

Mr. McLURE: The reason I ask this question is that an effort was made just about the time you were giving up these ships to have the crews of the car ferries join in this union, and, of course, we as a province took objection to that because it would interfere with us and our contract with the federal government. That is the reason I ask this question.

Hon. Mr. CHEVRIER: The answer is yes, I am pretty sure.

Mr. GORDON: Any group of employees may determine who they want as their bargaining agent.

Mr. McLURE: But the crews on the Borden car ferry do not belong to this union?

Mr. GORDON: Not at the present time. They belong to the regular C.B. of R.E. Union.

Mr. McLURE: But there was a movement on foot to have them taken over last fall.

Mr. GORDON: It may have been as a result of the organizers of the S.I.U., I do not know; but we are not free agents in that. We must accept the wishes of the men as to whom their bargaining agent is to be.

Mr. McLURE: The crews of the two ferry ships objected very strongly because it would be detrimental to them.

Mr. GORDON: If the crews of the ferry ships objected, that answers the question, because they are the people who make the decisions. Is that right, Mr. Gillis?

Mr. GILLIS: That is right. It is a difficult province to make that decision in!

The CHAIRMAN: Shall the annual report of the Canadian National (West Indies) Steamships Limited carry?

Carried.

Now we are on the Canadian National (West Indies) Steamships Limited budget.

Mr. Gordon, may I ask you a question. I notice in making provision for income tax you simply provide for income tax on your earned income profit. Are you not responsible for income tax on your capital profit, on the sale of the "Lady" ships at a greater amount than the amount at which they are carried as an asset?

Mr. GORDON: That is a capital gain. There are no income taxes on capital gains in this country.

The CHAIRMAN: I think there is a provision in the Income Tax Act in regard to industry where they sell a machine, for instance,—

Mr. FRASER: And the farmer, too, selling a tractor.

The CHAIRMAN: —at a greater amount than what it is carried at in the inventory.

Mr. GORDON: Well, if that is so, then the income tax people will be after us. There is this, Mr. Chairman, it is a 1953 figure; we will have to deal with it this year. When we come to make up our figures this year, of course, our lawyers will be examining our liability in connection with any of these transactions.

Mr. FULTON: Are you not referring to stock in trade there, Mr. Chairman?

The CHAIRMAN: No, I am referring to equipment, I am afraid this surplus is taxable income.

Mr. GORDON: Mr. Gracey informs me, Mr. Chairman, that particular matter has been discussed with the Income Tax Department and we have their first ruling that it is not a taxable item.

Mr. FRASER: You must have a fine stand-in with them!