

have to make his selection. I cannot see that there will be anything objectionable in the manner in which the work will be carried on. It will be done by the Minister of National Defence, and, I am quite sure, in such an orthodox and regular manner as to meet with the approbation of my right honourable friend when he sees it.

Right Hon. Mr. MEIGHEN: Simply trusting every day.

Hon. Mr. DANDURAND: The country has selected the men to administer its national affairs during this war. So we have simply to accept the inevitable.

I direct the attention of His Honour the Speaker to the fact that it is now 6 o'clock. We are to resume at 9 o'clock.

At 6 o'clock the Senate took recess.

The Senate resumed at 9 p.m.

COMPENSATION (DEFENCE) BILL FIRST READING

A message was received from the House of Commons with Bill 123, an Act respecting the payment of compensation for the taking of certain property for war purposes.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: I would refer honourable members to the explanatory note contained in the Bill. It reads:

The purpose of the proposed Bill is to lay down rules for the fixing of compensation and the payment thereof in respect of the taking of ships and aircraft for war purposes under section seven of the War Measures Act and the application by Order in Council, if so desired, to any other Act of Parliament.

The Bill is substantially the same as corresponding sections in the Compensation (Defence) Act, 1939, passed by Parliament in the United Kingdom, except that it is limited to the two classes of property above mentioned. The Act of the United Kingdom is, for obvious reasons, much broader in scope and applies to certain classes of property in addition to those above mentioned.

As regards the basis upon which compensation is to be payable, the Bill adopts the principle of the Act of the United Kingdom, namely, that compensation is payable on pre-war values. The reason for the selection of pre-war values as the basis of compensation for the taking of ships is that, as a result of the disappearance of practically all European shipping other than British, the requisitioning of all British shipping, the partial requisitioning of Canadian shipping and the elimination of American shipping from the

European trade, values now existing are purely artificial. The same reasoning applies to the taking of aircraft. The only real ascertainable values are those which ships or aircraft had before the war.

The legislation is of necessity very detailed. Owing to the fact that at the time of the requisitioning of a vessel or aircraft the period of the requisition is uncertain, it is impossible to fix a lump sum by way of compensation at the outset. Such a lump sum could be fixed at the end of the period, but in the meantime the parties interested in the vessel would receive no payment. The Bill is, therefore, drafted to provide that compensation by way of rent or charter of hire will be payable periodically, that any expenses will be immediately repaid and that any damage in excess of fair wear and tear or due to special war risk will be paid for at the end of the period. Further, as different persons may be interested in the vessel at different times during the period of requisition, provision is made to ensure that payment is made to the proper person.

The proposed Bill, in its substantive provisions, follows very closely the wording of corresponding sections in the Act of the United Kingdom. The only changes other than the limitation in its scope—

—that is, the limitation to aircraft and vessels—

—mentioned above, have been made to fit the legislation of the United Kingdom into the Canadian scheme of legislation contained in the War Measures Act and the Orders in Council, including the Defence of Canada Regulations, made thereunder.

I think this gives a fair summary of the scope of the Bill.

I have this statement from our Law Clerk:

I have no amendments to propose to this Bill as introduced in the House of Commons, and unless a further memo is presented after the Bill is passed in that House, it may be taken that I have no amendments to propose to the Bill as so passed.

Right Hon. ARTHUR MEIGHEN: Honourable senators, none of us has had time to read this measure, and certainly it is one of some importance. At first I was rather puzzled as to why a Bill should be necessary now to enable the Government to pay for such things as aircraft and ships. It certainly can take them and leave the matter of payment to adjustment or to the ordinary process of law. But I presume where compulsory taking is necessary, that is to say, where it is impossible to arrive at terms with the sellers, there may be some requirement in the way of a basis of value on expropriation.

Hon. Mr. DANDURAND: And a provisional payment made.

Right Hon. Mr. MEIGHEN: The Bill provides not only for taking ownership, but also for taking a sort of easement on the property during the term of the war, if the Government wants the property. That is to