

ment purchased in this manner is retired from service it must be replaced out of the charge of revenue and not by the creation of an additional revenue charge. That was the point I had in mind the other evening, and if my language did not convey that, I wish it to be understood now.

Mr. BENNETT: The hon. gentleman said that equipment trust obligations should be paid out of income, that is, after the down payment is made and the certificates are issued which mature from year to year and should be paid out of income. I think that is a correct statement of what the minister said. I was pointing out that according to the return made and the evidence given before the select committee, a large sum is paid as principal, that is as capital, to retire certificates that are payable out of income, as is the practice with other railway companies. That matter was not gone into in any detail before the select committee.

This money is to be used for other purposes, one of which is the commencement of hotel operations at Vancouver. There is also a million and a quarter for a hotel at Halifax. I am bound to say that the intemperate language used by the Minister of Railways the other evening makes it necessary for me to deal at some length with the Vancouver situation. One would have thought, from what he said, that the Vancouver situation was brought about by what he termed the shadow government, and that we had incurred the obligation under an order in council. I am going to point out to the minister that either his memory was not to be relied upon with respect to the transaction, and no man's memory should be relied upon with respect to the hundreds of orders in council that are passed, or that in the endeavour to close this session on Saturday night he thought it desirable not to give all the facts. The order in council to which he referred was an order in council prepared by the president and chairman of the Canadian National railway system.

Mr. DUNNING: I quoted it.

Mr. BENNETT: The minister made a charge against the administration during the shadow days—I have taken his language from Hansard—having prepared an order in council for political purposes. I hold in my hand a letter written by Sir Henry Thornton, under date of August 3, 1926, addressed to the Hon. Sir Henry Drayton, K.C., Acting Prime Minister of Canada, and which was attached to the order in council:

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I enclose herewith draft order in council with respect to the construction of a hotel in the city of Vancouver by the Canadian National Railways, and in support of this proposal I beg to advise as follows.

When the Canadian Northern Railway secured its entrance into that city, a contract was entered into between the city and the company under which the railway agreed to assume certain obligations which are set forth in the attached draft order. The fulfillment of these obligations would cost the railway company about \$8,150,000. The city is prepared to forego them provided the railway company will construct, or cause to be constructed, a first class modern hotel in Vancouver, containing approximately five hundred rooms, and to maintain and operate it.

The abandonment by the city of obligations which approximate \$8,150,000 is in itself a convincing argument, but it had the additional advantage of placing in the hands of the company a much needed facility and clearing up a controversy with the city which is rapidly becoming serious and if allowed to continue will unquestionably result in bad feeling with consequent loss of traffic.

From the point of view of the company's business, a hotel at Vancouver is probably one of the most important and pressing matters between the head of the lakes and the Pacific coast. I need not remind you how utterly we are at the mercy of our principal competitor in Vancouver in this respect, and I believe we are losing a good many thousands of dollars worth of business each year through absence of our own hotel facilities.

At a recent meeting of the board of directors of the Canadian National Railway Company, the opinion was unanimous that the company should, for the reasons given above, operate a hotel in Vancouver, and appropriate resolutions to bring this about were passed.

Will my hon. friend be good enough to listen carefully to the balance?

You will observe that the draft order in council indicates that the results from the operation of the railway this year are so satisfactory that the railway company can provide the necessary funds for the purpose from the estimates which were submitted to parliament at its last session and approved by the select standing committee on railways and shipping.

Mr. DUNNING: My hon. friend will surely admit that I quoted exactly what he is now quoting.

Mr. BENNETT: My hon. friend read the paragraph I have just read but he did not complete the letter. The letter continues:

I do not know that I can add anything to what has been said except to repeat with all of the emphasis at my command that a suitable hotel in Vancouver is necessary to adequately protect the company's revenue. Such a hotel would attract much additional business to the lines of the National railway and, in addition, would serve the rapidly growing needs of Vancouver for increased hotel accommodation. The present hotel accommodation in that city is entirely inadequate to take care of the large number of tourists who visit that city not only in the summer but during the winter to a considerable extent also.