

Private Bills

preferred share. The former may be issued or transferred only to farmer customers. The latter may be held by anyone, but not more than 2,500 by one person. The plan worked satisfactorily. The market for shares was broadened with no change in the effective control of the company. New shares were issued without difficulty when there was occasion to do so. Originally all the preferred shares were held by voting members. It is still the case that the majority are so held; in fact, the figure 53 per cent according to information furnished by the company.

The company has been headed from its inception by men recognized as leaders in western agricultural organizations and who have played their part in the country's public life. Hon. T. A. Crerar, at present the oldest member of the other place and the only person left in these precincts who was in the cabinet of Sir Robert Borden in 1917 and also in the cabinet of Mackenzie King from 1935 to 1945, was president of the company for nearly 25 years during its formative period until he retired in 1930 to give full time to his political duties.

He was succeeded by the late R. S. Law who served for 18 years, and then in 1948 by Hon. J. E. Brownlee whose death took place in 1961. I may say that during the nearly three and a half years I was minister of agriculture Mr. Brownlee gave me the best and most practical advice of any of the farm leaders from western Canada. Mr. A. M. Runciman, president now for five years, has become well known in Ottawa through frequent appearances before members of parliament and the government on behalf of western farmers.

The company has requested this amendment to its parliamentary charter because it wishes to provide a broader financial base for its operation by an increase in paid up capital. In presenting this proposal to the annual meeting last November the directors expressed confidence that members and customers would readily subscribe to a new issue of shares whenever such an issue becomes available. That, however, is contingent upon removing an existing limitation on the rate of dividends which may be paid on Class A preferred shares.

When the two classes of shares were established 25 years ago in 1941 it was during wartime and after a long depression when interest rates generally were low. It seems to have been assumed that 5 per cent would continue to be regarded as a good rate of

return on an investment and that the company, by passing such a rate of dividend, would be able to attract investors to its shares. At all events Class A preferred shares, with a par value of \$20, were established in such a way as to preclude the company from paying a higher rate in years of good earnings.

To correct that situation it is now necessary to obtain such amendment to the company's parliamentary charter as is provided in this bill. When enacted this will empower the company in a year when earnings are sufficient to declare an extra dividend on Class A shares of a half per cent or multiples thereof, not to exceed a total of 1½ per cent, that is, to a maximum rate of 6½ per cent, subject to a concurrent provision for an equal rate of dividend upon the company's Class B membership shares. At the same time it is proposed to increase the authorized capital of the company from the present level of \$7.5 million to \$12 million.

Twenty-five years ago it could not have been foreseen that interest rates would rise to levels such as now prevail or that bonds of the government of Canada and of various provinces would be issued at rates substantially above 5 per cent. Nor could it have been foreseen that the company's business and its requirements for invested capital would increase to the extent that actually has occurred.

The reason for increasing paid up capital is to be found in expansion of the company's business which has taken place during recent years and further expansion which is expected.

When the company's affairs were last before parliament in 1950 reference was made to the company's balance sheet for the previous year which had shown assets to a substantial total of more than \$16 million. That reference, I might say, was made by my former colleague from Calgary West, Mr. A. L. Smith, whose contribution to this house I am glad to be able to recall at this time.

• (6:10 p.m.)

The balance sheet issued as at the close of its past financial year on July 31, 1965, showed total assets of \$89 million. A large part of that was made up by a grain inventory valued at \$54 million. To accommodate grain stocks of that magnitude, the company has been enlarging its elevator system during the past 15 years, bringing its total investment in capital assets to some \$42 million. That is a very substantial business to have been established on the basis of a paid up