

Mr. CANTLEY: Will you be good enough to explain why you have taken these seven vessels out of one service and transferred them to the Railway Depart?

Sir HENRY THORNTON: They were transferred to the Canadian National West Indies service.

Mr. CANTLEY: Why? What is the object?

Sir HENRY THORNTON: Because the company is a corporate entity and should own its own implements—should own its own ships. I do not know just what you have in your mind, Colonel.

Mr. CANTLEY: I am not quite able to see the necessity for the change. Could you not have chartered the boats?

Sir HENRY THORNTON: Yes; we could have done half a dozen different things.

Mr. CANTLEY: Why do this particular thing? I am not criticizing. I am asking for information.

Sir HENRY THORNTON: We have a company known as the "Canadian National (West Indies) Steamships, Limited," and they own the five new ships, and it was thought preferable for them to own all of these seven other ships.

Mr. CANTLEY: At what rate were they transferred?

Mr. COOPER: We gave that yesterday.

The CHAIRMAN: About \$25 a ton.

Hon. Mr. STEVENS: The list is in yesterday's evidence.

Mr. HANSON: In any event, that is the plan you adopted?

Sir HENRY THORNTON: Yes.

Mr. HANSON: And it was necessary to have these seven ships for that service in addition to the five *Lady* boats?

Sir HENRY THORNTON: Yes.

The CHAIRMAN: I think we will probably make more progress if we go on item by item.

Mr. COOPER: The book value of the vessels as of December 31, 1927, is shown at \$62,370,683.92.

Hon. Mr. STEVENS: That is a reduction?

Mr. COOPER: There was a reduction during the year of \$1,124,335.14.

Hon. Mr. STEVENS: Written off?

Mr. COOPER: Yes.

Hon. Mr. STEVENS: Ships scrapped, sold, disposed of, etc., etc.

Mr. COOPER: It was the *Canadian Raider* which was written out—just one ship.

Hon. Mr. STEVENS: How much did you take out of the depreciation fund for that?

Mr. COOPER: The amount of depreciation accrued against it was \$336,094.03.

Hon. Mr. STEVENS: That was taken care of out of the depreciation reserve?

Mr. COOPER: Yes.

Mr. GEARY: It is credited to depreciation reserve?

Mr. COOPER: It is charged to depreciation reserve.

Mr. GEARY: And the rest is what?

Mr. COOPER: The capital cost of the ships is written off as against the capital liability account, which is represented by the capital stock.

Mr. GEARY: And it just naturally disappears?