

THE SENATE

Thursday, February 7, 1957

The Senate met at 3 p.m., the Hon. Arthur L. Beaubien, Acting Speaker, in the Chair.

Prayers.

Routine proceedings.

PRIVATE BILL

ALASKA-YUKON PIPELINES LTD.—REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the Committee on Bill P-1.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill P-1, intituled: "An Act to incorporate Alaska-Yukon Pipelines Ltd.", have in obedience to the orders of reference of January 31, 1957, examined the said bill and now report the same with the following amendment:

Page 2, lines 15, 16 and 17: delete "and in that portion of the province of British Columbia lying to the north of the fifty-eighth parallel" and substitute therefor the following: "the Northwest Territories and in the provinces of Alberta and British Columbia".

The Hon. the Acting Speaker: Honourable senators, when shall this amendment be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

QUEBEC SAVINGS BANKS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of Standing Committee on Banking and Commerce, presented the report of the committee on Bill Q-1.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (Q-1) intituled: "An Act to amend the Quebec Savings Banks Act", have in obedience to the order of reference of February 5, 1957, examined the said bill and now report the same with the following amendments:

1. Page 2, line 29: Delete line 29 and substitute therefor the following: "If the aggregate value of the investments on the books of the"

2. Page 2, lines 35 to 44, both inclusive: Delete lines 35 to 44, both inclusive and substitute therefor the following: "59A. The bank may invest in the securities and shares of a corporation incorporated in Canada, other than one mentioned in section 58 or 59, the securities of which are not in default in respect of either principal or interest, if the aggregate value of the investments on the books of the bank under this section, together with the market value of the proposed investment, does not exceed fifty per cent of the paid-up capital and rest account of the bank."

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Honourable senators, with leave I would suggest that the report be considered now. At any rate, perhaps I might make a brief explanation of the amendments, and honourable senators could then decide whether or not they wish to adopt them at this time.

The act which this bill would amend has to do with several Quebec savings banks. The particular sections of the act in which the committee's report proposes some changes in language defines the right or power of these banks to invest in securities and shares of companies incorporated in Canada. The bill put two limitations upon that power: one, that the securities of an incorporated company in which a bank invests must not be in default at the time in respect of either principal or interest; and, second, that the amount of money of a bank that may be so invested, together with the market value of the proposed investment, must not exceed 50 per cent of the paid-up capital and rest account of the bank. But in spelling out how you arrive at the value of the investment the bill used language that is not clear. It said a bank may invest in such securities and shares "if the aggregate book value of the investments of the bank under this section, together with the market value of the proposed investment, does not exceed 50 per cent of the paid-up capital and rest account of the bank". But, as any lawyer knows, when you talk about book value of shares, that ordinarily means the book value of those shares in relation to the company whose shares they are; whereas what this section intended to refer to was the book value of those shares to the bank—in other words, their cost less amortization. The committee's amendments would clarify the point that the aggregate value referred to in the sections in question is the aggregate value of the investments on the books of the bank.

This is a Government bill, but I understood from the representatives of the Quebec banks who were before the committee this morning that the revision is beneficial, and that they are very happy with it and would like to have it passed into law as soon as possible.

Hon. Thomas Reid: Honourable senators, I do not think we should create a precedent by considering the amendments and then proceeding to give the bill third reading today. Amendments proposed by committees should be before us in a form which enables us to look them over before they are dealt with.

Hon. Mr. Roebuck: The explanation that has just been given will appear on *Hansard*.