

Private Bills

I asked the question because as I understand the bill the increase in capitalization is purely an increase in the number of class "A" shares from 325,000 to 500,000 and no increase is contemplated in the number of class "B" membership shares. This prompted me to ask which were voting shares or whether both classes were voting shares. There are only 57,881 class "B" membership shares now outstanding of the authorized 200,000, and this situation should continue as it is at the moment. Is it the purpose of the bill to raise additional funds by attracting people to invest money in United Grain Growers Limited by way of class "A" shares or by way of debentures or lending money to the company at 6½ per cent interest instead of 5 per cent?

Mr. Harkness: As a maximum.

Mr. Howard: Yes, as a maximum. As I said earlier, it is worth while to see the structure of a company set up in this way. It provides ideas for including this same concept in drafting legislation with regard to other companies which claim that one of their objectives in seeking to be incorporated is so that they can be owned by the greatest number of people possible rather than a small group. We will take this under advisement when other bills are before us.

Mr. Barnett: Mr. Chairman, in connection with the two types of shares can the sponsor of the bill throw any light on the restriction with reference to holding class A shares. This is outlined in the schedule of the bill at page 4 in these words:

That no person shall be entitled to hold or own more than two thousand five hundred of such shares.

I am intrigued by that limitation in view of the fact that class A shares have no voting rights and, as I understand it, are really entirely a source of capital funds for the company through the sale of such shares. Can the sponsor of the bill give us any information why that limitation is imposed by the by-laws of the company as set out in the schedule, placing a limit on the holding of class A shares?

Mr. Harkness: Mr. Chairman, originally there was only one type of share and, as I outlined, when these shares were split into class A and class B shares the limitation of 25 shares was removed so that it would have been possible for class A shares to be made available to anyone who might be in the market to invest funds. At that time, as I

[Mr. Howard.]

understand it, in order to prevent the accumulation of very large proportions of these shares in the hands of one individual or a small group of individuals or a company, the limitation of 2,500 was imposed so that a situation would not occur where the bulk of the preferred shares would be owned by one institution which would be able to exert financial influence, shall we say, on how the affairs of the company should be conducted.

Clause agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rinfret): When shall the bill be read the third time?

Some hon. Members: Now, by leave.

Mr. Harkness moved the third reading of the bill.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, before third reading is given I for one would like to express my appreciation to the sponsor of the bill for the lucid explanation of its purposes which he gave the house on its introduction at the second reading stage and also for the manner in which he was able to answer the questions asked when the bill was in committee of the whole. So far as I am concerned, the manner in which it was dealt with justifies us in having agreed to his suggestion that it be dealt with in committee of the whole house.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I believe the house should certainly be very cautious about the procedure which has been used today in allowing the waiving of a stage that provides for a detailed discussion of a particular bill. It is true that this should not be taken as an indication that this procedure should be sought or followed in other cases. However, I should like to join with the member for Comox-Alberni (Mr. Barnett) in saying that this bill appears to offer a number of innovations that other members would be well advised, when sponsoring bills, to be prepared to implement.

The passing of this bill indicates, I believe, the support of members for the principles which have been enunciated. As I mentioned a few moments ago, this organization does not fall into the class of co-operatives as we know them but certainly falls into that class