

Mr. MONET: Excuse me if I interrupt at this stage, but when you talk of wages does the figure for wages apply only to the butter operation?

Mr. SILVERWOOD: The wages I am speaking of here are the wages of truck drivers who go out and purchase cream. It is part of the purchasing expense in connection with cream.

Mr. MONET: It applies only to the butter operations and not to any other operation of your company?

Mr. SILVERWOOD: Well, Mr. Monet, if the driver collects eggs as well as cream—and he probably would do so—a portion of his wage would be applied to the cost of the eggs, and so the figure here which I point out applies only to butter.

Mr. HOMUTH: If he collects cream for ice cream would that situation apply?

Mr. SILVERWOOD: No, we get our cream for ice cream from an entirely different source.

Mr. MONET: The wages you have just referred to with regard to the purchase of cream are applied entirely to butter?

Mr. SILVERWOOD: Entirely to butter. Transportation includes the cost of the trucks, the cost of bringing the cream from the country station to a city creamery, and that cost is included in purchasing expense. Now production expenses, column G on the same page, refers to plant wages, plant uniforms, and supplies of all kinds including light, heat, power, storage and refrigeration, upkeep and so on. Does that answer the question?

Mr. MONET: Yes. Now, can you tell the members of the committee, Mr. Silverwood, how you manage to calculate the actual wages which you apply on butter when you are handling other products? What is the process for breaking down the figures?

Mr. SILVERWOOD: Well, they are broken down on the basis of time. They are broken down actually in the first place in the weekly time card of the employee concerned according to the amount of time that he works. You are speaking now of course of an operation where a man such as a truck driver works part time on butter and part time on eggs?

Mr. MONET: Yes.

Mr. SILVERWOOD: That is broken down according to the original time card for that particular week.

Mr. HOMUTH: On a dollar basis?

Mr. SILVERWOOD: No, on an hourly basis. The time break-up actually amounts to dollars when it is converted to wages if that is what you mean?

Mr. HOMUTH: I think we ought to clear that up. Mr. Monet's question is "how do you break the figure down as between the cost of poultry and cream?"

Mr. SILVERWOOD: I was trying to explain it. The truck driver shows his pick-up of eggs and cream and poultry at the farm and a split is made on the basis of the time. In that particular case it would be based on volume to some extent but the actual day's work is figured on the time element rather than on volume.

Mr. MONET: I understand, Mr. Silverwood, that some firms base their calculations on a point basis?

Mr. SILVERWOOD: You mean a unit basis?

Mr. MONET: Yes, a unit basis, but that is not your process?

Mr. SILVERWOOD: We have allocated our indirect expenses on a unit basis which we can discuss when we get to that column. It is column N on page 2 of statement 4. As a matter of fact our accounting system does not spread the indirect expenses over our various products and we thought, to give this commit-