

Hon. Mr. EULER: Five hundred rooms?

Hon. Dr. MANION: I do not know for sure the number of rooms; I do not care about the number of rooms. Here is what the hotel should cost. These figures were given by the officers at that time and incorporated in the order in council; that the hotel was to cost three and a half million dollars and that it was to satisfy the Vancouver claims. The hotel is now going to cost very much more. I have the figures right here. The hotel has cost \$2,980,000 to the end of last year, and they still have \$5,991,000 and some odd to spend on it, which altogether makes just about nine million dollars.

Hon. Mr. EULER: I would like to ask a question, if I may, as to whether it was possible, with conditions as they are, to build a first class hotel that would compete with other hotels there, a hotel with 500 rooms for the sum that was agreed upon, and if it was, why the other sum was used?

Sir HENRY THORNTON: Shall I answer that, Doctor?

Hon. Dr. MANION: Go ahead, Sir Henry.

Sir HENRY THORNTON: I should say no. To begin with, the cost of construction went up in 1928, probably maintained itself in 1929. Whether we shall have to spend the total estimated amount to build that hotel of the class and character we have in mind depends a good deal upon the cost of construction. But our feeling was that in such a city as Vancouver which is the principal port in Canada in point of tonnage on the Pacific coast, and at the time this hotel was projected, feeling that the country was going to advance in prosperity and the city of Vancouver would get its share of that prosperity, our opinion—when I say "our" I mean the officers of the company and myself who are charged with the responsibility for such things—felt that we would be unwise if we built in Vancouver a hotel which in two or three years would be only a second class hotel, and would be so regarded and would do a second class business. Now, that is a matter of business judgment, that is all.

Mr. HANSON: I would like to ask this: the proposal in 1926 was in the form of a new contract with the city of Vancouver. Undoubtedly the commitments that were made were in compliance with that. Was that proposal satisfactory at that time to the officers of the Canadian National Railways? Did they agree with the proposal and were they parties to the arrangement? I presume there were three parties to it; the government, the railway and city.

Sir HENRY THORNTON: That is the situation as it now stands and is represented by the present contract with the city of Vancouver. It was the result of negotiations which the officers of the company carried on with the city, and that is the arrangement as completed. It finds its expression in the form of a contract which was approved by the board of directors of the Canadian National Railway, and of course carried with it the approval of the proprietors.

Mr. HANSON: That is the answer. That arrangement has been departed from. I understand you have changed the site of the hotel?

Sir HENRY THORNTON: No, I do not think so.

Mr. HANSON: My understanding of that is the \$3,500,000 hotel was to be built on a particular site—if I am wrong I would like to be corrected—that the situation was abandoned and a new site bought in the heart of the city of Vancouver approximately near the Vancouver hotel; that subsequently it was found that the site was not large enough and that you had to buy additional land at a tremendous increase in cost and that is one of the factors entering into the \$9,000,000. I do not think I am very far wrong.

Sir HENRY THORNTON: As I recall the situation there, the original contract, as Mr. Hanson says, had a specific consideration of three and a half million dollars on a site, which as I recall it, was somewhere near the present passenger station. At any rate—