

Senator HAYDEN: I notice the reference to subsection (1) of section 14 of the Companies Act in clause 8. It is now law.

The CHAIRMAN: That is the next point to discuss.

Senator CROLL: Could we get Mr. Edison's answer to your question, Mr. Chairman?

Mr. EDISON: On the question of retroactivity, I am pleased to give the committee what explanation I can. Many lawyers, and many of the members of the Senate are opposed to retroactive legislation. I do not think it was appreciated that we were asking for a wide indulgence in this regard, and if it is the wish of the committee, since this question was raised on second reading—and I have consulted the authorities of the company—we would be quite willing to delete those words "has and always has had" and to eliminate them from the section.

In defence of the company, I would like to say one word, that up until 1958 this company was run by a bond holders' committee for nearly 50 years, and it was, in effect, as far as the company was concerned, as if the mortgagee was in possession. I think perhaps, with great respect to people who were engaged in the financial operations of the company at that time, that they did not always look at the powers that a statutory company of this kind has, and when the shareholders' directors took over in the last six years their legal advisors had been looking into various matters the company had been dealing with, and we found three specific cases, which are of minor importance, and no trouble has been caused to the company as yet, but about which we thought there might be some doubt as far as the company was concerned.

The first of these cases was the employees pension plan that was set up. The second was a plan which the company embarked upon for the benefit of certain of their employees, to lend money to employees. The third case, from time to time the company has had surplus moneys to invest between interest dates and that sort of thing, and has made investments.

It may sound curious, but the fact is that we could find no authority in the Railway Act or in the enabling statute of this company to justify those particular endeavours in which the company was engaged. Those three matters are all specifically covered in the ancillary powers given to companies, in the Canada Corporations Act.

It was intended, I think, in the language which was inserted in the draft bill, to make this clear, that those three particular endeavours that the company had engaged in were within its powers, but no question has been raised about it.

The CHAIRMAN: They have not been attacked?

Mr. EDISON: They have not been attacked. I can quite appreciate that Parliament and the Senate should not be asked to give blanket approval to something they know nothing about. There might have been some action the company should not have taken. We are not asking for any retroactive legislation. I hope you will accept my explanation, and we can readily accept the amendment to that draft section on that basis, if the committee so wishes.

Senator HAYDEN: You could, instead of making this declaration, have ratified any exercise of such ancillary powers.

Mr. EDISON: Yes, senator, but you will realize that the lawyers do not know everything that the board of directors have done in the last 11 years.

Senator CROLL: I move that that part be struck out.

The CHAIRMAN: Mr. Edison's explanation simply shows that the committee members, who are acquainted with the Latin language, are acting *ex abundanti cautela*. Let us strike out from clause 8, the words:

It is hereby declared and enacted that the Company has and always has had . . .