

*Trans-Canada Air Lines*

Mr. HOWE: Is not that clause limited to contracts?

Mr. BENNETT: No. May I make myself clear? Section 14 recites:

The corporation is authorized,—

(a) to establish, operate and maintain air lines or regular services of aircraft of all kinds, to carry on the business of transporting passengers and goods by air, and to enter into contracts for the transport of mails, passengers and goods by any means, . . .

You use in that particular line the words "mails, passengers and goods," and my suggestion is that for the purposes of the act it is desirable to use those three words all through. I think it would strengthen the position. If sometimes you use the words "mails, passengers and goods," it may be taken that in other places you intend to exclude the word "mail" because you do not use it, when as a matter of fact you intend to use it everywhere. Difficulties may arise over that.

Section agreed to.

Mr. HOWE: I will ask my colleague to move that in section 14, line 16, the word "mails" be inserted before "passengers." In the old act it is section 13, in the new act it is 14.

Amendment agreed to.

Section as amended agreed to.

On section 17—Fixation of rates.

Mr. GREEN: Subsection 3 of this section states:

Provided, however, that the rates so fixed shall not be lower than rates payable for other similar coast to coast transport of mails in North America.

Why are our rates tied up with American rates for the transportation of mail?

Mr. HOWE: It is felt that there should be some objective for the company which, having been reached, it will be allowed to make a profit, and we feel that when they are operating on a basis of efficiency such as will bring the mail rate down to the rates of the same service to the south, they should be permitted to obtain a profit.

Mr. GREEN: Then if the American rates go very high, our rates, of course, would go up too? Would not that be detrimental to the interests of Canada?

Mr. HOWE: I think there is very little danger of the American rates going higher. At the moment they are exceedingly low.

[Mr. Bennett.]

Mr. BENNETT: Does the minister think it desirable that the contract shall be for not less than ten years? Why, in the experimental stage? He has a reason for it. I should like to know what it is.

Mr. HOWE: The reason is that a great deal of expensive equipment must be purchased. It is to give the company time to amortize at least the cost of its purchase of original equipment.

Section agreed to.

Section 18 agreed to.

On Section 19—Part III of Companies Act to apply.

Mr. HOWE: In the original bill there was an error in the printing by which the second line of what was section 18 was omitted. That has been inserted in the reprint, and I will ask my colleague to move to provide for the insertion.

Mr. BENNETT: There is a section 19, is there not?

Mr. HOWE: Yes, we inserted a new section. Section 18 of the old bill is number 19 in the new bill.

Mr. BENNETT: There is a section left out of this. I sent for the new Companies Act of 1934. This section says that part III shall apply, that is the new part III that was put in in 1935, except section 145. Section 145 relates to the application of part I, and we need not consider that. Then section 158 is mentioned here, which deals with preference shares; that of course does not apply; section 159 relates to the change of the chief place of business, by bylaw; that does not apply; section 163 is the section that deals with interest on the amount unpaid at six per cent per annum on calls on shares; section 162 deals with the calls on shares, and that is not to apply, nor the provision for interest. Then you go to section 180, which is the section that deals with preference shares; and also section 181, saving of creditors' rights.

No provision in this part as to the creation of preference shares and no bylaw authorizing the creation of such shares and nothing done under or in pursuance of any such provision or bylaw, shall affect or impair the rights of creditors of the company.

Obviously that has no application. So obviously sections 180 and 181 are to be added. I have not time to go over the rest of them, but I assume they are all right. But certainly section 181 should be added.