

*Supply—Defence Production*

may be outmoded, or the basis of assessment may be unfair, and for that reason this new assessment has been made. I do not ask that anything be done before this item passes, naturally, but I hope that before too long the government will give us the consideration we expect under its own formula.

I have tried to be very fair in my presentation, because I do not want to create the impression that anyone is dissatisfied. I simply say we have the formula, so let us have it applied fairly.

**Mr. Howe:** Perhaps I should say a word about the tax situation. My hon. friend started out by speaking of "we, the Polymer Corporation", and I thought he was with me. Then he turned round and spoke of "we, the city of Sarnia" in tax matters, and I became a little confused.

**Mr. Murphy:** I am both.

**Mr. Howe:** You have to take one side or the other or be impartial. I would not like the impression to go abroad that we have not paid taxes in Sarnia. We have made payments in lieu of taxes, always by agreement with the taxing authorities. The situation has changed, as my hon. friend knows. When the plant was built it was not in the city of Sarnia but in one of the adjoining townships. Recently the boundaries of Sarnia have been extended to take in the Polymer plant and I think several other industries in that district. After that was done, or I think it was after that, we made a settlement with the taxing authorities which they seemed to consider reasonable.

My hon. friend is perfectly correct when he says we are there with Imperial Oil and Dow, and that we should be taxed comparably with them. I agree entirely, and I think we are. I would be very surprised if the taxing authorities did not ask as much from Polymer in proportion to our investment as from Imperial Oil, for example; and if that has not been the position in the past we will have another look at it. From the outset we have lived in perfect harmony with the taxing authorities of the district in which the Polymer plant is located, and I am confident we can do so in the future. But I suggest that my hon. friend and I had better not have anything to do with reaching the agreement, because I do not think it is his business and I do not think it is mine. We will let the management of Polymer settle the matter with the taxation authorities of the city. I sincerely hope he will refrain from throwing his weight on one side or the other; and if he will do so I will do the same.

[Mr. Murphy.]

My hon. friend asked a few other questions. He wanted to know about the depreciation. I have not the rate before me. I had a *pro forma* balance sheet made up as of April 1, 1952, which is the beginning of the Polymer year. Of course the final figures cannot be accurate until the final reports are in and properly audited, but I have a very close approximation as to the results for the year 1951-52. All I can say is that the amount taken for depreciation is the maximum allowed on the property under the Income Tax Act. It is somewhere in the neighbourhood of \$5,500,000. The reason it is higher than previously is that a very considerable investment in the plant has been made since the last balance sheet was prepared.

**Mr. Murphy:** May I take just a moment to conclude what I have to say on the matter. I do not think the minister was serious when he said I should not interfere. I am not interfering. I represent the riding, as we all represent ridings and try to do the best we can for them. I know the minister will accept that attitude. I appreciate what the minister said a minute ago, that if the settlement has not been fair it will certainly be looked into. Nothing could be fairer than that. I would like to point out, however, when the minister refers to Imperial Oil on the one side and Dow on the other, that when his directors make the review I hope they will take into consideration the times the different plants were constructed. I think he will agree that in many respects the Imperial Oil plant is obsolete; that it is not as modern as Polymer and not to be compared with it. On the other hand the Dow Chemical plant, just adjoining, was built at about the same time as Polymer.

**Mr. Johnston:** Under this item the government is asking for \$37,999,966. That is a lot of money; but as the minister indicated a minute ago this is a big plant, representing a lot of capital, and it certainly is an asset to Canada. The minister says it is the largest concern of its kind on the North American continent, so I think we must consider it a very worth-while industry. The minister is to be congratulated on the effectiveness of this plant, which is being very efficiently managed. It came at a time when we had a great need for rubber and rubber products in Canada, in fact in North America. The thing with which I am concerned, Mr. Chairman, is this. The minister said that in 1951 this great plant would earn in the neighbourhood of \$9 million; that is a lot