

Mr. HANBURY: In connection with the capital investment for the construction of hotels, the Minister of Railways, speaking in the House yesterday, gave the impression that the previous administration had inflicted on you a program of gross extravagance, and connected with that statement the construction or the large cost of the construction of the hotel in Vancouver. Now, my impression is that the hotel in Vancouver is being constructed by the Canadian National at a great saving to the company, and I would like very much if you could give information to the committee in that connection.

Sir HENRY THORNTON: Well, that situation demands some information. When MacKenzie and Mann built into Vancouver—and I think the subsidiary company was called the Canadian Northern Pacific Company—they entered into an agreement with the city of Vancouver and, as a result of that agreement, accepted a number of very onerous responsibilities which involved large financial outlay.

Speaking from memory, I think they agreed to electrify; they agreed to build a certain number of ships for Pacific services. When I say Pacific services I do not mean coastal services. I mean services to the Orient. They agreed to build a hotel of a certain size.

Mr. HANSON: What was that particular commitment, a certain size?

Sir HENRY THORNTON: Do you remember, Mr. Hungerford,, what it was? I think it was an hotel with roughly about 300 rooms.

The CHAIRMAN: The price was stated at about \$3,500,000.

Sir HENRY THORNTON: I think it was like 300 rooms. In short, an examination of that contract will reveal that there was practically everything in it that could be thought of. Amongst other things it also involved an extensive program on False Creek, and a large amount of filling.

Well, the city of Vancouver called upon us for the fulfilment of that obligation. The contract was submitted to the law officers of the company and the opinion was given that it was an enforceable contract. In fact, it was about the most comprehensive contract that I think I have ever seen. I do not know of anything that was omitted. After long negotiations with the city, I think extending over a period of two or three years the city finally agreed to cancel the contract and relieve the company of its obligations thereunder providing we would build an hotel of I think it was 500 rooms, and that was one of the reasons, although not the only reason that that hotel was embarked upon. There was also some difficulty in connection with the hotel situation in Vancouver because the only hotel in the city of importance and of attraction to tourists was the Hotel Vancouver owned by the Canadian Pacific, and quite naturally and justifiably that implement was used effectively by the Canadian Pacific for the purpose of attracting traffic to their line. And that, briefly, is the story of the Vancouver Hotel.

Hon. Mr. MANION: Yes, as far as it goes. I just want to answer Mr. Hanbury's remark. I happened to be speaking with the Deputy at the time that he made it and did not hear just what he said until my attention was drawn to it. Mr. Hanbury said I spoke of the extravagance, I think, of this hotel, or something to that effect, did he not?

Mr. HANBURY: No. I was referring to the general extravagance which you say the previous administration inflicted upon the management of the railway company and coupled the hotel with it.

Hon. Mr. MANION: All right. I did not use the word "extravagance" I said "unnecessary capital expense." But it does not matter particularly. However, I would like to tell the story from where Sir Henry left off. I do not want to be misquoted and I want to make this statement because I have to leave. It is perfectly correct what Sir Henry has said and I think they made