

Supply—Defence Production

costs were higher than they would be under ordinary circumstances. We were in a hurry to get this plant built because the product was a necessity in the prosecution of the war.

I am not going to comment on the interest arrangements under the proposal, as from a business standpoint they seem to be sound. Whether it is a crown company or a private company, current business administration applicable to the operations of a successful business should apply. I notice from this estimate that some different accounting arrangements will be made. That too should be fair.

In concluding my remarks I want to make a few observations about former reports of Polymer. I do not intend to be very long. This is the annual report for the year ending March 31, 1951. The statement is made here that provision for depreciation was made in the amount of \$4,830,532, an increase of one million and some odd dollars over the previous year. The minister has stated that the profits would be more for the current year—I assume that that is the year ending March 31, 1952—being somewhere in the neighbourhood of \$9 million. That is after allowing for proper depreciation. When he replies I wonder if he would comment if the amount of depreciation has been settled.

I am happy to see from this report that the moneys received by the government from this project total \$13,491,355. According to this same balance sheet the net profit for the year ending March 31 last was \$4,108,363, after allowing for the extra amount for depreciation, so it would seem that the year just concluded or being concluded was much more successful than the year previous.

The land upon which this project is erected cost \$240,747. The buildings cost \$10,249,292 less depreciation—there is no depreciation on the land—totalling \$3,888,901, which leaves the cost of the buildings less depreciation as \$6,360,391. According to this statement, the total cost of the whole plant is \$57,853,906.

These figures give a picture of this successful crown company. We have had enunciated in the house the government formula for payments in lieu of taxes. We all know that crown companies are not subject to taxation. Since coming here I have argued that crown companies, the same as any other companies, should be prepared to meet their municipal responsibilities. Being in Lambton I know the situation. We are like any other city. We are growing fast, industries are coming in, and they are demanding all municipal services, including educational facilities. I think every member will agree that the main item today in our municipal tax bill is the cost of education.

[Mr. Murphy.]

I know hon. members on this side of the house were pleased when in 1949, I believe it was, the Minister of Finance announced the formula for taxation, or for payment in lieu of taxes by crown companies. My record shows that he made his statement on November 14, 1949, although it is possible that he may have made an announcement before that.

The announcement at that time which we found most gratifying—and we realize of course that the Minister of Finance was stating government policy—was the one set out at page 1706 of *Hansard* for November 14, 1949, where the minister said:

Finally, I wish to say a word about the position of property held by crown corporations. With respect to such property the situation is complicated, but in general the policy of the government will be to authorize its crown corporations to work out fair and equitable agreements with the municipalities in which their properties are situated.

And again on the same page:

In general, as I have indicated, the policy will be to have crown corporations work out arrangements with municipalities which are fair and equitable under all circumstances.

Again, on December 10, 1949, as reported at page 3129 of *Hansard* the Minister of Finance said:

It seems to me however that in the public comment respecting the outline of the proposed policy insufficient attention has been paid to the fact that in the case of crown corporations tax agreements will be made for the payment of fair sums in lieu of taxes—

And again, speaking on June 18, 1951, in the debate on the Municipal Grants Act, I had asked the minister a question, to which he replied in these words, as reported at page 4222 of *Hansard*:

I announced some time ago, as a matter of government policy, that these various crown agencies, crown companies and the like, were instructed to make with the municipality in which they operated appropriate arrangements for the payment of moneys in lieu of taxes—

There are many crown companies across the country, and in Sarnia we are most fortunate in having a successful one. However, there will be places in the dominion to which the policy announced by the minister, in respect of payment in lieu of taxes, will apply. It is possible that when the St. Lawrence seaway projects gets under way many more municipalities will be affected.

The point I make is that during and after the war we were not so deeply concerned about the points from which revenue was derived, nor were we so keenly interested where we got goods, so long as we got them. The people accepted the responsibility. I wish to be fair by stating that since that time some of these municipalities and cities have developed so rapidly industrially that