

*Private Bills*

pretty much all tied up by Imperial Oil Company, the B.A. Oil Company and Shell. It is about these three corporations that I wish to say a few words because they are the real owners of the company that is under consideration here, Interprovincial Pipe Line Company, whose management is asking for authority to split the shares. According to the articles of incorporation the management must seek from Parliament authority for splitting the shares and this is what they are seeking to obtain.

What is the pattern of ownership of this corporation, Mr. Speaker? Let me not use my own words but those of the President of the corporation, Mr. Johnston, who said on March 11 last when he appeared before the committee:

● (5:30 p.m.)

Yes, Sir. Imperial Oil, who were the instigators of the program back in 1949 own 33 per cent; B.A. (American) own about 8 per cent which is the stock which originally was sold to Gulf Oil, and Shell, who now own Canadian Oil, participates in the company to the extent of 100,000 shares. If you add those up it is 47 per cent.

That gives exactly the pattern of the major interests in Interprovincial Pipe Lines. So that the policy of the company is controlled by the major interests such as Imperial Oil, B.A. and Shell and it is therefore in a position to operate as a monopoly.

That is the reason why inserted into their articles of incorporation was the provision that they must come back to Parliament and ask Parliament if they can have a split in shares. This also provides Parliament with an opportunity to look at the policies of the company and at what the company has been charging for services and for transporting oil. We are provided with the opportunity of asking for information from this monopoly as to its services and charges and the policies it has been following to promote the oil industry and the economy of Canada in general.

Many things might be said in favour of this Corporation but I think some matters should be given further consideration and discussion. For example, let us consider the pattern of ownership which I have mentioned earlier. Take, for example, the ownership of the President of the Corporation, Mr. Johnston. As reported at page 875 of the proceedings before the Standing Committee on Railways, Canals and Telegraph Lines on March 11, 1965, Mr. Johnston said:

I am perfectly honest about this: there is no ulterior motive in this. There is no intention on the

part of management or the directors to participate in any way in any extravagant bonanza, as you might call it, or anything else. If the stock is split, the price will be reduced accordingly. The dividend will be reduced accordingly. It really is as simple as that. I believe quite often people have a misconceived idea that a board of directors or large shareholders will participate in these stock splits to a large extent. I can indicate to you that I am the largest shareholder on the board of directors. I hold 3,637 shares of stock which is not an extravagant amount.

The President of the Corporation has there put on the line the number of his shares, and I must add that that number is no greater and in some cases probably less than presidents of corporations sometimes own. But in this case there is a vast difference. In this case he is directing a Company that is in a position to exercise monopoly control over the charges it makes for the services it renders.

Let me pursue this matter a little further. There are 5,087,282 shares of this Corporation outstanding. Of that amount 3,166,501 shares can be accounted for as to ownership because it can be ascertained from various publications which have been issued. If you subtract one from the other you arrive at a figure of 1,920,781 shares which is the floating supply. Some of that floating supply is purchased and held on the way up by speculators who are waiting for a split to take place in order to unload their shares on the small people. That is one of the practices of speculators.

What usually happens following distribution, is that the stock declines and there are shake-outs. I am not saying that that is what the pattern of this stock is going to be but in general that is how the market works. Yet these people come here with tears in their eyes and the freshman from St. Paul's parrots what these people have said about splitting stock in order to get the small fry in. Who is going to benefit? These people now own the shares and they are the ones who will benefit, not the small fry they are sucking in. If they hold on to the shares from 5 to 15 years they may benefit eventually but they are certainly not the ones who are going to benefit immediately. It is the people who now own the shares who will benefit immediately.

Let me return to Mr. Johnston's holding of 3,637 shares. At \$90 a share his holding is worth \$327,330, which is a pretty fair equity in a corporation. What usually happens when stocks are split—the hon. Member for St. Paul's did not tell us this—is that