

GOVERNMENT HARBOURS AND PIERS ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the senate to Bill No. 9, to amend the Government Harbours and Piers Act.

He said: These are minor amendments. One is to insert, before the words "such works" in line 3 on page 2, the words "each of." The purpose is, as was the original intent of the bill, to make it clearer that the funds collected at one dock may not be applied to another. The second amendment is similar. In line 5, after the word "collected," it is proposed to insert the word "thereon." I have no hesitation in moving concurrence.

Right Hon. R. B. BENNETT (Leader of the Opposition): The senate has added the word "thereon." The dues are not necessarily collected "thereon"; there may be side wharfage as well. It is therefrom as well as thereon. The minister made it clear in his explanation in committee of the whole.

Mr. HOWE: I think the word should be more properly "therefrom," but I doubt whether thereon is misleading.

Mr. BENNETT: As it reads now it says, "be retained from the tolls and dues collected." The senate have added the word "thereon." Surely it must be "therefrom," which includes both side and top wharfage.

Motion agreed to; amendments read the second time and concurred in.

CANADIAN NATIONAL RAILWAYS

REVISION OF ACCOUNTING SET-UP

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee on Bill No. 12, to provide for revision of the accounting set-up of the Canadian National railway system.

Motion agreed to and the house went into committee, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. STEVENS: Has this bill been before the special committee?

Mr. HOWE: It has been before the committee and has been reported back unanimously, as I understand it.

Section agreed to.

Sections 2 and 3 agreed to.

[Mr. Dunning.]

On section 4—Minister to surrender to Canadian Northern certain of its capital shares.

Mr. BENNETT: What is meant by "cancellation" and "surrender" to Canadian National Railway? The shares are outstanding. There will be difficulty about surrendering and cancelling.

Mr. HOWE: The shares of the Canadian Northern Railway Company are held by the Minister of Finance. They were purchased at a cost which would amount for the whole issue to \$18,000,000, and it is proposed to cancel the rest of the shares and to exchange the \$18,000,000, the balance of the common stock issue of the Canadian Northern Railway for Canadian National Company stock.

Mr. BENNETT: It struck me, looking at it after the last sitting, that what we are doing is reducing the capital.

Mr. HOWE: That is true.

Mr. BENNETT: Well, should we not state that this is a reduction of capital? As it appears here it is an arbitrary cancellation, but in fact it is not that; it is a reduction of capital from \$100,000,000 to \$18,000,000. The board having decided that the value of the 600,000 shares of the stock was \$1,000,000, this gave a value of \$18,000,000 to the total issued stock, and what we are doing is reducing the value of the capital stock from \$100,000,000 to \$18,000,000. "Cancellation" is an inept term for that purpose. The section provides:

The minister is hereby authorized to surrender to the Canadian Northern Railway Company, for cancellation, eight hundred and twenty thousand and six shares of the outstanding capital stock of that company, having the par value of eighty-two million six hundred dollars.

I suggest that what we should provide is that the capital stock of the company is hereby reduced from \$100,000,000 to \$18,000,000, and the remainder is hereby cancelled. To surrender the shares to the company for cancellation is, I think the minister will admit, contrary to all the rules of corporate practice. In reality all we are doing is merely reducing the capital, which in the ordinary course, assuming that the appropriate procedure is followed, could take place by any corporation.

Mr. HOWE: In this case "the minister" refers to the Minister of Finance, who now holds \$100,000,000 of stock. I think this is more a direction to the Minister of Finance to effect the reduction in capital by surrendering that amount of stock.

Mr. DUNNING: That is the intention.