

Mr. POULIOT: When people come on Canadian Pacific ships, do they take the Canadian National railways at the port?

Mr. VAUGHAN: It is fifty-fifty, I think.

Mr. POULIOT: Is that because the Canadian Pacific cannot handle the situation alone?

Mr. VAUGHAN: No, we have an arrangement with them in respect to handling immigration which is working out satisfactorily to all parties.

Mr. POULIOT: Before the report is adopted, Mr. Vaughan, will you say why there is no electricity in the station at St. Arsene? There have been many complaints about that condition, and they have to use fuel, which is a great inconvenience. I assume that there should be a standard service with electricity in all stations.

Mr. VAUGHAN: We will go into that right away and we will find out what the reason is for it and what can be done about it.

Mr. POULIOT: I have brought that to your attention now and you may answer me later.

Mr. VAUGHAN: We will do that.

The CHAIRMAN: Gentlemen, would you care to adopt the president's report?

Mr. HAZEN: No; I move we adjourn.

The committee adjourned to meet again this afternoon at 4 o'clock.

AFTERNOON SESSION

The committee resumed at 4 o'clock p.m.

The CHAIRMAN: At 1 o'clock we were discussing Mr. Vaughan's report. Are there any other questions relating to his report before we take the financial statements?

Mr. JACKMAN: Mr. Vaughan, I have been thinking about that hotel which is admittedly somewhat in the future, and perhaps not of very practical import at the moment, but nevertheless I did not draw on my own imagination. It was brought out here by somebody who knew about it. I was just wondering how any private railroad company, let us say which had the same financial position as the C.N.R. has, could possibly contemplate going into an enterprise of that nature which was not absolutely necessary for the carrying on of its operations. I thought it might possibly be a situation for having a subsidiary company, but then the bonds of that company would have to be guaranteed by a guarantor who was credit-worthy, and I do not understand how if this were a private enterprise, and on the financial record, you could possibly contemplate going into a new hotel venture such as that mentioned. Therefore it puts me on guard and makes me think possibly an enterprise of the nature of the C.N.R., which has public backing, may get into things which it would not otherwise get into if it had to apply the sound common sense that is applied in the market place to ordinary enterprises.

Mr. VAUGHAN: I would not agree with that. Every proposition that we put up, and every dollar we spend is carefully analysed as to the results. This hotel would undoubtedly be of very great value to the railway. The railway has the property there. We believe, after studying the situation very carefully, that it will be a paying proposition. We can obtain a reasonable return on the investment as well as very substantially improve the railway's position.

Mr. JACKMAN: I realize that from the figures and from the amortization which you have given although when I got down to that rather essential