

Mr. SIFTON: That is my statement, Sir.

You cannot improve navigation from Montreal to the Georgian Bay without building dams. These dams result in heads of water being produced, and therefore create a source of water. If you have no heads of water you have no canal; if you have heads of water, you have power. This has been the case ever since Confederation in regard to canals created by the Department of Railways and Canals. No dam can be built for power which does not affect navigation, and no dam can be built for navigation which does not create power. The navigation interests must control such heads of water to protect navigation. The Dominion interests in navigation is paramount. If the man at the sluices on these dams, whether you call it a power dam or call it a navigation dam, is not under the control of the navigation company, he cannot protect his level.

As a subsidiary, an ancillary authority, therefore, the company was given authority to produce power from such heads of water which the company must necessarily create. The main authority to create a waterway involves as a necessary and unavoidable part, the subsidiary necessity and authority to develop power, just as much as the authority to run a locomotive involves the authority to burn coal under its boilers. And as power must be produced, so it must be disposed of for use and not wasted, hence the unavoidable authority to sell power.

This granting of subsidiary authority to develop and sell power from heads of water necessarily created by the construction of a canal established is no new principle. It merely recognized an existing physical fact inherent in the construction of the canal and a practice which had been an ordinary routine procedure in the Department of Railways and Canals all through the years preceding the granting of this Charter to the Canal Company—a practice still in existence and unquestioned to-day.

The Minister of Railways and Canals stated this practice in the House of Commons on March 14, 1927, to be found on page 1261 of Unrevised Hansard, and his statement has not been questioned. May I read it?

All through the Province of Ontario and Quebec when the Department of Railways and Canals throughout the years has constructed canals, it has been the departmental practice to lease the water-power secured by the creation of every such head of water to anyone who might offer to lease it when it was available—  
and further on—

Ever since water-power in any form has been used in the Provinces of Ontario and Quebec from the earliest days after Confederation, it has been the practice of the Department of Railways and Canals to lease to private parties or to public utility organizations the water-powers so obtained. Along the canals constructed by the Department, water-powers constructed by the Dominion have been disposed of—

I submit, Mr. Chairman, that nothing could be clearer than the Minister's statement. The Canal Company was given authority to construct a canal in place of the Government constructing the Canal.

The Canal Company was given subsidiary authority to sell the water-power created by the Canal, exactly as the Government would have sold it had the Government itself built the Canal. But the Canal Company, in addition, was not under the rigid control of the Railway Commission as to the price at which it should sell such power.

I submit that this regulation was new, and exceptional.

I submit that in all cases other than this Canal Company where the Government leases water-power from a Canal, it is not the practice to regulate the rates in the public interest. Very far from being in a favoured position, the Canal Company's authority contains an exception unfavourable to the company.

[Mr. Wynne Sifton.]