

Mr. GORDON: Originally; I will give you the details. It was land that was originally obtained from the Grand Trunk Pacific Railway in 1909 and 1910 as a subsidy for construction of the Lake Superior branch, between Fort William and Sioux Lookout. It covered 10 blocks of land between Fort William and Sioux Lookout; and it comprised altogether 635,039 acres, with mineral rights. But we sold the mineral rights in order to save taxes. We considered it very carefully, and that was a decision which we weighed for some time, whether or not we were to waive or to retain the mineral rights. But we came to the conclusion that the taxes which we would have to pay in order to retain them just did not seem to justify it.

Mr. MACDONNELL: What taxes have you had to pay per year?

Mr. GORDON: I think I have that information here. The retaining of the mineral rights would involve the railway in an annual payment of approximately \$63,000.

Mr. MACDONNELL: I suppose there has been some geological assistance sought with respect to this matter?

Mr. GORDON: Yes. It has been explored. We have given permits to people for many years, and there have been prospectors in and out of that country, and it has been gone over very completely. We also had that in mind when we took our decision.

Mr. MACDONNELL: In your investment account, how did you arrive at it? What was the amount of the investment? What price did you pay, and at what price did you sell?

Mr. GORDON: Did we mention a sum here? Let us say we had a consideration of \$1,600,000. It was the difference between that and—oh, you had better not give that figure. But we got a price which was a good price, we thought; and I should say incidentally that that property had been leased to the Abitibi Power Company on a long standing lease, which gave them cutting rights on the property until 1970. Therefore the property was encumbered by that lease which had been given to the Abitibi people, and therefore the Abitibi people were the logical purchasers. If we had sold it to anybody else, it would have had to be sold subject to the provisions of the lease.

Mr. MACDONNELL: Do you carry it in your investment account at the full investment, and so on? I mean, would the taxes go into it as well?

Mr. GORDON: The taxes would be carried in our income account.

Mr. MACDONNELL: So actually you are reckoning your profit, as you have said, at a cost of \$1 an acre.

Mr. GRACEY: That was not the profit. You asked for the value.

Mr. MACDONNELL: I was trying to figure out how you arrived at your profit.

Mr. GORDON: The profit should be put in inverted commas. What we are talking about is this: there is a difference between what we carry it for in our books, our book value, and the amount which we received.

Mr. MACDONNELL: But how did you arrive at the amount which is shown in your property investment account?

Mr. GORDON: Originally?

Mr. MACDONNELL: No. The amount which was set out when you sold it.

Mr. COOPER: It was a figure which was arbitrarily set up for bookkeeping purposes. As a matter of fact, the land cost us nothing.

Mr. MACDONNELL: Yes; but you had to pay the taxes from year to year.