

At that time natural oil products consisted largely of kerosene, or, as it was called, coal oil, and the enactment was passed by the Dominion Government to control the dilution of this coal oil by what we now know as gasoline. Later, with the coming of the internal combustion engine, a market was found for gasoline, and to-day it is a product much sought by oil companies.

The Dominion Government has maintained a service at the refineries to check the coal oil and the amount of gasoline in it, but that has been found unnecessary by reason of the fact that to-day various provincial governments, municipalities and public bodies control not only the production, but also the transportation and sale of these products. The Department of National Revenue has a certain control, the railway companies impose certain regulations, and the provincial governments in their field exercise a control. The purpose of repealing the Act is to eliminate an expenditure of \$25,000, which has been paid to certain officials sent to the various refineries to make tests. Such tests are now being made by the companies. This matter was discussed at some length in the other Chamber, and the repeal of the Act was consented to there.

I move the second reading of the Bill.

The motion was agreed to, and the Bill was read the second time.

#### THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. KING: Now, if there is no objection.

The motion was agreed to, and the Bill was read the third time, and passed.

### NATIONAL RAILWAYS AUDITORS BILL

#### SECOND READING

Hon. J. H. KING moved the second reading of Bill 9, an Act respecting the appointment of Auditors for National Railways.

He said: Honourable senators, this Bill is a hardy annual. It is necessitated by the fact that from year to year Parliament appoints the auditors to the Canadian National Railways. No change is proposed in the firm of auditors, and, as the Bill has already passed the Commons, I have no remark to make except that it is in order for the Senate to confirm the appointment of the auditors who will act for the Canadian National Railways for the year 1942-43.

Hon. Mr. BALLANTYNE: Could the honourable leader give us any information as to what the charges have been in past years?

Hon. Mr. KING: Yes. The fee to be paid to Touche & Company amounts to \$51,800. This involves an increase of \$1,800, which is caused by the inclusion of the Trans-Canada Air Line Accounts and the Canadian National Security Trust. In addition to the fee mentioned the auditor is allowed such expenses, incurred when he is away from headquarters, as may be approved by the directors. These expenses average about \$4,500 a year.

The motion was agreed to, and the Bill was read the second time.

#### THIRD READINGS

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. KING: Now, if there is no objection.

The motion was agreed to, and the Bill was read the third time, and passed.

### OTTAWA AGREEMENT BILL

#### SECOND READING

Hon. J. H. KING moved the second reading of Bill 11, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: Honourable senators, this Bill is similar to others which have come before us since 1930. The period from 1920 to 1930 was covered by two agreements, each running for five years.

There has been considerable discussion in regard to the demands of the City of Ottawa and, as I was the Minister of Public Works who in 1925 increased the amount from \$75,000 a year to \$100,000 a year for a period of five years—an amount which has continued to be paid since—I think I may properly offer a few comments on the situation. There is an idea abroad that because the Dominion Government owns large properties in Ottawa the City is losing large sums that otherwise would come to it in taxes. No government has accepted that proposition or indicated that it would for a moment consider paying taxes on property owned by the Crown. To do so would open a very wide field. Every town or municipality in the Dominion of Canada where the Government owned property would expect to be treated in the same way as the City of Ottawa.

I think it was only in 1899 that the Government recognized the right of the City