

Mr. COOPER: That was not part of the cost of the property to us.

Mr. GORDON: We are getting income from the property in the form of a lease. We are taking income in there and we are charging against the property any expenses we have in the form of taxes or anything else for the upkeep of the property.

The CHAIRMAN: Are there any further questions on paragraph 28?

Carried.

Are there any questions on paragraph 30, "Hotel Operations"?

Mr. McLURE: May we have the amount of the net operating gain for the Hotel Charlottetown?

Mr. GORDON: Would you look at the results?

Mr. McLURE: And it also operates the Dalvay, a summer resort.

The CHAIRMAN: I shall now call paragraphs 30, 31, and 32 so that you may have a full discussion on them.

Mr. GORDON: The net operating income for all hotels is reported as being \$588,000. You will refer to paragraph 30, on page 9 at the bottom; the Chateau Laurier showed a \$388,000 profit. Did you want the other hotels? The Fort Garry, \$60,000; the Macdonald Hotel shows a loss of \$164,000 which is due in part to the fact that we are starting a write-off in connection with the extension we are building in the Macdonald Hotel. The rest of them is \$85,000. These are profits, incidentally, \$57,000 for the Nova Scotian; \$13,000 for the Charlottetown; \$16,000 for the Prince Arthur; \$20,000 for the Prince Edward; \$106,000 for the Jasper Park Lodge; and \$13,000 for the Minaki Lodge; \$3,000 for the Pictou Lodge; and a shortage of \$9,000 for the Newfoundland Hotel.

Mr. MACDONNELL: What do you charge that on?

Mr. GORDON: That is simply operating results; it does not include any interest or depreciation.

Mr. GEORGE: What do you mean by "shortage" for the Newfoundland Hotel? Is that a deficit?

Mr. GORDON: A deficit, yes; not a cash disappearance, no.

Mr. MACDONNELL: Are these hotels an easy load to carry?

Mr. GORDON: The only effect of charging them with interest and depreciation would be to show that they are operated at a substantial loss right through the picture.

Mr. MACDONNELL: Yes, I appreciate that.

Mr. GORDON: It would not make any difference to the results of our over-all system. We take it in on one side and pay it out on the other.

Mr. MACDONNELL: Well, I am very old fashioned to prefer showing the actual situation; and you must agree that is not the actual situation. It is not the kind of thing that anyone, except it be a government enterprise or system, would do.

Mr. GORDON: We do it for our own information. The only difference between the two methods is that in this system we just take in the net results in our figures.

Mr. MACDONNELL: But in respect to the railway as a whole you are showing us the full picture. So why do you feel it necessary with respect to these hotels to show us such a highly unreal picture? Is it for the sake of the morale of the employees, or what?

Mr. GORDON: We have stated the net operating income. We have stated the truth.