

Mr. TEAKLE: Under pressure, and against my better judgment, we fitted four, but we can only carry 233 head, and we carry them on the main deck, and what we call "underbridge space"—that is, the space under the bridge, where we put them.

Mr. POWER: When you figure on this loss of \$46 per vessel per voyage, do you figure in the cost of changing the ship?

Mr. TEAKLE: Yes; you have to take interest on your money, depreciation of the fittings, the cost of keeping the fittings up, etc.

Sir HENRY DRAYTON: I think that was amortized over ten years, was it not, the interest charges?

Sir EUGENE Fiset: You remember, Sir Henry, (Drayton) that we asked the blunt question about the charges with regard to fitting these boats up as cattle carriers, and it was agreed they should be charged to Capital Account, and once they are fitted up, (To Mr. Teakle) could you not then carry cattle at a reduced rate?

Mr. TEAKLE: No, because if you take off your interest on the capital expenditure, it would be \$64 a voyage, and that would only leave you roughly \$18, provided you carried the 233 head of cattle.

Sir EUGENE Fiset: I think last year there was an allowance of four per cent for depreciation.

The CHAIRMAN: That is not the capital invested in the boat; it is the capital invested in the fittings.

Mr. TEAKLE: Yes.

Mr. JOHNSTON: Your ships are not adapted for cattle trade?

Mr. TEAKLE: That is quite true.

Sir HENRY DRAYTON: Does that take into consideration anything except running expenses?

Mr. TEAKLE: No, just a straight comparison as between whether you carry 233 head of cattle, or whether you carry the equivalent of grain or a general cargo.

Sir HENRY DRAYTON: I did not ask you that. What do you charge into your costs?

Sir HENRY THORNTON: For carrying cattle?

Sir HENRY DRAYTON: No, the whole thing. What do you include in operating costs?

Mr. TEAKLE: The wages of the crew, the feeding of the crew,—there is the fuel; there is the insurance; there is the loading and discharging, and the port charges, and your agency fees.

Sir HENRY DRAYTON: There was no capital brought into that at all?

Mr. TEAKLE: No.

The CHAIRMAN: It is the loss in operating without reference to the interest on the investment in the ship.

Sir EUGENE Fiset: Is depreciation counted into your cost?

Mr. TEAKLE: No; not on the ship.

Sir EUGENE Fiset: Last year we had a statement to the contrary.

Mr. HENRY: Only to the extent of the additional capital required to fix them up, but there is no interest and depreciation upon the original cost.

Sir EUGENE Fiset: But other companies charge to each voyage, according to the report we got last year, a depreciation on their fittings, of four per cent. Would the same thing apply to the Merchant Marine, because if it does, in the statement of cost should be included the depreciation as well. Last year, in the Peterson committee—

Mr. TEAKLE: It would equalize itself, Sir Eugene.

Sir HENRY DRAYTON: They didn't think they could get that far.