

*By Mr. Cavers:*

Q. Mr. Chairman, I just want to clear up one point. I understood the witness to say that the United States government also contributed capital towards the operation of this business in that they paid for the installation of a chrome plant, is that right? What was the amount paid by them in establishing the chrome plant?—A. The chrome plant was approximately \$150,000. Their total contribution was in the neighbourhood of \$1,200,000.

Q. And was that included in the \$250,000 per gun which they paid?—A. No.

Q. It was not?—A. No.

Q. In addition to the chrome plant, which they contributed, were there any other amounts that they paid in connection with this operation?—A. We got about \$1 million worth of machinery from them.

Q. \$1 million worth of machinery from them, yes?—A. And they supplied and paid for a team of highly skilled technical personnel, who lived at Sorel.

Q. None of these amounts were included in the—

The CHAIRMAN: Just a minute. I would like to get a figure on the record for that last item which you say they supplied and paid for.

The WITNESS: We have never costed this, Mr. Chairman. They kept a substantial number of people there for about four years. We have never costed it.

*By Mr. Cavers:*

Q. You have not any idea then of what that cost would have been over the period of four years?—A. We have never done this.

*By Mr. Harkness:*

Q. What was the disposition of the chrome plant and tools that the Americans supplied?—A. They are still there, still at Sorel.

Q. And it belongs to the Americans?—A. Yes.

Q. In other words it is there on loan?—A. They allow us to use it for any defence contract that we have at Sorel, even though they have no similar contracts there.

Q. And is there rent paid for those?—A. No.

*By Mr. Hamilton (Notre-Dame-de-Grâce):*

Q. No reimbursement at any point in the United States?—A. No.

*By Mr. Harkness:*

Q. Now, from what was said by the chairman or yourself, a little while ago, I understand that this was on a cost-plus basis, this contract?—A. It was on a prices-to-be-determined basis, and ultimately agreed to as a cost-plus contract.

Q. What was the amount of profit allowed?—A. 7 per cent.

Q. 7 per cent. Then what was the total amount, exclusive of this \$3,772,000, what was the total amount paid to Sorel Industries on account of both the Canadian and American guns?—A. I gather we have these figures based on unit prices, the same way Mr. Sellar did it. Would that be satisfactory?

Q. No. I really wanted to get the total cost to begin with, now. There seems to be an apparent disparity between the unit price that you have given and the unit price that Mr. Sellar gave, because he said the charge to the Royal Canadian Navy for the 46 guns delivered to us what about \$356,000, but when that was brought up some time ago you said that price was \$348,000?—A. Yes. Mr. Sellar's estimate was based on the information that was available to him at the time. We have a more accurate picture now which changes it to \$348,000.