

Sir HENRY THORNTON: I think, Mr. Stevens, we are presenting this exactly as the Act specifies, and I think if there were to be any alteration in the way in which the facts are presented, there would have to be a change in the Act. Am I right in that, Mr. Henry?

Mr. HENRY: That is right.

Hon. Mr. STEVENS: I am not talking about the way you arrive at your figures; that is statutory, no doubt, but take the figures \$5,373,000, in this estimate, you have the merchant marine and the West Indies, and you should have in here "Deficit on Eastern Lines—\$6,586,000" making a grand total of—whatever it is.

Mr. HENRY: One of the difficulties in that, Mr. Stevens, is this, that about four years ago the government ceased giving to the Canadian National Railways cash advances. The moneys raised for the Canadian National have been by way of government guarantees. Now, if the \$53,000,000 or \$60,000,000 remained in one item, part would have to be cash advances and part of it guarantees. That is why it is set out in this way. The government advances say, \$2,000,000, the deficit incurred in connection with the Maritime Freight Rates Act, and \$4,500,000, the deficit in net income due to other than statutory causes. That is in accordance with Chapter 79 of the Revised Statutes of 1927, which reads as follows:

For accounting purposes, but without affecting the management and operation of any of the Eastern lines, the revenues and expenses of the Eastern lines, including the reductions herein authorized which shall be borne by the Eastern lines, shall be kept separately from all other accounts respecting the construction, operation or management of the Canadian National Railways.

2. In the event of any deficit occurring in any Railway fiscal year in respect of the Eastern lines the amount of such deficit shall be included in a separate item in the estimates submitted to Parliament for or on behalf of the Canadian National Railways at the first session of Parliament following the close of such fiscal year.

Sir HENRY THORNTON: The Act provides how that is set forth. I do not know any other way to do it.

Hon. Mr. STEVENS: I appreciate that, but the fact remains that \$6,236,000 has to be provided for this year.

Mr. GEARY: It is done deliberately, to keep before the whole of the people all of the time what the Eastern proposition is costing. I suppose that is why it was done.

Sir HENRY THORNTON: I do not know, but I suppose that was it.

The CHAIRMAN: Are there any further questions? Shall we go on with item No. 337, Loan to the Canadian National Steamships—\$969,000?

Mr. GEARY: While you are looking at that, there is nothing in your ordinary first vote which is now passed outside of your usual and ordinary expenditures?

Sir HENRY THORNTON: No.

The CHAIRMAN: Any questions on No. 337?

Sir HENRY THORNTON: Wait a minute, Mr. Chairman. I want to be sure I have this right. There will be the Saskatoon Hotel, which we hope to start on this year.

Mr. GEARY: There is nothing in that about it?

Sir HENRY THORNTON: No. It is on page 18.

Mr. McLEAN (*Melfort*): It is in the western region.

Sir HENRY THORNTON: You are right.