

Hon. Norman McL. Paterson: Honourable senators, as I am in the shipping business, perhaps I can make a contribution to the discussion on this bill.

I should like to point out the value of the 33½ per cent depreciation. It is most important to shipping in Canada to keep a shipyard alive. If we did not have shipyards it would be impossible to dock a ship when she strikes a rock; it would be impossible to dock her every four years for inspection, which is absolutely necessary.

Some years ago—I think it was in the time of Jim Conmee—the Port Arthur Shipyard was bonused so much a foot for keeping the water over the sills at the shipyard. That arrangement went by the boards long ago, because it became quite profitable to build ships during the last war. However, since the war it has been a hand-to-mouth business to keep the shipyards alive. We have found it is in the best interest to build some ships.

About three years ago I built a ship at a place called Newport, in Wales. Apropos of what the senator from Ottawa West has said, the ship built in Wales was a very well built ship, but not built anywhere near the specifications for delivery; further, the builders were almost a year longer on the construction than they said they would be. The ship is 254 feet long, with 42 foot 6-inch beam, and is the full size of the Lachine Canal. In fact, she is built so close to the size of the canal that to get her out when the gates are open it is necessary to go full steam ahead in order to push the water around the sides. That ship was built at a cost of \$700,000.

The next ship I built was constructed in Collingwood, at a cost of \$900,000. It was a ship of exactly the same size as the one built in Wales, with a little different engine equipment, but quite as satisfactory as the one built to our own specifications for our class of business.

I built a third ship at Collingwood, which is now being tested out. Perhaps I should apologize to this honourable house for having named her *Senator of Canada*. My son asked me to suggest a name, and offhand I said *Senator*. When he went to register the ship he found there was a tug registered somewhere as *Senator*. Also an ore carrier for the Columbia Steamship Company, in the United States, which ship I think has since been scrapped, was called *Senator*. We were told that if we called our ship *Senator of Canada* the registration would be accepted. So that is her name, and she is on steam trials today. She is quite a large ship, carrying 508,000 bushels of wheat and 16,000 tons of iron ore.

This vessel was built in the light of the requirements of the grain business and the iron ore business.

These shipbuildings have kept the Collingwood shipyard pretty well alive; and it was more satisfactory for us to build them in Collingwood than to build them in my home area, Port Arthur and Fort William. I will not go into details of why that is so, because my remarks might be publicized. But in any case I would like to say that this matter of depreciation has been of inestimable value to all shipyards in Canada. It has kept them alive and kept men employed, and the yards are so necessary to the lake and river navigation that I welcome this bill or any bill designed to help in the present situation.

Hon. Thomas Reid: Honourable senators, may I ask the honourable senator from Thunder Bay (Hon. Mr. Paterson) a question? I understand from the sponsor of the bill (Hon. Mr. Haig) that in order to benefit from this legislation a ship had to be built in Canada. Now, you said this bill would be of great assistance to the shipbuilding yards here, and then you stated you had a ship built in Wales. I would like to know how this bill is going to help in your case.

Hon. Mr. Paterson: We do not get the benefit of special depreciation on that ship built in Wales. We take the ordinary 10 per cent depreciation.

Hon. Mr. Reid: Then this bill does not help in that case at all?

Hon. Mr. Paterson: No, it does not help.

Hon. Mr. Kinley: Honourable senators, I have had some experience in shipping matters, and while listening to the questions my mind has been directed to the question of whether or not the economic situation in Canada justifies this bill.

As far as I can see it, this bill does not give anything except a remission of taxes, and if a vessel does not make a profit I do not see what good an allowance for depreciation is going to do. A vessel is expected to operate at a profit, and if it does the owner is entitled to write off depreciation and thereby reduce his taxable income. But if, owing to the economic situation, a vessel incurs a loss in its operation, how will the vessel owner benefit from this measure? I would like to receive a few words of explanation on this point.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I must have unanimous consent to speak again.

Hon. Senators: Agreed.