

Supply—Defence Production

they are now severely burdened by municipal taxation. Because of our industrial expansion and all it entails, we are today faced with a predicament, one which I hope does not apply to many other municipalities—although I fear it does. Our tax rate is so high that we cannot even proceed with the completion of a new hospital. We are situated on the river, right next to lake Huron, and have a sewage problem. I understand we are asked to co-operate with the dominion government in making some effort toward the building of a sewage disposal plant. It is only a few days ago that the mayor of Sarnia stated frankly that we could not afford a sewage disposal plant.

I mention this as a predicament, because what I shall say in the next few moments will, I am sure, show that it is such. We need revenue. It was government policy prior to 1949 that the Polymer Corporation should pay to Sarnia the small sum of about \$10,000 or \$25,000. Then last year when Polymer became part of the city for the first time the corporation made a payment of \$45,000.

My contention is that, regardless of whether Polymer is a crown company, or privately owned, it has a responsibility to the municipality in which it is located. Neither Sarnia nor any other municipality can face increasing obligations without fair assessments and fair payments by crown companies and other industries.

A few moments ago I said that the total cost of the land occupied by Polymer was \$240,747. I know the Minister of Defence Production will agree that today it is worth perhaps ten times that amount. The buildings cost \$10,249,292, less depreciation. Those are the two items upon which the assessor bases his final assessment.

The situation at Chalk River is not parallel with that in Sarnia. Chalk River is different in that employees had to be brought to that area and, because of the nature of the operations there, the area had to be isolated. We understand that in that instance the government provided for all educational costs, as well as the costs of streets, highways and all that sort of thing.

We do not expect that sort of treatment in Sarnia; but I do say both to the Minister of Finance and to the Minister of Defence Production that the Abbott formula—perhaps I should call it the government formula—is clear, that crown companies must come to agreements with municipalities on bases that are fair and equitable.

This is all we ask—an agreement on a fair and equitable basis. When a government

passes laws the citizens of the country are expected to respect and obey those laws. As taxpayers we must see that the government respect their own laws affecting payment to municipalities. It must be prepared to honour the formulae or resolutions it may make in respect of municipalities.

Last year \$45,000 was accepted, but there has been a great deal of controversy in the matter. The budget has been struck for this year, and I learned through conversation last Saturday with members of council that the mill rate in that locality will be up by five or six points if, as indicated, Polymer pays only \$100,000.

In referring to this matter on previous occasions I said that in Sarnia we had a perfect illustration of a fair and equitable arrangement of this kind. On one side of Polymer we have Dow Chemical and on the other side Imperial Oil, all three major chemical producers and correlated in many respects. So I do not think anywhere in Canada we could have a better illustration of the way this formula should work, under which a crown company is supposed to pay in lieu of taxes an amount that is fair and reasonable. Last year I understand Dow Chemical paid \$40,000 or \$45,000, and this year their payment will be up by \$5,000. The minister knows these plants better than anyone else in the house, I am sure. I have been through them several times, but he is an engineer and knows more about it than I do. Last fall in this house, when both the ministers to whom I referred a few minutes ago were in their places, I said that if Dow Chemical should pay \$45,000 or \$40,000, as the case may be, a fair comparison would be that Polymer should pay five to seven times that amount.

So I am asking, Mr. Chairman, that something be done before the budget for our city is finally adopted. We will do everything possible, as we have in the past, to co-operate with any industry that comes to Sarnia. As I said before, we are proud to have Polymer. I think every member of this house is glad to have the formula which has been introduced, but I ask that it be fairly interpreted. I have attempted to present my case fairly, and I hope the government will seriously consider a different interpretation of that formula as it applies to the Polymer Corporation. If they do so the payment to the city of Sarnia in lieu of taxes will be in the neighbourhood of \$350,000 to \$450,000, based on the present value of the land and buildings. I know that just recently in Sarnia they had what I think they call a scientific assessment of industrial and other areas of the city, probably with the idea of getting a fairer assessment. Like many other places our system