

which is new, empowers the company to pay commissions to persons agreeing to subscribe, etc. Surely, in the past there have been issues of stock and commission has been paid on some basis.

Hon. Mr. Bouffard: Honourable senators, the company feels that legally it has no right to pay commissions, and up to the present time it has not done so with respect to subscriptions of stock. It has given shareholders the right to buy stock on a one share for five or one share for six basis, at a price a little lower than the market. But no commission was paid on the sale of stock.

The company is asking by section 3 to be empowered to pay commissions if the financial market at the time of issue warrants it. But, in any case, if there is a commission on the issue of stocks, all the terms and conditions are subject to the approval of the Board of Transport Commissioners. No issue of stock can be made without the approval of the board as to terms and conditions. In that way the public is well protected.

I should perhaps draw attention to one further matter. In the past the by-law with respect to the issue of stock had to be approved by a majority of the value of the shares. This made no sense at all, and was not in keeping with the general policy of the company. So, provision is now made for representation by a majority of the shareholders present or represented at a special meeting, rather than by a majority of the value of the shares. It amounts to the same thing, but this arrangement is more in line with the Companies Act. But, once the Board of Transport Commissioners has approved of the new issue, the company is bound by it, and the shareholders and bondholders are assured that the issue is a legal one. I believe we owe it to the public, where there is as high capitalization as there is here, to give assurance to the public that it is fully protected and that the issue is legal in every respect.

Hon. Mr. Connolly (Ottawa West): Is the company required to submit to securities regulations within either of the provinces?

Hon. Mr. Bouffard: All the "blue sky" laws have to be complied with in every province of Canada.

Honourable senators, if the bill is given second reading I will move that it be referred to the Standing Committee on Transport and Communications, which will be meeting next week.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Bouffard, the bill was referred to the Standing Committee on Transport and Communications.

PRIVATE BILL

BRITISH COLUMBIA TELEPHONE COMPANY— SECOND READING

Hon. J. W. de B. Farris moved the second reading of Bill B, respecting British Columbia Telephone Company.

He said: Honourable senators, I am much more modest than my learned friend who has just piloted his bill through second reading. The present capitalization of the British Columbia Telephone Company is \$75 million, and I am asking only for an increase to \$250 million. I may say to honourable senators, after listening to the questions that have been asked of my honourable friend from Grandville (Hon. Mr. Bouffard), that I think I would stumble a little if some of them were asked me. I am somewhat like the man who was walking through deep snow; he had a good path and as long as he kept on it he had no trouble, but when he left the path and got into the deep snow, he found the going difficult. I hope I won't stumble around too much in presenting this bill.

Hon. Mr. Macdonald: Hadn't you better get the snow shovelled?

Hon. Mr. Farris: I don't mind.

First, as my honourable friend from Grandville did with respect to his bill, I wish to state that if this bill is given second reading I will move that it be referred to the Committee on Transport and Communications, where the company's manager and perhaps other officers will be present next Wednesday to flounder around in the snow just as much as they like, as far as I am concerned, though I think they will be able to give complete answers to any questions that may be asked. Therefore I shall, as far as I am able to do so, confine myself to general principles.

I may say that in looking up the discussions that took place in 1951, the last time a corresponding bill was presented, I read some remarks made in the other house by the then member for Skeena, Mr. Applewhaite. He quoted authorities to show that when dealing with private bills the custom was only to consider whether the principle was right, and, if it was, then to refer the bill to committee. So if the principle of allowing an increase in capitalization is a sound one, subject to its being justified in committee, this bill should more or less as a matter of course be referred to committee. That seemed to be the accepted procedure in the other house, and without having looked up the