It is not intended that all of this vast amount of money which the Company is going to require (i.e., some $700,000,000 over the next decade) will be raised through the issue of capital stock. A substantial portion of it will, it is expected, be obtained through borrowings and other available resources of the Company, such as depreciation credits, which will be used and invested in the plant to be constructed.

The Company requires some $52,000,000 of new capital to finance its construction program or the year 1948. It is expected that this rate of construction will continue for some years. Applying the Company's long term policy of financing its capital requirements by two-thirds equity capital (capital stock) and one-third by borrowing, this will require that $35,000,000 be obtained each year through the issue of capital stock.

Thus, according to the best forecasting and estimating the Company is capable of, it thinks and expects that it will need the $350,000,000 of additional capital authorized by this Bill together with substantial borrowings to carry out the expansion and extension of its system.

The granting of the authority to increase the Company's capital as prayed for does not leave it to the Company to issue and dispose of the new capital as it sees fit. Reference has already been made to subsection 2 of section 1 of the Bill, which re-enacts the provision that was contained in chapter 93 of the Statutes of 1929 and deprives the Company of the power to make any issue, sale or other disposition of its capital stock without first obtaining the approval of The Board of Transport Commissioners for Canada of the amount, price, terms and conditions of such issue, sale or other disposition of such capital stock.

It is respectfully submitted that this subsection 2 fully and amply protects any and all public interests that might be involved.

By section 2 of chapter 41 of the Statutes of 1902, already referred to, Parliament imposed upon the Company the obligation of furnishing telephone service and telephones of the latest improved design to the public upon demand. It is therefore submitted to be in the public interest that the Company be put in a position where it can fulfil this duty. To discharge this duty it is necessary that the Company enlarge and extend its system and facilities to the point where it can meet the public need and furnish service on demand. As already mentioned, there are 95,749 waiting applications for service and an additional 69,000 subscribers waiting for individual line service. By this Bill, the Company is asking the authority to permit it to go out from time to time after satisfying The Board of Transport Commissioners for Canada of the propriety of doing so to raise the necessary capital to enable it to discharge its duty to the public.

Subdivision of Shares

Section 3 of the Bill provides for the subdivision of the Company's shares of capital stock which are now and always have been of the par value of $100 each into shares of the par value of $25.00 each.

The Company did not petition for this provision to be enacted in the Bill. It was put in the Bill by way of an amendment made before the Banking and Commerce Committee of the Senate. In this connection the following extract is quoted from the Senate Debates of January 29, 1948, p. 109.

> Hon. JOHN T. HAIG: Honourable Senators, I was present throughout the meeting of the Banking and Commerce Committee when this bill was under discussion. The bill as it has come back to us from the Committee contains two important amendments. One deals with the transmission of shares by will or by letters of administration. The other, which was inserted by the Committee without any request from the Company, provides for splitting each of the shares of $100 par value into four shares of $25. That is to be completed not later than July 1, 1949. I would add that the Committee adopted these amendments unanimously.