

there are very few mining stocks that are considered by stock exchanges to be worth par unless they are paying 10 per cent. I think that is the rule in the minds of most men who are dealing in mining stocks. I do not believe that the stock of any mining company that is not paying 10 per cent is worth par. Therefore I would urge upon the minister putting mines under the 10 per cent clause, that is that a mine, like a private individual or firm, must earn 10 per cent before the law will apply. It is only fair that the stock of a company should be worth par before it should be taxed. It also puts it on a more permanent basis than to say a reference shall be made to the minister as to an allowance for exhaustion. That will have to be done too, in my judgment. I think the minister should allow mining companies to be put in the 10 per cent class.

Sir THOMAS WHITE: I think that, with the allowance that will be made for exhaustion of capital, there is no necessity for making any change with regard to mining companies. I explained on Friday that the percentage of exhaustion would vary with different mines. For instances, a coal mine may last for generations, but some of the metalliferous mines, such as gold, silver, and copper, have an average life of only eight or ten years. If my hon. friend would figure out the amount that would be allowed for exhaustion in the case of a mine whose average life is eight or ten years, then make an allowance for depreciation of plant, and then apply the Act, he would find that there is no ground for apprehension that an unduly large amount would be taken from mining companies under this Act. I agree with my hon. friend as to the returns, except that I think he has placed the figure too low. He knows that a return of ten per cent to shareholders in the case of these mining companies would mean ten per cent per annum actual return, whether it represents capital or net profits. Now, we are going to take out of the so-called profits of mining companies the amount which would properly be allowed for exhaustion, and it will run to a very considerable sum, because it will be a percentage upon the value of the mine; and the residue, less the charges of administration and the amount allowed for depreciation, will be the amount upon which the mine will be taxed.

Mr. NESBITT: On what basis is exhaustion going to be allowed? Will the mining companies themselves fix the basis?

Sir THOMAS WHITE: A standard cannot be fixed. Different mines will have to be dealt with on different principles. A gold mine, for instance, will have to be dealt with on a different basis from a coal mine, because it is exhausted so much quicker.

Mr. NESBITT: It might be or it might not be.

Sir THOMAS WHITE: It might be or it might not be, but generally speaking it would be. In the case of such a mine as my hon. friend has in mind, we should have to apply a different standard. I think we shall have to adopt some standard of allowance for, say, the gold mining district of Porcupine and the silver-mining district of Cobalt, and some standard with regard to copper mines. But I have no apprehension of difficulties in this regard. There are only 25 mining companies in Canada that are paying dividends at all.

Mr. MACDONALD: This section illustrates the weakness of this kind of legislation. No taxation measure, it seems to me, should be placed on the statute book unless it clearly provides a well-defined method for collecting the tax. There is nothing in this section to prevent the Minister of Finance arbitrarily taking from one company a certain sum of money and from another company a very much greater sum. There is nothing in this section to guide him. He may say to A, "No standard has been laid down to guide me, so I say that you must pay me \$10,000." And he may say to B, "You must pay me \$20,000;" and if B ventures to ask what is to be allowed for exhaustion, the Finance Minister may say, "I have allowed you so much." There is no standard or principle upon which he is to act, and if that is so, we might as well give the minister authority to go out and tax everybody according to his own whim. The first portion of this sub-section requires very careful consideration, apart altogether from what has been said about mining companies. It says:

No deductions from gross profits for depreciation or for any expenditure of a capital nature for renewals, or for the development of a trade or business, or otherwise in respect to the trade or business,—

I should like the minister to define the words "otherwise in respect to the trade or business." We have here four distinct and separate classes. The section also declares that no deductions should be allowed except such amounts as appear