

Hon. Mr. Roebuck: An increase of \$500 million.

Hon. Mr. Euler: Yes, it is an increase of \$500 million.

Hon. Mr. Roebuck: It is quite an increase, I admit. An amount of \$500 million is still enough to appal me.

Honourable senators, I have expressed all I can at the moment. I wish to thank my fellow members for permitting me to make this statement.

Hon. Mr. Hugessen: Honourable senators, if I may be allowed, I do not think I am out of order in speaking again on this matter, but in view of what the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has just said, I think it is a great pity that it was impossible for him not to be present at the committee meeting yesterday morning when this bill was considered, and when we heard the evidence of officials of the company. I know that an increase in authorized capital from \$500 million to \$1,000 million is big enough by any calculation, but at the committee we were given some really remarkable facts as to the amount of capital which this great public utility will have to raise during the next few years in order to meet the ever-growing requirements of the public. We were told, for instance, that over the next five years this company will have to raise, or anticipates spending, capital on the average of \$200 million a year. We were informed that there are three sources from which the company raises its capital. The first source is from the issue of additional shares, which has a direct relation to the bill now before the house. The second source is by the issue of funded indebtedness—bonds. We were told that under the general supervision of the Board of Transport Commissioners, and pursuant to the views of that board as to the relationship which should be borne between equity capital, that is, share capital, and bonded indebtedness, that relationship is roughly of the order of 40 per cent for bonded indebtedness and 60 per cent for shares. The third source from which the company raises these enormous sums is depreciation reserves, which it takes out of its earnings each year, and we were told by the president of the company that it expects to get about half, or very nearly half, of its capital expenditures out of these depreciation reserves. So the position is that over the next five years there is a contemplated capital expenditure of \$1,000 million, of which the company expects to have to raise between \$500 million and \$600 million by the sale of bonds and shares in the relative proportion which I have just mentioned. Considering the immensity of these figures of anticipated

capital expenditures over the next few years, I suggest to the house that an increase in authorized capital of \$500 million does not seem too excessive. In fact, the officials told us they expect that if Parliament authorizes this increase of \$500 million in capital stock it will probably last the company for the next ten years or so, that is, assuming it raises the other moneys that it will need during the next ten years, partly from the sale of capital stock, partly from bonds, and partly from depreciation reserves. So I do wish that my honourable friend had been at the committee yesterday morning, and I think that if he had been and had heard the story he would not have been so shocked by this \$500 million as he appears to be this afternoon.

The only other matter I wanted to discuss, in view of what my honourable friend said, was section 3 of the bill, which gives the company the power to pay a commission to subscribers for shares of its capital stock. In that regard there are only two things I want to touch upon. The first one is this—and it was mentioned by my leader (Hon. Mr. Macdonald)—that under the section as it reads the amount of any commission payable by the company would be subject to prior approval of the Board of Transport Commissioners. The second thing is that this clause of the bill simply brings in for the benefit of the Bell Telephone Company a clause which exists in the Companies Act of Canada for the benefit of every commercial corporation which is incorporated under that act. So we are not singling out the Bell Telephone Company for favourable consideration in this respect; we are simply bringing it into line with all the other commercial corporations and companies, the vast majority of which are incorporated under the Companies Act, as honourable senators know.

I am sorry to have taken this time, but I thought perhaps I should say a few words in answer to my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck).

Hon. Mr. Horner: Honourable senators, may I take a moment? Considering the matter of interlocking directorates and subsidiary companies, I would like to move, seconded by the honourable senator from Saint John-Albert (Hon. Mr. Emerson), that the discussion proceed without those who are at present shareholders taking part.

Some Hon. Senators: Oh, oh.

Hon. G. Percival Burchill: Honourable senators, as I am not a shareholder in the Bell Telephone Company, I qualify.