

than one or two shares of a stock selling at \$100 or \$200 a share. It is also true that employees investing some small part of their savings would find a price of, say, \$95 rather high for their purposes. In some cases it might mean buying fractions of shares. As I say, this \$95 price has the effect of limiting the number and types of people who can invest, although it is naturally a source of some gratification to the shareholders.

As I must disclose my own interest, I should say at this point that I am a modest shareholder. While I am happy to see the price has reached this \$95 level, nevertheless I am only a name on a list. I do not attend company meetings, and I do not know most of the officers of the company. However, I am quite content for them to manage that small part of my funds as long as they continue to administer the company in the way they have over the last few years.

Before dealing with the splitting of these shares I would like to say a few words about the background of the company. The history of this company is very short, but it is also extremely interesting. It is only 15 years old, having been incorporated by Act of Parliament in 1949. In that very short period it has become a complete success story. It was financed entirely by private capital, and operates a pipe line system which now extends some 3,428 miles from the Redwater field in Alberta to Toronto and Buffalo in the east. It is an oil pipe line—carrying mostly crude oil, not gas—in which some \$312 million had been invested by the end of 1963. Last year some 172 million barrels of crude oil were delivered by the system. This works out at an average of over 470,000 barrels a day. So, it is a sizable operation.

As I stated a moment ago, the company has been a complete success, has good earnings and has made an excellent return to its shareholders. This is so in spite of a progressive policy on the part of the company over the years since its inception to reduce its rates for moving oil. This has been done several times since the company commenced operations, and during that relatively short period the cost of moving crude oil through its system has been reduced by 42 per cent, which is a sizable reduction.

In that connection I would like to mention one item that appeared in the annual report for 1963, which says:

Rate reductions of 2 cents per barrel on the movement from Edmonton to Sarnia and 3 cents per barrel from Edmonton to Toronto were made with lesser reductions for the medium haul movements. The rates for the short haul movements were not adjusted. The Company further reduced its transportation

charges by relinquishing half of the allowance oil normally charged in pipe line operations for handling and evaporation losses. This represented about 1½ cents per barrel cost reduction to all shippers.

In other words, it not only reduced its tariff by the two or three cents I mentioned, but also reduced the normal quantity of allowance oil, representing a further 1½ cents per barrel cost reduction.

Its record from the day it started business has been that of a clean-cut operation in which, I feel, its management and directors should take great pride. As it has grown it has become one of the large companies of the country, and I think all of us could take some pride in its very existence and the way its operations have been conducted.

To return to the question of the splitting of shares, the company appeared before Parliament again in 1952, at which time it requested that its original shares of a par value of \$50 be split 10 for one, to a par value of \$5. At that time the price had reached approximately \$180 a share on the original stock, which was considered to be too high. The new stock was listed and proceeded to be traded at about \$18 a share after that 10-for-one split. That is the same stock that is now being sold in the \$95 range.

I might also mention that by 1952, when the bill was introduced to split the original stock 10 for one, the company had already introduced a voluntary employees' savings plan, which has now been in existence for more than 12 years.

When success stories like this are mentioned I believe there is a great tendency on the part of people to think there is something sinister or evil afoot, or at least that perhaps there is something hidden. I would like to say that if this company can be criticized for anything, it is only that it has been such a complete success. I do not think there is anything concealed, anything hidden. It is a straightforward transportation operation which, as I say, has been tremendously successful.

To counter the suggestion that splitting stock could in any way be considered unusual, I would only draw your attention to the fact that it is indeed a common practice for successful companies; whereas, the company that is not doing well will not very likely try to split its stock because it will neither help the officers nor the shareholders, nor will it increase the earnings. By way of contrast, I would say there are few large, successful companies that have not at some stage or other split their shares. I have here a list of companies which split their shares