

Private Bills

Mr. Knowles: Would the hon. member who is sponsoring the bill make a brief statement about it?

(Translation):

Mr. Brisson: Mr. Speaker, the Gulf Pulp and Paper Company was incorporated under chapter 85 of the Statutes of 1902, as the "North Shore Power Railway and Navigation Company" which, under chapter 99 of the Statutes of 1914, became the "Gulf Pulp and Paper Company".

This company is subject to the terms of part III of the Companies Act, 1934. Section 190 of the Companies Act provides that no company subject to the said part III shall use any of its funds in the purchase of shares in any other corporation, unless in so far as such purchase is specially authorized by its act of incorporation. Section 145 provides also that any company coming under the terms of the said part may be exempted from any of its provisions.

The Gulf Pulp and Paper Company owns certain waterpower on the Ste. Marguerite river, in Saguenay county, which were granted to it by letters patent in 1903. The company also fully owns a wide stretch of land along the river. They have also acquired certain rights from the Quebec government in order to develop more profitably the waterpower in question.

Plans have been made for the construction of a dam on the Ste. Marguerite river with a view to developing a minimum of about 25,000 horsepower. The construction costs will amount to approximately \$6 million. This development is being undertaken jointly by the Gulf Pulp and Paper Company and the Iron Ore Company of Canada. As you know, the latter company is preparing to develop the iron deposits of New Quebec and Labrador. The power from the Ste. Marguerite river development will be used for the mining of these iron deposits at the Sept Iles terminus.

We understand that the development of these deposits is part of or closely related to the defence program. This development will also benefit the Gulf Pulp and Paper Company, which is now unable to operate twelve months a year, as it lacks water during the winter months. This inconvenience will be remedied by the construction of the dam, which will store water the year round. We forgot to mention that the Gulf Pulp and Paper Company is now manufacturing wood-pulp.

The Gulf Pulp and Paper Company and the Iron Ore Company of Canada have agreed to form a new company with a view to developing the waterpower in question. This company is named the Gulf Power Company. Moreover, both firms intend to subscribe to the capital of the newly-formed company an amount of about \$1,600,000.

However, as under section 190 of the Companies Act, the Gulf Pulp and Paper Company is not allowed to subscribe to the capital of the new firm, we are asking parliament to amend the act incorporating the Gulf Pulp and Paper Company in order to enable the company to acquire shares in other companies. Besides, that power is normally granted ordinary companies and provided for in subparagraph (e), subsection 1 of section 14 of the Companies Act, 1934.

Section 13 of the act incorporating the Gulf Pulp and Paper Company also limits the borrowing power of the company to the amount of its capital stock issued as paid-up and unassessable.

We feel that we should take the opportunity of completely revamping section 13 of the act incorporating the said company, so as to grant it the ordinary borrowing powers provided in subsections 1, 2 and 3 of section 63 of the Companies Act, 1934.

Mr. Pouliot: Would the hon. member say who are the present directors of this company? Who is behind this bill? Who are the present directors?

Mr. Cruickshank: Is the hon. member for Dufferin-Simcoe (Mr. Rowe) a director of the said company?

(Text):

An hon. Member: No, he is not.

Mr. Cruickshank: I am asking the hon. member.

Mr. Pouliot: I should like to have an answer to my question. I think it is a reasonable one. We are not dealing with abstractions; we are dealing with men; and I should like to know who is behind the move to have that amendment?

Mr. Cruickshank: That is the question I asked, only in French.

Mr. Pouliot: You asked it in Latin.

(Translation):

Mr. Brisson: Mr. Speaker, the two companies involved are the Gulf Pulp and Paper Company and the Iron Ore Company of