

Q. I have here, in ink, cost \$1,536,000, and in there you have \$243,961, as overhead?—A. Yes.

Q. What percentage is that, labour?—A. That is 40 per cent, but there are a considerable number of items on overhead account not in that figure. Those figures written down in ink of overhead charges placed against this vessel are at 40 per cent; when that is completed we will probably rub out those figures, and will say whatever the percentage actually is. As a matter of fact it will come up to about 60 or 61 per cent.

Q. At the time you made this contract what did you consider a reasonable amount of labour, on overhead expenditure would be?—A. Do you mean in the Canadian works or the Barrow works?

Q. I presume that when you enter into a contract for anything like a ship you figure so much for labour, so much for material, and so much for overhead expenses?—A. Yes.

Q. On what basis, if any, did you figure the overhead expenses under this contract?—A. We had no idea what it would be, because I, personally, had been in Canada only two months and we had no staff here that could make the estimate; the estimate was made in Barrow, I do not know anything about that at all.

Q. You do not know what that was?—A. We have had a copy of it since.

Q. Do you know on what basis they estimated their overhead expenses when they tendered on the contract?—A. They gave us slightly increased figures, as far as I remember, over what they used themselves in England.

Q. What would that be?

WITNESS: I do not want, Mr. Chairman, to give these figures out, because to give the cost of overhead expenses to the public is prejudicial to the interests of the company. I do not mind telling the chairman, or Mr. Carvell, privately, what those expenses are, but I do not want to tell publicly. That is the very thing that a company will not tell, what their overhead expenses are, because it is like opening up their books to rival concerns. I have no objection whatever to giving you all the information that I can properly give without prejudicing the interests of the company.

Q. You do not, for one moment, imagine that every shipbuilding company does not have a very fair idea of what the overhead expenses of their competitors are?—A. No, but Canada is a new shipbuilding country and, we have gained from experience a very good idea of what the overhead expenses are, but others who have not had the same experience do not know. That figure I have given you there is one that is made up from the books at the office, and the auditors have certified to the accuracy of the amount, \$1,666,749. There are several charges that have come in since, and no claim has yet been received from Barrow for the increased cost of manufacturing the machinery.

Q. They simply took your books and made up the statement from the information they found there?—A. They went right through the books, down to the very last item charged on the job in the ship, and they gave a cross-check in the pay-roll.

By Mr. Bennett:

Q. Did you say that you had made no allowance for increased cost on the manufacture of the machinery?—A. Yes, there is no allowance made for that.

Q. And that has to be added to the figures given?—A. Certainly, in order to arrive at the actual cost.

By Mr. Carvell:

Q. I want to go back to the statement you made on Friday. I think you said that after you had laid the keel, and got some structural steel up, you had to move