

*Private Bills*

39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Kootenay West (Mr. Herridge), Agriculture—request for protection on grade standards; the hon. member for Laurier (Mr. Leblanc), Finance—depreciation reduction—automobile equipment.

It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills and public bills.

**PRIVATE BILLS****UNITED GRAIN GROWERS LIMITED**

**Hon. Douglas Harkness (Calgary North)** moved the second reading of Bill No. S-5, respecting United Grain Growers Limited.

• (6:00 p.m.)

He said: Mr. Speaker, this bill refers to a company, the name of which is familiar to all members from western Canada and quite probably to most other members of the House of Commons. Its country elevators, 750 in all, are to be found in every part of the prairie provinces at some 600 different points. It is the oldest of the farmer-owned business institutions now operating in the prairie provinces. Organized in 1906 and with a record of continuous progress during 60 years, it is this year celebrating its diamond jubilee.

The primary business of United Grain Growers Limited is handling grain and during its history it has received from customers some 2½ billion bushels. Annual receipts now amount to 100 million bushels or more. Inventories of grain in its country elevators amounted on July 31 last to some \$54 million.

It owns and operates a terminal elevator at Port Arthur with a capacity of 6.5 million bushels, and at Vancouver operates under lease another terminal elevator with a capacity of 3.6 million bushels. It has some ancillary businesses, distributing annually several million dollars worth of fertilizer as well as other supplies needed by farmers. Through a subsidiary company it publishes a well known national monthly farm magazine, *Country Guide*. The Company has 54,000 shareholders, the great majority of whom are active farmers in the prairie provinces.

The company was originally incorporated in 1906 under the Companies Act of Manitoba with the name, "The Grain Growers Grain Company." By 1911 it had expanded to such an extent as to need a federal charter, which

[Mr. Deputy Speaker.]

it obtained under an act of parliament in that year when its authorized capital was increased to \$2 million from the former \$1 million level. Amending acts were passed in 1915, 1916 and 1917 to enable amalgamation to be carried out with another farmer-owned company under the name United Grain Growers Limited and with an increase in authorized capital to \$5 million. Another amendment in 1941 enabled it to carry out reorganization of its capital stock structure, and one in 1950 increased its authorized capital to \$7.5 million.

Under these enactments the company has been empowered to set up an organization differing in important respects from many other incorporated bodies. Voting rights are confined to the holders of membership shares which may be issued or transferred only to farmer customers of the company. Each such holder is entitled to one vote and one vote only. Because of their large number, member shareholders are organized into 314 locals, each of which elects a delegate to annual or special meetings of the company and proxy voting is not allowed. The company is empowered to issue out of its earnings, patronage dividends to customers after dividends on capital stock have been provided and reserves have been set aside.

United Grain Growers is and has been a very large taxpayer, as indicated by the substantial provision for taxes on income included in annual financial statements. The amounts paid in patronage dividends are deductible in calculating taxable income to the extent provided in the Income Tax Act for all companies making such payments. Its dividends on capital stock, like those of all companies, come out of income on which tax has been paid. I mention these facts because in the other place a question was raised as to what the tax position of this company is or was.

Prior to 1941 United Grain Growers had only one class of share with a par value of \$25, which could be issued or transferred only to farmers. That limitation created difficulties for those who might find it necessary to dispose of shares when qualified purchasers had little money for investment. It was desired to correct this situation but at the same time to ensure continued control of the company by its customers. Consequently, a division of shares was effected into two classes.

Each former share was divided into one \$5 membership share and one \$20 five per cent