

leases along the Trent canal, I am wherever possible giving the board power to control the rates the leasees shall charge the public.

Mr. FOSTER. How about the rates they are to pay to the government?

Mr. GRAHAM. There are a variety of conditions.

Mr. CONMEE. I think that the explanation of the management of these water-powers and the value that should accrue to the government for the use of them, has been hardly fully stated. The government leases the right to take the water from the canal channel. The parties who obtain the lease, as stated by the hon. member for North Toronto (Mr. Foster), expend further moneys in making the development. But that is not all the expenditure, in fact it is not half. They must not only make the entrance channel, the tail-race, and all the developments necessary to put the wheels in motion, including the installation of machinery, plant, buildings and every thing necessary for such work, but they must find a market for the power. To do this, they must either establish works in the immediate vicinity of the power, or convert the power into electrical energy and transmit it to points where it can be used for commercial purposes. All this expenditure will exceed considerably that of the actual water-power development, and, I assume, would have to be considered in determining what the value of the rental will be.

Mr. FOSTER. The establishment of power at a place draws manufactures, does it not?

Mr. CONMEE. That will depend on conditions. If there are transportation facilities, or if the point is one where raw materials can be advantageously assembled for manufacturing purposes, no doubt it has a tendency to draw manufactures. But this particular water-power is not so fortunately situated; a market has to be found thirty or forty miles distant from the point of development.

Mr. R. L. BORDEN. Has the government the power to fix the rate for the rental after twenty-one years?

Mr. GRAHAM. That is the usual lease—the terms to be fixed by agreement subject to the Governor in Council.

Mr. SPROULE. The information given suggests how improvident was the contract made with Mr. M. P. Davis for the power on the Beauharnois canal. If I remember well, that was renewable for eighty-four years, and I am not very sure that provision was made for readjusting the rentals—

Mr. GRAHAM.

I do not speak positively, for it is some time since I looked into the matter. It seemed to me that there must have been either absolute carelessness of the public interest or something much worse in making this bargain, because the whole power was sold for \$1,000 a year, and then the government bought back the power at \$63 per horse-power. It was about the most extravagant bargain of that nature that I ever knew, and, not content with making it for twenty-one years, the government made it for eighty-four years.

There is another question that I brought up some years ago, and I would like to know if the minister has looked into it: What authority have we for taking water from streams that are under provincial control and that might be utilized by the province, running it into a canal, and selling the power so created to individuals? We are taking over more and more of these streams. I asked this question some years ago. Has the minister had any report upon it, or any conference with the provincial representatives?

Mr. GRAHAM. I am informed that the Justice Department did make a report on that matter so far as the Trent navigation is concerned. So far as I know, no question has ever been raised by the provincial government. The principle is, I believe, that navigation and navigable streams come under the jurisdiction of the Dominion government.

Mr. SPROULE. These streams are not navigable.

Mr. GRAHAM. The Trent, part river and part canal, is navigable. I understand that the Ontario government turned over to the Dominion government certain wharfs and other works and property that they had in connection with this system. This was done, I think, under order in council.

Mr. SPROULE. That may apply to the Trent, but certainly not to all the streams that are feeders of the canal. It would seem to me, in view of the policy of the provincial government in the power scheme, that it would be unwise to take any other of these streams under federal control, or to make unlimited grafts on the streams of the province to build up power in the canals and then sell that power to individuals.

Mr. GRAHAM. I think that my hon. friend (Mr. Sproule) will find that the order in council included all the streams tributary to the system that would help in the development of navigation. The up-keep of these various works on the Trent canal was a source of expense to the provincial government, and I think they were not averse to getting rid of them. We have taken over these works and spent large sums of money