

INCOME WAR TAX BILL

THIRD READING

Bill 99, an Act to amend the Income War Tax Act.—Right Hon. Mr. Meighen.

At six o'clock the Senate took recess.

The Senate resumed at 8 o'clock.

BANK OF CANADA BILL

REPORT OF COMMITTEE

Right Hon. G. P. GRAHAM presented the report of the Standing Committee on Banking and Commerce on Bill 19, an Act to incorporate the Bank of Canada.

He said: Honourable members, the Standing Committee on Banking and Commerce has had several lengthy sessions on this Bill, and has made a number of amendments to it.

The first amendment is intended to make it clear that the Assistant Deputy Governor should not perform certain duties as a member of the board.

At page 2, line 38, the word "financial" is substituted for "banking."

Another amendment makes the salaries of the board and its officers subject to the approval of the Governor in Council.

It was considered that the provisions against shareholders in any chartered bank being ineligible for the position of director were not sufficiently stringent, and these words are inserted in section 10:

—and any person nominated for election as a director who is a shareholder of a chartered bank shall if elected divest himself of ownership of his shares within three months of the date of his election and shall not thereafter during the period of his office have an interest, either directly or indirectly, as a shareholder in a chartered bank.

It was held that the deposit of 5 per cent should not apply to savings banks operating under the Quebec Savings Banks Act, these being in a different position from the chartered banks, as they do not issue notes and do little discounting. There is an amendment to make it clear that the Central Bank can decide what will be a sufficient deposit for these savings banks to make.

Right Hon. Mr. MEIGHEN: And what form it shall take.

Right Hon. Mr. GRAHAM: Also, from time to time they have to give certain information to the Central Bank in regard to their standing.

Then there was the question of the printing of the notes of the Central Bank. The Central Bank furnishes the notes to the chartered

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banks. The original clause provided that there should be one issue printed solely in French, and another issue printed solely in English. It is now provided that each note shall be printed in both English and French.

Then there was the election of directors. Those who are familiar with company practice know that directors can be elected only at the annual meeting of the shareholders. The Bill originally provided that by-laws could be passed authorizing the acceptance of nominations in writing prior to the annual general meeting. The committee was very doubtful whether the board would have authority to present these nominations in writing before the meeting of the shareholders, and this clause was added:

And such by-laws may provide for the nomination of directors before any annual general meeting and what constitutes such nomination.

A letter will be sent to the Minister, who will have power to vote on the shares in accordance with the letter. He will have the same authority as the director of a company who holds a proxy from a shareholder.

It was provided in the Bill that all voting of the shareholders should be done by ballot. This seemed a cumbersome method, and the committee saw fit to restrict the voting by ballot to the election of directors.

Right Hon. Mr. MEIGHEN: Honourable members, I have nothing to add to the explanation of the different amendments as given by the acting chairman of the committee, except as regards the modifications that affect the two Quebec savings banks. While these institutions are called Quebec savings banks, they are Dominion incorporations and operate under a special Dominion statute which is renewed every ten years in just the same way as the Bank Act. They do not carry on commercial transactions, but conduct a savings bank business, investing the savings in high-class securities. These banks were desirous of coming in under the clause of the Bill which enables the Bank of Canada to make loans to chartered banks against a certain class of securities, instead of purchasing those securities, as they can do under another provision. The Quebec savings banks had been deliberately excluded from the clause authorizing loans, though under the Finance Act they could get such accommodation in case of emergency. The chartered banks are required to place five per cent of all their deposits with the Bank of Canada, and this obligation is a considerable burden, as well as a safeguard. No such demand was made on the Quebec savings banks, and it