

THE SENATE

Monday, December 1, 1952

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill P, an Act respecting Interprovincial Pipe Line Company.

He said: Honourable senators, the Interprovincial Pipe Line Company, which was the first incorporation put through parliament under the new Pipe Lines Act of three years ago, is really the transmission line of the Imperial Oil Company from Alberta to Regina and points east via southern Manitoba and Duluth, Minnesota. The capitalization of the company provided for \$17 million in convertible debentures, and some four million shares of common stock having a par value of \$50 each. Today this stock is worth \$180 to \$190 a share.

The company wishes to have the Act amended so that its four million shares may be redistributed on the basis of ten for one. That would mean that instead of four million shares of common stock, with a par value of \$50 each, as at present, there would be forty million shares, with a par value of \$5 each. The reason for desiring this amendment is stated pretty clearly in the explanatory notes attached to the bill. The company wishes to make its shares more readily available to the public, and thinks that this will be one result of a reduction in par value from \$50 to \$5. Also, the company would like to enable employees to become shareholders. As everybody knows, the Imperial Oil Company has a stock-sharing system for the employees in its filling stations, the drivers of the company's trucks, and so on, the idea being to give them a proprietorial interest in the company. The Interprovincial Pipe Line Company has introduced a similar arrangement into its economy, and it is felt that employees would be more likely to purchase the stock if the par value were reduced from \$50 to \$5 a share.

I think that the desires of the company are justified. Its officials are only too willing to come before a committee to explain anything that any senators would like to have explained in connection with this plan to subdivide their stock. The company's capitalization will remain exactly the same as when the company was incorporated. I would suggest that

we give the bill second reading and refer it to the Committee on Transport and Communications, where any senators who wish to make detailed inquiry may do so.

Hon. Mr. King: Did I understand the honourable senator to say that the original shares of the company are today worth \$180 each?

Hon. Mr. Lamberg: The company's stock, with a par value of \$50, two shares of which may be obtained in exchange for every \$100 convertible bond, are today worth from \$180 to \$190 a share.

Hon. Mr. MacKinnon: It is selling for that?

Hon. Mr. Lambert: It is quoted at that. I saw a quotation in the papers yesterday.

Hon. Mr. Farris: Why didn't you let us in on that?

Hon. Mr. Roebuck: Is that valuation justified by the company's assets or earning power, or is it just the result of market speculation? We should not by legislation add to the value of stock.

Hon. Mr. Lambert: I am sorry that I have not before me the last annual statement of the Interprovincial Pipe Line Company, but I have here the company's prospectus in which the prospective earnings are set out. I had the pleasure of being present at the official opening of the pipeline, at Edmonton, two years ago last October, so I know that the company has been operating for two years. One year's financial statement has been submitted to the public, and it has entirely measured up to the claims set out in the prospectus. I am not able to say exactly what profits were made by the pipeline company during the first year, because I have not the first annual statement before me. However, I am sure that information could be made available to the committee.

The operations of the Interprovincial Pipe Line Company are well known. Since the Leduc field was opened up, the output of oil from Alberta to meet our country's needs has advanced from nine per cent to thirty-seven per cent. In my opinion the activities of this company contributed largely to such an increase. The next big outlet for Alberta oil is through the Trans-Mountain Pipe Line to Vancouver and other coastal points. Honourable senators will recall that following the establishment of the Interprovincial Pipe Line, many gas pipeline companies were incorporated. Now the trend is toward carrying oil westward to Vancouver and other points on the west coast.

I do not think it can be said that the provisions of this bill are an attempt to influence the market or promote the stock