

nection with the excess profits tax? I am not desirous of arguing against publicly owned enterprises—there are arguments enough on other grounds—but let me point out that in round figures last year the Montreal Light, Heat and Power Consolidated paid to the Government \$466,043.27, the Shawinigan Falls Company, \$151,000, the Southern Canada Power Company, \$4,000, the Laurentide Power Company, \$31,000, and the Quebec Railway, Light, Heat and Power Company, \$9,000. Here is practically the sum of \$750,000 paid into the Federal Exchequer by these companies as excess profits whereas the Hydro-Electric Commission does not pay a cent. That constitutes a discrimination which is unfair to privately owned companies. Let me illustrate to you how it works. I remember that during the war the English Forgings Company went to Toronto and located, although the Shawinigan Power Company offered them cheaper power—power delivered at the outside wall of the proposed building—for nothing, whereas the Hydro-Electric made a charge of \$80,000. Experts were also obtained to show what the salvage of the buildings would be at tide-water as compared with an inland port, and I think the difference in favour of the former amounted to from one million and three-quarters to two millions. There is a decided unfairness in such a form of discrimination when public ownership is competing against private ownership. I say it is not fair to exempt the producers of electricity in one province from taxation, and in other provinces make them contribute to the public exchequer. Suppose the capitalization of these companies were such as to entitle the federal exchequer to a million or two million dollars in taxation? Well, a provincially or municipally owned company would be exempt from this taxation, and the people in the rest of the country would have to make it up. I say that the burden of taxation in such a case as this ought not to be taken away from a particular province and imposed on other provinces.

Sir HENRY DRAYTON: I think we are just a little at cross purposes in connection with this matter, and I fear my hon. friends do not quite appreciate the real position. There is no tax on electricity; there is no tax on any consumer or any producer of electricity anywhere.

Mr. BUREAU: Producers.

Sir HENRY DRAYTON: At the present time we are talking about the excess business profits tax; and it makes no differ-

[Mr. Bureau.]

ence whatever, as a matter of fact, whether the exemption be retained or not. There will be no taxes whatever paid by the Hydro, they are not running it to make excess profits or, in fact, to make profits at all; they are merely running the enterprise so that the investment will be carried and the consumer obtain the electrical product which he consumes at cost. Let us remember that this tax that we are talking about is merely an excess profits tax, so that there is absolutely nothing that you could assess against the Hydro-Electric Commission.

Mr. BUREAU: Who benefits by it?

Sir HENRY DRAYTON: Further, it is not a question of benefiting this section or that section, nor does the incidence result in benefiting this section or that section. The only people that are benefited one way or another or that are hurt one way or another, are the shareholders who have been getting a profit, which has been defined to be an excessive profit, during the war period, and therefore have to pay something out of those excessive profits. Now there are no shareholders that can be hit in the Hydro-Electric—there are no shareholders obtaining any profits. Again, it is not any particular section that is hit. The shareholders of the Shawinigan Company do not live in Shawinigan, they live all over the Dominion, and there are probably as many, if not more, shareholders of that company in Ontario as in Quebec. But it is those individuals who are entitled to the excess profits who suffer rather than the consumers of electricity. Indeed, as the hon. gentleman pointed out at the commencement of his remarks, if it be true that power is supplied cheaper by the Shawinigan Company than by the Hydro, then if there is anything in the argument that the section which has the cheapest power is helped as against other sections the section served by the Shawinigan Company has the advantage.

Mr. BUREAU: My statement is from Saturday Night of May 29.

Sir HENRY DRAYTON: This tax does not enter into the cost of electricity to the consumer, because it is merely the excess profits that are subject to the tax. It is entirely in the hands of the directors of a company to say whether they are going to insist on getting excess profits out of which they will pay something to the general public. There is also no difference of taxation to the extent of discriminating in favour of any particular section, because