

the company, so that from that time on the company operated in the usual way, under shareholders and directors selected by the shareholders. The company has continued to progress and expand, and this bill now before us is, in part, evidence of that expansion.

The Algoma Central Railway is a railway running north from Sault Ste. Marie, crossing the main line of the Canadian Pacific Railway at Franz, and continuing on and joining the main line of the Canadian National Railways at Hearst. It also has a branch line running from the Helen Mine to Michipicoten Harbour on Lake Superior, and it has some seven cargo vessels on the Great Lakes.

Dealing with the bill itself, clause 1 changes the name of the company. The words "Hudson Bay" are dropped. These now have no significance for the company and indeed constitute a misnomer, as the railway does not go to Hudson Bay.

The word "Company" has also been dropped from the title, because the railway is popularly and commonly known as The Algoma Central Railway, and its trade name design in initial form is A.C.R. The wording of subsection 2 of clause 1 makes it perfectly clear that the change in name does not affect the rights or liabilities of the company.

Clause 2 is a result of the reorganization that took place in 1958. The company was authorized to issue, among other securities, 250,000 preferred shares. Actually, only 80,000 were issued, and since that time these shares have either been paid off or have been converted into common shares. As there is no provision in its legislation similar to the provisions in the Companies Act dealing with companies incorporated under the Companies Act, it is necessary to have this clause 2 reducing the preferred shares and the capital stock of the company by the 80,000 preferred shares that have been paid off or converted.

Clause 3 deals with that part of the preferred stock which was redeemed in cash. The amount in dollars so redeemed was \$508,800. That redemption took place out of the ascertained profits of the company, but without any special provision the result was to create a capital surplus, and clause 3 now returns that capital surplus of \$508,800 to earned surplus, where it was, as the result of the ascertained profits.

Clause 4, as explained in the explanatory note, is to provide that in the case of future redemptions this same reduction of capital would take place without it being necessary

for the company to come back to Parliament for a special act to cover a similar situation.

Clause 5 removes a limitation on the total obligations of the company. This was a limitation of some \$11 million which the company voluntarily put upon itself at the time of the reorganization in 1958. In view of the progress that has been made since then, it is felt that this limitation upon its borrowing powers is no longer appropriate.

Clause 6 is ancillary to clause 5, and gives to the directors similar powers as to future borrowings as the company had with respect to its limited borrowing power under the act of 1958. This additional authority may now be implemented by the directors. I may say that all provisions of this bill have been ratified by a special meeting of the shareholders. Consequently, clause 7 provides that no further approval by the holders of shares of the company shall be required with respect to the issuance of bonds authorized by the act.

There are two corrections I should make to the explanatory note to clause 7. There is a reference there to a special meeting of the shareholders on December 4, 1964. That is a clerical error, and the date should be December 5, 1964.

The explanatory note goes on to say that the application to Parliament was approved unanimously. The word "unanimously" should be struck out. There was one shareholder owning ten shares voting by proxy who was recorded as voting against the motion when there seemed to be some doubt as to just what was the effect of his proxy.

These changes in that explanatory note do not affect the bill, and do not require further reprinting of it. However, in any additional printing the corrections will be made.

Clause 8 adds to the company's powers the ancillary and incidental powers provided for in subsection (1) of section 14 of the Companies Act. These are powers of a general character that are granted to companies incorporated by Letters Patent under that act. They are numerous. There are probably 30 different provisions, and I have not studied them in detail myself to see how far all of them are or should be made applicable to this company. I suggest that while there is no objection in principle to this section, it is something upon which we ought to have some further information when the bill reaches the committee stage.