

incumbrance and therefore parliament is ill advised to vote \$525,000 for the purchase of the property at this time.

Mr. ELLIOTT: I want to say just a word in answer to my hon. friend. I take it that we are on fairly safe ground in accepting his valuation of \$200,000 for the land.

Mr. STEVENS: I said that was the outside; I wanted to be generous.

Mr. ELLIOTT: We will not quarrel on that point. I may say very seriously that I believe that this purchase has been made in such a way that it is unnecessary to defend it, and there is no need to quarrel with my hon. friend over a few thousand dollars. Let us take \$200,000 for the land. I do not know what my hon. friend would say as to the value of the waterpowers, the boiler and all the machinery used in connection with the property. I am told on very reliable authority—and the valuations we have bear this out—that they are worth in the vicinity of \$200,000.

Mr. STEVENS: That would be excessive.

Mr. GARDINER: What are you going to do with them?

Mr. ELLIOTT: We are going to use them for lighting, heating and various other services.

Mr. STEVENS: You might buy the hydro-electric for one-quarter of the cost that would mean.

Mr. ELLIOTT: That would be quite impossible.

Mr. BENNETT: How many horsepower will it develop?

Mr. ELLIOTT: It is generating now 800 horsepower.

Mr. STEVENS: That is the maximum; what about the minimum?

Mr. ELLIOTT: That is the minimum; the maximum would probably be between two and three times that amount.

Mr. BENNETT: Is the power lease sold?

Mr. ELLIOTT: Eight hundred horsepower of it was leased at \$22 per horsepower. There can be no question that for the purposes for which the government require the property, these power rights and the machinery in connection with them are worth at least \$200,000.

Mr. GEARY: Where do you get a maximum of two to three times your minimum?

Mr. ELLIOTT: If my hon. friend wishes I will give the figures.

Mr. GEARY: Do you increase your depth some way?

Mr. ELLIOTT: Perhaps I had better make a statement to the committee: For some years the Gatineau Power Company, Limited, supplied the Ottawa Electric Company, from power house erected on these lands, with 800 horsepower at the rate of \$2 per horsepower per month bringing in a revenue of \$1,600 per month or at the rate of \$19,200 per annum. The Gatineau Company have developed and used power up to 1,500 horsepower and it is possible that, upon further investigation, additional power could be developed at special seasons. It is obvious, therefore, that an average of 1,100 horsepower could be obtained and if this power was disposed of as rated, it would yield an annual return of \$26,400 or 1,100 horsepower at \$2 per month. If an allowance of \$6,000 is deducted for running expenses a net profit of \$20,400 per annum would result. \$20,400 capitalized at 10 per cent equals \$204,000 the value of the power. The department is paying \$20 per horsepower per annum for power. The valuation, then, was \$150,000. Among the machinery there was one engine, practically new. I am not going to enter into any elaborate discussion with regard to the value of the property. My hon. friend values it at \$200,000; plus a minimum of \$150,000 in respect of the power we get \$350,000. Then take the buildings. My hon. friend says that they have no practical utility for the purposes of the government. He also refers to the fact that the lease held by the government would enable the government to construct those buildings, or a portion of them, on the leased property—and that is only a part—without compensation. If he reads the clause in the lease he will see that the lessees have power of removal. I do not think anyone will argue seriously that this government or any other, or any individual, for that matter would attempt to drive the lessees to the position of removing the building. The valuations placed on the buildings by competent valuers are: In parcel No. 2, which my hon. friend who has had the details will perhaps understand better than the various other members of the committee, the valuation is \$156,914; for parcel No. 3 the valuation is \$219,311, and for parcel No. 4, \$41,384. It is not necessary to go into details. These buildings are fire-proof and are well constructed, and they are very suitable for the purposes for which the government intend to use them.

Mr. STEVENS: Don't say that.