

Mr. FULTON: Would they charge depreciation against the revenue of the hotel?

Mr. COOPER: Yes, they would, because they do so with all fixed property, including their hotels and railways, but we do not. We do not set up depreciation on fixed assets.

Mr. GORDON: In view of the recent announcement by the government that the Canadian National would be subject to income tax, we may be taking a new look at our accounting methods.

Hon. Mr. CHEVRIER: If Mr. Gordon takes a look and is able to produce a document which shows a deficit on these hotels, the government might decide to close down some of them. It would not be so good.

Mr. MACDONNELL: That would be the government's responsibility; but your argument, Mr. Minister, or what you are really arguing is that we should not—you are implying that we do not want to look at the reality of the thing because it might be unpleasant. But I feel that in business it is very desirable not only to have the relevant background, but to have it before your eyes as much as possible.

Hon. Mr. CHEVRIER: If we looked at the record, we would not build any branch lines.

Mr. MACDONNELL: If we are going to build branch lines, we want to know what is being done.

The CHAIRMAN: Paragraphs 30 to 40, property investment account.

Mr. FULTON: You have not got anything there, Mr. Gordon, on the Sherridon line. Was that not started last year in time to be reflected in this property investment account?

Mr. GORDON: There was a very small amount last year. It is mentioned further on in the report.

Hon. Mr. CHEVRIER: Yes, there is a rather good statement on it on page 17—under new branch lines.

The CHAIRMAN: Shall we deal with it under new branch lines?

Mr. FULTON: Yes.

The CHAIRMAN: Shall sections 30 to 40 carry?

Carried.

Mr. MACDONNELL: Are you carrying 30 to 40 all at once?

The CHAIRMAN: Well property investment account.

Mr. MACDONNELL: I would like to hear something of the breakdown of that \$85 million.

Mr. GORDON: If you will turn to page 32 you will see the breakdown of the whole thing.

Mr. MACDONNELL: There is a large figure for equipment. Perhaps when you come to the 1952 budget you will be able to give us the information?

Mr. GORDON: Yes, it is detailed in the budget report.

The CHAIRMAN: Are there any further questions on paragraphs 30 to 40?
Carried.

Paragraph 41—financing.

The CHAIRMAN: Paragraph 41?

Carried.

Mr. MACDONNELL: I would like to ask a question rising out of paragraph 41. I notice in your operating expenses you show a large figure for the depreciation