

cost in the vicinity of \$110,000 more than we would have expected to pay to put them into the Canadian Government ship in peace time.

Q. That is included, or a large part is included, in the extras which the Russian Government—A. No, sir, excluding the extras. They would be estimated by us, and would naturally be covered by the war prices for the extras. I am referring to the material which does not come into the extras at all. Apart from the extras, the cost of material in that ship, in my opinion, would be approximately \$110,000 more than it would have been if we had completed the ship for the Canadian Government during peace time.

Q. That is a fair answer from your standpoint, but it is not an answer to my question?—A. It is as near as we can get.

Q. I do not care about peace time or war time. You agreed to build a ship for the Canadian Government for a million dollars?—A. Subject to certain reservations.

Q. We will leave that out for the present time?—A. These reservations are accepted by the British Government.

Q. We are not the British Government, we are the Canadian Government?—A. I would be sorry to think that the Canadian Government would not do the same thing.

Q. We will not argue that. That is a matter of policy. I am trying to stick to the facts?—Go ahead, sir.

Q. You say as a result of constructing that vessel in war time as against peace time, that you believe the materials cost you \$110,000 more. I want to ask you once more—if you cannot or will not answer it, that is the end of it so far as I am concerned—what is the extra cost of these materials as a result of the six months' delay in assembling the submarines?—A. Very small, practically negligible.

Mr. CARVELL: That is what I want.

By the Chairman:

Q. I understand they were going to make no claim for the delay?—A. Never contemplated that for a minute.

By Mr. Carvell:

Q. The extra cost was practically nothing on account of that delay?—A. You are correct, as a matter of fact, Mr. Carvell—

Q. If you will pardon me.—A. I can strengthen your own argument of what you expect to infer.

Q. I am satisfied now. Let us take the labour. What was the increased cost of labour in constructing that vessel as a result of the six months' delay?—A. There was a slight drop in the cost of labour as between the beginning of 1915 and the second half of 1915 in our yard.

Q. Then there was no increase in the cost of labour?—A. Between the first half and the second half, no.

Q. That is a fair answer. You have already explained the manner of arriving at the overhead charges, and these are the three items. There is a small item, a floating dock charge of \$2,700?—A. Yes, docking ship.

Q. I do not care about that at all. Did the English Vickers ever write to you prior to the month of June, 1915, that they had sold this vessel to the Russian Government?—A. We got a copy of the draft contract about, it may a fortnight or three weeks, before we got the official contract.

Q. That is the first intimation that you had of it?—A. That would be about, I suppose, sometime in April. That would be two months before we got the official contract.

Q. Do you know how much your company has received from the British Government for the use of your yards for the erection of those ten submarines?—A. No, sir.