

Mr. RHODES: I believe the statement I made at an earlier stage, when moving the house into committee, will indicate that the government is prepared to deal sympathetically with any suggestion towards strengthening the bill, and which has in mind the main object of the bill, which may emanate in committee.

Mr. BENNETT: If the right hon. gentleman would look at the measure he will see that the limitation is not such as he indicated. It is not so indicated.

Mr. HANBURY: Is it the intention to charge income tax on the profits of the central bank?

Mr. RHODES: There is no reference in the bill itself to income tax, but certainly the dividends which go to individual shareholders will be subject to income tax.

Mr. HANBURY: You could not say with reference to the corporation itself?

Mr. RHODES: No, because that is the property of the treasury, and goes into the consolidated revenue fund.

Mr. YOUNG: The point is this: Does the income tax come off the gross profits before that payment is made to the revenue fund, or will it come off afterwards?

Mr. RHODES: I cannot see that it makes the slightest difference whether it is gross or net. All the shareholders can get is six per cent, and that is all in which he is interested. That six per cent will be subject to income tax.

Mr. YOUNG: Can he get six per cent?

Mr. RHODES: If it is earned; but he must render an account of that six per cent in making out his income tax report, as a portion of his income.

Mr. YOUNG: That is not the point. Here is a corporation which will earn certain profits. All profits over six per cent will go to the government. That corporation will be taxable for its profits.

Mr. BENNETT: No, it is not.

Mr. YOUNG: Will the six per cent left with the corporation for dividend purposes be taxed as income tax against the corporation?

Mr. RHODES: No, there will be no tax against the corporation whatever.

Mr. BOYES: May I ask the minister if the double liability clause which applies to shareholders of chartered banks will apply to shareholders of the central bank?

Mr. RHODES: No.

Mr. SPENCER: I should like to ask whether there will be any maximum with regard to salaries of the officials?

Mr. RHODES: The only limitation imposed in the measure as at present drafted is a maximum amount which will be available as fees for directors. There is a further provision in the bill that the salaries payable to the governor, the deputy governor, and the assistant deputy governor shall in the first instance and thereafter be subject to the approval of the governor in council.

Mr. MACKENZIE KING: Does the minister present a report to parliament and is the report subject to review at each session?

Mr. BENNETT: No, not subject to review; we make a report but it is not subject to review.

Mr. MACKENZIE KING: But, as a basis for discussion in the house?

Mr. BENNETT: Yes, it could be discussed.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 19, to incorporate the Bank of Canada.

Motion agreed to and bill read the first time.

Mr. MACKENZIE KING: May I ask if copies of the bill in English and French are already available for distribution?

Mr. RHODES: Yes, I will send a copy over to my right hon. friend.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CITY OF OTTAWA AGREEMENT

Hon. H. A. STEWART (Minister of Public Works) moved the second reading of Bill No. 8, to authorize an agreement between His Majesty the King and the corporation of the city of Ottawa.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF AUDITORS BY RESOLUTION OF PARLIAMENT

Hon. R. J. MANION (Minister of Railways and Canals) moved the second reading of Bill No. 17 respecting the appointment of auditors for national railways.