

*Committee on Railways and Shipping*

hotel and then turn it over to a United States organization for management, that is a matter of prime public interest and prime public importance, and one upon which the house has every right to be fully informed.

Turning to this announcement, stripped of its verbiage we find that the only information we have on the subject is this. The announcement tells us that the hotel will be managed by Hilton for 15 years under a percentage division of profits after payment of all costs of operation. Ownership remains with the C.N.R. At least 95 per cent of the staff will be recruited in Canada, where possible from the C.N.R. organization. The remainder of the announcement, probably in an attempt to camouflage the absence of facts, goes at length into the fine qualities and great size of the Hilton organization, the marvellous job they will do of managing the hotel, and the advantages—largely unstated—of the agreement to the C.N.R.

The facts which would enable the house to evaluate for itself the wisdom and advantages of this arrangement and its possible implications are simply not contained in that statement. For example, the reference to a percentage division of profits after all costs of operation are met is meaningless, even to a trained accountant. I personally have examined the standard accounting practice of the American hotel association, and the figure which is referred to here could be one of four or five different figures in their financial statements. There are some who would include in the cost of operation such items as depreciation and interest. If you do that, in the amounts at the disposal of such an agreement it means a difference of hundreds of thousands of dollars every year. Yet we do not know on what basis it is, and the committee going into its session will not have that information at its disposal, although I sincerely hope it will be made available.

The only basic advantage to the C.N.R. and the people of Canada which has been clearly set out by the president of the C.N.R. as arising from this agreement is expressed in the words:

... the working agreement is likely to ensure a stable and high occupancy of the hotel.

These statements may well be true, but why pay for something we were going to get anyway? Just a year ago Mr. Gordon told the railways and shipping committee:

We know from investigation there will be a very intense interest in using the convention facilities of this hotel . . . Our committee which considered the suggestion for this hotel came to the conclusion there would be a high degree of occupancy . . . We already have received a great number of inquiries from organizations . . . I think the interest being shown in the hotel long

[Mr. Hamilton (Notre Dame de Grace).]

before we have begun at the site would indicate that we should not expect to have much trouble once the erection of the hotel takes place.

In just a moment I think we might call it six o'clock. If these statements I have quoted were correct, as I believe they were, why do we need the Hilton corporation to solicit business which already is banging on our hotel door? Why do we need to pay a percentage of the profits of our new hotel to get business which the committee evidence showed we could get for ourselves?

Mr. Speaker, would you call it six o'clock?

At six o'clock the house took recess.

**AFTER RECESS**

The house resumed at eight o'clock.

**Mr. Hamilton (Notre Dame de Grace):** Mr. Speaker, when we rose at six o'clock I was examining some of the statements contained in the press release regarding arrangements between Canadian National Railways and the Hilton corporation with respect to the Queen Elizabeth hotel, or the Hilton Queen Elizabeth hotel, in Montreal.

Continuing with that, I think we might well ask ourselves why there should be any relationship in any person's thinking between an argument concerning the advantages of the Hilton corporation as a sales representative for the new hotel, and the question of the management of the new hotel. There are hundreds upon hundreds of Canadian corporations that have appointed United States sales agents and representatives to handle the sale of their product or services south of the border, or even in other parts of the world. One of the largest hotel chains in the United States and Canada, for example, has agreements with over 3,000 different travel agents on a commission basis for the purpose of obtaining business for their chain of hotels, but these same travel agents have no more say in the management of the hotels than you or I.

The name of the Canadian National Railways and the names of its hotels are justly famous all over the world. People respect and admire hotels like the Chateau Laurier in Ottawa, the Macdonald and many of the others which the C.N.R. operate throughout the country. Surely association with the Hilton chain, great though this chain may be, is not going to do anything to increase or enhance the reputation of these Canadian National hotels. Let me add that this is particularly so in the place where this new hotel is to be erected because I think if there