?—A. Yes, sir.

Q. Did you make any profit when you sold to the government at that time?—A. I sold it at the customary price.

Q. You sold it at the current market price?—A. The current price.

Q. When you received those cheques instead of going down to the bank and getting the money you simply endorsed them over to Hughes & Company?—A. Yes, sir.

Q. For which you received credit?—A. Yes, sir.

By Mr. Bennett:

Q. Who was inspector in 1905?—A. McFarlane, Peter McFarlane.

Q. Here is an account of a man named Peter McPhee. He worked there as a carpenter did he?—A. Yes, sir.

Q. Here is an account of John McNeil. He worked as a carpenter?—A. Yes, sir.

Q. Here is an account of Warren W. Clarke. He worked there as a bricklayer?—A. Yes, sir.

Q. Here is an account of your own, 'To James McEachern for material.' Now in whose handwriting are the different accounts that I have mentioned to you? At the bottom is to be found 'I hereby certify that the above labour has been performed and wages right.' In whose handwriting is that?—A. In my own.

Q. There is no doubt about that?—A. No, sir.

Q. This is your signature?—A. Mine and McFarlane's. I addressed them to Peter McFarlane, New Glasgow, and certified and signed my name to them.

Q. In whose handwriting is the body of the other bills that I have mentioned to you, the carpenters and the bricklayers?—A. That would be—I just certified to the accounts.

Q. Take the account of James McEachern, whose handwriting is that in?—A. What is the date of it?

Q. You certified to it on the 5th of June. Whose handwriting is that in? Who wrote out your account?—A. I may have got McEachern or I may have got Brennan.

Q. Surely you know whose handwriting it is?—A. I got the accounts wrote in two or three cases when I was busy; I would get somebody to help me.

Q. It is not in your handwriting?—A. No.

Q. Tell me whose handwriting it is?—A. I think it is McEachern's.

Q. What McEachern?—A. George McEachern. It is either McEachern's or Brennan's.

Q. Who is McEachern?—A. Some of them were made out by McCormick, Angus McCormick.

Q. Who is he?—A. He used to be book-keeper for me.

Q. Who is the other man you mentioned just now? Who is McEachern?—A. He is a man who used to live in Souris.

Q. What was his business?—A. He was a custom house officer.

Q. Looking at your bill in whose handwriting would you say it was?—A. Do you know I could not say exactly whether it is McEachern's or Brennan's. As near as I can say it is McEachern's handwriting. In any case I was in the habit of getting fellows to help me make the accounts out.

By Mr. Maclean (Lunenburg):

Q. Are you a good penman yourself?—A. There is my writing there.

By Mr. Bennett:

Q. On your own bill for $88.36 for material supplied, which is dated June 5th, you placed at the bottom this certificate, 'I hereby certify that the above lumber has been received and prices right. James McEachern.' Now at that time were you inspector or were you simply foreman carpenter?—A. I was foreman of the work.

Q. Who was the inspector of the work at that time?—A. McFarlane.

Q. What is McFarlane's christian name?—A. Peter.

Q. When you gave that certificate 'I hereby certify that the above lumber mentioned has been received and prices right, Souris, P.E.I., June 5, 1905,' when you signed that was the stamped certificate on it?—A. No, sir.

Q. No?—A. No, sir.

Q. Then the stamped certificate reading: 'I hereby certify that the prices charged are fair and just and that the work——' ?—A. 'And that the work has been performed.' That is McFarlane's.

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Q. That certificate was put on afterwards by Mr. Peter McFarlane?—A. Yes, sir.

Q. And signed by him?—A. Yes, sir.

Q. How long after your first certificate was that put on?—A. When I would be through with the accounts I would mail them all in one envelope to McFarlane.

Q. And where was McFarlane?—A. In Truro—New Glasgow I mean.

Q. That will explain why that certificate is signed by him and you too?—A. Yes, sir.

Q. You say that McFarlane was inspector for the work over you?—A. Yes, sir.

Q. Was he there from day to day while you were there?—A. No, sir, he would visit us occasionally.

Q. Would you be employed there from 7 o'clock in the morning until 6 o'clock in the evening as a carpenter working with your hands, or were you simply an inspector going backwards and forwards to view the work?—A. I was both. I was working and looking after it, getting material and looking after the business in general.

Q. Was your whole time spent on it?—A. About it?

Q. On the work?—A. Yes, sir.

Q. You would be working with your hands, so to speak, and at other times going to get the necessary materials?—A. Yes, sir.

Q. Who kept the time of the men?—A. I did.

By Mr. Barker:

Q. Who made the bargain on the part of the government as to the purchases from you?—A. Sir?

Q. Who made the bargain on the part of the government as to the purchases from you of material?—A. Who made the bargain?

Q. Yes?—A. I don't understand you.

Q. Who bought from you the material you sold to the government?—A. Who bought from me?

Q. Yes.

Mr. MACLEAN (Lunenburg).—Who was acting on behalf of the government?

By Mr. Barker:

Q. He understands well enough. He is not so green as he looks. Who acted for the government in supplying the material, you could not be on both sides could you?—A. I acted myself I suppose.

Q. You did?—A. Yes.

Q. And you certified that your accounts were correct?—A. Yes, sir.

Q. It is a fact is it not, that no person acted for the government except yourself?—A. Yes.

Q. And you yourself sold these materials to the government?—A. Yes.

By Mr. Maclean (Lunenburg):

Q. Before you answer questions for gracious sake think a bit. Do you mean to say that you were acting for the Dominion Government when you sold to them the 92½ tons of round timber?—A. That was a different thing altogether.

Q. Who was acting on behalf of the government in that case?—A. It was McFarlane.

Q. He was the man?—A. He was the man. That was in 1906, a different transaction.

By Mr. Barker:

Q. Was Peter McFarlane there buying those logs?

Mr. MACLEAN (Lunenburg).—That is another McFarlane.

A. That is a different McFarlane altogether.

By Mr. Barker:

Q. What McFarlane was it?—A. George McFarlane.

Q. What is he?—A. He is manager——

Q. Manager of what?—A. Of the business, the fish business.

Q. What had he to do with putting up the works?—A. Nothing.

Q. Nothing?—A. Nothing in 1904-5.

Q. George McFarlane had nothing to do with it?—A. He had in 1906.

Q. Who made this bargain for the logs? With whom was it made?—A. That was in 1906, McFarlane had it in 1906.

Q. With whom did he make that bargain?—A. With McFarlane.

Q. With whom did George McFarlane make the bargain?—A. With the engineer, there was an engineer there.

Q. Who was the engineer?—A. He was a man from Halifax, I think his name is—

Q. Did George McFarlane make the purchase and from whom?—A. Of what?

Q. Of these logs?—A. From me, I sold him the stuff.

Q. What did you agree to deliver?—A. Timber and materials.

Q. These particular logs—you are only speaking of logs now, recollect, did you agree to deliver these particular logs?—A. I agreed to supply him with that material.

Q. You agreed with George McFarlane to deliver these logs, you swear to that?—A. I agreed to supply him with the lumber.

Q. You particularly mentioned logs, which is different from the rest. Do you swear you agreed with George McFarlane to deliver those logs at the work?—A. I bought what material there was there, delivered.

Q. I want an answer to the question; I did not ask you what you bought. When I started to question you, you made a difference with respect to the logs. Did George McFarlane agree with you, and did you agree with him, that he would deliver these logs at the work?—A. Yes, sir.

Q. You did, when and where were you?—A. It was in the spring of 1906.

Q. In the spring of 1906, and you swear—mind you, I want you to clearly understand the question—that you agreed individually with George McFarlane, on behalf of the government, to deliver these logs?—A. Yes, sir.

Q. At what price?—A. The price that is in the account there, I told you.

Q. Can you tell me what they were?—A. It was $3 for round timber and $1.50 for shingles.

Q. The round timber is all that we are speaking about?—A. Round timber only—that is $3.

Q. That is what you say, you agreed with George McFarlane to deliver round timber at the work; you have sworn to that?—A. Yes, sir.

Q. And at the price mentioned there in the books?—A. Yes, sir.

Q. Is that so? Did he settle the price with you?—A. I told him that I would supply that much for him, and I did so.

Q. Did you say the price?—A. Yes, I told him that would be the price.

Q. You did mention that would be the price?—A. I did.

Q. How did you know that was the price?—A. Because I was acquainted with the price.

Q. Where were you at the time—had you bought them?—A. I knew the price of lumber and the price of logs.

Q. Yes?—A. I knew the price of timber generally, so I had an idea.

Q. And you say you were out of the business, you have told us that already?—A. I could remember the prices.

Q. Where did you buy them?—A. Where did I buy them?

Q. Yes?—A. I have told already where I bought them.

Q. Tell me now?—A. From the Hughes Company.

Q. You bought them from the Hughes Company?—A. Yes.

Q. Did the Hughes Company deliver them at the work?—A. I bought them delivered there.

Q. Did the Hughes Company deliver them at the work?—A. Yes, sir.

Q. You swear to that?—A. I bought them delivered there.

Q. Did the Hughes Company deliver them at the works?—A. Yes, sir.

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Q. You swear to that?—A. Yes, sir.

Q. Distinctly?—A. Yes.

Q. You swear that?—A. I bought them delivered there.

Q. I don't care where you bought them. I am not asking you whether these were bought delivered there—what I am told is that it is not true, I can tell you that. Did the Hughes Company deliver these logs at the work?—A. I considered they did; I bought them delivered.

Q. Did they, as a fact, deliver them at the work?—A. Yes, they did, as far as I know.

By Mr. Maclean (Lunenburg):

Q. Did you get delivery at the work?—A. Yes, I got them at the work.

By Mr. Barker:

Q. Who actually brought the timber to the work?—A. It would be the Hughes' man and team.

Q. Do you swear to that? Do you know that?—A. As far as I know, they did.

Q. I ask you, do you know it? Can you say that—you were there on the work—and can you say that Hughes' men delivered those logs?—A. As far as I know, they did.

Q. Do you know whether they did or not?—A. I think they did.

Q. You think they did?—A. Yes.

Q. Who is Mr. Mooney?—A. Mooney?

Q. Do you know Mooney?—A. I do not know him in this transaction at all.

Q. Do you know Mooney?—A. There are several Mooneys down there.

Q. Do you know a Mooney there who deals in timber?—A. There are several Mooneys down there doing that.

Q. Do you know Mooney, of Green Vale?—A. Yes, sir.

Q. Did they deliver that timber there or any part of it?—A. I do not know anything about that.

Q. You swear that you do not know that they delivered it?—A. I don't know anything about that.

Q. Were you not on the work at that time?—A. No, sir.

Q. Were you not present when the logs were delivered?—A. I was inspector on the post office at that time.

Q. I am not asking you what you were doing; were you on that work at the time these logs were delivered?—A. I don't remember.

Q. In any capacity whatever?—A. I may have walked up and down there; I surveyed the timber which was delivered there by Hughes & Company.

Q. You were not there when it was delivered?—A. I do not remember; I do not think it.

By Mr. Maclean (Lunenburg):

Q. You surveyed it after it was delivered?—A. I surveyed it after it was delivered.

By Mr. Barker:

Q. Is the Hughes Brothers' business in the town where the drier was erected?—A. In the town?

Q. Yes, in the same place?—A. Yes.

Q. That is where they carry on their business?—A. Yes, sir.

Q. How far from the building you were putting up was their place of business?—A. It wouldn't be very far.

Q. How far is it; is it a half a mile or a mile?—A. It would not be more than a quarter of a mile.

Q. A quarter of a mile. Now, when George McFarlane wanted to buy this timber, did you tell him that Hughes had it?—A. Did I tell him?

Q. Yes?—A. I don remember. I told him I could supply him.

Q. You told him you could supply him but you did not know whether Hughes had it at the time, you said they had some.—A. I knew they had the timber, but I could not swear they had the whole amount; they might be a ton or so short, more or less.

Q. Did you tell him—on your oath now—that Monney's at Green Vale had been delivering the timber directly at the work to your knowledge ?—A. I did not know.

Q. You didn't know ?

Mr. MACLEAN (Lunenburg).—What has that to do with this committee ?

Mr. BARKER.—I want to know just why this gentleman, in this position, was selling material to the government.

By Mr. Barker:

Q. Didn't George McFarlane know you were out of business ?—A. George McFarlane knew that I built the drier.

Q. Didn't he know that you were out of the lumber business ? What do you say about that ?—A. I do not know, I could not tell you what he knew, he would be the best judge of that himself.

Q. You do not know whether he was aware that you were out of business or not ? Are you aware he knew you were out of business, that you had been sold out ?—A. He would likely know.

Q. What about the other McFarlane, would he know it too ?—A. I could not tell you.

Q. With respect to George McFarlane, the man on the spot, what was his position at that time, when you sold him the timber ?—A. He was the manager of the fish business.

Q. Was he entrusted with the erection of the addition to the building ?—A. Yes.

Q. He was responsible ?—A. Yes.

Q. And did he know you were an employee of the government ?—A. He did.

Q. At that time ?—A. Yes.

Q. On the post office ?—A. Yes.

Q. And, at that time when he made this bargain with you, did he ?—A. Yes.

Q. When he made the bargain for you to sell the timber did you tell him that the Hughes Company got the stuff, or did he know it ?—A. I do not remember anything about that.

Q. Does he live in the town ?—A. He does.

Q. He lives in the town himself. Was there any reasons why he could not go to Hughes Bros. and buy the timber ?—A. He wouldn't know anything about it.

Q. Why ?—A. Because he does not know anything about the lumber business.

Q. Who wouldn't ?—A. McFarlane.

Q. Was he ever a partner of Mr. Hughes' ?—A. I could not tell you.

Q. You do not know that even—don't you know he was in that firm ?—A. His name was in it.

Q. And he would not know that they dealt in timber and lumber ?—A. I do not know, he would be the best judge himself.

By Mr. Bennett :

Q. What work did this material, that forms part of your bill, go into ?—A. This addition that was built in 1906.

Q. Is this Hughes Company a joint stock company, or what it it ? You spoke of it as the Hughes Company ?—A. I could not tell you, sir.

Q. Do you know who comprise the firm ?—A. No, sir.

Q. Are there two Mr. Hughes—Mr. Hughes the member or a brother or son ? Has he a brother in the business ?—A. Not that I know of.

Q. Has he a brother living there ?—A. Not that I know of.

Q. Has he a son in the business ?—A. I could not tell you. He has got a son, I don't know whether he is in the business or not.

Q. Is he occupied about the store ?—A. I see him about the store sometimes.

Q. How is his business advertised ?—A. Hughes & Company.

By Mr. Crocket :

Q. Just one question. Who was the inspector on the new building that was erected in 1906 ?—A. In 1906 ? There was a foreman on it by the name of Ellworth. I don't know who the inspector was.

Q. You don't know who the inspector was ?—A. It may likely have been Peter McFarlane but I am not sure. It was likely the same man.

By Mr. Maclean (Lunenburg):

Q. The cost of round timber would not be affected by the distance of Mr. Hughes' shop from the drier, would it ?—A. The cost of it ?

Q. Yes. That is the price of this round timber would not be changed by the question as to whether Mr. Hughes' store was one-half or three-quarters of a mile from the drier?—A. No, I don't know about that.

Q. Do you think it would ?—A. I don't know I am sure. I bought the stuff delivered.

Q. Would this round timber have cost more if Mr. Hughes' store were three-quarters of a mile distant from the drier than it would if the distance were only half a mile, or would that point make any difference ?—A. I don't see that it would make any difference at all.

Q. George McFarlane knows nothing about timber?—A. No, sir.

Q. And I suppose he asked you to get it?—A. Yes, because I built the drier.

Q. You were in the business, you knew something about the drier and he assumed that you could buy the right material whereas he could not?—A. Yes.

By Mr. Bennett:

Q. Did you ever buy any lumber from these Mooney's when you were in business on your own account?—No answer.

Q. You would know whether you did or not?—A. I don't remember. I may have bought scantling from them. I don't remember, it is years ago.

Q. When you were looking about to make this purchase for the department why did you not go to them direct?—A. To them fellows?

Q. Why did you not go to the Mooney's direct or to some one else?—A. I don't know.

Q. Does the Hughes Company occupy a regular lumber yard where they have a large quantity of lumber or logs piled?—A. They keep a general run of lumber.

Q. Have they got a regular lumber yard, occupying an acre or two acres, where they have lumber or logs piled up?—A. It is not very large. It is just a common lumber business.

Q. That is not the question. The question is have they got a lumber yard, a place where there is timber or lumber piled up where you can go with your team and buy lumber and take it away?—A. No, sir. He has only just got a small place.

Q. You still come back to the small place. Have they got a lot where they pile up lumber?—A. They have a building and lot they pile a quanaity of lumber, but not a large quantity, not equal to what is down here on the Ottawa river.

Q. I can quite believe that. What is the extent of this lot or lumber yard of theirs?—A. It is a building, a long building with lumber and shingles and different material in it and yard room around the building.

By Mr. Maclean (Lunenburg):

Q. Did you ever buy any lumber from a man named McLean down in Souris when you were buying the last part of it?—A. John McLean?

Q. Of Matthew & McLean?—A. I did.

Q. He was the Conservative candidate at the last election, was he not?—A. Yes, sir, I believe he was.

Q. Is he going to be the next one?—A. Could not tell you, he may not.

Q. Did you ever hear tell of him writing letters to members of this committee in Ottawa?—No answer.

By Mr. Bennett:

Q. Was the account which you got from the Hughes Company rendered at the end of the year or at the end of every quarter or every six months?—A. At the end of the year.

Q. And in that account, which you have not got here to-day, were the details set out?—A. Yes, sir.

Q. Item by item?—A. Yes, sir.

Q. You are positive of that?—A. I am.

Q. And if you are brought back to produce that bill, the charges will be found set forth item by item, so much for shingles and so much for hardware?—A. Yes, sir.

Q. And it is not a lump sum?—A. No, sir.

Q. When were you looking at that bill last?—A. When I received it at the end of the year; some time ago at the end of the year, I don't remember the date exactly.

Q. Did you have a look over it prior to coming up for this inquiry?—A. No, sir, I did not.

Q. How long ago was it you got that account?—A. I think it was some time about Christmas or New Year's.

Q. Of 1907 or 1906?—A. 1907.

Q. At the end of 1907?—A. Yes, I think so.

Q. And you have a perfect recollection that if you were required to bring that bill here it will show item by item what was paid for lumber and hardware, it is not for a lump sum?—A. I remember of reading all these items in my account.

Q. One by one?—A. One by one.

Q. I suppose you do not mind telling us what profit you made on the deal? Did you make a profit at all or did you turn the material over at what you bought it for from the Hughes Company?—A. I don't remember what profit I made exactly.

Q. Did you make any profit from this sale or did you turn the material into the department at the amount of the bill of the Hughes Company?—A. I don't remember exactly, I cannot tell you exactly what profit I made.

Q. Did you discuss it with anybody whether you were to have a lump sum profit or a percentage on the amount of the bill?—A. I don't remember.

Q. You would remember that, would you not?—A. I don't remember anything about profits.

Witness discharged.

Committee adjourned.

HOUSE OF COMMONS,
Committee Room No. 32,
OTTAWA, FRIDAY, May 29, 1908.

The committee met at eleven o'clock a.m., Mr. Duncan Finlayson presiding, and proceeded to the further consideration of a payment of $19,711.90, as set out at P-196, 1906, and the payment of $14,497.36, as set out at P-170, 1907, in connection with the Souris Fish Drier.

APPENDIX No. 1

Mr. J. William BRENNAN, called, sworn and examined.

By Mr. Crocket:

Q. What is your occupation?—A. Accountant, sir.

Q. With whom are you employed?—A. The J. J. Hughes company.

Q. How long have you been employed by that firm?—A. Eight years, I think, seven or eight years.

Q. You have been employed by them for the past seven or eight years?—A. Yes.

Q. Are you the head accountant of the firm?—A. Yes.

Q. You were asked to bring some books of account with you——

Mr. MACLEAN (Lunenburg).—Where is the subpœna?

(Subpœna produced by witness.)

The CHAIRMAN.—This subpœna reads, 'That you bring with you and then and there produce all books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co., to James McEachern for Souris Fish Drier.'

By Mr. Crocket:

Q. You received that subpœna?—A. Yes, sir.

Q. When?—A. I just forgot the date now—the day that I left the Island, the 26th, I think, I received this subpœna.

Q. On the 26th of May?—A. Yes.

By Mr. Maclean (Lunenburg):

Q. Have you any books of account—I mean books of account that you have control of yourself, that are your books, that have any memorandum in them relating to the supply of goods by J. J. Hughes & Co., to James McEachern?—A. I have no books of my own.

Q. You have no books of your own?—A. No.

Mr. BARKER.—If that is the point we will probably have to adjourn and subpœna Mr. Hughes himself.

By Mr. Crocket:

Q. You, as chief accountant of that business, have the custody of those books, haven't you?—A. Yes, to some extent.

Q. You have the custody of those books; have you brought those books as directed by that subpœna?

Mr. MACLEAN (Lunenburg).—I do not think that the witness——

Mr. CROCKET.—I am entitled to an answer.

Mr. MACLEAN (Lunenburg).—If the books were right here on this desk I should, on principle, object to the production, I do not care whether they are here in Ottawa, or not, as one member of this committee I do not propose to allow hon. gentlemen, such as my friend here unnecessarily to consume the time of the committee in an examination for an object in connection with which this committee is without jurisdiction, absolutely without jurisdiction.

Mr. BARKER.—We have got over that by the action of the committee in ordering this man to be subpœnaed and to produce those books.

Mr. MACLEAN (Lunenburg)—That has nothing to do with this particular matter.

Mr. BARKER.—To produce those books for the purpose of the present question.

By Mr. Crocket:

Q. Have you brought those books as directed by the subpœna?

Mr. MACLEAN (Lunenburg).—He has no books.

Mr. CROCKET.—Let the witness answer.

By Mr. Crocket:

Q. Have you brought those books to Ottawa?—A. I have a ledger in Ottawa.

Q. You brought a ledger, anything else?—A. That is all, sir.

Q. Whose ledger is that?—A. The ledger of J. J. Hughes & Co.

Q. Where is that ledger?—Have you that ledger with you in the room?—A. It is not in the room here.

Q. Why did you not bring it here?—Does not the subpœna direct you to bring it here and produce it before the committee?—No answer.

Q. Why didn't you bring it to the room, if you brought it to Ottawa?

Mr. MACLEAN (Lunenburg).—I object, Mr. Crocket has properly no right to ask the witness such questions, he has no right to embarrass him by it.

By the Chairman:

Q. Is there any entry in those books showing that there were any dealings with the Souris Fish Drier that is with the Souris Fish Drier, as a fish drier?—A. There is no separate entry, no sir.

By Mr. Crocket:

Q. Is there any entry in the books showing that there were dealings with James McEachern for lumber and iron furnished for the Souris Fish Drier?

The CHAIRMAN.—James McEachern and the Fish Drier are two different concerns, I would certainly rule any question along this line out of order.

Mr. CROCKET.—I do not see, Mr. Chairman, how you can rule upon this question until the books are produced before the committee.

The CHAIRMAN.—If he says there is no entry——

Mr. BARKER.—It might be, I do not say that it is, that he might not be telling the truth, and that is the purpose of asking for the production of the books.

The CHAIRMAN.—How can you compel him to produce this book if you have subpœnaed him to produce 'all books of accounts in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co. to James McEachern for Souris Fish Drier'?

Mr. BARKER.—He has had sufficient charge of the book to bring it to this city.

The CHAIRMAN.—That is true.

Mr. BARKER.—Now, he says he has not brought it to the room where it is wanted, and he is asked the question, 'is there a certain entry there,' that is what I want to ask him about.

The CHAIRMAN.—He says there is not.

Mr. BARKER.—We have the right to see whether there is or not.

Mr. MACLEAN (Lunenburg).—In the first place this committee had no authority to direct a subpœna to be issued to Mr. Brennan asking him to bring here the books of account of the J. J. Hughes Company.

The CHAIRMAN.—I absolutely agree with that.

Mr. MACLEAN (Lunenburg).—Are the books of a gentleman in business to be opened before this committee and given to these gentlemen to look at? What right have they to see the books of J. J. Hughes & Co.? There is no suggestion of any transaction between that firm and the government, and this examination relates to one item alone. As I said before if my friends on the other side who are promoting this enquiry were fair and frank about things I would not object, and I would even go so far as to say that Mr. Hughes will let these gentlemen see his books, himself, after this enquiry is over, if it will do them any good, but I object on principle.

Mr. BARKER.—What is the purpose of the objection, then, if you will let them see the books afterwards?

Mr. MACLEAN (Lunenburg).—Just to keep your friends right.

The CHAIRMAN.—I think it would be a bad precedent to establish, and I would not like to establish it.

By Mr. Crocket:

Q. Now, that subpœna directed you to bring any books of account containing any entry or memoranda in relation to the supply of goods to James McEachern for

the Souris Fish Drier, that was the direction, was it not? You were not called upon to bring any books that contained no such entries?—A. Yes, that is the way it reads.

Q. Well then, why did you bring that book in obedience to that subpœna if it didn't contain anything that was called for?

Mr. MACLEAN (Lunenburg).—Because Mr. Hughes permitted him to do so.

Mr. BARKER.—Is that so?

By Mr. Crocket:

Q. What is the entry it contains?—A. It contains James McEachern's account with us, that is the only book I could bring in connection with McEachern.

Q. Having brought that book to Ottawa I want to know why you did not bring it to this room? Were you directed not to bring it here?

Mr. MACLEAN (Lunenburg).—You need not answer that question.

Mr. BARKER.—I object to Mr. Maclean instructing the witness not to answer, the Chairman must rule on that.

Mr. CROCKET.—You are trying to run the committee, Mr. Maclean.

Mr. MACLEAN (Lunenburg).—No, I am not, but I think the majority of this committee has been more than lenient with hon. gentlemen on the other side, and still towards the minority, either from the press which supports them or from the gentlemen themselves who have sat on the floor of parliament. The point is that Mr. Crocket must first satisfy this committee that the evidence of Mr. Brennan in this regard has some relation to the enquiry which the committee has in hand. He has no right to go on asking the witness why he did not bring his book. I suppose Mr. Hughes has got that book and it is in proper hands. I take the responsibility now of advising Mr. Hughes not to let it come before the committee. I think, however, Mr. Hughes should show it to these gentlemen to satisfy their curiosity some day.

Mr. CROCKET.—My learned friend has surely lost sight of the evidence which was given by Mr. McEachern the other day, when he swore that he purchased these goods that were supplied to the fish drier from the firm of J. J. Hughes & Company. If he did so, the books of that company must necessarily contain those items.

Mr. JOHNSTON.—No.

Mr. CROCKET.—Is it possible that a man can buy goods from a firm of that kind and no entry be contained in the books ? If there is no entry in the books, then the evidence of Mr. McEachern is untrue; but this committee is surely not going to assume that.

The CHAIRMAN.—These goods were not necessarily sold for the fish drier.

Mr. CROCKET.—Certainly.

The CHAIRMAN.—No. I can understand how J. J. Hughes & Company might have sold these goods to McEachern without knowing the object of the purchase.

Mr. CROCKET.—You misunderstand me. I do not say that the entry on its face would show that. There must, however, be entries in the books for the goods that were bought. Now, have I not a right to ask for the production of the account, and say to the witness: 'Here are the entries showing what goods were supplied'?

Mr. MACPHERSON.—Not from Hughes.

Mr. CROCKET.—By Mr. McEachern. Cannot I take those items that we were told were bought by McEachern from the Hughes Company, and discover what he paid for them?

Mr. MACPHERSON.—Certainly not. This is a new proposition in business. If I sell goods to a man who is using them for the government or anybody else, nobody has a right to know what I charge for those goods. I say it is absolutely preposterous.

The CHAIRMAN.—I think McEachern told you what he paid for them.

Mr. MACPHERSON.—My honourable friend has laid down something which is not at all fair, and not at all compatible with business principles.

Mr. NORTHRUP.—It seems to me we are discussing the wrong point. There are two separate and distinct points. The witness has been subpœnaed to produce certain

books. What is to be done with the books when they are produced is another question. The witness has brought a certain book to Ottawa, and it seems to me that the committee should now order the production of that book in this room. The investigation that shall then follow is another thing.

The CHAIRMAN.—I think, Mr. Northrup, that would be right if there was a special entry referring to these particular goods that were sold for the Souris Fish Drier, but the witness says that there are none.

Mr. MACPHERSON.—Even if there were special items in Mr. Hughes' books concerning the selling to McEachern of goods that went into this fish drier, I do not see why this committee should have anything whatever to do with those books. The committee has to deal with McEachern and his books; but this committee has nothing to do in any way, shape or form with the man who supplied McEachern. It is not a fair thing for the committee to do, and it has no right to do it. There is no item in the Public Accounts referring to goods supplied by Mr. Hughes.

Several honourable MEMBERS.—No.

Mr. MACPHERSON.—Then why ask what Mr. McEachern paid for the goods to Mr. Hughes, or to Mr. Smith, or to anybody else? I, as a seller, would refuse to give the prices that I sold the goods at, and this committee has no right to ask for them.

Mr. NORTHRUP.—If a government employee turned over goods to the government at exactly the same price he bought them for, nobody would believe he was buying the goods on his own account.

The CHAIRMAN.—That may be true, Mr. Northrup——

Mr. MACPHERSON.—Supposing I am a commission man and buy and sell goods on commission. If I am putting up a building and buy goods from a man and turn them over to the government at the same price, do you suggest that the other man is the man who is selling to the government?

Mr. NORTHRUP.—It depends altogether upon circumstances. If you were a government employee it would be one thing, and if you were a commission man it would be another thing.

Mr. MACPHERSON.—Can you call a man a government employee who is constructing a building for the government and being paid by them for it?

Mr. NORTHRUP.—If he is paid by the government he is a government employee.

Mr. MACPHERSON.—He is doing lots of other things besides that. This is the point I want to make before the committee. Mr. Hughes had no dealings whatever with the government, and has no right whatever to be brought before this committee.

The CHAIRMAN.—I understand what you are driving at, Mr. Northrup; but if we went into that, we would be undertaking the duties of another committee.

Mr. BARKER.—Honourable gentlemen need not go into hysterics. The question is very simple. A foreman, acting for the government in building a drier, furnishes certain material. That necessarily enables this committee to thoroughly investigate all about the matter. This man tells us that he bought the goods from Hughes & Company. The committee ordered the Hughes Company's books to be brought here.

The CHAIRMAN.—No.

Mr. BARKER.—I beg your pardon. This witness was ordered to bring those books. Now I want to know from this witness by whose authority——

The CHAIRMAN.—The order may be defective in that respect. I would not like to say, but that might have been the intention of the committee.

Mr. BARKER.—It was asked that the book's containing McEachern's account with Hughes & Company should be brought here and this witness' name was given as the man to produce them. (To the witness) : By whose authority did you bring that ledger here?

The WITNESS.—Mr. Hughes was satisfied that I bring the ledger.

Q. Which Mr. Hughes?—A. Mr. J. J. Hughes.

Q. He was satisfied that you should bring the ledger. Where did you see him?—A. I saw him at Souris.

Q. He was there?—A. Yes.

Q. And he told you to bring the ledger. What about the other books that were ordered?—A. I had no other books to bring.

Q. Eh?—A. I had no other books to bring in connection with James McEachern.

Q. Read the other books that are mentioned in your subpœna?—A. (Reads): 'All books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Company to James McEachern for Souris Fish Drier.'

Q. Is there no other books, excepting the ledger, in which there is any entry relating to that matter?—A. The ledger contains the James McEachern account.

Q. Did you hear what I said, sir? Are there any other books in the establishment that contain entries relating to that transaction?—A. The——

Q. Answer the question? Are there any other books than that which you have produced which contain an entry relating to that transaction?—A. The only other books are the original entries, the charge entries, and, of course, the ledger is a copy.

By Mr. Johnston:

Q. Have you the original entry of goods sold by Hughes & Co. to McEachern for the Souris Fish Drier? That is the question that you have to answer?—A. No, I have not.

Mr. BARKER.—If you will allow me to ask my question, and not undertake to tell him what he is to answer it would be better.

By Mr. Barker:

Q. I repeat the question, is there any book in the establishment of Hughes & Company which contains an entry relating to the McEachern transaction?

Mr. JOHNSON.—With the Souris Fish Drier?

Mr. BARKER.—I do not care what it is connected with.

Mr. JOHNSTON.—He has the order of reference before him there, he has no right, and this committee will not ask him, to go beyond it.

Mr. BARKER.—Answer the question, please.

A. What is the question again, sir?

By Mr. Barker:

Q. This is the fourth time. Is there any other book in the Hughes Company establishment which contains an entry relating to McEachren's transactions with the Hughes Company?

Mr. JOHNSON.—For the Souris Fish Drier?

Mr. BARKER.—Will you permit him to answer the question?

By Mr. Barker:

Q. Will you just answer that question, Mr. Brennan?—A. The ledger which I have contains McEachern's account with the firm.

Q. That contains the whole account?—A. The whole account.

Q. Were there any books containing original entries from which the ledger entries were taken?—A. There are.

Q. Did you ask if you would bring those?—A. It would be——

Q. Answer my question. Did you ask Mr. J. J. Hughes, or any member of the firm, if you would bring those other books?—A. I did not consider those other books were necessary.

Q. Do you remember asking?—A. I do not think I asked.

Q. Did they tell you not to?—No, they did not tell me not to.

Q. Did they tell you it was not necessary?—A. I cannot say positively now. I thought myself they were not necessary; the ledger is an exact copy of the original entries.

Mr. BARKER.—I think we have got at the facts as far as possible. Now, Mr.

Chairman, this witness, with the consent of Hughes & Company has brought a ledger to this city and I ask you, as chairman, to direct him to produce it.

The CHAIRMAN.—To produce Mr. Hughes' private ledger?

Mr. BARKER.—To produce the ledger which he brought here with the consent of Hughes & Company under that supœna, and I ask you to ask him to produce it to this committee.

Mr. MACLEAN (Lunenburg)—I would like to ask Mr. Northrup to repeat the argument he made a few moments ago. I did not quite catch what he said.

Mr. BARKER.—I think it is fair first to ask that the chairman should say whether he complies with my request or not.

Mr. MACLEAN (Lunenburg).—We can come back to that afterwards, but I would like to hear what it was Mr. Northrup said in regard to that matter, I did not quite catch his argument.

Mr. BARKER.—No, I want this ruling of the chair now.

Mr. MACLEAN (Lunenburg).—I wanted to hear Mr. Northrup's argument, I would like him to repeat it. I am not quite sure I heard him correctly.

Mr. BARKER.—This is a very improper interruption. I want the Chairman to direct the witness to produce that book.

The CHAIRMAN.—I would like you to give me some reason why I should ask him to produce it.

Mr. BARKER.—For no further reason than what the witness has stated. He has brought here, under subpœna, a certain book; whether it is his own book or not is not material, because he has brought it to this city with the consent of his employers, and it is the inference that he has brought it here under the order of the committee. I ask you now, as chairman, to direct him to produce that book to the committee.

The CHAIRMAN.—I would like first to be satisfied that it is the book called for by the subpœna.

Mr. JOHNSTON.—That is the whole point, this committee has issued instructions for the production of certain books relating to the supply of goods by J. J. Hughes & Co., to James McEachern for the Souris Fish Drier.

The CHAIRMAN.—If I am satisfied that this is the book covered by that subpœna, of course I will give my ruling.

Mr. JOHNSON.—He has been asked if he has 'all books of account in your possession containing any entry or entries relating to the supply of goods by J. J. Hughes & Co., to James McEachern for Souris Fish Drier' and in answer to a question the witness says he has no such entry in his possession.

The CHAIRMAN.—That is he has no such book with an entry in his possession.

Mr. BARKER.—Do you mean to say that if those exact words are not written in the book we are not to have it brought here?

Mr. JOHNSTON.—Then amend your order, why did you put these words 'for Souris Fish Drier' in your order. These entries are not in the book and the witness says so.

Mr. BARKER.—I move, Mr. Chairman, that you direct the witness to produce the book, we will take a vote upon it, and if the committee does not so direct you we will bring it before the House.

The CHAIRMAN.—I would like to be fair in this matter, but I cannot conscientiously ask the witness to produce it.

Mr. BARKER.—I formally move that the Chairman do direct the witness to produce the ledger which he says he has brought with him to Ottawa, and which he has not brought to the committee room.

Mr. CROCKET.—Your disinclination, Mr. Chairman, to rule that the witness should produce the book, seems to be based on the fact that there is no entry of goods supplied to the Souris Fish Drier. It is quite unnecessary that the words 'For Souris Fish Drier' be included in the items entered, because as a fact the committee has before it already the evidence of McEachern that he bought all these goods that are itemized in the Auditor General's Report from the firm of Hughes & Company; that evidence is uncontradicted as yet. The present witness says that this book contains McEach-

ern's whole account, wherefore of necessity that account must include the items that were bought for the Souris Fish Drier. It seems to me that goes without saying, and if that is the fact, putting now the evidence of McEachern and the evidence of Brennan here this morning, together, that the account which is contained in this ledger must of necessity contain the goods supplied for the Souris Fish Drier. That is what the witness is asked to produce.

Mr. MACLEAN (Lunenburg).—What do you want it for?

Mr. CROCKET.—It seems to me if this committee rules otherwise it will have absolutely no grounds for doing so.

The CHAIRMAN.—If you had simply asked in your subpœna the other day for the books of Hughes & Company containing the account of this man McEachern without reference to anything except his account, it would be different. He told you, he swore, that this transaction was with the Hughes Company, that it was charged up against Brennan himself personally, that he paid for these goods in conjunction with the rest of his account. The question is, if you had simply asked for the production of the books of J. J. Hughes & Company, without any reference whatever to this item relating to the Souris Fish Drier, would this committee be justified in granting you the order for their production? So, I say, I should not ask the witness to answer.

Mr. CROCKET.—I would ont have ventured to ask the witness to produce the books without having reference to the subject of enquiry before the committee. But there is the fact, as I pointed out from the evidence that this book does contain entries of goods supplied for the Souris Fish Drier. You have spoken of McEachern paying Hughes & Company for these goods.

The CHAIRMAN.—Of course.

Mr. CROCKET.—That brings up another fact that is very important in this connection, and that is that when McEachern received these cheques from the government in payment for these goods, he turned them over to the firm of Hughes & Company.

The CHAIRMAN.—I would agree with you that that would be relevant evidence before another committee, but I do not think it is relevant evidence to this enquiry.

Mr. CROCKET.—I do see why. We are enquiring here into matters which have been referred to the Public Accounts Committee, and it is our function to examine into all matters in connection with the accounts contained in the Auditor General's reports referred to us. It is the essence of our function here that we determine and see if the goods under consideration are being supplied at fair and reasonable prices.

The CHAIRMAN.—Exactly.

Mr. CROCKET.—And how are we going to determine that? This committee has time and time again held that the middleman must state, and the committee has called upon middlemen to state, what they paid for goods which they turned over to the government.

The CHAIRMAN.—And so he did.

Mr .CROCKET.—We have the right to know what the value of the goods is, McEachern was asked and he did not know.

The CHAIRMAN.—Oh yes, he told us.

Mr. CROCKET.—No, he was unable to tell us, and surely this committee has the right, even if he had told us, to verify his testimony by one of the other witnesses, or by calling for the books in which the prices would be entered. But it seems to me there cannot be any possible doubt of the right of this committee to have this evidence. I would just ask the witness if he does not know that goods were supplied by the firm of J. J. Hughes & Company to Mr. McEachern for the Souris Fish Drier?

Mr. JOHNSTON.—We will first dispose of the motion.

The CHAIRMAN.—I do not see there is any great objection to that question.

Mr. CROCKET.—Don't you know, Mr. Brennan, that 90 tons of round timber, and

some iron, plank and shingles were supplied by the firm of J. J. Hughes & Company for the Souris Fish Drier.

Several Hon. GENTLEMEN.—No.

Mr. BARKER.—The witness was asked a question and two or three gentlemen undertake to answer for him.

Mr. MACPHERSON.—Ask the question fairly. The honourable gentleman has no right to ask 'Were these goods supplied to the drier'?

Mr. CROCKET.—I asked him if he did not know that these goods were supplied to the fish drier.

Mr. MACPHERSON.—That is not a fair way of putting it and my honourable friend knows that. My honourable friend knows it is a lawyer's way of turning a trick.

Mr. BARKER.—Why not let the question be answered as he put it. You are afraid of the answer.

Mr. MACPHERSON.—I am not afraid of the answer, but I think there should be fairness in the question.

The CHAIRMAN.—I think if you would ask him if he supplied goods to Mr. McEachern it would be proper.

Mr. CROCKET.—I am asking him if he does not know that 90 odd tons of round timber and a quantity of boards and plank and shingles, and iron were supplied by J. J. Hughes & Company for the Souris Fish Drier.

Mr. MACPHERSON.—No. I say that is an unfair question.

The CHAIRMAN.—I would think it is going a little too far to ask a man to swear what these goods were intended for.

Mr. CROCKET.—I am asking him what he knows.

The CHAIRMAN.—It would be hard for him to say yes or no. I think you might ask him if he supplied so much timber to McEachern and if he knows what became of it afterwards.

Mr. BENNETT.—He can answer yes or no.

Mr. BARKER.—If he does know why not let him say so. Let him say yes or no.

Mr. MACPHERSON.—How does he know what became of the goods?

Mr. BARKER.—I don't know how he knows but if he does know he should answer.

The CHAIRMAN.—I think I would ask him if he supplied that amount of goods to Mr. McEachern and then, if you want to, follow it up. That would be fair.

Mr. CROCKET.—Do I understand you rule that question out?

Mr. BENNETT.—(to Mr. Crockett): Ask the question 'did they sell those goods to McEachern'?

Mr. CROCKETT.—I want to know if the Chairman rules that question out, which he decided at the outset was a proper question?

The CHAIRMAN.—Just as you asked it at first.

Mr. CROCKET.—That is the way I asked it.

The CHAIRMAN.—Oh, no.

Mr. CROCKET.—I ask the Chairman's ruling if it is a proper question?

The CHAIRMAN.—If you ask this man did J. J. Hughes & Company sell goods to the Souris Fish Drier I think it would be an improper question.

Mr. CROCKET.—I asked him if he does not know that J. J. Hughes & Company supplied these goods to the Souris Fish Drier. What is the ruling, Mr. Chairman?

Mr. JOHNSON.—I think the Chairman should rule that we should dispose of the motion.

Mr. BARKER.—It is very kind of you to instruct him.

The CHAIRMAN.—I would like you, Mr. Crocket, to amend your question and put it in another way.

Mr. CROCKET.—You disallow the question as it has been put?

The CHAIRMAN.—I think I will. I think you can get at it in another way.

By Mr. Crocket:

Q. Don't you know, Mr. Brennan, that the firm of J. J. Hughes & Company supplied 90 tons of round timber and a quantity of plank, board and shingles and iron to Mr. McEachern for the Souris Fish Drier?

The CHAIRMAN.—That is pretty nearly as bad.

By Mr. Crocket:

Q. Do you know that or do you not?

The CHAIRMAN.—That is pretty nearly as bad.

Mr. CROCKET.—That is what you suggested, Mr. Chairman.

The CHAIRMAN.—Oh no, I did not suggest that. I suggested that you should ask him first did he dispose of these goods. Then I would like you to go on.

Mr. CROCKET.—There is no question but that the witness knows. Why cannot he answer.

Mr. MACPHERSON.—Why should he answer unfair questions?

Mr. MACLEAN (Lunenburg).—You want to get the question and answer down in cold print so that the evidence can be distorted before the country?

Mr. CROCKET.—I want to know if I am to have an answer to that question?

The CHAIRMAN.—If you will drop the last part of it.

By Mr. Crocket:

Q. Do you know, Mr. Brennan, that the firm of J. J. Hughes & Company supplied a quantity of timber, shingles, iron and other goods to Mr. McEachern?

The CHAIRMAN.—To James McEachern.

Q. To James McEachern for the Souris Fish Drier.

The CHAIRMAN.—Just omit that last part.

Mr. CROCKET.—Do you disallow that?

The CHAIRMAN.—If you ask him whether he sold these goods to James McEachern it would be fair.

Mr. CROCKET.—Which were delivered at the drier?

The CHAIRMAN.—I think that would be fair. I would not disallow that.

The WITNESS.—He sold this material to James McEachern. I cannot tell you just where it was delivered.

By Mr. Crocket:

Q. For the drier? (No answer).

Q. What is your answer?—A. I cannot tell you just where it was delivered. He may have used some of it for the drier. I did not follow it.

Q. Are the entries for these supplies contained in McEachern's account in these books?—A. In his account.

Mr. CROCKET.—Mr. Chairman, I ask for the production of the books.

Mr. MACLEAN (Lunenburg).—You have been conducting this inquiry for several days. Would you be frank enough to tell us the purpose of it?

Mr. CROCKET.—I have a right to conduct this investigation. What it is about Mr. Maclean can find out for himself.

The CHAIRMAN.—I think you told us you wanted to find out at what price J. J. Hughes & Company sold these goods for.

Mr. BARKER.—Or whether there was any such transaction at all.

Mr. MACLEAN (Lunenburg).—Mr. Crocket said it was proved the other day and not contradicted.

Mr. CROCKET.—What?

Mr. MACLEAN (Lunenburg).—That these goods were bought by him from J. J. Hughes & Company. That was admitted.

Mr. BARKER.—We don't admit anything.

Mr. MACLEAN (Lunenburg).—The point I take is this: If Mr. Crocket were elicit-

ing this information before the Committee on Privileges and Elections, I would not object myself.

The CHAIRMAN.—I think he would be perfectly within his rights there.

Mr. MACLEAN (Lunenburg).—If he comes and asks him before the Committee on Privileges and Elections I will not oppose it.

Mr. BARKER.—Mr. Maclean and other gentlemen get up in this committee and say we will admit this or that. They have no right to take any such position, that they will admit or refuse anything.

The CHAIRMAN.—Mr. Crocket has a right to ask this witness what the goods were sold for if the witness knows.

Mr. CROCKET.—The only question before the committee is whether the witness shall produce this book. I understand, Mr. Chairman, you took the position a moment ago that it would not be right to call upon the witness to produce this book unless it contained the entries relating to the supply of these goods to the drier. The witness answered that the entries were in the account. Now we want that account.

The CHAIRMAN.—Do you want the private account of James McEachern with J. J Hughes & Company? You cannot get a portion of it without the whole.

Mr. BARKER.—We do not know. They may be the only items. We have a right to see the book.

Mr. CROCKET.—We want that account which the witness says contains the entries of the sale of these goods to Mr. McEachern for the Souris Fish Drier.

Mr. MACPHERSON.—To be logical you should, if you go into Hughes & Company's account to see if the prices were fair, also go into the accounts of all the other people who supplied goods to McEachern. But, of course, the honourable gentleman is not logical; what he desires is to get something with which to attack Mr. Hughes. If this matter was before the Privileges and Elections Committee and the question whether Mr. Hughes was properly entitled to a seat in the House, it would be proper. But I maintain that this committee has no right at all to take Mr. Hughes' or anybody else's books and lay public his business, when he has had nothing whatever to do with supplying goods to the government.

Mr. BARKER.—You are rather late with your proposition, after the committee has issued the subpœna.

Mr. MACPHERSON.—If I am late, 'better late than never.' I am stating a well known principle, that my good friend here himself would admit is fair, that we have no right, as a Public Accounts Committee, to go into the private accounts of any individual who is not supplying goods to the government.

Mr. BENNETT.—Hughes & Company furnished goods for the purpose of being supplied to the government.

Mr. MACPHERSON.—No, he has not.

Mr. BENNETT.—McEachern has.

Mr. MACPHERSON.—Then McEachern should bring his accounts and books and get the evidence from them.

Mr. CROCKET.—McEachern has no books.

Mr. MACPHERSON.—That may be, but this committee has no right to go into the private affairs of people who are not supplying anything to the government.

Mr. BENNETT.—If the ledger will show that the goods are charged up to McEachern, where is the objection to producing it?

The CHAIRMAN.—The only objection I would have to ordering the production is that it would make a precedent.

Mr. MACPHERSON.—I do not assume for one moment that there is anything in the ledger that will show that these goods were supplied direct to the fish drier, I do not know anything at all about it; I am simply laying down the principle that this committee has no right to go into the private ledger of Hughes & Company or any other firm which is not supplying goods to the government.

The CHAIRMAN.—If the books contain any entry of a transaction between the

Hughes Company and the Souris Fish Drier it will be proper and right to order production.

Mr. BENNETT.—Then let us see them and ascertain whether there is any entry or not.

The CHAIRMAN.—The witness says there is none.

Mr. BENNETT.—You know, as a lawyer, that when a witness in a court says that the books do not show a certain entry that does not discard the use of the books or the pursuit of them to see what they do contain.

Mr. MACPHERSON.—There is no good reason why they should be produced here.

Mr. BENNETT.—The presumption is that the production is objected to because the goods are charged up there.

By Mr. Northrup:

Q. Do I understand this ledger contains all McEachren's dealings with the company?—A. All his dealings, yes, sir.

Mr. BARKER.—In view of that answer I renew my request, Mr. Chairman. that you direct the witness to produce the books.

The CHAIRMAN.—The book containing Mr. McEachren's private account, do you mean?

Mr. BARKER.—The book which he says he brought with him to the city, and which he says is here in the city.

The CHAIRMAN.—I am sorry to disagree with you, Mr. Barker, but I cannot do so. If the committee is willing to overrule my decision, well and good.

Mr. JOHNSTON.—I will move an amendment that the witness be required to produce only such books, &c., as the subpœna calls for.

The CHAIRMAN.—The motion by Mr. Barker is that the chairman be directed to require the witness to produce to the committee the ledger which he says he brought with him to Ottawa under his subpœna. The amendment by Mr. Johnston is that the witness be only instructed to produce such documents, papers, &c., as his subpœna calls for.

Mr. BARKER.—That is no amendment, I submit, Mr. Chairman.

Mr. BENNETT.—That will only mean bringing the witness back another day.

Mr. NORTHRUP.—The amendment is out of order, it is quite possible that both the amendment and the original motion might be carried; it may be that the ledger is the only document called for, there is nothing on the face of it to show that the amendment necessarily differs from the original motion.

Mr. JOHNSTON.—It will be quite satisfactory for Mr. Barker to withdraw his motion in favour of my amendment, then?

Mr. BARKER.—No, no, I want my motion put, that is not an amendment.

Argument followed.

The CHAIRMAN.—I would declare it to be hardly an amendment to the motion.

Mr. JOHNSTON.—In order to meet the objection of my honourable friend Mr. Northrup I would move, seconded by Mr. Macpherson, to strike out all the words in the motion made by Mr. Barker after the word 'Committee,' and insert in place thereof 'All books, papers, &c., required by his subpœna.' There cannot be any objection to that?

Mr. BARKER.—There is such a motion already on the record, we don't want to repeat it. One books happens to be here and my motion is that that book be produced at once. All the other books have already been ordered.

The CHAIRMAN.—That is a very nice point.

Mr. BARKER.—The position is simply this: The committee at its last meeting ordered what Mr. Johnston wants ordered now. We do not repeat our motions as a rule. The witness has got one book here and as we cannot get to-day all the books that Mr. Johnston wants, I move that the witness bring here the one book that he has got.

Mr. JOHNSTON.—It is an entirely new book that you want to produce. It is an entirely new phase of the matter.

The CHAIRMAN.—Upon comparing them carefully, I see there is a slight difference between the amendment and the main motion. It has been moved by Mr. Johnston, seconded by Mr. Macpherson, 'That the words after "Committee" be struck out and the following words inserted in place thereof: "all books, papers, &c., required by his subpœna."' I think there is a substantial difference between the two.

Mr. BARKER.—Allow me to say one or two words upon the amendment. Mr. Johnston's amendment cannot be acted upon for a week or two weeks. The original motion can be acted upon to-morrow.

The CHAIRMAN.—I understand that. It is for the committee to say.

Mr. BARKER.—We don't want to waste the time of the committee or to keep this witness here unnecessarily. If he will produce the book he has got here this afternoon or to-morrow, or any day you deem necessary, we may not want these other books. The witness has already been requested in the subpœna to produce them all. We do not have to add to that at all. The amendment to the main motion postpones this inquiry indefinitely, because it will probably be ten days before we can get the other book. I think it is a monstrous proceeding for the committee to say that with one book already in Ottawa we shall not look at it until the other books have been got from Prince Edward Island.

The CHAIRMAN.—Providing there is anything in it bearing on this matter.

Mr. BARKER.—We cannot tell unless we see the books.

Mr. NORTHRUP.—I have no objection to the amendment except that it is wholly superfluous. The committee ordered the production of the books last week and, as Mr. Barker points out, the proceeding contemplated by the amendment is a useless one.

The CHAIRMAN.—All those in favour of the amendment say 'aye.' I think the ayes have it.

Hon. Mr. FOSTER.—Yeas and nays.

Upon a division the Chairman declared the amendment carried by a vote of 15 yeas to 11 nays.

The CHAIRMAN.—I declare the motion lost on the same vote.

Mr. CROCKET.—Now, Mr. Chairman, it seems to me that this amendment having been carried, it is now in order for us to call upon the witness to produce one of these books which he has in this city at the present time, viz., the ledger.

The CHAIRMAN.—If it is a book asked for by the subpœna I think you are right.

Mr. CROCKETT.—As already pointed out from the evidence of this witness and that of Mr. McEachern it must of necessity be so. This book, the witness says, contains Mr. McEachern's whole account and he says he knows that the firm of J. J. Hughes & Company supplied these goods, through McEachern, to the fish drier.

Mr. MACPHERSON.—He did not say that.

Mr. BENNETT.—Yes, the last answer he gave.

The CHAIRMAN.—He said he didn't know.

Mr. CROCKET.—I understood him to say distinctly he did know tnat.

Mr. BARKER.—The testimony is that he has brought the book here under his subpœna.

Mr. REID (Grenville).—Is it not a fact that this gentleman was ordered to bring all the books in connection with this matter? There must be something in those books concerning this account.

The CHAIRMAN.—He says he has no books in connection with this matter.

Mr. REID (Grenville).—There is one book, as I understand his last answer, which he says does refer to it.

The CHAIRMAN.—No, he says there is a book here which contains McEachern's account with the J. J. Hughes' Company, and he says, in that account, of course, there are certain items which correspond to the items now before the committee.

APPENDIX No. 1

By Mr. Maclean (Lunenburg):

Q. As far as you know, in the year 1906, did J. J. Hughes & Company sell any goods to the Souris Fish Drier?—A. Not to my knowledge.

Q. What is that?—A. Not to my knowledge.

Q. You do not remember ever having rendered an account to the government. fish drier at Souris, for goods sold them?—A. No, sir.

Q. To your knowledge you never sold them one dollar's worth?—A. No, sir.

Q. Is that correct?—A. That is correct.

Q. There would be no books, as far as you know in the firm office of Hughes & Company disclosing any direct dealings between Hughes & Company and the government?—A. No, sir.

Q. You have no book here with you showing any transaction between Hughes & Company and the government on account of the Souris Fish Drier ?—A. Not any.

By Mr. Crocket :

Q. I asked you before, and I will ask you again, if you do not know that goods were supplied by the firm of Hughes & Co. to McEachern for the Souris Fish Drier, and that they were delivered at the drier.

Mr. MACLEAN (Lunenburg).—Why not put that question right ?

Mr. CROCKET.—Just wait now, it is a proper question.

By Mr. Crocket :

Q. What do you say as to that, Mr. Brennan ?

Mr. MACPHERSON.—I ask your ruling, Mr. Chairman, if that is a proper question. I maintain that it is not.

The CHAIRMAN.—Not in that form, not quite in that form.

By Mr. Crocket :

Q. Well, I think, Mr. Chairman, you will find out it contains just exactly what you suggested I should add to my original question.

The CHAIRMAN.—What you should have deducted from the original question.

Mr. CROCKET.—I asked first if he did not know that Hughes & Company supplied these goods for the Souris Fish Drier.

The CHAIRMAN.—I ruled that out.

Mr. CROCKET.—You then suggested that I should add, 'to McEachern for the Souris Fish Drier.'

The CHAIRMAN.—I am sorry I cannot agree with you on that. I think what you really did ask him was if he supplied goods to James McEachern, and then you asked him if he knew these goods went to the Souris Fish Drier and he said he did not. There is a good deal of difference in that.

By Mr. Crocket :

Q. Now, have you any doubt, Brennan, that these goods were supplied to McEachren for the drier ?

Mr. MACLEAN (Lunenburg).—Don't put it that way.

Mr. CROCKET.—I will put it exactly as I like—what is the objection to that question ?

Mr. MACLEAN (Lunenburg).—You should not persist in putting that question in that way, particularly when you are a professional man; you have been corrected a half a dozen times, and should not need to be corrected again.

Mr. CROCKET.—I will not take lessons in professional conduct from you.

Mr. MACLEAN (Lunenburg).—It is not a question of professional conduct, but of professional knowledge. It is not fair to put a question in such form that you might place on record an answer which would say that the goods were sold by Hughes & Company direct to the government fish drier, that is the objection.

The CHAIRMAN.—That is the objection to the question, no doubt about that.

By Mr. Crocket :

Q. Have you any doubt, Brennan, that these goods were supplied or sold to McEachren for the Souris Fish Drier ?

The CHAIRMAN.—'And supplied by him to the Souris Fish Drier,' I think there will be no objection to that.

By Mr. Crocket :

Q. Have you any doubt about that, that these goods that have been spoken of were for use in the Souris Fish Drier ?

The CHAIRMAN.—I do not think that is an objectionable question.

A. McEachren might have used some of the material for the drier, I do not know whether he did so or whether he used any of it.

By Mr. Barker :

Q. What is your opinion on that?

By Mr. Crocket :

Q. I am asking you have you any positive doubt?

The CHAIRMAN.—'Opinion' would not be evidence. Have you any positive knowledge ?—A. I cannot tell you of the disposal of the timber or anything else.

By Mr. Reid (Grenville) :

Q. Will you swear you do not know any of that timber went in there? Will you swear you do not know whether any of it went into the Souris Fish Drier or not.

Mr. MACPHERSON.—How can he swear that?

Mr. REID (Grenville).—Let him swear, one way or the other. I would like that question answered.

A. I cannot really tell you whether he used any, as a matter of fact I did not see the timber in the work, or the shingles or any thing else; I did not see the people use them, and as a matter of fact, I cannot tell you whether he used any.

By the Chairman :

Q. That is from your own personal knowledge?—A. From my own personal knowledge, no.

By Mr. Bennett:

Q. Did you see any of it that had been delivered there?—A. Did I know it had been delivered ? No.

By Mr. Crocket :

Q. That is the reason you say you do not know, as a matter of fact, whether it was used there or not, because you did not see it in actual use ?—A. I did not see it in actual use.

By Mr. Reid (Grenville):

Q. Does this firm deliver their own material ?—A. In some cases they do.

Q. Did they deliver that?—A. It is pretty hard for me to tell now. It was billed by the different clerks at different times, and I could not say whether this was delivered or not.

By Mr. Crocket:

Q. You know, as a matter of fact, that at this time McEachern was not carrying on any other business than on this post office for the government?—A. I cannot tell you that.

Q. You cannot tell me that?—A. I can't tell you what else he was doing.

Q. What do you know in reference to McEachern's business or employment?—A. He was living around, and had some small contracts, and was also inspector on the post office. He was in different employments; I cannot remember just what he was doing at the time.

Q. He had been the inspector on this fish drier, hadn't he?—A. I think he was inspector or foreman at the time the fish drier was erected, that is the original building.

Q. That was the summer before?—A. In 1904, I think, if I remember rightly.

Q. Or 1905?—A. I am not quite sure of the date.

Q. Did you know that Mr. McEachern had been in the lumber business?—A. Yes.

Q. And had failed, and that all his stock had been sold?—A. Yes, I knew that he had failed.

Q. Previous to his buying these goods?—A. I think it was previous; I am not sure.

Q. You knew that all his stock had been sold out?—A. I cannot tell you that.

Q. You did not know that?—A. I did not know whether it was all sold out or not.

Q. Did the firm of J. J. Hughes & Company have in stock 90 tons of round timber?—A. I cannot tell you that off-hand.

Q. Do they keep round timber in stock?—A. We sometimes have it; buy it at different places sometimes.

Q. Do you remember that this round timber was sold by the firm?—A. I cannot remember the date; no, sir.

Q. If you had the ledger it would show that, would it?—A. It would show the date the timber was charged.

Q. And bought?—A. I cannot tell you the date it was bought. It is charged in the account; that is all I know.

Q. But you know it was charged?—A. It was charged in the account, yes.

By Mr. Maclean (Lunenburg):

Q. Have you any recollection of how many tons was sold to Mr. McEachern?—A. I think it would be 90 odd tons, as far as I can remember.

By Mr. Crocket:

Q. Ninety odd tons?—A. Yes.

Q. Don't you know those 90 odd tons of timber went into the Souris Fish Drier?—A. He may have used it for another——

Q. Did you not know at the time that it was for that purpose?—A. Of my own knowledge, I don't really know. He may have used some of it for other purposes. I did not see it, did not see him use it.

Q. He may have used some of it?—A. He may have used it for another purpose.

Q. But you know the bulk of it was for the Souris Fish Drier?—A. I cannot say positively that I do.

Q. Do you know that any part of it was for the fish drier?—A. He may have used part of it.

Q. Have you any doubt that it was? Have you any doubt that it was, on your oath?—A. He may have used part of it for it.

Q. When you say that you mean that you know that he did do so, is that not the fact?—A. Unless——

Q. Is that not right?—A. No, I have no reason to know unless somebody came in and told me because I was not down there watching him or watching the timber. I have no reason to know unless somebody told me he was using it for that purpose.

Q. Do you remember that any one did tell you?—A. I don't remember any one telling me.

Q. You cannot say whether anybody told you or not?—A. I cannot say whether anybody told me or not.

The CHAIRMAN.—I do not think this is relevant.

By Mr. Crocket:

Q. And you cannot say whether that round timber was in stock at the time?—A. I cannot say off-hand. No, sir, I cannot say.

Q. Don't you know that round timber was bought by the firm of J. J. Hughes & Company of the Messrs. Mooney, of Green Vale?—A. We bought some timber from Mooney.

Q. Don't you know that timber was for use in the Souris Fish Drier? Don't you know that was the timber which, as you say, was bought from the Messrs. Mooney, of Green Vale?—A. I say we bought some timber from Mooney. I cannot remember the quantity.

Q. Did you not buy it for the purpose of turning it into the drier?—A. We have had timber, we have bought timber from so many people, and buy timber at different times, I cannot remember the circumstances.

Q. You cannot remember as to whether that is the fact or not?—A. Oh, no. I cannot remember that, no.

Q. Do you remember anything as to the price the firm paid the Mooneys for their round timber?

The CHAIRMAN.—I should not think that is evidence.

Mr. MACPHERSON.—Why should he ask that?

Mr. CROCKET.—Why should I ask that? Surely that is a proper question.

The CHAIRMAN.—That is going beyond the scope of the inquiry.

Mr. CROCKET.—I think it would be fair to ask what he charged McEachern.

Mr. REID (Grenville).—I do not agree that it is an unfair question and I will tell you why, the government could have purchased it direct from Mooney just as well as from him through Hughes & Company and through McEachern. To my mind that makes two middlemen instead of one.

Mr. JOHNSTON.—Should they not have bought land and planted timber too?

The CHAIRMAN.—I don't think it is fair to ask what they charged McEachern.

Mr. CROCKET.—Do you, Mr. Chairman, disallow the question as to his knowledge as to what the firm paid Messrs. Mooney for this timber?

The CHAIRMAN.—I think that is going pretty far.

Mr. CROCKET.—You disallow it?

The CHAIRMAN.—I think it is going pretty far to ask what Hughes & Company paid the men who supplied the timber.

By Mr. Crocket:

Q. Do you know what the firm charged McEachern for the round timber?—A. I cannot tell you just at the moment.

Q. You cannot tell me at the moment. If you had the books you could tell, could you not?—A. The books would show. The debit entries are in the books, of course.

Q. If you had the ledger which you brought to this city you could answer that question?—A. It would show the prices for all articles charged in the account.

By the Chairman:

Q. You do not know how much you charged him?—A. I cannot remember off-hand.

Mr. CROCKET.—I think after that answer we are certainly entitled to have that ledger produced. The witness has said that if he had this book here he would tell us what he charged McEachern for this round timber. You yourself said a moment ago that was a proper question.

The CHAIRMAN.—I think that is a fair question in view of the rulings given on other questions. But does this witness know that?

Mr. CROCKET.—He says he cannot tell off-hand, but that if he had the books he could.

Mr. BARKER.—I submit, Mr. Chairman, you should direct the witness to produce the ledger.

Mr. MACLEAN (Lunenburg).—Why?

Mr. BARKER.—In view of what the witness has just said.

Mr. MACLEAN (Lunenburg).—This committee was not appointed to go into the deal-

ings with Mr. McEachern or Mr. Hughes or Mr. Mooney. Surely we are not here for that purpose and nobody would argue that.

Mr. BARKER.—We argued that over and over again in the Merwin case and it was decided we should go into the question.

The CHAIRMAN.—I have ruled on that before.

Mr. NORTHRUP.—Then I move, seconded by Mr. Crocket, that this committee having ordered the witness to produce before this committee all books referred to in his subpœna, issued under the authority of this committee, and the witness having sworn that he brought to Ottawa with the consent of Messrs. Hughes & Company, a ledger containing the full account of Mr. McEachern with said firm, and Mr. McEachern having sworn that he bought all the items in question from the said firm, and the witness having sworn that without such ledger he cannot give the prices charged McEachern, that the chairman be instructed to order the witness Brennan to produce such ledger forthwith before this committee.

The CHAIRMAN.—All in favour of the motion say 'aye.' I think the nays have it.

Question put and motion declared lost, yeas 8, nays 15.

Mr. MACLEAN (Lunenburg).—I want to examine this witness.

Mr. CROCKET.—I am not through with the witness yet.

Mr. MCLEAN (Lunenburg).—I want to examine him upon this matter and if he has got that book in his possession, I would like him to look over it and over these papers, so that he will be able to give us the information we require at the next sitting. I move that the committee adjourn until 10.30 on Monday.

Mr. NORTHRUP.—I move that the evidence of the witness Brennan, the refusal of the Chairman to instruct him to produce the ledger brought by him to Ottawa, the motion by way of appeal therefrom and the result thereof be forthwith printed and reported to the House.

The CHAIRMAN.—I think that will be a proper motion if you are through with the examination.

Mr. BARKER.—No, we have got to a point where we are stopped in regard to this particular question, but that will not prevent us going on farther. This is the only way of bringing your ruling before the House.

The CHAIRMAN.—There are other members of the committee who desire to go on with this examination.

Mr. BARKER.—This does not prevent them doing that, but we want it reported to the House and we will discuss that as a separate question, but we are going on with this examination ourselves.

Mr. NORTHRUP.—This is exactly the same as was done in connection with the Merwin case, we reported to the House, as we propose to do now, the object being that the House has control of the committee, and the committee in its wisdom having refused to order this witness to produce that ledger the House may instruct the committee to do so.

Mr. MACLEAN (Lunenburg).—I do not think there has been a case where a private individual has been asked to disclose his private ledger before this committee.

Mr. NORTHRUP.—This is not a case of a private ledger but of the witness refusing to produce a book in accordance with his subpœna and which he has in his possession.

Mr. MACLEAN (Lunenburg).—Such a thing has never been done before.

Mr. JOHNSON.—I will move an amendment——

The CHAIRMAN.—You can vote this down just as well as bringing in an amendment if you want to.

Mr. BARKER.—It is either yes or no, on the motion.

Mr. JOHNSON.—I move in amendment that the following be added to the motion, 'when the examination into this matter is concluded.'

Mr. BARKER.—That is a negative.

Mr. JOHNSON.—It is something more than a negative. If my amendment carries

the motion will read, 'that the evidence, etc., be forthwith printed, and reported to the House when the examination into this matter is concluded.'

Mr. BARKER.—Of course the only result will be, the only object of the motion is to get it before the House so that it can be taken up at the convenience of the ministers when they want to discuss it. If it is not done that way we will have to take it up on going into supply, which will not be so convenient to the government.

Question put and the amendment carried, yeas 12, nays 7.

The committee adjourned until 10.30 on Monday, June 1.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 32.
MONDAY, June 1, 1908.

The committee met at eleven o'clock a.m., Mr. Duncan Finlayson, presiding, and proceeded to the further consideration of a payment of $19,711.90 as set out at P-1996, 1906, and a payment of $14,497.36, as set out at P-170, 1907, Report of the Auditor General, in connection with Souris Fish Drier.

Examination of Mr. J. W. Brennan resumed.

By Mr. Crocket:

Q. You said on Friday that you could not tell the committee what the firm of J. J. Hughes & Co., charged Mr. McEachern for this round timber, and for lumber, without looking at the ledger?—A. Yes.

Q. Have you brought the ledger with you this morning?—A. No, sir.

Q. Why not?—A. I haven't got the ledger.

Q. Eh?—A. I haven't got it.

Q. You have it in the city, have you?—A. It is in the city, but not in my custody.

Q. Did you bring the ledger to Ottawa in your custody?—A. I cannot altogether say it was in my custody, Mr. Hughes travelled with me and he had it as much as I had.

Q. You came up with Mr. Hughes from Souris?—A. Yes, sir.

Q. And Mr. Hughes has retained the custody of the ledger?—A. I presume he has it now.

Q. What is that?—A. I presume it is with him now.

Q. I do not hear what you say?—A. I presume he has it now.

Q. Did Mr. Hughes bring the ledger to Ottawa, or did you bring it in response to the subpœna?—A. We both brought the ledger along, it was practically in the custody of Mr. Hughes.

Q. It was brought, was it not, in response to the subpœna?—A. I do not know whether you could call it altogether in response to the subpœna; he might have used it here for his own reference, I do not know anything about that.

Q. You do not know whether it was brought in response to the subpœna or not?—A. I do not know that for a fact.

Q. You know the subpœna called upon you to produce all books and papers, &c., in your custody, you know that the subpœna called upon you to do that?—A. It called for all books containing entries of material sold to James McEachern for the Souris Fish Drier.

Q. And you knew, Mr. Brennan, didn't you, that that ledger contained the entries of charges against McEachern for goods that went into that Souris Fish Drier?—A. I cannot tell you whether all the goods went into the fish drier.

Q. Don't you know that the round timber went into the fish drier and was charged against him for the fish drier?

Mr. MACLEAN (Lunenburg).—How would he know that, there is no mention of round timber in this subpœna ?

By Mr. Crocket:

Q. I am not speaking about the subpœna, but about the books. Don't you know it ?—A. He may have used some of it for the drier.

Q. Don't you know that that lumber was sent to the fish drier—on your oath, do you not know that?—A. I do not know, Mr. McEachern testified himself that he used that timber for the fish drier ; I suppose it must be a fact, but he is the best judge.

Q. He testified himself that he used it ?—A. Yes.

Q. That was the timber that was charged in that book?—A. That may be some of the timber.

Q. Therefore you knew, didn't you, that that book contained an entry of the charges against McEachren for the timber for the fish drier ?

Mr. MACLEAN (Lunenburg).—Don't put such a dishonest question, the witness cannot give an answer to that.

Mr. CROCKET.—That is a perfectly honest question.

By Mr. Crocket:

Q. Isn't that a fact, Brennan?—A. What is that?

Q. That you knew when you got that subpœna, and before you started for Ottawa, that that book contained the entries of the charges against McEachern for supplies that went to the Souris Fish Drier?—A. No, I knew that it contained entries of the material sold to McEachern, I knew that certainly.

Q. Yes, and it went into the Souris Fish Drier?—A. Well, I presume, as I said before, he testified himself that he used it, or used some of it, in there, I knew from what he said.

Mr. MACLEAN (Lunenburg).—A fair man, examining a witness would never dare to put that question, and this committee should not permit any such conduct on the part of a member of the committee.

The CHAIRMAN.—It is a leading question.

Mr. MACLEAN (Lunenburg).—An honest man could not answer that question.

Mr. CROCKET.—That is the most absurd proposition I have ever heard advanced by a lawyer or a layman, that an honest man could not answer a question whether he knew as a fact or not.

The CHAIRMAN.—It would not be a fact, he would not know as a fact.

Mr. CROCKET.—Surely as an intelligent man he might say whether he knew it.

The CHAIRMAN.—He might know it, but not as a fact; if you want him to swear as to the fact, that is what you do want to find out, whether he knew it was a fact. He might know it as heresay evidence, and he might know it by inference, but to swear absolutely he knows it went into the Souris Fish Drier is a different thing.

WITNESS.—No, I do not know.

Argument followed.

By Mr. Crocket:

Q. Mr. Chairman, there cannot be any possible objection to that question, that is as to whether the witness knew or not, that this book contained those entries of goods that went to the Souris Fish Drier? If he doesn't know let him say so, it is a question of knowledge on his part. Now I want an answer, Mr. Chairman, to that question.

Mr. MACPHERSON.—I am not a lawyer, but it seems to me that Mr. Crocket is asking the witness to place himself in the position of saying yes or no to a question which the honourable gentleman has no right to ask. The question you want to ask him is: 'Has your firm supplied anything to the Souris Fish Drier ?'

Mr. CROCKET.—I am asking now whether the witness knew that this book contained entries of charges against Mr. McEachern for goods that went to the Souris Fish Drier. Now, surely that is a fair question.

Mr. MACLEAN (Lunenburg).—When he received the subpœna. That goes into the question, does it not?

Mr. CROCKET.—I object to any further interruption. I ask for your ruling, Mr. Chairman, whether my question is a proper one or not?

The CHAIRMAN.—Ask the witness again.

By Mr. Crocket:

Q. Did you know, Mr. Brennan, that this account, this ledger, contained entries of charges against Mr. McEachern for goods that went to the Souris Fish Drier ?

Hon. Mr. FOSTER.—That seems a fair question.

Mr. MACPHERSON.—How does he know?

Mr. CROCKET.—Let him say so if he does not know.

Hon. Mr. FOSTER.—All he is asked to do is to say whether he knows it or not. Cannot he say that ?

Mr. MACLEAN (Lunenburg).—He was not asked that at all.

Mr. CROCKET.—That is the question I asked twenty minutes ago, and these honourable gentlemen objected.

Mr. MACLEAN (Lunenburg).—The question Mr. Crocket has been asking all the morning was did the witness know at the time he received the subpœna.

Hon. Mr. FOSTER.—We are talking of the question Mr. Crocket has just asked. Mr. Maclean is going back to a question asked some time ago, and making objection to that.

Mr. MACLEAN (Lunenburg).—Will you please let me have the floor?

Hon. Mr. FOSTER.—Let the question be put now as Mr. Crocket asked it a minute or two ago.

Mr. CROCKET.—It is precisely as I put it twenty minutes ago.

Mr. MACLEAN (Lunenburg).—We have been discussing this matter for the last ten or fifteen minutes. Mr. Foster comes in just now and presumes to understand all that has been going on.

Hon. Mr. FOSTER.—I know the question that has been asked just now, and I ask whether it is relevant or not? If it is, let the question be put and answered by the witness.

Mr. MACLEAN (Lunenburg).—What do you say the question is?

Hon. Mr. FOSTER.—I know what it is, but we had better have it from the proper authority.

Mr. MACLEAN (Lunenburg).—Mr. Crocket has been asking this witness for ten or fifteen minutes if he knew at the time he received the subpœna at Souris that this ledger account contained entries for supplies which, directly or indirectly, went into the fish drier.

Hon. Mr. FOSTER.—That was not the last question.

Mr. MACLEAN (Lunenburg).—Pardon me, you will please sit down.

Hon. Mr. FOSTER.—The last question was 'Did you know?' It was not the question 'Do you know?'

Mr. MACLEAN (Lunenburg).—Therefore, the question essentially was the same as the one put before. I don't object to the witness being asked if he knows, but it is not fair, Mr. Chairman, and you should not permit questions to be put to a witness to which he cannot answer 'yes' or 'no' only and protect himself against perjury.

The CHAIRMAN.—I rather agree with that.

Mr. MACLEAN (Lunenburg).—Why should a member of the committee, who is a professional man, be allowed to put questions in that way, when there is a better way of doing it?

Hon. Mr. FOSTER.—Is this a proper question to be put: 'Did you know at a certain time that such and such was the case?'

The CHAIRMAN.—I think it is, if you put it in that form.

Hon. Mr. FOSTER.—Supposing you ask: 'Do you know now that that is the case'?

The CHAIRMAN.—I would think that was fair. But if you ask a question and the witness can only draw an inference, but yet has to answer 'yes' or 'no.' That is the difference.

Hon. Mr. FOSTER.—It is not inferences we want, but his knowledge as to facts.

The CHAIRMAN.—He cannot give knowledge as to facts. He may not feel inclined to answer, because he may know certain things only from inference.

Hon. Mr. FOSTER.—If so, he can say that he knows from inference.

Mr. CROCKET.—Now, I will ask for an answer to my last question.

Hon. Mr. FOSTER.—Let the stenographer read the question.

Question read by the stenographer.

The WITNESS.—I did not know as a fact.

By Mr. Crocket:

Q. You did not know as a fact?—A. No.

Q. You told us a few moments ago that you knew that Mr. McEachern had sworn so?—A. Well, I understood that he had sworn to that effect.

Q. You told us that ?—A. Yes.

Q. Is that the only knowledge you have as to that matter, the fact that Mr. McEachern had sworn so in this committee?—A. I think that is about the only knowledge I have, definite knowledge.

Q. After receiving this subpœna did you examine Mr. McEachern's account to see if it contained any charges for goods that went to the Souris Fish Drier, as called for by your subpœna ?

The CHAIRMAN.—For these goods, you had better say.

Mr. CROCKET.—Yes, that is all right. The witness seems to be so thoroughly conscientious that I had better not have anything left to inference.

Mr. MACPHERSON.—I don't think my honourable friend has a right to reflect upon the witness' conscientiousness.

Mr. CROCKET.—The chairman says he cannot answer anything involving inferences at all.

Q. Did you, after receiving the subpœna, examine Mr. McEachern's account to see if it contained charges for goods that went to the fish drier?—A. I may have looked over his account. I just forget now whether I did, before leaving home, or not.

Q. You may have looked over his account ?—A. I may have looked over his account.

Q. And you just forget whether you did or not ?—A. Yes, I just forget at the moment whether I did or not.

Q. Well, then, how did you bring the ledger with you? Why did you bring the ledger with you?—A. I do not know.

Q. In obedience to the subpœna ?—A. Mr. Hughes may have wanted the ledger, I do not really know.

Q. You told us the other day that you brought the ledger to Ottawa ?—A. Well, I brought it along, I carried it part of the time.

Q. You carried it part of the time ?—A. Yes.

Q. And you carried it along, didn't you, because your subpœna called for it, because you were directed by the subpœna to bring all such books containing such evidence ?—A. I can't say that I did.

Q. You can't say that you did ?—A. No, sir.

Q. Did Mr. Hughes examine the accounts to see whether they contained anything ?—A. I can't say about that.

Q. You don't know about that ?—A. The ledger was in the office, he may have looked at it in my absence, I do not know.

Q. Did you and Mr. Hughes talk together about the matter ?—A. We may have spoken about it.

Q. Did you or did you not ?—A. I just forget any conversation at home about it.

Q. You forget the conversation?—A. Yes.

Q. That was last week—Mr. Hughes was there last week wasn't he?—A. Last week, yes.

Q. And you tell us you have forgotten any conversation that took place between you and Mr. Hughes in reference to the matter?—A. I may have talked to him about the matter, I may have, I am not quite sure.

Q. You are not sure whether he talked at all to you about the matter?—A. He may have talked to me about the matter.

Q. Are you sure that he did not?—A. I am not sure he didn't, he may have talked to me about the matter.

Q. When you say that he may have talked to you about the matter you mean that he did, don't you?—A. Perhaps he did, I won't say positively.

Q. Will you swear he didn't?—A. I won't swear he didn't.

Q. You say he may have, and when you say that it means that he did, that is what you mean?—A. He may have, I can't swear positively.

Q. You can't tell us what was said?—A. I can't tell you what was said.

Q. As to the production of this book?—A. No, sir.

Q. Will you say that you do not know that Mr. Hughes looked into that account to see whether the book should be produced or not?—A. I cannot say whether Mr. Hughes looked into the account or not, he may have done so, the ledger was there in the office and he may have looked into it.

Q. You are not aware if he did or not?—A. No.

Q. Will you swear that you did not look into this account to see whether the ledger should be produced, in obedience to the subpœna, containing these entries?—A. I may have looked into the account.

Mr. MACLEAN (Lunenburg).—Mr. Chairman, I was just about to remark that it is pretty hard for a member of this committee to sit here and hear a man occupying the time of the committee subjecting the witness to an unfair cross-examination for a purpose which we perhaps may guess at; certainly it is not within the power of this committee to allow, if we see fit to prevent it. There has not been five minutes during this whole enquiry, from beginning to end, that has been devoted to an examination of the witness which should have been permitted. If we had acted in this committee as we should have acted, and the chairman had enforced what is plainly and apparently the rules of this committee, this enquiry would have not lasted five minutes. There has not been one question which has been asked that has been strictly germane to the enquiry. If Mr. Crocket desires to bring out the facts relating to the payment before the committee why doesn't he get right down to business?

The CHAIRMAN.—He may be getting there now, but in a very roundabout way.

By Mr. Crocket:

Q. What do you say about that, Mr. Brennan?—A. I may have looked into it.

Q. When you say that you mean that you did, do you?—A. I may have, I cannot say positively now.

Q. You cannot say positively?—A. No.

Q. And yet if you did so it would be within the past week?—A. It would be, yes, it would be a week anyhow.

Q. And you want this committee to believe that you have forgotten as to whether you did that or not?—A. Well, I am going over the ledger all the time, and it is pretty hard for me to remember just what accounts I took.

Q. Do you want the committee to believe that you do not remember whether, as a matter of fact, you really did look into that ledger for that purpose or not, after a lapse of six or seven days?—A. I won't be positive whether I did or not.

Q. You won't be positive whether you did or not?—A. No.

Q. And between the two of you you got the ledger to Ottawa?—A. Yes.

Q. And where is it now?—A. I can't tell you.

APPENDIX No. 1

Q. You can't tell me——
Hon. Mr. FOSTER.—What?
A. I can't tell.

By Mr. Crocket:

Q. Where was it when you last saw it?—A. I left it with Mr. Hughes.
Q. Where, in his room, or in your room?—A. No, it was in this building.
Q. It was in this building?—A. Yes.
Q. When was it that you last saw it in this building?—A. I think it was Saturday.
Q. On Saturday?—A. I think it was Saturday.
Q. That was after you gave evidence on Friday?—A. Yes.
Q. Where was it when you were giving evidence here on Friday.

Mr. MACLEAN (Lunenburg).—What do you want to enquire about this book for, what has it got to do with this enquiry? Anyway the ledger would not be evidence and you have no right to ask for it.

Mr. CROCKET.—It is absurd for a lawyer to say what this witness can tell what is in a ledger but that the ledger itself cannot be taken as evidence.

By Mr. Crocket:

Q. Where was the ledger when you were giving evidence here on Friday?—A. I can't tell you that.

Q. Didn't you tell the committee on Friday that it was in your room?—A. I don't think that I did.

Q. I think that you did.

The CHAIRMAN.—You said it was in a room in this building, you did not say it was in your room.

By Mr. Crocket:

Q. When you said that I suppose you knew what room it was in, a gentleman who speaks so particularly with regard to inference as you seem to, that you will swear only when you know anything as a positive fact, when you said that you knew where it was, didn't you?—A. I just forget now what I said the other day.

The CHAIRMAN.—He wanted to be safe, so he said it was in a room.

Hon. Mr. FOSTER.—He would have been safer if he had said it was in the world somewhere.

The CHAIRMAN.—He wanted to be safe, but he didn't know what room it was in.

By Mr. Crocket:

Q. Well, do you know, Mr. Brennan, where the ledger was on Friday?—A. Well, I know where I saw it last, but I could not tell you just where it was at the moment of my giving evidence.

Q. Before you gave your evidence on Friday, where did you see it last?—A. In one of the rooms in this building.

Q. In one of the rooms in this building?—A. Yes, sir.

The CHAIRMAN.—I cannot really see, in view of the decision of the committee on Friday, the object of your examination. The committee then refused production of this ledger. I do not know that it matters very much——

Mr. CROCKET.—Upon the ground, as I understand it——

The CHAIRMAN.—It does not make very much difference whether you find out where the ledger is.

Mr. CROCKET.—I understand the ground upon which the Chairman ruled that that book should not be produced was that there was no evidence that it contained entries relating to the supply of goods for the fish drier. Now, I am proving by this witness that it did, and I take it, now the committee is aware of the fact, the production of the ledger will be ordered.

The CHAIRMAN.—What do you say to Mr. Maclean's contention that the ledger is not evidence?

Mr. CROCKET.—I say that I dispute it.

The CHAIRMAN.—You would not dispute, Mr. Crocket, that the ledger is not evidence if you can produce the original entries?

Mr. CROCKET.—If that is the ground that is going to be taken now, I would remind you of what transpired on Friday. Mr. Barker asked for the books of original entries, and the witness did not consider their production necessary, because he said the ledger was a correct copy.

By Mr. Crocket:

Q. Was it on Friday or on Thursday that you saw the ledger?—A. I think it was on Thursday.

Q. On Thursday?—A. On Thursday.

Q. Did you look at Mr. McEachern's account?—A. On Thursday?

Q. Yes?—A. Yes, I looked over Mr. McEachern's acount on Thursday.

Q. You looked over it for the purpose of preparing yourself for giving evidence before this committee—A. Well, I just——

Q. In order that you could give evidence on the subject before this committee. That is right, is it not?—A. I don't know whether that was exactly my intention or not. However, I looked over the account.

Q. On Friday you told us that you could not state what prices the Hughes firm charged McEachern for the round timber?—A. I could not remember it. I did not make a note of the prices.

Q. Although you looked through the account on Thursday?—A. I did not make a note of the prices.

Q. Did you look through the account and see that item there ?—A. I saw different items, many items.

Q. Did you see that item?—A. What item was that?

Q. For round timber?—A. I saw two items for round timber.

Q. Two items for round timber. And having seen them and the prices at which they were charged, you came before this committee the other day and stated to us that you could not tell the prices that were charged there ?—A. I could not tell the prices. There were different entries of lumber and material. I could not remember very well all the prices without making a note of them.

Q. How is your memory, as a rule?—A. It is fairly good.

Q. Fairly good?—A. Yes.

Q. Is it as good as usual this morning?—A. I think so.

Q. Was it as good as usual on Friday last, Mr. Brennan?—A. I don't know that there was any difference.

Q. Did you ask Mr. Hughes before you came here on Friday if you would bring that ledger to the committee room or not?—A. Upon my word now, I just forget whether I asked him that question.

Q. You forget that?—A. Whether I asked him that question or not; I may have asked him.

Q. And when you say that, don't you really mean, Mr. Brennan, that you did ask him?—A. I may have asked him.

Q. You may have asked him. Mr. Hughes told you what?—A. As far as I remember, Mr. Hughes told me not to bring it.

Q. Not to bring it?—A. Or that he would not let me bring it. I cannot remember exactly the answer he made.

Q. You told us a little while ago that all the information you had as to the question whether this lumber was for the drier or not was Mr. McEachern's sworn testimony in this committee ?—A. Well, he ought to know pretty well.

Q. Is that all the information you had as to whether this lumber was for the drier

or not ?—A. Well, about all the information that the lumber we sold him was for the drier.

Q. You entered these items in Mr. McEachern's account yourself?—A. I posted them in the account.

Q. You posted them in the account?—A. Yes.

Q. Did you ever prepare any bills of the account or any accounts for Mr. McEachern?—A. I think I did.

Q. Did you not prepare accounts that Mr. McEachern sent to the government?—A. I may have. If I saw them I could tell you.

Q. But you were in the habit, were you not, of preparing accounts for Mr. McEachern ?—A. Preparing accounts for many of our customers, do it quite frequently.

Q. Look at that (showing an account to witness). Did you prepare that account? —A. No, sir.

Q. You did not prepare that one? That is dated June 5, 1905. Do you know whose handwriting that is in ?—A. I cannot tell you. It resembles George B. McFarlane's.

Q. George B. McFarlane's?—A. Yes.

Q. Was that prepared in Hughes & Company's store?—A. Not that I know of.

Q. What about that one (producing account)?—A. That is my handwriting.

Account filed as follows:—

DEPARTMENT OF MARINE AND FISHERIES.

Souris Fish Drier Warehouse,
Dr.

To James McEachern.

1906.

May 15. To 90 tons Round Timber,

@ $3.00 per ton

$ 270.00

Rec. Payment.

JAMES McEACHERN.

I certify that the above articles have been received and that the prices charged are moderate and fair.

(Sgd.) Geo. E. McFarlane,
Officer in Charge.

Q. So that account, rendered to the Department of Marine and Fisheries in the name of James McEachern was prepared by you in the Hughes Company's store —A. Well, I cannot remember just where I did it, but it is my handwriting.

Q. The account is for 90 tons of round timber, $270?—A. Yes, sir.

Q. Was Mr. McEachern present when you prepared that account?—A. He must have been, because it would have been done at his request, I presume.

Q. It would have been done at his request?—A. Yes.

Mr. Maclean (Lunenburg).—Do you think, Mr. Chairman, that it is fair to permit this?

The Chairman.—I don't think it is relevant.

Mr. Maclean (Lunenburg).—Then I ask for your ruling. My position and the position of some other members is this—

The Chairman.—I cannot see the relevancy of this examination at all.

Mr. Maclean (Lunenburg).—One would imagine that the purpose of the inquiry would be to ascertain whether the expenditure which was designated in the motion for papers, and which appears in the Auditor General's Report,—whether the purchases were necessary, and whether the prices paid were fair or whether they were unreasonable or an excessive profit was made. Now these honourable gentlemen have

so far not asked one single question relating to that. The whole inquiry seems to be to show that Mr. Hughes directly, or through some conduit pipe, made a sale of goods to the government and thereby violated the Independence of Parliament Act. Now, Mr. Chairman, we have a committee for the investigation of such a charge as that. Let Mr. Crocket or any of his friends take the inquiry they are seeking to make before that committee. What answer can a fair minded man give to that objection?

Mr. CROCKET.—The witness swore a few minutes ago that he had no knowledge that the goods sold to Mr. McEachren went to the fish drier. That was the line of examination and he swore that positively. I have just produced an account against the Marine and Fisheries Department which this witness prepared for this very lumber.

Mr. MACPHERSON.—For whom?

Mr. CROCKET.—Mr. Maclean says that is irrelevant?

The CHAIRMAN.—I think so too. I have no doubt in the world that it would be perfectly good and relevant evidence before the Privileges and Elections Committee, if you were trying to arrive at the fact that Mr. Hughes sold goods to the government, either directly or indirectly, and therefore violated the Independence of Parliament Act. I say that all this evidence that you bring up here would be perfectly relevant before the Privileges and Elections Committee, but I cannot see how it is relevant before this committee. All this commitee has to do is to see whether these goods have been sold at prices fair and reasonable or whether there has been anything about the sale which is not just exactly what it should be.

Mr. CROCKET.—The Privileges and Elections Committee has its functions and this committe has its functions also and the very purpose and object of this committee is to examine into all details in connection with accounts that appear in the Auditor General's report.

The CHAIRMAN.—Exactly.

Mr. CROCKET.—We have the right and it is very essence of our functions here to ascertain that these prices were fair and reasonable.

The CHAIRMAN.—Certainly.

Mr. CROCKET.—Then every question that I am asking now is directly for the purpose of ascertaining whether these charges were fair and reasonable and what the Hughes firm charged McEachern for the goods that he turned into the government.

The CHAIRMAN.—That is fair.

Mr. CROCKET.—And if in doing so this goes into the other matter, and touches somewhat upon another question which might be before another committee it makes no difference, this matter has to stand upon its own bottom.

The CHAIRMAN.—You are going a long way around about it.

Mr. CROCKET.—If it strikes Mr. Hughes as a member of this House that is no concern of this committee.

The CHAIRMAN.—I agree with you.

Mr. CROCKET.—It makes not a particle of difference, the question is whether this committee should enquire into the prices or not, if we cannot, we had better shut up shop.

The CHAIRMAN.—There is nothing in the world to prevent your doing that.

Mr. CROCKET.—Another matter that I wish to call the attention of the Chairman to is that this witness swore five minutes ago that he had no knowledge these goods went into the fish drier except what he learned from the fact that Mr. McEachern had sworn before this committee that they did. He himself now admits that he prepared the very account from Mr. McEachern charging the government for these goods, in Mr. Hughes' store.

Mr. MACLEAN (Lunenburg).—He didn't say that.

The CHAIRMAN.—You are adding to that now.

WITNESS.—I cannot tell you where it was done.

Mr. CROCKET.—Perhaps I went a little too far there.

APPENDIX No. 1

By Mr. Crocket:

Q. Did you prepare that account (indicating voucher on file)?—A. That is my handwriting, yes.

Q. Where did you get the information upon which that account is based?—A. I presume I got it from Mr. McEachern, I must have got it from McEachern.

Q. Did you get it from McEachern or from your own book?—A. So far as I know I got it from Mr. McEachern; I do not see what my books have to do with it.

Q. Did McEachern produce any books before you?—A. I am not aware he did.

Q. Are you aware he swore before this committee that he kept no books?—A. I do not know, I did not follow him around.

Q. Do you know as a fact whether he did or not?—A. No, I do not know.

Q. I can tell you that he swore he did not keep any books?—A. He may have memorandum of the material which was used, very likely he would.

Q. Can you remember that he produced any paper?—A. I cannot remember what he produced.

Q. Will you swear you did not take the items from your own book?—A. I do not think I did.

Q. Will you swear you did not?—A. I do not think I looked at my books at all, I do not remember the circumstance, but I presume that McEachern gave me all the information.

Q. When you prepared that account will you say you did not know that the round timber was supplied by your firm and that it went to the fish drier through McEachern?—A. No, I cannot, as a fact I didn't know whether all that material was supplied by us or not, he may have bought round timber from other people.

Q. You say you looked at these books on Saturday?—A. On Saturday.

Mr. CROCKET.—Now, Mr. Chairman, I am going to ask you again that in view of the evidence that the witness has given this morning that you direct that the ledger be produced. I want to find out what the charge for these goods was.

The CHAIRMAN.—Ask him, he may tell you.

Mr. CROCKET.—Surely if the book is in this building and we can get the evidence out of the book we ought to do it.

The CHAIRMAN.—I do not see how you can ask for the books in view of the decision of the committee on Friday.

Mr. CROCKET.—I say we have a good deal of evidence this morning which shows conclusively that the book contains the information asked for by the subpoena.

The CHAIRMAN.—I would not say so.

Mr. CROCKET.—I am going to ask for a ruling now, that you require this witness to produce the book, as this committee decided last week that he should produce all books containing entries of charges in connection with the Souris Fish Drier, and the evidence is that these goods were for the Souris Fish Drier.

The CHAIRMAN.—I must refuse to ask the witness to do that on the ground that you have not satisfied me there are entries of this kind in the books, but there is no evidence this morning that satisfies me that there are entries that correspond to the items in the Auditor General's report.

Mr. MACLEAN (Lunenburg).—This witness hasn't control over the books anyway.

The CHAIRMAN.—No, he has not control of them.

Mr. CROCKET.—He told us the other day that he is the custodian of these books, and the custodian is the proper person to produce them always.

The CHAIRMAN.—I do not think they are in his custody, he is merely the bookkeeper, these books are not in his custody.

Mr. CROCKET.—Do I understand the chairman to say that he is not satisfied that these books contain entries of goods sold that went into the fish drier.

The CHAIRMAN.—I would not like to say that, I have no doubt that they are, I have no doubt that they are items that correspond to these items in McEachern's private account, but I cannot say because that happens that these are the very goods

that went into the drier. This account discloses no transaction between Mr. Hughes and the government.

Mr. CROCKET.—Your statement is the very best evidence I can conceive of why this book should be produced. You want definite knowledge, how can you get that without the book ?

The CHAIRMAN.—Even if it were produced a thousand times that would not give me any additional knowledge because there happens to be an item in that account which corresponds to an item in the account of James McEachern with the Souris Fish Drier; that is no evidence that the two are one and the same.

Mr. CROCKET.—I do not know whether you presided at the meeting when Mr. McEachern was examined, but McEachern swore that all these goods charged in the Auditor General's report were purchased by him from the firm of Hughes & Company. This witness says that the McEachern account is complete in this ledger, the whole of the McEachern account, therefore that account must necessarily contain every one of those items. That being the case, surely, Mr. Chairman, you cannot want any more conclusive evidence than that, that this account contains the very information that this committee is asking for, and having asked for it, I cannot see upon what ground now this committee can decide to reject it. Do you disallow the question, Mr. Chairman ?

The CHAIRMAN.—Yes, I do. I may be wrong, but I disallow it. This is McEachern's private account, and I do not think that it is fair to produce the account of a private individual here; the private individual has rights here that ought to be respected. Where private rights and public rights clash I think we should give the preference to the individual.

Hon. Mr. FOSTER.—You rather give preference to the private right?

The CHAIRMAN.—Not in all cases, but I think there are cases where we ought to do so.

Hon. Mr. FOSTER.—That is a pretty hard doctrine.

The CHAIRMAN.—I would not like to say that in all cases, but I think in this case I am right.

By Mr. Crocket :

Q. Now, Mr. Brennan, as I cannot get the book just now, I will ask you if you are able this morning to say at what price McEachern was charged for the round timber by the Hughes firm ?—A. Yes, I know the price he was charged for the round timber.

Q. What is that ?—A. I know the price that he is charged in the ledger.

Q. You know the price that is charged in the ledger ?—A. Yes.

Q. What is it ?—A. $3 per ton.

Q. $3 per ton ?—A. Yes.

Q. That is the same price that Mr. McEachern turned the lumber into the government for, is it not?—A. Yes, the same as in that account.

Q. So Mr. McEachern, to whom this order was given by Mr. McFarlane made no profit whatever ?—A. Well there was a profit in this way : That is his account is subject to a general cash discount which would apply to lumber and anything else he bought except any money that was charged to him. Of course, there would be no discount on that, but everything else is subject to discount.

Q. So the ledger shows then that the round lumber was charged to McEachern by the Hughes firm at the same figure that it is supplied by McEachern to the government ?—A. It is charged at the price I told you.

Q. And the same is true, is it not, Mr. Brennan, of the other supplies ?—A. Well I don't know about the others. What do you refer to ?

Q. Don't you know what I refer to ?—A. Well how many others ?

Q. Did you find an item of 821½ pounds of iron at $2.75 ?—A. I don't know anything about the quantity. There is several items of iron at $2.75.

Q. You cannot tell the quantities without examining the ledger ?—A. I did not make up the quantities.

Q. You have forgotten that?—A. I did not make up the quantities. There are a number of items.

By the Chairman :

Q. But they are all at that price ?—A. All at $2.75.

By Mr. Crocket :

Q. Now the sheathing. Did you find any charges for sheathing, 1,040 feet?—A. I don't remember of running across any sheathing.

Q. What is that?—A. I don't remember having seen any sheathing.

Q. You don't remember having seen any sheathing?—A. No.

Q. What about shingles?—A. There is some shingles charged to him.

Q. At what price?—A. At $1.50.

Q. The same price as Mr. McEachern turned them into the department. Now spruce boards?—A. There are some boards too.

Q. At what price?

Mr. MACLEAN (Lunenburg).—I do not think the stenographer should take down statements which Mr. Crocket attributes to the witness and incorporates in his questions.

By Mr. Crocket:

Q. You know the price is the same as that at which McEachern turned the goods into the department?—A. I would know if I saw the account.

Q. Have you not examined the account?—A. Whose account?

Q. Have you not examined McEachern's account against the government? Did you not prepare the account yourself?—A. I prepared that one you showed me, I don't know about the others.

Q. And, therefore, you know what prices he charged?—A. I know the prices.

Q. Did you prepare the other account that is on the file for supplies?

Mr. MACPHERSON.—You are putting things into the witness' mouth that he does not say.

By Mr. Crocket:

Q. You know, do you not, notwithstanding the statement of Mr. Maclean, that this round timber was turned in for the same price?—A. Well, I see now it is $3.

Q. Yes, certainly. Did you tell us what spruce boards were charged at?—A. The spruce boards are charged at $12, I think.

Q. $12?—A. Yes.

Q. The same price that is in the Auditor General's Report? Just look at the Auditor General's Report and see if it is not the same price (handing Report to witness) :—A. (After examining Report) that is $12 there.

Q. Spruce plank, what is that charged at?—A. The only plank I observe in the account is charged at $15.

Q. The only plank is what?—A. That I see charged in this account is $15.

Q. Do you know how much that was?—A. I cannot remember any quantity, no, sir.

Q. Spruce straps?—A. I don't remember any straps.

Q. You don't remember any straps?—A. No, sir.

Q. If the ledger were produced we would have a definite statement as to quantities, would we not, and prices?

The CHAIRMAN.—Did McEachern say he bought all these goods from Hughes?

Mr. CROCKET.—Yes.

The CHAIRMAN.—I thought he said that he was not sure about those straps?

Mr. CROCKETT.—There is one item that he was not sure about.

Q. Mr. Brennan, I think Mr. McEachern when he gave evidence here stated that

he turned the cheques for these goods right into the Hughes firm, endorsed them over, and I think that he said he gave them to you?—A. Yes, most likely he would.

Q. Do you remember that fact?—A. I don't remember the circumstances but any money he paid in he would likely pay it to me.

Q. There were three cheques produced covering this account and they bore the endorsement of McEachern and J. J. Hughes & Company. Are those cheques entered in the account?—A. Any cheques he gave me or any money he gave me are credited.

Q. Is Thomas McFarlane the manager of this fish drier?—A. George McFarlane.

Q. He was a former partner, was he not, of the firm of J. J. Hughes & Company?—A. He was some years ago, yes.

Q. Some years ago?—A. Some years ago.

Q. While you were the accountant?—A. I was there, I think, about a year during that time.

Q. Then George McFarlane was a former partner of J. J. Hughes?—A. He was.

Q. You were employed by the firm?—A. Yes.

Q. While Mr. McFarlane was a member?—A. Yes.

Q. Mr. McFarlane is still manager of the drier, is he not?—A. He is, I think.

Q. Do you know how long he has been?—A. He has been since it began operations. I don't remember just what year it was now, I think it was 1905. But he has been there since the plant was opened.

Q. From the very beginning?—A. From the very beginning, yes.

Q. Have not accepted orders been given by McFarlane on the firm of J. J. Hughes & Company in connection with the fish drier, in payment of fish or for the payment of men?

Mr. MACLEAN (Lunenburg).—You would not consider that a fair question, would you.

Mr. CROCKET.—Certainly, Mr. McFarlane's accounts are all here. Here is a matter of $19,000. Has not this committee the right to examine what disposition McFarlane was making of the funds of the government?

Mr. MACLEAN (Lunenburg).—What would the Hughes Company have to do with it?

Mr. CROCKET.—I am finding out what Hughes & Company would have to do with it.

The CHAIRMAN.—I really cannot see how this witness can tell you anything.

Mr. CROCKET.—He is the accountant of the firm of J. J. Hughes & Company, and I am asking him now if he does not know that accepted orders were given by Mr. McFarlane to men for wages and to fishermen for fish.

Mr. MACPHERSON.—Supposing he did do that?

Mr. CROCKET.—Supposing he did? Has this committee not the right to find out whether that is the way these funds are being manipulated?

Mr. MACPHERSON.—You cannot call it a matter of manipulation.

Mr. CROCKET.—When men working for the government were paid by orders upon a private firm?

Mr. MACPHERSON.—If a fisherman wanted to get an order on any company he could do so? It is done every day.

Mr. CROCKET.—I can't find out, as a member of this committee, whether that is the way the public moneys of this country are being used?

Mr. MACPHERSON.—How can you trace the money?

Mr. CROCKETT.—I am not trying to trace it, I am asking this witness, who would have the information.

Mr. MACPHERSON.—What difference would it make if the fishermen were to say: 'Give me an order on J. J. Hughes,' or 'Give me an order on J. J. Brown'?

The CHAIRMAN.—Go on, I do not think it will make any difference really.

APPENDIX No. 1

By Mr. Crocket:

Q. I was asking you that, Mr. Brennan?—A. I think he did give some orders to fishermen; I remember on two occasions he told me he was out of funds, that the funds had been delayed, and he asked us to advance him the moneys, in fact, to pay for some fish which the fishermen wanted immediate payment for. I remember that happening in several cases.

Q. You say that Hughes was financing the fish drier, was he?—A. It was more an accommodation; it was as much a matter of accommodation to the fishermen as to McFarlane.

Q. However, that is a fact; you do know that, that fishermen were paid for fish and labouring men were paid for labour by McFarlane by orders on the Hughes firm? —A. I do not remember paying any orders to labouring men, but I think they were verbal orders he gave me in regard to the fishermen; I think he came in and asked me if I would pay them until such time as he could get funds from Ottawa, but I cannot say that he made a rule of it.

Q. That was done for several men, wasn't it—orders were given?—A. It may have happened several times.

Q. For several men; and Mr. McFarlane, as manager of the fish drier, kept turning money into the Hughes firm, didn't he?—A. He did as I told you; he asked me, as I know, on some occasions to pay these men, that the funds had been delayed, and after he had received the money from Ottawa he used to come in and give me a cheque.

Q. Isn't it a fact, Mr. Brennan, that instead of the way you put it, it is this way, that Mr. McFarlane had advanced money to the Hughes firm, money that he had received, and that when these men's wages fell due, orders were given on Hughes for payment, isn't that a fact?—A. I do not remember any orders for labouring men.

Q. Well, for fishermen?—A. These orders I referred to a few minutes ago are the only orders I can remember, and are all in regard to fishermen. He would come in——

Q. And that occurred very frequently, didn't it?—A. I cannot say it occurred frequently, it occurred several times.

Q. It occurred several times?—A. Yes.

Q. Are you in a position to say how many times it occurred?—A. I could not say.

Q. Wasn't it a fact when these orders were given by McFarlane that the firm of Hughes & Company had previously received money from McFarlane out of the fish drier funds?—A. I can't tell you that.

Q. You cannot say whether that is a fact or not?—A. I cannot say whether such a thing happened or not.

Q. Would the books of the firm show it?—A. The books would show all moneys paid in.

Q. They would show all moneys paid in?—A. Yes.

Q. If that were the fact, would it show it?—A. It would show it; I do not remember any such transaction in McFarlane's account. I do not remember any payment of money at all in such a way as you say.

Q. You don't remember?—A. No, sir.

Q. Now you cannot say how many orders that firm has cashed in that way?—A. I cannot say.

Q. If the firm had cashed the orders there would surely be an entry of the money paid back by McFarlane to the firm, wouldn't there?—A. I say he would come in afterwards, after he would get the funds, or he would tell me that the funds had come and would redeem the order.

Q. By paying them off?—A. By paying in the money.

Q. That is Mr. McFarlane, the manager of the fish drier, would come into Hughes' store and pay over to that firm money that he had received from the government for

running the fish drier?—A. For this fish that I referred to, it was not a general rule at all.

Q. That thing went on for some time, didn't it?—A. It happened several times, I cannot tell how many.

Q. You are not in a position to say whether some of these orders were paid before or after?—A. No, these orders were all paid after.

Q. They were all paid after what?—A. After we had paid them, Mr. McFarlane paid us the amount of the orders afterwards.

Q. Did the Hughes firm never receive any money from McFarlane——

Mr. MACPHERSON.—I maintain that is not a fair question.

By Mr. Crocket:

Q. Wait a moment—did the Hughes firm pay all those orders before it received any money from McFarlane?—A. The orders were paid first.

Q. That is all the orders you have spoken of?—A. All the orders were paid first, and he came in afterwards and redeemed them.

Q. Would that transaction be entered in the books?—A. It may not, we may just have held the orders in the meantime.

Q. What would they run to, these orders?—A. It is pretty hard for me to remember now, one man may have a small quantity of fish and another a large lot, I can't remember.

Q. Well, tell me, about how much?—A. Anywhere from $10 to $50 the order would be.

Q. From $10 to $50—would there be none larger than that?—A. There may be some larger.

Q. The books will show, won't they?—A. These may not have gone through the books; he may have called and asked me to-day to pay these men, and there would be no entry in the books at all, we would keep the order.

Q. You say these transactions might not appear in the books?—A. They might not appear in the books, no.

Q. You live in Souris?—A. I live in Souris.

Q. And McFarlane lives in Souris?—A. Yes.

Q. Did you see McFarlane after you got your subpœna?—A. I did.

Q. Did you talk to him about this investigation here?—A. I talked to him with reference to coming to Ottawa, but I do not think I made any reference to the investigation particularly. I called to see him; he was sick, and I called to see him.

Q. You called to see him?—A. Yes.

Q. To tell him you had been subpœnaed?—A. I told him I had been subpœnaed.

Q. You say he was sick ?—A. Yes, he was sick.

Q. When did you call on him?—A. I called on him, I think it was the day before I left the island; I am not quite sure whether it was the day before.

Q. That was at his home?—A. It was at his home.

Q. Was he confined to the house?—A. He was in the house, yes.

Q. Was he confined to the house?—A. I didn't ask him about that.

Q. He was able to get about, don't you know that?—A. He was sitting in the room, or at least, he came into the room shortly after I entered the house. I did not ask him when he had been out, but he looked very bad and complained of several things.

Q. What did he complain of?—A. He complained of his stomach and kidneys.

Q. Did you see the letter he wrote to the committee saying it was a sore throat he had?—A. No, I did not.

Q. And you tell us now he said it was the stomach and kidneys; the doctor says it was grippe, and he says in his letter a sore throat. Did you talk to McFarlane at all on the subject of the inquiry?—A. I do not think we referred to the subject of the inquiry at all.

Q. Did he tell you he had been summoned to give evidence?—A. He told me he had, yes.

Q. And did he express any intention of coming here? Did he say when he expected to be able to come?—A. He told me that just at present he wasn't able to leave home; I asked him if he were coming up and he said he couldn't think of leaving just now the way he was feeling.

Q. Did you see an article in one of the papers down there saying that his sickness was a sham?—A. Yes, I saw that.

The CHAIRMAN.—That would not be evidence.

By Mr. Crocket:

Q. You saw that, didn't you, Mr. Brennan?—A. Yes, I saw that.

Mr. CROCKET.—I think it shows that he is shamming. Now, Mr. Chairman, I am going to ask, in view of this witness' evidence, that the ledger be produced for the examination of James McEachern's account.

Mr. MACLEAN (Lunenburg).—I renew my objection to it. It is just a matter of principle. I have no objection to any man seeing the inside of that ledger. I saw it myself. I told Mr. Crocket myself, on the authority of Mr. Hughes, that after this inquiry is all over we will let him have this book to take to bed with him and sleep over, or let him have it all day. But he is not entitled to the production of this book. It is simply a matter of principle that I am contending for. If Mr. Crocket wants a verification, from the ledger, of these items I will ask you, Mr. Chairman, to let the witness prepare a transcript of the entries in the ledger so that copies may be available for the members of this committee. But Mr. Hughes' private affairs are not before this committee and should not be disclosed to it.

Mr. CROCKET.—I do not want to go into Mr. Hughes' private affairs. The witness has told us that the purchases of Mr. McEachern's for this fish drier are entered in the ledger.

Mr. MACPHERSON.—I think it is a question purely and simply of fishing into Mr. Hughes' books. I do not think this committee has any right to have that book brought here. If I were Mr. Hughes I would not let the book out of my possession. The ramifications of business to-day are such that a man can be doing business with all kinds of people. I say it is not a fair thing to ask that Mr. Hughes' books be brought here.

Mr. MACLEAN (Lunenburg).—The witness will give all the information desired about prices or anything like that.

Mr. CROCKET.—Mr. Chairman, I want your ruling upon that question of the production of the book. I want to know if you refuse to have that book produced in view of the evidence as it now stands before the committee.

Hon. Mr. FOSTER.—That is, you want the book produced for the examination of the items of this account?

Mr. CROCKET.—Only in so far as it relates to public accounts.

Hon. Mr. FOSTER.—Not in regard to any other.

Mr. MACPHERSON.—There is a feeling that an attempt is being made to get hold of Mr. Hughes' books for other ends.

Hon. Mr. FOSTER.—Mr. Crocket does not say that.

Mr. MACPHERSON.—He does not say it and I do not accuse him of it. The principle of the thing is wrong. If you were a merchant and had no dealings with the government you would be the last man to allow your books to be brought here. If in the same position I would do the same thing. I apply the same principle to others that I would in my own case. I say that Mr. Hughes' books cannot have anything whatever to do with this inquiry before the Public Accounts Committee. I speak only as a layman but I could possibly understand that some of these questions might be proper and just for investigation by the Committee on Privileges and Elections. But Mr. Hughes has sold no goods to the government and, therefore, why should his books be brought here and disclosed to the whole of Canada ? The principle is wrong

and I hope the committee will not allow it to go through.

The CHAIRMAN.—I think we have already gone further than we have ever done before in matters of this kind.

Hon. Mr. FOSTER.—There are times when even a man's books have got to be opened and that is when the public good demands it. I have not had much to do with lawsuits or legal investigations, but I know cases in point where all the private transactions, multifarious matters, have been brought in before the court and spread before the examining counsel, nine-tenths of which had nothing at all to do with the case in hand; and that before as eminent jurists as there are in this country. Mr. Crocket does not ask for a fishing investigation to find out other things than with reference to this matter. He asks that the book be brought here and be subject to examination with reference to these accounts. The chairman can easily arrange that. He can appoint a committee of three, if he chooses, to go through the ledger under the guidance of the witness, who knows what the accounts are, and he can have just those accounts and no others examined. Mr. Crocket does not wish, if he agrees to a proposition of that kind, to go beyond that.

Mr. MACPHERSON.—We have instances of it right here when Mr. Crocket picks up this account of McFarlane's.

The CHAIRMAN.—Mr. Hughes is perfectly willing that Mr. Crocket himself should go through the book.

Hon. Mr. FOSTER.—I have not heard this witness before. I am not saying anything against his veracity, and the like of that, but listening to him I think he absolutely knows nothing positively. I ask the members here who have listened to the witness has he made one definite out and out statement ?

Mr. MACLEAN (Lunenburg).—How on earth could he when a series of hypothetical questions were put to him ?

Hon. Mr. FOSTER.—They were not hypothetical. Many of them were absolute questions on circumstances which have arisen during the last four or five days. The witness does not seem to know anything positively; it is all may have been or might have been. If these acounts are in the ledger why not use them to test. I think that can be easily done and the book brought here, especially as the book has been subpœnaed along with the witness.

Mr. MACLEAN (Lunenburg).—I adhere to my position in the matter, that Mr. Hughes' private ledger has no right to be brought before this committee.

Hon. Mr. FOSTER.—And yet it was stated right on top of that that Mr. Hughes has no objection to it.

Mr. MACLEAN (Lunenburg).—It is the assertion of a principle. I believe Mr. Hughes—I think I can safely say so—would allow Mr. Crocket this afternoon to see the book.

Mr. CROCKET.—That is not the question. I don't want to see the book privately, except as it relates to this matter.

The CHAIRMAN.—If you saw the book privately you might come to the conclusion that you would not want it publicly.

Mr. CROCKETT.—What member of the committee wants to examine into the private accounts of Mr. Hughes or anybody else? Mr. Macpherson talks about exposing these books to the people of Canada. What a ridiculous proposition that is. Nobody wants to expose the books to the people of Canada. What we are interested in is seeing how this public money has been handled. For the completion of this case we want the entries in the ledger.

Mr. MACLEAN (Lunenburg).—What do you want to waste time over this for? The witness has not got the book.

Hon. Mr. FOSTER.—The witness' subpœna ordered the books to be brought. The other day the majority of the committee decided that the book should not be placed on the table. Now, the majority of the committee can easily say that the book shall be produced and the witness examined with reference to it.

APPENDIX No. 1

The CHAIRMAN.—A majority of the committee say that the ledger is not the book that was subpœnaed.

Mr. ALCORN.—A good deal has been said about the matter of principle with regard to the production of certain books. The principle is that the committee has a right to investigate and obtain all such evidence as is within its reach. Now, this book is within its reach and should be produced in order that we may ascertain whether it contains anything germane to this inquiry.

The CHAIRMAN.—That is a peculiar doctrine.

Mr. ALCORN.—No question arises here about exposing private accounts. As a matter of course, no counsel would think of moving in a matter that was not clearly relevant to the inquiry before the committee. I cannot understand Mr. Maclean talking about a matter of principle. The principle is that the committee has a right to all the evidence that can be reached. I don't think any limit should be placed at all. The committee has an absolute right to any evidence that can be found.

The CHAIRMAN.—If there is any evidence to be found? Are you going to subpœna every person in this country to find out whether they can give evidence?

Mr. ALCORN.—Every person that can give evidence ought to be here.

The CHAIRMAN.—There is no man in this country but you can subpœna on this very item. You are laying down a peculiar doctrine.

Mr. ROCHE (Marquette).—Why was this book brought here, Mr. Chairman?

The CHAIRMAN.—I do not know.

Mr. MACLEAN (Lunenburg).—Mr. Hughes brought the book here and says the committee has no right to it; Mr. Hughes did not sell anything to the government fish drier.

Mr. ALCORN.—You talk about a matter of principle, the principle is all the other way.

Hon. Mr. FOSTER.—If there is any objection at all to bringing the book and having it here, a sub-committee of the committee, Mr. Crocket and two others, might, under the guidance of the man who knows the books, go over the book and pick out such accounts as are relevant to this matter.

The CHAIRMAN.—Yes, but it seems to me you have all that information now. Mr. Crocket says he wants to find out the prices at which these goods were sold by the Hughes firm to McEachern. The witness has told you that.

Hon. Mr. FOSTER.—That is a question of opinion, and it seems rather strange for persons who are defending a case to say, when the prosecution says I want a certain book put in evidence, 'You have plenty without that'; that is no reason.

Mr. MACPHERSON.—We do not say that.

Mr. CROCKET.—It is not only with reference to the prices, but with reference to the orders also.

The CHAIRMAN.—There can be no orders between McEachern and Hughes.

Mr. CROCKET.—But the whole of McFarlane's accounts are before the committee.

The CHAIRMAN.—Then you are going through the whole book?

Mr. CROCKET.—I want to have that question answered in a much more satisfactory way. If the witness had the book in his hand during the whole examination, he could have answered definitely. I will venture to say there is not a legal member of this committee ever knew of a witness being put upon a stand and counsel being required to conduct his examination as to what is contained in certain books that are in his custody without those books being put in his hand when they are available.

Mr. MACLEAN (Lunenburg).—It has never yet happened in Canada that a court would issue a subpœna to a clerk to produce the books of a firm in which he was employed. Generally you ask the man who owns the books to come and produce them.

Mr. CROCKET.—I will venture to say that Mr. Maclean can scarcely give me the name of the proprietor of any business who has been summoned to produce the books and give evidence upon them. It is only the accountant, the man who makes the entries that can give evidence in regard to them, and not the proprietor. If Mr. Maclean does not know that I do not know how he ever got admitted to the bar. This witness told us the other day that he has the custody of the book and he is the only

man who can give evidence regarding them. If Mr. Hughes were on the stand he could not give evidence as to these entries because he did not make them.

The CHAIRMAN.—That is true.

Mr. MACLEAN (Lunenburg).—My learned friend need not worry about my obtaining admission to the bar, but he must know that there is a well settled principle of law that a ledger cannot prove either a debit or a credit; the ledger is simply a copy of the blotter or day book which contains the original entry.

Mr. CROCKET.—I am going to ask a ruling of the Chairman one way or other on the question. I want to know whether this committee is going to refuse to have that book produced. I want to see the entries as they appear in the ledger.

The CHAIRMAN.—You had better write your motion, I will overrule your question, of course.

Mr. CROCKET.—I think I have a right to the ruling of the chair.

The CHAIRMAN.—I say, I have refused to allow the question; I cannot go back on the ruling and on the decision of the committee at a previous sitting.

Mr. CROCKET.—I move that the Chairman be directed to order the witness to produce the ledger showing the account of James McEachern with J. J. Hughes Company.

Mr. MACLEAN (*Lunenburg*).—We decided that question the other day.

Mr. CROCKET.—I know, but things are in a little different shape to what they were the other day.

Question put, motion lost.—Yeas 5, nays 7.

Hon. Mr. FOSTER.—Now, then, what about McFarlane?

Mr. CROCKET.—Mr. McFarlane was summoned on two occasions and he failed each time to appear. I think Mr. McFarlane's attendance should be procured.

The CHAIRMAN.—That is if he can come.

Mr. CROCKET.—I do not think the evidence with respect to his non-attendance adduced before this committee is a sufficient excuse. It is certainly contradictory.

The CHAIRMAN.—I agree that Mr. McFarlane should be brought here. I am satisfied he ought to come here as soon as he can.

Mr. CROCKET.—Then what steps will be taken to procure his attendance?

Mr. MACLEAN (Lunenburg).—Was there not a medical certificate produced to show that he was suffering from gastritis?

Mr. CROCKET.—There is what purported to be a doctor's certificate, but it looked more like a copy stating that he had attended McFarlane for four weeks for gastritis. His own statement was that he had a sore throat about four weeks ago, and there is evidence that he has been going about ever since attending to his business as usual.

The CHAIRMAN.—Perhaps the secretary had better wire him and find out.

Hon. Mr. FOSTER.—It ought to be made plain to him that we are not fooling about this.

The CLERK.—Mr. McFarlane has been summoned twice.

Hon. Mr. FOSTER.—Then the only thing to do is to put the matter in the Sheriff's hands?

The CHAIRMAN.—Providing he is in a fit condition to come here.

Mr. CROCKET.—I don't know what the practice is to compel a witness to attend.

The CHAIRMAN.—We can issue a warrant for his attendance.

Mr. CROCKET.—I think if he is really able to attend and refuses to do so a warrant should be sent.

The CHAIRMAN.—I think we have the power to issue a warrant.

Hon. Mr. FOSTER.—When you can compel the attendance of witnesses, certainly.

Mr. CROCKET.—Then I move, Mr. Chairman, that whatever proceedings are necessary to be taken in order to bring Mr. McFarlane before the committee. That is all, so far as I am concerned, this morning.

Witness discharged.

Committee adjourned.

REPORT

OF THE

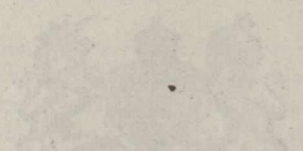
PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

$10,021.90 TO THE OFFICE SPECIALTY COMPANY

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908



Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

$10,021.90 to Office Specialty Mfg. Co., V—53, Report A.G., 1907.

$1,077.25 to Joseph Riopel, *re* purchase land, V—23, Rep. A.G., 1907.

$16,346.47 to sundry persons in connection with steamer *Speedy*, V—225 and 226, Rep. Aud. Gen., 1907, and V—291, 292 and 293, Rep. Aud. Gen., 1906.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,
COMMITTEE ROOM No. 30,
OTTAWA, TUESDAY, February 25, 1908.

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

The committee proceeded to consideration of the payment of an account amounting to $10,021.90 to the Office Specialty Manufacturing Company, as set out at page V—53 of the Auditor General's report for the nine months ending March 31, 1907.

Mr. A. G. KINGSTON, called, sworn and examined.

By Mr. Bennett:

Q. You are the accountant of the Public Works Department?—A. Yes, sir.

Q. Have you your ledger, or the book which will show the amount paid to the Office Specialty Company in the year 1906-7?—A. Yes.

Q. Will you let me see it? (Book produced.)

Q. Up to the end of the year which closed on the 30th June, 1906, can you give me the figures for that year, please?—A. The year ending 30th June, 1906?

Q. Yes.—A. That is another volume; I understood you to say 1906-7.

Q. What have you there?—A. 1906-7.

Q. Up to what date is that, the 31st March?—A. To the 31st March, 1907.

Q. That is the fiscal year?—A. The fiscal period of nine months.

Q. How much was paid to the Office Specialty Company in that year, please?—A. $52,264.07.

Q. Is the other book here in the building?—A. Perhaps I should correct that. There are two volumes here for the period ending 31st March, and there is a small amount in the other volume.

Q. How much is there?—A. There is $121 to be added to the amount I have just given you.

Q. Now, what does this amount of $53,000 represent? Supplies furnished in what department?—A. Supplies furnished upon the orders of the Department of Public Works for all the departments in Ottawa.

Q. That $53,000 represents all the supplies from this company that went into every public building?—A. Yes, sir, in Ottawa.

Q. In Ottawa?—A. In Ottawa.

Q. Does it represent what went into the public buildings outside of Ottawa?—A. I should need to examine the account before I could answer that. If they supplied anything for a public building it would be included here. I am not certain whether they have or not (examines ledger.) Yes, I see a small item there for the Hamilton post office, and I see another sum for Hawkesbury and for Saskatoon—several outside buildings.

Q. Have you the book here for the preceding year?—A. Yes.

Q. Let us have the amount now, please, for the year ending 30th June, 1906.

Mr. PARDEE.—There are only two items that are asked for, it has not been in connection with all the public buildings all over Ontario. I have no objection to going into them all, but I think in future Mr. Bennett ought to tell us what items he is going to take up, so that we would know.

By Mr. Bennett:

Q. What is the amount for the year ending the 30th June, 1906, please?—A. The total amount paid to the company, the sum of the two ledgers is $69,559.51 and $293.72.

By Mr. Reid (Grenville):

Q. That is the total for the year?—A. That is the total for the year.

By Mr. Bennett:

Q. That is about $69,850 in round figures?—A. Yes.

Q. Is there only one account kept there for the Office Specialty Company's supplies, one ledger account?—A. There are two in these two volumes.

Q. Can you speak positively as to this fact, that all the accounts paid by this department to the Ottawa Specialty Company go through these ledgers?—A. For all goods sold by that company to the Department of Public Works.

Q. Well, assuming that they are sold to the Department of Railways and Canals?—A. They are not sold to the Department of Railways and Canals.

Q. But assuming that any were sold to that department?—A. They would not appear here.

Q. Now, assuming that they were sold to what is known as the Railway Commission, will they appear in that account?—A. They should, the regulation is that the Department of Public Works supplies all furniture for all public buildings belonging to the government.

Q. And all fittings, too?—A. And all fittings. If any other department should buy them I believe that the Auditor General would find it his duty to return the account and tell them they should not buy the goods.

Q. We will let it go at that, then, that is all I want to ask you.

WITNESS.—Pardon me, Mr. Chairman, am I at liberty to remove my books now?

Mr. BENNETT.—So far as I am concerned that is all I want to-day.

The CHAIRMAN.—Yes, the witness is discharged.

D. EWART, Chief Architect Public Works Department, called, sworn and examined.

By Mr. Bennett:

Q. How many years have you been in the department, Mr. Ewart?—A. In about another month it will be 37.

Q. In the course of that time, what has been the practice of the department as to supplying the different public offices here in the city and public buildings outside with what can be termed 'fittings'?—A. Well, it has been the practice that if it was for any amount, as a rule, tenders were invited.

Q. Tenders were invited?—A. Yes.

Q. Then it all came under review of the Public Works Department?—A. Yes.

Q. Now, for many years you were deputy?—A. Yes, sir.

Q. Now, while you were deputy was it your special business to look after this question of fittings in buildings?

Hon. Mr. PUGSLEY.—You say 'deputy,' was he deputy minister?—A. No, deputy architect.

Q. That will be assistant to the chief architect?—A. Assistant to the chief architect, yes.

By Mr. Bennett:

Q. Was it your particular duty at that time to look after this question of fittings for offices when a request was made by any particular department?—A. That formed part of the work I had to do.

Q. That was part of the work you had to do?—A. Yes.

APPENDIX No. 1

Q. Supposing a request came from say, the Post Office Department, twenty years ago, if they wanted some shelving placed in position in their office, whose business was it to go and look over it, make a sketch and give an idea of what the cost would be?—A. That was the duty of the clerk of works at that time. It was principally wooden shelving then and a case of that kind would go to the clerk of works; it was very often made in the workshop.

Q. Coming down to say the last ten years, after the introduction of the so-called steel fittings?

Hon. Mr. PUGSLEY.—Why do you say 'so-called' steel fittings, do you suggest that they are not what they purport to be?—A. Some people would say they are tin—they are pretty thin, and most people naturally would call them tin.

By Mr. Bennett:

Q. Did it fall within your duty to have the ordering of these?—A. Well, it fell under my duty in this way: of course as a rule a plan was prepared and an estimate was got and it was reported to the department and authority asked, and when it was authorized I was the party to order it.

By Mr. Pardee:

Q. You gave the specifications and so forth?—A. We gave the specifications.

By Mr. Bennett:

Q. How would this requisition come in?—A. For instance, here is one here. (Producing document.)

Q. This is from the Post Office Department, dated April 30, 1906:

'Sir,—I beg to enclose herewith blue prints showing the steel fittings, desks and other appointments required in connection with the accountant's branch of this department which it is proposed to install in the room at the south-east angle of the Langevin Block. The dotted lines in the blue print show the old fittings, while the complete lines, full strength, indicate the additional fittings required. It is also requested that prisms be inserted in the upper halfs of the windows in order that the lighting of this room may be improved.

'The floor over the driveway at rear of building requires to be made tight and waterproof in order that that portion of the building may be comfortable for the staff. I am given to understand that at the present time the floor space over this area is quite too cold to admit of its being used for office purposes.

'I would further request that the Herst lamps be used in this room and that the walls be well washed and painted white, and that provision be made for wardrobes or such other appointments as may be necessary for the proper care of the clothing belonging to the staff.

'The work is urgently needed, and I am desired to express a hope that it will be placed in hand at as early a date as possible.

'I have the honour to be, sir,
'Your obedient servant,
'C. H. LASCHINGER,
'Acting Deputy Postmaster General.'

After the receipt of this letter did you go there and look over this room?—A. No, I did not. I sent one who did that, we measured it all up and we prepared plans that I have here.

Q. Were you ever over there to look at the place yourself?—A. No, not in that particular case.

Q. Can you recall a case where you did go to see the work that was to be done?—A. Well, yes, I can recall a case.

Q. Then instance me a case?—A. That is the Railways and Canals Department.

Q. What was the nature of the work required to be done there?—A. It was fitting up the new record room.

Q. The new record room?—A. Yes.

Q. Then that room had not formerly been supplied with shelves?—A. None, whatever.

Q. Can you recall a case at all where there were shelves and they were superseded with new steel fittings?—A. Well, no, I do not.

Q. You cannot recall a case?—A. No, because I do so little of that work now, I haven't time to do it. Others have done it.

Q. Tell me, what is the name of the subordinate who goes around and inspects the wooden shelves before they are taken out and superseded?—A. They never are taken out—wooden ones, I do not know of any that have been taken out; it is altogether expansion. You take the Department of the Interior, all those steel fittings we put in there did not replace wooden ones at all.

Q. Then there have not been any wooden shelves replaced by steel fittings?—A. I do not say that there haven't been any, but there are very few to my knowledge.

Q. Have you never seen wooden shelves lying around outside on the snow this winter?—A. Yes.

Q. And a pretty considerable quantity of them?—A. No.

Q. What becomes of these wooden shelves in the meantime?—A. They are very often sold—generally speaking there is an annual sale, all those things are collected together and they are sold by auction.

Q. About what year was the commencement made of placing a large number of these steel fittings in the buildings?—A. I think, I could not say accurately, but I think it is from fifteen to twenty years since they started.

Q. You say it was fifteen or twenty years ago they commenced placing these steel fittings?—A. What I mean to say is that odd things were purchased at that time, the thing grew gradually.

Q. Did they run twenty years ago to upwards of $70,000 in the year?—A. No.

Q. It was nearer $70 than $70,000, I suppose?—A. Oh, no; a man can't get much steel for $70.

Q. Up to 1896 were there many of them supplied?—A. Well, you know, I can't just answer that question right off. I do not remember, I would have to make some search.

Q. Do you remember that in 1906 they started to come in pretty rapidly?—A. I think it has just been gradual. I do not think it has been very rapid, but a gradual development. There are so many new offices. The Department of the Interior was the department that got the first cases of any importance, and those were the cases for filing the papers for the patents in the Lands branch.

Q. What were they filed in, before?—A. They didn't require to file them because it was for the new lands in different parts, it was something new altogether.

Q. Can you recall any buildings that have had the old shelving removed and superseded by these steel ones?—A. No, I do not recall accurately, not one.

Q. Tell me the name of this official who has charge of the sale of the old fittings?—A. It is publicly advertised.

Q. Who is the official who has it in charge?—A. Mr. Shearer.

Q. How long has he been in the service, about two years?—A. No, he has been more than that, I think he must have been about six or seven.

Q. Then whenever there are new fittings required for any building it always comes from the Public Works Department—at least the requisition asking that the work be done comes from the particular department that requires it?—A. The particular department that requires it makes a requisition to the Public Works Department, and if it is an important piece of work, such as this for which I have the plans here, I send one whose special duty it is to attend to this class of fittings to measure the place, prepare the plans and specification and then tenders are called, as a rule.

Q. Now coming down to the tenders we have here, in one year, about $70,000 worth

supplied by the Office Specialty Company. Where are its headquarters situate?—A. I understand at Newmarket.

Q. You understand at Newmarket? You never were at Newmarket?—A. I never was at Newmarket.

Q. Have you ever met any gentlemen who are connected with this company?—A. Well, he has called at my office—the representative.

Q. Have you ever met George M. Reid of London, one of the said directors of the company?—A. I have met George M. Reid, but never knew he was a director of the company until you told me now.

Q. You never knew that George M. Reid, of London, Ont—By the way, who is George M. Reid? Has he any relatives in the city do you know?—A. I do not know personally, I have heard that he has a brother.

Q. What does his brother do here in the city—Oh, you know, tell us quick.—He is one of the National Transcontinental Railway Commission, isn't he?—A. Yes.

Q. Have you ever met Mr. Reid of the National Transcontinental Railway Commission?—A. Never.

Q. Have you ever met George M. Reid, the director of this company?—A. He has called on me at the office.

Q. What for?—A. To shake hands and ask how I was, that is about the principal thing.

Q. When did these visits of Mr. Reid to see how you were, commence.

The CHAIRMAN.—Do you know that Mr. Reid has any connection with this transaction?—A. None, whatever.

By Mr. Pardee:

Q. You did not know he was connected with this company?—A. No, I did not.

The CHAIRMAN.—I do not think we ought to go into this.

By Mr. Bennett:

Q. How long have you known Mr. George M. Reid?—A. Perhaps fifteen or twenty years, I have known him that time.

Q. And you say that you never knew that this Mr. Reid was in any way connected with the company?—A. I never knew that he was connected with the company.

Q. It is a surprise to you to know he is a director of the company?—A. It is no surprise to me, because it is a thing that does not concern me and I do not need to be surprised about it.

Q. Well, you are positive you never knew he was a director of the concern?—A. Perfectly positive.

Q. Coming to another stage, did you know he was just a stockholder in the company?—A. I never knew that he had one share in it.

Q. Did you ever know that his brother, who is on the Transcontinental Railway Commission, had any interest in it?—A. No, I did not know one solitary stockholder in the company.

Q. You did not know any of the stockholders?—A. Not one solitary stockholder.

By Mr. Reid:

Q. Who represents the company here?—A. They have a representative in Ottawa, he is the man I generally have had to do with.

By Mr. Bennett:

Q. What is his name?—A. It is Mr. Houghton.

Q. Let us come down to the question of the $70,000 worth of supplies furnished in one season, that is in the year 1906. You say tenders would be invited for those supplies?—A. I would suppose, for the amount of them. Of course I was summoned in reference to one particular thing and I took that up. I have the plan and speci-

fications here with regard to that. But I did not know I would be asked in regard to other questions.

Q. It is a very pretty plan and we will have a look at it. Now in reference to this $70,000 worth that were sold in one year by this company to the department what percentage of that would have been sold without tender and what percentage with tender?—A. I can't tell you that.

Q. You have no idea?—A. No.

Q. You haven't the faintest idea?—A. Not the faintest idea at all, I can go over the papers and ascertain.

Q. When you come back some other day we will have your memory refreshed perhaps. We will come down to the tender system in vogue. What was the tender system. When you wanted to ask for tenders for items of, say, $20,000 odd, what was the system in vogue for asking for tenders?—A. We will take this case here which I have specially in my mind. The system is the same as in the past, and there were three parties invited to tender, and each was given a plan and specification the same as I have here.

Q. Who were these three parties who were invited to tender?—A. The Eclipse Manufacturing Company in Ottawa, the Office Specialty Company in Toronto, and a Gananoque company.

Q. Who did you see on behalf of the Eclipse Company? Was it Mr. A. W. Fraser, barrister, of this city?—A. No, what we do in a case of this kind, is that we send them a plan and specification with a letter asking them to give us a tender.

Q. Who would that letter be addressed to now, would it be Mr. Fraser, a barrister, here?—A. I have heard of him, but I don't know him to speak to.

Q. You don't know him personally?—A. No.

Q. Then a request was sent to each one of these three companies—tell us who each of these companies was?

By Mr. Pardee:

Q. He has just told you.

Mr. BENNETT.—No, he didn't tell me the third one.

Mr. PARDEE.—Yes, he did, it is the Gananoque Company.—A. That is the notice we sent (handing in document.)

'July 28, 1906.

'W. E. HOUGHTON, Esq.,
'Agent for the Office Specialty Mfg. Company,
'Sparks St., Ottawa, Ont.

'I am sending you, herewith, plans and specifications for the removal of steel cases and contents from room No. 112 to room No. 100, ground floor, Langevin block, and also for additional fittings for the Accountant's Branch, Post Office Department, Ottawa.

'Please let me have your price for this work, tender to be received at this office on or before the 7th August proximo.

(Sgd) 'D. EWART,
'*Chief Architect.*'

'L. W. HUTCHISON, Esq.,
'Wellington St., Ottawa, Ont.,

'The Eclipse Mfg. Co.,
'Ottawa, Ont."

By Mr. Bennett:

Q. This is a copy of the notice sent to L. W. Hutchison, is he a son of William Hutchison that goes around to the fairs?—A. Yes.

Q. Who is the Gananoque Company?—A. I do not know.

Q. Are they represented in Montreal by a party named Miles?—A. I don't know.

Q. Now, you sent to Hutchison one of those circulars?—A. Yes.

Q. And you sent the other two companies, circulars?—A. Yes.

Q. On that particular one, Hutchison did not get a notice, as I understand you, the Office Specialty got that?—A. Oh, no, there were three notices; that notice went to Hutchison and to the Eclipse Manufacturing Co., as well as to the Office Specialty Company. It was copied in triplicate.

Q. On this particular work referred to, who were the three that received notice?—A. These three companies, the Office Specialty Company, Mr. Hutchison for the Gananoque Company, and the Eclipse Manufacturing Company, Ottawa.

Q. We understand it now, Mr. Hutchison represents the Gananoque Company?—A. Yes.

Q. We have the three companies dealing with the department, the Eclipse Company, which we will find out later on one of these days who composed that; the other is the Reid Company at Newmarket, and there is the company which Mr. Hutchison represents.

Mr. PARDEE.—I do not think you have any right to say that it is the Reid Company.

Hon. Mr. PUGSLEY.—It is not the Reid Company.

Mr. BENNETT.—Mr. Reid is in it all right.

By Mr. Pardee:

Q. You do not know anything as to its being the Reid Company, witness?—A. No, nothing whatever.

By Mr. Bennett:

Q. Now, Mr. Ewart, what is the system under which this company derives sales amounting to $70,000? Was the system similar to what you have just stated, that there were simply circular letters sent out?

Mr. PARDEE.—He does not say that at all.

Mr. BENNETT.—I will be particular, I will say some of the $70,000.

Hon. Mr. PUGSLEY.—The witness has stated that in most cases tenders were asked for, but he would not be sure as to all.

By Mr. Bennett:

Q. We will go back again. As the minister says, then, you say, Mr. Ewart, that in most of the cases tenders were called, or do you say that?—A. I believe that, from my present recollection I would say that in most cases tenders were called.

Q. Will you say that tenders were called in the case of 75 per cent of that amount?—A. I could not say that.

Q. Will you say that tenders were called for 50 per cent? Will you say that tenders were called for 40 per cent? Will you say that they were invited to put in tenders for 30 per cent?—A. Well, for how long a period?

Q. Perhaps you had better find it out and tell us when you come back, but in the meantime you would not like to let it go on record that tenders were invited in most cases?—A. I am talking recently, that is, perhaps, for five or six years—and I will say that in most cases tenders were called, but before that I would like to say so positively.

Q. But you think that in recent years they have been inviting tenders?—A. Yes, they have been inviting tenders.

Q. I think the warring elements have been fighting, each one for his own, recently.

Hon. Mr. PUGSLEY.—Hadn't you better ask questions, Mr. Bennett, instead of making speeches.

Mr. BENNETT.—It is a matter of taste, I will ask questions to suit myself.

By Mr. Bennett:

Q. Now, Mr. Ewart, have you travelled through the States, visiting office buildings? —A. A few.

Q. Have you seen these fittings in office buildings there?—A. Yes, I have seen them there.

Q. Are they like the goods you see here?—A. I think that the fittings made in Canada are as good as those made in the States.

Q. Have there been tenders invited for amounts running up to $20,000—have there been any cases where tenders amounting to $20,000 have been invited?—A. Oh yes, I think there have been.

Q. Are any advertisements placed in the public papers asking for tenders?—A. Sometimes.

Q. Name me a case where there was one?—A. Yes, when calling for tenders for the fittings of the record room of the Department of Railways and Canals.

Q. Will you take a note of that and please bring us a copy of that advertisement when you come back next week?—A. Yes, I'll do that, I don't know whether I have it.

Q. In what paper was that notice inserted, as far as your recollection takes you? —A. That does not come under me.

Q. Would it not be advertised for by the Public Works Department?—A. Well, it is the secretary who looks after that, I do not have anything to do with that.

Q. That is one case you can recall where notices were placed in the newspapers? —A. That is a case where I looked it up this morning.

Q. Then it is right fresh in your memory. Was it advertised in the American papers?—A. Remember, I cannot say in what papers it was advertised, because I have nothing to do with it.

Q. What did you glance at this morning when looking it up?—A. I turned to the book that I put all the advertisements in. I knew that we had advertised for that and I wanted to find it.

Q. Have you a copy of that advertisement there?—A. I haven't it here.

Q. In what paper was it advertised? Was it that great family journal, the Ottawa *Free Press*?—A. That I don't know anything about.

Q. You will have to look that up again and find out. Apart then from this one particular case of this expenditure you can only recall one case where public competition was invited by notice in the paper?—A. Well, at the present time that is all.

Q. At the present time. Speaking from memory what would be the account of the Eclipse Manufacturing Co.? Would it be on a parity or level with this account of the Office Specialty Company? Do they get as much supplies as that company?— A. I would say they do not get as much, because they do not supply as large a number of articles. You take the post office boxes, this Office Specialty Company supplies a great deal of boxes for the Post Office Department, and Post Office fittings which the Eclipse Company does not.

Q. Supposing the department is calling for tenders for repairs to a post office building, is that a lump contract?—A. As a general rule it is.

Q. And the contractor, whoever he was, would go and buy post office boxes where he liked?—A. No, in all cases in the Department of Public Works the fittings—it is a sort of special work—tenders are always invited for them separately.

Q. Tenders are invited separately?—A. Yes.

Q. Was it ever the practice on the construction of a public building to call for a lump tender and the contractors to supply the boxes themselves?—A. Well, the boxes so far as I can remember were never included in a bulk tender.

Q. The boxes were never included in a bulk tender?—A. No.

Q. I have seen boxes in a post office with the letters 'D.C.' on, do you know what that means?—A. I suppose it means 'Dominion of Canada.'

Q. Were they Canadian made?—A. Yes, Canadian made.

Q. I understood that was 'District of Columbia,' has it been the practice to bring in these boxes from the States for a number of years?—A. I have no recollection of a box ever having been brought in from the United States.

Q. You have no recollection of any box having been brought in from the United States?—A. No, we got boxes for samples.

Q. Under this system of inviting three tenders, can you recall a case where there has been a tender for $20,000 worth of supplies or thereabouts?—A. Well, I scarcely understand what you wish.

Q. I will recall the case of the metal fittings for the Department of Railways and Canals?—A. That was by public advertisement.

Q. Are you sure of that?—A. Perfectly sure.

Q. Did you get any American offers for that?—A. None whatever.

Q. What tenders did you get?—A. I just got the three.

Q. Which newspapers was that advertised in?—A. I can't answer that question. because I had nothing to do with it.

Q. You are positive that is a case where there were public tenders called?—A. Yes, positive.

Q. It was publicly advertised in the newspapers, and your memory is good?—A. Yes, my memory is good for that.

Q. I have here (Reads)

'PUBLIC WORKS, CANADA,
'CHIEF ARCHITECT'S OFFICE,
'OTTAWA, September 12, 1906.

'Memo. to Hon. C. S. HYMAN,
'Minister of Public Works.

'Re metallic fittings, Department of Railways and Canals.

'According to instructions the following parties were invited to submit tenders for the metal fittings for the Record Room, Department of Railways and Canals, and prices have been received:—

'L. W. Hutchison	$16,339 90
'Office Specialty Company	21,970 00
'Eclipse Manufacturing Company	22,300 00

'I inclose schedule and tenders.

'D. EWART,
'Chief Architect.'

B.O.M.

'The lowest tender has been accepted.'

Q. That is your handwriting?—A. Yes.

Q. And that is the worth of your memory, is it, what you have just stated, because you have just told me that the advertisements were placed in the public newspapers and in this letter, over your own handwriting, you say, 'According to instructions the following parties were invited to submit tenders,' and then you give the names of these three tenderers. How do you reconcile that with your statement that there was an advertisement placed in the newspaper?—A. Well, I will have to get the details, that is all I know.

Q. Do you say that what was in your own letter, over your own signature, was correct, as a matter of fact—or what do you state?—A. I listened to what you said.

Hon. Mr. PUGSLEY.—He says that an advertisement was inserted in the papers.

By Mr. Reid (Grenville):

Q. Do you still swear it was advertised in the public papers?—A. I will say that as far as my memory serves me it was advertised in the public papers, I can produce the advertisement.

By Mr. Bennett:

Q. Then what is your explanation of this? You say, 'According to instructions the following parties were invited to submit tenders,' you have addressed this letter to Mr. Hyman. Were those instructions received from Mr. Hyman? What do you assume from the fact that you have addressed the letter to Mr. Hyman—that it was he who gave you the instructions?—A. Oh, certainly, he was there to give instructions.

Q. What were your instructions? Is your letter right, that you were to ask these three parties for tenders?—A. I thoroughly understand the letter, there is no question about that.

Q. Then Mr. Hyman asked you to get tenders from these three parties, is that it? —A. I would need to see that advertisement, I would have to look into that; I would like to see the advertisement.

Q. In this case, who received the work?—A. Do you mean who inspected the work?

Q. I say, who received the tender for the work?—A. As a rule they are addressed to the secretary.

Q. I do not mean the tenders themselves, but, I say, who was the successful tenderer?—A. In that case there?

Q. Yes?—A. I think, if I remember right, it was Mr. Hutchison, the Gananoque Company.

Q. That is your recollection, that it was Hutchison got the contract? I am just going to test your memory on that.

The CHAIRMAN.—If you want to go into that I think you should summon him again so that he can look into the matter.

Mr. PARDEE.—I think it is only fair he should be instructed as to the items on which he is going to be examined—he should have notice.

Mr. BENNETT.—He cannot have any better opportunity to refresh his memory than by having the documents before him. Here is a letter of the 10th of August, 1906, that I think I will put in, addressed to the Hon. C. S. Hyman, Minister of Public Works:—

'*Re* Metal fittings for the Accountant's Office, Post Office Department:

'In accordance with instructions, on the 28th ult., the following named firms:

'The Office Specialty Mf'g Co., Toronto,
'The Eclipse Mf'g Co., Ottawa,
'Mr. L. W. Hutchison, Ottawa.....were asked to tender for the taking down, removing, fitting up and supplying the additional metal fittings required as per plans and specifications prepared by this department, and two tenders, only, have been received, as follows:—

The Office Specialty Mf'g Co..	$10,021 90
The Eclipse Manufacturing Co..	10,113 00

'Shall I accept the lower tender?

'D. EWART,
'*Chief Architect.*

'O.K.—C.S.H.'

Q. Why do you put that in, asking the minister whether you shall accept the lower tender when there are two tenders?—A. Well, I think it is a reasonable enough question to ask.

Q. You consider from the procedure of the department that that was a reasonable question to ask?—A. I think it is a reasonable question to ask at any time.

Q. At any time?—A. That is what I think.

Q. This one, of course, was not advertised?—A. No, that one was not advertised.

Q. Now, were you ever consulted at all as to making these changes?

Hon. Mr. PUGSLEY.—Don't you think it is proper now that you have put in that letter, to put in the whole of it. I think you should also put in,

'Lower tender accepted according to authority.

'D. EWART,
'*Chief Architect.*'

Mr. BENNETT.—That is all right—the only point I am asking for is why he asked the Minister if he should accept the lower tender.

Hon. Mr. PUGSLEY.—Because it was the usual practice.

Mr. BENNETT.—He does not say that.

The WITNESS.—I say it now, I asked because I wanted to get an answer.

By Mr. Bennett:

Q. Very well, now, has the lowest tender always been accepted on this class of goods?—A. As far as I remember, it has, yes.

Q. That is as far as you remember?—A. Yes.

By Mr. Sinclair:

Q. It is not your duty to decide who shall get the contract?—A. No, I do not decide on the tenders.

By Mr. Bennett:

Q. Who does decide?—A. I suppose, the minister or the deputy.

Q. The minister or the deputy?—A. Or the deputy.

By Hon. Mr. Pugsley:

Q. Just pardon me one moment—under the law it is not the duty of the minister to accept the lowest tender, unless for special reasons, which must be submitted to Council, the Council decides otherwise?—A. I never knew anything else but that the lowest tender was accepted.

By Mr. Reid (Grenville):

Q. Not every case is submitted to Council, but where the lowest tender is not accepted?—A. That is what I understand, but of course these are matters I do not deal with.

By Mr. Bennett:

Q. Now, here is your letter—that is to say, is your signature—dated the 8th of December, 1906:

'In accordance with the instructions of the Hon. the acting Minister of Public Works, I have awarded to the Office Specialty Mf'g Co. the work of making and installing the steel fittings required for the Department of Railways and Canals at a cost of $21,970.90, according to their tender of the 11th Sept. last (in Ref. 294989), this tender being the next lowest. Case A is to be supplied in six weeks from date, and the balance of the fittings are to be installed complete by the 15th March next.

'D. EWART,
'*Chief Architect.*'

Why was not the lowest tender accepted in that case?

Mr. PARDEE.—Read the correspondence leading up to that, I think that is fair. It is all there, it shows that the next man, who was the lowest tenderer, withdrew, so they had to give it to the next highest tenderer to fulfill the contract.

By Mr. Reid (Grenville):

Q. Do you ask for an accepted cheque to accompany the tender?—A. Not in all cases.

Q. Is it not usual in these cases?—A. No, so far as I know, they have never asked for a deposit for that class of work, fittings.

Q. What other work do they ask for a deposit on?—A. For such work as a contract for a building.

Q. But only for a building?—A. Yes.

Q. But in the way of supplies, they never ask for an accepted cheque?—A. That is, not as far as I know. Not as long as I have had anything to do with it.

By Hon. Mr. Pugsley:

Q. In the whole of your thirty-seven years' experience?—A. I have never heard of it.

By Mr. Reid (Grenville):

Q. Is there any exception to the rule?—A. The rule was never made, so far as I know.

Q. Does not your advertisement speak about an accepted cheque?—A. Not that I know of, but you will see by the advertisement.

By Mr. Bennett:

Q. On the construction or erection of a public building, is a marked cheque required there?—A. A marked cheque, yes.

Q. Where the amount is under $20,000?—A. A marked cheque—it is not a matter of estimate, as far as I know.

Q. Can you recall any case prior to 1896 of any contract for fittings that ran up to $20,000?—A. No.

Q. Or $5,000?—A. Oh yes, lots of them; take a post office building, take, for instance, the Hamilton post office, that was about $10,000.

Q. And there was no security required there?—A. No, no security required.

Q. Who had the contract for that?—A. I think it was Vanallen & Brown.

By Mr. Zimmerman:

Q. Yes, and without tender, too, without contract.

By Mr. Bennett:

Q. On December 5, 1906, I find this letter:—

'OTTAWA, ONT., Dec. 5, 1906.

'The Hon. Min. of Public Works,
'Ottawa.

'DEAR SIR,—In reply to your favour of December 4, I beg to say that owing to the forced liquidation of the Canada Cabinet Co., Ltd., at Gananoque, I have been unable to have the steel work for the Record Room for the Dept. of Railways and Canals put in hand, and as I cannot definitely promise when I can deliver these goods, I would deem it a favour if you would kindly release me from the obligation, and thereby insure the department of getting the work in a definite time.

'I remain, yours very truly,

'L. W. HUTCHISON.'

Now, were tenders then called again?—A. No, I think not.

Q. And the tender was given to the Office Specialty Company?—A. The next lowest tender, I understand, from memory.

Q. I think this file shows that: 'In accordance with the instructions of the hon. Acting Minister of Public Works, I have awarded to the Office Specialty Manufacturing Company the work, &c.' that is your letter of the 8th December, 1906. Who was the acting minister referred to there, Mr. Hyman?—A. No, I do not think so.

Q. Who was the acting minister at that time?—A. I think it was Mr. Fisher.

Q. On the 8th December, 1906?—A. I think it was Mr. Fisher.

Q. However, new tenders were not called for and the contract was given for $20,000 without any further tenders being invited?—A. Yes.

Q. Have you ever received tenders from any concerns outside these three companies?—A. Yes, what was done in the department, I think, for that same work was that a set of plans and specifications was sent to the chief architect at Washington and he was asked to be good enough to get prices and let the department know.

Q. For this particular work?—A. Yes, I think for that particular work, and he did that.

Q. Over your hand here you say, 'According to instructions the following parties were invited to submit tenders.'—A. Remember this, we asked the chief architect at Washington if he would be kind enough to let the department know what these same fittings would cost in the United States.

Q. Will you take a note and let us have a copy of that letter?—A. Yes.

Q. How is it that is not on the file?—A. That was for our private information.

Q. So that when a return is brought down here there is a private file at the office which is not brought down?—A. No. Suppose I want to get some information in order to know what other people are paying for things, what the value of an article was, surely there is nothing wrong in doing anything of that kind is there?

Q. You have that letter?—A. Yes, the letter is in the department.

Q. What did they advise you?—A. I think they said about $18,000.

Q. About $18,000?—A. Yes, that is speaking from memory.

Q. Did you invite tenders over there?—A. No, we did not.

Q. Had you those figures at that time from this company?—A. Yes, we had those figures—no—well, I could not say.

Q. You are aware whether you had them or not?—A. Well, I will not say until we get the papers.

Q. Didn't you think there was a great disparity between those tenders, $4,000?—A. Well, when the company failed it showed that they were not making much profit anyway.

Q. That might have been, but companies do not always fail for that reason?—A. And the other two were very close.

Q. Yes, the other two were very close?—A. Yes.

By Mr. Reid (Grenville):

Q. Mr. Bennett asked you if, when you inserted this advertisement in the papers, you had received any tenders from any other firms in Canada other than the three named?—A. No, no other firms tendered.

Q. You never received tenders from other firms even when the advertisement was inserted in the public papers?—A. Even with advertisements in the newspapers.

By Mr. Pardee:

Q. Are there any other firms making this class of goods in Canada?—A. Not that I know of.

By Mr. Reid (Grenville):

Q. Did you ever make inquiries whether they did or not?—A. I cannot say I have, except in general conversation, but I am pretty sure that there are no other people making these goods in Canada, because they have to have a very expensive special plant to do so.

Q. You are sure there are no other people in Canada making desks, for instance, besides these three firms?—A. I am not talking about desks.

Q. What I am getting at is that these firms supply other goods besides fittings?—A. Oh, yes.

Q. And I asked the question that when you have advertised for goods supplied by these firms, no matter whether it is this kind of fittings or not, you never received

any other replies from any other firms?—A. Not for what we call steel files. So far as desks are concerned, the department does not buy very many from them; they buy from other parties as well.

Q. Did you ever advertise for desks?—A. Not to my knowledge.

Q. You never advertised for anything of that kind?—A. Not to my knowledge.

Q. You had a list supplied by either the minister or the deputy minister of persons from whom you were to purchase these goods without tender?—A. No, I can't answer that question.

Q. You can't answer that question?—A. No, we have—what is the question?

Q. Did you have a list of those three names supplied to you as the persons from whom you were to purchase these supplies, desks and other supplies of that kind?—A. Yes, we had the list of those three.

By Mr. Zimmerman:

Q. Did you recommend these names to the department?—A. Oh, no.

By Mr. Reid (Grenville):

Q. Did you have the names of any other firms or persons you were to buy desks from?—A. We have the names of quite a number of people who supply desks, but that is a very different thing from steel files.

Q. I notice the Office Specialty Company, and the Eclipse Manufacturing Company, supply a large quantity of goods to the department?—A. Yes, I know.

Hon. Mr. PUGSLEY.—These were special office fittings, steel cases, something only made by these three firms in Canada; therefore do not confuse it with the question of desks.

By Mr. Reid (Grenville):

Q. As I understand you, you swear that these are the only three firms in Canada that made these goods?—A. Those are all that I know of.

Q. All that you know of?—A. All that I know of.

Q. You say you have made inquiries to find out?—A. I made no special inquiry because, generally speaking, if people have goods to sell they are always after the department to buy them.

By Mr. Law:

Q. And if there had been other people manufacturing these goods when the tenders were called for they would be very likely to apply, wouldn't they?—A. Yes.

Hon. Mr. PUGSLEY.—What Mr. Ewart says is that when people have articles that they desire to sell or that they think the department want they are constantly communicating with the department.

By Mr. Reid (Grenville):

Q. Would you bring also a list of the papers in which the advertisement for this particular item was inserted?—A. Well, I had nothing to do with that, that is not in my branch.

Mr. REID.—Perhaps the Minister of Public Works would submit a memorandum of that?

By Mr. Bennett:

Q. Let us go back to your memory again. Didn't you tell us that in this case these fittings for the Railways and Canals Department were advertised for through your department?—A. That is my belief.

Q. That is your belief?—A. Yes.

Q. Can you recall a case at all where fittings of that class, steel fittings, have been put in by any company outside the Office Specialty and the Eclipse in the past ten years?—A. Yes, I can, the Gananoque Company.

Q. Those are the friends of Mr. Hutchison. Can you recall a case otherwise in all your experience in the last ten years, outside of these three companies; the company represented by Mr. Hutchison, the Eclipse or the Office Specialty Company, that contracts have ever been given to any one else?

Hon. Mr. PUGSLEY.—For what?

Mr. BENNETT.—Well, horses—we are talking about horses, are we not?

By Mr. Pardee:

Q. Desks or steel fittings?—A. Steel fittings, no, I can't.

By Mr. Law:

Q. Were they manufactured in Canada previous to 1896?

By Mr. Bennett:

Q. Do you think there were none of these steel fittings made in Canada prior to 1896?—A. I don't say that; I do not think there were; but in any event not so many as lately.

By Mr. Reid (Grenville):

Q. You did not say a few minutes ago that they were not manufactured in Canada by any other firms than those three.

Hon. Mr. PUGSLEY.—That was before 1896.

By Mr. Bennett:

Q. Have these visits of Mr. George M. Reid to shake hands with you been more frequent the last four years than formerly?—A. No. I think I met Mr. Reid up in the Club in London about fifteen or twenty years ago, and when he came to Ottawa he has called and shaken hands with me.

Q. Have these visits been more frequent lately than they were fifteen or twenty years ago?—A. No, I think they have been less frequent lately.

Q. He never spoke to you on those visits about these contracts?—A. Never one word.

By Mr. Boyce:

Q. In regard to the tenders received for the Department of Railways and Canals, three tenders were received, one from Mr. Hutchison, one from the Office Specialty Company and one from the Eclipse Manufacturing Company, and you accepted the lowest tender, that of Hutchison?—A. Yes.

Q. Did you know what concern Mr. Hutchison represented at that time?—A. He represented a firm at Gananoque.

Q. Did you know that he represented that firm at the time he tendered?—A. I understood he did, that is what he said.

Q. But notwithstanding that you did not invite a tender from the firm, but from Hutchison?—A. Because he was the agent, the same as Houghton was the agent for the Office Specialty Company.

Q. I see that Mr. Hutchison uses a letter heading from which it would appear that he was doing business at Ottawa. It is headed 'L. W. Hutchison—Card Systems, Vertical Files, Desks, Sectional Bookcases, Sectional Cabinets, Metallic Fittings, Adjustable Roller Shelving, Quick-Easy Copying Presses,' and the tender is not that of the Gananoque Company, but that of Hutchison, so that you applied to him to tender?—A. Yes.

Q. And not to the company?—A. No, in the same way as we did not apply for a tender from the Office Specialty Company, but we applied to Mr. Houghton who is their agent.

Q. Then you knew from previous experience, I presume, that Hutchison, when you applied to him, represented in some way the Gananoque Company, although the was in business for himself?—A. Yes, I did.

Q. He was the lowest tenderer?—A. Yes.

Q. He made no deposit?—A. No.

Q. None of them made deposits?—A. No.

Q. His tender was received and accepted on September 14, according to the file?—A. Well, that will be right.

Q. And the work was to be done at once. What took place between September 14 and December 5? What had been done towards completing the work?—A. I suppose the department considered he was going on with the work during that time.

Q. And were you writing him at all?—A. Latterly we were writing him pressing him to get it done.

Q. And finally he wrote a letter on December 4 in which he states that the company had gone into liquidation?—A. Yes.

Q. You did not bring down the letters you wrote to Hutchison?—A. Because I was not asked to.

Q. Should'nt they be on the file?—A. That is a different case altogether, I was summoned for one particular thing.

By Mr. Bennett:

Q. These are the papers from the department and the letters are not there?—A. I don't know that, all I know was that I was to be examined on the matter I have before me.

By Mr. Boyce:

Q. Here is a letter from the acting minister dated December 4, in which he refers to letters written to Mr. Hutchison on October 3rd, 12th, 17th, and 24th, four letters, none of which are produced?—A. There are my directions to come to the committee (producing subpœna) and there is nothing there requiring me to produce those letters.

Q. During that time you were jogging Hutchison's memory about this contract?—A. As far as I remember I was.

Q. Didn't you know at that time that his company had gone into liquidation?—A. I did not know, speaking from memory, I did not know.

Q. Your later contract for the Railways and Canals Department was for $20,000?—A. Yes.

Q. And they bid for $16,000?—A. Yes.

Q. You knew that was very much under the mark?—A. Yes, I thought they could not do it.

Q. You absolutely ignored the question of security altogether?—A. We did not ignore it, it was not the practice.

Q. If he had tendered for the delivery of a boiler he would have had to give security?—A. Not at all.

Q. Would he not have had to do so according to the rule?—A. As far as I understand in reference to buildings, where there is a great variety of material and different contracts in connection with the same work, it is the practice to take security. It is a very different thing in reference to a building from supplying fittings like this, because, as a rule, the fittings are not paid for until delivered in the office and accepted.

By Mr. Pardee:

Q. There are no progress estimates on this work?—A. None.

By Mr. Boyce:

Q. And without asking for new tenders you accepted the second tender and that was complied with?—A. Yes.

APPENDIX No. 1

By Mr. Bennett:

Q. Can you ever recall any case, prior to 1896, where fittings were put in outside that case of the Hamilton Post Office?—A. Yes. Generally speaking the fittings for post offices at that particular time were given to the contractor who did the work for the building at his price, that is provided it was a reasonable price.

Q. That is one of the special cases you recall, that it was not done?—A. No, what I mean to say is this that the work for the fittings was given without calling for tenders.

Q. That is in the Hamilton case?—A. No, in all cases, or in most cases to the contractor who did the building, provided his price was a reasonable price, that has been the practice for the past thirty years.

Q. Were there tenders called in the Hamilton case?—A. Just for the work.

Q. Only for the work?—A. Yes.

By Mr. Pardee:

Q. You have been 37 years in the Department?—A. Yes.

Q. And you are following out exactly the same system that has always been followed—just exactly the same, there has been no difference?—A. Yes, that is it.

Q. The question was asked you if you never went over this work yourself. You have competent men under you, I take it, who are thoroughly able to give you all the details necessary in reference to this work, for example, now under discussion?—A. Allow me, with reference to this special class of work, when this class of work was started these different firms prepared a plan themselves and sent it to us. I found that that was not the thing, and I got a man specially to do this work, he does nothing else, we make our own estimates before they get their tenders and then we invite tenders.

Q. This class of work is very much better than the old work that was formerly used? Is it fireproof? I suppose it is superior to the wooden shelves?—A. Yes, and takes up a great deal less room.

Q. And very important documents are kept in these various files?—Yes.

By Mr. Bennett:

Q. Who is the special officer who does this particular work?—A. Mr. Beaudry.

Witness discharged.

Committee adjourned.

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO A PAYMENT OF

$1,077.25 TO ASSISTANTS IN MR. RIOPELLES'S OFFICE

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

Mr. Clarke, from the Select Standing Committee on Public Accounts, presented the Forty-second Report of the said Committee, which is as follows:—

Your Committee have had under consideration the accounts, vouchers and other papers relating to the following payments:—

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$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

HOUSE OF COMMONS,

COMMITTEE ROOM No. 32.

OTTAWA, FRIDAY, February 21, 1908.

The select Standing Committee on Public Accounts met at 11 a.m., the chairman, Mr. Clarke, presiding.

The committee proceeded to the consideration of a payment of $1,077.25 to assistants in Mr. Riopelle's office, *re* purchase of land for the new departmental block Ottawa, as set out at page V-23, of the Report of the Auditor General for the nine months ending March 31, 1907.

Mr. JOSEPH RIOPELLE, called, sworn, and examined.

By Mr. Bennett:

Q. Where do you live, Mr. Riopelle?—A. Rideau St., Ottawa.

Q. What is your business?—A. I am retired from business for a number of years. I have been in the employ of the Department of Public Works for the last year or so, purchasing property on Sussex street.

Q. You are employed by the department in connection with the purchase of some of these properties on Mackenzie avenue and Sussex street?—A. Yes.

Q. Here is an item in the report of the Auditor General: "Assistants in Mr. Riopelle's office *re* purchase of land; clerk, A. G. Campbell, $15. W. E. O'Meara, $704; messenger, $358.25," making a total of $1,077.25. Now, will you tell me what service W. E. O'Meara performed for $704? In the first place what was he paid per week?—A. $18.

Q. So that he was employed there for how long?—A. From about June 25, 1906. The first man I had was the man Campbell, he was there on June 22, 1906. I got him only a week and paid him $15.

Q. That would be 39 weeks it figures out for Mr. O'Meara?—A. I have all the papers here, and it will save you a great deal of trouble if you want to see them. I have my contract and everything.

Q. All right, let us have a look at these. (Documents handed to Mr. Reid.)

By Mr. Reid (Grenville):

Q. Is this the whole thing?—A. I can give you lots more if you require it.

By Mr. Bennett:

Q. I see the first account here on the file of the department is A. G. Campbell, clerk, $15. and then appears, O'Meara, clerk, $20—A. I can explain all that and it will save time.

Q. Well, if you will explain what O'Meara was at.—A. Well, I got Mr. Campbell at first and secured his services at $15 a week, and I found out within a week that he would not suit my purpose so I paid him off. The next man I secured was O'Meara, and I paid him $18 a week, and as Campbell went away before his week was up and I paid him for his whole week that is how the first payment to O'Meara is $20 instead of $18.

Q. So O'Meara was paid $3 per day?—A. Well, not counting Sundays.

Q. What was O'Meara occupied in doing?—A. Well, he was occupied as my clerk, in writing and typewriting in the office. We had a good deal of writing to do about this matter and it was my agreement with the department that I was to be furnished with such a man. You will find that in the agreement here (handing document to Mr. Bennett). But I want that back.

Mr. BENNETT—I will give it back to you. This is a letter of January 20, 1906, as follows (reads):

'Office of the Minister of Public Works of Canada,

OTTAWA, June 20, 1906.

'SIR,—In reference to our conversation in connection with your acting as agent for the Department of Public Works in the acquisition of the properties the government propose to purchase as site for a new departmental block, I am having forwarded to your office all the information in the possession of the department relative to the valuation of the properties in Quebec.

'The terms upon which you will render these services to the department will be those agreed upon between us, viz: 2 per cent commission on all the properties acquired, either by purchase or expropriation, the government to also pay for the services of a clerk and messenger. It is, of course, understood that in all cases where expropriation may become necessary, you are to obtain information and to prepare the government's case in order that the interests of the government will be fully protected whenever properties are acquired in this manner.

'I shall be glad to receive an acknowledgement from you of this letter.

'Yours truly,

'(Sgd.) C. F. HYMAN.

'JOS. RIOPELLE, Esq.,
225 Rideau street, Ottawa.'

Q. Did you write and accept that offer?—A. I did, sir.

Q. You say that you had a lot of typewriting and all this work to do. Tell me, what would be the nature of those letters or documents that you would instruct your clerk to copy out. What were they?—A. After agreeing with certain parties for certain prices about certain property, I have to submit that in writing to the Minister of Public Works for approval. Then after I have received his reply I have to notify those parties in writing where to bring their papers in order to have their titles passed, &c. If you want any proof as to the amount of typewriting we have to do we will produce copies of these letters.

Q. You had nothing to do with the passing of the titles, the lawyers did that, I suppose?—A. I had all to do with shaping out the conditions in connection with the titles. In certain cases we made concessions, and in others we bought with the properties clear, and in others we gave back the materials on the property. I had to set forth all these conditions for the approval of the Minister of Public Works, and it has been very tedious work, very long work; in fact we have plenty of work for the clerk.

Q. Who is the lawyer that was employed by the department?—A. Mr. D. H. MacLean, I think it is, in conjunction with Mr. Fraser. There are two lawyers.

Q. Who do you say the other was?—A. Mr. Fraser, I think.

Q. Is that Mr. Angus Fraser?—A. I think so, yes.

Q. What was the nature of your duties? Tell us, supposing you were going to buy a piece of property from John Brown, what was the nature of your business?—A. To purchase if I considered the price reasonable, and if the Public Works Department approved it, it was a go, if not we would expropriate it.

Q. You would go to see Brown and ask him what he wanted for his property?—A. Sometimes I would have Brown come to me.

Q. And then, when you had arranged it you wrote a letter to the department?—A. But that would be after considerable negotiation. It might take three months negotiating with Brown.

Q. I want to get at what the clerk was doing. Every time when you closed a deal you would acquaint the department by letter of the fact that you had made a deal?—A. I had to acquaint the department with the fact that I had agreed with Brown for the purchase of his property for such a price and desire the department's approval.

Q. That would be by letter?—A. By letter.

Q. How many of these deals were there altogether?—A. Well, it may have taken a great many letters for one deal.

Q. Why so?—A. Some of the deals were very simple and the others—well, others have been very tedious.

Q. Tell me how many properties were acquired altogether?—A. I suppose forty or forty-five.

Q. How many letters would there be written in the course of dealing for these forty-five properties that your clerk would have to write?—A. There would be in each property a dozen letters probably. I would have to notify those that I purchased from, and then write to the government, and after the government had approved of my recommendation I would then have to inform the parties and instruct them what to do with reference to their title papers. Then I had to instruct the solicitors, and give them a copy of the conditions that I had made with these parties in regard to the purchase of their properties, in order that the solicitors might write the deeds.

Q. Then, before we go beyond that, you drew up yourself the contracts for the purchase, or did the lawyer?—A. I had made the agreement, the lawyers hadn't anything to do with it.

Q. All the contracts for the purchases were drawn up by you?—A. And the lawyers had to carry out the conditions.

Q. And the lawyers did not draw up the contracts at all?—A. Only to carry out what I had agreed upon.

Q. Were you furnished with a contract?—A. We wrote them out.

Q. You are not a lawyer?—A. Well, my clerk was a lawyer.

Q. Is Mr. O'Meara a lawyer?—A. Well, I think he is as good as any lawyer.

Q. That is a matter of opinion?—A. Well, I think he is.

Q. Had Mr. O'Meara practised as a lawyer here?—A. Not in the city, no.

Q. Where did he practise before?—A. I do not know that he has ever practised, but I understand he has been in a lawyer's office for six years.

Q. Where?—A. In Pembroke.

Q. Not here in the city?—A. Not here. Mr. O'Meara is here if you want him; he is prepared for everything.

Q. He will be snapped up by some of these lawyers as a partner if he is everything you say?—A. They might make a worse bargain than by taking him.

Q. And Mr. O'Meara was here all this time, thirty-nine weeks?—A. He is with me yet.

Q. He is still there?—A. He is still there.

Q. Are the properties all acquired now?—A. No, sir, not yet. I intend keeping him until they get through.

Q. How long has he been there?—A. Eighteen months.

Q. And his pay is going on all the time?—A. Yes, all the time. He gets paid every week.

Q. How many more properties are there to close out?—A. About eight more properties to close out.

Q. Tell us about this other gentleman, what is he doing?—A. He has been my messenger.

Q. I hope you don't have to go to England at the government expense, or you will be taking him with you perhaps?—A. I am not a cheap man. If the government want my services they will have to pay me pretty well. I have dismissed the messenger.

Q. What salary did he get?—A. $9 per week.

Q. That is $1.50 per day. What were his duties?—A. He took care of the office,

kept the fires going, attended to the telephone and kept the office whilst I might be out in the field.

Q. Had you to hire an office specially to conduct these negotiations in?—A. I have my own office.

Q. You use your own office?—A. Yes, sir.

Q. Before you started in on this work for the government had you a messenger employed in your office?—A. No, sir, but as you will see from the contract it was a condition on which I accepted this work, that I would be furnished with a clerk and a messenger. They have dispensed with the messenger from me since, but I have no grievance about that because I got along without him.

Q. So that the duty of the messenger was to do what?—A. To carry these letters and messages to the department; we were exchanging letters every day, sometimes two or three times a day; we were also sending messages to the parties I was dealing with. There was plenty of work for him to do, in fact I would not be without him, and my contract called for that.

Q. Couldn't you use the mails?—A. It would be rather slow, sometimes we might have lost the opportunity to make a favourable deal had we not been able to act expeditiously.

Q. Who else was engaged with you in this work of buying properties? What were William Arnold, Choquette and Pothier, C. B. Taggart and James White paid a total of $7,314 for doing in connection with the purchase of this property?—A. What do I know about those gentlemen? They rendered service to the department years before this work was put into my hands.

Q. They were paid in connection with this very same work, according to the Auditor General's Report it was for the valuation of the properties?—A. Well, the government gave me all that information to help me to purchase these properties. They furnished me with the information they had previously acquired through these men, but these gentlemen had nothing to do with me.

Q. They had nothing to do with you?—A. Nothing whatever.

Q. What were you doing?—A. I was purchasing these properties for the government.

Q. On the basis of this letter that you have produced?—A. On the basis of my own judgment.

Q. I mean as to your remuneration?—A. My contract tells you that.

Q. I know, two per cent. How much have you been paid?—A. All that I have asked for so far.

Q. And how much is that?—A. About $4,000, they still owe me about $4,000 or $5,000.

Q. How much do they owe you now?—A. I do not know, I have not made up the account, but whatever it is they will owe me still more before I get through.

Q. Can you tell me how much it will be?—A. I have an idea what it will be.

Q. How much will it be, about?—A. I do not know what the expropriation judge will fix the property at.

Q. About how much will that be?—A. I cannot tell what it will be.

By Mr. Pardee:

Q. The witness says he cannot tell?—A. They owe me about $5,000 now I guess.

By Mr. Bennett:

Q. They owe you about $5,000 more?—A. Something like that.

Q. That is the addition to the $4,000 which you have been paid?—A. Yes.

Q. You do not care to say how much more you figure will be coming to you in respect to these properties?—A. I cannot tell exactly. I know there will be more but I cannot say how much.

Q. Will it be $5,000 more?—A. Scarcely that.

Q. Will it be $3,000 more?—A. Perhaps, something like that. I have nothing to hide, it is an open question.

Q. If anybody is to blame it is the government not you. Now in the discharge of your duties what was your actual work? Did you make valuations of the properties?—A. In some cases, yes.

Q. We will take these properties that were valued by Mr. James White, 44 of them, did he make valuation or did you?—A. For whom? Are you speaking of Mr. White's valuation?

Q. Yes.—A. I had nothing to do with that.

Q. Is that James White the president, or the ex-president of the Liberal Association?—A. I do not know, these documents were placed in my hands in case they might be useful to me.

Q. You don't know who Mr. White is?—A. I rather think so.

Q. Mr. James White, that is the man who figured in the London election trial is it?—A. I think it is the same man.

Q. How many of those properties did you value? You say that the country has paid you for it, or they will when they have paid you all; you say there are $3,000 more in prospective, and as you say you have earned $9,000 already, that will make $12,000 altogether—now what have you actually done for that?—A. I valued all the properties and purchased them all.

Q. Have you valued them all?—A. Certainly, how could I come to a conclusion to pay a person thousands of dollars for a property without knowing what I am doing.

Q. When you went over James White's 44 valuations, what did you think of them? Were they too high or too low?—A. In some cases they were too high and in several cases too low.

Q. Now in the case of Mr. Taggart's valuations, what did you do? Did you approve of his valuations or did you raise them or lower them?—A. Sometimes I thought Mr. Taggart was right and sometimes that he was wrong, it was the same with the whole of them.

Q. And you say it was the same with Choquette's and Arnold's valuations?—A. Besides, there were a lot of refusals and options which these parties had given on those properties and which had been allowed to expire. These options had all been taken before by the government, and having been allowed to expire we had to purchase them otherwise.

Q. How long have you lived in the city?—A. All my life.

Q. Twenty-five years?—A. Sixty years.

Q. And you have been about and around in that part of the city all that time?—A. I have lived around there for a long time.

Q. And personally you knew everybody who owned properties there?—A. Pretty much.

Q. When you went there to get these options, or to make your valuations, did you announce what your business was; that it was to purchase for the government?—A. Quite openly, sir.

Q. You did it quite openly, so that they knew what you were there for, there was no doubt about that?—A. Exactly. I told them my purpose and what I wanted; there was nothing underhand.

Q. That is only a matter of opinion. Were you any better than the deputy minister or any clerk from the department would have been to approach these people with reference to the purchase of their properties?—A. Well, I think I was better qualified than the whole of them put together.

Q. Of course that is pretty hard on the department?—A. You are asking me my opinion.

Q. However, you are a good straight Liberal, and it was about time something was coming your way anyway?—A. I never asked for it. I have been City Valuator for a number of years, which showed that I had the qualification.

Q. I am not saying that you were not qualified. However, there was no secrecy about it—you told them what you were about, that you were acting for the government?—A. My hands are clean.

Q. Let me understand. Mr. White and these other men had made valuations before you came in?—A. Several years before.

Q. It could not have been many years?—A. I think it must have been that they made their valuation in 1905, and I did not start in until 1906.

Q. It was only a few months before that they made their valuations?—A. I think it was a full year, and perhaps more, I have the dates at home.

Q. When you went to discuss with the different parties the purchase of the lots that these other men had valued, it was not a surprise to them to see you acting for the government?—A. Not at all. I stated right openly that if they could agree with me amicably we would complete the purchase that way, but if they could not agree we would take their property and expropriate under the law.

Q. You had all the valuations made before by these four men, in your hands?—A. All the information that was at the disposal of the department.

Q. Did the minister tell you why he wanted you to value these properties after they had been valued by the other men?—A. He did not say he wanted me to value them, but to purchase them.

Q. You said you had to value all of them?—A. I had to value all of them because I did not know how to purchase else.

Q. But you had the valuations of these other men?—A. I was not bound to buy on the valuation of these gentlemen. I exercised my own judgment.

Q. There were two valuations of the properties made, I think?—A. There were four different valuations made before they came into my hands: Arnold, Choquette & Pothier, Taggart and White.

Q. You will find each one did different work, I think, or did each one value the same properties?—A. So I understand.

Q. I guess that is right, because I find in this report that each one of them valued forty-four properties; so that now they have been valued four times you think they are about right?—A. I always thought, after my valuation, that they were perfectly correct.

By Mr. Pardee:

Q. It was a matter of very common knowledge that the government were going to buy all along that street for a departmental block?—A. Oh, there was nothing hidden about it.

Q. Everybody knew it?—A. Oh, I purchased quite openly. I told the parties what I wanted.

Q. It had been talked about for some considerable time?—A. They were well prepared.

Q. You have had considerable experience in this business?—A. I have valued a good deal of property.

Q. By and for whom?—A. For myself. I own some property in Ottawa and always did. Then I have been City Valuator for six years, and I have known this property for the last thirty years, and was quite well aware that some of these people were asking a great deal too much for their properties. I thought I knew how to pull them down to what I thought was a reasonable price, and I think we got a reasonable price.

Q. You think you were successful in that?—A. I am sure I accomplished it.

By Mr. Reid (Grenville):

Q. How long have you been employed valuing this property ?—A. Since June, 1906.

Q. Are you through yet ?—A. No, sir.

By Mr. Bennett :

Q. And your ordinary business has been going on all the time ?—A. I have

actually no ordinary business, except attending to my own affairs, but I keep my office open.

By Mr. Reid (Grenville):

Q. You haven't been employed at this work all the time ?—A. Not all the time.

By Mr. Bergeron :

Q. Then if this work had not been given to you it would not have made any difference, you would have had your office just the same ?—A. That is as far as my expenditure goes, you mean ?

Q. Yes ?—A. Oh, well, there would be the typewriting and other extra expenses.

Q. If Mr. Arnold, Mr. Choquette, Mr. White and Mr. Taggart, had not valued all these properties it would not have made any difference wnen your time came to value them ?—A. I made my own valuation, but it might have helped me a good deal to get these people's opinion.

Q. Did the actual purchase price vary from your valuation ?—A. It could not vary from mine,, if the price varied from my valuation it could not go, but it might vary from the other valuations.

By Mr. Lennox :

Q. Did it ever coincide with your valuation?—A. Yes.

Q. In many cases ?—A. Not exactly, some of them came very close, but the government always coincided with my valuations, and never turned any of them down.

Q. You say that a great many of the options had expired ?—A. All of them had expired.

By Mr. Reid (Grenville):

Q. Did you get any commissions from the parties who were selling ?—A. Did I what ?

By Mr. Bergeron :

Q. Have you anything to do with the expropriating of the building opposite the Archives which is now proceeding ?—A. Yes, sir, I have been instructed to look into it.

Q. Is there anything finished yet. Is it completed ?—A. I have an option on one only and the other party refuses to sell, so I think we will have to expropriate.

Q. Is that all the buildings from the Printing Bureau ?—A. No, only the west end. The government does not seem to want the others.

Q. Beside the Archives there, have all those buildings been expropriated ?—A. Yes, they have been expropriated and paid for and are going to be pulled down. They have notice that they are to be pulled down by the first of April.

By Mr. Bennett :

Q. Did you happen to own any of these properties yourself?—A. No, I was not interested.

By Mr. Foster :

Q. Your instructions were to buy certain properties, that they had to be bought, the government wished them, is that the idea, that they could not do without them ? Supposing you had bought a property here and others there, they would have to get the intervening properties some way or other ?—A. Yes.

Q. And the only option was to purchase by agreement or expropriation ?—A. That is the only way.

By Mr. Pardee :

Q. And expropriation would be pretty expensive ?—A. Well, we are at it now in cases where we had to expropriate.

Witness discharged.

Committee adjourned.

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OF THE

PUBLIC ACCOUNTS COMMITTEE

RELATING TO

PAYMENTS IN CONNECTION WITH STR. "SPEEDY"

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$19,711.90 and $14,449.36 *re* Souris Fish Drier, P—196, Rep. A.G., 1906, and P—170, Rep. A.G., 1907.

$1,175 by C. F. Caldwell, Mining Rights, L—104, Rep. A.G., 1906.

$1,069.42 and $1,174.10 to Dep. Interior *re* Timber Agencies, L—98, Rep. A.G., 1907.

$210,253.66 to A. F. Bowman, Dredging Port Arthur and Fort William, V—97, Rep. Aud. Gen., 1906.

$10 by British American Fish Corporation, annual rental of lease Nelson River and Great Slave Lake, P—198, Rep. A.G., 1906.

Dealings Sub-Target Gun Co. with Dep. Militia, Sess. Papers No. 136.

$235,271.61 *re* Transcontinental Ry., District F, W—338, Rep. A.G., 1907.

$31,235.35 to Kenneth Falconer *re* book-keeping Dep. Marine and Fisheries, P—77 and 78, 1907.

$74,362 to L. S. Macoun *re* sale copper, &c., Q—98, Rep. A.G., 1907.

$10,956.10 to H. E. Vautelet, services as engineer, St. Andrews Rapids Dam, Red River, V—27, 1907.

$4,000 to H. N. Cockburn *re* tug *Catherine C.*, V—208, 1907.

$6,960.92 to St. John *Sun*, printing, B—6, Rep. A.G., 1906.

$3,250 to Messrs. Birnie and Noble, Georgian Bay Fishery Commission, P—171, Report A.G., 1906.

$31,842.55 to E. A. Wallberg, sundry contracts in connection with Intercolonial Railway, W—36, Rep. A.G., 1906, and W—23, &c., 1907.

and recommend that the evidence taken in connection therewith be printed in blue book form and as an appendix to the Journals and that Rule 72 be suspended in relation thereto.

COMMITTEE ROOM No. 38,

HOUSE OF COMMONS.

FRIDAY, February 21, 1908.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. A. H. Clarke, presiding.

The committee proceeded to consideration of a payment of $16,346.47 to sundry persons in connection with the steamer *Speedy*, as set out at V—225 and V—226 of the report of the Auditor General for the fiscal year ending March 31, 1907, and also payments in the same connection as set out as V—291, 292 and 293 of the report of the Auditor General for the fiscal year ending June 30, 1906.

Mr. JAMES HOWDEN.—Superintendent of Dredging, Department of Public Works, called, sworn and examined.

By Mr. Bennett :

Q. What position do you occupy in the service, Mr. Howden ?—A. During the summer season I am master of the steamer, I act as master and pilot of the steamer *Speedy*.

Q. When did you first enter the Civil Service ?—A. In 1874.

Q. When did you first assume the duties as master and pilot of the *Speedy* ?—A. Of the *Speedy* ? Since we have had the *Speedy*, and previous to that we had other boats.

Q. Referring to the *Speedy*, she was purchased in what year ?—A. She was purchased in——

Q. I think it was in 1905, or perhaps in 1904 ?—A. Yes, she was purchased four years ago.

Q. I find the first mention of her in the year ending the 30th June, 1905, that is in the Auditor General's report, so I assume she was purchased in the summer preceding 1904 ?—A. I think so, she has been on duty for four, this will be five seasons.

Q. Had you anything to do with the purchasing of this boat ?—A. Yes, sir, I did the purchasing. I was instructed to go to New York and examine her.

Q. By whom were you instructed ?—A. By the department, my instructions came through the Chief Engineer.

Q. That was Mr. who ?—A. Mr. Coste, I think, was the Chief Engineer then, however, I am not quite sure about that.

Q. Had you written instructions ?—A. Oh, yes.

Q. You have not those instructions here?—A. No sir.

Q. What were your instructions ? To go and buy this particular boat, or to go and buy a boat ?—A. My instructions, as near as I can remember, were to go and examine this boat.

Q. To examine this boat ?—A. This boat, and if I found that she would be useful as a despatch boat and to do towing on the River St. Lawrence, to make them an offer, or in other words, to get her as cheaply as possible.

Q. You were to get her as cheaply as possible?—A. Yes.

Q. And she was at New York ?—A. She was at New York.

Q. So that when you went to New York it was to purchase this particular boat, or to look her over?—A. To look her over.

Q. Who had been down there previously to see her?—A. I do not know.

Q. Did Mr. Coste tell you that he had been down there?—A. No, sir, he did not tell me; remember, I am not very sure whether it was Mr. Coste or Mr. Lafleur instructed me to go.

Q. Cannot you recollect who it was gave you instructions, whether it was Mr. Coste or Mr. Lafleur?—A. I cannot.

Q. Did you have any conversation with Mr. Coste about the purchase of this boat, or were your instructions received by letter?—A. It was by letter, and it was this way: that I was to proceed to New York and examine the *Speedy* with a view to purchasing her and to see whether she would be suitable for a despatch boat, and for examining the dredges and doing towing work on the St. Lawrence.

Q. That she was a boat to do towing?—A. Yes.

Q. When you say a despatch boat what do you mean by that?—A. It is a boat that we have been in the habit of using since I have been in the department, while I have had charge of the ship channel on the lower St. Lawrence, I have always had a boat at my disposal.

Q. What class of boat had you prior to this?—A. A boat smaller than the *Speedy*, a sort of tow boat.

Q. What was her name?—A. Well, I had the *Lord Stanley* one year, and for several years before that I had a boat called the *Frontenac*, a boat built on purpose.

Q. Cannot you fix it at all whether it was Mr. Coste or Mr. Lafleur gave you instructions in this matter?—A. Before we go any farther I want to say that I only received my subpœna about an hour and a half ago, and there is a lot of information wanted here that I cannot give you because I have not go it here. For instance, you ask for the log-book of the *Speedy* which is on board of the *Speedy*. She is laid up at Lévis, Que.

Q. Well, take a note and send to them. You will have to come back another day. What did the *Speedy* cost?

The CHAIRMAN.—The purchase of the boat happened some years ago, we have nothing to do with that, Mr. Bennett, it is not included in the item before us.

WITNESS.—I can give you the purchase price.

By Mr. Bennett:

Q. What was the purchase price?—A. $35,000 was the purchase price.

Q. I see the item is $36,750.—A. The amount you find there, that one thousand and something was possibly in connection with a broker's fee, but $35,000 was the price to the owners.

Q. Who were those brokers that had this fee of $1,750?—A. Gardner and Cox, their office was at 1 Broadway at that time.

Q. We will come down now to the work the *Speedy* did. That was the summer of 1904?—A. 1904 or 05, yes.

Q. Well, we will come down to 1905, what work was done in 1905 with her?—A. Well, I cannot very well give you as far back as that, but the work all along has been towing the coal barges and running from one dredge to another.

Q. She has never been engaged in any kind of work outside of towing the coal barges?—A. Well, we have often made trips of inspection with the officials on board. For instance, I do not know whether it was in 1905 or 1906, when we went all through the upper lakes with the Hon. Mr. Hyman, stopping at the Georgian Bay and doing business at all the places we stopped at.

Q. Now we will go back to the year ending the 30th June, 1906; now, remember, she came here in the summer of 1904.—A. Yes.

Q. Now, in the summer of 1905, the accounts for that summer appear in the Auditor General's report for the year ending 30th June, 1906?—A. Yes.

Q. Now, in all that time, from 1905 to 1906, under whose supervision was this yacht?—A. She has been under my supervision since the fall she was purchased.

Q. Now, coming to the account at V—290 of the Auditor General's report for

the year ending 30th June, 1906, I see on page 292-V, if you will turn that up, there is a lot of work done by the Polson Iron Works Company, and I may tell you, if my addition is right, that it aggregates about $22,475. Can you tell me how that work came to be done?—A. Yes, I can explain that.

Q. All right give us the explanation.—A. To begin with her boilers gave out.

Q. Her boilers gave out?—A. Yes, or rather in the fall of the following year after she was purchased the boilers were not considered to be safe, she had five boilers.

Q. When you say the fall of the year was that the fall of the year she was purchased?—A. No, sir, the next year.

By Mr. Reid (Grenville):

Q. The boilers were not considered safe?—A. Were not considered safe.

By Mr. Bennett:

Q. You have not the register of the boat here?—A. No sir.

Q. When was she reported to have been built?—A. She was in the neighbourhood—well she was built in England.

Q. I did not ask where she was built, but from your recollection of the register what was her age—about?—A. About twelve years, I should say.

Q. That is twelve years old at the time she was bought?—A. No, twelve years now.

Q. This account aggregates about $22,500, in round figures, under what circumstances was this work all done by the Polson Iron Works?—A. I do not understand.

Q. If you will turn to page V—292 of the Auditor General's report for 1906, which you have before you, the first item there is $3,000 for 'installing a new electric plant in steamer as per tender?'—A. Yes, I have it—that is the new electric light.

Q. Did you order that to be done?—A. Yes sir.

Q. How many tenders were invited for that work?—A. The tenderers were in Toronto, I do not remember the names, but there were several.

Q. Was there a public advertisement for those tenders?—A. No sir.

Q. Will you say that any person else besides the Polson Iron Works was invited to tender on that?—A. There was someone else but I do not remember the name. We never did anything like that without at the very least having one competitor.

Q. The next item is 'removing former deck and making opening to remove old boilers, and closing same up and putting in new decking, new scuppers, and lengthening galley, $3,500.' Was that done by tender?—A. Well there was no competition.

Q. There was no competition?—A. No, no competition in that.

Q. The next item is, 're-arranging deck cabin, as per plan, adding new bathroom, &c., fitting up smoking room, all new upholstering, &c., $2,780', was there any competition?—A. No competition.

Q. 'New wheel-house and chart room with bridge, finished inside with mahogany, teak outside, rooms all upholstered with first-class covering, &c., $3,300', was there any competition?—A. No competition, sir.

Q. 'Below main deck, forward, new bathroom, closet and stateroom, aft, large linen closet and storeroom changed into stateroom, bunk built, &c., fixing dining room windows, electric light fixtures replaced by new, painting and polishing dining room, &c., also complete new steam heating plant, $4,250'. Was there any competition in that?—A. No competition, sir.

Q. No competition, wide open, I see. 'Removing old plumbing, putting in closet, bath tub, linen hamper and sundry repairing: labour, $921.70; Richmond closet, $245.42; enam. bath, $75; enam. wash basin, &c., $55; lining refrigerator, lamp room, &c., with galv. iron, $85; paint, &c., $85; painting and varnishing, $20; hardware, $12.50—$1,499.62—any competition?—A. There was no competition for any of this work.

Q. Then all these items aggregating—you can check the addition afterwards, $22,500, were given to the Polson Iron Works Company without competition except as to the first item of $3,000?—A. That is about it. This whole work of putting in

the new boilers, and all the rest outside of the electric light was such that we could not very well take tenders for it. It was mostly removing old work, removing the deck and taking out the old boilers and putting the new in and such work as that, and everything had to be dismantled.

Q. I see there is an item above here, 'John Kay & Son, mahogany table, $100; dining room chairs, 11 at $12; arm chair, $16; total, $248.' How did they come to be purchased for this towing boat?—A. I can explain that very easily. Her former outfit was of the very finest, that is when she was purchased. On the way from New York to St. John, in crossing, we encountered rather a serious gale and the piano that was on board of her at the time broke loose, and before it was detected it had smashed the table into atoms and every chair in the room. Strange to say, however, it didn't hurt the piano in the least.

Q. Who directed you as to purchasing this mahogany furniture?—A. Oh, I would have a letter from the department to that effect, possibly from the chief engineer.

Q. You think a letter came from the chief engineer—well, I may say on reference to the Auditor General's report it would appear that Mr. Hyman directed that?—A. I think you are correct, I think instructions did come from Mr. Hyman.

Q. Did Mr. Hyman direct you as to how this vessel should be fitted up? As to the polishing of the dining room, and the mahogany furniture and all that sort of thing, the re-arrangement of the cabin?—A. It was understood that she was to be fitted out as she was before, as much as the old material would allow.

Q. And he made a floating palace?—A. She was rather a nice boat.

Q. I have no doubt about that, the country paid for it. Tell me, how was the boat furnished and finished which was supplied you by the department prior to this boat coming in?—A. The boat prior to this one was the Lord Stanley.

Q. Was she fitted with a piano?—A. No, sir.

Q. Was she fitted with mahogany chairs?—A. No sir.

Q. Did she have a mahogany dining table at $100?—A. No sir.

Q. Or did she have mahogany finished staterooms?—A. No, sir, she was practically a tow boat and nothing else.

Q. So that in this year, if you will add up the items, you will find this boat cost $32,755.77?—A. That is about the cost.

Q. And in the prior year, inclusive of the cost of the vessel, she cost $67,652? A. There must be some mistake, because apart from the cost of bringing the vessel around and she did some work here after bringing her around there was no expensive work done that year. It was the following year that the Polson contract was given.

Q. Let me call your attention to the fact that in the year previous to that you paid $17,550 for the boiler; when was that put in, in the year of 1905?—A. In 1905.

Q. Then the department must have paid the Polsons $17,550 before the boiler was put in?—A. That is just possible.

By Mr. Pardee:

Q. Are you able to speak with any degree of certainty about these matters?—A. No sir.

Q. Do you want further time to look them up—how long is it since you got your subpœnae?—A. I only got it about twenty minutes to ten this morning.

Q. And so you cannot be sure about your recollection regarding these matters? —A. No, I am speaking from memory entirely.

Mr. PARDEE.—I submit that this witness at least ought to have a chance to look into matters regarding which he is to be examined. He is making statements here now that some money was paid to the Polson Company, and as he says he has not had an opportunity of looking into the matter, and cannot speak definitely from memory, I do not think he should be asked to put himself upon record until he has at least had a chance to go over the documents.

Mr. BENNETT.—It is all in the report.

Mr. PARDEE.—That is all right, but he ought to have a chance to look up the

items in regard to which he is to be examined, and then he can come here and be examined.

THE CHAIRMAN.—If you do not know, and are unable to answer the questions from memory, witness, you had better say so.—A. I undertook to answer as well as as I could from memory. I know these expenditures were made in connection with the vessel, but it is a matter of dates. Now these boilers may have been paid for before they were put in, and not the boilers alone, but there were two new Scotch boilers and I think they were built some time before they were put in.

By Mr. Pardee:

Q. You are saying this now, all subject to correction?—A. Yes.

By Mr. Macpherson:

Q. That would be right enough, if they were bought by the department?—A. They were built for the department and they were being paid for in the usual way where the work was done by contract, under progress estimates as the work progressed.

By Mr. Bennett:

Q. In the course of your dealings with the Polson Company who was the gentleman you met there in connection with it, was it Mr. J. D. Miller?—A. No, I do not think he had anything to do with the work, it was Mr. Polson himself.

Q. Now we will come down to the accounts of last year, now on the vessel that the government had prior to this one were the officers all equipped with uniforms?—A. Oh yes.

Q. They were all equipped with uniforms?—A. This vessel, the *Stanley,* did not belong to the department, she was chartered I think from the Department of Marine and Fisheries for one season, that is the season that Mr. Tarte took his western tour, it was on board the *Stanley* he went.

Q. The Department of Public Works never had the ownership of a vessel similar to this?—A. The *Frontenac* was a vessel similar to this, but a little smaller.

Q. Were the officers on the *Frontenac,* and the men employed on her, equipped with official clothing?—A. To the best of my memory they had official clothing.

Q. What was the size of this boat the *Frontenac*?—A. She was a boat about a hundred feet long.

Q. Was she capable of towing?—A. Oh yes.

What did she tow?—A. She towed dredges—she was not considered a sea boat, but a river boat.

Q. When you got this boat in the summer of 1905 I see that there was an equipment got as follows: 'Crown Tailoring Co., Ltd.: Officers' suits, 8 at $22; suits for crew, 7 at $17.50; for stewardess, $25; caps, 8 at $3; 7 at $1.50; sundry, 36.70—$384.70.' Who directed you to procure thoset things?—A. Directions from the department.

Q. Do you know whether these directions were given to you in writing?—A. I would not like to say whether they were in writing or verbal, but I think very likely they were in writing. I generally make a statement of the approximate cost of what these things are and I get the Chief Engineer or the Deputy Minister to initial it and this goes to the Auditor General, otherwise the accounts won't pass. There is quite sure to be an order from somewhere.

Q. The stewardess seems to have been elaborately dressed, there is a $25 outfit for her?—A. Yes, they cost more than the men.

Q. Now, let us come down to the summer of 1905, were you on this vessel all the time?—A. I have been on her all the time and if there is anything wrong I'll take the blame.

Q. Tell us what work she was engaged in during the summer of 1905?—A. Towing dredges. She does not even tow dredges in the Lower Provinces, but comes into Ontario and Quebec, and when there is any long towing to be done it is done by the *Speedy.*

Q. In the summer of 1905 she was on the Upper Lakes, towing dredges then?—A. I could not say.

Q. Have the department a government dredge on the Upper Lakes at all?—A. Yes, they have a fleet of dredges on the Upper Lakes.

Q. Have they any on Lake Huron?—A. I don't think they have on Lake Huron, but they have on the Georgian Bay and they have on Lake Erie.

Q. Excuse me, I don't think you are right about the Georgian Bay, what dredges have they there?—A. I would not like to say they were there last summer, but we have been doing dredging at Thornbury, Meaford, Collingwood, and we have been dredging at other places.

Q. But they were private owned dredges?—A. A government dredge, the dredge *Challenger,* worked for years at Collingwood.

Q. She was on the Upper Lakes dredging in 1905?—A. If she went on the Upper Lakes it was to tow dredges from one place to another.

Q. In the summer of 1905 was she on the Upper Lakes towing dredges?—A. I could not say.

Q. Was she in the summer of 1906 towing dredges?—A. I think in 1906—my memory is not quite clear.

Q. In that summer was she not employed down below towing government dredges? A. Her principal work was down below towing barges and dredges.

Q. You would tow barges?—A. Coal barges.

Q. From where to where?—A. From Quebec to Saguenay to Rimouski and down the north shore.

Q. Those dredges you say were loaded with coal?—A. The barges.

Q. That is the barges?—A. Yes.

Q. In the summer of 1907 what was she occupied at, last summer, 1907?—A. 1907 was the greatest summer's work she has ever done.

Q. Tell us what she was doing and we will be the judges whether it was great work or not.—A. She towed the dredge *Northumberland* from Toronto to Quebec.

Q. How long did that take her?—A. I suppose probably a couple of weeks that is in the canal and getting through Lake Ontario.

Q. From where to where?—A. From Toronto to Quebec.

Q. What was the next undertaking?—A. Then she towed all the dredge's pontoons from Toronto to Quebec, that I think would take a couple of weeks, and the cost would probably be about $10,000 to remove that plant from Toronto to Quebec.

By Mr. Reid (Grenville) :

Q. Not for running the steamer alone ?—A. No, I mean a contractor would ask that amount for doing that work.

Q. You just said $10,000, that is not for running the *Speedy* ?—A. No, that would be the cost of handling that plant supposing we hired a boat to do it.

By Mr. Bennett :

Q. You were engaged towing down this dredge and how many scows?—A. These were pontoons.

Q. You mean mud scows?—A. No, these were pontoons, for carrying material; this is a hydraulic dredge we are talking about.

Q. How many pontoons were there?—A. I think there were forty pontoons altogether.

By Mr. Reid (Grenville) :

Q. I would just like to get this $10,000 understood. You said it would cost $10,000 for what ?—A. To tow the dredge and pontoons from Toronto to Quebec.

Q. Did the *Speedy* tow the dredge alone ?—A. Well all except down the north shore of Lake Ontario.

Q. And it took her two weeks, that is 14 days?—A. Pretty nearly, it may be two weeks getting her down.

Q. Or fourteen days ?—A. Yes.

Q. And with regard to the pontoons, she towed them alone?—A. Alone.

Q. How long would it take her to do that?A.—To tow the pontoons? Possibly it would take a couple of weeks to do that.

Q. Is she a better tug than say one of the Montreal transportation tugs ?—A. I do not think she is.

Q. Are you aware what they charge for those tugs ?—A. $10 per hour.

Q. Is that 24 hours or is it $100 per day ?—A. $10 per hour for 24 hours.

Q. That would be $240 a day for one of those tugs. Do you mean to say that is the cheapest you can get one of those tugs for ?—A. Yes, a tug that would do that class of work, and there is the insurance of the plant as well.

By Mr. Bennett :

Q. We are talking about the insurance ?—A. Oh well——

By Mr. Reid (Grenville) :

Q. One of those tugs would do it as well as the *Speedy* ?—A. One of the Transportation Company's tugs would do it I think as well as the *Speedy*.

Q. Aren't they stronger and wouldn't they do it quicker ?—A. Yes, they have stronger tugs, but I do not think they would tow it quicker. There would be a number of tows in the pontoon, they could only take about one third of them on.

Q. But even at that, at $240 a day for 14 days it would not come to more than half of that.

By Mr. Bennett :

Q. You are figuring that this boat is worth pretty nearly $400 a day, that would make $11,200 ?—A. At $400 a day.

Q. That would make $11,200 in round figures ?—A. There is some mistake about that.

Q. There is no mistake, take a pencil and multiply 28 by $400 ?—A. When a boat takes that length of time, mind you, it is possible she is not towing one-half of that time. In bringing the pontoons down from Toronto we had to harbour them on the way down and during that time we were in harbour they could not collect $10 per hour; but the price for that class of work, I have some knowledge of what the charges are, and I think the price to bring that plant down from Toronto to Quebec was in the neighborhood of $10,000.

By Mr. Reid (Grenville) :

Q. Did you have any other tugs assisting you on this at all?—A. I had one of the little harbour tugs.

Q. You did not need any of the large tugs ?—A. No sir.

By Mr. Bennett :

Q. Is this what you call a powerful tug ?—A. It is a rather powerful tug.

Q. Did you ever have to let go anything when towing ?—A. No sir.

Q. Have you ever had to have government vessels come to her help, from the Marine Department ?—A. Not to assist her, we have had help from the Marine Department.

Q. For what purpose ?—A. Towing.

Q. What had she behind her—— ?—A. Oh, we got the *Lady Grey* to tow the *Northumberland* from Quebec to Lunenburg.

Q. Was the *Speedy* on the tow too ?—A. No, sir, she was alone on it.

Q. You did not think she was capable of taking the *Northumberland* to Lunenburg ?—A. The *Speedy* ?

Q. Yes.—A. No sir.

Q. You did not think she was capable of doing it ?—A. No sir.

By Mr. Macdonald :

Q. That is from Quebec down ?—A. Yes.

Q. This is quite a different proposition going down the gulf and out into the Atlantic to what it was between Toronto and Quebec?—A. Yes, sir, the *Speedy* is considered to be a river tug and nothing else.

By Mr. Bennett :

Q. Outside the towing of this dredge and pontoons what else did she do that year ?—A. Then she falls back on her work.

Q. What was her work ?—A. Looking after the dredges, looking after their work, that is my principal work during the summer time; examining the dredges, attending to all their requirements, and in case of breakdowns getting relief to them as soon as possible.

Q. Where would she be running from, about what locality?—A. Oh, I was running between Quebec, Chicoutimi, Rimouski and other places down there.

Q. Down the river—

By Mr. Pardee:

Q. Generally down about the places you have named, I suppose, and in that locality?—A. Generally about there.

By Mr. Bennett:

Q. Can you tell me of any more towing she did in that summer at all outside that one case?—A. I think in 1906 she towed two barges from Toronto to Souris, there is a port of that name I think in the southwest of Prince Edward Island. Well, she towed them from Toronto around there.

Q. What were they? Two barges?—A. Two hopper barges.

Q. Two mud scows?—A. Yes, you can call them mud scows.

Q. How long were you on that trip?—A. From Toronto, about three weeks on that trip.

Q. That was on the round trip?—A. That was on the round trip. I think we had two or three prices for that work, it is not every tug can do that. There are lots of tugs who take it in hand to go down the Lower St. Lawrence, but when a gale of wind comes on Mr. Tug protects himself by letting go the tow and there you are.

Q. This vessel is such a wonderful powerful tug that she doesn't let go?—A. She is never put in such a position that she has to let go.

Q. I see. Now then we will take them as we go along from year to year. At page V—226 of the Auditor General's Report for the fiscal period ended 31st March, 1907, I see an item, 'Radnor water, $43', does the crew on the *Speedy* live on Radnor water?—A. Sometimes, sir. The *Speedy* being a small boat and there being so much boiler heating surface about her, the tanks get in such a state the men are unable to drink the water and we have had a great deal of sickness on board of her on that account. So that we were obliged to give the men table-water to drink.

Q. Well, coming to last summer, 1907, what did she do last year?

By Mr. Roche (Halifax):

Q. Before you leave this point I want to ask, is it customary for the crews on these river-boats to get sick when they get on salt water?—A. Oh yes, they generally all get sick.

By Mr. Bennett:

Q. Now we will come to 1907, what did she do in the summer of 1907? That is only last year so that you will remember that quite well?—A. Yes, well I had the *Northumberland* in 1906, I think now it is——

Q. Tell us what you did in 1907, last summer?—A. Well, I rather think the *Northumberland* went down last summer. I think the better way would be to get the log book here and then we will get it correct.

Q. You can remember what you were doing last summer?—A. I think the *Northumberland* went down last summer.

Q. From where?—A. From Toronto.

Q. The *Northumberland* went down the Straits last summer?—A. What was the *Speedy* engaged at?—A. In towing her whole plant from Toronto.

THE CHAIRMAN.—You are getting beyond the reference now, Mr. Bennett, are you not, the accounts for last summer are not before us.

By Mr. Bennett:

Q. You were speaking about the boat going through the Upper Lakes, when was that?—A. We made some tours from Hamilton and Kingston in 1906. I get confused in the dates and it would be much better if you had the log here.

Q. I see from the 30th June, 1906, to the 31st March, 1907, this vessel cost $16,346.47?—A. Yes.

Q. That is what the additions will show?—A. Yes, well that would be for——

THE CHAIRMAN.—The Auditor General's Report shows what it is for.

By Mr. Bennett:

Q. Can you tell us whether it was in the summer of 1906 you went on this trip to the Upper Lakes?—A. The trip with Mr. Hyman?

Q. Who accompanied the minister on that trip?—A. I did, sir.

Q. There was simply a crew, yourself and Mr. Hyman?—A. Simply the crew,

Q. Did you call in at different ports as you went along?—A. Yes.

myself, Mr. Hyman and in the Georgian Bay, a pilot.

Q. A pilot?—A. In the Georgian Bay, and a pilot I think from Port Arthur to Duluth, as I had not been there for a number of years.

Q. These were the whole party?—A. Oh, I wouldn't like to say that.

Q. I want you to say who was there, that is what I asked you.—A. I can't say, that is none of my business who was on board the boat; Mr. Hyman had friends on board.

Q. You must certainly know how many there were?—A. I do not remember how many there were nor who they were.

Q. They were so numerous, were they?—A. They could not be very numerous because the *Speedy* has only a limited amount of accommodation.

Q. Were these guests partaking of the ordinary bill of fare ?—A. The minister got the same as the rest.

Q. He got the Radnor water, I suppose, as well as other things ?—A. Oh yes—I rather think that the minister sent over all his own wine, including possibly Radnor water.

Q. If you hadn't told us we wouldn't have known that there was anything to drink on board outside the Radnor water ; but as to the grocery supplies and all that sort of thing, that was provided by the public?—A. I think so.

Q. How long did this trip last ?—A. I suppose this trip lasted, including all stops, two or three weeks. However, the log book would give exactly the time it lasted.

Q. Did you have any stops as you went along through the lakes ?—A. We stopped at a great many places.

A. And I suppose at some places you made greater stops than at others. For instance at Port Arthur and Fort William you were two or three days?—A. Probably three or four days, the minister had a good deal of work to do there; up the Kaministiquia river, examining the work going on there, and the work to be done building piers, and there were a great many other things. I think probably we were there three or four days.

Q. And the guests were along all the time ?—A. No sir, not all the time.

Q. Were they there at Port Arthur and Fort William?—A. Some of them were there.

Q. Did you add to the number of guests there?—A. No.

Q. Did you have any excursion parties there at Fort William or Port Arthur ?—

A. I do not think you could call them excursion parties, we have gone from Port Arthur to the Kaministiquia on business.

Q. And there was no addition to the number of guests or moonlight excursions or that sort of thing?—A. No sir, going to the Kaministiquia or around these works no doubt there were additions, but the trip was a very short one, the Kaministiquia is a short distance from Port Arthur.

Q. Well now, compared with the *Frontenac* vessel, what difference is there in the service performed for the country by the *Speedy* and that formerly performed by the *Frontenac* ?—A. Quite a great deal of difference.

Q. Tell us what it is—the *Frontenac* was not fitted for such parties, like those you have described ?—A. Not so elaborately fitted, but she was fitted for a certain amount of parties. That has existed since the beginning of my career, that we always have less or more of it, we have the engineers and the ministers examining the work of the dredges and all that kind of thing.

Q. When Mr. Hyman was not using her, and when she was not towing, was she used by the officers of the department? Did you ever know the engineers or anybody connected with the department or other persons, friends of the government, to have her out on trips ?—A. Oh yes, the engineers and the deputy minister have often had her when examining works.

Q. Did they take their families with them when they went?—A. I do not know about their families.

Q. What ?—A. I do not know.

Q. You were on the boat, you would see ?—A. They very often have some of their friends with them, very often.

Q. They often have some of their friends with them, to what extent does this 'junketing,' if we may call it that, go on ?—A. To what extent ?

Q. Do they take their gentlemen friends or their lady friends ?—A. Sometimes both.

Q. And all the time the country is paying the 'piper' ?—A. I should say so.

Q. Have you any idea what the expenses have run to this year ? From the time this boat started she has cost the country about $120,000 ?—A. She is an expensive boat, she carries two crews, and runs night and day when needed.

Q. This boat is so equipped as to men that you have a double crew on her, a night crew and a day crew ?—A. Night and day crews. The *Frontenac*, the boat we had previously, we only used as a day boat.

Q. What necessity is there for this boat running night and day ?—A. When we get on the upper lakes or down in the Lower St. Lawrence we can't make a port in daytime sometimes.

Q. In looking at the pay list here I see you have an engineer ?—A. Three engineers.

Q. You have three engineers ?—A. Yes, three engineers, one of them is called an engineer, but is practically an oiler, he takes his watch.

Q. You have an engineer at $90 ? Another at $60, and a third one at $30.67 ? —A. I think there is some mistake about that. The first engineer is $90, the second one in the neighborhood of $60 or $65.

Q. Yes, part of the time he was increased to $65 ?—A. Yes.

Q. And the third engineer, Doran, started at $30.67 and was increased afterwards to $50 ?—A. At $50, yes.

Q. The department thinks it is necessary to keep three engineers on that yacht at $90, $65 and $50 a month?—A. I think so.

By Mr. Pardee :

Q. But the third engineer is an oiler?—A. He is an oiler, but he takes his watch when running night and day.

By Mr. Bennett:

Q. On an average how many days in the week would this boat be out over night?

—A. Some weeks she would not be out at all. But she is running about one-half her time at night, I should say that would be a fair average, to make her running about half time.

Q. Outside of this one trip to the head of the lake at Port Arthur was she, for the rest of the time, down the St. Lawrence River?—A. Yes.

Q. And in order to do the work down the St. Lawrence River she was equipped by the department with three engineers?—A. With three engineers and three firemen.

Q. What is the total crew of this vessel?—A. The total crew is about sixteen, I think. There are 3 engineers, 3 firemen, 3 deck hands, the first mate, the second mate, the steward, cook, assistant cook, the maid and myself.

THE CHAIRMAN.—That makes sixteen.

By Mr. Pardee:

Q. Is there a watchman?—A. No, sir, that is the crew.

By Mr. Bennett:

Q. When the government owned this *Frontenac,* how many engineers did she have, do you remember?—A. Two engineers.

Q. And we can make a comparison between the cost of her and the cost of the *Speedy* by hunting up the expenditure?—A. Yes.

Q. I want to get down to the question as to who bought this yacht, was it Mr. Coste—did you find when you went down to New York that she was already bought? A. No, sir.

Q. Did you not get a letter of introduction from Mr. Coste?—A. I think I must have had a letter of introduction to someone.

By Mr. Reid (Grenville):

Q. You did get a letter from someone?—A. I did get a letter from someone.

Q. To whom was the letter of introduction?—A. To Gardner and Cox.

Q. At No. 1 Broadway?—A. Yes.

By Mr. Bennett:

Q. Did you discuss with these people the question of the $1,750 commission?—A. No sir.

Q. Did you have any conversation with them about it——

THE CHAIRMAN.—Are you not getting outside the reference.

Mr. BENNETT.—It is better to have it here than in the House.

THE CHAIRMAN.—All I am concerned with is whether it is within the accounts we are investigating. I understand it was paid several years ago.

Mr. BENNETT.—You will save time if we bring it out now, if we do not get it out here it will all come out in the House.

THE CHAIRMAN.—It is not a matter of saving time, it is a question of going outside the reference to this committee.

By Mr. Bennett:

Q. However, it was Mr. Coste that had been doing the dealings before that?—A. I am not certain about that. It would be either Mr. Coste or Mr. Lafleur; I think it would be Mr. Coste but I am not very sure about that.

Q. Now what was the comparative cost of the boat during the past season as compared with other seasons, do you suppose?—A. I think that the cost this last season would be considerably more, because she has done more work, she has burned more coal and she had to have more crew.

Q. More crew?—A. More crew. You know there are charges to this boat that are accounted for in various ways, for instance, when we were bringing down the pontoons, we had to carry an extra crew to take care of the pontoons in towing. And all that is charged to the *Speedy.*

Q. When it comes down to ordering these supplies for the yacht who does the

ordering?—A. I generally do the principal ordering such as coal and that kind of thing. We get a list of where the patronage is to go and we simply go there. If when we go there they charge more than we can get it for elsewhere we get it at the cheaper place.

Q. I have just picked out at random here at Pictou, Nova Scotia, Meagher & Doherty, 4 dozen oranges, $2.40; box of pears, $4; basket of plums, $1.80; dozen cans French peas, $2.25; 30 pounds of chicken, 18 cents per pound. Are these fair samples of the expenditure for this yacht?—A. We live very well on the *Speedy*.

Q. And this is a fair sample of the expenditure?—A. Yes.

Q. Tell me, when the minister and his friends come aboard, how is the living then? Does it go down any?—A. No sir, it rather goes up if anything.

Q. I will give you another account of Michie & Co., Toronto. On August 7, 1906: 2 pairs spring chickens, $3; half crate peaches, $1.25; case of Radnor, $8;?—A. Yes, they charge about that rate, $8 a case.

Q. And the items I quote here are fair samples of the way this government's yacht is kept up for the men?—A. Yes, sir.

By Mr. Marshall:

Q. I would like to ask the captain what time of the year he bought those chickens at 18 cents a pound?

Mr. BENNETT.—August 7, 1906, is the date of the invoice.

Mr. MARSHALL.—The reason I ask the question is that it seems so ridiculous a price to pay.

By Mr. Marshall:

Q. I would like to ask the captain whether, in buying the chickens, he buys them drawn and dressed?—A. I do not know.

Q. I can tell the committee that the standard price of chickens, drawn and dressed, in any way I mentioned just now is 8 to 10 cents per pound, that is what we pay?—A. I will tell you, I will explain how the prices increase. If you are dressed in the *Speedy's* outfit, with brass buttons on, and go into the store to buy chickens, invariably they charge you just about double what the chickens are worth.

By Mr. Reid (Grenville):

Q. As long as they know you are a government official they will do that?—A. Yes, no matter who they are, if you have brass buttons, or if they see that you are from the *Speedy* or any government boat you cannot purchase as cheaply as other people can.

Q. You have always orders to go to some particular place and buy there?—A. We have the patronage list, but sometimes when they get on the patronage list, I do not say everybody does it, but any unreasonable party will do that—when they are put on the patronage list they think you have to buy from them and up goes the price.

Q. And they charge you just about twice as much as the ordinary person?—A. And in some places I am obliged to leave the patronage list and go elsewhere, you can't get out of it.

By Hon. Mr. Foster:

Q. That is the general rule?—A. That is the general rule.

By Mr. Pardee:

Q. Is that always the rule?—A. Some places are worse than others.

By Mr. Macpherson:

Q. How long have you been on a government boat?—A. On the *Speedy?*

Q. On a government boat?—A. Since 1874.

Q. Has that always been your experience?—A. That has been my experience all the time.

Q. I am asking you; you say when you go into a place now, up goes the price. When you went into a place years ago was it the same thing, or did they lower the price?—A. No, the price always goes up.

By the Chairman:

Q. They did not do that in Mackenzie's time, did they?—A. I think they did, so long as they know it is a government boat or that the government pays for it up goes the price.

By Mr. Bennett:

Q. Are you in the city all the time now?—A. Yes, I have been here all the winter and I will be here for some time longer.

Q. We will have to ask you to hunt up the register of the vessel?—A. I will get that, sir.

Q. And the log book?—A. And the log book as well.

Q. And you think if last year it cost $16,600 to run the boat, that is for the season of 1906, it won't be any less for this last summer?—A. I think not for running the boat, if anything it will be a little more.

Q. So that we will have a grand total cost for this 'house of mirth' of $120,000, since it came into possession of the country?—A. You must allow that she has done a considerable amount of work.

By Mr. Pardee:

Q. How long is this boat?—A. 125 feet over all.

Q. What is her tonnage?—A. Somewhere about between 70 and 80—registered tonnage.

Q. What is her gross tonnage?—A. I will bring the register up and let you know.

Q. What is her engine horse power?—A. Well in the last——

By Mr. Reid (Grenville):

Q. Hadn't you better wait until you have the log here?—A. Her power would be in the log book.

By Mr. Pardee:

Q. But it is in the register?—A. In the register, yes. Her power, the last cards taken off her showed that each engine developed 250 horse power.

By Mr. Reid (Grenville):

Q. That would be 500 horse power when they are both working?—A. Yes, sir.

By Mr. Pardee:

Q. Is she a steel boat?—A. A steel boat and carries Lloyd's certificate Class A. 1.

By Mr. Reid (Grenville):

Q. When you purchased this steamer you say you had an official letter to Gardner & Cox, No. 1 Broadway?—A. Yes, sir.

Q. To introduce you?—A. To introduce me, yes.

Q. You had instructions to buy this boat as cheaply as possible?—A. No sir, I had instructions to see, to get the very lowest price, their very lowest price.

Q. You were to get their very lowest price?—A. Yes sir.

Q. You didn't close the bargain?—A. No, sir, the instructions came from Ottawa to close the bargain.

Q. You got the price from them?—A. I got the price from them.

Q. And that was $35,000?—A. They came down to $35,000, but the owners asked in the neighborhood of $65,000.

Q. But it was $35,000 they offered you?—A. That is what we got the boat for, they did not offer us that. I offered them at first $25,000, and the owner took the

next train with a pair of revolvers to meet me for offering such a price for the boat.

Q. Did you inspect her when you got their offer of $35,000?—A. I had inspected her before that.

Q. In what condition did you find her?—A. In first class condition, she had just been docked and classed again by Lloyds.

Q. Did you have anyone else assisting in your inspection of her?—A. I had Lloyd's inspector.

Q. Who was he?—A. He was a practical man.

Q. Was he the inspector of hulls?—A. The inspector of hulls and engines, both of them.

Q. And did their inspection include the boilers?—A. The engines and boilers, the engine includes the boilers.

Q. Did you find the boilers in good shape then?—A. Well, the boilers were in fine shape, they were pipe boilers.

Q. They had been in use for nine years? That is from the time she was built?—A. About.

Q. They had been in use from the time she was built, and as I understand that would be about nine years, you say she is twelve years old now?—A. Yes, about that.

Q. Did you take into consideration when you offered $35,000 or got their offer, that there would have to be new boilers?—A .Yes sir.

Q. You considered you would have to spend $22,000 more on her for that purpose?—A. Yes sir.

Q. At that time?—A. Yes.

Q. Therefore, you considered the boat would cost about $57,000?—A. She might have run for two or three years; of course she did not run as long as we expected, but we thought it prudent to have them renewed, I think it was the following year.

Q. You expected at that time, when you bought her, that you would have to put in new boilers?—A. Sooner or later.

Q. But no one anticipated that in the same year, right at once, practically, it would be necessary to replace them?—A. It is not the case in every steamer, the boilers in some cases wear out the hulls.

Q. How long did you expect it would be before you would have to renew the boilers?—A. Within two or three years.

Q. You expected you would have to put in new boilers within that time?—A. Yes.

Q. Did these men offer you any commission?—A. Unfortunately things didn't come my way.

Q. But you were sent down to look at this particular boat?—A. Oh yes.

Q. And you did not look at any other boat?—A. Oh no, that is not right. I was sent down and I looked at several boats, and amongst the lot I consldered that this one, for the purposes both of running messages and doing towing work, was better adapted than any I found.

Q. But your instructions were to look at this boat in particular when you left here?—A. She was mentioned, but two or three others were mentioned, I do not remember the names of the others. I looked at the whole of them, and decided this was the best boat.

By Mr. Pardee:

Q. You considered that you got good value for $35,000?—A. I thought so at the time.

Q. And you think so yet?—A. I think so; yes. I think that the boat as she stands now could not be duplicated for $100,000 and that is tall speaking.

Q. You say that she is permanently repaired now?—A. Yes, but of course there is always something to do.

Q. She is an up-to-date boat to-day?—A. She is up-to-date.

Q. Who is the man that went with you to inspect this boat? You said that

Lloyd's inspector went with you, do you know his name?—A. I do not remember his name now.

Q. Can you get his name?—A. I think so.

Q. Will you try and get that?—A. I know he was from Lloyds registry.

By Mr. Macpherson :

Q. You got Lloyd's certificate with her ?—A. Yes.

By Mr. Reid (Grenville) :

Q. Did you bring a report from Lloyds' inspector ?—A. We have a certificate up to that date.

Q. Did you report at the time that you came back that you had inspected these boilers and that you would have to put in new ones and make other repairs ?—A. I don't know. I don't think so.

Q. You simply reported that she was in good shape ?—A. That she was a cheap boat as she stood.

Q. You did not report that she would have to have new boilers and these repairs put on her within two years ?—A. No.

By Mr. Pardee :

Q. You discussed this boat, didn't you, after you got back ?—A. Yes, but I do not remember what amount of repairs was to be done, I don't think that was gone into. It was considered at the time that she was a cheap boat ?

By Mr. Reid (Grenville) :

Q. Did you make any official, written report about her?—A. No, sir, I don't think I did.

Q. You just reported verbally; to whom did you report ?—A. To the minister.

Q. And you told the minister she was a cheap boat ?—A. I think I told everyone she was a cheap boat ; however, I must have made a written report.

Q. Did Gardner and Cox tell you that any person had been down there about this boat, when you were viewing her ?—A. No sir.

Q. They did not mention the name of any official in the department ?—A. No sir.

Q. They did not tell you that Mr. Hyman had been down there seeing them ?—A. No sir.

Q. Or any other member of the department ?—A. They mentioned one man, but not in connection with our department.

Q. What was the name of that man?—A. He was a government employee, but he was there to purchase a yacht for a Brockville man who has died since.

By the Chairman :

Q. But not for the government ?—A. No.

By Mr. Reid (Grenville) :

Q. I suppose the Brockville man was Senator Fulford ?—A.Yes.

Q. What was the name of the man whom they mentioned ?—A. He carries on a wrecking business in Kingston. I can't recall the name.

Q. Probably it was Captain Donnelly ?—A. Yes, that is the man, he went there and purchased a yacht.

By Mr. Bennett :

Q. Did I understand you to say that you considered this vessel is worth $100,000 ?—A. I consider she is worth that to-day.

Q. And that in the open market she would sell for that ?—A. No, sir, I do not say that.

Q. Why do you place her now as worth $100,000 when she has only stood the country $90,000 with repairs. Why should she be worth $10,000 more than she has cost?—A. Well, sir, I consider that. Perhaps there have been more expenditures put on her than you know of.

By Mr. Pardee:

Q. She is good value for the money at that?—A. Yes.

By Mr. Bennett:

Q. That will explain it, if she has cost more than we know of?—A. Probably more. What I mean is that she cannot be replaced to-day, as she is, for less than $100,000. I do not believe there is a builder in Canada to-day that could put her out for that.

By Mr. Law:

Q. Do I understand that the owners offered the boat at $60,000?—A. I think it was $60,000 that Mr. Conn, of Louisiana wanted for her.

Q. Did you have the assistance of Lloyds' inspector? Was it Lloyds' inspector or agent?—A. Lloyds' agents are inspectors.

Q. Not in all cases?—A. I do not know of any agents who are not inspectors.

Q. Lloyds' agents and inspectors are two different classes of individuals?—A. I don't think so.

Q. I beg pardon, there is an inspector and an agent. Did the inspector or the agent, whoever it was, consider that the boat would be good value at $60,000?—A. I don't think he was asked that question.

Q. At the time you paid $35,000 he considered she was cheap?—A. He did not know anything about the price we were paying.

By Mr. Reid:

Q. It was only your opinion?—A. That is my opinion.

By Mr. Macpherson:

Q. Lloyds' inspector would only give you a certificate as to her classification, her hull and her machinery?—A. Lloyds' inspector had to see that she was equal to the certificate he was going to issue.

By Mr. Reid (Grenville):

Q. Lloyds', I understand, only give a certificate of her hull and machinery, and that she is in good condition?—A. No, she is classed 100 A. 1. and they had to keep her in that class or show the reason why.

Q. On the *Stanley* you have several rooms all fitted up there for the accommodation of people going on board?—A. Oh yes, that has been put on the *Stanley* but she doesn't belong to this department.

Q. Still she is a government boat?—A. Yes, she is a government boat.

By Mr. Bennett:

Q. You will bring the information we ask for at the next meeting?—A. I will get the log and any information I have I will be pleased to give.

Witness retired.

Committee adjourned.