

Mr. BERLIS: \$8,282,000, to be exact.

Senator BOUFFARD: Do you mean to say that you want the directors to have an unlimited right to issue bonds to the extent of much more than \$11 million?

Mr. EDISON: That is technically correct, but the present provisions of the existing bond trust deed and the debenture trust deed place rigid restrictions on the issue of additional securities. In the first place, we cannot issue additional bonds except and unless we have three times the asset coverage for all of the funded obligations of the company, and also only if the company in the previous two years had average earnings sufficient to pay all the interest twice over.

Senator BOUFFARD: But at the same time there are securities outstanding, authorized by the shareholders, in the total amount of \$11 million?

Mr. EDISON: Yes, sir.

Senator BOUFFARD: If we pass this section you can issue debentures for another \$20 million or \$25 million without having any authority?

Senator HAYDEN: May I interrupt for one minute? I understand that the deed of trust contains a limitation, and that limitation is in your special act?

Mr. EDISON: Yes, it is.

Senator HAYDEN: Your limitation in the trust deed is simply with respect to the terms and conditions under which you may issue more bonds?

Mr. EDISON: That is correct. I should like to inform the honourable senator that the shareholders had this very section of the bill in front of them at the meeting of last December when they approved the application to Parliament for this enabling legislation.

The CHAIRMAN: I suggest, Senator Bouffard, that this is substantially similar to what happens in respect of a letters patent company when you ask the shareholders to give the directors a general power to borrow money and issue bonds and securities from time to time. This is not in the form of a by-law—that is true—but it is in the form of a clause of a bill which was submitted to and approved by the shareholders.

Senator CROLL: I am concerned with this provision which would appear to brush the shareholders aside for the purpose of convenience and time, as Mr. Edison indicates. But, this is in principle—

Senator HAYDEN: It is ordinary practice in company law.

Senator CROLL: It is not the practice to ignore the shareholders to this extent. Does Mr. Edison think it is warranted? Do you think it wise, Mr. Edison, to deal with this matter in this way without consulting the shareholders—even that person with ten shares, whoever he may be?

Mr. EDISON: With great respect I reply to the honourable senator in this way, that in modern commercial practice it would be virtually impossible for this company to proceed on any other basis. As some honourable senators have indicated, large commercial companies that are incorporated under the Companies Act issue bonds and debentures regularly and frequently. One sees advertisements in the papers every day for large issues of securities which are issued by the boards of directors without the approval of the shareholders. The shareholders, both in this company and in commercial companies, pass by-laws for this purpose. In this case they have approved this particular legislation requiring the directors to do that, giving them that power in advance, and we have had no objections from any shareholders, except the holder of ten shares, who seems to object to everything.

Senator CROLL: The point is that up until now it has been carried on very successfully, and you have consulted your shareholders from time to time. Now you deviate from that.