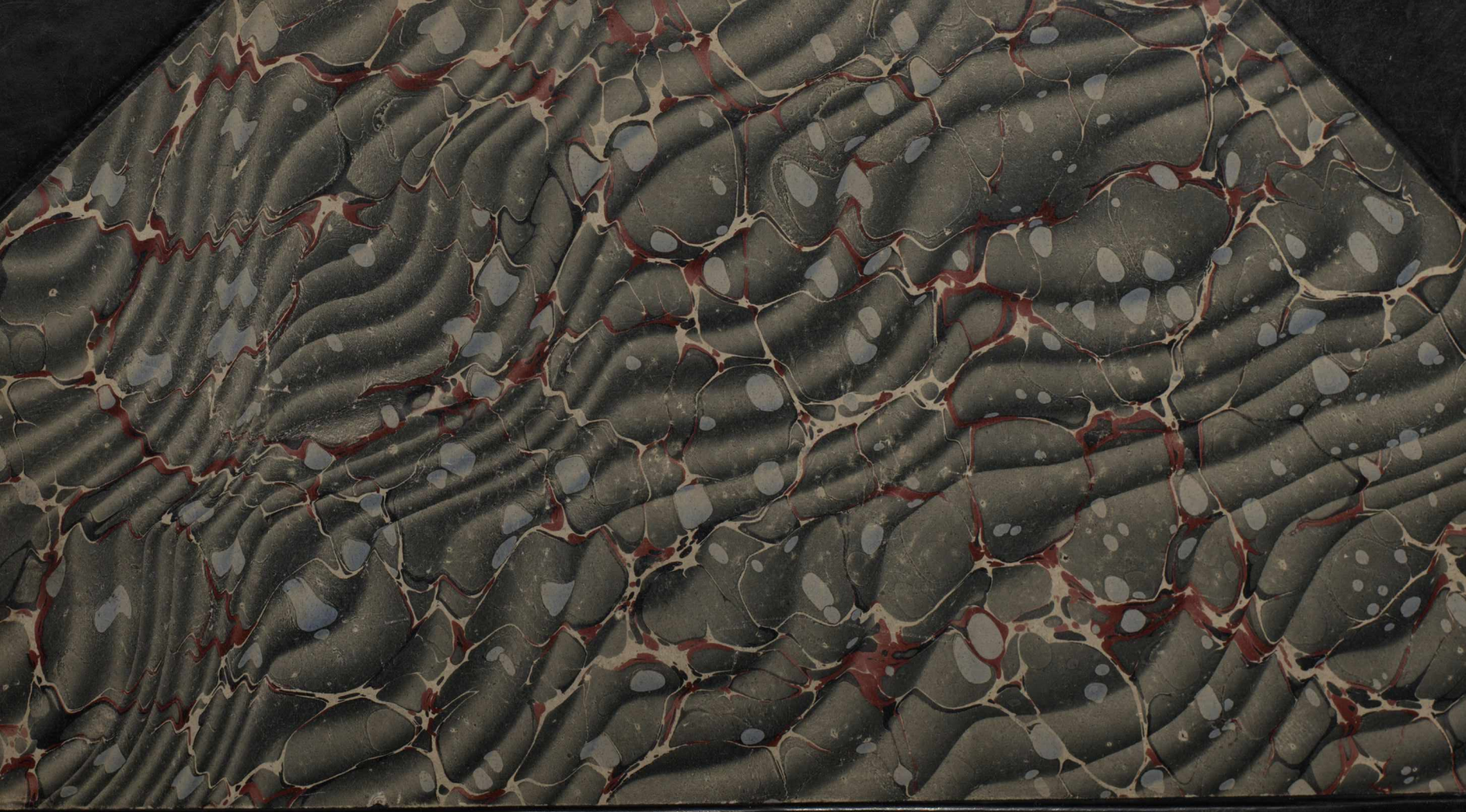

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CANADA
HOUSE OF COMMONS

19th Parliament, 5th Session
1944-45

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SESSION 1944-45

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Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 2.

An Act to amend The Divorce Jurisdiction Act, 1930.

First reading, January 31, 1944.

MR. BLACK (Yukon).

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

99800

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 2.

An act to amend The Divorce Jurisdiction Act, 1930.

1930, c. 15.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section two of *The Divorce Jurisdiction Act, 1930,* chapter fifteen of the statutes of 1930, is repealed and the following substituted therefor:—

Divorce jurisdiction in province of married woman's domicile.

"**2.** The court of any province of Canada vested with jurisdiction to grant a divorce *a vinculo matrimonii* shall have jurisdiction to entertain and try an action or other proceeding for divorce *a vinculo matrimonii* at the suit of a married woman who has resided in such province separate and apart from her husband for not less than two years immediately preceding the date of the commencement of such action or proceeding and on any grounds of entitlement to such divorce provided by the law of the province in which such court is constituted: Provided that she either was before or has been after the passing of this Act deserted by and living separate and apart from her husband for a continuous period of not less than two years prior to the date of the commencement of such action or proceeding."

Proviso.

Explanatory Note.

Section 2 of the Act proposed to be amended by repeal and re-enactment reads as follows:

"**2.** A married woman who either before or after the passing of this Act has been deserted by and has been living separate and apart from her husband for a period of two years and upwards and is still living separate and apart from her husband may, in any one of those provinces of Canada in which there is a court having jurisdiction to grant a divorce *a vinculo matrimonii*, commence in the court of such province having such jurisdiction proceedings for a divorce *a vinculo matrimonii* praying that her marriage may be dissolved on any grounds that may entitle her to such divorce according to the law of such province, and such court shall have jurisdiction to grant such divorce provided that immediately prior to such desertion the husband of such married woman was domiciled in the province in which such proceedings are commenced."

The purpose of this amendment is to vest jurisdiction in the divorce courts of the several provinces to try actions for divorce at the suit of a married woman deserted by and living apart from her husband where the woman *has been residing in the province for not less than two years prior to the date of the commencement of such action.*

As the law presently stands the woman may bring suit only in the province where the husband was domiciled immediately prior to the desertion. This condition of the law works a great hardship on the deserted married woman who by reason of such desertion may have been forced to move to another province from that where the desertion took place. It is unreasonable that she should have to take her action back to the former.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 3.

An Act to amend The Canadian Wheat Board Act, 1935.

First reading, February 2, 1944.

Mr. FAIR.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

63

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 3.

An Act to amend The Canadian Wheat Board Act, 1935.

1935, c. 53; 1939, c. 39; 1940, c. 25; 1942-43, c. 4.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section eight of *The Canadian Wheat Board Act, 1935*, chapter fifty-three of the statutes of 1935, as amended by chapter thirty-nine of the statutes of 1939 and chapter twenty-five of the statutes of 1940, is further amended by repealing paragraphs *(h)*, *(i)* and *(j)* and substituting the following therefor:—

"*(h)* subject to the provisions of paragraph (i) of this section, to give effect to any Order in Council that may be passed with respect to its operations;

(i) in selling and disposing of wheat as by this Act provided, to employ such methods, consistent with the provisions of paragraph *(b)* of this section, as will not involve the payment, directly or indirectly, of any commission or other remuneration to commission merchants, brokers or other marketing agencies;"

Explanatory Notes.

This bill is designed to eliminate the prevalent practice of the Canadian Wheat Board of paying commissions to agents in connection with the sale of wheat and to free the Board to conduct its sale operations without engaging and paying for such unnecessary service.

The paragraphs of section 8 proposed to be repealed and re-enacted in amended form and the introductory words of the section, read as follows:—

8. It shall be the duty of the Board:—

(h) to give effect to any Order in Council that may be passed with respect to its operations;

(i) in selling and disposing of wheat as by this Act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the Board in its discretion may determine;

(j) to offer wheat for sale in the markets of the world through the established channels: Provided that the Board may, if in its opinion any existing agencies are not operating satisfactorily, take such steps as it deems expedient to establish, utilize and employ its own or other marketing agencies or channels;

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 3.

An Act to amend The Canadian Wheat Board Act, 1935.

First reading, February 2, 1944.

Mr. FAIR.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

63

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 3.

An Act to amend The Canadian Wheat Board Act, 1935.

1935, c. 53; 1939, c. 39; 1940, c. 25; 1942-43, c. 4.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section eight of *The Canadian Wheat Board Act, 1935*, chapter fifty-three of the statutes of 1935, as amended by chapter thirty-nine of the statutes of 1939 and chapter twenty-five of the statutes of 1940, is further amended by repealing paragraphs *(h)*, *(i)* and *(j)* and substituting the following therefor:—

"*(h)* subject to the provisions of paragraph (i) of this section, to give effect to any Order in Council that may be passed with respect to its operations;

(i) in selling and disposing of wheat as by this Act provided, to employ such methods, consistent with the provisions of paragraph *(b)* of this section, as will not involve the payment, directly or indirectly, of any commission or other remuneration to commission merchants, brokers or other marketing agencies;"

Explanatory Notes.

This bill is designed to eliminate the prevalent practice of the Canadian Wheat Board of paying commissions to agents in connection with the sale of wheat and to free the Board to conduct its sale operations without engaging and paying for such unnecessary service.

The paragraphs of section 8 proposed to be repealed and re-enacted in amended form and the introductory words of the section, read as follows:—

8. It shall be the duty of the Board:—

(h) to give effect to any Order in Council that may be passed with respect to its operations;

(i) in selling and disposing of wheat as by this Act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the Board in its discretion may determine;

(j) to offer wheat for sale in the markets of the world through the established channels: Provided that the Board may, if in its opinion any existing agencies are not operating satisfactorily, take such steps as it deems expedient to establish, utilize and employ its own or other marketing agencies or channels;

Only first reading

4.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 4.

An Act to amend the Income War Tax Act (Communicating Information).

First reading, February 7, 1944.

Mr. KNOWLES.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

99951

Only first reading

5.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 5.

An Act to revoke the Wartime Wages Control Order, 1943.

First reading, February 15, 1944.

MR. CHURCH.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

1235

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 5.

An Act to revoke the Wartime Wages Control Order, 1943.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Order revoked.

1. The Wartime Wages Control Order, 1943, established by Order in Council of the ninth day of December, 1943, is revoked.

Only first reading

6.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 6.

An Act to amend the Railway Act.

First reading, February 24, 1944.

MR. CHURCH.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

850

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 6.

An Act to amend the Railway Act.

R.S., c. 170; 1928, c. 43; 1929, c. 54; 1930, c. 36; 1932-33, c. 47; 1938, cc. 12, 40.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The *Railway Act*, chapter one hundred and seventy of the Revised Statutes of Canada, 1927, is amended by inserting therein, immediately after section three hundred and forty-six, the following section as section 346A:—

Free transportation for members of the forces.

"**346A.** The officers and men, in uniform, of the naval, military and air forces of Canada shall be entitled to free transportation with their baggage on the trains of the company."

Explanatory Note.

The purpose of this Bill is to amend the Railway Act to provide that members of the forces, when in uniform, may be carried free on railway trains within Canada.

In the last war, the railways voluntarily carried men for single fare on week-ends. Now they carry them every day at half-rate. The *Railway Act* does not at present provide for any special concessions to soldiers during the War, nor has the Board of Transport Commissioners power to order any. In view of the fact that so many camps are far away from railways and the distribution of Troops for training spread all over Canada, it is desirable to give soldiers some form of free transportation as a large number have been killed on highways thumbing a ride in many places in Canada while in training.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 7.

An Act to incorporate the Industrial Development Bank.

First reading, February 28, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

99804

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 7.

An Act to incorporate the Industrial Development Bank.

Preamble.

WHEREAS it is desirable to establish an industrial development bank to promote the economic welfare of Canada by increasing the effectiveness of monetary action through ensuring the availability of credit to industrial enterprises which may reasonably be expected to prove successful if a high level of national income and employment is maintained, by supplementing the activities of other lenders and by providing capital assistance to industry with particular consideration to the financing problems of small enterprises: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title

Short title.

1. This Act may be cited as *The Industrial Development Bank Act.*

Interpretation

Definitions.

2. In this Act, unless the context otherwise requires—

"Bank."

(a) "Bank" means the Industrial Development Bank;

"Board."

(b) "Board" means the Board of Directors of the Bank;

"Executive Committee."

(c) "Executive Committee" means the Executive Committee of the Board;

"industrial enterprise."

(d) "industrial enterprise" means a business in which the manufacture, processing or refrigeration of goods, wares and merchandise or the building of ships or vessels or the generating or distributing of electricity is carried on;

"President."

(e) "President" means the President of the Bank;

"underwriting agreement."

(f) "underwriting agreement" means any contract under which the Bank undertakes conditionally or unconditionally to subscribe for stock, bonds or debentures with a view to the resale thereof or of part thereof;

"bills of lading," "goods, wares and merchandise." "warehouse receipt." 1934, c. 24.

(g) the expressions "bills of lading", "goods, wares and merchandise" and "warehouse receipt" have the same meaning as in *The Bank Act.*"

Constitution and Management of the Bank

Incorporation.

3. (1) There shall be established a bank, to be called the Industrial Development Bank, consisting of those persons as members who for the time being comprise the Board of Directors and the Assistant Deputy Governor of the Bank of Canada, who shall constitute a corporation which shall be for all purposes of this Act the agent of His Majesty the King in right of Canada.

Application of The Bank Act. 1934, c. 24.

(2) Except as expressly provided in this Act, *The Bank Act* shall not apply to the Bank.

Head office.

4. The head office of the Bank shall be in the city of Ottawa.

Management.

5. (1) The Bank shall be under the management of a Board of Directors composed of the members of the Bank, which may exercise all of the powers of the Bank.

Director's voting powers.

(2) Each Director shall have one vote at a meeting of the Board except that a Director shall not have a vote or be permitted to be present at a meeting of the Board during any time when there is under consideration by the Board a loan to, or a guarantee to or of a loan to, or an underwriting agreement with, or a purchase from, himself or any firm or corporation of which he is a partner or director.

Directors' fees.

(3) The Directors, other than the Directors who are respectively Governor, Deputy Governor or Assistant Deputy Governor of the Bank of Canada or the Deputy Minister of Finance, shall be entitled to receive for attendance at Directors' meetings and Executive Committee meetings such fees as may be fixed by the by-laws of the Bank, but the aggregate amount of the fees paid to all Directors exclusive of expenses shall not exceed ten thousand dollars in any fiscal year.

President of Bank.

6. (1) The Director who is Governor of the Bank of Canada shall be President of the Bank.

Meetings of the Board.

(2) The President shall preside at meetings of the Board.

Absence or incapacity of President.

(3) In the event of the absence or incapacity of the President from whatever cause arising, the Board shall authorize a Director or officer of the Bank to act as President for the time being who shall have and may exercise all the powers and functions of the President but no such person shall have authority so to act for a period exceeding sixty days without the approval of the Governor in Council.

President or acting President to serve without remuneration.

(4) The President, or any person acting as President, shall serve or act as President without remuneration in that capacity.

Executive Committee of the Board.

7. (1) There shall be an Executive Committee of the Board consisting of the Directors who are members of the Executive Committee of the Bank of Canada.

Competence of Executive Committee.

(2) The Executive Committee shall be competent to deal with any matter within the competence of the Board and shall submit minutes of its proceedings to the Board at its next following meeting.

Staff, Branches and Agents

Officers, advisers and employees.

8. (1) The Bank may employ such officers, advisers and employees, for such purposes and on such terms and conditions as may be deemed desirable by the Board and each officer, adviser or employee so employed shall, before entering upon his duties, take, before a Justice of the Peace or a Commissioner of Oaths, an oath of fidelity and secrecy in the form prescribed in the Schedule to this Act.

Agreement for Bank of Canada services and Pension Fund.

(2) Agreements may be entered into between the Bank and the Bank of Canada to provide that such services as the Board may deem desirable for carrying on the business of the Bank shall be furnished by the Bank of Canada and to provide that officers and employees of the Bank designated by the Board shall become contributors to, and that such officers and employees and their dependents may be eligible for payments or other benefits from or under, the Staff Pension Fund of the Bank of Canada, as if such officers and employees were employees of the Bank of Canada, and that the Bank may contribute to the said Fund in respect of such officers or employees.

Branches and agents.

9. The Bank may establish branches or employ agents in any part of Canada.

Delegation of authority.

10. The Board may delegate to the President or any officer, agent or employee of the Bank authority to act in the conduct of the business of the Bank in all matters which are not by this Act or by the by-laws of the Bank specifically reserved to be done by the Board or by the Executive Committee.

By-laws

By-laws.

11. (1) The Board may make by-laws not inconsistent with this Act with respect to the following matters—

(a) the calling of meetings of the Board and of the Executive Committee, the quorum and the conduct of business thereat;

(b) the duties and conduct of officers, employees and agents of the Bank;

(c) the declaration and payment of dividends;

(d) the fees of Directors; and

(e) generally as to the conduct of the affairs of the Bank.

Approval and publication.

(2) No by-law shall be effective until approved by the Governor in Council and upon becoming effective shall be published in the *Canada Gazette*.

Capital and Borrowing

Capitalization. Shares.

12. (1) The authorized capital of the Bank shall be twenty-five million dollars which shall be divided into two hundred and fifty thousand shares of the par value of one hundred dollars each.

Bank of Canada subscription for shares.

(2) The Bank of Canada shall subscribe for the said two hundred and fifty thousand shares at par and shall pay the amount of such subscription at such times and in such amounts as the Board may determine; but not less than one hundred thousand of the said shares shall be issued by the Bank and purchased by the Bank of Canada forthwith upon the coming into force of this Act.

Issue and sale of bonds and debentures.

13. Subject to the provisions of the next following section, the Bank may issue and sell bonds and debentures bearing such rates of interest and subject to such terms and conditions as the Board may approve.

Aggregate liabilities.

14. The aggregate of the total direct liabilities of the Bank, including bonds and debentures issued by the Bank, and of the total contingent liabilities of the Bank in the form of guarantees given or underwriting agreements entered into by it, shall not at any time exceed three times the aggregate amount of the paid-up capital and the Reserve Fund, for which provision is made hereinafter.

Business and Powers

Loans and guarantees.

15. Subject to section fourteen of this Act, in order to provide credit or other financial resources which would not otherwise be available on reasonable terms and conditions, the Bank may—

(a) lend or guarantee loans of money to

(i) a person engaged in or about to engage in an industrial enterprise in Canada;

(ii) a receiver, a receiver and manager, a liquidator appointed under any winding-up act, or a custodian, interim receiver or trustee under the *Bankruptcy Act*, if such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee represents a person engaged in an industrial enterprise in Canada and has been duly authorized or empowered to borrow, and, in respect of any money so lent or guarantee so made, the Bank may take security with or without personal liability from such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee to such an amount and upon such property and assets, as may be competently directed or authorized;

R.S., c. 11.

Underwriting agreements.

(b) enter into underwriting agreements in respect of the whole or any part of any issue of stock, bonds or debentures of a corporation engaged in or about to engage in an industrial enterprise in Canada;

Acquisition and sale of stocks, bonds or debentures.

(c) purchase or otherwise acquire with a view to resale thereof, the whole or any part of any issue of stock, bonds or debentures of a corporation engaged in or about to engage in an industrial enterprise in Canada, from the corporation or from any person with whom the Bank has entered into an underwriting agreement in respect of such issue, and may subsequently sell or otherwise dispose of the said stock, bonds or debentures.

Collateral Security

Collateral security for loans.

16. (1) The Bank may take, accept or acquire and may hold collateral security of any kind and in any form for the repayment of any loan made or guaranteed by it under this Act, and without limiting the generality of the foregoing, may for such purpose take, accept or acquire and hold as collateral security

(a) stock, bonds or debentures of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, provincial, British, foreign and other public securities;

(b) warehouse receipts and bills of lading;

(c) goods, wares and merchandise;

(d) mortgages or hypothecs of any real or personal, movable or immovable property.

Dealings with collateral.

(2) The Bank may surrender, retransfer or reconvey any kind or form of collateral security held by it and take, accept or acquire and may hold, in exchange therefor, the same or any other kind or form of collateral security.

Rights Under and Realization of Security

Stocks, bonds or debentures.

17. (1) In the event of any default in the repayment of any loan made or guaranteed by the Bank, the Bank may sell and transfer any stock, bonds, debentures or securities acquired and held by it as collateral security for the repayment thereof, in the manner and subject to the conditions following, namely:—

Notice of intention to sell.

(a) the Bank shall give notice to the holder thereof of its intention to sell the stock, bonds, debentures or securities by mailing the notice in the post office, postpaid, to the last known address of the holder, as shown by the records of the Bank;

Sale after notice.

(b) the Bank may, on the expiration of at least thirty days after the mailing of such notice, sell the stock, bonds, debentures or securities;

Execution of transfer.

(c) upon such sale being made, the President or other officer of the Bank authorized in that behalf may execute a transfer of the stock, bonds, debentures or securities to the purchaser thereof in the appropriate form and manner.

Transfer to vest all rights in purchaser.

(2) A transfer executed under the authority of this section shall vest in the purchaser all the rights in or to the said stock, bonds, debentures or securities which were possessed by the holder thereof with the same obligation of warranty on his part as if he were the vendor thereof, but without any warranty from the Bank or by the President of the Bank.

Rights of Bank may be waived.

(3) The right of the Bank to deal with and dispose of stock, bonds, debentures and securities in the manner provided in this section may be waived or varied by any agreement between the Bank and the owner of the stock, bonds, debentures or securities.

Rights vested in Bank as holder of warehouse receipts or bills of lading.

18. (1) Any warehouse receipt or bill of lading acquired and held by the Bank as collateral security under this Act, shall vest in the Bank from the date of the acquisition thereof,

(a) all the right and title to such warehouse receipt or bill of lading and to the goods, wares and merchandise covered thereby of the previous holder or owner thereof; or

(b) all the right and title to the goods, wares and merchandise mentioned therein of the person from whom such goods, wares and merchandise were received or acquired by the Bank, if the warehouse receipt or bill of lading is made directly in favour of the Bank, instead of to the previous holder or owner of such goods, wares and merchandise.

Idem.

(2) If the previous holder of such warehouse receipt or bill of lading is any person

(a) entrusted with the possession of the goods, wares and merchandise mentioned therein, by or by the authority of the owner thereof;

(b) to whom such goods, wares and merchandise are, by or by the authority of the owner thereof, consigned; or

(c) who, by or by the authority of the owner of such goods, wares and merchandise, is possessed of any bill of lading, receipt, order or other document covering the same, such as is used in the course of business as proof of the possession or control of goods, wares and merchandise, or as authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of such a document to transfer or receive the goods, wares and merchandise thereby represented,

the Bank shall be, upon the acquisition of such warehouse receipt or bill of lading, vested with all the right and title of the owner of such goods, wares and merchandise, subject to the right of the owner to have the same retransferred to him if the loan, as security for the repayment of which such warehouse receipt or bill of lading is held by the Bank, is paid.

Person deemed to be possessor of goods, etc.

(3) Any person shall be deemed to be the possessor of such goods, wares and merchandise, bill of lading, receipt, order or other document as aforesaid

(a) who is in actual possession thereof; or

(b) for whom, or subject to whose control such goods, wares and merchandise are, or bill of lading, receipt, order, or other document is held by any other person.

Application of s.88 of The Bank Act.

19. (1) Security upon goods, wares and merchandise may be given to the Bank under this Act by the owner thereof in the same form and mode by which security upon goods, wares and merchandise may be given under section eighty-eight of *The Bank Act* to a bank incorporated by *The Bank Act*.

1934, c.24.

Rights under security.

(2) Execution of a document giving security upon goods, wares and merchandise to the Bank under the authority of this section vests and shall vest in the Bank in respect of the goods, wares and merchandise therein described

(i) owned by the person giving the security at the time of the execution of such document, and

(ii) acquired by him as owner at any time after the execution thereof and prior to the release of the security by the Bank,

the same rights and powers as if the Bank had acquired a warehouse receipt or bill of lading in which such goods, wares and merchandise were specifically described; and all such goods, wares and merchandise are, for the purposes of this Act, deemed to be covered by the security.

Wages and salaries. R.S., c. 11.

(3) Notwithstanding anything contained in the next preceding subsection, where under the *Bankruptcy Act* a receiving order is made against, or an assignment is made by a person giving security upon goods, wares and merchandise under this section, wages, salaries or other remuneration owing in respect of the period of three months next preceding, to employees of such person employed in connection with the business in respect of which the goods, wares and merchandise covered by the security were held or acquired by him shall be a charge upon the goods, wares and merchandise covered by the security in priority to the rights of the Bank thereto and if the Bank takes possession or in any way disposes of such goods, wares and merchandise such wages, salaries or other remuneration owing for the period aforesaid shall be paid by the Bank and the Bank shall be subrogated in and to all the rights of such employees to the extent of the amounts so paid.

Same rights accrue to Bank in goods manufactured from original goods.

20. (1) Where goods, wares and merchandise are manufactured or produced from the goods, wares and merchandise or any of them mentioned in or covered by a warehouse receipt acquired or held by the Bank or by any security given to the Bank under the next preceding section, the Bank shall have the same rights and powers in respect of the goods, wares and merchandise so manufactured, as well during the process of manufacture as after the completion thereof, and for the same purposes and upon the same conditions, as it had with respect to the original goods, wares and merchandise.

Bank's claim prior to unpaid vendor.

(2) The rights of the Bank in respect of goods, wares and merchandise mentioned in or covered by a warehouse receipt or bill of lading acquired and held by the Bank or by a security given to the Bank under the next preceding section, and the rights of the Bank in respect of any goods, wares and merchandise manufactured or produced therefrom, shall have priority over the rights of any unpaid vendor of such goods, wares and merchandise except in any case where at the time of the acquisition of such warehouse receipt or bill of lading or the giving of such security the Bank had knowledge of the rights of the vendor.

Unpaid vendor's lien at time of Bank's acquisition preserved.

Power to sell goods upon default of repayment of loan.

21. In the event of any default in the repayment of a loan made or guaranteed by the Bank, for the repayment of which the Bank has acquired a warehouse receipt or bill of lading or has taken any security under section nineteen of this Act as collateral security, the Bank may sell the goods, wares and merchandise covered thereby or manufactured or produced therefrom as aforesaid or so

much thereof as will suffice to repay such loan with interest and expenses, returning the surplus, if any, to the person entitled thereto; but such power to sell shall be exercised subject to the following provisions, namely:—

Conditions of sale.

(i) no such goods, wares and merchandise shall be sold by the Bank without the consent of the owner, until notice of the time and place of sale has been given by registered letter, mailed in the post office, postpaid, to the last known address of the person from whom the warehouse receipt, bill of lading or security was acquired or taken, at least ten days prior to the sale thereof;

(ii) every sale, under such power of sale, without the consent of the owner, shall be made by public auction after notice thereof by advertisement in at least two newspapers published in or nearest to the place where the sale is to be made, stating the time and place thereof; and if the sale is in the province of Quebec, then at least one of such newspapers shall be a newspaper published in the English language and one other such newspaper shall be a newspaper published in the French language.

Power to acquire and hold real property mortgaged as collateral security.

22. (1) The Bank may acquire and hold an absolute title in or to real or immovable property mortgaged to it as collateral security for the repayment of a loan made or guaranteed by it, either by obtaining a release of the equity of redemption in the mortgaged property or by procuring foreclosure of the mortgage or by other means whereby, as between individuals, an equity of redemption can be, by law, barred or a transfer of title can, by law, be effected, and may purchase and acquire any prior mortgage or charge on such property.

Power of sale.

(2) The Bank may sell or otherwise dispose of any real or immovable property the absolute title to which is vested in the Bank or exercise and act upon any power to sell contained in any mortgage held by the Bank, authorizing or enabling it to sell or convey any property so mortgaged.

General rights as to collateral securities.

23. Notwithstanding anything contained in sections seventeen, eighteen, nineteen, twenty, twenty-one and twenty-two of this Act and without in any way limiting or restricting any of the rights or powers conferred on the Bank by the said sections, collateral security of any kind and in any form may be taken, accepted, acquired, held, sold, transferred, conveyed or otherwise in any way dealt with, disposed of or realized on by the Bank in the same manner as by a private individual and the Bank shall have and may exercise all the rights, powers and privileges in respect thereof that a private individual would have or might exercise in like circumstances.

Ancillary Powers

Other powers.

Deal in Dominion Government securities.

Accept deposits.

Bank's premises.

Deposit accounts. 1934, c. 24.

General.

24. The Bank may

(a) buy, sell and hold securities issued or guaranteed by the Government of Canada;

(b) accept deposits from debtors of the Bank for the purpose of facilitating the payment of any moneys owing to the Bank;

(c) acquire and hold real or immovable property for its actual use and occupation and the management of its business and may sell or dispose of the same and acquire other property in its stead for the same purpose;

(d) open deposit accounts with the Bank of Canada or any bank incorporated by *The Bank Act;*

(e) do all such things as may be necessary for carrying out the intention and purposes of this Act and not specifically prohibited by this Act.

Prohibited Business

Prohibited business.

25. The Bank shall not

(a) buy or hold any stock, bonds or debentures, except as provided by sections fifteen, sixteen and twenty-three, and by paragraph *(a)* of section twenty-four of this Act;

(b) accept deposits, except as provided by paragraph *(b)* of section twenty-four of this Act.

Profits

Reserve Fund.

26. (1) The Bank shall establish a Reserve Fund.

Profits.

(2) The profits of the Bank available from the operations in each fiscal year remaining after making such provision as the Board thinks proper for bad and doubtful debts, depreciation in assets and all such other matters as are properly provided for by banks, shall be applied by the Board as follows:

(i) if the Reserve Fund of the Bank is less than its paid-up capital, the whole of such remaining profits shall be credited to the Reserve Fund;

(ii) if the Reserve Fund of the Bank is not less than its paid-up capital, such remaining profits may be applied in payment of a dividend not exceeding four per centum on its paid-up capital, providing that any surplus remaining after the payment of such dividend, or, if no dividend is paid, the remaining profits, shall be credited to the Reserve Fund.

Audit

Audit by Government auditors.

27. (1) The affairs of the Bank shall be audited by the two auditors appointed by the Governor in Council to audit the affairs of the Bank of Canada.

Auditors to report to Minister of Finance.

(2) The Minister of Finance may from time to time require the auditors to report to him upon the adequacy of the procedure adopted by the Bank for the protection of its creditors and shareholders and as to the sufficiency of their own procedure in auditing the affairs of the Bank; and the Minister of Finance may, at his discretion, enlarge or extend the scope of the audit or direct that any other procedure be established or that any other examination be made by the auditors as the public interest may seem to require.

Audit reports to be transmitted to Minister.

(3) A copy of every report made by the auditors to the Bank under this section shall be transmitted to the Minister of Finance by the auditors at the same time as such report is made to the Bank.

Fiscal Year

Fiscal year.

28. The fiscal year of the Bank shall be the year ending on the thirtieth day of September.

Returns

Monthly returns to Minister.

29. (1) The Bank shall, within twenty-one days following the end of each calendar month, make up and transmit to the Minister of Finance in such form as he may prescribe, a statement of its assets and liabilities at the close of business on the last day of the preceding month.

Statement of classification of loans and investments to Minister.

(2) The Bank shall make up and transmit to the Minister of Finance at least once in its fiscal year or more frequently if so directed by the Minister, in such form as he may prescribe, a classification of its loans and investments and of the loans guaranteed by it.

Statement of accounts for fiscal year to Minister.

(3) The Bank shall within ten weeks after the end of each fiscal year, transmit to the Minister of Finance in such form as he may prescribe, a statement of its accounts for the fiscal year, together with such summary or report by the President as he may deem desirable or as may be required by the Minister of Finance.

Reports to Parliament.

(4) A copy of the accounts and of the President's report shall within fourteen days after the receipt thereof by the Minister of Finance be laid before Parliament if Parliament is then sitting, or if Parliament is not sitting, it shall be laid before Parliament within fourteen days after the commencement of the next ensuing session thereof.

Publication.

(5) A copy of each statement or report referred to in this section shall be published in the next succeeding issue of the *Canada Gazette* following its receipt by the Minister of Finance.

Organization and Preliminary Expenses

Organization and preliminary expenses.

30. All moneys required to be expended in connection with the organization and preliminary expenses of the Bank between the date of the passing of this Act and the first meeting of the Board of Directors, not exceeding fifty thousand dollars, shall be paid by the Bank of Canada and shall be recoverable from the Bank at any time after the Bank has been authorized to commence business.

Liquidation or Winding-Up

Insolvency or winding-up Acts not applicable to to Bank.

31. No statute relating to the insolvency or winding-up of any corporation shall apply to the Bank and in no case shall the affairs thereof be wound up unless Parliament so provides.

Offences and Penalties

False statements, accounts or returns.

32. (1) Every director, officer or auditor of the Bank who verifies or who has to do with the delivering or transmitting to the Minister of Finance of any statement, account, or return required to be furnished to the Minister of Finance pursuant to the provisions of this Act and who knows the said statement, account or return to be false in any material particular, shall be guilty of an indictable offence and liable to imprisonment for not more than five years and not less than six months.

Making false statement.

(2) Every person is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years who wilfully makes any false statement,

(a) in any warehouse receipt or bill of lading given to the Bank under the authority of this Act;

(b) in any instrument given to the Bank under the authority of this Act whereby security for the payment of any loan made or guaranteed by the Bank is given to the Bank over goods, wares and merchandise.

Using the name of the Bank without consent.

(3) Every person who, without the consent in writing of the Bank, uses the name of the Bank in any prospectus or advertisement, is guilty of an indictable offence and liable to a fine not exceeding one thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and such imprisonment.

General

Powers of the Bank of Canada.

33. On and after the coming into force of this Act, the Bank of Canada shall, notwithstanding the provisions of any other Act, have power to

(*a*) acquire and hold the capital stock of the Bank;

(*b*) buy and sell or rediscount bonds and debentures issued by the Bank: Provided that the amount held of such bonds and debentures maturing after ten years may not exceed twice the paid-up capital and rest fund of the Bank of Canada.

Proviso.

Coming into Force of Act

Coming into force.

34. The provisions of this Act with the exception of section fifteen shall come into force upon a date to be fixed by Proclamation and the said section fifteen shall come into force upon a later date to be fixed by Proclamation.

SCHEDULE

Oath of Fidelity and Secrecy

I,.....do solemnly swear that I will faithfully, truly and to the best of my judgment, skill and ability, execute and perform the duties required of me as a director (officer or employee as the case may be) of the Industrial Development Bank and which properly relate to any office or position in the said Bank held by me.

I further solemnly swear that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Bank, nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Bank and relating to the business of the Bank.

8.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 8.

An Act to amend The Dominion Elections Act, 1938.

First reading, March 2, 1944.

MR. FAIR.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

2660

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 8.

An Act to amend The Dominion Elections Act, 1938.

1938, c. 46.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Disqualifications.
Inmates of institutions for the poor.

1. Paragraph *(k)* of subsection two of section fourteen of *The Dominion Elections Act, 1938*, chapter forty-six of the statutes of 1938, is repealed.

Explanatory Note.

This amendment is designed to remove the disqualification imposed on inmates of institutions for the poor where such persons are disqualified from voting at a provincial election.

The removal of this disqualification will enable all such worthy persons to vote at federal elections whether they are qualified or not to vote at provincial elections.

The paragraph proposed to be repealed reads:

> "*(k)* in any province, every person who is an inmate of an institution which is maintained by any government or municipality for the housing and maintenance of the poor, if such person is by the law of that province disqualified from voting at an election of a member of the legislative assembly of that province, and did not serve in the military, naval or air forces of Canada in the war of 1914-1918."

9.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 9.

An Act to amend the Judges Act (Salaries of Judges).

First reading, March 6, 1944.

MR. KNOWLES.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

2664

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 9.

An Act to amend the Judges Act (Salaries of Judges).

R.S., c. 105; 1930, c. 27; 1931, c. 37; 1932, cc. 16, 48; 1936, c. 39.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section twenty-eight of the *Judges Act*, chapter one hundred and five of the Revised Statutes of Canada, 1927, is amended by adding thereto the following subsection:—

Salaries of judges in office after attaining the age of seventy years.

"(5) Notwithstanding anything contained in this Act, and without modifying or affecting the operation of any provision of this section, the salary of any judge of a superior court of any province or of the Yukon Territory, heretofore or hereafter appointed, who continues or has continued in office after attaining the age of seventy years shall hereafter be the amount which the judge would have been entitled to receive by way of retiring annuity if he had resigned his office on the day when he attained the age of seventy years, or on the first day of September, 1944, whichever is later: Provided, however, that such amount shall be reduced by any amount which is payable to the judge by any provincial government by way of additional remuneration or otherwise; and provided further that on retirement from office any such judge shall receive only such retiring annuity as he would have received i he had resigned his office on the day when he attained the age of seventy years or on the first day of September, 1944, whichever is later."

Proviso.

Proviso.

Coming into force.

2. This Act shall come into force on the first day of September, 1944, but in the case of any judge, appointed prior to the passing of this act, who, on the day when he attained the age of seventy years or on the first day of September, 1944, whichever is later, has held office for less than fifteen years, the operation of this Act shall in his case be postponed until he has continued in office for fifteen years, and shall thereupon have its full force and operation.

Explanatory Note.

1. Section 100 of the British North America Act reads as follows:—

"**100.** The salaries, allowances, and pensions of the Judges of the Superior, District, and County Courts (except the Courts of Probate in Nova Scotia and New Brunswick), and of the Admiralty Courts in Cases where the Judges thereof are for the time being paid by Salary, shall be fixed and provided by the Parliament of Canada."

Subsection (5) which is to be added to section 28 of the Act is new. The purpose of the change is to provide that any judge of a superior court of any province or of the Yukon Territory who continues or is continued in office after attaining the age of 70 shall suffer a reduction in salary to an amount equal to that which he would receive by way of retiring allowance, if he were retired at 70, less any sum which he may receive from the provincial government by way of additional remuneration. The new salary rate will commence when the judge attained or attains the age of seventy years, or on the first day of September, 1944, whichever is later. In the case of a judge, appointed prior to the passing of this Bill, who would not be entitled to a retiring allowance if retired at the age of seventy, the operation of the act will be postponed until he is eligible for a retiring allowance.

This Act was passed by the House of Commons, with slight changes, on the 10th of May, 1933, but later rejected in the Senate.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 35.

An Act to amend the Exchequer Court Act.

First reading, March 20, 1944.

THE MINISTER OF JUSTICE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

94016

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 35.

An Act to amend the Exchequer Court Act.

R.S., c. 34; 1928, c. 23; 1930, c. 17; 1932-33, c. 13; 1938, c. 28; 1943-44, c. 25.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section four of the *Exchequer Court Act*, chapter thirty-four of the Revised Statutes of Canada, 1927, as enacted by section one of chapter twenty-three of the statutes of 1928, is repealed and the following substituted therefor:—

Constitution of Court.

"**4.** (1) The Exchequer Court shall consist of the President and two Puisne Judges, who shall be appointed by the Governor in Council by letters patent under the Great Seal.

President or puisne judges may exercise jurisdiction.

(2) Whenever in any Act of the Parliament of Canada reference is made to the Judge or a Judge of the Exchequer Court of Canada for the purpose of conferring any power, authority, or jurisdiction upon such Judge, the same shall be taken to confer the said power, authority, or jurisdiction severally and respectively upon the President and the Puisne Judges of the Court."

2. Section eight of the said Act is repealed and the following substituted therefor:—

Power to appoint a deputy judge.

"**8.** The Governor in Council may, in case of the sickness or absence from Canada or engagement upon other duty of the President or of a Puisne Judge, or, at the request of the President, for any other reason which he deems sufficient, specially appoint a deputy judge having the qualifications for appointment hereinbefore mentioned, who shall be sworn to the faithful performance of the duties of the office, and shall temporarily have all the powers incident thereto to be terminated at the pleasure of the Governor in Council."

Explanatory Note.

The purpose of this amendment is to add an additional judge to the Exchequer Court of Canada and to provide that where in any Act reference is made to the Judge or a Judge of the Exchequer Court for the purpose of conferring any power, authority or jurisdiction upon such Judge, the same shall be taken to confer the said power, etc., upon the President and the two Judges of the Court.

The underlined words indicate the changes proposed.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 36.

An Act to repeal the Water Meters Inspection Act.

First reading, March 20, 1944.

THE MINISTER OF NATIONAL REVENUE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

94611

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 36.

An Act to repeal the Water Meters Inspection Act.

R.S. c. 209, 1927.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Act repealed.

1. The *Water Meters Inspection Act*, chapter two hundred and nine of the Revised Statutes of Canada, 1927, is repealed.

Explanatory Note.

This Act, which was not to be effective until proclaimed by the Governor General, was assented to in 1905, but no proclamation was ever issued.

In 1927, however, when the statutes were being revised the Commission dropped the clause requiring proclamation and the Act consequently has remained on the statute books ever since, although there has been no actual administration of its provisions.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 37.

An Act to amend the Criminal Code.

First reading, March 20, 1944.

Mr. MacInnis.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

3988

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 37.

R.S., c. 36; 1930, c. 11; 1931, c. 28; 1932, cc. 7, 8, 9, 28. 1932-33, cc. 25, 53; 1934, cc.11, 47; 1935, cc. 36,56; 1936, C. 29; 1938, c. 44; 1939, c. 30; 1943-44, c. 23.

An Act to amend the Criminal Code.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The *Criminal Code*, chapter thirty-six of the Revised Statutes of Canada, 1927, is amended by inserting the following section immediately after section three hundred and eighteen thereof:—

Defamation of persons or groups on account of race or religion.

"**318** A. (1) Everyone who prints, publishes, issues, circulates, distributes or otherwise disseminates any book, newspaper, periodical, pamphlet, picture, paper, circular, card, letter, writing, print, publication or document, or who gives utterance in public to, or permits to be published, broadcast or otherwise disseminated, statements or words containing any material, report or statement of a nature intended or likely to expose any person or body of persons belonging to a certain race or professing a certain creed, to hatred, contempt, discrimination, ridicule, insult or injury on account of such race or creed, thereby tending to create disharmony, unrest or disorder among the people or to incite a breach of the peace is guilty of an offence and shall be liable, on summary conviction, for a first offence, to a penalty not exceeding two hundred dollars and not less than fifty dollars and in default of payment of such penalty, to a term of imprisonment not exceeding two months and not less than one month, and for every subsequent offence to a penalty not exceeding five hundred dollars and not less than one hundred and fifty dollars, and in default of payment of each penalty to a term of imprisonment with hard labour not exceeding six months and not less than two months.

Offence.

Penalty.

Explanatory Note.

The purpose of this Bill is to prevent public utterances or the dissemination of material calculated or likely to cause discrimination or disharmony on account of race or religion. The utterance or publication of such statements tends to set race against race and religious groups against religious groups. The intention is to make such action unlawful in the interest of unity and harmony among the people of Canada, irrespective of race or religion.

Expression of opinion in good faith.

(2) Subsection one of this section shall not operate to prevent any person from expressing, in good faith and in language not calculated to give rise to the results above mentioned, his opinion on, criticism of or disagreement with matters relating to creed or race.

Enemy aliens.

(3) This section shall not confer any protection to or any benefit upon enemy aliens."

38.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 38.

An Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.

First reading, March 20, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

1480

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 38.

An Act to authorize the raising, by way of loan, of certain sums of money for the Public Service.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Loan Act, 1944.*

Loan authorized.

1931, c. 27.

2. The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of *The Consolidated Revenue and Audit Act, 1931*, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money as may be required, not to exceed in the whole the sum of one thousand million dollars, for paying or redeeming the whole or any portion of loans or obligations of Canada, and also for purchasing and withdrawing from circulation from time to time unmatured securities of Canada and for public works and general purposes.

Charge upon Consolidated Revenue Fund.

3. The principal raised by way of loan under this Act and the interest thereon shall be a charge upon and payable out of the Consolidated Revenue Fund.

Orders and regulations.

4. The Governor in Council may from time to time grant such authority and make such orders or regulations as may be deemed necessary or desirable to give effect to the purposes of this Act.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 41.

An Act to amend the Technical Education Act.

AS PASSED BY THE HOUSE OF COMMONS,
24th MARCH, 1944.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

2786

Only first reading

52.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 52.

An Act to amend the Judges Act.

First reading, March 29, 1944.

MR. CHURCH.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

4774

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 52.

An Act to amend the Judges Act.

R.S., c. 105; 1930, c. 27; 1931, c. 37; 1932, cc. 16, 48; 1936, c. 39.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section thirty-seven of the *Judges Act*, chapter one hundred and five of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:—

Judges not to act as Commissioners or arbitrators.

"**37.** (1) No judge mentioned in this Act shall act as commissioner or arbitrator on any commission or inquiry.

Exceptions.

(2) This section shall not extend nor be deemed to have extended, to judges acting as arbitrators or assessors of compensation or damages under the *Railway Act*, or any public Act, whether of general or local application, of the Dominion or of any province, whereby a judge is required or authorized to assess or ascertain compensation or damages."

R.S., c. 170.

2. The said Act is further amended by adding thereto the following section.—

Judges to be bound by decision of court of final appeal.

"**39.** Notwithstanding the provisions of any law, statute, usage, custom, or doctrine of law to the contrary and in so far as it is within the jurisdiction of Parliament to enact, all courts or a judge of any of the courts referred to in this Act, whether such court was constituted or such judge appointed prior to or after the date of the coming into force of this section, shall, when rendering decisions or pronouncing judgment in respect to any question of law competent for such court or judge to decide or pronounce upon, take judicial notice of and be bound by the then last decision or judgment of the Judicial Committee of the Privy Council or other court of final appeal rendered by such court upon or in respect to the application of the same question of law."

Explanatory Notes.

1. The purpose of this clause is to provide that judges be not allowed to serve on commissions outside their judicial duties. At present the judges may act as commissioners or arbitrators or on any commission or inquiry if nominated for that purpose by the Governor in Council. It is estimated that the administration of justice should not be interfered with by appointing to commissions judges whose services are required in the courts.

The only change in the section is made by leaving out certain words which are underlined below.

Section 37 at present reads as follows:—

"37. Unless nominated by the Governor in Council, no judge mentioned in this Act shall act as commissioner or arbitrator on any commission or inquiry.

2. This section shall not extend, nor be deemed to have extended, to judges acting as arbitrators or assessors of compensation or damages under the Railway Act, or any public Act, whether of general or local application, of the Dominion or any province, whereby a judge is required or authorized, without authority from the executive, to assess or ascertain compensation or damages."

The frequency, of recent years, with which judges are drafted for all kinds of such work impairs the efficient administration of justice and causes congestion in the law courts, and, as they are largely only fact finding commissions when appointed, they duplicate, the efficient powers and functions of Parliament, of the Committees thereof, and of the many outside Boards of recent innovation in war work, and furthermore they are a costly adjunct to good Parliamentary Government of the people, by the people and for the people, cause delays and interfere with Parliament's right to immediate solution of social and economic problems of urgency to good government, thus a system of "judicial commission government" is slowly being built up in Canada.

2. (1) R.S.C. 1927, chap. 105, is known as "an Act respecting the Judges of the Dominion and Provincial Courts" which includes County Courts. Judges must have been 10 years standing at the Bar when appointed. The Act constitutes or sets up:

(1) The Supreme Court of Canada.
(2) The Exchequer Court.
(3) Local Judges in the Admiralty.
(4) Provincial Superior Courts (organization for provinces).

(2) All judges appointed under this Act, chap. 105, are federal officers. They are also under federal authority, and are paid by the Dominion, and under the authority of Parliament whose authority has been increased by the statute commonly known as the Statute of Westminster and can be removed for cause by an address of both Houses of Parliament.

(3) Under chap. 105 "restrictions and regulations" are placed on Federal Judges regarding residence, travelling allowances, powers, eligibility, retirement, superannuation, removal for cause, and many other regulations. They are sworn to administer the law as they find it, although once appointed they have provincial jurisdiction as well as federal under Section 92 of the British North America Act.

(4) They are subject to all the federal statutes, they are required to interpret all acts passed by the high court of Parliament known as the Parliament and Government of Canada. Some are found not doing this in several cases at present.

(5) Commissioners of Assizes, County Court Judges may act in another county, and the Governor in Council in certain cases can make orders within this Act *re* judicial employment as set out in Section 36, but they are not to act on Commissions, except by Order-in-Council.

(6) It will be seen that while judges when interpreting Section 92 are: provincial officers when appointed, still they are federal officers purely and simply and subject to any enactment of this Parliament and any enactment of the Parliament of Canada, and sworn to enforce it, and the Criminal Code gives them Jurisdiction in Criminal Cases, and Marriage and Divorce are federal except solemnization of marriage.

(7) This proposed Bill adds another clause to the Act namely 39, by which Judges are to be bound by the decision of the Court of Final Appeal, in respect to any question of law competent for such judges to decide, and shall take notice and be bound by the then last decision or judgment of the judicial committee of the provincial, or other Court of Final Appeal rendered by such Court upon or with respect to such application of law.
This amendment is to apply to all the provinces of Canada. Federal authority should be paramount and supreme. One of the cardinal principles of the British constitution is that the Courts are subservient to the Legislature.

(8) The legal maxim or doctrine known as "*stere decisis*" is overruled where inconsistent to this amendment and this bill will be law for all Canada, notwithstanding the provisions of any law, statute, usage, custom, or doctrine of law to the contrary.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 64.

An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

First reading, March 29th, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

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5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 64.

An Act respecting the Canadian National Railways and to provide for the refunding of matured, maturing and callable financial obligations.

1929, c. 11; 1930, c. 8; 1935, c. 3; 1938, c. 22.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title.

1. This Act may be cited as *Canadian National Railways Refunding Act, 1944.*

Power for refunding.

2. The Governor in Council may provide for the refunding of matured, maturing and/or callable stocks, notes, obligations, bonds, debentures and other securities (hereinafter called "original securities") of the Canadian National Railway Company (hereinafter called "the National Company") and/or of any one or more of the other Companies comprised in Canadian National Railways, as defined in chapter ten of the Statutes of Canada, 1929, and/or of any company or companies controlled through stock ownership by any company comprised in Canadian National Railways.

Issue of substituted securities.

Amount of substituted securities.

3. Subject to the provisions of this Act the National Company may issue notes, obligations, bonds, debentures, or other securities (hereinafter called "substituted securities") in respect of such refunding, to an aggregate principal amount not exceeding two hundred million dollars, and the Governor in Council may authorize the guarantee by His Majesty, in the right of the Dominion of Canada, of the principal and interest of the substituted securities.

Approval of Governor in Council.

4. (1) With respect to such refunding, the Governor in Council may, subject to the provisions of this Act, from time to time approve or decide—

(a) the kind or kinds of substituted securities to be issued and guaranteed, and the form or forms and terms thereof;

(*b*) the currency or currencies in which any issue or parts thereof may be made;

(*c*) the form and manner of the guarantee or guarantees;

(*d*) the times, manner and amount of the issue or issues;

(*e*) the method or manner of refunding, whether by exchange or substitution of the substituted securities for the original securities, or by payment of the original securities at maturity or when callable by means of the proceeds of the sale, pledge or other disposition of the substituted securities;

(*f*) the terms and conditions of any such exchange or substitution, or of any such sale, pledge or other disposition of the substituted securities;

(*g*) the securing, if deemed desirable, of the substituted securities by mortgage, deed of trust or other instrument, and the manner thereof, and the form and terms of any such indenture, and the trustee or trustees thereof;

(*h*) the manner, terms and conditions of any temporary financing and the expediency thereof;

Guarantees.

(2) The guarantee or guarantees may be signed on behalf of His Majesty by the Minister of Finance or the Acting Minister of Finance, or by such other person as the Governor in Council may from time to time designate, and such signature shall be conclusive evidence for all purposes of the validity of the guarantee and that the relative provisions of this Act have been complied with.

Deposit and release of proceeds.

5. The proceeds of any sale, pledge or other disposition of the substituted securities shall be deposited in the first place either in the Consolidated Revenue Fund or to the credit of the Minister of Finance and Receiver General of Canada, in trust for the National Company, in one or more banks designated by him, and shall from time to time be released by the Minister of Finance to the National Company upon applications, approved by the Minister of Transport, made from time to time by the National Company to the Minister of Finance for the release of such proceeds, deposited as aforesaid.

Cancellation and cremation of original securities.

6. Original securities coming into the possession of the National Company by means of such refunding may be cancelled and cremated in the presence of a representative or representatives of the Minister of Finance and of the National Company and, (if desired by them) of any Trustees affected, and certificates of such cremation, signed by such representatives, shall be filed with the Minister, the National Company, and with the Trustees (if desired by them) and any such certificate shall be conclusive evidence for all purposes of the cancellation and cremation of the original securities covered thereby.

Loans authorized to National Company not exceeding aggregate amount of $200,000,000.

7. (1) Upon applications for temporary loans, approved by the Minister of Transport, made from time to time to the Minister of Finance by the National Company, the Minister of Finance, with the approval of the Governor in Council, may make such loans to the National Company out of the Consolidated Revenue Fund of Canada for the purpose of refunding outstanding securities of any company referred to in section two of this Act, repayable on such terms and at such rates of interest as the Governor in Council may determine and secured by a demand note or notes of the National Company; provided however that the aggregate principal amount of the loans which the Minister of Finance is hereby authorized to make to the National Company shall not exceed the sum of two hundred million dollars.

Issue and guarantee o ubstituted ecurities

(2) Should any such temporary loans be made within the limits aforesaid, substituted securities may subsequently be issued and guaranteed under the provisions of this Act to repay such loans or any part thereof.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 82.

An Act to establish a Department of Reconstruction.

First reading, April 17, 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

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5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 82.

An Act to establish a Department of Reconstruction.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title

Short title.

1. This Act may be cited as *The Department of Reconstruction Act, 1944.*

Interpretation

Definitions.

2. In this Act, unless the context otherwise requires:—

"Department".

(a) "Department" means the Department of Reconstruction;

"industry".

(b) "industry" includes merchandising, manufacturing, trading, engineering, construction or building operations, the operation of public utilities, transportation and the production of all natural products including the products of farms, forests, mines and fisheries and also any other undertaking by any person including His Majesty in right of Canada or of any province involving the employment of persons during reconstruction;

"Minister".

(c) "Minister" means the Minister of Reconstruction;

"order".

(d) "order" means an order of the Governor in Council made under this Act;

"reconstruction".

(e) "reconstruction" means the re-establishment in civil life and re-employment on demobilization of the men and women of the armed services, of persons released from war industries, and the reorganization of industry, in order to provide maximum production and full employment during and following the change over from wartime production of industry to peacetime production, and includes every undertaking by Dominion, provincial or municipal authority or by any corporation or other person which may contribute to such reorganization;

Explanatory Note.

The purpose of this Bill is to establish a Department of Reconstruction under the direction of a Minister of Reconstruction, who shall be responsible for preparing and co-ordinating plans and projects for reconstruction and making provision for carrying out such plans with the authorization of the Governor in Council.

"regulation". *(f)* "regulation" means a regulation of the Governor in Council made under this Act;

"period of reconstruction". *(g)* "period of reconstruction" means the period beginning on April first, 1944, until the end of the Session of Parliament commencing in the fourth year following the cessation of hostilities between Canada and the German Reich and the Empire of Japan.

Department of Reconstruction

Establishment of Department. **3.** (1) There shall be a Department of the Government of Canada which shall be called the Department of Reconstruction over which the Minister of Reconstruction for the time being appointed by the Governor General by Commission under the Great Seal shall preside, and the Minister shall have the administration and direction of the Department.

Deputy Minister. (2) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Reconstruction, who shall be the Deputy Head of the Department and shall hold office during pleasure.

Officers and employees. (3) Such other officers, technical assistants, clerks and employees as are necessary for the proper conduct of the business of the Department may be appointed in the manner authorized by law, but the Minister may, with the approval of the Governor in Council, temporarily employ such technical or other assistants as he deems necessary and provide for the payment of remuneration and travelling or other expenses of such assistants.

Duties of the Minister

Duties of the Minister. **4.** The Minister shall prepare, formulate and co-ordinate plans and projects for reconstruction, and, with the authorization of the Governor in Council, provide for the carrying out thereof.

Idem. **5.** It shall be the duty of the Minister:—

(a) to inform himself fully of the needs for new employment of the men and women in the armed forces and in industry and the opportunities that will be available to meet those needs as men and women are demobilized from the armed forces and as war production declines;

(b) to co-ordinate the actions of other departments and agencies of the Government of Canada for the purpose of ensuring that the transition from a wartime to a peacetime economy shall be effected as quickly and as smoothly as possible;

(c) to formulate plans for industrial development and conversion, public works and improvements, housing and community planning, research and the conservation and development of natural resources, and with the authorization of the Governor in Council, to provide for carrying out such plans;

(d) to correlate information relating to plans for reconstruction.

Powers of the Minister.

6. The Minister, to enable him to perform the duties imposed upon him by this Act, may:—

(a) institute any inquiry deemed necessary by him to obtain information respecting reconstruction plans, and for such purpose may, with the approval of the Governor in Council, appoint a person to conduct any necessary inquiry and a person so appointed shall have the authority of a commissioner appointed under Part I of the *Inquiries Act*, and the provisions of the *Inquiries Act* shall apply in respect of any such inquiry;

R.S., c. 99.

(b) require of any person in Canada a return of information which the Minister may require relating to reconstruction;

(c) consult with representatives of primary producers, industry, science and labour upon any question connected with reconstruction;

(d) establish committees or boards and use existing organizations and agencies to assist him in carrying out the purposes of this Act;

(e) inaugurate conferences of representatives of primary producers, industry, science and labour as well as representatives of Dominion, provincial and municipal authorities engaged or likely to engage in any reconstruction plan.

Report to Parliament.

7. The Minister shall submit annually a report to Parliament in such form as may be prescribed by the Governor in Council.

Civil servants transferred from other Departments.

8. Any member of the Civil Service transferred to this Department from some other department shall not forfeit any rights because of such transfer and, on ceasing to be employed by the Department of Reconstruction for any reason other than misconduct, shall be eligible, without loss of seniority or pension or other rights, for assignment to a position in the Civil Service of the class held in this Department, or to any other position for which he may have qualified.

Regulations

Orders and regulations.

9. The Governor in Council may make such order or regulation as may be deemed necessary or advisable:—

(a) to transfer to the Minister any powers or duties of a government department or agency whether conferred by statute or otherwise and to provide that such powers or duties shall be exercised or performed concurrently or otherwise by the Minister;

(b) to establish one or more boards or advisory councils to exercise such functions in connection with the administration of this Act as may be assigned to them by order or regulation;

(c) to provide for the proper and efficient administration of this Act.

Offences

Information not to be disclosed.

10. (1) No information in relation to the business of any person which has been obtained under or by virtue of this Act shall be disclosed in such manner as to be identifiable as being in relation to the business of such person without the consent of such person.

Offence.

(2) If any person discloses any information in contravention of this section, he shall be guilty of an offence against this Act.

Refusing to comply with request of the Minister.

11. Every person who, without lawful excuse, fails to comply with any proper request or demand made upon him by the Minister, shall be guilty of an offence against this Act.

Penalty.

12. Every person who commits an offence against this Act is liable on summary conviction, if an individual, to a fine not exceeding five hundred dollars and, if a corporation, to a fine not exceeding five thousand dollars.

Expenses of Administration

Expenses.

13. The expenses of administration of this Act and any other expenditures to be made by the Department or by any other department hereunder shall be met out of the War Appropriation or other moneys appropriated by Parliament.

Duration

Duration.

14. This Act shall continue in force during the period of reconstruction.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 83.

An Act to establish a Department of Veterans Affairs.

First reading, April 17, 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

6228

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 83.

An Act to establish a Department of Veterans Affairs.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title.

1. This Act may be cited as *The Department of Veterans Affairs Act.*

Definitions.

"Department".

"Minister".

"Deputy Minister".

2. In this Act, unless the context otherwise requires,

(a) "Department" means the Department of Veterans Affairs;

(b) "Minister" means the Minister of Veterans Affairs;

(c) "Deputy Minister" means the Deputy Minister of Veterans Affairs.

Establishment of Department.

3. (1) There shall be a department of the Government of Canada which shall be called the Department of Veterans Affairs over which the Minister of Veterans Affairs for the time being appointed by commission under the Great Seal of Canada shall preside.

Management.

(2) The Minister shall have the management and direction of the Department and shall hold office during pleasure.

Deputy Minister.

4. (1) The Governor in Council may appoint an officer who shall be called the Deputy Minister of Veterans Affairs who shall be the deputy head of the Department and who shall hold office during pleasure.

Officers and other employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department shall be appointed or employed in the manner authorized by law.

Duties, powers and functions of Minister.

5. The duties, powers and functions of the Minister shall extend and apply to the administration of statutes enacted by the Parliament of Canada, and of orders of the Governor in Council, as are not by law assigned to any

Explanatory Note

The purpose of this Bill is to establish a Department of Veterans Affairs under the direction of a Minister of Veterans Affairs who shall be responsible for the care, treatment, training, or re-establishment in civil life of ex-members of the armed forces and of persons otherwise engaged in pursuits relating to the war, and for the care of the dependants of such persons.

other Department of the Government of Canada or any Minister thereof, relating to the care, treatment, training, or re-establishment in civil life, of any person, and shall extend and apply as well to all such other matters and such boards and other public bodies, subjects, services and properties of the Crown as may be designated, or assigned to the Minister by the Governor in Council.

Contracts with institutions for care of persons.

6. Subject to the approval of the Governor in Council the Minister may enter into contracts or arrangements in order to provide care, treatment or training in any hospital, workshop, home, school or other institution for persons to be given care, treatment or training under any statute or order of the Governor in Council administered by the Minister.

Power to make regulations.

7. (1) Subject to the approval of the Governor in Council, the Minister may make such regulations, from time to time, as he may deem necessary and advisable,—

For control of hospitals workshops and other institutions.

(a) for the control and management of any hospital, workshop, home, school or other institution, owned, acquired or used by His Majesty for the care, treatment or training of persons who served with the naval, military or air forces of His Majesty or any of His Majesty's allies and of the persons undergoing care, treatment or training therein, or who receive any benefit administered by the Minister;

Respecting care, treatment and training.

(b) respecting the care, treatment or training to be furnished in any such hospital, workshop, home, school or other institution and providing for the care, treatment or training therein of such other persons as may be deemed advisable;

For selection and employment of staff.

(c) for the selection and employment of such part time professional officers, or part or full time employees whose compensation is determined by the rates payable for similar work in the locality in which such persons are employed, as may be required from time to time for the carrying on of the work with which the Minister is charged under this Act and notwithstanding anything contained in the *Civil Service Act* the creation for this purpose of appropriate positions, and the said staff and positions are hereby wholly excluded from the operation of the said Act;

R.S., c. 22.

Respecting artificial limbs and appliances.

(d) for the marking or stamping of artificial limbs or appliances issued from the Department, and to prevent the removal or defacement of such stamps or marks or the use of any counterfeit thereof, and to prevent the purchase, sale, receiving or other disposal of such artificial limbs or appliances without the authority

of the Minister; to forbid any false statement, suggestion or representation with respect to any artificial limbs, appliances or other goods manufactured in or for or issued from the Department;

For retention of properties or moneys and receipts therefor.

(e) for the receipt and retention of any properties or moneys held or payable by the Crown or any other authority, person or persons on behalf of any persons or their dependents whenever such persons are being or have been cared for under the provisions of this Act, either by medical treatment, training or otherwise, and for giving therefor a valid receipt; and in the case of insane persons who are being or have been so cared for under this Act, the assumption or authorization of guardianship in whole or in part in respect of such properties or moneys, and for the disposal of such properties or moneys to such persons or their dependents, or as may be deemed expedient or the disposal thereof to the estates of such persons if deceased;

Respecting guardianship of insane.

Prescribing payments, grants or allowances.

(f) for prescribing the payments, grants or allowances, if any, to be made to persons or their dependents whenever such persons are being cared for under the provisions of this Act, either by medical treatment, training or otherwise;

For payment of pension in cases not otherwise pensionable.

(g) for the payment of pensions out of moneys provided by Parliament for the purpose to persons who, while rendering service to Canada in the prosecution of any war, suffer any injury or disease or aggravation thereof resulting in disability or death not otherwise pensionable or to the dependents of such persons;

Respecting reciprocal or other arrangements with governments.

(h) with respect to reciprocal or other arrangements with the government of any country for the treatment, care and training and the issue of payments, grants or allowances to persons who have served in the naval, military or air forces of any such government when cared for under the provisions of this Act, either by medical treatment, training or otherwise, or to their dependents; and the assumption or authorization of guardianship in respect of property or moneys of such persons or of any persons who may be the beneficiaries of any of the said governments and the dependents of such persons, and for the disposal of such properties or moneys to such persons or their dependents or the disposal thereof to the estates of such persons if deceased;

Respecting sheltered employment, transportation, burial expenses, treatment of chronic cases; compensation in industrial accidents.

(i) for the sheltered employment of former members of the naval, military or air forces of His Majesty or any of His Majesty's allies, including after-care of the terberculous, for the granting of free transportation in Canada to any former member of such forces who has been pensioned for total blindness or for a disability

which necessitates an escort when travelling; for providing burial expenses for former members of such forces who die in destitute circumstances; for the treatment of former members of such forces classified as wholly incurable or chronically recurrent cases needing institutional care; for the provision of measures of unemployment relief to former members of such forces and their dependents; and for the payment of compensation in respect of industrial accidents; the whole subject to such appropriations as Parliament may provide;

Respecting administration of canteen funds.

(j) for the administration and disposal of canteen funds;

Penalties.

(k) for imposing penalties for violation of any such regulation by way of fine not exceeding two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction;

Generally.

(l) for the purpose of carrying out the provisions of this Act with respect to any matter placed under the control and management of the Minister.

Regulations to be laid before Parliament.

(2) All regulations made hereunder approved by the Governor in Council shall be laid before Parliament within fifteen days after they are made if Parliament is then sitting, and if not, then within fifteen days after the commencement of the next ensuing session thereof.

Power to take evidence on oath.

8. The Minister shall have power to appoint a person or persons to hear and receive evidence with respect to any matter pertaining to the Department or the procedure of the Department under this Act, and such persons or persons shall have authority to administer oaths and to hear and receive evidence under oath and to take affidavits in any part of Canada.

Substitution of Department, Minister, and Deputy Minister in certain other Acts.

R.S., c. 157.
1930, c. 48.
1936, c. 47.
1942, c. 33.

9. (1) Wherever the Department of Pensions and National Health, the Minister of Pensions and National Health or the Deputy Minister of Pensions and National Health is mentioned or referred to in the *Pension Act*, *The War Veterans' Allowance Act*, or *The Veterans' Assistance Commission Act, 1936*, or in any order or regulation made under any of the said Acts, and wherever the Department of Mines and Resources, the Minister of Mines and Resources or the Deputy Minister of Mines and Resources is mentioned or referred to in *The Veterans Land Act, 1942*, or in any order or regulation made thereunder, there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Veterans Affairs and the Deputy Minister of Veterans Affairs respectively.

1936, c. 33.

(2) Notwithstanding section nine of *The Department of Mines and Resources Act*, whenever in the *Soldier Settlement Act* or in any order or regulation made thereunder, the Department of Interior, the Minister of Interior or the

Deputy Minister of Interior is mentioned or referred to there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Veterans Affairs and the Deputy Minister of Veterans Affairs respectively.

Department of Soldiers' Civil Re-establishment

(3) Wherever in any Act of the Parliament of Canada, or in any regulation or order made thereunder, the Department of Soldiers' Civil Re-establishment, the Minister of Soldiers' Civil Re-establishment or the Deputy Minister of Soldiers' Civil Re-establishment is mentioned or referred to, there shall in each and every such case be substituted the Department of Veterans Affairs, the Minister of Veterans Affairs and the Deputy Minister of Veterans Affairs respectively.

Appropriation based on 1944-5 Estimates.

10. The provisions made by any Appropriation Act for the financial year ending the thirty-first day of March, one thousand nine hundred and forty-five, based on Estimates 1944-45 to defray expenses of the public service of Canada within the Department of Pensions and National Health, shall apply to such similar or other as well as like classifications of the public service within the Department of Veterans Affairs as the Governor in Council may determine.

Repeal.

11. Part I of *The Department of Pensions and National Health Act*, chapter thirty-nine of the statutes of 1928, is repealed.

Coming into force.

12. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 84.

An Act for carrying into effect the Agreement for United Nations Relief and Rehabilitation Administration between Canada and certain other Nations and Authorities.

First reading, April 17, 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1584 1944

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 84.

An Act for carrying into effect the Agreement for United Nations Relief and Rehabilitation Administration between Canada and certain other Nations and Authorities.

Preamble.

WHEREAS, at Washington, on the ninth day of November, nineteen hundred and forty-three, an Agreement for the establishment of a United Nations Relief and Rehabilitation Administration among the Governments or Authorities of the United Nations and nations associated with the United Nations in the war against Germany, Japan and their associates, was signed on behalf of Canada by the plenipotentiary therein named, and it is expedient that the Governor in Council should have power to do all such things as may be proper and expedient for giving effect to the said Agreement: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The United Nations Relief and Rehabilitation Administration Act, 1944.*

Power to carry out Agreement.

2. (1) The Governor in Council may make such appointments, establish such offices, make such Orders in Council, and do such things as appear to him to be necessary for carrying out the Agreement set out in the Schedule to this Act or any resolutions of the Council of the United Nations Relief and Rehabilitation Administration or its Committees in carrying out the provisions of the Agreement.

Expenditures.

(2) Any interim expenditures, not exceeding ten million dollars, incurred in carrying out the said Agreement, may be defrayed out of monies provided under *The War Appropriation (United Nations Mutual Aid) Act, 1943.* All other expenditures incurred in carrying out the said Agreement shall be defrayed out of monies provided by Parliament.

1943-44, c.17.

Report to be laid before Parliament.

3. As soon as practicable after the close of each fiscal year, the Secretary of State for External Affairs shall prepare and lay before Parliament a report of operations under this Act.

Explanatory Note

The purpose of this Bill is to enable the Government of Canada to give effect to an Agreement for the establishment of a United Nations Relief and Rehabilitation Administration which was signed on behalf of Canada at Washington on the 9th day of November, 1943. The method proposed is to empower the Governor in Council to do whatever may be proper and expedient for giving effect to the said Agreement. It is also provided that any interim expenditures, not exceeding $10,000,000, incurred in carrying out the said Agreement, may be defrayed out of monies provided under *The War Appropriation (United Nations Mutual Aid) Act, 1943*.

SCHEDULE

AGREEMENT FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Signed in WASHINGTON, NOVEMBER 9, 1943

The Governments or Authorities whose duly authorized representatives have subscribed hereto,

Being United Nations or being associated with the United Nations in this war,

Being determined that immediately upon the liberation of any area by the armed forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services,

Have agreed as follows:

ARTICLE I

There is hereby established the United Nations Relief and Rehabilitation Administration.

1. The Administration shall have power to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create agencies and to review the activities of agencies so created, to manage undertakings and in general to perform any legal act appropriate to its objects and purposes.

2. Subject to the provision of Article VII, the purposes and functions of the Administration shall be as follows:

(a) To plan, coordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services. The form of activities of the Administration within the territory of a member government wherein that government exercises administrative authority and the responsibility to be assumed by the member government for carrying out measures planned by the Administration therein shall be determined after consultation with and with the consent of the member government.

(b) To formulate and recommend measures for individual or joint action by any or all of the member governments for the coordination of purchasing, the use of ships and other procurement activities

in the period following the cessation of hostilities, with a view to integrating the plans and activities of the Administration with the total movement of supplies, and for the purpose of achieving an equitable distribution of available supplies. The Administration may administer such coordination measures as may be authorized by the member governments concerned.

(c) To study, formulate and recommend for individual or joint action by any or all of the member governments measures with respect to such related matters, arising out of its experience in planning and performing the work of relief and rehabilitation, as may be proposed by any of the member governments. Such proposals shall be studied and recommendations formulated if the proposals are supported by a vote of the Council, and the recommendations shall be referred to any or all of the member governments for individual or joint action if approved by unanimous vote of the Central Committee and by vote of the Council.

ARTICLE II

Membership

The members of the United Nations Relief and Rehabilitation Administration shall be the governments or authorities signatory hereto and such other governments or authorities as may upon application for membership be admitted thereto by action of the Council. The Council may, if it desires, authorize the Central Committee to accept new members between sessions of the Council.

Wherever the term "member government" is used in this Agreement it shall be construed to mean a member of the Administration whether a government or an authority.

ARTICLE III

The Council

1. Each member government shall name one representative, and such alternates as may be necessary, upon the Council of the United Nations Relief and Rehabilitation Administration, which shall be the policy-making body of the Administration. The Council shall, for each of its sessions, select one of its members to preside at the session. The Council shall determine its own rules of procedure. Unless otherwise provided by the Agreement or by action of the Council, the Council shall vote by simple majority.

2. The Council shall be convened in regular session not less than twice a year by the Central Committee. It may be convened in special session whenever the Central Committee shall deem necessary, and shall be convened within thirty days after request therefor by one-third of the members of the Council.

3. The Central Committee of the Council shall consist of the representatives of China, the Union of Soviet Socialist Republics, the United Kingdom, and the United States of America, with the Director General presiding, without vote. Between sessions of the Council it shall, when necessary, make policy decisions of an emergency nature. All such decisions shall be recorded in the minutes of the Central Committee which shall be communicated promptly to each member government. Such decisions shall be open to reconsideration by the Council at any regular session or at any special session called in accordance with Article III, paragraph 2. The Central Committee shall invite the participation of the representatives of any member government at those of its meetings at which action of special interest to such government is discussed. It shall invite the participation of the representative serving as Chairman of the Committee on Supplies of the Council at those of its meetings at which policies affecting the provision of supplies are discussed.

4. The Committee on Supplies of the Council shall consist of the members of the Council, or their alternates, representing those member governments likely to be principal suppliers of materials for relief and rehabilitation. The members shall be appointed by the Council, and the Council may authorize the Central Committee to make emergency appointments between sessions of the Council, such appointments to continue until the next session of the Council. The Committee on Supplies shall consider, formulate and recommend to the Council and the Central Committee policies designed to assure the provision of required supplies. The Central Committee shall from time to time meet with the Committee on Supplies to review policy matters affecting supplies.

5. The Committee of the Council for Europe shall consist of all the members of the Council, or their alternates, representing member governments of territories within the European area, and such other members of the Council, representing other governments directly concerned with the problems of relief and rehabilitation in the European area, as shall be appointed by the Council; the Council may authorize the Central Committee to make these appointments in cases of emergency between sessions of the Council, such appointments to continue until the next session of the Council. The Committee of the Council for the Far East shall consist of all the members of the Council, or their alternates, representing member governments of territories within the Far Eastern area, and such other members of the Council representing other governments directly concerned with the problems of relief and rehabilitation in the Far Eastern area as shall be appointed by the Council; the Council may authorize the Central Committee to make these appointments in cases of emergency between sessions of the Council, such appointments to continue until the next session of the Council. The regional committees shall normally meet within their respective areas. They shall consider and recommend to the Council and the Central Committee policies with respect to relief and rehabilitation within their respective areas. The Committee of the Council for Europe shall replace the Inter-Allied Committee on European

post-war relief established in London on September 24, 1941, and the records of the latter shall be made available to the Committee for Europe.

6. The Council shall establish such other standing regional committees as it shall consider desirable, the functions of such committees and the method of appointing their members being identical to that provided in Article III, paragraph 5 with respect to the Committees of the Council for Europe and for the Far East. The Council shall also establish such other standing committees as it considers desirable to advise it, and, in intervals between sessions of the Council, to advise the Central Committee. For such standing technical committees as may be established, in respect of particular problems such as nutrition, health, agriculture, transport, repatriation and finance, the members may be members of the Council or alternates nominated by them because of special competence in their respective fields of work. The members shall be appointed by the Council, and the Council may authorize the Central Committee to make emergency appointments between sessions of the Council, such appointments to continue until the next session of the Council. Should a regional committee so desire, subcommittees of the standing technical committees shall be established by the technical committees in consultation with the regional committees, to advise the regional committees.

7. The travel and other expenses of members of the Council and of members of its committees shall be borne by the governments which they represent.

8. All reports and recommendations of committees of the Council shall be transmitted to the Director General for distribution to the Council and the Central Committee by the secretariat of the Council established under the provisions of Article IV, Paragraph 4.

ARTICLE IV

The Director General

1. The executive authority of the United Nations Relief and Rehabilitation Administration shall be in the Director General, who shall be appointed by the Council on the nomination by unanimous vote of the Central Committee. The Director General may be removed by the Council on recommendation by unanimous vote of the Central Committee.

2. The Director General shall have full power and authority for carrying out relief operations contemplated by Article I, paragraph 2*(a)*, within the limits of available resources and the broad policies determined by the Council or its Central Committee. Immediately upon taking office he shall, in conjunction with the military and other appropriate authorities of the United Nations, prepare plans for the emergency relief of the civilian population in any area occupied by the armed forces of any of the United Nations, arrange for the procurement

and assembly of the necessary supplies and create or select the emergency organization required for this purpose. In arranging for the procurement, transportation, and distribution of supplies and services, he and his representatives shall consult and collaborate with the appropriate authorities of the United Nations and shall, wherever practicable, use the facilities made available by such authorities. Foreign voluntary relief agencies may not engage in activity in any area receiving relief from the Administration without the consent and unless subject to the regulation of the Director General. The powers and duties of the Director General are subject to the limitations of Article VII.

3. The Director General shall also be responsible for the organization and direction of the functions contemplated by Article I, paragraphs 2 *(b)* and 2 *(c)*.

4. The Director General shall appoint such Deputy Directors General, officers, expert personnel, and staff at his headquarters and elsewhere, including field missions, as he shall find necessary, and he may delegate to them such of his powers as he may deem appropriate. The Director General, or upon his authorization the Deputy Directors General, shall supply such secretariat and other staff and facilities as shall be required by the Council and its Committees, including the regional committees and subcommittees. Such Deputy Directors General as shall be assigned special functions within a region shall attend meetings of the regional standing committee whenever possible and shall keep it advised on the progress of the relief and rehabilitation program within the region.

5. The Director General shall make periodic reports to the Central Committee, and to the Council covering the progress of the Administration's activities. The reports shall be made public except for such portions as the Central Committee may consider it necessary, in the interest of the United Nations, to keep confidential; if a report affects the interests of a member government in such a way as to render it questionable whether it should be published, such government shall have an opportunity of expressing its views on the question of publication. The Director General shall also arrange to have prepared periodic reports covering the activities of the Administration within each region, and he shall transmit such reports with his comments thereon to the Council, the Central Committee and the respective regional committees.

ARTICLE V

Supplies and Resources

1. In so far as its appropriate constitutional bodies shall authorize, each member government will contribute to the support of the Administration in order to accomplish the purposes of Article I, Paragraph 2 *(a)*. The amount and character of the contributions of each member government under this provision will be determined from time to time by its appropriate constitutional bodies. All such contributions received by the Administration shall be accounted for.

2. The supplies and resources made available by the member governments shall be kept in review in relation to prospective requirements by the Director General, who shall initiate action with the member governments with a view to assuring such additional supplies and resources as may be required.

3. All purchases by any of the member governments, to be made outside their own territories during the war for relief or rehabilitation purposes, shall be made only after consultation with the Director General, and shall, so far as practicable, be carried out through the appropriate United Nations agency.

ARTICLE VI

Administrative Expenses

The Director General shall submit to the Council an annual budget, and from time to time such supplementary budgets as may be required, covering the necessary administrative expenses of the Administration. Upon approval of a budget by the Council the total amount approved shall be allocated to the member Governments in proportions to be determined by the Council. Each member government undertakes, subject to the requirements of its constitutional procedure, to contribute to the Administration promptly its share of the administrative expenses so determined.

ARTICLE VII

Notwithstanding any other provision herein contained, while hostilities or other military necessities exist in any area, the Administration and its Director General shall not undertake activities therein without the consent of the military command of that area, and unless subject to such control as the command may find necessary. The determination that such hostilities or military necessities exist in any area shall be made by its military commander.

ARTICLE VIII

Amendment

The provisions of this Agreement may be amended as follows:

(a) Amendments involving new obligations for member governments shall require the approval of the Council by a two-thirds vote and shall take effect for each member Government on acceptance by it;

(b) Amendments involving modification of Article III or Article IV shall take effect on adoption by the Council by a two-thirds vote, including the votes of all the members of the Central Committee;

(c) Other amendments shall take effect on adoption by the Council by a two-thirds vote.

ARTICLE IX

Entry Into Force

This Agreement shall enter into force with respect to each signatory on the date when the Agreement is signed by that signatory, unless otherwise specified by such signatory.

ARTICLE X

Withdrawal

Any member government may give notice of withdrawal from the Administration at any time after the expiration of six months from the entry into force of the Agreement for that government. Such notice shall take effect twelve months after the date of its communication to the Director General, subject to the member government having met by that time all financial, supply or other material obligations accepted or undertaken by it.

IN WITNESS WHEREOF, this Agreement is signed by the following representatives, duly authorized for that purpose by their respective Governments or Authorities.

DONE in Washington this ninth day of November, one thousand nine hundred forty-three, in the English language, the original to be deposited in the archives of the Department of State of the United States of America, and certified copies thereof to be furnished by the Government of the United States of America to each of the Governments and Authorities on whose behalf this Agreement is signed.

For AUSTRALIA:

OWEN DIXON,
Minister for Australia.

For BELGIUM:

P. H. SPAAK.

For BOLIVIA:

LOUIS GUACHALLA.

For THE UNITED STATES OF BRAZIL:

E. PENTEADO.

For CANADA:

LEIGHTON MCCARTHY.

For CHILE:
Este Convenio regira respecto a Chile, de acuerdo con los preceptos de su Carta Fundamental, una vez que haya sido aprobado por el Congreso Nacional y ratificado por los organismos constitucionales correspondientes de la Republica.

RODOLFO MICHELS.

For CHINA:

T. F. TSIANG.

For COLOMBIA:
El Plenipotenciario de Colombia firma con la salvedad de la ulterior aprobacion del Congreso Colombiano.

A. VARGAS.

For COSTA RICA:

CARLOS M. ESCALANTE.

For CUBA:
Este Convenio, previa la aprobacion del Senado de la Republica, sera ratificado por el Ejecutivo.

A. F. CONCHESO.

For CZECHOSLOVAKIA:

JAN MASARYK.

For THE DOMINICAN REPUBLIC:

JULIO VEGA BATLLE.

For ECUADOR:
Sejeto a ratification por el Congreso de la Republica del Ecuador.

S. D. BALLEN.

For EGYPT:

M. HASSAN.

For EL SALVADOR:

HECTOR DAVID CASTRO.

For ETHIOPIA:
Subject to the ratification of the Imperial Ethiopian Government.

EPHREM T. MEDHEN.

For THE FRENCH COMMITTEE OF NATIONAL LIBERATION:

JEAN MONNET.

For GREECE:

K. VARVARESSOS.

For GUATEMALA:

Pending the required approval by the National Assembly of Guatemala, the immediate application of this Agreement shall be considered provisional with regard to the Government of Guatemala.

ADRIAN RECINOS.

For HAITI:

A. LIAUTAUD.

For HONDURAS:

JULIAN R. CACERES.

For ICELAND:

MAGNUS SIGURDSSON.

For INDIA:

This Agreement is signed subject to a reservation under Article IX that it shall enter into force with respect to the Government of India as soon as it has been approved by the Indian Legislature.

G. S. BAJPAI.

For IRAN:

This Agreement shall enter into force immediately after its approval by the Iranian Chamber of Deputies.

M. SHAYESTEH.

For IRAQ:

Subject to ratification by the Iraqi Parliament.

ALI JAWDAT.

For LIBERIA:

WALTER F. WALKER.

For LUXEMBOURG:

PIERRE DUPONG.

For THE UNITED MEXICAN STATES:

Sujeto a ratificacion por el Senado de los Estados Unidos Mexicanos.

F. CASTILLO NAJERA.

For THE NETHERLANDS:

P. KERSTENS.

For NEW ZEALAND:

GEOFFREY S. COX.

For NICARAGUA:
Ad referendum.

G. SEVILLA SACASA.

For NORWAY:

W. MUNTHE DE MORGENSTIERNE.

For PANAMA:

E. A. JIMENES.

For PARAGUAY:

CELSO R. VELAZQUEZ.

For PERU:
Bajo reserva de su ratificacion constitucional.

M. DE FREYRE.

For THE PHILIPPINE COMMONWEALTH:

S. OSMENA.

For POLAND:

JAN KWAPINSKI.

For THE UNION OF SOUTH AFRICA:

RALPH W. CLOSE.

For THE UNION OF SOVIET SOCIALIST REPUBLICS:

A. GROMYKO.

For THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

HALIFAX.

For THE UNITED STATES OF AMERICA:

FRANKLIN D. ROOSEVELT.

For URUGUAY:
Con la reserva de que no podra entrar en vigor con respecto al Uruguay hasta tanto se alcance la aprobacion legislativa.

J. C. BLANCO.

For VENEZUELA:
El Plenipotenciario de Venezuela firma el presente Convenio en la inteligencia de que queda sujeto a la ratificacion de los Poderes Publicos de la Nacion, conforme al procedimiento constitucional venezolano.

DIOGENES ESCALANTE.

For YUGOSLAVIA:

CONSTANTIN A. FOTITCH.

85.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 85.

An Act to amend the Judges Act.

First reading, April 17th, 1944.

THE MINISTER OF JUSTICE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

93993

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 85.

An Act to amend the Judges Act.

R.S., c. 105; 1930, c. 27; 1931, c. 37; 1932, cc. 16, 48; 1936, c. 39.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section six of the *Judges Act*, chapter one hundred and five of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:

Exchequer Court of Canada.

"**6.** The salaries of the judges of the Exchequer Court of Canada shall be as follows:—

	Per annum.
(a) The President of the Exchequer Court of Canada	$10,000 00
(b) Two puisne judges, each	9,000 00".

Explanatory Note

The purpose of this amendment is to provide the salary for an additional judge of the Exchequer Court of Canada.

The underlined words indicate the changes proposed.

This bill is complementary to the bill of this Session to amend the Exchequer Court Act.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 86.

An Act respecting the appointment of Auditors for National Railways.

First reading, April 20, 1944.

The MINISTER OF TRANSPORT.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

4578

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 86.

1932-33, c. 33;
1934, c. 3;
1935, c. 1;
1936, c. 21;
1937, c. 3;
1938, c. 3;
1939, c. 2;
1940, c. 4;
1940-41, c. 5;
1942-43, c. 12;
1943-44, c. 18.

An Act respecting the appointment of Auditors for National Railways.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Appointment of auditors.

1. Notwithstanding the provisions of section thirteen of *The Canadian National-Canadian Pacific Act, 1933*, chapter thirty-three of the statutes of 1932-33, as enacted by section three of chapter twenty-five of the statutes of 1936, respecting the appointment of auditors by joint resolution of the Senate and House of Commons, George A. Touche and Company, of the cities of Toronto and Montreal, chartered accountants, are appointed as independent auditors for the year 1944, to make a continuous audit under the provisions of the said section, of the accounts of National Railways as defined in the said Act.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 87.

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

AS PASSED BY THE HOUSE OF COMMONS,
21st APRIL, 1944.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

94800

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 87.

1920, c. 15;
1924, c. 59;
1925, c. 21;
1931, c. 43;
1932, c. 11;
1932-33, c. 17;
1934, c. 7;
1935, c. 7;
1936, c. 14;
1937, c. 37;
1938, c. 10;
1939, c. 5;
1940, c. 14;
1940-41, c. 7;
1942-43, c. 15;
1943-44, c. 10.

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Agreement with City of Ottawa extended for one year.

1. The Minister of Public Works may on behalf of His Majesty the King enter into an Agreement with the Corporation of the City of Ottawa, hereinafter called "the Corporation", extending for a period of one year from the first day of July, 1943, the provisions of the existing Agreement between His Majesty the King and the Corporation, dated the thirtieth day of March, 1920, which last mentioned Agreement, as amended, was extended to the first day of July, 1943, under the authority of chapter ten of the statutes of 1943-44.

Explanatory Notes.

The operation of the Agreement with the City of Ottawa of 30th March, 1920, was extended for one year by chapter 59 of the statutes of 1924. The Agreement itself is set out in full as a schedule to chapter 15 of the statutes of 1920.

In chapter 21 of the statutes of 1925, the period of the Agreement was extended for five years to July 1, 1930, and the Minister was empowered to agree on behalf of His Majesty to pay to the Corporation annually the sum of $100,000.00 during the said period of five years from July 1, 1925, instead of the annual sum of $75,000.00 as provided for in the said Agreement. By chapter 43 of the statutes of 1931, the period of the Agreement was extended for one year to July 1, 1931, and has, since that date, been extended annually by Acts of Parliament to July 1, 1943.

This bill is to extend the Agreement for one year.

91.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 91.

An Act respecting Banks and Banking.

First reading, May 1, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

3992

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 91.

An Act respecting Banks and Banking.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

SHORT TITLE.

Short title.

1. This Act may be cited as the *Bank Act*. 1934, c. 24, s. 1.

INTERPRETATION.

Definitions.

2. In this Act, unless the context otherwise requires,

"agricultural equipment."

(a) "agricultural equipment" means implements, apparatus, appliances and machinery, of any kind usually affixed to real or immovable property, for use on a farm, but does not include a farm electric system;

"agricultural implements."

(b) "agricultural implements" means tools, implements, apparatus, appliances and machines, of any kind not usually affixed to real or immovable property, for use on a farm, and vehicles for use in the business of farming and, without limiting the generality of the foregoing, includes plows, harrows, drills, seeders, cultivators, mowing machines, reapers, binders, threshing machines, combines, tractors, movable granaries, trucks for carrying products of agriculture, cream separators, churns, spraying apparatus and incubators, and milking machines, refrigerators and heating appliances for farming operations of a kind not usually affixed to real or immovable property;

"Association."

(c) "Association" means The Canadian Bankers' Association, incorporated by chapter ninety-three of the statutes of nineteen hundred, intituled *An Act to incorporate The Canadian Bankers' Association;*

"bank."

(d) "bank" means any bank to which this Act applies but does not refer to the Bank of Canada;

Explanatory Notes.

2. *(a)* New. (See s. 88 ss. (1) (g)).

(b) New. (See s. 88 ss. (1) (f) and (h)).

(c) No change (former par. (a)).

(d) No change (former par. (b)).

"bill of lading."

(e) "bill of lading" includes all receipts for goods, wares or merchandise, accompanied by an undertaking to transport the same from the place where they were received to some other place, by any mode of carriage whatever;

"Circulation Fund."

(f) "Circulation Fund" means the fund heretofore established and continued by the authority of this Act under the name of the Bank Circulation Redemption Fund;

"Curator."

(g) "Curator" means any person appointed under the authority of this Act to supervise the affairs of any bank which has suspended payment in Bank of Canada notes of any of its liabilities as they accrue;

"farm."

(h) "farm" means land used for the purpose of farming which term includes live stock raising, dairying, fruit growing and all tillage of the soil.

"farm electric system."

(i) "farm electric system" includes all machinery, apparatus and appliances for the generation or distribution of electricity on a farm whether or not affixed to real or immovable property.

"farmer."

(j) "farmer" includes the owner, occupier, landlord and tenant of a farm;

"fish."

(k) "fish" includes shell fish, crustaceans and marine animals;

"fisherman."

(l) "fisherman" means a person who gains his livelihood in whole or in part from fishing;

"fishing."

(m) "fishing" means fishing for or catching fish by any method;

"fishing equipment and supplies."

(n) "fishing equipment and supplies" includes equipment, apparatus, appliances and supplies for use in the operation of a fishing vessel and not forming part thereof, or for use in fishing, and without restricting the generality of the foregoing includes detachable engines and machinery, lines, hooks, trawls, nets, anchors, traps, bait, salt, fuel and stores;

"fishing vessel."

(o) "fishing vessel" includes any ship or boat, or any other description of vessel for use in fishing and equipment, apparatus and appliances for use in the operation thereof and forming part thereof, or any share or part interest therein;

"goods, wares and merchandise."

(p) "goods, wares and merchandise" includes, in addition to the things usually understood thereby, products of agriculture, products of the forest, products of the quarry and mine, products of the sea, lakes and rivers, and other articles of commerce;

"grain."

(q) "grain" includes wheat, oats, barley, rye, corn, buckwheat, flax, beans, and all kinds of seeds;

"Inspector."

(r) "Inspector" means the Inspector General of Banks appointed under section fifty-six of this Act;

"manufacturer."

(s) "manufacturer" includes manufacturers of logs, timber or lumber, maltsters, distillers, brewers, refiners and producers of petroleum, tanners, curers, packers,

(e) No change (former par (c)).

(f) No change (former par. (d)).

(g) Former paragraph *(e)* has been amended to delete reference to payment *in specie or Dominion notes.*

(h) New. (See s. 88 ss. (1) (g)).

(i) New. (See s. 88 ss. (1) (g)).

(j) No change, (former par. *(f)*).

(k) New. (See s. 88 ss. (1) (i)).

(l) New. (See s. 88 ss. (1) (i)).

(m) New. (See s. 88 ss. (1) (i)).

(n) New. (See s. 88 ss. (1) (i)).

(o) New. (See s. 88 ss. (1) (i)).

(p) No change (former par. (g)).

(q) Former par. *(h)*. The definition of "grain" is being broadened to enable farmers and dealers to borrow under section 88 on such products as beans, including soy beans, and all kinds of seeds such as rape, sunflower, clover, etc., which are now grown extensively and in connection with which considerable business is transacted.

(r) No change, (former par. (i)).

(s) This definition has been extended by including "bottlers" and by deleting mention of "meat, pork, fish, fruit or vegetables" after "canners", which was unduly restrictive in its effect; (former par. (j)).

canners, bottlers, and any person who produces by hand, art, process or mechanical means any goods, wares and merchandise;

"Minister." *(t)* "Minister" means the Minister of Finance and Receiver General;

"president." *(u)* "president" does not include an honorary president;

"products of agriculture." *(v)* "products of agriculture" in addition to the direct products of the soil such as hay, grain, roots, vegetables, fruits and other crops, includes milk, cream, butter, cheese, honey, maple products, poultry (dead), and eggs, hides, skins and wool, and dried, canned and preserved vegetables and fruits, live stock or dead stock and the products thereof; and "live stock" for the purposes of this Act includes horses and mares, bulls, cows, oxen, bullocks, steers, heifers and calves, sheep, swine, and fur-bearing animals, and the offspring of any of them;

"products of the forest." *(w)* "products of the forest" includes bark, logs, pulpwood, piling, spars, railway ties, poles, mining and all other timber, shingles, laths, deals, boards, staves and all other lumber, and the skins and furs of wild animals;

"products of the quarry and mine." *(x)* "products of the quarry and mine" includes stone, clay, sand, gravel, metals, metallic ores, coal, salt, precious stones, petroleum, crude oil, and all minerals, whether obtained by excavation or otherwise, and the products of any of them;

"products of the sea, lakes and rivers." *(y)* "products of the sea, lakes and rivers" includes fish of all kinds, whether fresh, frozen, salted, dried, canned, preserved in oil or otherwise preserved, and their oil, skins and bone;

"warehouse receipt." *(z)* "warehouse receipt" includes

(i) any receipt given by any person for any goods, wares or merchandise in his actual, visible and continued possession as bailee thereof in good faith and not as of his own property, and

(ii) receipts given by any person who is the owner or keeper of a harbour, cove, pond, wharf, yard, warehouse, shed, storehouse or other place for the storage of goods, wares or merchandise, for goods, wares and merchandise delivered to him as bailee, and actually in the place or in one or more of the places owned or kept by him, whether such person is engaged in other business or not, and

(iii) receipts given by any person in charge of logs or timber in transit from timber limits or other lands to the place of destination of such logs or timber, and

1930, c. 5. (iv) Lake Shippers Clearance Association receipts and all documents recognized by *The Canada Grain Act* as warehouse receipts. 1934, c. 24, s. 2, am.

(t) No change (former par. (k)).

(u) No change (former par. (l)).

(v) Former par. *(m)*. There have been many requests to include "fur-bearing animals" under live stock, to assist farmers and others who raise such animals for their pelts or for sale as breeders. "The skins and furs of wild animals" are already included under "products of the forest", defined in section 2 *(r)*.

The former paragraph *(q)* has been deleted. It read:

(q) "trustees" means the persons appointed by the Association and by the Minister to receive and hold the central gold reserves, and "trustee" means any one of the trustees, and if one or more of the trustees is a corporation then "trustee" includes each of the officers of such corporation who is responsible for any action taken by the corporation for the purposes of this Act;"

In view of the elimination of the central gold reserves this definition was obsolete.

(w) No change (former par. (n)).

(x) No change (former par (o)).

(y) This definition (former par. (p)), has been shortened because of the addition of a definition of "fish" in par. (k).

(z) No change (former par. (r)).

Public notice, how given

3. (1) Where by this Act any public notice is required to be given the notice shall, unless otherwise specified, be given by advertisement

(a) in one or more newspapers published at the place where the chief office of the bank is situate; and

(b) in the *Canada Gazette*.

Sufficiency of publication.

(2) When by this Act a notice is required to be published in a newspaper for four weeks or any longer period, publication each week in a weekly newspaper, or once a week during the period in a newspaper published more frequently, shall be a sufficient publication for the purposes of this Act.

Notice of call.

(3) When by this Act notice of any call is required to be given to the shareholders the notice shall, unless otherwise specified, be sufficiently given by mailing the notice in the post office, registered and post paid, to the last known post office address of the respective shareholders as shown by the records of the bank, at least thirty days prior to the day on which the call is payable. 1934, c. 24, s. 3.

APPLICATION.

General.

To what banks this Act applies.

4. The provisions of this Act apply to the several banks enumerated in Schedule A to this Act, and to every bank incorporated after the first day of January, one thousand nine hundred and forty-four, whether this Act is specially mentioned in its Act of incorporation or not, but not to any other bank except as hereinafter specially provided, nor to the Bank of Canada, except as hereinafter specially provided. 1934, c. 24, s. 4, am.

Bank charters continued to July 1st, 1954, as to some particulars.

5. (1) Each of the several banks under the name mentioned in Schedule A to this Act is, and shall continue to be, a body politic and corporate until the first day of July, one thousand nine hundred and fifty-four, and this Act shall form and be the charter of each of the said banks until the first day of July aforesaid.

Chief office and capital.

(2) The chief office of each bank, and, subject to the provisions of this Act with regard to increase or decrease, the amount of its authorized capital stock, divided into shares of one hundred dollars each, shall be as set out in Schedule A to this Act.

As to other particulars.

(3) As to all other particulars this Act shall form and be the charter of each of the said banks until the first day of July, one thousand nine hundred and fifty-four. 1934, c. 24, s. 5, am.

3. No change.

4. The former section 4 read:

"**4.** The provisions of this Act apply to the several banks enumerated in Schedule A to this Act, and to every bank incorporated after the first day of January, *one thousand nine hundred and thirty-four*, whether this Act is specially mentioned in its Act of incorporation or not, but not to any other bank except as hereinafter specially provided, nor to the Bank of Canada, except as hereinafter specially provided."

5. The former subsection (1) of section 5 read:

" **5.** (1) Each of the several banks under the name mentioned in Schedule A to this Act is, and shall continue to be, a body politic and corporate, until the first day of July, *one thousand nine hundred and forty-four*, and this Act shall form and be the charter of each of the said banks until the first day of July aforesaid."

The former subsection (3) of section 5 read:

"(3) As to all other particulars this Act shall form and be the charter of each of the said banks until the first day of July, *one thousand nine hundred and forty-four*."

Forfeited or void charters not continued.

6. Nothing in the next preceding section shall be deemed to continue in force any charter or Act of incorporation, if, or in so far as it is, under the terms thereof, or under the terms of this Act or of any other Act passed or to be passed, forfeited or rendered void by reason of the non-performance of the conditions of such charter or Act of incorporation, or by reason of insolvency, or for any other reason. 1934, c. 24, s. 6.

Act continues to apply for purposes of winding-up.

7. (1) The provisions of this Act shall continue to apply to the banks named in Schedule A to chapter nine of the Acts of the year one thousand nine hundred and thirteen, intituled *An Act respecting Banks and Banking*, and not named in Schedule A to this Act, but only in so far as may be necessary to wind up the business of the said banks respectively.

Charters to continue in force for winding-up purposes.

(2) The charters or Acts of incorporation of the said banks, and any Acts in amendment thereof, or any Acts in relation to the said banks now in force, shall respectively continue in force for the purposes of winding up, and for such purposes only. 1934, c. 24, s. 7.

INCORPORATION AND ORGANIZATION OF BANKS

Particulars of Act of incorporation.

8. The capital stock of every bank, the name of the bank, the place where its chief office is to be situated, and the names of the provisional directors, shall be declared in the Act of incorporation of every such bank respectively. 1934, c. 24, s. 8.

Form thereof.

9. Except as in this Act provided, an Act of incorporation of a bank in the form set forth in Schedule B to this Act shall be construed to confer upon the bank thereby incorporated all the powers, privileges and immunities, and to subject it to all the liabilities and provisions set forth in this Act. 1934, c. 24, s. 9, am.

Capital stock and shares.

10. The capital stock of any bank shall not be less than five hundred thousand dollars, and shall be divided into shares of one hundred dollars each. 1934, c. 24, s. 10.

Provisional directors.

11. (1) The number of provisional directors shall be not less than five.

Qualification.

(2) A provisional director shall not be eligible to act as such unless he is a *bona fide* subscriber of stock of the bank for and on his own behalf, so as to become the absolute and sole owner in his individual right of such stock, and not as trustee or in the right of another, on which subscription not less than

(a) three thousand dollars have been paid up, when the paid-up capital stock of the bank is one million dollars or less;

6. No change.

7. No change.

This section remains the same as in the former Act. The year 1913 is retained to provide for the completion of any winding-up proceedings of banks in liquidation.

8. No change.

9. Only the underlined words are new. The purpose of those new words is to preclude a new bank from issuing notes either in Canada or abroad. (See the amendment to s. 14 (1)).

10. No change.

11. No change.

(*b*) four thousand dollars have been paid up, when the paid-up capital stock of the bank is over one million dollars and does not exceed three million dollars;

(*c*) five thousand dollars have been paid up, when the paid-up capital stock of the bank exceeds three million dollars.

Tenure of office.

(3) The provisional directors shall hold office until directors are elected by the subscribers to the stock, as hereinafter provided. 1934, c. 24, s. 11.

Opening of stock books.

12. (1) For the purpose of organizing the bank, the provisional directors may, after giving ten days' public notice thereof, cause stock books to be opened, in which shall be recorded the subscriptions of such persons as desire to become shareholders in the bank.

Where.

(2) The stock books shall be opened at the place where the chief office of the bank is to be situated, and elsewhere in the discretion of the provisional directors.

Particulars entered.

(3) Each subscriber shall, at the time of subscription, give his post office address, and description, and these particulars shall appear in the stock books in connection with the name of the subscriber and the number of shares subscribed for.

Notice of liability.

(4) There shall be printed in small pica type, or type of larger size, on each page in the stock books upon which subscriptions are recorded, and on every document constituting or authorizing a subscription, on a part of the page and document, respectively, which may be readily seen by the person recording the subscription, or by the person signing the document, a copy of section one hundred and twenty-nine of this Act.

Time stock books open.

(5) The stock books may be kept open for such time as the provisional directors deem necessary.

Recovery of unpaid subscriptions.

(6) In case of the non-payment of any instalment or other sum payable by a subscriber on account of his subscription, the provisional directors may, in the corporate name of the bank, sue for, recover, collect and get in any such instalment or sum. 1934, c. 24, s. 12.

First meeting of subscribers.

13. (1) Whenever a sum not less than five hundred thousand dollars of the capital stock of the bank has been *bona fide* subscribed, and payments in money on account thereof have been made by the subscribers, the total of such payments making a sum not less than two hundred and fifty thousand dollars, and as soon thereafter as the provisional directors have paid thereout to the Minister the sum of two hundred and fifty thousand dollars, the provisional directors may, by public notice published for at least four weeks, and by notice with postage prepaid mailed to the last known address of each subscriber at least ten days prior to the date of such meeting, call a meeting of the subscribers to the said stock, to be held in the place named

12. No change.

13. No change.

in the Act of incorporation as the chief office of the bank, at such time and at such place as is set forth in the said notice.

What is a *bona fide* subscription.

(2) For the purposes of the foregoing subsection no subscription shall be deemed to have been made *bona fide* or be complete unless and until payment in money equal to at least ten per centum of the amount subscribed has been made on account of such subscription by the subscriber, and such payment, with the date thereof, shall be entered on the stock books opposite to such subscription.

Business at meeting.

(3) The subscribers shall, at such meeting,

(a) determine the day upon which the annual general meeting of the bank is to be held;

(b) elect such number of directors, duly qualified under this Act, not less than five, as they think necessary, and

(c) provide for the method of filling vacancies in the board of directors until the annual general meeting.

Tenure of directors.

(4) Such directors shall hold office until the annual general meeting next succeeding their election.

Provisional directors cease.

(5) Upon the election of directors as aforesaid the functions of the provisional directors shall cease. 1934, c. 24, s. 13.

Permission to commence business.

14. (1) The bank shall not commence the business of banking until it has obtained from the Treasury Board a certificate permitting it so to do.

No certificate until directors elected.

(2) No application for such certificate shall be made until directors have been elected by the subscribers to the stock in the manner hereinbefore required. 1934, c. 24, s. 14, am.

Statement of payments by provisional directors.

15. (1) At the time of the application for the certificate there shall be submitted to the Treasury Board a sworn statement setting forth the several sums of money paid in connection with the incorporation and organization of the bank, and such statement shall, in addition, include a list of all the unpaid liabilities, if any, in connection with or arising out of such incorporation and organization.

To what limited.

(2) Prior to the time at which the certificate is given no payments on account of incorporation and organization expenses shall be made out of moneys paid in by subscribers except reasonable sums for the payment of clerical assistance, legal services, office rental, advertising, stationery, postage and expenses of travel, if any.

When certificate may be granted.

(3) No certificate shall be given by the Treasury Board until it has been shown to the satisfaction of the Board, by affidavit or otherwise, that all the requirements of this Act and of the special Act of incorporation of the bank, as to the subscriptions to the capital stock, the payment of money by subscribers on account of their subscriptions, the payment required to be made to the Minister, the election of directors, or other preliminaries, have been complied with, and that the sum so paid is then held by the Minister, and unless it appears to the Board that the expenses of incorporation and organization are reasonable.

14. The former subsection (1) of section 14 reads:

"**14.** (1) The bank shall not issue notes or commence the business of banking until it has obtained from the Treasury Board a certificate permitting it so to do."

The purpose of deleting the words *issue notes or* is to recognize that a new bank has no power to issue notes. (See amendment to s. 60.)

15. No change except in ss. (3) which formerly read:

"(3) No certificate shall be given by the Treasury Board until it has been shown to the satisfaction of the Board, by affidavit or otherwise, that all the requirements of this Act and of the special Act of incorporation of the bank, as to the subscriptions to the capital stock, the payment of money by subscribers on account of their subscriptions, the payment required to be made to the Minister, the election of directors, deposit for security of note issue, or other preliminaries, have been complied with, and that the sum so paid is then held by the Minister, and unless it appears to the Board that the expenses of incorporation and organization are reasonable.

The words *deposit for security of note issue* have been deleted.

Within one year.

(4) No such certificate shall be given except within one year from the passing of the Act of incorporation of the bank applying for the said certificate. 1934, c. 24, s. 15, am.

If certificate not granted, powers to cease.

16. (1) If the bank does not obtain a certificate from the Treasury Board within one year from the time of the passing of its Act of incorporation, all the rights, powers and privileges conferred on the bank by its Act of incorporation shall thereupon cease and determine, and be of no force or effect whatever.

Ordinary disbursements allowed, but other expenses subject to resolution.

(2) If stock books have been opened and subscriptions in whole or in part paid, but no certificate from the Treasury Board obtained within the time limited by the preceding subsection, no part of the money so paid, or accrued interest thereon, shall be disbursed for commissions, salaries, charges for services or for other purposes, except a reasonable amount for payment of clerical assistance, legal services, office rental, advertising, stationery, postage and expenses of travel, if any, unless it is so provided by resolution of the subscribers at a meeting convened after notice, at which the greater part of the money so paid is represented by subscribers or by proxies of subscribers; and each subscriber shall be entitled at such a meeting to one vote for each ten dollars paid on account of his subscription.

Application to court to settle amount of disbursements.

(3) If the amount allowed by such resolution for commissions, salaries, or charges for services be deemed insufficient by the provisional directors, or directors elected in the manner hereinbefore provided, as the case may be, or if no resolution for such purpose be passed after a meeting has been duly called, then the provisional directors, or directors elected as aforesaid, may apply to a judge of any superior or county court having jurisdiction where the chief office of the bank is fixed by its Act of incorporation, to settle and determine all charges and the reasonableness of the amount of the disbursements already made to which such money and interest, if any, shall be subject, before distribution of the balance to the subscribers.

Notice of meeting and application to court, with statement.

(4) Notice of the meeting and notice of the application respectively referred to in the next preceding subsections shall be given by mailing the notice in the post office, registered and post paid, at least twenty-one days prior to the date fixed for such meeting or the hearing of such application, to the several subscribers to their respective post office addresses as contained in the stock books; and each of such notices shall contain a statement, in summary form, of the several amounts for commissions, salaries, charges for services and disbursements which it is proposed shall be provided by resolution for payment, or settled and determined by a judge, as the case may be.

16. No change.

Voting.

(5) Votes of subscribers may be given at such meeting by proxy, the holder of such proxy to be a subscriber, and subscribers may be heard either in person or by counsel on such application.

Ratio payable by subscribers.

(6) In order that the sums paid and payable under the provisions of this section may be equitably borne by the subscribers, the provisional directors or the directors, as the case may be, shall, after the amount of such sums is ascertained as herein provided, fix the proportionate part thereof chargeable to each subscriber at the ratio of the number of shares in respect of which he is a subscriber to the total number of shares *bona fide* subscribed.

Payment of excess.

(7) The respective amounts so fixed shall, before return to the subscriber of the sums paid in by him, be deducted therefrom, and if the respective sums paid in are not as much as the amounts so fixed, then the excess in each case shall be payable forthwith by the subscriber to the provisional directors or the directors, as the case may be.

Deductions.

(8) The total of the amounts in excess mentioned in the next preceding subsection which the provisional directors or the directors are unable to get in or collect in what seems to them a reasonable time shall, with any legal costs incurred, be deducted by them from the sums then remaining in their hands to the credit of the several subscribers in the ratio hereinbefore mentioned, the shares in respect of which no such collections have been made being eliminated from the basis of calculation.

Return of excess to subscribers.

(9) The provisional directors or directors, after payment by them of the sums payable under this section, shall return to the subscribers, with any interim interest accretions, the respective balances of the moneys paid in by the subscribers. 1934, c. 24, s. 16.

Deposit, how disposed of if certificate granted.

17. (1) Upon the issue of the certificate in manner hereinbefore provided, the Minister shall forthwith pay to the bank the amount of money so deposited with him as aforesaid, without interest.

If certificate not granted.

(2) In case no certificate is issued by the Treasury Board within the time limited for the issue thereof, the amount so deposited shall be returned to the bank for distribution in the manner provided by this Act.

Minister not bound.

(3) In no case shall the Minister be under any obligation to see to the proper application in any way of the amount so returned. 1934, c. 24, s. 17, am.

INTERNAL REGULATIONS.

Regulation by by-law.

18. (1) The shareholders of the bank may, at any annual general meeting or at any special general meeting duly called for the purpose, regulate, by by-law, the following

The former subsection (1) of s. 17 read:

"**17.** (1) Upon the issue of the certificate in manner hereinbefore provided, the Minister shall forthwith pay to the bank the amount of money so deposited with him as aforesaid, without interest, *after deducting therefrom the sum of five thousand dollars required to be deposited under the provisions of this Act for the securing of the notes issued by the bank.*"

This amendment accords with the amendments to s. 14 (1) and section 60 recognizing that a new bank no longer has the power of issuing notes.

Ss. (2) and (3), no change.

18. No change in ss. (1)

matters incident to the management and administration of the affairs of the bank, that is to say:—

(a) the day upon which the annual general meeting of the shareholders for the election of directors shall be held;

(b) the record to be kept of proxies, and the time, not exceeding twenty days, within which proxies must be produced and recorded prior to a meeting in order to entitle the holder to vote thereon;

(c) the number of the directors, which shall be not less than five, and the quorum thereof, which shall be not less than three;

(d) the qualifications of directors, subject to the provisions hereinafter contained;

(e) the method of filling vacancies in the board of directors, whenever the same occur during each year;

(f) the time and proceedings for the election of directors in case of a failure of any election on the day appointed for it;

(g) the remuneration of the president, vice-president and other directors; and,

(h) subject to the provisions of this Act, the amount of discounts or loans which may be made to directors, either jointly or severally, or to any one firm or person, or to any shareholder, or to corporations.

Copy of by-laws to be sent to shareholders.

(2) A copy of the by-laws in force on the first day of July, one thousand nine hundred and forty-eight, in respect of the several matters hereinbefore in this section set out, together with a copy of this section of the Act, shall, before the thirty-first day of December, one thousand nine hundred and forty-eight, be sent to each shareholder at his last known post office address, as shown by the books of the bank; and after the first day of July, one thousand nine hundred and forty-eight, within six months after the end of each successive five-year period, a copy of the by-laws, in respect of the said matters, hereinbefore in this section set out, in force at the end of each such period, shall be sent as aforesaid.

Guarantee and pension funds.

(3) The shareholders may authorize the directors to establish guarantee and pension funds for the officers and employees of the bank and their families, and to contribute thereto out of the funds of the bank, and such guarantee or pension fund, whether or not contributed in whole or in part out of the funds of the bank, shall be invested in securities in which a trustee may invest under the *Trust Companies Act*.

R.S., c.29.

Existing by-laws continued.

(4) Until it is otherwise prescribed by by-law under this section, the by-laws of the bank on any matter which may be regulated by by-law under this section shall remain in

The former subsection (2) of section 18 read:

"(2) A copy of the by-laws in force on the first day of July, *one thousand nine hundred and thirty-eight*, in respect of the several matters hereinbefore in this section set out, together with a copy of this section of the Act, shall, before the thirty-first day of December, *one thousand nine hundred and thirty-eight*, be sent to each shareholder at his last known post office address, as shown by the books of the bank; and after the first day of July, *one thousand nine hundred and thirty-eight*, within six months after the end of each successive five-year period, a copy of the by-laws, in respect of the said matters, hereinbefore in this section set out, in force at the end of each such period, shall be sent as aforesaid."

Ss. (3). No change.

Ss. (4). No change.

Exception.

force, except as to any provision fixing the qualification of directors at an amount less than that prescribed by this Act. 1934, c. 24, s. 18, am.

Management.

19. The stock, property, affairs and concerns of the bank shall be managed by a board of directors. 1934, c. 24, s. 19.

Qualification of directors.

20. (1) Each director shall hold stock of the bank, of which stock he shall be the absolute and sole owner in his individual right and not as trustee or in the right of another, on which not less than

(a) three thousand dollars have been paid up, when the paid-up capital stock of the bank is one million dollars or less;

(b) four thousand dollars have been paid up, when the paid-up capital stock of the bank is over one million dollars and does not exceed three million dollars;

(c) five thousand dollars have been paid up, when the paid-up capital stock of the bank exceeds three million dollars.

Required stock holdings.

(2) No person shall be elected or appointed or continue to be a director unless he holds stock, of which he is the owner as aforesaid, paid up to the amount required by this Act, or such greater amount as is required by any by-law in that behalf.

Majority to be British Subjects.

(3) A majority of the directors shall be natural born or naturalized subjects of His Majesty and domiciled in Canada. 1934, c. 24, s. 20, am.

Election of directors.

21. (1) The directors shall be elected by the shareholders at the annual general meeting and shall be eligible for re-election.

At chief office.

(2) The election shall take place at the place where the chief office of the bank is situate.

Notice.

(3) Public notice of the annual general meeting shall be given by the directors by publishing such notice, for at least four weeks prior to the time of holding the said meeting, in a newspaper published at the place where the chief office of the bank is situate, and by mailing a copy of such notice to each shareholder at his last known post office address, as shown by the books of the bank, at least twenty days prior to the time aforesaid.

Who shall be directors.

(4) The persons, to the number authorized to be elected, who have the greatest number of votes at any election, shall be the directors. 1934, c. 24, s. 21.

Provision in case of equality of votes.

22. If it happens at any election that two or more persons have an equal number of votes, and the election or non-election of one or more of such persons as a director or directors depends on such equality, then the directors

19. No change.

20. The only change in s. 20 is the addition of the words "or appointed" in ss. 2.

The addition of the words "or appointed" is to cover the situation where a director is appointed between shareholders meetings.

21. No change.

22. No change.

who have a greater number of votes, or the majority of them, shall in order to complete the full number of directors, determine which of the said persons so having an equal number of votes shall be a director or directors. 1934, c. 24, s. 22.

Election of president and vice-president.

23. (1) The directors, as soon as may be after their election, shall proceed to elect, by ballot, from their number a president and one or more vice-presidents.

Honorary president and Chairman of Board.

(2) The directors may also elect by ballot one of their number to be chairman of the board and one to be honorary president. 1934, c. 24, s. 23.

Vacancies how filled.

24. If a vacancy occurs in the board of directors the vacancy shall be filled in the manner provided by the by-laws: Provided that, if the vacancy is not filled, the acts of a quorum of the remaining directors shall not be thereby invalidated. 1934, c. 24, s. 24.

Proviso.

Vacancy in presidency or vice-presidency.

25. If a vacancy occurs in the office of the president or vice-president, the directors shall, from among themselves, elect a president or a vice-president, who shall continue in office for the remainder of the year. 1934, c. 24, s. 25.

Postponed election of directors.

26. (1) If an election of directors is not made on the day appointed for that purpose, such election may take place on any other day, according to the by-laws made by the shareholders in that behalf.

Continuance in office.

(2) The directors in office on the day appointed for the election of directors shall remain in office until a new election is made. 1934, c. 24, s. 26.

Meetings of directors.

27. (1) The chairman of the board, if any, or the president, or in their absence, a vice-president, shall preside at all meetings of the directors.

Temporary chairman.

(2) If at any meeting of the directors the chairman of the board, if any, the president and vice-president are absent, one of the directors present, chosen to act *pro tempore*, shall preside.

Casting vote.

(3) The person so presiding shall vote as a director, and shall, if there is an equal division on any question, also have a casting vote.

Record of attendance of directors.

(4) A record shall be kept of the attendance at each meeting of directors, and a summary thereof prepared so as to show the total number of directors' meetings held and the number attended by each director shall be sent to each shareholder with the notice of the annual general meeting hereinbefore mentioned.

Services rendered by directors.

(5) Such summary may state the nature and extent of the services rendered by any director who, by reason of residing at a point remote from the chief office of the bank, has been unable to attend meetings of directors. 1934, c. 24, s. 27.

23. No change.

24. No change.

25. No change.

26. No change.

27. No change.

General powers of directors.

28. (1) The directors may make by-laws and regulations, not repugnant to the provisions of this Act, or to any by-law duly passed by the shareholders or to the laws of Canada, with respect to

(a) the management and disposition of the stock, property, affairs and concerns of the bank;

(b) the duties and conduct of the officers, clerks and servants employed therein; and

(c) all such other matters as appertain to the business of a bank.

Existing by-laws continued.

(2) All by-laws of the bank lawfully made and in force with regard to any matter respecting which the directors may make by-laws under this section, including any by-laws for the establishing of guarantee and pension funds for the employees of the bank, shall remain in force until they are repealed or altered by other by-laws made under this Act. 1934, c. 24, s. 28.

Appointment of officers.

Directors may authorize officer to make appointments.

29. (1) The directors may appoint as many officers, clerks and servants as they may consider necessary for carrying on the business of the bank, and may authorize any officer of the bank to make such of these appointments as they may deem expedient.

Salaries.

(2) Such officers, clerks and servants may be paid such salaries and allowances as the directors or such officer, in the case of appointments made by him, consider necessary.

Security.

(3) The directors before permitting any general manager, manager, or other officer, clerk or servant of the bank to enter upon the duties of his office, and any officer, authorized as aforesaid, before permitting any officer, clerk or servant of the bank appointed by him to enter upon the duties of his office, shall require him to give a bond, guarantee or other security to the satisfaction of the directors or such officer as the case may be, for the due and faithful performance of his duties. 1934, c. 24, s. 29.

Special general meeting.

30. (1) A special general meeting of the shareholders of the bank may be called at any time by

(a) the directors of the bank or any four of them; or

(b) any number not less than twenty-five of the shareholders, acting by themselves or by their proxies, who are together owners of at least one-tenth of the paid-up capital stock of the bank.

Notice.

(2) Such directors or shareholders shall give six weeks' previous public notice, specifying therein the object of such meeting.

Place.

(3) Such meeting shall be held at the usual place of meeting of the shareholders.

Removal of president, vice-president or director.

(4) If the object of the special general meeting is to consider the removal, for maladministration or other specified and apparently just cause, of the president or a

28. No change.

29. No change.

30. No change.

vice-president, or of a director of the bank, and if a majority of the votes of the shareholders at the meeting is given for such removal, a director to replace him shall be elected or appointed in the manner provided by the by-laws of the bank, or, if there are no by-laws providing therefor, by the shareholders at the meeting.

Another to replace.

Choosing another president or vice-president.

(5) If it is the president or a vice-president who is removed, his office shall be filled by the directors in the manner provided in case of a vacancy occurring in the office of president or vice-president. 1934, c. 24, s. 30.

One vote for each share.

31. (1) Every shareholder shall, on all occasions on which the votes of the shareholders are taken, have one vote for each share held by him for at least thirty days before the time of meeting.

Ballot.

(2) In all cases when the votes of the shareholders are taken, the voting shall be by ballot.

Majority to determine.

(3) All questions proposed for the consideration of the shareholders shall be determined by a majority of the votes of the shareholders present or represented by proxy.

Casting vote.

(4) The Chairman elected to preside at any meeting of the shareholders shall vote as a shareholder only, unless there is a tie, in which case he shall, except as to the election of a director, have a casting vote.

As to joint holders of shares.

(5) If two or more persons are joint holders of shares, any one of the joint holders may be empowered, by letter of attorney from the other joint holder or holders, or a majority of them, to represent the said shares, and to vote accordingly.

Proxies.

(6) Shareholders may vote by proxy, but no person other than a shareholder eligible to vote shall be permitted to vote or act as proxy.

Officers not to vote.

(7) No general manager, manager, clerk or other subordinate officer of the bank shall vote either in person or by proxy, or hold a proxy for the purpose of voting.

Renewal of proxies.

(8) No appointment of a proxy to vote at any meeting of the shareholders of the bank shall be valid for that purpose unless it has been made or renewed in writing within one year last preceding the time of such meeting.

Calls must be paid before voting.

(9) No shareholder shall vote, either in person or by proxy, on any question proposed for the consideration of the shareholders of the bank at any meeting of the shareholders, or in any case in which the votes of the shareholders of the bank are taken, unless he has paid all calls made by the directors which are then due and payable. 1934, c. 24, s. 31.

31. No change.

CAPITAL STOCK.

Increase of capital.

32. (1) The capital stock of the bank may be increased, from time to time, by such percentage, or by such amount, as is determined upon by by-law passed by the shareholders at the annual general meeting, or at any special general meeting called for the purpose.

Approval of Treasury Board.

(2) No such by-law shall come into operation, or be of any force or effect, unless and until a certificate approving thereof has been issued by the Treasury Board.

Conditions for approval.

(3) No such certificate shall be issued by the Treasury Board unless application therefor is made within three months from the time of the passing of the by-law, nor unless it appears to the satisfaction of the Treasury Board that a copy of the by-law, together with notice of intention to apply for the certificate, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office of the bank is situate.

Treasury Board may refuse.

(4) Nothing herein contained shall be construed to prevent the Treasury Board from refusing to issue such certificate if it thinks best so to do. 1934, c. 24, s. 32.

Allotment.

33. (1) Any of the original unsubscribed capital stock, or of the increased stock of the bank, shall, at such time as the directors determine, be allotted to the then shareholders of the bank *pro rata*, at such price, not less than par, and on such terms as are fixed by the directors : Provided that—

To present shareholders.

(a) no fraction of a share shall be so allotted;

(b) in no case shall a rate be fixed by the directors, which will make the premium, if any, paid or payable on the stock so allotted, exceed the percentage which the rest or reserve fund of the bank then bears to the paid-up capital stock thereof;

(c) payment shall not be required in greater amounts or at shorter intervals than ten per centum of the price every thirty days; and

(d) the price of such stock shall be paid in money.

Notice of allotment.

(2) Notice of allotment shall be mailed to the shareholders at their last known post office address as shown by the record of the bank, and the directors shall in such notice fix a date not less than ninety days from the day on which the notice is mailed within which the allotment is to be accepted.

Offer to the public.

(3) Any of such allotted stock which is not accepted by a shareholder to whom the allotment has been made, within the time so fixed, or which he declines to accept, together with such shares as remain unallotted because of the pro-

32. No change.

33. No change.

visions of this section that no fraction of a share can be allotted, may be offered for subscription to the public in such manner and on such terms as the directors prescribe.

Distribution of fractions.

(4) Any sums received in excess of the rate per share fixed by the directors under this section in respect of fractions of shares offered for subsciption to the public shall be rateably distributed to the respective shareholders from whose shares the fractions arose. 1934, c. 24, s. 33.

Reduction of capital.

34. (1) The capital stock of the bank may be reduced by by-law passed by the shareholders at the annual general meeting, or at a special general meeting called for the purpose.

Approval of Treasury Board.

(2) No such by-law shall come into operation or be of force or effect until a certificate approving thereof has been issued by the Treasury Board.

Conditions for approval.

(3) No such certificate shall be issued by the Treasury Board unless application therefor is made within three months from the time of the passing of the by-law, nor unless it appears to the satisfaction of the Board that

(a) the shareholders voting for the by-law represent a majority in value of all the shares then issued by the bank; and

(b) a copy of the by-law, together with notice of intention to apply to the Treasury Board for the issue of a certificate approving thereof, has been published for at least four weeks in the *Canada Gazette*, and in one or more newspapers published in the place where the chief office of the bank is situate.

Statements to be submitted to Treasury Board.

(4) In addition to evidence of the passing of the by-law, and of the publication thereof in the manner in this section provided, statements showing

(a) the amount of stock issued;

(b) the number of shareholders represented at the meeting at which the by-law passed;

(c) the amount of stock held by each such shareholder;

(d) the number of shareholders who voted for the by-law;

(e) the amount of stock held by each of such last mentioned shareholders;

(f) the assets and liabilities of the bank in full; and

(g) the reason and causes why the reduction is sought shall be laid before the Treasury Board at the time of the application for the issue of a certificate approving the by-law.

Treasury Board may refuse.

(5) Nothing herein contained shall be construed to prevent the Treasury Board from refusing to issue the certificate if it thinks best so to do.

34. No change.

Not to affect liability of shareholders.

(6) The passing of the by-law, and any reduction of the capital stock of the bank thereunder, shall not in any way diminish or interfere with the liability of the shareholders of the bank to the creditors thereof at the time of the issue of the certificate approving the by-law.

If legislation is asked to sanction reduction.

(7) If in any case legislation is sought to sanction any reduction of the capital stock of any bank, a copy of the by-law or resolution passed by the shareholders in regard thereto, together with statements similar to those by this section required to be laid before the Treasury Board, shall, at least one month prior to the introduction into Parliament of the bill relating to such reduction, be filed with the Minister.

Limit of reduction.

(8) The capital shall not be reduced below the amount of two hundred and fifty thousand dollars of paid-up stock. 1934, c. 24, s. 34.

SHARES AND CALLS.

Shares personalty.

35. (1) The shares of the capital stock of the bank shall be personal property.

Books of subscription.

(2) For the purpose of disposing of stock which may be offered for subscription to the public under section thirty-three of this Act, stock books may be opened at the chief office of the bank, or at such of its branches, or elsewhere, as the directors prescribe.

Particulars entered.

(3) Each subscriber shall, at the time of subscription, give his post office address, and description, and these particulars shall appear in the stock books in connection with the name of the subscriber and the number of shares subscribed for. 1934, c. 24, s. 35.

Notice of liability.

36. There shall be printed in small pica type, or type of larger size, on each page in the stock books upon which subscriptions are recorded and on every document constituting or authorizing a subscription, on a part of the page and document respectively, which may be readily seen by the person recording the subscription, or by the person signing the document, a copy of section one hundred and twenty-nine of this Act. 1934, c. 24, s. 36.

Calls on shares.

37. (1) The directors may make such calls of money from the several shareholders for the time being, upon the shares subscribed for by them respectively, as they find necessary.

Number of.

(2) Any number of calls may be made by one resolution.

Intervals for calls.

(3) Such calls shall be payable at intervals of not less than thirty days.

Notice.

(4) Notice of such calls shall be given to the shareholders.

Limitation.

(5) No such call shall exceed ten per centum of each share subscribed. 1934, c. 24, s. 37.

35. No change.

36. No change.

37. No change.

Capital lost to be called for.

38. (1) If any part of the paid-up capital is lost the directors shall, if all the subscribed stock is not paid up, forthwith make calls upon the shareholders to an amount equivalent to the loss: Provided that all net profits shall be applied to make good such loss.

Returns to Minister.

(2) Any such loss of capital and the calls, if any, made in respect thereof, shall be mentioned in the next return made by the bank to the Minister. 1934, c. 24, s. 38.

Recovery of calls and instalments.

39. In case of the non-payment of any call, or instalment under an accepted allotment, the directors may, in the corporate name of the bank, sue for, recover, collect and get in any such call or instalment, or may cause and declare the shares in respect of which any such default is made to be forfeited to the bank. 1934, c. 24, s. 39.

Forfeiture.

Fine for failure to pay call.

40. (1) If any shareholder refuses or neglects to pay any instalment or call upon his shares of the capital stock at the time appointed therefor, such shareholder shall incur a penalty, to the use of the bank, of a sum of money equal to ten per centum of the amount of such shares.

Sale of forfeited shares at public auction.

(2) If the directors declare any shares to be forfeited to the bank they shall, within six months thereafter, without any previous formality other than public notice published for at least four weeks, of their intention so to do, sell at public auction the said shares, or so many of the said shares as shall, after deducting the reasonable expenses of the sale, yield a sum of money sufficient to pay the unpaid instalments or calls due on the remainder of the said shares, and the amount of penalties incurred upon the whole.

Transfer, how executed.

(3) The president, a vice-president, or the general manager of the bank shall execute the transfer to the purchaser of the shares so sold, and such transfer shall be as valid and effectual in law as if it had been executed by the original holder of the shares thereby transferred.

Remission of forfeiture or penalty.

(4) The directors, or the shareholders at a general meeting may, notwithstanding anything in this section contained, remit, either in whole or in part, and conditionally or unconditionally, any forfeiture or penalty incurred by the non-payment of instalments or calls as aforesaid. 1934, c. 24, s. 40.

Recovery by action. Allegations.

41. (1) In any action brought to recover any money due on any instalment or call, it shall not be necessary to set forth the special matter in the declaration or statement of claim, but it shall be sufficient to allege that the defendant is the holder of one share or more, as the case may be, in the capital stock of the bank, and that he is indebted to the bank for instalments or calls upon such share or shares, in the sum to which the instalments or calls amount, as

38. No change.

39. No change.

40. No change.

41. No change.

the case may be, stating the amount and number of the instalments or calls.

Proof.

(2) It shall not be necessary, in any such action, to prove the appointment of the directors. 1934, c. 24, s. 41.

TRANSFER AND TRANSMISSION OF SHARES.

Conditions for transfer of shares

42. (1) No transfer of the shares of the capital stock of the bank shall be valid unless

(a) made, registered and accepted by the person to whom the transfer is made, or by his attorney appointed in writing, in a book or books kept for that purpose; and

(b) the person making the transfer has, if required by the bank, previously discharged all his debts or liabilities to the bank which exceed in amount the remaining stock, if any, belonging to such person, valued at the then current rate.

Entries in books.

(2) The post office address and description of the transferee shall be entered in such book.

Fraction of share not transferable.

(3) No fractional part of a share, or less than a whole share shall be transferable.

Share register office may be opened in each province.

(4) The bank may open and maintain in any province in Canada in which it has resident shareholders and in which it has one or more branches or agencies, a share-registry office, to be designated by the directors, at which the shares of the shareholders, resident within the province, shall be registered and at which, and not elsewhere, except as hereinafter provided, such shares may be validly transferred.

Register and transfer of shares.

(5) Shares of persons who are not resident in Canada or in any province in which there is a branch or agency of the bank may be registered and shall be transferable at the chief office of the bank or elsewhere, as the directors may designate.

When change of residence.

(6) Whenever there is a change in the ownership of shares, and the new shareholder resides in a province other than that in which the former shareholder resided, and whenever there is a change in the residence of a shareholder from one province to another, or whenever a shareholder residing outside of Canada becomes a resident of a province in Canada, the registration of the shares shall be changed to the registry of the province in which the shareholder has his residence, if there is a branch or agency of the bank in that province and if a share-registry has been opened in that province, and the shares of such shareholder shall thereafter be transferable at such registry and not elsewhere, except as herein provided.

Residence defined.

(7) For the purposes of this section, a shareholder shall be deemed to be resident in the province in which he has according to the books of the bank, his post office address.

42. No change.

Agents.

(8) The directors shall appoint such agents for the purposes of this section as they deem necessary. 1934, c. 24, s. 42.

List of transfers.

43. (1) A list of all transfers of shares registered each day in the books of the bank at the respective places where transfers are authorized, showing in each case the parties to such transfers and the number of shares transferred, shall be made up at the end of each day.

For inspection.

(2) Such lists shall be kept at the said respective places for the inspection of the shareholders. 1934, c. 24, s. 43.

Requirements for valid transfer.

44. (1) All sales or transfers of shares, and all contracts and agreements in respect thereof, hereafter made or purporting to be made, shall be null and void, unless the person making the sale or transfer, or the person in whose name or behalf the sale or transfer is made, at the time of the sale or transfer,

(a) is the registered owner in the books of the bank of the share or shares so sold or transferred, or intended or purporting to be sold or transferred; or

(b) has the registered owner's assent to the sale.

Contract to state number.

(2) The distinguishing number or numbers, if any, of such share or shares shall be designated in the contract or agreement of sale or transfer.

Purchaser's rights preserved.

(3) Notwithstanding anything in this section contained, the rights and remedies under any contract of sale which does not comply with the conditions and requirements in this section mentioned, of any purchaser who has no knowledge of such non-compliance, are hereby saved. 1934, c. 24, s. 44.

Sale of shares under execution.

45. (1) When any share of the capital stock has been sold under a writ of execution, the officer by whom the writ was executed shall, within thirty days after the sale, leave with the bank an attested copy of the writ, with the certificate of such officer endorsed thereon, certifying to whom the sale has been made.

Transfer, how executed.

(2) The president, a vice-president or the general manager of the bank shall execute the transfer of the share so sold to the purchaser, but not until after all debts and liabilities to the bank of the holder of the share, and all liens in favour of the bank existing thereon, have been discharged as by this Act provided.

Validity.

(3) Such transfer shall be to all intents and purposes as valid and effectual in law as if it had been executed by the holder of the said share. 1934, c. 24, s. 45.

Transmission of shares.

46. (1) If the interest in any share in the capital stock of any bank is transmitted by or in consequence of

(a) the death, lunacy, bankruptcy, or insolvency of any shareholder; or

43. No change.

44. No change.

45. No change.

46. No change.

(*b*) the marriage of a female shareholder; or

(*c*) any lawful means, other than a transfer according to the provisions of this Act,

How authenticated.

the transmission shall be authenticated by a declaration in writing, as hereinafter mentioned, or in such other manner as the directors of the bank require.

Declaration.

(2) Every such declaration shall distinctly state the manner in which and the person to whom the share has been transmitted, and shall give his post office address and description, and such person shall make and sign the declaration.

Acknowledgment.

(3) The person making and signing the declaration shall acknowledge the same before a judge of a court of record, or before the mayor, provost or chief magistrate of a city, town, borough or other place, or before a notary public, or a commissioner for taking affidavits, where the said declaration is made and signed.

To be left with bank.

(4) Every declaration so signed and acknowledged shall be left with the general manager, or other officer or agent of the bank, who shall thereupon enter the name of the person entitled under the transmission in the register of shareholders.

Exercise of rights as shareholder.

(5) Until the transmission has been so authenticated, no person claiming by virtue thereof shall be entitled to participate in the profits of the bank, or to vote in respect of any such share of the capital stock. 1934, c. 24, s. 46.

Transmission by marriage of female shareholders.

47. (1) If the transmission of any share of the capital stock has taken place by virtue of the marriage of a female shareholder, the declaration shall be accompanied by a copy of the register of such marriage, or other particulars of the celebration thereof, and shall declare the identity of the wife, with the holder of such share, and shall be made and signed by such female shareholder and her husband.

Declaration.

If separate property of wife.

(2) The declaration may include a statement to the effect that the share transmitted is the separate property and under the sole control of the wife, and that she may, without requiring the consent or authority of her husband, receive and grant receipts for the dividends and profits accruing in respect thereof, and dispose of and transfer the share itself.

Revocation.

(3) The declaration shall be binding upon the bank and persons making the same, until the said persons see fit to revoke it by a written notice to the bank to that effect.

Omission not to invalidate.

(4) The omission of a statement in any such declaration that the wife making the declaration is duly authorized by her husband to make the same shall not invalidate the declaration. 1934, c. 24, s. 47.

47. No change.

Authentication of declaration and papers in certain cases.

48. (1) Every such declaration and instrument as are by the last two preceding sections required to perfect the transmission of a share in the bank shall, if made in any country other than Canada, the United Kingdom or a British Dominion or colony,

(a) be further authenticated by the clerk of a court of record under the seal of the court, or by the British consul or vice-consul, or other accredited representative of His Majesty's Government in the country where the declaration or instrument is made; or

(b) be made directly before such British consul, vice-consul or other accredited representative.

Further evidence.

(2) The directors, general manager or other officer or agent of the bank may require corroborative evidence of any fact alleged in any such declaration. 1934, c. 24, s. 42.

Transmission by will or intestacy.

49. (1) If the transmission has taken place by virtue of any testamentary instrument, or by intestacy, the probate of the will, or the letters of administration, or act of curatorship or tutorship, or an official extract therefrom, shall, together with the declaration, be produced and left with the general manager or other officer or agent of the bank.

Entry.

(2) The general manager or other officer or agent shall thereupon enter in the register of shareholders the name of the person entitled under the transmission. 1934, c. 24, s. 49.

Transmission by decease.

50. Notwithstanding anything in this Act, if the transmission of any share of the capital stock has taken place by virtue of the decease of any shareholder, the production to the directors and the deposit with them of

(a) any authenticated copy of the probate of the will of the deceased shareholder, or of letters of administration of his estate, or of letters of verification of heirship, or of the act of curatorship or tutorship, granted by any court in Canada having power to grant the same, or by any court or authority in England, Wales, Northern Ireland, or any British Dominion or colony, or of any testament-testamentar or testament-dative expede in Scotland;

(b) an authentic notarial copy of the will of the deceased shareholder, if such will is in notarial form according to the law of the province of Quebec; or

(c) if the deceased shareholder died outside of His Majesty's dominions, any authenticated copy of the probate of his will or letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters;

shall be sufficient justification and authority to the directors for paying any dividend, or for transferring or authorizing

48. No change.

49. No change.

50. No change.

the transfer of any share, in pursuance of and in conformity to the probate, letters of administration, or other such document as aforesaid. 1934, c. 24, s. 50.

SHARES SUBJECT TO TRUSTS.

Bank not bound to see to trusts.

51. (1) The bank shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any share of its stock is subject.

Receipt.

(2) The receipt of the person in whose name any such share stands in the books of the bank, or, if it stands in the names of more persons than one, the receipt of one of such persons shall be a sufficient discharge to the bank for any dividend or any other sum of money payable in respect of such share, unless, previously to such payment, express notice to the contrary has been given to the bank.

Bank not bound.

(3) The bank shall not be bound to see to the application of the money paid upon such receipt whether given by one of such persons or all of them. R.S., c. 12, s. 51.

Executor or trustee not personally liable.

52. (1) No person holding stock in the bank as executor, administrator, guardian, trustee, tutor or curator

(a) of or for any estate, trust or person named in the books of the bank as being represented by him; or

(b) if the will or other instrument under or by virtue of which the stock is so held be named in the books of the bank in connection with such holding,

shall be personally subject to any liability as a shareholder; but the estate and funds in his hands shall be liable in like manner and to the same extent as the testator, intestate, ward or person interested in such estate and funds would be, if living and competent to hold the stock in his own name.

Cestui que trust liable

(2) If the trust is for a living person or corporation, such person or corporation shall also be liable as a shareholder to the extent of his or its respective interest in the shares.

Executor or trustee liable if trust not named.

(3) If the estate, trust or person so represented, or will or other instrument, is not named in the books of the bank, the executor, administrator, guardian, trustee, tutor or curator shall be personally liable in respect of the stock as if he held it in his own name as owner thereof. 1934, c. 24, s. 52.

ANNUAL AND SPECIAL STATEMENTS.

Statement to be laid before annual general meeting.

53. (1) At every annual general meeting of the shareholders, the outgoing directors shall submit a full and clear statement of the affairs of the bank, exhibiting, on the one part, the liabilities of the bank, and, on the other part, the assets and resources thereof, and the statement shall

51. No change.

52. No change.

53. The change in s. 53 is to remove to a new Schedule O the form of the annual statement formerly set out in detail in ss. 2 and 3, and to add the words "by the bank" to ss. (8).

In the new Schedule O only minor changes have been made by deleting former item *(m)* on the Liabilities side, and by combining former items *(a)* and *(b)*, *(c)* and *(d)*, and *(g)* and *(i)* on the Assets side.

be signed by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the statement is signed, and shall be signed on behalf of the board by the president or a vice-president or any other two directors, neither of whom shall be an officer of the bank.

Form of statement.

(2) The statement shall, without restricting the generality of the requirements of the next preceding subsection, be in the form set forth in Schedule O to this Act.

Power to amend.

(3) The Governor in Council shall have power from time to time to make such amendments and additions to the said Schedule O and to the items required to be set forth therein as he may deem expedient.

Statement controlled corporation.

(4) Whenever a bank carries on any part of its operations in the name of a corporation controlled by such bank, then there shall accompany the statement, a further statement showing the assets and liabilities of each such corporation, and the value placed upon the bank's interest in the corporation.

Auditors.

(5) The auditors of the bank shall, for any purposes within the purview of this Act, be deemed auditors of such controlled corporation, and the shareholders of the bank at every annual general meeting shall appoint such person to act as proxy for the bank at any and all meetings of such controlled corporation as they may see fit.

Other particulars.

(6) Any other or further particulars than those called for by subsections two and three of this section, which, in the opinion of the directors, are necessary to a full and clear statement of the affairs of the bank shall also be included and shown in such statement.

Profit and loss account.

(7) A profit and loss account for the financial year of the bank next preceding the date of the annual general meeting shall accompany the statement and be attached thereto, and shall be signed on behalf of the board by the same persons as are required by this section to sign the statement referred to.

Copies of statement to be sent to shareholders and Minister.

(8) A copy of the statement and of the profit and loss account, together with a copy of the minutes of the annual general meeting, shall be sent within four weeks thereafter to each shareholder at his last known post office address, as shown by the books of the bank, and concurrently therewith a certified copy of each of these shall be sent to the Minister by the bank. 1934, c. 24, s. 53, am.

Further statements as required by by-law.

54. (1) The directors shall also submit to the shareholders such further statements of the affairs of the bank as the shareholders require by by-law passed at the annual general meeting, or at any special general meeting of the shareholders called for the purpose.

When to be submitted.

(2) The statements so required shall be submitted at the annual general meeting, or at any special general meeting called for the purpose, or at such time and in such manner as is set forth in the by-law of the shareholders requiring such statements. 1934, c. 24, s. 54.

SHAREHOLDERS' AUDIT

Who qualified to audit.

55. (1) The affairs of the bank shall be audited by two persons, residing in Canada, each one of whom shall be an accountant who has for at least six years preceding the date of his appointment, as hereinafter provided, practised his profession in Canada, and who shall also be a member in good standing of an institute or association of accountants incorporated under the authority of the legislature of any province of Canada.

Lists to be furnished to Minister and Association.

(2) A list or lists shall be furnished to the Minister and also to the Association by each such incorporated institute or association of accountants on or before the thirtieth day of June in each year, of all members of their corporation in good standing whose names are entitled to be included therein as determined by the provisions of the last preceding subsection, together with their addresses and the names of the firms, if any, of which they are members, and such list or lists shall be certified under their corporate seals respectively.

The Minister may select auditors.

(3) The Minister may, not later than the thirtieth day of September next following, select from such list or lists the persons, any one of whom shall be eligible to be appointed an auditor of a bank under this section, and if the Minister does not make a selection as herein provided all the persons on the list or lists so furnished shall be eligible for appointment as auditors of a bank.

Publication of list.

(4) The Minister shall, as soon thereafter in each year as may be convenient, cause to be inserted in two successive issues of the *Canada Gazette* a public notice containing the names and other particulars of persons so selected, or if no selection has been made, then the names and other partic-

54. No change.

55. No change.

ulars of the persons included in such list or lists as furnished, and the persons included in such published notice shall be deemed qualified for appointment as auditors of a bank.

Appointment of auditors.

(5) The shareholders shall at each annual general meeting appoint two persons, not members of the same firm, whose names are included in the last published list, to audit the affairs of the bank, but if the same two persons, or members respectively of the same two firms have been appointed for two years in succession to audit the affairs of any one bank, one such person or any member of one such firm shall not be again appointed to audit the affairs of such bank during the period of two years next following the term for which he was last appointed.

Vacancy.

(6) If any vacancy should occur in the office of auditor of a bank, notice thereof shall forthwith be given by the bank to the Minister, who shall thereupon appoint some other person included in the published list for the year to serve for the unexpired term of the person previously appointed.

Remuneration of auditors.

(7) The remuneration of auditors shall be fixed by the shareholders at the time of their appointment, and in the event of any vacancy and the appointment of another auditor under the next preceding subsection, the remuneration so fixed shall be divided between them in such manner as the directors shall consider just and reasonable.

Powers and rights of auditors.

(8) Every auditor of a bank shall have a right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require and receive from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors.

Procedure and scope of audit.

(9) The Minister may from time to time require that the auditors of a bank shall report to him upon the adequacy of the procedure adopted by the bank for the safety of its creditors and shareholders, and as to the sufficiency of their own procedure in auditing the affairs of the bank; and the Minister may at his discretion enlarge or extend the scope of the audit, or direct that any other or particular examination be made or procedure established in the particular case as the public interest may seem to require.

Duty with respect to directors.

(10) It shall be the duty of the auditors to report individually or jointly as to them may seem fit to the general manager and to the directors in writing any transactions or conditions affecting the well being of the bank which are not satisfactory to them, and which in their opinion require

rectification, and without restricting the generality of this requirement they shall report specifically to the general manager and to the directors from time to time upon any loans exceeding one per cent of the paid-up capital of the bank which in their judgment are inadequately secured, but this provision shall not be construed to relieve any director from the due and proper discharge of the duties of a director.

To whom report sent.

(11) The report shall be transmitted or delivered by the auditors to the general manager at his office and to each director at his last known post office address and the said report shall be incorporated in the minutes of the directors' meeting first following the receipt of the said report.

Entry in minutes.

Report of auditors to shareholders.

(12) The auditors shall make a report to the shareholders on the statement of the affairs of the bank to be submitted by the directors to the shareholders under section fifty-three of this Act during their tenure of office.

(13) The report shall state

(a) whether or not they have obtained all the information and explanations they have required;

(b) whether, in their opinion, the transactions of the bank which have come under their notice have been within the powers of the bank;

(c) whether, in their opinion, the statement referred to in the report discloses the true condition of the bank; and

(d) whether the statement is as shown by the books of the bank.

Attached to annual statement and read.

(14) The auditors' report shall be attached to the statement submitted by the directors to the shareholders under section fifty-three of this Act, and the report shall be read before the shareholders in the annual general meeting.

Audit and report on further statements.

(15) Any further statement of the affairs of the bank submitted by the directors to the shareholders under section fifty-four of this Act shall be subject to audit and report, and the report of the auditors thereon shall state

(a) whether or not they have obtained the information and explanations they have required; and

(b) whether, in their opinion, such further statement discloses to the extent thereof the true condition of the bank.

Attached to statement and read.

(16) The auditors' report shall be attached to the further statement referred to in the next preceding subsection, and shall be read before the shareholders at the meeting

to which such further statement is submitted, and a copy of the statement and report shall be mailed to every shareholder at his last known address.

Copies.

(17) A person appointed under this section to audit the affairs of a bank shall not during the term for which such person is appointed accept any retainer or undertake any employment on behalf of such bank other than that of auditor hereunder; provided nothing herein contained shall prevent such person from being retained or employed to inquire into or deal with any situation arising out of or connected with the financial position or affairs of any borrower from or customer of the bank or from performing such other services with respect to such borrower or customer as the directors of the bank, in any of the foregoing circumstances, may by resolution declare to be necessary or expedient for the protection or benefit of the bank; and failure to comply with the provisions of this subsection shall be an offence against this Act.

Auditor not to undertake other employment for bank.

Proviso.

Offence.

(18) No person shall be appointed an auditor of a bank if such person or any member of his firm is a director or officer of such bank.

Director or officer not eligible.

(19) A copy of all reports made by the auditors of a bank to the general manager and to the directors under this section shall be transmitted or delivered to the Minister by the auditors at the same time as such reports are transmitted or delivered to the general manager and directors. 1934, c. 24, s. 55.

Auditors' reports to be sent to the Minister.

Inspection.

Inspector General of Banks to be appointed.

56. (1) The Governor in Council on the recommendation of the Minister shall appoint a person who in his opinion has had proper training and experience who shall be charged with the performance of the duties hereinafter mentioned; and such person shall be designated "Inspector General of Banks," hereinafter called the Inspector.

Temporary inspector.

(2) The Minister may direct some other competent person to perform temporarily the duties of the Inspector should the Inspector, by reason of illness or other contingency, be unable to perform such duties.

Tenure of office.

Removal.

(3) The Inspector shall hold office during good behaviour, but may be removed from office by the Governor in Council for misbehaviour or incapacity, inability, or failure to perform his duties properly.

Reasons for removal.

(4) If the Inspector is removed from office for any such reasons the Order in Council providing for such removal and documents relating thereto shall be laid before Parliament within the first fifteen days of the next ensuing session.

56. No change except in ss. (11).

To receive no other compensation.

(5) The Inspector while holding office shall not perform any service for compensation other than the service rendered by him under the provisions of this section.

Officials and clerical assistants.

(6) The Minister may appoint or employ on the recommendation of the Deputy Minister of Finance and the Inspector, such persons with training and experience and such clerical assistants as may be deemed necessary to carry out and give effect to the provisions of this section.

Salary.

(7) Persons so appointed or employed shall receive such salary or remuneration as may be fixed by the Minister.

Examination and inquiry into affairs of banks.

(8) The Inspector, from time to time, but not less frequently than once in each calendar year, shall make or cause to be made, such examination and inquiry into the affairs or business of each bank as he may deem to be necessary or expedient, and for such purposes take charge on the premises of the assets of the bank or any portion thereof, if the need should arise, for the purposes of satisfying himself that the provisions of this Act having reference to the safety of the creditors and shareholders of each such bank are being duly observed and that the bank is in a sound financial condition, and at the conclusion of each such examination and inquiry shall report thereon to the Minister.

Report.

Access to books and accounts, etc., of banks.

(9) The Inspector, or person acting under his direction, shall have a right of access to the books and accounts, documents, vouchers and securities of the bank, and shall be entitled to require and receive from the directors, officers and auditors of the bank such information and explanation as he may deem necessary for the performance of his duties.

Powers of commissioner under Inquiries Act.

(10) The Inspector shall have all the powers conferred upon a commissioner appointed under the *Inquiries Act* for the purpose of obtaining evidence under oath, and may delegate such powers as occasion may require, and any person who refuses to give such evidence or to produce any book or document material thereto when required so to do shall be guilty of an offence against this Act.

Reports on banks found to be insolvent.

(11) Whenever the Inspector is satisfied that a bank is insolvent he shall report fully on the bank's condition to the Minister, and the Minister may, without waiting for the bank to suspend payment in Bank of Canada notes of any of its liabilities as they accrue, forthwith appoint in writing a curator to supervise the affairs of such bank, and such appointment shall have the same effect as if the bank had suspended payment in Bank of Canada notes of any of its liabilities as they accrued.

Salary.

(12) The Inspector shall be paid a salary fixed by the Governor in Council on the recommendation of the Minister.

Ss. (11) The only change is to delete references to payment in "*specie or Dominion notes*".

Salaries and expenses paid out of Consolidated Revenue Fund and recouped by assessment on banks.

(13) Provided an appropriation therefor has been made by Parliament, all salaries, remuneration and other expenses incidental to giving effect to this section shall be paid out of the Consolidated Revenue Fund, and the Consolidated Revenue Fund shall be recouped after the end of each calendar year for such outlay by an assessment upon the banks based upon the average total assets of the banks, respectively, during the year, as shown by the monthly returns made by the banks to the Minister under section one hundred and twelve of this Act, and such assessment shall be paid by the banks.

Officials to be officers of Finance Department. R.S., c. 22.

(14) All persons appointed under this section shall be officers of the Department of Finance, but the provisions of the *Civil Service Act* shall not apply to such persons.

No liability to depositor, creditor, or shareholder for damages, payment or compensation, under this section.

(15) His Majesty shall not incur any liability whatever to any depositor, creditor or shareholder of any bank, or to any other person, for any damages, payment, compensation or indemnity which he may suffer or claim by reason of this section or anything therein contained, or by reason of anything done or omitted to be done under the requirements thereof, or by reason of anything omitted to be done which is hereby required to be done, or by reason of any order or direction of the Governor in Council or of the Minister in the execution or administration of the powers or any of them by this section conferred, or by reason of any failure or omission on the part of the Governor in Council or of the Minister or of the Inspector or of any officer or employee of His Majesty to execute or discharge any power, authority, or duty thereunder, or otherwise by reason of any default, negligence, mistake, error or omission in the administration or discharge of the powers or duties which in any circumstances are by this section intended or authorized to be executed or performed; and no such payment, damages, compensation or indemnity, nor any claim therefor, shall in any case be authorized, paid or entertained by His Majesty. 1934, c. 24, s. 56, am.

DIVIDENDS.

Quarterly or half-yearly dividends.

57. (1) The directors of the bank may, subject to the provisions of this Act, declare quarterly or half-yearly dividends of so much of the profits of the bank as to the majority of them seems advisable.

Notice.

(2) The directors shall give public notice, published for at least four weeks, of the payment of such dividends previously to the date fixed for such payment.

Where payable.

(3) Dividends shall, on and after the date fixed for payment, be payable at the chief office of the bank and at such of its branches and at such other places as the directors prescribe.

57. No change.

Books closed.

(4) The directors may close the transfer books during a certain time, not exceeding fifteen days, before the payment of each dividend.

Liability of bank.

(5) The liability of any bank under any law, custom or agreement to pay dividends heretofore or hereafter declared and payable on its capital stock shall continue notwithstanding any statute of limitations or any enactment or law relating to prescription. 1934, c. 24, s. 57.

No prescription.

Dividend not to impair capital.

58. (1) No dividend or bonus shall be declared so as to impair the paid-up capital of the bank.

Directors liable for such dividend.

(2) The directors who knowingly and wilfully concur in the declaration or making payable of any dividend or bonus, whereby the paid-up capital of the bank is impaired, shall be jointly and severally liable for the amount of such dividend or bonus, as a debt due by them to the bank.

Dividend limited unless there is a certain reserve.

(3) No division of profits, either by way of dividends or bonus, or both combined, or in any other way, exceeding the rate of eight per centum per annum, shall be made by the bank, unless, after making the same, the bank has a rest or reserve fund, equal to at least thirty per centum of its paid-up capital after providing all the appropriations necessary for ascertained and estimated losses.

Personal liability of directors.

(4) The directors who knowingly and wilfully concur in any division of profits exceeding the rate of eight per centum per annum, unless after making the same the bank has a rest or reserve fund equal to at least thirty per centum of its paid-up capital after making the appropriations necessary to provide for losses, shall be jointly and severally liable for the amount so divided, as a debt due by them to the bank. 1934, c. 24, s. 58.

CASH RESERVES.

Cash reserves in Bank of Canada notes and deposits.

59. The bank shall maintain a reserve which shall, as provided in the *Bank of Canada Act*, be not less than five per centum of such of its deposit liabilities as are payable in Canadian dollars and such reserve shall consist of a deposit with the Bank of Canada and of Bank of Canada notes held by the bank; and the bank shall also maintain with the Bank of Canada or elsewhere adequate reserves against liabilities elsewhere than in Canada and furnish such information as may be required by the Minister from time to time to satisfy him that such reserves against liabilities elsewhere than in Canada are so maintained. 1934, c. 24, s. 59, ss. (4) am.

Other reserves.

58. No change.

59. The former section read:

"**59.** (1) The bank shall hold in Dominion notes not less than forty per centum of the cash reserves which it has in Canada.

(2) The Minister shall make such arrangements as are necessary for ensuring the delivery of Dominion notes to any bank in exchange for an equivalent amount of gold coin lawfully current at the several branch offices of the Department of Finance established for the redemption of Dominion notes under the provisions of the *Dominion Notes Act*.

(3) Such notes shall be redeemable at any of the branch offices mentioned in subsection two hereof.

(4) The next three preceding subsections of this section shall be repealed on and from the date on which the Bank of Canada is authorized to commence business, and on and after that date the bank shall maintain a reserve which shall, subject to the provisions of the *Bank of Canada Act*, be not less than five per centum of its deposit liabilities within Canada and which shall consist of a deposit with the Bank of Canada, and of notes of the Bank of Canada held by the bank; and the bank shall also maintain with the Bank of Canada or elsewhere adequate reserves against liabilities elsewhere than in Canada, and furnish such information as may be required by the Minister from time to time to satisfy him that such reserves against external liabilities are so maintained."

The obsolete references to *Dominion notes* have been deleted, that is ss. (1), (2) and (3) of the former section 59 respecting *Dominion notes* have been dropped and the section as it now reads is similar to ss. (4) of that section and corresponds to section 27 of the *Bank of Canada Act*.

Restriction on issue of notes.

60. (1) Except as provided in the next following section, no bank shall issue or re-issue notes of the bank payable to bearer on demand and intended for circulation.

(2) Nothwithstanding anything contained in the next following section, no bank shall issue or re-issue any such notes during any period of suspension of payment of its liabilities, or, if after any such suspension the bank resumes business without the consent in writing of the curator hereinafter provided for, until authorized by the Treasury Board so to do. 1934, c. 24, s. 60, am.

Right of issue in certain circumstances in Canada.

Outside of Canada.

61. (1) Any bank enumerated in Schedule A to this Act may, subject to the provisions of this section,

(a) issue or re-issue outside of Canada at any branch, agency or office of the bank in any British Dominion, colony or possession, its notes payable to bearer on demand and intended for circulation in such Dominion, colony or possession, for the sum of one pound sterling each or for any multiple of such sum, or for the sum of five dollars each, or for any multiple of such sum, of the dollars in commercial use in such Dominion, colony or possession, if the issue or re-issue of such notes is not forbidden by the laws of such Dominion, colony or possession;

(b) issue or re-issue in Canada its notes payable to bearer on demand and intended for circulation in Canada for the sum of five dollars each, or for any sum which is a multiple of five dollars, until the first day of January, one thousand nine hundred and forty-five.

(2) No bank shall issue or re-issue in Canada notes of the bank intended for circulation outside of Canada.

Liability for redemption external issue.

(3) A bank shall be liable to redeem its notes issued for circulation outside of Canada at par at any branch, agency or office of the bank in the Dominion, colony or possession in which such notes are issued for circulation and not elsewhere except as provided in the next following subsection, and the place of redemption of such notes shall be legibly printed or stamped across the face of each note so issued.

If branch or agency closed.

(4) Where a bank issues its notes for circulation in any British Dominion, colony or possession, if the bank ceases to have a branch or agency or office in such Dominion, colony or possession and does not maintain arrangements for the redemption in such Dominion, colony or possession of its outstanding notes issued therein, the bank shall be liable to redeem all such outstanding notes whether expressed in pounds sterling or in terms of dollars in commercial use in such Dominion, colony or possession, at the head office of

60. The former sections 60-65 have been recast to—

1. preclude a new bank from issuing notes;
2. limit the right of existing banks to issue and re-issue notes in Canada until Jan. 1, 1945; in the period Jan. 1, 1945, to Jan. 1, 1950, they shall have no right to issue or re-issue, and by Jan. 1, 1950, their outstanding domestic notes must be retired; and
3. limit the foreign-note issues of existing banks to 10% of their unimpaired paid up capital.

The former subsections (1) and (2) of section 60 read:

"**60.** (1) The bank may issue and reissue its notes payable to bearer on demand and intended for circulation: Provided that

(a) the bank shall not, during any period of suspension of payment of its liabilities, issue or reissue any of its notes; and

(b) if, after any such suspension, the bank resumes business without the consent in writing of the curator, hereinafter provided for, it shall not issue or reissue any of its notes until authorized by the Treasury Board so to do."

(2) No such note shall be for a sum less than five dollars, or for any sum which is not a multiple of five dollars.

61. The former **61** read:

"**61.** (1) Subsections three to eighteen, both inclusive, of the next preceding section shall be repealed on and from the day on which the Bank of Canada is authorized to commence business.

(2) Notwithstanding anything contained in the next preceding section, on and after the day on which the Bank of Canada is authorized to commence business, the maximum amount of notes of a bank in circulation at any time shall not exceed the amount of the unimpaired paid-up capital of the bank on the said day on which the Bank of Canada is authorized to commence business, and on the first day of January in each year for a period of five years commencing on the first day of January nineteen hundred and thirty-six the said maximum shall be reduced by five per centum, and on the first day of January in each year for a period of five years commencing on the first day of January nineteen hundred and forty-one the said maximum shall be reduced by ten per centum and thereafter until Parliament further enacts, the amount of notes of a bank in circulation shall not exceed twenty-five per centum of the amount of the unimpaired paid-up capital of the bank. In the event of any reduction or impairment of the paid-up capital, the maximum amount of notes of the bank which may be in circulation shall be reduced to the amount which would have been authorized if the reduction or impairment aforesaid had occurred on the day on which the Bank of Canada was authorized to commence business.

the bank in Canadian currency at a rate to be established for that purpose by the Governor in Council on a report of the Treasury Board, which rate may be varied from time to time by the Governor in Council on such a report.

Limit on external issue.

(5) The total amount of the notes of a bank issued for circulation outside of Canada and outstanding at any time shall not exceed an amount equal to ten per centum of the amount of the unimpaired paid up capital of the bank, the total amount of such notes to be calculated in Canadian currency at a rate to be established by the Governor in Council on the report of the Treasury Board, which rate may be varied from time to time by the Governor in Council on such a report.

Limit on issue in Canada.

(6) The total amount of the notes of a bank issued for circulation in Canada outstanding at any time in the year one thousand nine hundred and forty-four, shall not exceed an amount equal to thirty-five per centum of the amount of the unimpaired paid up capital of the bank, and shall not, on and after the first day of January one thousand nine hundred and forty-five, exceed an amount equal to twenty-five per centum of the amount of the unimpaired paid up capital of the bank.

Payment to Bank of Canada January, 1950.

(7) Each bank enumerated in Schedule A to this Act, except any such bank which has suspended payment of its liabilities as they accrue, shall within five days after the first day of January one thousand nine hundred and fifty pay to the Bank of Canada out of its balance with the Bank of Canada an amount equal to the face value of the notes issued by it intended for circulation in Canada outstanding on the said date and upon such payment being made such bank shall cease to be liable to redeem such notes; and if the bank fails to pay such amount within such period, such amount, together with interest thereon at the rate of five per centum per annum to the date of payment, may be recovered by the Bank of Canada by action.

Redemption by Bank of Canada thereafter.

(8) Upon payment by any bank to the Bank of Canada under the next preceding subsection, the Bank of Canada shall, notwithstanding anything contained in any other statute, be liable to redeem all notes issued by such bank intended for circulation in Canada thereafter presented to it. 1934, c. 24, s. 62 am.

Return of notes in circulation.

62. Each bank enumerated in Schedule A to this Act shall, within twenty-eight days after the last day of each month, send to the Minister a return and declaration in the form set forth in Schedule M to this Act showing the amount of its notes in circulation on the juridical day of such month on which the amount of its notes in circulation was the greatest, and such return and declaration shall be signed by the chief accountant and by the president, or vice-president,

(3) The next preceding subsection shall not operate to limit the authority of the bank to issue notes under the provisions of the next succeeding section of this Act, provided that the total amount of the notes which may be in circulation in Canada and elsewhere shall not in any circumstances exceed the amount of the unimpaired paid-up capital of the bank.

(4) In the case of a bank authorized to commence business after the day on which this section comes into force, the said bank shall be subject to the provisions of this section as if it had been authorized to commence business on the day on which this section comes into operation."

This new section repeats the provisions of the former sections, providing for foreign notes, but adds a specific limitation to the amount of foreign note issue, *viz.*, 10 per cent of unimpaired paid-up capital.

Throughout this section a British Dominion is included with "colony or possession" to cover possible changes of status.

Provision is made for payment to the Bank of Canada of the funds needed to redeem any bank notes outstanding on January 1, 1950; for banks which suspend payment of liabilities before January 1, 1950, *see* proposed amendments to sections 65 and 120.

62. This section corresponds to former s. 60, ss. (19) and (20). The return is now required to show merely the greatest amount of notes in circulation in each month, thus eliminating much unnecessary clerical work.

or the director then acting as president, and by the general manager or other principal officer next in authority in the management of the affairs of the bank at the time at which the declaration is signed; provided that no such bank shall be required to state in any such return made in respect of any month after the month of December, one thousand nine hundred and forty-nine, the amount of notes issued by it intended for circulation in Canada. 1934, c. 24, s. 60, ss. (19) and (20) am.

Proviso

Pledge of notes prohibited.

63. The bank shall not pledge, assign or hypothecate its notes and no advance or loan made on the security of the notes of the bank shall be recoverable from the bank or its assets. 1934, c. 24, s. 63.

Bank Circulation Redemption Fund.

64. (1) The Minister shall, until all payments required to be made under sub-section seven of section sixty-one and all payments, if any, required to be made under subsection one of section one hundred and twenty of this Act, have been made to the Bank of Canada, continue to hold moneys heretofore paid to and deposited with him or hereafter paid to him as provided in this section, constituting the fund known as the Bank Circulation Redemption Fund, for the sole purpose of payment in the manner provided in this Act, in the event of the suspension by a bank of payment in Bank of Canada notes of any of its liabilities as they accrue, of the notes then issued or re-issued by such bank intended for circulation and then in circulation and interest thereon.

Adjustment.

(2) The Circulation Fund shall be adjusted by payments from the Fund to the banks or by the banks to the Fund, as soon as possible after the thirtieth day of June in each year ending with the year one thousand nine hundred and forty-nine, so that the amount at the credit of each bank in the Fund equals five per centum of the average note circulation of the bank during the then last preceding twelve months as determined from the average of the amount of its notes in circulation as shown by the monthly returns for such period made by the bank to the Minister. Such Fund shall bear interest at the rate of three per centum per annum.

Refund.

(3) When all payments required to be made under sub-section seven of section sixty-one and all payments, if any, required to be made under subsection one of section one hundred and twenty of this Act have been made to the Bank of Canada, the Minister shall refund to each bank the amount then standing to its credit in the Circulation Fund, and interest thereon. New and 1934, c. 24, s. 64, ss. (6) am.

63. No change.

64. This section provides for the winding up of the Circulation Fund after full provision has been made for redemption of Canadian note issues.

The former s. **64** read:

"**64.** (1) The moneys heretofore paid to and now deposited with the Minister by the banks to which this Act applies, constituting the fund known as the Bank Circulation Redemption Fund, shall continue to be held by the Minister for the purposes and subject to the provisions in this section mentioned and contained.

(2) The Minister shall, upon the issue of a certificate under this Act authorizing a bank to issue notes and commence the business of banking, retain, out of any moneys of such bank then in his possession, the sum of five thousand dollars, which sum shall be held for the purposes of this section, until the annual adjustment hereinafter provided for takes place in the year then next following.

(3) The amount at the credit of such bank shall, at such next annual adjustment, be adjusted by payment to or by the bank of such sum as is necessary to make the amount of money at the credit of the bank equal to five per centum of the average amount of its notes in circulation from the time it commenced business to the time of such adjustment and such sum shall thereafter be adjusted annually as hereinafter provided.

(4) The amounts heretofore and from time to time hereafter paid, to be retained and held by the Minister as by this section provided, shall continue to form and shall form the Circulation Fund.

(5) The Circulation Fund shall continue to be held as heretofore for the sole purpose of payment, in the event of the suspension by a bank of payment in specie or Dominion or Bank of Canada notes of any of its liabilities as they accrue, of the notes then issued or reissued by such bank, intended for circulation, and then in circulation, and interest thereon.

(6) The Circulation Fund shall be adjusted, as soon as possible after the thirtieth day of June in each year, in such way as to make the amount at the credit of each bank contributing thereto, unless herein otherwise specially provided, equal to five per centum of the average note circulation of such bank during the then last preceding twelve months. Such Fund shall bear interest at the rate of three per centum per annum.

(7) The average note circulation of a bank during any period shall be determined from the average of the amount of its notes in circulation, as shown by the monthly returns for such period made by the bank to the Minister; and where, in any return the greatest amount of notes in

Notes of bank suspending payment to bear interest.

65. (1) In the event of the suspension by a bank of payment in Bank of Canada notes of any of its liabilities as they accrue, the notes of the bank issued or reissued intended for circulation and then in circulation shall bear interest at the rate of five per centum per annum, from the day of the suspension to such day as is named by the directors, or by the liquidator, receiver, assignee or other proper official, for the payment thereof.

Notice of time for payment.

(2) Notice of such day shall be given by advertisement in at least three consecutive issues of a daily newspaper, published in the place in which the chief office of the bank is situate, and if there is no daily newspaper published there, then by advertisement in two consecutive issues of any weekly newspaper published in that place.

As to notes not then presented.

(3) If any notes presented for payment on or after any day named for payment thereof are not paid, all notes then unpaid and in circulation shall continue to bear interest until such further day is named for payment thereof, of which day notice shall be given in manner hereinbefore provided.

Notes not redeemed to be paid out of Circulation Fund.

(4) If the directors of the bank or the liquidator, receiver, assignee or other proper official fails to make arrangements within two months from the day of the suspension of payment by the bank, for the payment of all of its notes and interest thereon, the Minister may make arrangements for the payment by the Bank of Canada on his behalf out of the Circulation Fund, of the notes remaining unpaid and all interest thereon, and the Minister shall give such notice of the payment as he thinks expedient.

Interest to cease.

(5) Subject to the next following subsection, all interest upon such notes shall cease upon and from the date named by the Minister for such payment.

Rights of Minister.

(6) The Minister shall, with respect to all notes paid out of the Circulation Fund by the Bank of Canada on his behalf, have the same rights as any other holder of notes of the bank:

Proviso.

Provided that all such notes, and all interest thereon, so paid, after the amount at the credit of such bank in the Circulation Fund and all interest due or accruing due thereon has been exhausted, shall bear interest, at the rate of three per centum per annum, from the time such notes and interest are paid until the amount of such notes and interest are repaid to the Minister by or out of the assets of such bank.

Government not liable.

(7) Nothing herein shall be construed to impose any liability upon His Majesty or upon the Minister or upon the Bank of Canada, beyond the amount available from time to time out of the Circulation Fund.

Section ceases to operate.

(8) This section shall cease to operate in respect of any bank after the payment required to be made by subsection seven of section sixty-one of this Act has been made by such bank to the Bank of Canada. 1934, c. 24, s. 65 am.

circulation at any time during the month is given, such amount shall, for the purposes of this section, be taken to be the amount of the notes of the bank in circulation during the month to which such return relates : Provided, however, that in determining the average note circulation of a bank under this subsection the daily average for each month of the amount of the bank's deposit, if any, in the central gold reserves which has not been withdrawn or deemed to be withdrawn within the meaning of this Act shall be deducted from the greatest amount of the notes of the bank in circulation at any time during the month.

(8) The Minister shall, with respect to all notes paid out of the Circulation Fund, have the same rights as any other holder of notes of the bank: Provided that all such notes, and all interest thereon, so paid by the Minister, after the amount at the credit of such bank in the Circulation Fund and all interest due or accruing due thereon has been exhausted, shall bear interest, at the rate of three per centum per annum, from the time such notes and interest are paid until such notes and interest are repaid to the Minister by or out of the assets of such bank."

65. The only changes are to delete the obsolete words *Specie or Dominion or*, to insert as subsection (6) the former subsection (6) of Section 64 and to make consequential amendments to subsections (4), (5), (6) and (7). The latter are designed to provide for redemption by the Bank of Canada (rather than the Minister) of the notes of any bank suspending payment of any of its liabilities as they accrue during the period from the passing of this Act to January 1, 1950. For banks which do not suspend payment, provision has been made *(see* proposed amendment to Sec. 61 (7)) for the Bank of Canada assuming the duty of redeeming bank notes outstanding at that date. Thus the Bank of Canada will in due course become the sole agency for redemption of bank notes in circulation in Canada.

Subsection (8) has been added to effect a repeal of the section in the circumstances specified.

Payment from fund.

66. (1) All payments made from the Circulation Fund shall be without regard to the amount contributed thereto by the bank in respect of whose notes the payments are made.

If fund exceeded.

(2) If the payments from the Circulation Fund exceed the amount contributed to the Circulation Fund by the bank so suspending payment, and all interest due or accruing due to such bank thereon, the other banks enumerated in Schedule A to this Act shall, on demand, make good to the Circulation Fund the amount of the excess proportionately to the amount which each such other bank had or should have contributed to the Circulation Fund at the time of the suspension of the bank in respect of whose notes the payments are made.

Other banks to contribute

(3) Each of such other banks shall only be called upon to make good to the Circulation Fund its share of the excess in payments not exceeding in any one year one per centum of the average amount of its notes in circulation; such circulation shall be ascertained in such manner as the Minister decides, and the Minister's decision shall be final.

Amounts recovered, how distributed.

(4) All amounts recovered and received by the Minister from the bank on account of which such payments were made shall, after the amount of such excess has been made good as aforesaid, be distributed among the banks contributing to make good such excess, proportionately to the amount contributed by each. 1934, c. 24, s. 66, am.

Refund of deposit if bank is wound up.

67. In the event of the winding-up of the business of a bank by reason of insolvency or otherwise, the Treasury Board may, on the application of the directors, or of the liquidator, receiver, assignee or other proper official, and on being satisfied that proper arrangements have been made for the payment of the notes of the bank and any interest thereon, pay over to the directors, liquidator, receiver, assignee or other proper official, the amount of the Circulation Fund at the credit of the bank, or such portion thereof as it thinks expedient. 1934, c. 24, s. 67.

Treasury Board rules.

68. The Treasury Board may make all such rules and regulations as it thinks expedient with reference to

(a) the payment of any moneys out of the Circulation Fund, and the manner, place and time of such payment;

(b) the collection of all amounts due to the Circulation Fund;

(c) all accounts to be kept in connection therewith; and

(d) generally the management of the Circulation Fund and all matters relating thereto. 1934, c. 24, s. 68.

66. No change, except to ss. (2), where the underlined words were added to limit application of the section to present banks, no new banks being authorized to issue notes.

67. No change.

68. No change.

Minister may enforce payments.

69. The Minister may, in his official name, by action in the Exchequer Court of Canada, enforce payment, with costs of action, of any sum due and payable by any bank which should form part of the Circulation Fund. 1934, c. 24, s. 69.

Arrangements to be made for circulation at par, and redemption.

70. (1) The bank shall make such arrangements as are necessary to ensure the circulation at par, in any and every part of Canada, of all notes issued or reissued by it and intended for circulation in Canada, and towards this purpose the bank shall establish agencies for the redemption and payment of its notes at such places in each province as may be fixed by the Governor in Council.

Bank must take its own notes.

(2) The bank shall always receive in payment at par notes mentioned in the preceding subsection at any of its branches, agencies or offices in Canada, and whether they are made payable there or not. 1934, c. 24, s. 70, am.

Payment in Bank of Canada notes.

71. (1) The bank, when making any payment shall, on the request of the person to whom the payment is to be made, pay the same, or such part thereof, not exceeding one hundred dollars, as such person requests, in Bank of Canada notes for one, two or five dollars each, at the option of such person.

No torn or defaced notes.

(2) No payment, whether in Bank of Canada notes or bank notes, shall be made by the bank in notes that are unclean or torn or partially defaced.

Disinfection of notes.

(3) The Treasury Board may make regulations providing for the disinfection and sterilization by the several banks of all bank notes and Bank of Canada notes which have come into the bank's possession before a reissue thereof to the public; and the bank, its officers, clerks and servants, shall carry out and execute the regulations made under the authority of this section. 1934, c. 24, s. 71, am.

Notes binding though not sealed.

72. (1) The notes of the bank signed by the president, a vice-president, the general manager or other officer appointed by the directors of the bank to sign the same, promising the payment of money to any person or to his order or to the bearer, though not under the corporate seal of the bank, shall be binding and obligatory on the bank in like manner and with like force and effect as they would be upon any private person, if issued by him in his private or natural capacity, and shall be assignable in like manner as if they were so issued by a private person in his natural capacity.

Directors may depute officer to sign.

(2) The directors of the bank may from time to time authorize or depute the general manager, a manager or other officer of the bank, or any director other than the president or a vice-president, or any manager of any branch

69. No change.

70. No change except addition of underlined words to conform with s. 61 ss. 2.

71. The only change in section 71 is to delete the words *Dominion or* wherever they occur in reference to payments.

72. No change.

or office of discount and deposit of the bank, to sign the notes of the bank intended for circulation. 1934, c. 24, s. 72.

Notes may be signed by machinery.

73. (1) All bank notes whereon the name of any person entrusted or authorized to sign such notes on behalf of the bank is impressed by machinery provided for that purpose, by or with the authority of the bank, shall be good and valid to all intents and purposes, as if such notes had been subscribed in the proper handwriting of the person entrusted or authorized by the bank to sign the same respectively, and shall be bank notes within the meaning of all laws and statutes whatever, and may be described as bank notes in all indictments and civil or criminal proceedings whatever.

Distinguishing mark.

(2) If all such names are impressed by machinery, at least one such name to each note, together with a distinguishing device and number, shall be impressed or engraved under the authority of the bank after the notes are received by the bank from the engraver and printer, and shall not be otherwise impressed or engraved. 1934, c. 24, s. 73

Counterfeit or fraudulent notes to be stamped.

74. (1) Every officer charged with the receipt or disbursement of public moneys, and every officer of any bank, and every person acting as or employed by any banker, shall stamp or write in plain letters, upon every counterfeit or fraudulent note issued in the form of a Bank of Canada or bank note, and intended to circulate as money, which is presented to him at his place of business, the word "Counterfeit," "Altered" or "Worthless."

If wrongfully stamped.

(2) If such officer or person wrongfully stamps any genuine note he shall, upon presentation, redeem it at the face value thereof. 1934, c. 24, s. 74, am.

BUSINESS AND POWERS OF A BANK.

Business and powers of bank.

75. (1) The bank may

(a) open branches, agencies and offices;

(b) engage in and carry on business as a dealer in gold and silver coin and bullion;

(c) deal in, discount and lend money and make advances upon the security of, and take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable securities, or the stock, bonds, debentures and obligations of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, provincial, British, foreign, and other public securities;

73. No change.

74. The only change in 74 is to delete the obsolete reference to *Dominion notes* in ss. (1).

75. (1) No change in pars. *(a)*, *(b)*, *(c)* or *(e)*.

(d) lend money or make advances upon the security of, and take as collateral security for any loan or advance made by it, lien or other notes, conditional sales contracts or any other instruments or agreements made or entered into respecting the sale of goods, wares and merchandise, or moneys payable thereunder; and

(e) engage in and carry on such business generally as appertains to the business of banking.

Exceptions.

(2) Except as authorized by this Act, the bank shall not either directly or indirectly

(a) deal in the buying or selling or bartering of goods, wares and merchandise, or engage or be engaged in any trade or business whatsoever;

(b) purchase, or deal in, or lend money or make advances upon the security or pledge of, any share of its own capital stock, or of the capital stock of any bank;

(c) lend money or make advances upon the security, mortgage or hypothecation of any lands, tenements or immovable property, or of any ships or other vessels, or upon the security of any goods, wares and merchandise;

(d) lend to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank without the approval of the directors any amount or amounts exceeding in the aggregate one thousand dollars;

(e) lend to or on the security of the general manager, assistant general manager, branch manager, or any officer, clerk or servant of the bank any amount or amounts exceeding in the aggregate ten thousand dollars;

(f) lend money or make advances in excess of five per centum of its paid-up capital to a director of the bank or to any firm, company or corporation in which the president, general manager or a director of the bank is a partner or shareholder, as the case may be, without the approval of two-thirds of the directors present at a regular meeting, or meeting specially called for the purpose, of the board.

(d) The object of the addition of paragraph *(d)* is to preclude any question being raised as to the validity of advances made on this type of security. Practically all notes taken for goods sold on a time basis are either in lien form or supported by lien contracts, and frequently the dealer who sells the goods or the finance company with whom he discounts the notes, desires to obtain bank credit against the security of such notes.

(2) Paragraphs *(a)*, *(c)*, *(d)*, *(e)* and *(f)* are unchanged. Paragraph *(b)* is unchanged except for the deletion of the reference to the capital stock *of the Bank of Canada.* Since the Crown now holds all the stock of the Bank of Canada this reference is obsolete.

The former paragraph *(g)* of subsection (2) of section 75 is deleted. It read:

"*(g)* permit the name of the bank to appear, except as a banker for receiving applications, upon any prospectus or advertisement, unless such prospectus or advertisement is issued by or on behalf of the Government of Canada or of any province thereof, or of any city or municipality, or school corporation or parish trustees, or of any railway, express, telegraph or telephone company the rates of which are fixed or the tariff of the tolls of which are approved by the Board of Railway Commissioners for Canada, or unless the securities to

Loans to directors.

(3) In no case shall a director of the bank be present or vote at a meeting of the board during the time when loans or advances to himself or any firm, company or corporation of which he is a partner or director are under consideration; but this subsection shall not apply to the consideration of loans or advances to corporations controlled by the bank, the shares of which, except for qualifying shares, are owned by the bank.

No manager or other officer to act as agent for insurance company.

(4) No manager or other officer of any bank shall act as agent for any insurance company or for any person in the placing of insurance, nor shall any bank exercise pressure upon any borrower to place insurance for the security of such bank in any particular insurance agency, but nothing herein contained shall prevent such bank from requiring such insurance to be placed with an insurance company which it may approve. 1934, c. 24, s. 75, am.

Bank to have lien upon the stock of its debtors.

76. (1) The bank shall have a privileged lien, for any debt or liability for any debt to the bank, on the shares of its own capital stock, and on any unpaid dividends of the debtor or person liable, and may decline to allow any transfer of the shares of such debtor or person until the debt is paid.

Sale of shares.

Notice.

(2) The bank shall, within twelve months after the debt has accrued and become payable, sell such shares, but notice shall be given to the holder of the shares of the intention of the bank to sell the same, by mailing the notice, in the post office, post paid, to the last known address of the holder, as shown by the records of the bank, at least thirty days prior to the sale.

Transfer.

(3) Upon the sale being made the president, a vice-president or the general manager shall execute a transfer of the shares to the purchaser thereof in the usual transfer book of the bank.

Effect of transfer.

(4) Such transfer shall vest in the purchaser all the rights in or to the said shares which were possessed by the holder thereof, with the same obligation of warranty on his part as if he were the vendor thereof, but without any warranty from the bank or by the officer of the bank executing the transfer. 1934, c. 24, s. 76.

be issued pursuant to the prospectus or advertisement are guaranteed by the Government of Canada, or any province thereof or unless provision is made for the payment thereof and the interest thereon by a province pursuant to its statutes."

This prohibition against a bank permitting the use of its name in a prospectus is inconsistent in part, and otherwise unsatisfactory. Replaced by section 161 (2). See comment on section 161 (2).

(3) No change.

(4) No change.

76. No change.

Collateral securities may be sold.

77. (1) The stock, bonds, debentures or securities, acquired and held by the bank as collateral security, may, in case of default in the payment of the debt for the securing of which they were so acquired and held, be dealt with, sold and conveyed, either in like manner and subject to the same restrictions as are herein provided in respect of stock of the bank on which it has acquired a lien under this Act, or in like manner as and subject to the restrictions under which a private individual might in like circumstances deal with, sell and convey the same: Provided that the bank shall not be obliged to sell within twelve months.

Proviso.

Right of sale may be waived.

(2) The right so to deal with and dispose of such stock, bonds, debentures or securities in manner aforesaid may be waived or varied by any agreement between the bank and the owner of the stock, bonds, debentures or securities. 1934, c. 24, s. 77.

Acquisition of real estate.

78. (1) The bank may acquire and hold real and immovable property for its actual use and occupation and the management of its business, and may sell or dispose of the same, and acquire other property in its stead for the same purpose.

Return to Minister.

(2) The bank shall annually, during the month of January, transmit or deliver to the Minister a return showing in detail the fair market value of its real and immovable property held at the end of the preceding calendar year under this section either in its own name or in the name of a trustee or of a corporation controlled by the bank.

Particulars.

(3) Such return shall state separately each parcel of real property held by the bank and as to each such parcel shall state

(a) the registered owner thereof, if the bank is not the registered owner;

(b) the amount of any mortgage or hypotheque thereon, and if more than one parcel is subject to the same mortgage or hypotheque, the parcels subject to such mortgage or hypotheque shall be segregated in such return and identified therewith; and

(c) The extent, if any, to which each such parcel is not held for the actual use and occupation of the bank;

How signed.

and such return shall be signed by the chief accountant, and by the president, or a vice-president, or the director then acting as president, and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the said return is made. 1934, c. 24, s. 78.

Mortgages and hypotheques of realty, and agreements of sale.

79. (1) The bank may take, hold and dispose of, by way of additional security for debts or liabilities contracted to the bank in the course of its business,

77. No change.

78. No change.

79. No change.

(*a*) mortgages and hypotheques upon real and personal, immovable and movable property; but no mortgage or hypotheque shall be taken, held or disposed of in respect to, or be deemed to include, any personal property which, on the first day of July, one thousand nine hundred and twenty-three, was by any statutory enactment exempt from seizure under writs of execution;

(*b*) the rights of vendors or purchasers under agreements for the sale or purchase of real and personal, immovable and movable property.

As to personalty.

(2) The rights, powers and privileges which the bank is by this Act declared to have, or to have had, in respect of real or immovable property mortgaged to it, shall be held and possessed by it in respect of any personal or movable property which is mortgaged or hypothecated to the bank. 1934, c. 24, s. 79.

Purchases of realty.

80. The bank may purchase any lands or real or immovable property offered for sale

(*a*) under execution, or in insolvency, or under the order or decree of a court, or at a sale for taxes, as belonging to any debtor to the bank;

(*b*) by a mortgagee or other encumbrancer, having priority over a mortgage or other encumbrance held by the bank; or

Notice of sale by auction.

(*c*) by the bank under a power of sale given to it for that purpose, notice of such sale by auction to the highest bidder having been first given by advertisement for four weeks in a newspaper published in the county or electoral district in which such lands or property is situate,

in cases in which, under similar circumstances, an individual could so purchase, without any restriction as to the value of the property which it may so purchase, and may acquire a title thereto as any individual, purchasing at sheriff's sale or sale for taxes or under a power of sale, in like circumstances could do, and may take, have, hold and dispose of the same at pleasure. 1934, c. 24, s. 80.

Bank may acquire absolute title to mortgaged premises.

81. (1) The bank may acquire and hold an absolute title in or to real or immovable property mortgaged to it as security for a debt due or owing to it, either by the obtaining of a release of the equity of redemtpion in the mortgaged property, or by procuring a foreclosure, or by other means whereby, as between individuals, an equity of redemption can, by law, be barred, or a transfer of title to real or immovable property can, by law, be effected, and may purchase and acquire any prior mortgage or charge on such property.

80. No change.

81. No change.

No act or law to prevent.

(2) Nothing in any charter, Act or law shall be construed as ever having been intended to prevent or as preventing the bank from acquiring and holding an absolute title to and in any such mortgaged real or immovable property, whatever the value thereof, or from exercising or acting upon any power of sale contained in any mortgage given to or held by the bank, authorizing or enabling it to sell or convey any property so mortgaged. 1934, c. 24, s. 81.

Property to be sold within certain time.

82. (1) No bank shall hold any real or immovable property, howsoever acquired, except such as is required for its own use, for any period exceeding seven years from the date of the acquisition thereof, or any extension of such period as in this section provided, and such property shall be absolutely sold or disposed of within such period or extended period as the case may be, so that the bank shall no longer retain any interest therein unless by way of security.

Extension of time.

(2) The Treasury Board may direct that the time for the sale or disposal of any such real or immovable property shall be extended for a further period or periods, not to exceed five years.

Twelve years.

(3) The whole period during which the bank may so hold such property under the foregoing provisions of this section shall not exceed twelve years from the date of the acquisition thereof.

Property not sold liable to forfeiture.

(4) Any real or immovable property, not required by the bank for its own use, held by the bank for a longer period than authorized by the foregoing provisions of this section shall be liable to be forfeited to His Majesty for the use of the Dominion of Canada: Provided that

Proviso.

(a) no such forfeiture shall take effect until the expiration of at least six calendar months after notice in writing to the bank by the Minister of the intention of His Majesty to claim the forfeiture; and

(b) the bank may, notwithstanding such notice, before the forfeiture is effected sell or dispose of the property free from liability to forfeiture.

Provisions apply to realty now held.

(5) The provisions of this section shall apply to any real or immovable property heretofore acquired by the bank and held by it at the time of the coming into force of this Act. 1934, c. 24, s. 82.

Loans on standing timber.

83. The bank may lend money upon the security of standing timber or the rights or licences held by persons to cut or remove such timber: Provided that, if the provincial law permits, the instrument evidencing such security is registered against the land upon which such timber stands or in the offices in which are recorded such rights or licences. 1934, c. 24, s. 83.

82. No change.

83. No change.

Loans to receiver or liquidator under Winding-up Acts and to officer under Bankruptcy Act.

84. The bank may lend money to a receiver, to a receiver and manager, to a liquidator appointed under any Winding-up Act, or to a custodian, interim receiver, or trustee under the Bankruptcy Act, provided such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee, has been duly authorized or empowered to borrow, and, in respect of any money so lent, the bank may take security, with or without personal liability, from such receiver, receiver and manager, liquidator, custodian, interim receiver or trustee to such an amount, and upon such property and assets, as may be directed or authorized by any court of competent jurisdiction. 1934, c. 24, s. 84.

Advances for building, repairing, equipping, and altering ships.

85. (1) Every bank advancing money in aid of the building of any ship or vessel or of the installation of engines or equipment therein or of the repair or alteration of any ship or vessel or its engines or equipment shall have the same right of acquiring and holding security upon such ship or vessel before and during such building, installation, repair or alteration, and after completion thereof, either by way of mortgage, hypotheque, hypothecation, privilege or lien thereon, or purchase or transfer thereof, as any person has in the province wherein the ship or vessel is being built, equipped, repaired or altered.

Rights and obligations.

(2) The bank may, for the purpose of obtaining and enforcing such security, avail itself of all such rights and means, and shall be subject to all such obligations, limitations and conditions as are, by the law of such province, conferred or imposed upon individuals making such advances. 1934, c. 24, s. 85, am.

Warehouse receipts and bills of lading.

86. (1) The bank may acquire and hold any warehouse receipt or bill of lading as collateral security for the payment of any debt incurred in its favour, or as security for any liability incurred by it for any person, in the course of its banking business.

Effect of taking.

(2) Any warehouse receipt or bill of lading so acquired shall vest in the bank, from the date of the acquisition thereof,

(a) all the right and title to such warehouse receipt or bill of lading and to the goods, wares and merchandise covered thereby of the previous holder or owner thereof; or

(b) all the right and title to the goods, wares and merchandise mentioned therein of the person from whom such goods, wares and merchandise were received or acquired by the bank, if the warehouse receipt or bill of lading is made directly in favour of the bank, instead of to the previous holder or owner of such goods, wares and merchandise. 1934, c. 24, s. 86.

84. No change.

85. The changes in the former subsection (1) of 85 are the additions of the underlined portions.

The change will facilitate the financing of alterations, of repairs to, or installations on a ship.

86. No change.

When previous holder is an agent.

87. (1) If the previous holder of such warehouse receipt or bill of lading is any person

(a) entrusted with the possession of the goods, wares and merchandise mentioned therein, by or by the authority of the owner thereof;

(b) to whom such goods, wares and merchandise are, by or by the authority of the owner thereof, consigned; or

(c) who, by or by the authority of the owner of such goods, wares and merchandise, is possessed of any bill of lading, receipt, order or other document covering the same, such as is used in the course of business as proof of the possession or control of goods, wares and merchandise, or as authorizing or purporting to authorize, either by endorsement or by delivery, the possessor of such a document to transfer or receive the goods, wares and merchandise thereby represented,

the bank shall be, upon the acquisition of such warehouse receipt or bill of lading, vested with all the right and title of the owner of such goods, wares and merchandise, subject to the right of the owner to have the same retransferred to him if the debt or liability, as security for which such warehouse receipt or bill of lading is held by the bank, is paid.

Presumption of possession.

(2) Any person shall be deemed to be the possessor of such goods, wares and merchandise, bill of lading, receipt, order or other document as aforesaid

(a) who is in actual possession thereof; or

(b) for whom, or subject to whose control such goods, wares and merchandise are, or bill of lading, receipt, order, or other document is held by any other person. 1934, c. 24, s. 87.

Loans to certain borrowers and security.

88. (1) The bank may lend money and make advances

(a) to any wholesale purchaser or shipper of, or dealer in, products of agriculture, the forest, quarry and mine, or the sea, lakes and rivers, upon the security of such products;

(b) to any person engaged in business as a manufacturer of any goods, wares and merchandise, upon the security of the goods, wares and merchandise manufactured by him or procured for such manufacture;

(c) to any farmer, upon the security of threshed grain grown upon the farm;

(d) to any farmer, for the purchase of

(i) seed grain, upon the security of the seed grain and any crop to be grown therefrom,

(ii) fertilizer, upon the security of the fertilizer and any crop to be grown from land on which, in the same season, such fertilizer is used, or

87. No change.

88. Section 88 has been revised to eliminate repetitions and some inconsistencies and to simplify the procedure in giving security which is now complicated and unnecessarily burdensome. Manufacturers constantly process raw materials into finished goods which are sold and new materials are continually being purchased for manufacture. Other types of borrowers likewise find it necessary frequently to turn over the goods upon which security is given. Giving fresh security every time new materials are acquired involves a great deal of needless paper work. By virtue of the new procedure under this amendment the security given at the outset will cover property of the same kind acquired in the future.

(1) Paragraphs *(a)*, *(b)*, *(c)*, *(d)* and *(e)* of subsection (1) correspond substantially to subsections (1), (3), (2), (8) and (12) respectively of the former section 88.

(iii) binder twine, upon the security of the binder twine and the crop in the harvesting of which the binder twine is to be used;

(e) to any farmer or to any person engaged in livestock raising, upon the security of livestock; provided however that such security shall not include and shall be deemed not to include any livestock which on the first day of July, one thousand nine hundred and twenty-three, was by any statutory enactment exempt from seizure under writs of execution;

(f) to any farmer for the purchase of agricultural implements, upon the security of such agricultural implements;

(g) to any farmer for the purchase or installation of agricultural equipment or a farm electric system, upon the security of such agricultural equipment or farm electric system;

(h) to any farmer for

(i) the alteration or improvement of a farm electric system,

(ii) the erection or construction of fencing or works for drainage on a farm,

(iii) the construction, repair or alteration of, or making of additions to, any building or structure on a farm, or

(iv) any works for the improvement or development of a farm for which a farm improvement loan as defined in the Farm Improvement Loans Act may be made,

upon the security of agricultural implements, but security taken under this paragraph shall not be effective in respect of any such agricultural implements which at the time the security is taken are, by statutory enactment in force at the date of coming into force of this Act, exempt from seizure under writs of execution; or

(i) to any fisherman, upon the security of fishing vessels, fishing equipment and supplies or products of the sea, lakes and rivers, but security taken under this paragraph shall not be effective in respect of any such property which at the time the security is taken is, by statutory enactment in force at the date of coming into force of this Act, exempt from seizure under writs of execution;

and the security may be given by signature and delivery to the bank by or on behalf of the person giving the security of a document in the form set out in the appropriate Schedule to this Act or in a form to the like effect.

The proposed new paragraphs *(f)*, *(g)* and *(h)* of ss. (1) are for the purpose of enabling the banks to meet the intermediate credit and certain short-term credit needs of agriculture. To ensure that the intermediate credit facilities provided for by this amendment are readily available to farmers at reasonable rates of interest over sufficiently long terms, the Government proposes to introduce collateral legislation under the title of the Farm Improvement Loans Act to guarantee a bank against losses up to a specified proportion of the aggregate loans made by the bank for these purposes. The proposed Farm Improvement Loans Act will enable farmers to obtain loans on terms heretofore not available for the purchase of implements and equipment, farm electrification, and generally for the improvement and development of their farms and homes, the conditions of the loan and the terms of repayment being related to the use to which the proceeds are to be put and the nature and source of the farmer's income. These paragraphs in the *Bank Act* enable the banks to implement the proposed Farm Improvement Loans Act by empowering them to take limited and clearly defined security. Paragraphs (f) and *(g)* empower the banks to take security on the implements and equipment, whether moveable or affixed, which are purchased with the proceeds of the loan. Paragraph *(h)* empowers the banks to take security on agricultural implements, (the banks may also take security on threshed grain and livestock under pars. *(c)* and *(e)*), in respect of loans for permanent improvements, such as barns, granaries, fencing, etc.

See paragraphs *(a)*, *(b)* and *(i)* of section 2 for the definitions of "agricultural equipment", "agricultural implements" and "farm electric system" as used in these paragraphs.

The proposed new paragraph (i) of ss. (1) is for the purpose of making credit more readily available to fishermen by empowering the banks to take security on fish, fishing equipment and supplies and fishing vessels. Further, the proposed new paragraph would be necessary to enable the banks to assist in any general programme for the development of the fishing industry.

Rights and powers vested by delivery of document.

(2) Delivery of a document giving security upon property to a bank under the authority of this section vests and shall vest in the bank in respect of property therein described

(a) of which the person giving the security is the owner at the time of the delivery of such document, or

(b) of which such person becomes the owner at any time thereafter before the release of the security by the bank, whether or not such property is in existence at the time of such delivery,

the following rights and powers:

(i) if such property is property on which security is given under paragraphs *(a)*, *(b)*, *(e)*, *(h)* or *(i)* of subsection one of this section, the same rights and powers as if the bank had acquired a warehouse receipt or bill of lading in which such property was described, or

(ii) if such property is property on which security is given under paragraphs *(c)*, *(d)*, *(f)* or *(g)* of the said subsection one, a first and preferential lien and claim thereon for the sum secured and interest thereon, and as regards a crop as well before as after the severance from the soil, harvesting or threshing thereof, and, in addition thereto, the same rights and powers in respect of such property as if the bank had acquired a warehouse receipt or bill of lading in which the property was described; and all rights and powers of the bank shall subsist notwithstanding that such property is affixed to real or immovable property and notwithstanding that the person giving the security is not the owner of such real or immovable property;

and all such property in respect of which such rights and powers are vested in the bank under this section is for the purposes of this Act property covered by the security.

Power of the bank to take possession, etc.

(3) Where security upon any property is given to the bank under paragraphs *(c)*, *(d)*, *(e)*, *(f)*, *(g)*, *(h)* or *(i)* of subsection one of this section, the bank shall, in addition to and without limitation of any other rights or powers vested in or conferred on it, have full power, right and authority, through its servants or agents, in case of

(i) default in payment of any of the loans or advances for which such security was given, or

(ii) neglect to care for or harvest any crop or to care for any livestock covered by the security, or

(iii) neglect to care for any property on which security is given under paragraphs *(f)*, *(g)*, *(h)* or *(i)* of the said subsection one, or

(iv) any attempt, without the consent of the bank, to dispose of any property covered by the security, or

(v) seizure of any property covered by the security,

to take possession of or seize the property covered by the security, and in the case of a crop to care for it and harvest it or thresh the grain therefrom, and in the case of livestock

(2) Subsection (2) provides for a new feature relating to after acquired property formerly dealt with in subsection (4) of section 88 under the provisions relating to the substitution of property. Otherwise the section confers the same rights under the security as did the former section 88.

(3) Subsection (3) consolidates and clarifies the provisions of subsections (11) and (15) of section 88 as it formerly read and extends these provisions as indicated.

to care for it, and shall have the right and authority to enter upon land or premises whenever necessary for any such purpose and to detach and remove such property, exclusive of wiring, conduits or piping incorporated in a building, from any real or immovable property to which it is affixed.

Notice of intention to be registered.

(4) *(a)* Where security upon property is given to the bank under this section, the rights and powers of the bank in respect of property covered by the security are null and void as against creditors of the person giving the security and as against subsequent purchasers or mortgagees in good faith of the property covered by the security unless a notice of intention signed by or on behalf of the person giving the security was registered in the appropriate agency not more than three years immediately before the security is given.

Notices to be numbered consecutively, filed, etc.

(b) The agent shall number consecutively every notice of intention received by him and shall endorse thereon the number and the hour and date of receiving it and shall file the same and enter, in alphabetical order, in a book to be kept by him, the name of every person who has given such notice of intention with the number endorsed thereon opposite to each name.

Number, hour and date of registration.

(c) The agent shall endorse over his signature on a copy of the notice of intention to be supplied by the bank, for the records of the bank, the number and the hour and date of registration, and the production of the copy with such endorsement and signature shall be conclusive evidence in all courts of the registration and of the time of registration as thereon endorsed.

Cancellation.

(d) Registration of a notice of intention may be cancelled by registration in the appropriate agency in which the notice of intention was registered of a certificate of release signed on behalf of the bank named in the notice of intention and bearing the number and date endorsed thereon, stating that each and every security to which the notice of intention relates has been released or that no security was given to the bank, as the case may be.

Certificates of release to be numbered consecutively, etc.

(e) The agent shall number consecutively every certificate of release received by him and shall endorse thereon the number and the hour and date of its receipt and shall file the same whereupon the registration of the notice of intention in respect of which such certificate is given shall be deemed to be cancelled and the agent shall cancel it and after the cancellation such notice of intention shall be without effect as regards any security given to the bank thereafter.

(4) Subsection (4) has been recast to eliminate certain administrative difficulties formerly encountered under ss. (17) to (29). The definitions of "appropriate agency" and "principal place of business" contained in paragraph *(i)* at the end of the subsection are designed to make it clear where the Notice of Intention must be registered. At present difficulty and uncertainty exist in the case of a business with a head office in a different province from the province where its apparent principal place of business is situated. Likewise, difficulty is often met in the case of a non-resident company doing business in several provinces.

Access to registration book.

(f) Every person, upon payment of the proper fees, shall have access to and be entitled to inspect any registration book, notice of intention or certificate of release kept by or in the custody of the agent.

Fees.

(g) For services under this section the agent shall be entitled to the following fees, for which he shall be accountable to the Consolidated Revenue Fund:

For registration of each notice of intention and endorsement of copy over signature.	25c.
For production of registration book for inspection.....	25c.
For production of any notice of intention for inspection.....	25c.
For registration of each certificate of release	25c.

Enquiries by telegram, etc.

(h) Any person desiring to ascertain whether a notice of intention or certificate of release has been registered by any other person may make enquiry by sending a prepaid telegram or other written communication addressed to the agent, and it shall be the duty of the agent, without payment of any fee prescribed in the next preceding subsection, to make the necessary inspection of the registration books and of the relative documents, if any, and to make answer to the enquiry of the sender by a telegraphic message at the expense of the sender, and stating therein the name of the bank mentioned in the notice of intention.

Interpretation "agency."

(i) In this subsection

"agency" means, in a province, the office of the Bank of Canada situate therein not including its Ottawa office, in the Yukon Territory the office of the Clerk of the Territorial Court and in the Northwest Territories the office of the Secretary of the Territorial Council at Ottawa; and "agent" means the officer in charge of such office, such Clerk and such Secretary, respectively, and includes any person acting for such officer, clerk or secretary;

'appropriate agency."

"appropriate agency" means the agency for the province or territory in which the person by or on whose behalf a notice of intention is signed has his place of business or if such person has more than one place of business in Canada and such places of business are not in the same province or territory, the agency for the province or territory in which such person has his principal place of business or if such person has no place of business, the agency for the province or territory in which such person resides; and in respect of any notice of intention registered before the first day of July, one thousand nine hundred and forty-four, means the office in which registration was required to be made by the law in force at the time of such registration;

The agencies for registering Notices of Intention are, as under the Act since 1935, the provincial offices of the Bank of Canada, and also in the Yukon Territory, the office of the Clerk of the Yukon Territorial Court and for the Northwest Territories the office of the Secretary of the Territorial Council.

"notice of intention."

"notice of intention" means a notice of intention in the form set out in Schedule K to this Act or in a form to the like effect, and includes a notice of intention registered before the first day of July, one thousand nine hundred and forty-four, in the form and registered in the manner required by the law in force at the time of the registration of such notice of intention;

"principal place of business".

"principal place of business" means, in the case of a company incorporated by or under the authority of any Act of the Parliament of Canada, or by or under the authority of any Act of the late Province of Canada, or by or under the authority of any province or territory of Canada, the place where according to the company's charter, memorandum of association or by-laws, the head office of the company in Canada is situate and in the case of any other company means the place at which civil process in the province or territory in which the loans or advances will be made can be served upon the company. 1934, c. 24, s. 88, am.

Priority accorded to claim for wages. R.S.C. 11.

(5) Notwithstanding anything contained in subsection two of this section and notwithstanding that a notice of intention has been registered pursuant to this section by a person giving security upon property under this section, where under the Bankruptcy Act a receiving order is made against, or an assignment is made by such person, wages, salaries or other remuneration owing in respect of the period of three months next preceding the making of such order or assignment, to employees of such person employed in connection with the business or farm in respect of which the property covered by the security was held or acquired by such person, shall be a charge upon the property covered by the security in priority to the rights of the bank therein and if the bank takes possession or in any way disposes of such property, such wages, salaries or other remuneration owing for the period aforesaid shall be paid by the bank and the bank shall be subrogated in and to all the rights of such employees to the extent of the amounts so paid. 1934, c. 24, s. 88, am.

Priority of bank's claim.

89. (1) All the rights and powers of the bank in respect of the property mentioned in or covered by a warehouse receipt or bill of lading acquired and held by the bank, and those rights and powers of the bank in respect of the property covered by a security given to the bank under section eighty-eight of this Act which are the same as if the bank had acquired a warehouse receipt or bill of lading in which such property was described, shall, subject to the provisions of subsection four of section eighty-eight of this Act and of the two next following subsections, have priority over all rights subsequently acquired in, on or in respect of

(5) Subsection (5) contains the priority accorded to wages in respect of a period up to three months given under the former ss. (7) of s. 88, and contains a specific reference to the right of the bank on paying the wages to be subrogated in and to all the rights of the employees to the extent of the amount so paid.

89. Section 89 has been recast to remove certain ambiguities and to make clear the position of the security given to a bank and to add new provisions for registration of security under provincial law in the case of certain loans to farmers, and for registration of security under the *Canada Shipping Act, 1934*, in the case of loans to fishermen. There is no change in substance in respect of the rights and conditions of sale in the event of default.

Paragraph *(b)* of ss. (4) of the new section 89 was formerly contained in s. 88 (15), and (16).

The former s. 89 read as follows:

"**89.** (1) If goods, wares and merchandise are manufactured or produced from the goods, wares and merchandise, or any of them, included in or covered by any warehouse receipt, or included in or covered by any security given

such property, and also over the claim of any unpaid vendor, but such priority shall not be given over the claim of any unpaid vendor who had a lien upon the property at the time of the acquisition by the bank of such warehouse receipt, bill of lading or security, unless the same was acquired without knowledge on the part of the bank of such lien, and where security is given upon property under paragraph *(g)* of subsection one of the said section, such priority shall exist notwithstanding that such property is or becomes affixed to real or immovable property.

Bank required to register against land in certain cases.

(2) Where security has been given to the bank under paragraph *(g)* of subsection one of section eighty-eight of this Act upon property which is or has become affixed to real or immovable property, the rights and powers of the bank shall not have priority over an interest or right acquired in, on or in respect of the real or immovable property after such property has become affixed thereto unless a copy of the document giving the security, certified by an officer of the bank to be a true copy, or a caution, caveat or memorial in respect of the rights of the bank has been registered or filed in the proper registry or land titles office before the registration of such interest or right, or of the deed or other instrument evidencing it, or of a caution, caveat or memorial in respect thereof, and every registrar or officer in charge of such proper land titles or registry office to whom a copy of a document giving such security, certified by an officer of the bank, or such a caution, caveat or memorial is tendered, shall register or file the same according to the ordinary procedure for registering or filing within such office, documents which evidence liens or charges against, or cautions, caveats or memorials in respect of claims to interests in or rights in respect of real or immovable property and subject to payment of the like fees.

Bank required to register security on fishing vessels under Canada Shipping Act, 1934. 1934, c. 44.

(3) Where security has been given to the bank under paragraph *(i)* of subsection one of section eighty-eight of this Act upon a fishing vessel which is recorded or registered under the *Canada Shipping Act, 1934*, the rights and powers of the bank shall not have priority over any rights which are subsequently acquired in the vessel and are recorded or registered under the said Act, unless a copy of the document giving the security, certified by an officer of the bank to be a true copy, has been recorded or registered under the said Act in respect of the vessel before the recording or registration thereunder of such rights, and a copy of the document giving such security certified by an officer of the bank may be recorded or registered under the said Act as if it were a mortgage given thereunder, and upon the recording or registration thereof the bank shall, in addition to and without limitation of any other rights or powers vested in or conferred on it, have all the rights and powers

under section eighty-eight of this Act, while so covered, the bank holding such warehouse receipt or security shall hold or continue to hold such goods, wares and merchandise, during the process and after the completion of such manufacture or production, with the same right and title, and for the same purposes and upon the same conditions, as it held or could have held the original goods, wares and merchandise.

(2) All advances made on the security of any bill of lading or warehouse receipt, or of any security given under section eighty-eight of this Act, shall give to the bank making the advances a claim for the repayment of the advances on the products, goods, wares and merchandise therein mentioned, or into which they have been converted, prior to and by preference over the claim of any unpaid vendor, but such preference shall not be given over the claim of any unpaid vendor who had a lien upon the products, goods, wares and merchandise at the time of the acquisition by the bank of such warehouse receipt, bill of lading, or security, unless the same was acquired without knowledge on the part of the bank of such lien.

(3) In the event of the non-payment at maturity of any debt or liability secured by a warehouse receipt or bill of lading, or secured by any security given under section eighty-eight of this Act, the bank may sell the products, goods, wares and merchandise mentioned therein, or so much thereof as will suffice to pay such debt or liability with interest and expenses, returning the surplus, if any, to the person from whom the warehouse receipt, bill of lading, or security, or the products, goods, wares and merchandise mentioned therein, as the case may be, were acquired; but such power of sale shall be exercised subject to the following provisions, namely:—

(a) No sale, without the consent in writing of the owner of any products of the forest shall be made under this Act until notice of the time and place of such sale has been given by a registered letter, mailed in the post office, post paid, to the last known address of the pledgor thereof, at least thirty days prior to the sale thereof;

(b) No such goods (other than products of the forest), and no goods, wares and merchandise shall be sold by the bank under this Act without the consent of the owner, until notice of the time and place of sale has been given by a registered letter, mailed in the post office, post paid, to the last known address of the pledgor thereof, at least ten days prior to the sale thereof;

in respect of the vessel which it would have if the security were a mortgage recorded or registered under the said Act.

Sale of goods on non-payment of debt.

(4) In the event of non-payment at maturity of any debt, liability, loan or advance, as security for the payment of which the bank has acquired and holds a warehouse receipt or bill of lading or has taken any security under section eighty-eight of this Act, the bank may sell the property mentioned therein or covered thereby or so much thereof as will suffice to pay such debt, liability, loan or advance, with interest and expenses, returning the surplus, if any, to the person by whom such security was given; but such power of sale shall, unless such person has agreed to sale thereof otherwise than as herein provided, be exercised subject to the following provisions, namely:—

Conditions of sale of property other than livestock.

(a) every sale of such property other than livestock shall be by public auction after

(i) notice of the time and place of the sale has been given by registered letter mailed in the post office, postpaid, to the last known address of the person by whom such security was given, at least ten days prior to the sale in the case of any such property other than products of the forest, and at least thirty days prior to the sale in the case of any such property consisting of products of the forest, and

(ii) publication of an advertisement of the sale in at least two newspapers published in or nearest to the place where the sale is to be made stating the time and place thereof; and if the sale is in the province of Quebec at least one of such newspapers shall be a newspaper published in the English language and one other newspaper shall be a newspaper published in the French language;

Conditions of sale of livestock.

(b) every sale of live stock shall be made by public auction not less than five days after

(i) publication of an advertisement of the time and place of the sale in a newspaper, or in the province of Quebec in two newspapers, one in the English language and one in the French language, published in or nearest to the place where the sale is to be made, and

(ii) posting of a notice in writing, which notice shall, in the province of Quebec, be in the English and in the French language, of the time and place of such sale, in or at the post office nearest to the place where the sale is to be made;

and the proceeds of such sale after deducting all reasonable and necessary expenses in connection with any seizure of the livestock and with the sale thereof, shall, notwithstanding anything hereinbefore contained in this subsection, first be applied to satisfy privileges,

(c) Every sale, under such power of sale, without the consent of the owner, shall be made by public auction, after notice thereof by advertisement in at least two newspapers published in or nearest to the place where the same is to be made, stating the time and place thereof; and, if the sale is in the province of Quebec, then at least one of such newspapers shall be a newspaper published in the English language, and one other such newspaper shall be a newspaper published in the French language.

(4) Where payment of a loan made by a bank under the provisions of section eighty-six of section eighty-eight of this Act is guaranteed by a third person and such loan is paid by the guarantor, such guarantor shall be subrogated in and to all the powers, rights and authority of the bank under the security which the bank holds in respect of the said loan under the provisions of the said sections eighty-six and eighty-eight."

liens or pledges having priority over the security given to the bank and for which claims have been filed with the person making the sale, and the balance shall be applied in payment of the debt, liability, loan or advance, with interest and expenses, and the surplus if any returned to the person by whom such security was given.

Goods manufactured from articles pledged.

(5) Where goods, wares and merchandise are manufactured or produced from goods, wares and merchandise, or any of them, mentioned in or covered by any warehouse receipt or bill of lading acquired and held by the bank, or by any security given to the bank under section eighty-eight of this Act, the bank shall have the same rights and powers in respect of the goods, wares and merchandise so manufactured or produced, as well during the process of manufacture or production as after the completion thereof, and for the same purposes and upon the same conditions as it had with respect to the original goods, wares and merchandise.

Subrogation of security.

(6) Where payment or satisfaction of any debt, liability, loan or advance in respect of which the bank has taken security under the provisions of section eighty-six or eighty-eight of this Act is guaranteed by a third person and such debt, liability, loan or advance is paid or satisfied by the guarantor, such guarantor shall be subrogated in and to all of the powers, rights and authority of the bank under the security which the bank holds in respect thereof under the provisions of the said sections eighty-six and eighty-eight and this section.

Bank may assign its rights.

(7) The bank may assign to any person all or any of its rights and powers in respect of any property on which security has been given to it under paragraphs *(f)*, *(g)* or *(h)* of subsection one of section eighty-eight of this Act, whereupon such person shall have and may exercise all or any of the rights, powers and authority of the bank under such security. 1934, c. 24, s. 89, am.

Conditions under which bank may take security.

90. (1) The bank shall not acquire or hold any warehouse receipt or bill of lading, or any security as aforesaid, to secure the payment of any debt, liability, loan or advance, unless such debt, liability, loan or advance is contracted or made

(a) at the time of the acquisition thereof by the bank; or

(b) upon the written promise or agreement that a warehouse receipt or bill of lading or security as aforesaid would be given to the bank, in which case the debt, liability, loan or advance may be contracted or made before or at the time of or after such acquisition:

Proviso.

Provided that such debt, liability, loan or advance may be renewed, or the time for the payment thereof extended, without affecting any security so acquired or held.

90. (1) The addition of the words "loan or advance" is to conform to the wording of s. 88. The former words "bill" and "note" are deleted as being less appropriate. The addition to par. *(b)* is consequential upon the amendment to s. 88 (2).

Exchanging of warehouse receipt for bill of lading and *vice versa*.

(2) The bank may

(a) on the shipment of any property for which it holds a warehouse receipt, or any such security as aforesaid, surrender such receipt or security and receive a bill of lading in exchange therefor;

(b) on the receipt of any property for which it holds a bill of lading, or any such security as aforesaid, surrender such bill of lading or security, store the property and take a warehouse receipt therefor, or ship the property, or part of it, and take another bill of lading therefor;

(c) surrender any bill of lading or warehouse receipt held by it and receive in exchange therefor any security that may be taken under this Act:

(d) when it holds any such security as aforesaid on grain in any elevator, take a bill of lading covering the same grain or grain of the same grade or kind shipped from such elevator, in lieu of such security, to the extent of the quantity shipped;

(e) when it holds any security whatsoever covering grain, take, in lieu of such security to the extent of the quantity covered by the security taken, a bill of lading or warehouse receipt for, or any document entitling it under the provisions of *The Canada Grain Act*, to the delivery of, the same grain or grain of the same grade or kind. 1934, c. 12, s. 90, am.

Interest exceeding 6% shall not be charged.

91. (1) Except as hereinafter in this section provided, no bank shall in any part of Canada excepting the Territories stipulate for, charge, take, reserve or exact any rate of interest or any rate of discount exceeding six per centum per annum and no higher rate of interest or rate of discount shall be recoverable by the bank.

Exception for instalment loans.

(2) Where a loan, evidenced by a promissory note, repayable in substantially equal instalments, does not exceed five hundred dollars in principal amount and, so long as the loan is not in default, is not secured otherwise than by endorsement of the note or by insurance on the life of the borrower in favour of the bank as the insured, the bank may stipulate for, charge, take, reserve or exact discount or interest at a rate which, having regard to the term of the loan and the frequency of the instalments, does not exceed a rate of interest per annum equivalent to the rate resulting from a discount of five per centum on a one year loan repayable in equal consecutive monthly instalments, and no charge other than those authorized in this subsection may be made by the bank in respect of any such loan whether by way of service charge, fee, fine, penalty, commission or otherwise except the actual cost to the bank

(2) The only change in subsection (2) of section 90 is where the word "property" is substituted for "*product, goods, wares and merchandise*". There is no substantial change.

91. (1) This subsection has been amended to reduce the maximum interest or discount rate from 7% to 6% per annum in the case of all loans other than instalment loans. The latter are provided for in a new ss. (2).

In addition the penalty provisions have been removed to new s. 155; and the provision for minimum charges has been removed to new ss. 3 of s. 91.

(2) This subsection is new and is designed to provide for small personal loans with repayment on an instalment basis suited to the ability of the borrower with a ceiling on the charges which may be made and secured only by endorsement of a promissory note or insurance taken out by the bank.

of the insurance aforesaid and interest on overdue instalments at a rate not exceeding the maximum rate permitted under this subsection.

Minimum charges.

(3) Where the interest or discount on any loan or advance amounts to less than one dollar the bank may, notwithstanding anything contained in subsections one and two of this section, stipulate for, charge, take, reserve or exact a total charge in respect of interest or discount not exceeding one dollar, provided that where the loan or advance is not in excess of twenty-five dollars and the interest or discount thereon is less than fifty cents, the maximum charge in respect thereof shall not exceed fifty cents.

Return to Minister.

(4) The bank shall make an annual return to the Minister, as of the last juridical day of the month of December in each year, giving such particulars as may be prescribed by regulations made by the Treasury Board of the interest and discount rates charged by the bank.

Signature to returns.

(5) Such return shall be made up and sent in within the first thirty days after the juridical day aforesaid, and shall be signed by the same persons as are required to sign the monthly returns made to the Minister under section one hundred and twelve of this Act.

Charge for keeping accounts.

(6) No bank shall directly or indirectly charge or receive any sum whatsoever for the keeping of any account unless such charge is made by express agreement between the bank and the customer. 1934, c. 24, s. 91, am.

Interest on deposits.

92. (1) The bank may allow any rate of interest whatever on any debt owing by it by reason of money deposited with it.

Liability of banks on deposits.

(2) Except as provided in this section, no debt owing by the bank by reason of a deposit shall be extinguished and no action to enforce payment thereof shall be barred by any statute of prescription or limitation.

Unclaimed amounts to be transferred to Bank of Canada after ten years.

(3) If in respect of any debt owing by the bank and outstanding on its books in Canada

(a) by reason of a deposit, no interest has been paid out and no other transaction has taken place and no statement of account has been requested or acknowledged by the creditor during a period of ten years, reckoned, in the case of a deposit made for a fixed period, from a date not earlier than the termination of such fixed period, or

(b) by reason of a cheque, draft or bill of exchange issued or certified by the bank, no payment has been made for a period of ten years,

the bank shall pay to the Bank of Canada an amount equal to the amount owing by the bank in respect thereof including interest, if any, to the date of payment, and thereupon the liability of the bank in respect of such debt shall cease and determine.

(4) and (5): The underlined change provides for an annual instead of semi-annual return of interest rates charged by the bank.

(6) No change, (formerly ss. (4)).

92. (1) and (2). Recast, but no substantial change of former ss. (1) and (2) except as required by the new ss. (3), (4) and (6).

(3), (4), (5) and (7). New, to provide for transfer of unclaimed deposits and the liability to repay same, to the Bank of Canada after ten years.

(6) New, to enable banks to destroy accumulations of records that are over thirty years old, save and except records with regard to unclaimed balances.

The latter will be subject to special regulations made by the Governor in Council under ss. (5). The former s. 92 read:

"**92.** (1) The bank may allow any rate of interest whatever upon money deposited with it.

(2) The liability of the bank, under any law, custom or agreement to repay moneys heretofore or hereafter deposited with it and interest, if any, shall continue, notwithstanding any statute of limitations, or any enactment or law relating to prescription."

Bank of Canada liable to pay.

(4) Upon payment in respect of any debt being made to the Bank of Canada under this section, the Bank of Canada shall, if payment is demanded by the person who, but for the operation of this section, would have been entitled as creditor of the bank by which such payment was made, be liable to pay an amount equal to the amount so paid to it with interest, if interest was payable on such debt, for a period not exceeding twenty years at such rate and computed in such manner as may be determined from time to time by the Governor in Council.

Interest for twenty years.

Regulations.

(5) The Governor in Council may make regulations prescribing the time for payment by the bank to the Bank of Canada under this section, the records to be maintained or kept by the bank with reference to a debt with respect to which payment is so made, the manner of payment of any claim under subsection four of this section and the rate of interest to be paid by the Bank of Canada in respect thereof if interest is so payable and the manner of the computation thereof.

Banks not liable re accounts more than thirty years old.

(6) A bank shall not be liable in respect of any act or omission relating to any account kept by the bank, which act or omission occurred or which is alleged to have occurred more than thirty years prior to the making of a claim in respect thereof, but this subsection shall not relieve a bank of liability in respect of any debt which is subject to the provisions of subsection three of this section.

"Creditor".

(7) In this section "creditor" includes the heir, executor, administrator or personal or other legal representative or assign of the creditor and a corporation and its successor or assign. 1934, c. 24, s. 92, am.

Percentage chargeable for collection.

93. When any note, bill, or other negotiable security or paper, payable at any of the bank's places or seats of business, branches, agencies, or offices of discount and deposit in Canada, is discounted at any other of the bank's places or seats of business, branches, agencies or offices of discount and deposit, the bank may, in order to defray the expenses attending the collection thereof, receive or retain in addition to the discount thereon, a percentage calculated upon the amount of such note, bill or other negotiable security or paper, not exceeding one-eighth of one per centum: Provided that the bank may make a minimum charge of fifteen cents. 1934, c. 24, s. 93.

Agency charges.

94. The bank may, in discounting any note, bill or other negotiable security or paper, *bona fide* payable at any place in Canada, other than that at which it is discounted, and other than one of its own places or seats of business, branches, agencies or offices of discount and deposit in Canada, receive and retain, in addition to the discount thereon, a sum not exceeding one-fourth of one

93. No change.

94. No change.

per centum on the amount thereof: Provided that the bank may make a minimum charge of twenty-five cents. R.S., c. 12, s. 94.

Deposits may be received from persons unable to contract.

95. (1) The bank may, subject to the provisions of this section, without the authority, aid, assistance or intervention of any other person or official being required,

(a) receive deposits from any person whomsoever, whatever his age, status or condition in life, and whether such person is qualified by law to enter into ordinary contracts or not; and

Payments.

(b) from time to time pay any or all of the principal thereof and any or all of the interest thereon to or to the order of such person, unless before payment the money so deposited in the bank is claimed by some other person in any action or proceeding to which the bank is a party and in respect of which service of a writ or other process originating such action or proceeding has been made on the bank, or in any other action or proceeding pursuant to which an injunction or order made by the court requiring the bank not to make payment of such money or to make payment thereof to some person other than the depositor has been served on the bank.

Payments by consent.

(2) In the case of any such claim so made the money so deposited may be paid to the depositor with the consent of the claimant or to the claimant with the consent of the depositor. 1934, c. 24, s. 95, am.

Bank not bound to see to trust in deposits.

96. (1) The bank shall not be bound to see to the execution of any trust, whether expressed, implied or constructive, to which any deposit made under the authority of this Act is subject.

Payment where bank has notice of trust.

(2) If any deposit made under the authority of this Act is subject to a trust of which the bank has notice, the receipt or cheque of the person in whose name any such deposit stands, or, if it stands in the names of two or more than two persons, the receipt or cheque of all such persons or of such of them as under the document creating the trust may be entitled to receive such deposit shall, notwithstanding any trust to which such deposit is then subject, be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit, and the bank shall not be bound to see to the application of any money paid upon such receipt or cheque.

Payment in other cases.

(3) Except only in the case of a claim made in the manner referred to in paragraph *(b)* of subsection one of section ninety-five of this Act, by some other person before repay-

95. The former wording of s. 95 (1) *(b)* and (2) has been changed. They read—

"(1) *(b)* from time to time pay any or all of the principal thereof, and any or all of the interest thereon; to or to the order of such person, unless before such payment the money so deposited in the bank is *lawfully claimed* as the property of some other person.

(2) In the case of any such *lawful claim* the money so deposited may be paid to the depositor with the consent of the claimant, or to the claimant with the consent of the depositor." R.S., c. 12, s. 95, am.

The words *"lawfully claimed"* and *"lawful claims"* have occasioned difficulties because of frivolous and vexatious claims. The banks are in no position to determine whether conflicting claims are lawful. Claimants other than the depositor will be required by the underlined amendments to establish their rights in court.

96. Ss. (1) and (2) unchanged.

ment, the receipt or cheque of the person in whose name any deposit stands, or, if it stands in the names of two persons, the receipt or cheque or one, or, if it stands in the names of more than two persons, the receipt or cheque of the majority of such persons shall be a sufficient discharge to or consent for the payment of any money payable in respect of such deposit.

Garnishee order affects only branch where served.

(4) An attaching or garnishee order or summons shall only affect and bind property in the possession of the bank belonging to, or moneys to the credit of, the debtor at the branch, agency or office of the bank where such order or summons or notice thereof is served. 1934, c. 24, s. 96, am.

If depositor dies, claim not exceeding $500, how proved.

97. (1) If a person dies, having a deposit with the bank not exceeding the sum of five hundred dollars, the production to the bank of

(a) any authenticated copy of the probate of the will of the deceased depositor, or of letters of administration of his estate, or of letters of verification of heirship, or of the act of curatorship or tutorship, granted by any court in Canada having power to grant the same, or by any court or authority in England, Wales, Northern Ireland or any British Dominion or colony, or of any testament-testamentar or testament-dative expede in Scotland;

(b) an authentic notarial copy of the will of the deceased depositor, if such will is in notarial form, according to the law of the province of Quebec; or

(c) if the deceased depositor died outside of His Majesty's dominions, any authenticated copy of the probate of his will, or of letters of administration of his property, or other document of like import, granted by any court or authority having the requisite power in such matters

shall be sufficient justification and authority to the directors for paying such deposit, in pursuance of and in conformity to such probate, letters of administration, or other documents as aforesaid.

Deposit of copy of document

(2) When the authenticated copy or other document of like import is produced to the bank under subsection one of this section, there shall be deposited with the bank a true copy thereof. 1934, c. 24, s. 97.

DOMINION GOVERNMENT CHEQUES.

Official cheques and cheques payable to government to be paid at par.

98. The bank shall not make any charge for cashing any cheque drawn on the Receiver General or on his account in the Bank of Canada or in any other bank or for cashing any

(3) The only change in subsection (3) is to replace the reference to "lawful claim" by words to correspond with the change made in section 95 (1) *(b)*.

(4) The former subsection (4) of section 96 read—

"(4) An attaching or garnishee order or summons shall only affect and bind moneys to the credit of the debtor at the branch, agency or office of the bank where such order or summons or notice thereof is served."

The principle of the former subsection is followed by covering other property than deposits.

97. No change.

98. No change.

other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund or upon any cheque drawn in favour of the Government of Canada or any department thereof and tendered for deposit in the Consolidated Revenue Fund. 1934, c. 24, s. 98.

PURCHASE OF THE ASSETS OF A BANK.

Bank may sell assets to another bank.

99. (1) Any bank may sell the whole or any portion of its assets to any other bank which may purchase such assets; and the selling and purchasing banks may, for such purposes, enter into an agreement of sale and purchase, which agreement shall contain all the terms and conditions connected with the sale and purchase of such assets.

Consent of Minister.

(2) No agreement by a bank to sell the whole or any portion of its assets to another bank shall be made unless and until the Minister, in writing, consents that an agreement under subsection one of this section may be entered into between the two banks. 1934, c. 24, s. 99.

Consideration.

100. (1) The consideration for any such sale and purchase may be as agreed upon between the selling and purchasing banks.

If in shares of capital stock.

(2) If the consideration, or any portion thereof, is shares of the capital stock of the purchasing bank, the agreement shall provide for the amount of the shares of the purchasing bank to be paid to the selling bank.

Not considered issued until sold or distributed.

(3) Until such shares so paid to the selling bank have been sold by such bank, or have been distributed among and accepted by the shareholders of such bank, they shall not be considered issued shares of the purchasing bank for the purposes of its note circulation. 1934, c. 24, s. 100.

Agreement of sale to be submitted to shareholders at meeting.

101. (1) The agreement of sale and purchase shall be submitted to the shareholders of the selling and purchasing banks, either at the annual general meeting of the respective banks or at a special general meeting thereof called for the purpose.

Copy to each shareholder by mail.

(2) A copy of the agreement shall be mailed, post paid, to every shareholder of each bank to his last known address, at least four weeks previously to the date of the meeting at which the agreement is to be submitted, together with a notice of the time and place of the holding of such meeting. 1934, c. 24, s. 101.

Agreement may be executed if they approve.

102. (1) If at each meeting the agreement is approved by resolution carried by the votes of shareholders, present or represented by proxy, representing not less than two-thirds of the amount of the subscribed capital stock of the bank, the agreement may be executed under the seals of the

99. No change.

100. No change.

101. No change.

102. No change.

banks, parties thereto, and application may be made to the Governor in Council, through the Minister, for approval thereof.

Approval of Governor in Council.

(2) Until the agreement is approved by the Governor in Council it shall not be of any force or effect. 1934, c. 24, s. 102.

Approval of shareholders of purchasing bank.

103. If the agreement provides for the payment of the consideration for such sale and purchase, in whole or in part, in shares of the capital stock of the purchasing bank, and for such purpose it is necessary to increase the capital stock of such bank, a by-law for the purpose may be passed by the shareholders at the meeting called to approve of the agreement. 1934, c. 24, s. 103.

Necessary increase of stock may be approved.

104. The Governor in Council may, on the application for his approval of the agreement, approve of the increase of the capital stock of the purchasing bank, which is necessary to provide for the payment of the shares of such bank to the selling bank, as provided in the said agreement. 1934, c. 24, s. 104.

Ordinary provisions for increase not to apply.

105. The provisions of this Act with regard to

(a) the increase of the capital stock of the bank by by-law of the shareholders approved by the Treasury Board; and

(b) the allotment and sale of such increased stock

shall not apply to any increase of stock made or provided for under the authority of the last two preceding sections. 1934, c. 24, s. 105.

Conditions on which Governor in Council may approve agreement.

106. (1) The approval of the Governor in Council shall not be given to the agreement, unless

(a) the consent of the Minister as prescribed by sub-section two of section ninety-nine of this Act has been given;

(b) the approval of the agreement is recommended by the Treasury Board;

(c) the application for approval thereof is made, by or on behalf of the bank executing it, within three months from the date of execution of the agreement; and

(d) it appears to the satisfaction of the Governor in Council that all the requirements of this Act in connection with the approval of the agreement by the shareholders of the selling and purchasing banks have been complied with, and that, after the approval by the shareholders of the selling bank, notice of the intention of the banks to apply to the Governor in Council for the approval of the agreement has been published for at least four weeks in the *Canada Gazette* and in one or more newspapers published in places where the chief offices of the banks are situate.

103. No change.

104. No change.

105. No change.

106. No change.

Information.

(2) Such banks shall afford all information that the Minister requires.

Approval may be refused.

(3) Nothing herein contained shall be construed to prevent the Governor in Council or the Treasury Board from refusing to approve of the agreement or to recommend its approval. 1934, c. 24, s. 106.

Further conditions.

107. (1) The agreement shall not be approved of unless it appears that

(a) proper provisions have been made for the payment of the liabilities of the selling bank;

(b) the agreement provides for the assumption and payment by the purchasing bank of the notes of the selling bank issued and intended for circulation, outstanding and in circulation; and

(c) the amounts of the notes of both the purchasing and selling banks, issued for circulation, outstanding and in circulation, as shown by the then last monthly returns of the banks, do not together exceed the amount which the purchasing Bank is authorized by this Act to have outstanding and in circulation, or if the amount of such notes does exceed the amount so authorized, an amount in cash equal to the excess of such notes over the amount so authorized, has been deposited by the purchasing bank with the Minister.

Deposit.

(2) The amount so deposited under paragraph *(c)* of subsection one of this section shall be held by the Minister as security for the redemption of the said excess of notes; and when the amount of the notes of the two banks outstanding and in circulation is less than the amount which the purchasing bank is authorized by this Act to have outstanding and in circulation, together with the amount so deposited, the difference shall, from time to time, bere paid by the Minister out of the deposit, to the extent thereof, to the purchasing bank, but without interest, on the application of such bank, and on the production of such evidence as the Minister may require to show the amount of the notes of the two banks then outstanding and in circulation. 1934, c. 24, s. 107, am.

Notes of selling bank to become notes of purchasing bank.

108. (1) The notes of the selling bank so assumed and to be paid by the purchasing bank shall, on the approval of the agreement, be deemed to be, for all intents and pur-

(c) Paragraph *(c)* of subsection (1) of section 107 read:

"*(c)* the amounts of the notes of both the purchasing and selling banks, issued for circulation, outstanding and in circulation, as shown by the then last monthly returns of the banks, do not together exceed the then paid-up capital of the purchasing bank and the amount, if any, held for both of the said banks in the central gold reserves referred to in this Act; or if the amount of such notes does exceed such paid-up capital and the amount so held, an amount in cash, equal to the excess of such notes over such paid-up capital and the amounts so held, has been deposited by the purchasing bank with the Minister."

The only change is to remove the reference to "*the then paid-up capital of the purchasing bank and the amount if any held for both of the said banks in the central gold reserves referred to in this Act*" and to substitute the words underlined in the section—see s. 60.

(2) The only change to subsection (2) of s. 107 is a corresponding change to the one made in ss. (1) *(c)* above.

108. (1) No change.

poses, notes of the purchasing bank issued for circulation; and the purchasing bank shall be liable in the same manner and to the same extent as if it had issued them for circulation.

Circulation Fund.

(2) The amount at the credit of the selling bank in the Circulation Fund shall, on the approval of the agreement, be transferred to the credit of the purchasing bank.

Notes to be called in.

(3) The notes of the selling bank shall not be reissued, but shall be called in, redeemed and cancelled as quickly as possible. 1934, c. 24, s. 108, am.

Evidence of approval by Governor in Council.

109. (1) The approval of the Governor in Council of the agreement shall be evidenced by a certified copy of the Order in Council approving thereof.

Orders in Council conclusive.

(2) A copy of such Order in Council or extract thereof, and a copy of such agreement, purporting to be certified to be true by the clerk or assistant or acting clerk of the King's Privy Council for Canada shall, in all courts of justice and for all purposes, be *prima facie* evidence of the said agreement, and of its due execution, and of its approval by the Governor in Council, and of the regularity of all proceedings in connection therewith. 1934, c. 24, s. 109.

On approval of Governor in Council the assets pass.

110. (1) On the agreement being approved of by the Governor in Council, the assets therein referred to as sold and purchased, shall in accordance with and subject to the terms thereof, and without any further conveyance, become vested in the purchasing bank.

Further assurance.

(2) The selling bank shall, from time to time, subject to the terms of the agreement, execute such formal and separate conveyances, assignments and assurances, for registration purposes or otherwise, as are reasonably required to confirm or evidence the vesting in the purchasing bank of the full title or ownership of the assets referred to in the agreement. 1934, c. 24, s. 110.

Selling bank to cease business and be wound up.

111. As soon as the agreement is approved of by the Governor in Council, the selling bank shall cease to issue or reissue notes for circulation, and shall cease to transact any business, except such as is necessary to enable it to

(2) No change.

(3) Formerly ss. (4).

The former subsection (3) read as follows:

"(3) The trustees shall not permit any part of the deposit, if any, of the selling bank in the central gold reserves to be withdrawn under the provisions of this Act after the last juridical day of the month in which notice of intention to apply to the Governor in Council for approval of the agreement has been given and pending such approval, unless and until the trustees are notified in writing by the Minister of his consent thereto; and on the approval of the agreement the trustees shall hold the deposit, if any, for and as if such deposit had been originally made by the purchasing bank."

This subsection is now obsolete.

109. No change.

110. No change.

111. No change.

carry out the agreement, to realize upon any assets not included in the agreement, to pay and discharge its liabilities, and generally to wind up its business; and the charter or Act of incorporation of such bank, and any Acts in amendment thereof then in force, shall continue in force only for the purposes in this section specified. 1934, c. 24, s. 111.

RETURNS.

Monthly returns.

112. (1) The bank shall, within the first twenty-eight days of each month, transmit or deliver to the Minister and to the Bank of Canada a return in the form set forth in Schedule L to this Act: Provided, however, that the Governor in Council shall have power from time to time to make such amendments and additions to the said schedule as he may deem expedient.

Content of return.

(2) Such return shall exhibit the condition of the bank on the last juridical day of the month last preceding.

Special returns.

(3) The Minister may also call for other or special returns from any bank, and may require that the bank shall transmit or deliver such other or special returns at monthly or other prescribed periods, or whenever in his judgment they are necessary to afford a full and complete knowledge of its condition.

Time for special returns.

(4) The Minister may prescribe the time within which such other or special returns shall be transmitted or delivered to him, but unless otherwise prescribed the time within which any monthly or other periodic return shall be transmitted or delivered, shall be the time allowed by this section for a monthly return: Provided that the Minister may extend the time for transmitting any special return for such further period, not exceeding thirty days, as he thinks expedient.

Return to show true position.

(5) It shall not, except as to the chief accountant or acting chief accountant of the bank, be sufficient for the purposes of any return provided for or required under this section that such return agrees with the books of the bank, but the return shall set forth the true financial position of the bank on the last juridical day of the month last preceding the date of the return, or on such other date to which it is prescribed under this section such return shall relate, according to the latest information possessed by or reasonably available to the officers or any of them who sign the return.

Current loans not to include.

(6) For the purposes of any return provided for or required under this section, or for the purposes of any statement or balance sheet prepared and issued by a bank, there shall not be included amongst "current loans," any loan in respect of which

112–118. The former sections 112 to 114 have been recast and renumbered as sections 112 to 118 inclusive for clarification and to eliminate repetition. This has permitted the penalty sections relating to returns formerly sections 154 to 162 to be consolidated into one section (see section 157).

112. (1) No material change. Subsections consolidated to avoid repetition,—formerly sec. 112 (1) and (4).

(2) No change—formerly 112 (2).

(3) No change—formerly 112 (5).

(4) No change—formerly 112 (6).

(5) No material change—formerly 113 (4).

(6) No material change—formerly 113 (5).

(a) the borrower has not for a period of two years preceding the date of such return, statement or balance sheet, paid the interest thereon at the rate agreed, in cash, unassisted by the bank;

(b) the bank has taken possession of the property or any part of the property covered by any security given by the borrower with the intention of realizing thereon, or has realized or taken any step or proceeding for the purpose of realizing upon any security given by the borrower;

(c) the bank has commenced an action at law to recover from the borrower the amount of the loan or any part thereof;

(d) the borrower has made an abandonment of his estate for the benefit of his creditors or any of them; or

(e) there is other cause, sufficient in the opinion of the manager of the branch of the bank where such loan is domiciled, or in the opinion of any director or officer of the bank who prepares, signs, approves or concurs in such return, statement or balance sheet, for deeming such loan not to be a current loan.

Exception.

(7) Any loan falling within the last preceding subsection may however be included amongst current loans if the directors declare that after due inquiry they have approved such loan as a current loan.

Amounts written off bank premises, etc.

(8) Whenever a bank has appropriated out of its profits for any period, with the consent and approval of its shareholders had and obtained at any annual or special general meeting, any sum for the writing down of its bank premises or other assets, no portion of such sum so appropriated shall be again taken into account for the purposes of any return required under this section, or for the purposes of any statement prepared and issued by the bank, without the consent and approval of its shareholders, in like manner first had and obtained.

When return last received may be used.

(9) Notwithstanding anything in this section, whenever, in the usual course of the post, the return of a branch or agency for the last juridical day of the month, mailed at the branch or agency on or before the second day of the following month, does not reach

(a) the chief office of the bank on or before the eighteenth day of the month; or

(b) the office of the general manager, if the office of the general manager is at a place other than the chief office of the bank, on or before the fifteenth day of the month

the return last received from any such branch, exhibiting as far as that branch is concerned the condition of the bank at the date for which it purports to be made, may be used in the preparation of the monthly return called for by this section. 1934, c. 24, ss. 112 and 113 am.

(7) No change—formerly 113 (6).

The former subsection (7) of section 113 has been deleted. It read:

"(7) Whenever a bank carries on any part of its operations in the name of a corporation controlled by such bank, then such bank shall, for the purposes of any return required under the last preceding section, transmit or deliver therewith a separate return, showing the assets and liabilities of each such corporation, and the interest of the bank in such corporations shall be shown separately in any return respecting the affairs of the bank."

The monthly return respecting controlled corporations is not necessary, as the Minister receives the annual statements of assets and liabilities of such corporations pursuant to section 53 (4) and the value placed on the shares of such corporations plus the amount of any loans to them is shown in the annual statement (section 53 (2) schedule O) and in the monthly return (section 112 (1) Schedule L).

(8) No change—formerly 113 (8).

(9) No change—formerly 112 (3).

Information as to president, vice-president and directors.

113. (1) The bank shall within thirty days after the annual general meeting transmit or deliver to the Minister a return showing the name and address of each director elected thereat together with a list of the banks, firms, companies and corporations of which he is a director or partner, and the names of the president and vice-presidents; and should any vacancy occur in the membership of the board of directors or in the office of president or vice-president, the bank shall forthwith notify the Minister of the name and address of the person by whom the vacancy has been filled together with a list of the banks, firms, companies and corporations of which he is a director or partner.

Notice to Minister of change of officers.

(2) If any change is made in the holder of the office of chief accountant or of general manager, the Minister shall forthwith be notified of the name of the person by whom the vacancy has been filled. 1934, c. 24, s. 113, ss. (2) and (3).

Annual return of shareholders to Minister.

114. (1) The bank shall on or before the last day of February in each year transmit or deliver to the Minister a return of its shareholders as at the end of its financial year next preceding or as at a date not more than two months prior to the end of such financial year.

(2) Such return shall show

(a) the names of the shareholders of the bank with the cities, towns or other places of their last known addresses as shown by the books of the bank;

(b) the number of shares then held by them respectively; and

(c) the amount, if any, remaining to be paid thereon. 1934, c. 24, s. 114, ss. (8).

Return of classification of loans.

115. The bank shall once in each year transmit or deliver to the Minister a return of the aggregate amount of all loans made by the bank within Canada outstanding at a date to be specified by the Treasury Board, classified according to industries and businesses, and the Treasury Board may make such regulations as may be deemed necessary to give effect to the provisions of this section. 1934, c. 24, s. 114, ss. (10).

Return of classification of deposits.

116. The bank shall once in each year transmit or deliver to the Minister a return in respect of all deposits by the public held by the bank in Canada at a date to be specified by the Treasury Board, showing as to deposits payable on demand and also as to deposits payable after notice the number and aggregate amount of such deposits in each of the following classes:—

1. Deposits of $1,000 or less.
2. Deposits over $1,000 to $5,000.

113. (1) No change—formerly 113 (2).

(2) No change—formerly 113 (3).

114. (1) Formerly 114 (8) which read:

"(8) The bank shall, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return of shareholders as at the end of such calendar year, certified by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the return is certified, and by the officer of the bank in charge of the register of shareholders, to be a correct return and in accordance with the books of the bank with regard thereto."

The amendment will save unnecessary duplication of work as the bank can return the list of shareholders prepared for its annual meeting.

(2) No material change—formerly 114 (9).

115. No change—formerly 114 (10).

116. Formerly 114 (11)—no material change except Item 1 which formerly read "Deposits under $1,000". There was an unintended gap between Items 1 and 2, viz., deposits of exactly $1,000. The amendment fills this gap.

3. Deposits over $5,000 to $25,000.
4. Deposits over $25,000 to $100,000.
5. Deposits in excess of $100,000.

1934, c. 24, s. 114, ss. (11) am.

Annual return of unclaimed dividends and balances.

117. (1) The bank shall, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return as at the end of such calendar year

(a) of all dividends which have remained unpaid for more than five years; and

(b) of all amounts or balances at branches or agencies in Canada in respect of which no interest has been paid out and no other transaction has taken place and no statement of account has been requested or acknowledged by the creditor, during the five years prior to the date of such return:

Provided that, in the case of moneys deposited for a fixed period, the said term of five years shall be reckoned from the date of the termination of such fixed period.

Content of return.

(2) The return mentioned in the last preceding subsection shall set forth

(a) the name of each shareholder or creditor to whom such dividends, amounts or balances are, according to the books of the bank, payable;

(b) the last known address of each such shareholder or creditor, as shown by the books of the bank;

(c) the amount due to each such shareholder or creditor;

(d) the branch or agency of the bank at which the last transaction took place;

(e) the date of such last transaction; and

(f) if such shareholder or creditor is known to the bank to be dead, the names and addresses of his legal representatives, so far as known to the bank.

Annual return of unpaid cheques, drafts, bills.

(3) The bank shall likewise, within thirty days after the close of each calendar year, transmit or deliver to the Minister a return of all cheques, drafts or bills of exchange, issued or certified by the bank and outstanding on its books in Canada and remaining unpaid for more than five years prior to the date of such return, setting forth so far as known

(a) the name of each person to whom, or at whose request, each such cheque, draft or bill was issued or certified;

(b) the last known address of each such person, as shown by the books of the bank;

(c) the name of the payee of each such draft or bill;

(d) the amount and date of each such cheque, draft or bill;

(e) the name of the place where each such cheque, draft or bill was payable; and

117. (1) Formerly 114 (1)—no material change except that the proposed subsection requires the bank to make returns only in respect of amounts or balances "at branches or agencies in Canada". These words have been inserted. Balances elsewhere than in Canada are the concern of the countries in which they are situated.

(2) No change—formerly 114(2).

(3) Formerly 114 (3)—this subsection has been recast in the singular with minor consequential changes and the return is limited to cheques, drafts or bills "outstanding on its books in Canada", these words having been inserted (see note to ss. (1))

(f) the branch or agency of the bank from which each such cheque, draft or bill was issued, or by which it was certified.

Amounts under ten dollars.

(4) If a dividend, amount or balance, cheque, draft or bill is for a less sum than ten dollars and returns in respect thereof have been made under the preceding provisions of this section for two consecutive years, the bank may thereafter omit from the respective returns particulars required by the said provisions with regard to any such dividend, amount or balance, cheque, draft or bill.

Notice that amount unclaimed or unpaid.

(5) The bank shall transmit by ordinary post to the person to whom any such dividend, amount or balance is payable, and to the person, insofar as known to the bank, to whom any such cheque, draft or bill was issued, or at whose request any such cheque was certified, to the last known address of each such person as shown by the books of the bank, a notice in writing stating that such dividend remains unpaid, or that in respect of such amount or balance no interest has been paid out and no other transaction has taken place and no statement of account has been requested or acknowledged by the creditor, or that such cheque, draft or bill remains unpaid, as the case may be.

When notice to be given.

(6) The notice required by the next preceding subsection shall be given twice, namely, during the month of January next after the end of the first two-year period and also during the month of January next after the end of the first five-year period in respect of which

(a) the dividend has remained unpaid;

(b) no interest has been paid out and no other transaction has taken place and no statement of account has been requested or acknowledged by the creditor, in connection with such amount or balance; or

(c) the cheque, draft or bill has remained unpaid.

1934, c. 24, s. 114, am.

Declaration and signatures to certain returns.

118. (1) Every return required to be made by a bank under or pursuant to sections one hundred and twelve, one hundred and fifteen, one hundred and sixteen and one hundred and seventeen of this Act, shall be accompanied by a declaration which shall be a part of the return and the declaration shall be in the form set forth in Schedule N to this Act and shall be signed by the chief accountant or the acting chief accountant and by the president or a vice-president or the director then acting as president and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time at which the declaration is signed.

(4) No material change—formerly 114 (4).

(5) Formerly 114 (6)—Recast to define more accurately what is included in unclaimed amounts, and to substitute "ordinary post" for "registered post" to reduce the expense of mailing notices. Ordinary post is deemed equally effective.

(6) No material change—formerly 114 (7).

118. (1) This section consolidates the former ss. (1) of sec. 113 and ss. (5) of sec. 114.

Other returns.

(2) Every return required to be made by a bank under sections one hundred and thirteen and one hundred and fourteen of this Act shall be signed by the president or a vice-president or the director then acting as president and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank.

Returns to be laid before Parliament.

(3) The returns required to be made under sections one hundred and fourteen and one hundred and seventeen of this Act and a compilation for all banks of the respective items of information contained in the returns required by sections one hundred and fifteen and one hundred and sixteen shall be laid before Parliament within fifteen days, or if Parliament is not then sitting, within fifteen days after the beginning of the next session. 1934, c. 24, s. 113, ss. (1) and s. 114, ss. (5), (8) and (12) am.

PAYMENTS TO THE MINISTER UPON WINDING-UP.

Unclaimed moneys paid to Minister on winding-up of bank.

119. (1) If, in the event of the winding-up of the business of the bank in insolvency, or under any general winding-up Act, or otherwise, any moneys payable by the liquidator, either to shareholders or depositors, remain unclaimed,

(a) for the period of three years from the date of suspension of payment by the bank;

(b) for a like period from the commencement of the winding-up of such business; or

(c) until the final winding-up of such business, if the business is finally wound up before the expiration of the said three years,

With interest.

such moneys and all interest thereon shall, notwithstanding any statute of limitations or other Act relating to prescription, be paid to the Minister, to be held by him subject to all rightful claims on behalf of any person other than the bank.

Minister may order payment to person entitled.

(2) If a claim to any moneys so paid is thereafter established to the satisfaction of the Minister he may direct payment thereof to be made to the person entitled thereto, together with interest on the principal sum thereof, at the rate currently being paid by banks on interest-bearing deposits for a period not exceeding six years from the date of payment thereof to the Minister as aforesaid: Provided that no such interest shall be paid or payable on such principal sum unless interest thereon was payable by the bank paying the same to the Minister.

Interest.

Bank discharged.

(3) Upon payment to the Minister as herein provided, the bank and its assets shall be held to be discharged from further liability for the amounts so paid. 1934, c. 24, s. 115, am.

(2) This subsection corresponds to the provision contained in the former ss. (8) of sec. 114 relating to the annual return of shareholders and applies to the annual return of directors, for the latter of which no provision was formerly made as to form of signing.

(3) No material change—formerly 114 (12).

119. Subsection (1) unchanged (former s. 115 (1)).

(2) The amendment to subsection (2) is to substitute the underlined words for the words "*rate of three per centum per annum.*" The rate of interest payable by the Minister on unclaimed deposits should not exceed the rate payable by the banks on savings deposits.

(3) Subsection (3) unchanged.

Circulation outstanding at distribution of assets.

120. (1) Upon the winding-up of a bank in insolvency or under any general winding-up Act, or otherwise, the assignees, liquidators, directors, or other officials in charge of such winding-up shall, before the final distribution of the assets, or within three years from the commencement of the suspension of payment by the bank, whichever shall first happen, pay over to the Bank of Canada a sum, out of the assets of the bank, equal to the amount then outstanding of the notes intended for circulation issued by the bank, together with any interest on such outstanding notes which may have accrued under section sixty-five of this Act.

Bank relieved.

(2) Upon such payment being made, the bank and its assets shall be relieved from all further liability in respect of such outstanding notes.

Bank of Canada to redeem.

(3) The sum so paid shall be held by the Bank of Canada and applied for the purpose of redeeming, whenever presented, such outstanding notes, without interest, except such as may have been paid over under this section.

Payment by Minister to Bank of Canada.

(4) The Minister shall forthwith after the coming into force of this Act pay to the Bank of Canada all money then held by him for the purpose of redeeming notes issued by any bank enumerated in Schedule P to this Act, and the Bank of Canada shall on and after the date of such payment be liable to redeem all such notes presented to it. 1934, c. 24, s. 116, am.

CURATOR

Minister to appoint curator.

121. The Minister shall, if a bank suspends payment in Bank of Canada notes of any of its liabilities as they accrue, forthwith appoint in writing a curator to supervise the affairs of such bank. 1934, c. 24, s. 117, am.

Removal.

122. The Minister may at any time remove the curator and may appoint in writing another person to act in his stead. 1934, c. 24, s. 118.

Powers and duties of curator.

123. (1) The curator shall assume supervision of the affairs of the bank, and of all necessary arrangements for the payment of the notes of the bank issued for circulation, and, at the time of his appointment, outstanding and in circulation.

Generally.

(2) The curator shall generally have all powers and shall take all steps and do all things necessary or expedient to protect the rights and interests of the creditors and shareholders of the bank, and to conserve and ensure the proper

120. (1) An amendment to subsection (1) of section 120 (former s. 116) is to delete the obsolete reference to the central gold reserves.

Another amendment to ss. (1) and also to ss. (3) is to substitute the Bank of Canada for the Minister as the redemption agency, in keeping with the change in s. 65.

No change in ss. (2).

(4) New. To provide for payment over to the Bank of Canada of funds now held by the Minister for the redemption of the notes of certain failed banks.

121. Section 121 (former s. 117) is amended by deleting the obsolete reference to payment in "*specie or Dominion notes*".

122. No change (former s. 118).

123. No change (former s. 119).

disposition, according to law, of the assets of the bank; and, for the purposes of this section, he shall have free and full access to all books, accounts, documents and papers of the bank.

Supervision.

(3) The curator shall continue to supervise the affairs of the bank until he is removed from office, or until the bank resumes business, or until a liquidator is duly appointed to wind up the business of the bank. 1934, c. 24, s. 119.

Officers and clerks to assist curator.

124. The president, vice-president, directors, general manager, managers, clerks and officers of the bank shall give and afford to the curator all such information and assistance as he requires in the discharge of his duties. 1934, c. 24, s. 120.

No act of directors valid unless approved by curator.

125. No by-law, regulation, resolution or act, touching the affairs or management of the bank, passed, made or done by the directors during the time the curator is in charge of the bank, shall be of any force or effect until approved in writing by the curator. 1934, c. 24, s. 121.

Curator to make returns as required by Minister.

126. The curator, or liquidator shall make all returns and reports, and shall give all information to the Minister, touching the affairs of the bank, that the Minister requires of him. 1934, c. 24, s. 122.

Remuneration of curator.

127. The remuneration of the curator for his services, and his expenses and disbursements in connection with the discharge of his duties, shall be fixed and determined by a judge of a superior court in the province where the chief office of the bank is situate, and shall be paid out of the assets of the bank, and, in case of the winding-up of the bank, shall rank on the estate equally with the remuneration of the liquidator. 1934, c. 24, s. 123.

BY-LAWS OF THE CANADIAN BANKERS' ASSOCIATION.

By-laws.

128. (1) The Association may, at any meeting thereof, with the approval of two-thirds in number of the banks represented at such meeting, if the banks so approving have at least two-thirds in par value of the paid-up capital of the banks so represented, make by-laws, rules and regulations respecting

As to what subjects.

(a) the supervision of the making of the notes of the banks which are intended for circulation, and the delivery thereof to the banks;

124. No change (former s. 120).

125. No change (former s. 121).

126. No change (former s. 122).

127. No change (former s. 123).

128. (Former s. 124).

(d) The former paragraph *(d)* of ss. 1 of s. 124, which read

"*(d) the custody and management of the central gold reserves and the carrying out of the provisions of this Act relating to such reserves; and*"

has been deleted, as being obsolete, and *(e)* has been relettered as *(d)*.

(b) the inspection of the disposition made by the banks of such notes;

(c) the destruction of notes of the banks; and

(d) the imposition of penalties, not exceeding the sum of one thousand dollars, for the breach or non-observance of any by-law, rule or regulation made by virtue of this section.

Approved by Treasury Board.

(2) No such by-law, rule or regulation, and no amendment or repeal thereof, shall be of any force or effect until approved by the Treasury Board.

Enforcement of by-laws.

(3) The Association shall have all powers necessary to carry out, or to enforce the carrying out, of any by-law, rule or regulation, or any amendment thereof, so approved by the Treasury Board. 1934, c. 24, s. 124, am.

Liability of shareholders

129. (1) In the event of the property and assets of the bank being insufficient to pay its debts and liabilities, each shareholder of the bank shall be liable for the deficiency to an amount equal to the par value of the shares held by him, in addition to any amount not paid up on such shares.

Provision for reduction.

(2) On and from the day on which the Bank of Canada is authorized to commence business the liability of a shareholder of a bank under this section, in addition to any amount not paid up on his shares, shall not exceed that proportion of the par value of the shares held by him which the amount of notes which the bank is authorized by this Act to have in circulation in Canada bears to the paid-up capital of the bank.

"Shareholder" defined.

(3) "Shareholder," within the meaning of this section, shall include an undisclosed principal and, to the extent of his interest, a cestui que trust, on whose behalf or for whose benefit shares in the capital stock of the bank are held. 1934, c. 24, s. 125.

Suspension for 90 days to constitute insolvency.

130. Any suspension by the bank of payment of any of its liabilities as they accrue, in Bank of Canada notes, shall, if it continues for ninety days consecutively, or at intervals within twelve consecutive months, constitute the bank insolvent, and work a forfeiture of its charter or Act of incorporation, so far as regards all further banking operations. 1934, c. 24, s. 126, am.

Charter to remain in force for calls and winding-up.

131. The charter or Act of incorporation of the bank shall, in the case mentioned in the next preceding section, remain in force only for the purpose of enabling the directors, or other lawful authority, to make and enforce the calls mentioned in the next following section of this Act, and to wind up the business of the bank. 1934, c. 24, s. 127.

129. No change. (Former s. 125).

130. (Former s. 126) is amended to delete the obsolete reference to payment in "*specie or Dominion notes*".

131. No change (former s. 127).

If no proceedings within 3 months thereafter, directors to make calls.

132. (1) If any suspension of payment in full, in Bank of Canada notes, of all or any of the notes or other liabilities of the bank, continues for three months after the expiration of the time which, under the two last preceding sections would constitute the bank insolvent, and if no proceedings are taken under any Act for the winding-up of the bank, the directors shall make calls on the shareholders thereof to the amount they deem necessary to pay all the debts and liabilities of the bank not exceeding the limit of liability of the shareholders hereinbefore specified, without waiting for the collection of any debts due to the bank or the sale of any of its assets or property.

Intervals.

(2) Such calls shall be payable at intervals of thirty days.

Notice.

(3) Notice of such calls shall be given to the shareholders.

Number.

(4) Any number of such calls may be made by one resolution.

Amount.

(5) No such call shall exceed twenty per centum on each share.

Payment.

(6) Payment of such calls may be enforced in like manner as payment of calls on unpaid stock may be enforced.

First call.

(7) The first of such calls may be made within ten days after the expiration of the said three months.

Procedure.

(8) In the event of proceedings being taken under any Act for the winding-up of the bank in consequence of the insolvency of the bank, the said calls shall be made in the manner prescribed for the making of such calls in such Act.

Forfeiture for non-payment.

(9) Any failure on the part of any shareholder liable to any such call to pay the same when due shall work a forfeiture by such shareholder of all claim in or to any part of the assets of the bank: Provided that such call and any further call thereafter shall nevertheless be recoverable from him as if no such forfeiture had been incurred. 1934, c. 24, s. 128, am.

Proviso.

Liability of directors not diminished.

133. Nothing in the four sections last preceding shall be construed to alter or diminish the additional liabilities of the directors as herein mentioned and declared. 1934, c. 24, s. 129.

Liability of shareholders who have transferred their stock.

134. *(a)* Persons who, having been shareholders of the bank, have only transferred their shares, or any of them, to others, as hereinbefore provided, within sixty days before the commencement of the suspension of payment by the bank; and

Or whose subscriptions have been cancelled.

(b) Persons whose subscriptions to the stock of the bank have been forfeited, in manner hereinbefore provided, within the said period of sixty days before the commencement of the suspension of payment by the bank

132. (Former s. 128). The only change in subsection (1) is the deletion of the obsolete reference to payment in *"specie or Dominion notes"*.

No change in other subsections.

133. No change (former s. 129).

134. No change (former s. 130).

shall be liable to all calls on the shares held or subscribed for by them, as if they held such shares at the time of such suspension of payment, saving their recourse against those by whom such shares were then actually held. 1934, c. 24, s. 130.

Order of charges. Notes.

135. In the case of the insolvency of any bank

(a) the payment of the notes issued or reissued by such bank, intended for circulation, and then in circulation, together with any interest paid or payable thereon as hereinbefore provided, shall be the first charge upon the assets of the bank;

Dominion Government.

(b) the payment of any amount due to the Government of Canada, in trust or otherwise, shall be the second charge upon such assets;

Provincial governments.

(c) the payment of any amount due to the government of any of the provinces, in trust or otherwise, shall be the third charge upon such assets; and

Penalties.

(d) the amount of any penalties for which the bank is liable shall not form a charge upon the assets of the bank, until all other liabilities are paid. 1934, c. 24, s. 131.

OFFENCES AND PENALTIES.

Payments of Incorporation and Organization Expenses.

Offences.

136. (1) If prior to the time at which the certificate permitting the bank to commence the business of banking has been obtained from the Treasury Board, any provisional director or director authorizes or is a party to the payment of, or receives, out of moneys paid in by subscribers or interest thereon, any sum for commission, salary or charges for services in connection with or arising out of the incorporation or organization of the bank, it shall be an offence against this Act.

Payments of expenses prior to obtaining Treasury Board certificate.

After certificate obtained.

(2) If after the certificate has been obtained from the Treasury Board, any director authorizes payment of, or any general manager or other officer of the bank pays or causes to be paid any money for or on account of the incorporation or organization expenses of the bank, except and unless the sum so paid is mentioned or included in the statement submitted to the Treasury Board at the time at which the application is made under this Act to the Board for a certificate permitting the bank to commence the business of banking, it shall be an offence against this Act.

When no certificate obtained.

(3) If no certificate from the Treasury Board has been obtained within the time limited by this Act, it shall be an offence against this Act for any provisional director

135. No change (former s. 131).

136. (1) The only change to subsection (1) of the former s. 132 is to delete the reference to the certificate permitting the new bank to "*issue notes*". This is in accordance with the amendment to s. 60, by which the limited right to issue notes is restricted to existing banks.

(2) The only change to ss. (2) of the former s. 132 is the deletion of the reference to permitting the bank "*to issue notes*". This is to accord with the amendment proposed in s. 60, under which a new bank shall not be authorized to issue notes.

ss. (3) No change.

or director to authorize or be a party to the payment of, or to receive, out of moneys paid in by subscribers, any sum for commission, salary or charges for services in connection with or arising out of the incorporation or organization of the bank, unless provision had been made pursuant to section sixteen of this Act for payment. 1934, c. 24, s. 132 am.

Penalty for bank officers obtaining gifts or showing favour.

137. (1) Every one is guilty of an offence and liable, upon conviction on indictment, to two years' imprisonment or to a fine not exceeding two thousand five hundred dollars, or to both, and, upon summary conviction, to imprisonment for six months, with or without hard labour, or to a fine not exceeding one hundred dollars, or both, who

(a) being a director, general manager, manager, or other executive officer of a bank, corruptly accepts or obtains, or agrees to accept or attempts to obtain, from any person for himself or for any other person, any gift or consideration as an inducement or reward for doing or forbearing to do, or for having done or forborne to do, any act relating to the bank's business or affairs, or for showing or forbearing to show favour or disfavour to any person with relation to the bank's business or affairs; or

Penalty for offering gifts or showing favour to bank officers.

(b) corruptly gives or agrees to give or offers any gift or consideration to any director, general manager, manager, or other executive officer of a bank as an inducement or reward or consideration to such director, general manager, manager, or other executive officer of the bank, for doing or forbearing to do, or for having done or forborne to do, any act relating to the bank's business or affairs, or for showing or forbearing to show favour or disfavour to any person with relation to the bank's business or affairs.

"Consideration" defined.

(2) In this section "consideration" includes valuable consideration of any kind. 1934, c. 24, s. 133.

Commencement of Business

Commencing business without certificat

138. Every director or provisional director of any bank and every other person who, before the obtaining of the certificate from the Treasury Board by this Act required, permitting the bank to commence business, transacts or authorizes the transaction of any business in connection with such bank, except such as is by this Act authorized to be transacted before the obtaining of such certificate, is guilty of an offence against this Act. 1934, c. 24, s. 134, am.

137. No change (former s. 133).

138. (Former s. 134).

The former section 134 read:

"**134.** Every director or provisional director of any bank and every other person who, before the obtaining of the certificate from the Treasury Board by this Act required, permitting the bank to issue notes or commence business, issues or authorizes the issue of any note of such bank, or transacts or authorizes the transaction of any business in connection with such bank, except such as is by this Act authorized to be transacted before the obtaining of such certificate, is guilty of an offence against this Act. R.S., c. 12, s. 134."

The only change is to delete the reference to any note-issuing powers of a new bank—see the proposed amendment to section 60.

Sale and Transfer of Shares.

Sale and transfer of shares contrary to requirements.

139. Any person, whether principal, broker or agent, who wilfully sells or transfers or attempts to sell or transfer

(a) any share or shares of the capital stock of any bank by a false number;

(b) any share or shares of which the person making such sale or transfer, or in whose name or on whose behalf the same is made, is not at the time of such sale, or attempted sale, the registered owner; or

(c) any share or shares, without the assent to such sale of the registered owner thereof

Offence.

is guilty of an offence against this Act. 1934, c. 24, s. 135.

Issue and Circulation of Notes.

Excess of circulation.

140. If the total amount of the notes of the bank in circulation at any time exceeds the amount authorized by this Act, the bank shall

(a) if the amount of such excess is not over one thousand dollars, incur a penalty equal to the amount of such excess;

(b) if the amount of such excess is over one thousand dollars, and not over twenty thousand dollars, incur a penalty of one thousand dollars;

(c) if the amount of such excess is over twenty thousand dollars, and not over one hundred thousand dollars incur a penalty of ten thousand dollars;

(d) if the amount of such excess is over one hundred thousand dollars, and not over two hundred thousand dollars, incur a penalty of fifty thousand dollars; or

(e) if the amount of such excess is over two hundred thousand dollars, incur a penalty of one hundred thousand dollars;

Proviso.

Provided however that in any case where the amount of notes in circulation has exceeded the amount authorized, and it is established by the bank to the satisfaction of the Minister that such excess occurred despite reasonable precautions on the part of the bank and did not continue for a longer period than twenty days, the penalty may be at the rate of ten per centum per annum on the amount of such excess. 1934, c. 24, s. 137, am.

Unauthorized issue of notes for circulation.

141. (1) Except as authorized by this Act, every person who issues or reissues, makes, draws or endorses any bill, bond, note, cheque or other instrument, intended to circulate as money, or to be used as a substitute for money, for any amount whatsoever, shall incur a penalty of four hundred dollars.

139. No change (former s. 135).

Former section 136 which read:

"**136.** (1) *Every bank which at any time holds in Dominion notes less than forty per centum of the cash reserves which it has in Canada shall incur a penalty of five hundred dollars for each such offence.*

(2) *This section shall be repealed on and from the date the Bank of Canada is authorized to commence business.*" has been deleted. It became obsolete on the establishment of the Bank of Canada.

140. No change (former s. 137) except for substitution of "*this Act*" for "*any statute*".

141. No change (former s. 138.) except to add the underlined words, and to delete the words *except a bank to which this Act applies*. This change is designed to extend the penalty to any unauthorized issue by a bank.

Intention presumed.

(2) If any such instrument is made for the payment of a less sum than twenty dollars, and is payable either in form or in fact to the bearer thereof, or at sight, or on demand, or at less than thirty days thereafter, or is overdue, or is in any way calculated or designed for circulation, or as a substitute for money, the intention to pass the same as money shall be presumed unless such instrument is

Exceptions.

(a) a cheque on some chartered bank paid by the maker directly to his immediate creditor; or

(b) a promissory note, bill of exchange, bond or other undertaking for the payment of money made or delivered by the maker thereof to his immediate creditor; and

(c) not designed to circulate as money or as a substitute for money. 1934, c. 24, s. 138, am.

Defacement of notes.

142. (1) Every person who mutilates, cuts, tears or perforates with holes any Bank of Canada or bank note, or who in any way defaces a Bank of Canada or bank note, whether by writing, printing, drawing or stamping thereon, or by attaching or affixing thereto anything in the nature or form of an advertisement shall, on summary conviction, be liable to a penalty not exceeding twenty dollars.

Penalty.

Issue by bank of notes not disinfected or sterilized.

(2) Every officer, clerk and servant of a bank who, for the bank, reissues to the public any bank notes or Bank of Canada notes which have not been disinfected and sterilized in accordance with the regulations made by the Treasury Board under the authority of this Act shall, on the information of any person, on summary conviction, be liable to a penalty not exceeding twenty dollars.

Penalty.

(3) In the event of the conviction of any officer, clerk or servant of a bank under this section, the bank shall thereby incur a penalty of fifty dollars. 1934, c. 24, s. 139, am.

Issuing notes during period of suspension.

143. *(a)* Every person who, being president, vice-president, director, general manager, manager, clerk or other officer of the bank, issues or reissues, during any period of suspension of payment by the bank of its liabilities, any notes of the bank payable to bearer on demand, and intended for circulation, or authorizes or is concerned in any such issue or reissue; and

Or without authority of Treasury Board.

(b) if, after any such suspension, the bank resumes business without the consent in writing of the curator hereinbefore provided for, every person who being president, vice-president, director, general manager, manager, clerk or other officer of the bank issues or reissues, or authorizes or is concerned in the issue or reissue of any such notes before being thereunto authorized by the Treasury Board; and

142. The only change to the former s. 139 is the deletion of the obsolete references to *Dominion notes*.

143. No change (former s. 140).

And accepting such notes.

(c) every person who accepts, receives or takes, or authorizes or is concerned in the acceptance, receipt or taking of any such notes, knowing the same to have been so issued or reissued, from the bank, or from such president, vice-president, director, general manager, manager, clerk or other officer of the bank, in payment or part payment, or as security for the payment of any amount due or owing to such person by the bank,

Penalty.

is guilty of an indictable offence, and liable to imprisonment for a term not exceeding seven years, or to a fine not exceeding two thousand dollars, or to both. 1934, c. 24, s. 140.

Pledging of notes by officers of bank.

144. *(a)* Every person who, being president, vice-president, director, general manager, manager, clerk, other officer or servant of the bank, pledges, assigns, or hypothecates, or authorizes, or is concerned in the pledge, assignment or hypothecation of the notes of the bank, and,

Accepting.

(b) every person who accepts, receives or takes, or authorizes or is concerned in the acceptance or receipt or taking of such notes as a pledge, assignment or hypothecation,

Penalty.

is guilty of an offence and liable to a fine of not less than four hundred dollars and not more than two thousand dollars or to imprisonment for a term not exceeding two years or of both 1934, c. 24, s. 141, am.

Issuing notes fraudulently.

145. *(a)* Every person who, being president, vice-president, director, general manager, manager, clerk or other officer of a bank, with intent to defraud, issues or delivers, or authorizes or is concerned in the issue or delivery of notes of the bank intended for circulation and not then in circulation; and

Knowingly accepting.

(b) every person who, with knowledge of such intent, accepts, receives or takes, or authorizes or is concerned in the acceptance, receipt or taking of such notes,

Penalty.

is guilty of an indictable offence, and liable to imprisonment for a term not exceeding seven years, or to a fine not exceeding two thousand dollars, or to both. 1934, c. 24, s. 142, am.

Annual Statement and Auditors' Report.

Issue of annual statement without auditors' report.

146. If any copy of the statement or of the profit and loss account submitted under section fifty-three of this Act, which has not been signed as required by that section, is issued, circulated, or published, or if any copy of such statement is issued, circulated or published without having a copy of the auditors' report attached thereto, the bank,

144. No change (former s. 141) except for the addition of underlined words; the addition of the words "or servant" is to cover the almost identical offence formerly contained in s. 152. This latter section has been dropped.

145. No change (former s. 142) except for the substitution of *is* for *shall be*.

146. No change (former s. 143) except for procedural change indicated by underlining.

and every director, general manager or other officer of the bank who is knowingly a party thereto, shall incur a penalty of two hundred and fifty dollars. 1934, c. 24, s. 143, am.

Penalty.

Inspection

No loan or gratuity to be made by bank officials to inspector or his officers.

Offence and penalty.

147. Any bank which, or any director, president, general manager or any officer of a bank who, directly or indirectly makes a loan or grant or gives any gratuity to the Inspector or any other person appointed or employed under section fifty-six of this Act, and the Inspector or any such person who accepts or receives, directly or indirectly, any such loan, grant or gratuity, commits an offence against this Act and is liable to the penalties hereinafter provided, so far as applicable, in addition to any punishment otherwise provided. 1934, c. 24, s. 144.

Secrecy.

148. The Inspector or any person appointed or employed under section fifty-six of this Act who discloses to any other person, except the Minister, the Deputy Minister of Finance and the Governor of the Bank of Canada, or a representative of the latter if authorized by him in writing, any information regarding a bank, its business or affairs commits an offence against this Act. 1934, c. 24, s. 145, am.

Warehouse Receipts, Bills of Lading and other Securities.

Bank acquiring warehouse receipt, bill of lading, or security under s. 88.

149. If any bank, to secure the payment of any debt, liability, loan or advance, acquires or holds

(a) any warehouse receipt or bill of lading; or

(b) any document signed and delivered to the bank giving or purporting to give to the bank security on property under section eighty-eight of this Act,

such bank shall, unless

Except in certain cases.

(c) such debt, liability, loan or advance is negotiated or contracted at the time of the acquisition by the bank of such warehouse receipt, bill of lading or document;

(d) such debt, liability, loan or advance is negotiated or contracted upon the written promise or agreement that a warehouse receipt, bill of lading or document, as aforesaid, would be given to the bank; or

Penalty.

(e) the acquisition or holding by the bank of such warehouse receipt, bill of lading or document is otherwise authorized by this Act,

incur a penalty not exceeding five hundred dollars. 1934, c. 24, s. 146, am.

Non-compliance with requirements for sale.

150. If any debt or liability to the bank is secured by

(a) any warehouse receipt or bill of lading; or

(b) any security upon property given to the bank under section eighty-eight to this Act;

147. No change (former s. 144.).

148. The former section 145 read:

"**145.** The Inspector or any person appointed or employed under section fifty-six of this Act who discloses to any other person, except the Minister and the Deputy Minister of Finance, any information regarding a bank, its business or affairs, commits an offence against this Act."

The proposed amendment is designed to give the Governor of the Bank of Canada access to the information obtained by the Inspector.

149. This section (former s. 146), has been recast to shorten paragraph (b), and to cover the additional types of loans authorized under the amendments to s. 88. The words "bill" and "note" have been replaced by the words *loan or advance* to conform with the wording of s. 88 and s. 89.

150. This section (former s. 147) has been recast to shorten and simplify it and to cover the additional types of loans authorized under the amendments to s. 88.

and is not paid at maturity, such bank shall, if it sells the property covered by such warehouse, bill of lading or security under the power of sale conferred upon it by this Act without complying with the provisions to which the exercise of such power of sale is by this Act made subject, incur a penalty not exceeding five hundred dollars. 1934, c. 24, s. 147, am.

Penalty.

Making false statements.

151. Every person is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years who wilfully makes any false statement

In warehouse receipt or bill of lading or document under s. 88.

(a) in any warehouse receipt or bill of lading given to a bank under the authority of this Act;

(b) in any document giving or purporting to give security upon property to a bank under section eighty-eight of this Act. 1934, c. 24, s. 148, am.

Wilfully disposing of or withholding goods covered by security.

152. Every person is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years who, having possession or control of property mentioned in or covered by any warehouse receipt, bill of lading or any security given to the bank under section eighty-eight of this Act, and having knowledge of such receipt, bill of lading or security, without the consent of the bank in writing before the loan, advance, bill, note, debt or liability thereby secured has been fully paid

(a) wilfully alienates or parts with any such property; or

(b) wilfully withholds from the bank possession of any such property if demand for such possession is made by the bank after default in payment of such loan, advance, bill, note, debt or liability. 1934, c. 24, s. 149, am.

Bank not selling shares subject to privileged lien.

153. *(a)* If any bank having, by virtue of the provisions of this Act, a privileged lien for any debt or liability for any debt to the bank, on the shares of its own capital stock of the debtor or person liable, neglects to sell such shares within twelve months after such debt or liability has accrued and become payable; or

Or selling without notice.

(b) if any such bank sells any such shares without giving notice to the holder thereof of the intention of the bank to sell the same, by mailing such notice in the post office, postpaid, to the last known address of such holder, at least thirty days prior to such sale,

Penalty.

such bank shall incur, for each such offence, a penalty not exceeding five hundred dollars. 1934, c. 24, s. 150.

Prohibited Business.

Bank doing prohibited business.

154. (1) Any bank which contravenes or violates any of the provisions of paragraphs *(a)*, *(b)*, *(c)*, *(d)* or *(e)* of subsection two of section seventy-five of this Act shall incur

151. This section (former s. 148) has been recast to shorten and simplify it, and to cover the additional types of loans authorized under the amendments to s. 88.

152. This section (former s. 149) has been recast to shorten and simplify it and to cover the additional types of loans authorized under the amendments to s. 88.

153. No change (former s. 150).

154. Subsections (1) and (2) (former s. 151) have been recast to avoid unnecessary repetition and to conform with changes made in s. 75. The penalties remain unchanged.

a penalty not exceeding five hundred dollars in respect of each such contravention or violation.

(2) Any bank which contravenes or violates the provisions of paragraph *(f)* of subsection two of section seventy-five of this Act shall incur a penalty not exceeding five thousand dollars in respect of each such contravention or violation.

Penalty if director is present or votes respecting loans in which personally interested.

(3) Except as authorized by this Act, if any director of a bank is present or votes at a meeting of the board during the time when loans or advances to himself or any firm, company or corporation of which he is a partner or director are under consideration both the bank and such director shall incur penalties not exceeding five thousand dollars, and such director shall forthwith vacate his office of director and shall not be eligible for election as a director of a bank within a period of five years after the date of the said meeting of the board.

Acting as agent for insurance company.

(4) Any manager or other officer of a bank who acts as agent for any insurance company or for any person in the placing of insurance shall incur a penalty not exceeding five hundred dollars;

Using pressure to place insurance.

(5) Any bank which exercises pressure upon a borrower to place insurance for the security of such bank in any particular insurance agency shall incur a penalty not exceeding five hundred dollars in respect of each case in which the bank so exercises such pressure. 1934, c. 24, s. 151, am.

Violation of interest provisions.

155. Every bank which violates the provisions of subsection one of section ninety-one of this Act is guilty of an offence and liable for every such offence to a fine not exceeding five hundred dollars and every one who, being a manager or officer of any bank, violates the provisions of the said subsection is guilty of an offence and liable for every such offence to a fine not exceeding one hundred dollars. New.

Payment of liabilities of bank after suspension.

156. Every director, officer, clerk or servant of a bank who, during any period of suspension of payment in Bank of Canada notes of any of the liabilities of the bank as they accrue, with knowledge of such suspension and without the consent of a duly appointed curator or liquidator, pays or causes to be paid to any person any debt or liability of the bank, is guilty of an offence against this Act. 1934, c. 24, s. 153, am.

Returns

Bank neglecting to make certain returns.

157. (1) Every bank which neglects to transmit or deliver to the Minister a statement or return required to be made by it under or pursuant to any of the following provisions of this Act, namely—

(a) subsection eight of section fifty-three;

(b) section sixty-two;

(c) section seventy-eight;

(3) No change except for the addition of the underlined words. The addition of the new words is to provide for the exception to the prohibition contained in ss. 3 of s. 75.

(4) No change (formerly ss. 4 *(a)* of s. 151).

(5) Recast (formerly ss. 4 *(b)* of s. 151) the penalty remains the same.

155. New—providing the offence formerly contained in s. 91.

156. This section (former s. 153) has been recast to eliminate obsolete reference to payment in *specie or Dominion notes*, and to eliminate an ambiguity in the former wording.

157. (1) This subsection consolidates, for the sake of brevity and simplicity, the provisions of former sections 154 to 157 inclusive and 159 to 161 inclusive—see note to section 112. No change is made in the penalties, except that a penalty is now provided for neglect to deliver to the Minister the statement required by s. 53 (8). Formerly no penalty was provided for.

(*d*) subsection four of section ninety-one;
(*e*) subsection one of section one hundred and twelve;
(*f*) section one hundred and thirteen;
(*g*) section one hundred and fourteen;
(*h*) section one hundred and fifteen;
(*i*) section one hundred and sixteen;
(*j*) section one hundred and seventeen;

in the form and manner and within the time, and containing the information prescribed by or pursuant to this Act, and signed by the persons by this Act required, shall incur a penalty of fifty dollars for each and every day after the expiration of the time prescribed for the transmission or delivery of such return during which such neglect continues.

Penalty.

Special returns.

(2) Every bank which neglects to transmit or deliver to the Minister a return required to be made by it pursuant to subsections three and four of section one hundred and twelve of this Act in the form and manner and within the time and containing the information prescribed pursuant to the said subsections and signed by the persons by this Act required, shall incur a penalty of five hundred dollars for each and every day after the expiration of the time prescribed for the transmission or delivery of such return or any extension of such time during which such neglect continues.

Penalty.

Date of posting returns.

(3) If any return required to be made under or pursuant to any section mentioned in the two next preceding subsections is transmitted by post, the date appearing by the post office stamp or mark upon the envelope or wrapper enclosing the return received by the Minister or by the Bank of Canada, as the date of deposit in the post office of the place at which the chief office of the bank was situated shall be taken *prima facie* for the purpose of any of the said sections to be the day upon which such return was transmitted to the Minister. 1934, c. 24, ss. 154 to 157 and 159 to 162, am.

Making false or deceptive statement in account or return.

158. (1) Every president, vice-president, director, auditor, general manager or other officer of the bank who knowingly prepares, signs, approves or concurs in any account, statement, return, report or document respecting the affairs of the bank containing any false or deceptive statement, or any return which does not set forth the true financial position of the bank including all the information required by section one hundred and twelve of this Act, shall be guilty of an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding five years.

Penalty.

Liability of officers.

(2) Every president, vice-president, director, auditor, general manager or other officer of the bank who negligently prepares, signs, approves or concurs in any account, statement, return, report or document respecting the affairs of the bank containing any false or deceptive state-

(2) This subsection corresponds to former section 158—no change is made in the penalty.

(3) No material change—formerly section 162.

158. No change (formerly s. 163) except deletion of references to "*trustee*" of the Central Gold Reserves, now obsolete.

ment, or any return which does not set forth the true financial position of the bank including all the information required by section one hundred and twelve of this Act, shall be guilty of an indictable offence punishable, unless a greater punishment is in any case by law prescribed therefor, by imprisonment for a term not exceeding three years. 1934, c. 24, s. 163, am.

Calls in the case of Suspension of Payment.

Director refusing to make calls on suspension of bank.

159. *(a)* If any suspension of payment in full, in Bank of Canada notes, of all or any of the notes or other liabilities of the bank continues for three months after the expiration of the time which, under the provisions of this Act, would constitute the bank insolvent; and

(b) if no proceedings are taken under any Act for the winding-up of the bank; and

(c) if any director of the bank refuses to make or enforce, or to concur in the making or enforcing of any call on the shareholders of the bank, to any amount which the directors deem necessary to pay all the debts and liabilities of the bank,

such director shall be guilty of an indictable offence, and liable

Penalty.

(i) to imprisonment for a term not exceeding two years; and

(ii) personally for any damages suffered by any such default. 1934, c. 24, s. 164, am.

Undue Preference to the Bank's Creditors.

Officers giving undue preference to any creditor.

160. Every person who, being president, vice-president, director, general manager, manager or other officer of the bank, wilfully gives or concurs in giving to any creditor of the bank any fraudulent, undue or unfair preference over other creditors, by giving security to such creditor, or by changing the nature of his claim, or otherwise howsoever, is guilty of an indictable offence, and liable

Penalty.

(a) to imprisonment for a term not exceeding two years; and

Damages.

(b) for all damages sustained by any person in consequence of such preference. 1934, c. 24, s. 165.

Use of the Title "Bank", etc.

Unauthorized use of title "bank", etc.

161. (1) Every person using the word "bank", "banker", or "banking" either alone or in combination with other words, or any word or words of import equivalent to any of the foregoing in any foreign language, in a sign or in an advertisement or to describe his business or any part of

159. Section 159 (former 164) is unchanged except for the deletion of reference to payment *in specie or Dominion notes*, and for an improvement in the lettering of sub-paragraphs.

160. No change (former s. 165).

161. (1) No change (former s. 166).

his business, without being authorized so to do by this Act, or by some other Act of the Parliament of Canada, is guilty of an offence against this Act.

Offence.

Use of bank's name in prospectus or advertisement.

(2) Every person other than a bank who uses the name of a bank in a prospectus or advertisement for the sale of any bonds, debentures, stock, shares or securities of any kind other than those issued by or guaranteed as to principal and interest by the Dominion of Canada, and every bank which authorizes its name to appear in such a prospectus or advertisement or uses its name in such a prospectus or advertisement published in a newspaper, is guilty of an offence against this Act. 1934, c. 24, s. 166 and new.

Offence.

Penalty for Offence against this Act.

Offence against this Act.

162. Every person committing an offence, declared to be an offence against this Act, shall, unless otherwise provided by this Act, be liable to a fine not exceeding one thousand dollars, or to imprisonment for a term not exceeding five years, or to both. 1934, c. 24, s. 167, am.

Penalty.

PROCEDURE.

Penalties enforceable at suit of Attorney General or Minister.

163. (1) The amount of all penalties imposed upon a bank or person for any violation of this Act shall, unless otherwise provided by this Act, be recoverable and enforceable, with costs, at the suit of His Majesty instituted by the Attorney General of Canada, or by the Minister.

Appropriation

(2) Such penalties shall, unless otherwise provided by this Act, belong to the Crown for the public uses of Canada:

Proviso.

Provided that the Governor in Council, on the report of the Treasury Board, may direct that any portion of any penalty be remitted, or paid to any person, or applied in any manner deemed best adapted to attain the objects of this Act, and to secure the due administration thereof. 1934, c. 24, s. 168.

1934, c. 24 repealed.

164. Chapter twenty-four of the statutes of Canada, 1934, is repealed.

Commencement of Act.

165. This Act shall come into force on the first day of July, nineteen hundred and forty-four.

(2) New. Replaces the provisions of the former section 75 (2) *(g)* which prohibited any bank from permitting the use of its name in a prospectus, with certain exceptions, but did not penalize any other person who might so use the bank's name even notwithstanding objection by the bank. The new prohibition is therefore general in scope and is designed to prevent the use of a bank's name in any way on a prospectus or advertisement of any securities, other than Dominion direct or guaranteed securities.

162. No substantial change (former s. 167).

The superfluous words *in the discretion of the Court before which the conviction is had* are dropped.

163. No change (former s. 168).

SCHEDULE A

(Section 4)

Name of Bank	Capital authorized	Chief Office of Bank
1. Bank of Montreal.....	$ 50,000,000	Montreal
2. The Bank of Nova Scotia.	15,000,000	Halifax
3. The Bank of Toronto....	10,000,000	Toronto
4. La Banque Provinciale du Canada.....	5,000,000	Montreal
5. The Canadian Bank of Commerce.....	50,000,000	Toronto
6. The Royal Bank of Canada.....	50,000,000	Montreal
7. The Dominion Bank.....	10,000,000	Toronto
8. Banque Canadienne Nationale.....	10,000,000	Montreal
9. Imperial Bank of Canada.	10,000,000	Toronto
10. Barclays Bank (Canada).	1,500,000	Montreal

La Banque Provinciale du Canada and Banque Canadienne Nationale hereinbefore named may respectively carry on business pursuant to the provisions of this Act, under the respective names "The Provincial Bank of Canada" and "National Canadian Bank".

1934, c. 24, Sch. A, am.

Item 10 of Schedule A has been amended to show the increase in authorized capital of Barclays Bank (Canada) from $500,000 to $1,500,000.

SCHEDULE B

(Section 9)

An Act to incorporate the————————Bank.

Whereas the persons hereinafter named have by their petition prayed that it be enacted as hereinafter set forth and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. [*Insert names of those applying for incorporation; the full name, address and description of each director must be given*], together with such persons as become shareholders in the corporation by this Act created, are incorporated under the name of [*insert name of bank*] hereinafter called "the Bank."

2. The persons named in section one of this Act shall be the provisional directors of the Bank.

3. The capital stock of the Bank shall be————dollars.

4. The chief office of the Bank shall be at————————.

5. This Act shall, subject to the provisions of section sixteen of the Bank Act, remain in force until the first day of July, in the year one thousand nine hundred and fifty-four.

1934, c. 24, Sch. B, am.

Schedule B—no change, except to change the year 1944 to 1954 in paragraph 5.

SCHEDULE C

(Section 88 (1) (a), (b), (c) or (e)—security on all property of specified kinds)

For good and valuable consideration, the undersigned hereby assigns to the————————bank (hereinafter called "the bank") as security for the payment of all loans and advances made or to be made by the bank to the undersigned up to and including the————————day of ————————, 19——, pursuant to the application for credit and promise to give security made by the undersigned to the bank and dated the————————day of————————, 19——, and any application(s) for credit and/or promise(s) to give security supplemental thereto made or to be made by the undersigned to the bank, or renewals of such loans and advances or substitutions therefor and interest on such loans and advances and on any such renewals and substitutions, all property of the kind(s) hereinafter described of which the undersigned is now or may hereafter become the owner, to wit,—

*(Description of property)**

and which is now or may hereafter be in the place or places hereinafter designated, to wit,—

*(Designation of place or places)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*.

DATED at————————the————————day of————————, 19——.

————————————

*(NOTE—*The description of property and/or the designation of place or places, or any part thereof, may be set out on the back of the form or in a schedule annexed.)*

1934, c. 24, Sch. C, am.

SCHEDULE C: The form has been recast so that the security is given for the payment of all loans and advances made or to be made under the seasonal line of credit granted under the original and any supplemental applications for credit and promises to give security. Property of the kind assigned whether owned or to be owned by the borrower is covered, thus facilitating the operation of a revolving line of credit, and covering raw materials as they are acquired and manufactured. The security will therefore conform to manufacturing and other business methods and will operate, in effect, as a continuing security, simplifying the process of giving security.

The revised Schedule C will reduce the great amount of work now required of customers who are continually acquiring new property upon which they wish to borrow money. At present a grain dealer, for instance, who has already applied for and been granted a line of credit for the season and has signed a promise to give security may have to complete and sign daily—in addition to a promissory note—a fresh assignment under section 88 (Schedule C), describing all the promissory notes to be covered, as well as the property covered, and the place or places in which it is located. Each assignment and promissory note must be carefully checked by the bank staff before the advance can be made. Under the new procedure an application for credit for the season coupled with a promise to give security will be signed. When funds are required security in the new form will be given which will suffice for loans made during the season, and as additional funds are needed all that it will be necessary for the borrower to do will be to give covering promissory notes pursuant to the application for the season's credit. As a result, what has previously been accomplished through a most laborious and exacting procedure both for borrowers and bank staffs will be accomplished with a minimum of effort.

SCHEDULE D

(Section 88 (1) (d) (i) or (ii))

In consideration of a loan or advance of———— dollars made to the undersigned by the———— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, such loan or advance being made for the purchase of seed grain *or* fertilizer) to be sown (*or* used) upon land situate in the province of————and being ————, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the seed grain purchased and the crop to be grown therefrom upon the land aforesaid *or* fertilizer purchased and the crop to be grown from the land on which in the same season such fertilizer is used).

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

DATED at————the————day of ————,19——.

————————————

1934, c. 24, Sch. D, am.

Schedule D—(former Sch. D)—no material change.

SCHEDULE E

(Section 88 (1) (d) (iii))

In consideration of a loan or advance of———————— dollars made to the undersigned by the———————— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, such loan or advance being made for the purchase of binder twine for use in the harvesting of a crop, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the binder twine purchased and the crop in the harvesting of which the binder twine is to be used.

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

Dated at———————— the————————

day of————————, 19——.

————————

1934, c. 24, Sch. E, am.

Schedule E—(former Schedule E)—no material change.

SCHEDULE F

(Section 88 (1) (c) or (e)—security on particular property)

In consideration of a loan or advance of———— dollars made to the undersigned by the———— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the property hereinafter described of which the undersigned is now or may hereafter become the owner, to wit,—

*(Description of property)**

and which is now or may hereafter be in the place or places hereinafter designated, to wit,—

*(Designation of place or places)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*.

DATED at————the————day of

————, 19——.

————

*(NOTE.—*The description of property and/or the designation of place or places, or any part thereof, may be set out on the back of the form or in a schedule annexed.)* New.

New—being the Form under which security will be given on particular property as opposed to the Form set out in the new Schedule C under which security will be given on all property of specified kinds.

The former Schedule F has been deleted as no longer required; under the proposed amendment to s. 88 security on livestock may be given either under the proposed new Form set out in Schedule C, or under the proposed new Form set out in Schedule F.

SCHEDULE G

(Section 88 (1) (f) or (g))

In consideration of a loan or advance of———— dollars made to the undersigned by the———— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, such loan or advance being made for the purchase *(or* the installation *or* the purchase and installation, *as the case may be)* of the property hereinafter described, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the property hereinafter described of which the undersigned is now or may hereafter become the owner, to wit,—

*(Description of property)**

and which is now or may hereafter be in the place or places hereinafter designated, to wit,—

*(Designation of place or places)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank.

DATED at————the————day of ————, 19——.

————————

* (NOTE—*The description of property and/or the designation of place or places, or any part thereof, may be set out on the back of the form or in a schedule annexed.)* New.

Schedule G.—New, being the schedule required for the new types of loans to farmers authorized under par.s *(f)* and *(g)* of ss. (1) of s. 88.

SCHEDULE H

(Section 88 (1) (h)—security on all agricultural implements).

In consideration of a loan or advance of———— dollars made to the undersigned by the———— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, such loan or advance being made for *(state the purpose(s) of the loan or advance, being one or more (as the case may be) of those mentioned in section 88 (1) (h))*, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the following property, to wit,—all agricultural implements as defined in the *Bank Act* of which the undersigned is now or may hereafter become the owner and which are now or may hereafter be in the place or places hereinafter designated, to wit,—

*(Designation of place or places)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*.

DATED at————the————day of

————, 19——.

————————

* (NOTE—*The designation of place or places, or any part thereof, may be set out on the back of the form or in a schedule annexed.)* New.

Schedule H.—New, being the schedule required for loans to farmers authorized under par. *(h)* of ss. (1) of s. 88.

SCHEDULE I

(Section 88 (1) (h)—security on particular agricultural implements)

In consideration of a loan or advance of———— dollars made to the undersigned by the———— Bank (hereinafter called "the bank"), for which the bank holds the following note(s) of the undersigned: *(describe the note(s))*, such loan or advance being made for *(state the purpose(s) of the loan or advance, being one or more (as the case may be) of those mentioned in section 88 (1) (h))*, the undersigned hereby assigns to the bank as security for the payment of the said loan or advance or renewals thereof or substitutions therefor and interest on such loan or advance and on any such renewals and substitutions, the property hereinafter described of which the undersigned is now or may hereafter become the owner, to wit,—

*(Description of property)**

and which is now or may hereafter be in the place or places hereinafter designated, to wit,—

*(Designation of place or places)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*.

DATED at————the————day of

————, 19——.

————

* (NOTE—*The description of property and/or the designation of place or places, or any part thereof, may be set out on the back of the form or in a schedule annexed.)* New.

Schedule I.—New, being the schedule required for loans to farmers authorized under par. *(h)* of ss. (1) of s. 88.

SCHEDULE J

(Section 88 (1) (i))

For good and valuable consideration, the undersigned hereby assigns to the————————Bank (hereinafter called "the bank") as security for the payment of all loans and advances made or to be made by the bank to the undersigned up to and including the———day of————————, 19——, pursuant to the application for credit and promise to give security made by the undersigned to the bank and dated the——— day of————————, 19——, and any application(s) for credit and/or promise(s) to give security supplemental thereto made or to be made by the undersigned to the bank, or renewals of such loans and advances or substitutions therefor and interest on such loans and advances and on any such renewals and substitutions, all property of the kind(s) hereinafter described of which the undersigned is now or may hereafter become the owner, to wit,—

*(Description of property)**

wherever such property may be; registered vessel(s) and/or recorded vessel(s) being built or equipped or about to be built comprised in the said property being the following:

*(Number, name and port of registry of each registered or recorded vessel)**

This security is given under the provisions of section eighty-eight of the *Bank Act* and is subject to the provisions of the said Act.

The property now owned by the undersigned and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*, and the undersigned warrants that the property which may hereafter be acquired by the undersigned and is hereby assigned shall be free from any mortgage, lien or charge thereon, other than previous assignments, if any, to the bank *(or as the case may be)*.

DATED at————————the————day of————,

19——.

_____

*(NOTE.—*The description of property or any part thereof may be set out on the back of the form or in a schedule annexed.)*

New.

Schedule J.—New, being the schedule required for loans to fishermen under par. *(i)* of ss. (1) of s. 88.

SCHEDULE K

(Section 88 (4) (i)

Notice of Intention

To Whom it May Concern:

.....

(name of person, firm or company. P.O. address)

hereby gives notice that it is————intention to give security under the authority of section eighty-eight of the *Bank Act*, to the————Bank.

Dated at————this————day of————, 19—.

————————————

1934, c. 24, Sch. G.

Schedule K.—No change (former Schedule G.)

SCHEDULE L

(Section 112 (1))

Return of the liabilities and assets of the————————Bank on the————————day of————————, 19——.

Liabilities

		$
1.	Notes in Circulation	
2.	Deposits by and balances due to Dominion Government	
3.	Deposits by and balances due to provincial governments	
4.	Advances from Bank of Canada, secured	
5.	Deposits by the Public, payable on demand, in Canada, in Canadian currency	
6.	Deposits by the public, payable after notice or on a fixed day, in Canada, in Canadian currency	
7.	Deposits in Canada in currencies other than Canadian	
8.	Deposits elsewhere than in Canada	
9.	Deposits by and balances due to other chartered banks in Canada	
10.	Deposits by and balances due to banks and banking correspondents in the United Kingdom	
11.	Deposits by and balances due to banks and banking correspondents elsewhere than in Canada and the United Kingdom	
12.	Acceptances and letters of credit outstanding	
13.	Liabilities to the public not included under foregoing heads	
14.	Dividends declared and unpaid	
15.	Rest or Reserve Fund	
16.	Capital paid up	

Assets

		$
1.	Gold held in Canada	
2.	Subsidiary coin held in Canada	
3.	Gold held elsewhere	
4.	Subsidiary coin held elsewhere	
5.	Notes of Bank of Canada	
6.	Deposits with Bank of Canada	
7.	Notes of and cheques on other banks	
8.	Government and bank notes other than Canadian	

Schedule L (former Schedule H, as amended by Order in Council P.C. 523, dated March 2, 1935) read as follows:

SCHEDULE H

Return of the liabilities and assets of the————Bank on the————day of————, 19—.

Liabilities.

		$
1.	Notes in circulation	
2.	Deposits by and balances due to Dominion Government	
3.	Deposits by and balances due to provincial governments	
4.	Adances from Bank of Canada, secured	
5.	Deposits by the public, payable on demand, in Canada	
6.	Deposits by the public, payable after notice or on a fixed day, in Canada	
7.	Deposits elsewhere than in Canada	
8.	Deposits by and balances due to other chartered banks in Canada	
9.	Deposits by and balances due to banks and banking correspondents in the United Kingdom	
10.	Deposits by and balances due to banks and banking correspondents elsewhere than in Canada and the United Kingdom	
11.	Loans from other chartered banks in Canada, secured, including bills rediscounted	
12.	Bills payable	
13.	Acceptances and letters of credit outstanding	
14.	Liabilities to the public not included under foregoing heads	
15.	Dividends declared and unpaid	
16.	Rest or Reserve Fund	
17.	Capital paid up	
		$

Assets.

		$
1.	Gold held in Canada	
2.	Subsidiary coin held in Canada	
3.	Gold held elsewhere	
4.	Subsidiary coin held elsewhere	
5.	Notes of Bank of Canada	
6.	Deposits with Bank of Canada	
7.	Notes of other chartered banks	
8.	Government and bank notes other than Canadian	
9.	Cheques on other banks	
10.	Deposits with and balances due by other chartered banks in Canada	

9. Deposits with and balances due by other chartered banks in Canada.....
10. Due by banks and banking correspondents in the United Kingdom.....
11. Due by banks and banking correspondents elsewhere than in Canada and the United Kingdom.....
12. Dominion and provincial government direct and guaranteed securities maturing within two years, not exceeding market value.....
13. Other Dominion and provincial government direct and guaranteed securities, not exceeding market value.....
14. Canadian municipal securities, not exceeding market value.....
15. Public securities other than Canadian, not exceeding market value.....
16. Other bonds, debentures and stocks, not exceeding market value.....
17. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
18. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
19. Current loans and discounts in Canada not otherwise included, estimated loss provided for.....
20. Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....
21. Loans to provincial governments.....
22. Loans to cities, towns, municipalities and school districts.....
23. Non-current loans, estimated loss provided for.
24. Real estate other than bank premises.....
25. Mortgages on real estate sold by the bank...
26. Bank premises, at not more than cost, less amounts (if any) written off.....
27. Liabilities of customers under acceptances and letters of credit as *per contra*.....
28. Deposit with the Minister of Finance for the security of note circulation.....
29. Shares of and loans to controlled companies..
30. Other assets not included under the foregoing heads.....

\$

11. Due by banks and banking correspondents in the United Kingdom.....
12. Due by banks and banking correspondents elsewhere than in Canada and the United Kingdom.....
13. Loans to other chartered banks in Canada, secured, including bills rediscounted....
14. Dominion and provincial government direct and guaranteed securities maturing within two years, not exceeding market value..
15. Other Dominion and provincial government direct and guaranteed securities, not exceeding market value.....
16. Canadian municipal securities, not exceeding market value.....
17. Public securities other than Canadian, not exceeding market value.....
18. Other bonds, debentures and stocks, not exceeding market value.....
19. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
20. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover...
21. Current loans and discounts in Canada not otherwise included, estimated loss provided for.....
22. Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....
23. Loans to provincial governments.....
24. Loans to cities, towns, municipalities and school districts.....
25. Non-current loans, estimated loss provided for.....
26. Real estate other than bank premises.....
27. Mortgages on real estate sold by the Bank..
28. Bank premises, at not more than cost, less amounts (if any) written off.....
29. Liabilities of customers under acceptances and letters of credit as per contra.....
30. Deposit with the Minister of Finance for the security of note circulation.....
31. Shares of and loans to controlled companies.
32. Other assets not included under the foregoing heads.....

$

Capital authorized.....$
Capital subscribed.....$
Rate per annum of last dividend (and bonus, if any) declared.....
Aggregate amount of loans to directors and firms of which they are partners, and loans for which they are guarantors.....$
Greatest amount of notes of the bank in circulation at any time during the month.....$
Contingent liability on bills rediscounted with Bank of Canada.....$

Branch and agency returns used in the preparation of the foregoing and antedating the last juridical day of the month aforesaid are as follows:—

Branch or Agency	*Date of such return*

1934, c. 24, Sch. H, am.

SCHEDULE M

(Section 62)

Return of the————————Bank showing the greatest amount of its notes in circulation during the month of————————, 19——.

Capital paid up.....

Amount of notes authorized by section 61 of the *Bank Act:*

In Canada.....$

Elsewhere.....$

Day of the Month	*Amount of Notes in Circulation*	
	In Canada	*Elsewhere*

1934, c. 24, Sch. I, am.

Capital authorized.....$
Capital subscribed.....
Rate per annum of last dividend (and bonus, if any) declared....per centum
Aggregate amount of loans to directors and firms of which they are partners, and loans for which they are guarantors.....
Average daily amount held in notes and of deposits with Bank of Canada during the month.....
Greatest amount of notes of the Bank in circulation at any time during the month.....
Contingent liability on bills rediscounted with Bank of Canada.....

Branch and Agency returns used in the preparation of the foregoing and antedating the last juridical day of the month aforesaid are as follows:—

Branch or Agency. *Date of such return.*

The changes in Liability items 5, 6 and 7 are to give fuller information.

The former Liability items 11 and 12 are deleted as being no longer applicable.

The former Asset items 7 and 9 have been combined.

The former Asset item 13 has been deleted as being no longer applicable.

The former supplementary item "Average daily amount held in notes of, and of deposits with Bank of Canada during the month" has been deleted, as it does not serve any useful purpose. The Bank of Canada Act provides for the receipt of this information.

Schedule M (former Schedule I) is amended to correspond to amendments proposed in ss. 61 and 62.

SCHEDULE N

(Section 118 (1))

I declare that the above return is correct according to the books of the Bank.

E.F.,
Chief Accountant, (or Acting Chief Accountant, *as the case may be*).

We declare that the foregoing return is to the best of our knowledge and belief correct, and shows truly and clearly the financial position of the Bank as required by section of the *Bank Act*.

(Place).....this.....day of..... 19...

A.B.,
President, (Vice-President, or Director acting as President, *as the case may be*).

C.D.,
General Manager, (or other principal officer, *as the case may be*).

New.

Schedule N.—New, being the general form of declaration to form part of all returns mentioned in s. 118 (1).

SCHEDULE O

(Section 53 (2))

Statement of the liabilities and assets of the.....Bank on the.. .....day of....., 19....

Liabilities

1.	Capital paid up.....	
2.	Rest or reserve fund.....	
3.	Dividends declared and unpaid.....	
4.	Balance of profits, as per profit and lost account.....	
5.	Notes in circulation.....	
6.	Deposits by and balances due to Dominion Government.....	
7.	Deposits by and balances due to provincial governments.....	
8.	Advances from Bank of Canada, secured...	
9.	Deposits by the public not bearing interest.	
10.	Deposits by the public bearing interest, including interest accrued to date of statement.....	
11.	Deposits by and balances due to other chartered banks in Canada.....	
12.	Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries.....	
13.	Acceptances and letters of credit outstanding.....	
14.	Liabilities to the public not included under the foregoing heads.....	
		$

Assets

1.	Gold and subsidiary coin held in Canada...	$
2.	Gold and subsidiary coin held elsewhere....	
3.	Notes of Bank of Canada.....	
4.	Deposits with Bank of Canada.....	
5.	Notes of and cheques on other banks.....	
6.	Government and bank notes other than Canadian.....	
7.	Deposits with and balances due by other chartered banks in Canada.....	
8.	Due by banks and banking correspondents elsewhere than in Canada.....	
9.	Dominion and provincial government direct and guaranteed securities maturing within two years, not exceeding market value...	
10.	Other Dominion and provincial government direct and guaranteed securities, not exceeding market value.....	

Schedule O.—New. Formerly the form of this statement was set out in section 53(2) and (3).

11. Canadian municipal securities, not exceeding market value.....
12. Public securities other than Canadian, not exceeding market value.....
13. Other bonds, debentures and stocks, not exceeding market value.....
14. Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....
15. Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover....
16. Current loans and discounts in Canada, not otherwise included, estimated loss provided for.....
17. Current loans and discounts elsewhere than in Canada not otherwise included, estimated loss provided for.....
18. Loans to provincial governments.....
19. Loans to cities, towns, municipalities and school districts.....
20. Non-current loans, estimated loss provided for.....
21. Liabilities of customers under acceptances and letters of credit as *per contra*.....
22. Real estate other than bank premises.....
23. Mortgages on real estate sold by the bank..
24. Bank premises at not more than cost, less amounts, if any, written off.....
25. Deposit with the Minister of Finance for the security of note circulation.....
26. Shares of and loans to controlled companies
27. Other assets not included under the foregoing heads.....

$

New.

SCHEDULE P

(Section 120 (4))

Name of Bank

1. Commercial Bank of Manitoba.
2. La Banque du Peuple.
3. La Banque Ville Marie.
4. Bank of Yarmouth.
5. The Sovereign Bank of Canada.
6. La Banque de St. Jean.
7. La Banque de St. Hyacinthe.
8. The St. Stephens Bank.
9. The Farmers Bank of Canada.
10. The Bank of Vancouver.
11. The Home Bank of Canada.

New.

Schedule P. New, being a list of the banks which have suspended payment or gone into liquidation since 1890, except the Ontario Bank. Special provision is made for the redemption of the notes of the Ontario Bank under an agreement dated October 10, 1917, between His Majesty, the Ontario Bank and The Royal Trust Company, whereby the trust company is responsible for redemption of such notes.

Provisions of s. 120 were first enacted in 1890.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 101.

An Act to amend The Transport Act, 1938.

First reading, May 4, 1944.

THE MINISTER OF TRANSPORT.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

6931

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 101.

An Act to amend The Transport Act, 1938.

1938, c. 53.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Paragraph repealed.

1. Paragraph *(b)* of subsection one of section two of *The Transport Act, 1938*, chapter fifty-three of the statutes of 1938, is repealed.

2. Paragraphs *(g)*, *(h)*, *(n)* and *(o)* of subsection one of section two of the said Act are repealed and the following substituted therefor:

"harbour toll".

"*(g)* 'harbour toll' means and includes every rate, toll and charge established or proposed to be established by any Act of Parliament or by, or with the approval of, the Governor in Council in respect of ships entering, using or leaving any harbour in Canada, or the passengers thereof, or goods loaded, unloaded, shipped, transhipped, moved in transit or stored in any harbour in Canada, or on or in any wharf, dock pier, warehouse or other facility within the limits of any such harbour or situate on lands appurtenant thereto;

"licensee".

"*(h)* 'licensee' means a person licensed under this Act to engage in transport by water;"

"toll" or "charge".

"*(n)* 'toll' or 'charge' means and includes any toll, rate, charge or allowance charged or made in connection with the transport of passengers, or the shipment, transport, care, handling or delivery of goods, or for any services incidental to the business of a carrier; and includes also any toll, rate, charge or allowance as charged or made in connection with any instrumentality or facility of shipment or transport irrespective of ownership, or of any contract express or implied with respect to the use thereof, and includes also any toll, rate, charge or allowance so charged or made for furnishing passengers with sleeping accommodation, or for

Explanatory Notes.

It is the purpose of this bill to remove commercial air services from the jurisdiction of the Board of Transport Commissioners in accordance with the statement made by the Minister of Munitions and Supply to the House of Commons on March 17, 1944. That section of the Transport Act dealing with air services is repealed and all reference to air services is removed from the remaining sections of the Act.

1. Paragraph *(b)* at present reads as follows:—

"*(b)* 'aircraft' means and comprises all machines which can derive support in the atmosphere from reactions."

2. Paragraph *(g)* at present reads as follows:—

"*(g)* 'harbour toll' means and includes every rate, toll and charge established or proposed to be established by any Act of Parliament or by, or with the approval of, the Governor in Council in respect of ships *or aircraft* entering, using or leaving any harbour in Canada, or the passengers thereof, or goods loaded, unloaded, shipped, transhipped, moved in transit or stored in any harbour in Canada, or on or in any wharf, dock, pier, warehouse or other facility within the limits of any such harbour or situate on lands appurtenant thereto;"

The only change is the deletion of the words "or aircraft", in italics above.

Paragraph *(h)* at present reads as follows:—

"*(h)* 'licensee' means a person licensed under this Act to engage in transport by water *or by air;*"

The only change is the deletion of the words "or by air" in italics above.

Paragraph *(n)* at present reads as follows:—

"*(n)* 'toll' or 'charge' means and includes any toll, rate, charge or allowance charged or made in connection with the transport of passengers, or the shipment, transport, care, handling or delivery of goods, or for any services incidental to the business of a carrier; and includes also any toll, rate, charge or allowance as charged or made in connection with any instrumentality or facility of shipment or transport irrespective of ownership, or of any contract express or implied with respect to the use thereof, and includes also any toll,

collecting, receiving, loading, unloading, stopping over, elevating, ventilating, refrigerating, icing, heating, switching, ferrying, carting, storing, caring for, handling or delivering goods transported or in transit or to be transported; and includes also any toll, rate, charge or allowance so charged or made for the warehousing of goods, wharfage or demurrage, or the like; and includes charges made in connection with any one or more of the above mentioned subjects, separately or conjointly;

"transport" "transported" and "transporting".

"*(o)* 'transport' means the transport of goods or passengers whether by water or by rail, for hire or reward, to which the provisions of this Act apply and 'transported' and 'transporting' shall have corresponding meanings;"

Paragraph repealed.

3. Paragraph *(p)* of subsection one of section two of the said Act is repealed.

4. Subsection two of section three of the said act is repealed and the following substituted therefor:—

Duties of the Board.

"(2) It shall be the duty of the Board to perform the functions vested in the Board by this Act and by the *Railway Act* with the object of co-ordinating and harmonizing the operations of all carriers engaged in transport by railways and ships and the Board shall give to this Act and to the *Railway Act* such fair interpretation as will best attain the object aforesaid."

R.S. c.170.

5. Paragraph *(a)* of subsection one of section five of the said Act is repealed and the following substituted therefor:

Objection to the application.

"*(a)* any objection to the application which may be made by any person or persons who are already providing transport facilities, whether by rail or water, on the routes or between the places which the applicant intends to serve on the ground that suitable facilities are or, if the licence were issued, would be in excess of requirements, or on the ground that any of the conditions of any other transport licence held by the applicant have not been complied with;

rate, charge or allowance so charged or made fo furnishing passengers with sleeping accommodation, or for collecting, receiving, loading, unloading, stopping over, elevating, ventilating, refrigerating, icing, heating switching, ferrying, carting, storing, caring for, handling or delivering goods transported or in transit or to be transported; and includes also any toll, rate, charge or allowance so charged or made for the warehousing of goods, wharfage or demurrage, or the like, *and includes hangar and landing charges payable in respect of aircraft;* and includes charges made in connection with any one or more of the above mentioned subjects, separately or conjointly;"

The only change is the deletion of the words "and includes hangar and landing charges payable in respect of aircraft", in italics above.

Paragraph *(o)* at present reads as follows:—

"*(o)* 'transport' means the transport of goods or passengers whether *by air*, by water or by rail, for hire or reward, to which the provisions of this Act apply and 'transported' and 'transporting' shall have corresponding meanings;"

The only change is the deletion of the words "by air", in italics above.

3. The paragraph to be repealed reads as follows:—

"*(p)* 'transport by air' means the transport of goods, passengers for hire or reward by means of aircraft;"

4. Subsection (2) of section three at present reads as follows:—

"(2) It shall be the duty of the Board to perform the functions vested in the Board by this Act and by the *Railway Act* with the object of co-ordinating and harmonizing the operations of all carriers engaged in transport by railways, ships *and aircraft* and the Board shall give to this Act and to the *Railway Act* such fair interpretation as will best attain the object aforesaid."

The only change is the deletion of the words "and aircraft", in italics above.

5. Paragraph *(a)* of subsection (1) of section five at present reads as follows:—

"*(a)* any objection to the application which may be made by any person or persons who are already providing transport facilities, whether by rail, water *or air*, on the routes or between the places which the applicant intends to serve on the ground that suitable facilities are or, if the licence were issued, would be in excess of requirements, or on the ground that any of the conditions of any other transport licence held by the applicant have not been complied with;"

The only change is the deletion of the words "or air", in italics above.

Usage of ships by applicant.

6. Paragraph *(c)* of subsection two of section five of the said Act is repealed and the following substituted therefor:

"*(c)* that the applicant was during such period using ships for the purpose of such business,"

Part III repealed.

7. Part III of the said Act is repealed.

If licensee a corporation.

8. Subsection one of section eighteen of the said Act is repealed and the following substituted therefor:

"**18.** (1) If the licensee is a corporation, the licensee or the directors thereof by by-law or resolution or any officer of the licensee who is thereunto authorized by by-law or resolution of the licensee or its directors may, from time to time, prepare and issue tariffs of the tolls to be charged in respect of the operation of its ships, and may specify the persons to whom, the place where, and the manner in which, such tolls shall be paid."

Licensee to offer proper facilities.

9. Subsection one of section twenty-five of the said Act is repealed and the following substituted therefor:

"**25.** (1) Every licensee shall, according to his powers and within the limits of the capacity of the ships specified in the licence, afford to all persons and companies all reasonable and proper facilities for the receiving, forwarding and delivering of traffic."

Offences of licensees or agents.

10. Subsection one of section thirty is repealed and the following substituted therefor:

"**30.** (1) Any licensee or shipper or any officer, employee or agent of such licensee or shipper who

(a) offers, grants or gives or solicits, accepts or receives any rebate, concession or discrimination, or

(b) knowingly is party or privy to any false billing, false classification, false report of weight or any other device,

whereby any person obtains transport by water for less than the lawful tolls applicable thereto, shall be guilty of an offence and liable on summary conviction to a fine not exceeding one thousand dollars."

6. Paragraph *(c)* of subsection (2) at present reads as follows:—

"*(c)* that the applicant was during such period using ships *or aircraft, as the case may be,* for the purpose of such business,"

The only change is the deletion of the words "or aircraft, as the case may be", in italics above.

7. Part III which is repealed deals with "Transport by Air."

8. Subsection (1) of section eighteen at present reads as follows:—

"**18.** (1) If the licensee is a corporation, the licensee or the directors thereof by by-law or resolution or any officer of the licensee who is thereunto authorized by by-law or resolution of the licensee or its directors may, from time to time, prepare and issue tariffs of the tolls to be charged in respect of the operation of its ships *or aircraft,* and may specify the persons to whom, the place where, and the manner in which, such tolls shall be paid."

The only change is the deletion of the words "or aircraft", in italics above.

9. Subsection (1) of section twenty-five at present reads as follows:—

"**25.** (1) Every licensee shall, according to his powers and within the limits of the capacity of the ships *or aircraft* specified in the licence, afford to all persons and companies all reasonable and proper facilities for the receiving, forwarding and delivering of traffic."

The only change is the deletion of the words "or aircraft", in italics above.

10. Subsection (1) of section thirty at present reads as follows:—

"**30.** (1) Any licensee or shipper or any officer, employee or agent of such licensee or shipper who

(i) offers, grants or gives or solicits, accepts or receives any rebate, concession or discrimination, or

(ii) knowingly is party or privy to any false billing, false classification, false report of weight or any other device,

whereby any person obtains *transport by air* or transport by water for less than the lawful tolls applicable thereto, shall be guilty of an offence and liable on summary conviction to a fine not exceeding one thousand dollars."

The only change is the deletion of the words "transport by air" in italics above.

11. Sections thirty-one and thirty-two of the said Act are repealed and the following substituted therefor:

Special rate notices to create trade may be permitted.

"**31.** Notwithstanding anything in this Act, the Board may make regulations permitting the licensee to issue special rate notices prescribing tolls lower than the tolls in force upon the ships of the licensee, to be charged for specific shipments between points on the route or routes of the licensee, not being competitive points, if it considers that the charging of the special tolls mentioned in any such notices will help to create trade, or develop the business of the licensee, or be in the public interest, and is not otherwise contrary to the provisions of this Act.

Traffic free or at reduced rates.

"**32.** Notwithstanding anything in this Act contained a licensee engaged in transport by water may carry traffic free or at reduced rates to the same extent and subject to the same restrictions, limitations and control as are applied in the case of a railway company under the *Railway Act*."

R.S. c.170.

12. Subsection one of section thirty-six of the said Act is repealed and the following substituted therefor:

If agreed charge causes an unfair advantage.

"**36.** (1) Upon complaint to the Minister by any representative body of carriers which, in the opinion of the Minister, is properly representative of the interests of persons engaged in the kind of business (transport by water or rail, as the case may be), represented by such body that any existing agreed charge places such kind of business at any undue or unfair disadvantage, the Minister may, if satisfied that in the national interest the complaint should be investigated, refer such complaint to the Board for investigation and if the Board after hearing finds that the effect of such agreed charge upon such kind of business is undesirable in the national interest the Board may make an order varying or cancelling the agreed charge complained of or may make such other order as in the circumstances it deems proper."

Coming into force.

13. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council.

11. Sections thirty-one and thirty-two at present read as follows:—

"**31.** Notwithstanding anything in this Act, the Board may make regulations permitting the licensee to issue special rate notices prescribing tolls lower than the tolls in force upon the ships *or aircraft* of the licensee, to be charged for specific shipments between points on the route or routes of the licensee, not being competitive points, if it considers that the charging of the special tolls mentioned in any such notices will help to create trade, or develop the business of the licensee, or be in the public interest, and is not otherwise contrary to the provisions of this Act.

"**32.** Notwithstanding anything in this Act contained a licensee engaged in transport by water *or air* may carry traffic free or at reduced rates to the same extent and subject to the same restrictions, limitations and control as are applied in the case of a railway company under the *Railway Act.*"

The only change is the deletion of the words "or aircraft" and "or air", in italics above.

12. Subsection (1) of section thirty-six at present reads as follows:—

"**36.** (1) Upon complaint to the Minister by any representative body of carriers which, in the opinion of the Minister, is properly representative of the interests of persons engaged in the kind of business (transport by water, rail *or air*, as the case may be) represented by such body that any existing agreed charge places such kind of business at an undue or unfair disadvantage, the Minister may, if satisfied that in the national interest the complaint should be investigated, refer such complaint to the Board for investigation and if the Board after hearing finds that the effect of such agreed charge upon such kind of business is undesirable in the national interest the Board may make an Order varying or cancelling the agreed charge complained of or may make such other order as in the circumstances it deems proper."

The only change is the deletion of the words "or air", in italics above.

109.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 109.

An Act to incorporate The Alberta Provincial Bank.

First reading, May 8, 1944.

MR. BLACKMORE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

7837

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 109.

An Act to incorporate The Alberta Provincial Bank.

Preamble.

WHEREAS the province of Alberta acting by and through its Executive Council has by its petition prayed that it be enacted as hereinafter set forth and it is expedient to grant the prayer of the said petition: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Incorporation.

1. The Honourable Ernest C. Manning, the Honourable Solon E. Low, the Honourable A. J. Hooke, the Honourable Dr. W. W. Cross, the Honourable D. B. MacMillan, the Honourable C. E. Gerhart, the Honourable W. A. Fallow, the Honourable N. E. Tanner and the Honourable Lucien Maynard being the members of the Executive Council of the Province of Alberta are incorporated under the name of The Alberta Provincial Bank hereinafter called "the Bank".

Corporate name.

Provisional directors.

2. The persons named in section one of this Act shall be the provisional directors of the Bank.

Capital stock.

3. The capital stock of the Bank shall be five hundred thousand dollars.

Head Office.

4. The head office of the Bank shall be at the City of Edmonton, in the Province of Alberta.

Sections of Bank Act not applicable. 1934, c. 24.

5. The following sections of *The Bank Act* shall not apply to the Bank: sections 11, 12, 20, 33, 35, 37, 39, 40, 41, 42, 45, 46, 47, 48, 49, and 50.

Explanatory note.

This is a Bill to incorporate a provincial bank in Alberta. For obvious reasons it is not drafted exactly in the form suggested by section nine of The Bank Act and contained in Schedule "B" of same.

For the same reasons certain sections of The Bank Act are declared in clause five of this Bill not to apply to The Alberta Provincial Bank. Those sections deal with the requirement of a Treasury Board certificate and generally with stock books, internal regulations, management, qualifications of directors and their election, special general meetings, voting powers, the allotment of capital stock, shares and calls, the transfer and transmission of shares, certain liabilities of shareholders and finally certain offences and penalties respecting the sale and transfer of shares contrary to requirements.

110.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 110.

An Act to amend certain Instructions of the National Selective Service of the Department of Labour.

First reading, May 8, 1944.

MR. ROY.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

7479

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 110.

An Act to amend certain Instructions of the National Selective Service of the Department of Labour.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Instructions amended.

1. Part I of the Instructions to Employers and their Male Employees issued in connection with the order of the Minister of Labour, authorized by Order in Council P.C. 9919 of December 31st, 1943, made pursuant to the provisions of section 25 A of the National Selective Service Mobilization Regulations, Order in Council P.C. 10924 of December 1st, 1942, as amended, is amended by striking out at the end of paragraph 1 thereof the following words:

"The term employer includes also any farmer operating a farm, who has working for him a male employee, even though such employee be a son or other relative."

Explanatory Note

1. The paragraph to be amended at present reads as follows:—

"1. Definition of employer: For this purpose, every person, partnership, company, firm or corporation in Canada, employing any male person normally regarded as a full-time employee, regardless of the method of payment of such employee for his services, comes under the definition of "employer". The Dominion Government, the Governments of the Provinces, as well as municipal institutions are employers for this purpose. *The term employer includes also any farmer operating a farm, who has working for him a male employee, even though such employee be a son or other relative.*"

The purpose of the amendment is to strike out of the definition of employer a "farmer operating a farm", so that a farmer would not be compelled to act as informer against his son or other relative.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 112.

An Act respecting The Naval Service of Canada.

First reading, May 30, 1944.

THE MINISTER OF NATIONAL DEFENCE FOR NAVAL SERVICE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

7142

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 112.

An Act respecting The Naval Service of Canada.

R.S., c. 139; 1940, c. 35.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title.

Short title.

1. This Act may be cited as *The Naval Service Act, 1944.*

Interpretation.

Definitions.

2. In this Act, and in any regulations made hereunder, unless the context otherwise requires,

"active service."

(a) "active service," as applied to a person in the Naval Forces, means service or duty during an emergency;

"Department."

(b) "Department," means the Department of National Defence;

"Deputy Minister."

R.S., c. 136.

(c) "Deputy Minister" means the Deputy Minister of National Defence, unless under the *Department of National Defence Act*, a Deputy Minister of National Defence for Naval Service has been appointed, in which case "Deputy Minister" means the Deputy Minister of National Defence for Naval Service;

"emergency."

(d) "emergency" means war, invasion or insurrection, real or apprehended;

"general orders."

(e) "general orders" means orders and instructions issued to the Naval Forces by the Minister or under his authority;

"man."

(f) "man" means a person in the Naval Forces holding the rating of chief petty officer or below;

"Minister."

R.S., c. 136.

(g) "Minister" means the Minister of National Defence, unless under the *Department of National Defence Act*, a Minister of National Defence for Naval Service has been appointed, in which case "Minister" means the Minister of National Defence for Naval Service;

EXPLANATORY NOTES.

The purpose of this Bill is to remedy the defects in the present statute that have been revealed by practical experience in management and direction of the Naval Service.

The present Naval Service Act as herein amended and consolidated forms Part I of the new Act, and deals mainly with administration.

This Bill further amends the existing statute by adding thereto a new Part II. This new Part II is substantially the Naval Discipline Act, 1866, of the United Kingdom with minor modifications to suit Canadian requirements.

2. Section 2, paragraph *(c)* at present reads as follows:—

"*(c)* 'Deputy Minister' means the Deputy Minister of National Defence;"

This paragraph is amended by adding thereto the words underlined on the opposite page so as to bring the definition in line with the amendment to the National Defence Act, made in 1940.

(e) Paragraph *(e)* is amended by adding the words underlined;

(f) The former paragraph *(n)* which is replaced by new paragraph *(f)* reads as follows:—

"*(n) 'seaman' includes petty officers, seamen and all other persons engaged in the Naval Service of Canada, other than officers.*"

The term "seaman" is no longer used to designate all Naval personnel other than officers. It is now more commonly used to designate a branch of the service, *i.e.*, the "Seaman Branch", as distinguished, for example, from the "Engine-room branch". The word "man" is the term in use today to designate personnel who are not officers.

(g) Paragraph *(g)* at present reads as follows:—

" 'Minister' means the Minister of National Defence;"

This paragraph is amended by adding thereto the words underlined on the opposite page for the reason given above.

"naval establishment."

(h) "naval establishment" includes officers' quarters, barracks, dockyards, victualling yards, naval yards, factories, rifle and gun ranges, naval colleges, and all other buildings, works and premises under the control of the Minister, constructed or set apart for the Naval Service;

"Naval Forces."

(i) "Naval Forces" means those naval forces organized for the defence and protection of the Canadian coasts and trade, or engaged as the Governor in Council may from time to time direct;

"Naval Service."

(j) "Naval Service" includes His Majesty's service in respect of the Naval Forces, all naval affairs, and all naval property including, but not so as to limit the generality thereof: naval establishments, ships and other vessels, aircraft, vehicles, ordnance, ammunition, arms, armouries, stores, munitions and habiliments of war, and their procurement, maintenance and repair.

"officer."

(k) "officer" includes commissioned, warrant and subordinate officers serving in the Naval Service of Canada, but not chief petty and petty officers so serving;

"on service"

(l) "on service" means when called upon for the performance of any duties other than those specified as active service;

"prescribed"

(m) "prescribed" means prescribed by this Act or by regulations made hereunder.

Interpretation of regulations and orders. R.S., c. 1.

3. The *Interpretation Act* and section two of this Act shall apply to all regulations, orders and articles of engagement made or entered into under this Act.

PART I.

THE NAVAL SERVICE.

Command-in-Chief.

Command-in-chief.

4. The Command-in-Chief of the Naval Forces is declared to continue and be vested in the King, and shall be exercised and administered by His Majesty, or by the Governor General as His representative.

Administration.

Control and management of the Naval Service.

5. The Minister shall have the control and management of the Naval Service and of all matters appertaining thereto.

Rates of pay.

6. Rates of pay and allowances of officers and men of the Naval Service shall be as prescribed by the Governor in Council.

(j) Paragraph *(j)* at present reads as follows:—

" 'Naval Service' includes His Majesty's service in respect of all naval affairs *of which by this Act the Minister is given the control and management, and also the Fisheries Protection Service, Hydrographic Survey, tidal observations on the coasts of Canada, and wireless telegraph service;*

The words underlined on the opposite page are substituted for the words in italics above, that is the words following "affairs" in the present paragraph have been deleted. The services described following the word "management" are no longer under the control and management of the Minister. The definition of "Naval Service" has been developed to cover in express terms the matters falling within the jurisdiction of the Department and in respect of which the Minister, under new section 5 *(infra)*, is given the power of control and management.

The former paragraph *(m)* defining "regulations" is repealed as the definition of "regulations" is considered unnecessary and apt to cause confusion. Under the Act as it is proposed to be amended and consolidated, the person (*i.e.*, the Governor in Council or the Minister) who is empowered to make regulations in respect of each subject is in all cases specified.

3. No change.

4. No change.

The heading "Part I" is required from the fact that "Part II" is being added to the Act.

5. Section five at present reads as follows:—

"5. The Minister shall have the control and management of all *naval affairs, including the purchase, maintenance and repair of the ordnance, ammunitions, arms, armouries, stores, munitions and habiliments of war intended for the use of the Naval Service.*

"naval affairs" in the first line has been replaced by "Naval Service". The latter term is now exhaustively defined in new paragraph *(j)* of section two.

6. Section six, to be repealed, reads as follows:—

"6. *The Minister shall have the control and management, including the construction, purchase, maintenance and repair, of naval establishments and of ships and other vessels for the Naval Service.*"

The intention is to repeal section six as it now stands. The Minister's power of control and management is amply covered by new section five.

Section six on the opposite page is new. There is no corresponding section in the present Act, but rates of pay and allowances have always been and should, it is considered, continue to be fixed by order in council.

Chief of the Naval Staff

7. (1) There shall be appointed an officer, not lower in rank than Rear Admiral, to be called Chief of the Naval Staff.

Direction of Service.

(2) The Chief of the Naval Staff shall, subject to the regulations and under the instructions of the Minister, be charged with the direction of the Naval Service.

Permanent naval force.

8. The Governor in Council may organize and maintain a permanent naval force.

Engagement of officers and seamen.

9. (1) The Governor in Council may authorize the engagement of officers and men in the Naval Service upon such terms and conditions as may be prescribed by the Minister, and may from time to time fix the maximum number that may be so engaged.

Oath of allegiance.

(2) Every officer and man shall take and subscribe the following oath upon engaging to serve in the Naval Service:

"I, A. B., do sincerely promise and swear (*or*, solemnly declare) that I will be faithful and bear true allegiance to His Majesty."

Administration of oath.

(3) Such oath may be administered by any commissioned officer in the Naval Service.

Rank of officers.

10. The rank and authority of officers in the Naval Service shall be as prescribed by the Minister.

Commissions and appointments of officers.

11. The commissions of officers in the Naval Service shall be granted by His Majesty during pleasure, and all warrant, subordinate, chief petty and petty officers shall be appointed in such manner and shall hold such rank or rating and perform such duties as may be prescribed by the Minister.

Relief from duty.

12. The Governor in Council may at any time relieve from duty any officer in the Naval Service.

Conditions of discharge from service.

13. Any person who has voluntarily engaged in the Naval Service shall be entitled to be discharged at the expiration of the time of service for which he engaged, unless such expiration occurs in time of emergency, in which case he shall be liable to continue in the Naval Service for whatever length of time the Governor in Council prescribes.

7. The underlined words "Chief of the Naval Staff" are substituted for the words "Director of the Naval Service of Canada".

Former subsection (2), dealing with the situation where there is no officer of the rank of Rear Admiral, has been eliminated. Former subsection (3) has been re-numbered (2) and the old designation "Director of the Naval Service of Canada" has been changed to "Chief of the Naval Staff."

8. No change.

9. The only changes in section nine consist in substituting therein the underlined words "men" and "man" for "seamen" and "seaman" in subsections (1) and (2) respectively, and in inserting the underlined words "by the Minister" in subsection (1) thereof.

10. The only change in section ten is the addition thereto of the words underlined "by the Minister".

By order in council incorporated in Canadian Naval Regulations, article 8, clause 4 (2), the rank and authority of officers in the Naval Service shall be as prescribed in K.R. & A.I. K.R. & A.I. will no longer apply to the Naval Service, and the Minister should now exercise this power. (See section 38 of this Bill).

11. The only changes are the the insertion and addition of the words underlined on the opposite page.

The Minister now exercises this power. See Canadian Naval Regulations, article 9 (2)—which originated in an order in council.

12. The words "or seamen" have been deleted after the word "officer".

13. Section thirteen at present reads as follows:—

"**13.** Any person who has voluntarily engaged in the Naval Service shall be entitled to be discharged at the expiration of the time of service for which he engaged, unless such expiration occurs in time of emergency, in which case he shall be liable to *serve for a further period of not more than twelve months, and for such further service he shall not be entitled to any increase of pay unless in the opinion of the Governor in Council, the circumstances of the case and the conduct of the person concerned merits it.*"

The words underlined on the opposite page are substituted for the words in italics above. The reason for this change is to bring this section in line with the actual practice.

Uniforms and equipment.

14. The uniform, arms, clothing and equipment of the Naval Service shall be of such patterns and designs as are prescribed by the Minister and where supplied at the public cost, shall be issued as may be prescribed by the Minister.

Naval Reserve.

Constitution of Naval Reserve.

15. The naval reserve shall consist of such persons as join the said reserve after naval or merchant marine service or after undergoing such training as may be prescribed by the Minister.

Organization.

16. The Governor in Council may organize the naval reserve, which shall comprise one force or more, as the Governor in Council may from time to time prescribe.

Active Service.

Active service.

17. The Governor in Council may place the Naval Forces or any part thereof, on active service at any time when it appears advisable so to do by reason of an emergency.

Naval service may be at disposal of His Majesty in emergency.

18. In case of an emergency the Governor in Council may place at the disposal of His Majesty, for general service in the Royal Navy, the Naval Service or any part thereof, any ships or vessels of the Naval Service, and the officers and men serving in such ships or vessels, or any officers or men belonging to the Naval Service.

Parliament to meet when Naval Service on service as defined.

19. Whenever the Governor in Council places the Naval Service or any part thereof on active service, as provided in the last two preceding sections, if Parliament is then separated by such adjournment or prorogation as will not expire within ten days, a proclamation shall issue for a meeting of Parliament within fifteen days, and Parliament shall accordingly meet and sit upon the day appointed by such proclamation, and shall continue to sit in like manner as if it had stood adjourned or prorogued to the same day.

14. The only change consists in the addition of the words underlined on the opposite page.

The former section 15 is repealed. It read as follows:—

"15. Officers of the Naval Service shall provide their own uniforms and equipment, with the exception of officers of torpedo vessels and of the submarine service, to whom special clothing may be issued as prescribed."

This section is obsolete and the matter can better be covered by naval regulations.

15. The only changes in the former section sixteen, subsection (1), are indicated by underlining on the opposite page.

Subsection (2) which is repealed reads as follows:—

"(2) All members of the said reserve shall be liable to active service upon an emergency." The Governor in Council has the necessary authority to place the reserve force on active service under section seventeen of this Bill.

16. This is new. The Royal Canadian Fleet Reserve and Royal Canadian Naval Reserve are both organized as naval reserve forces.

Section seventeen which is repealed reads:—

"17. The Governor in Council may make regulations for the government of the Naval Reserve Force."

This is covered by new section thirty-eight.

The former section 18 is repealed. It previously read as follows:—

"18. In time of war no officer or seaman in the Naval Reserve Force shall be required to serve continuously for a longer period than one year; but any officer or seaman who volunteers to serve for the war, or for any longer period than one year, may be compelled to fulfill his engagement: Provided, however, that the Governor in Council may, in case of unavoidable necessity, of which necessity the Governor in Council shall be the sole judge, call upon any officer or seaman to continue to serve beyond his one year's service for any period not exceeding six months, and for such further service he shall not be entitled to any increased rate of pay, unless, in the opinion of the Governor in Council, the circumstances of the case and the conduct of the person concerned merits it."

This section is obsolete and the subject-matter thereof will now be covered by the new section thirteen.

17. Formerly section nineteen. Otherwise there is no change.

18. Formerly section twenty. "Men" is substituted for "seamen" in the fifth and in the sixth lines. Otherwise there is no change.

19. Formerly section twenty-one. Otherwise there is no change.

Possession may be taken of shipyards, plants and buildings.

20. (1) When the Governor in Council declares that an emergency has arisen in which it is expedient for the public service that His Majesty should have control of any dock, shipyard, pier, wharf, machine shop, repairing or salvage plant, factory, warehouse, store or other building, the Minister may, by warrant under his hand, empower any person named in such warrant to take possession thereof in the name and on behalf of His Majesty, and to use it for the service of His Majesty in such manner as the Minister directs, and all persons, officers, servants and employees employed thereon shall obey the directions of the Minister in connection with the management or operation thereof.

Duration of possession.

(2) Such warrant shall remain in force so long, as, in the opinion of the Minister, the emergency exists.

Compensation.

(3) There shall be paid to any person whose property is taken possession of in pursuance of this section, out of moneys to be provided by Parliament, such full compensation for any loss or injury he so sustains as is agreed upon between the Minister and the said person, or, in case of difference, as is fixed upon reference to the Exchequer Court of Canada.

Existing contracts may be enforced by His Majesty.

(4) Where any property is taken possession of under the provisions of this section, all contracts and agreements between the persons whose property is so taken possession of and the directors, officers and servants of such person or between such person and any other person in relation to, the working or maintenance of such property which would if such possession had not been taken, have been enforceable by the said person shall, during the continuance of such possession, be enforceable by His Majesty.

Naval Volunteer Reserve.

Naval volunteer reserve.

21. The Governor in Council may organize and maintain a naval volunteer reserve.

Constitution.

22. The naval volunteer reserve shall consist of officers and men raised by voluntary engagement from among seafaring persons and others who may be deemed suitable for the service in which such volunteers are to be employed.

One force or more.

23. The naval volunteer reserve shall comprise one force or more, as the Governor in Council may from time to time prescribe.

20. Formerly section twenty-two. Otherwise there is no change.

21. Section twenty-one, formerly section twenty-three, at present reads as follows:—

"**23.** The Governor in Council may organize and maintain a *force to be called the* Naval Volunteer Force."

The words "force to be called the" (in italics above) have been deleted and the word "reserve" inserted after "volunteer".

22. Formerly section twenty-four. "Reserve" is substituted for "force," "men" for "seamen" and "persons" for "men."

23. This is new.

The former section twenty-five is repealed. It reads:—

"**25.** The Governor in Council may make regulations for the government of the Naval Volunteer Force."

This is covered by new section thirty-eight.

The former section twenty-six is repealed. It reads as follows:—

"**26.** Every naval volunteer shall be engaged for the term of three years and, provided his conduct and qualifications are satisfactory, shall be eligible for re-engagement for further periods of three years up to the age of forty-five years; at the expiration of each term he shall be entitled to his discharge, save as hereinafter mentioned."

The subject-matter of section twenty-six is covered more effectively by the combined effect of sections nine and thirteen of this Bill.

The former section twenty-seven is repealed. It reads as follows:—

"**27.** Naval volunteers shall receive such *training and* capitation or other remuneration as may be prescribed."

The subject-matter of this section is covered by new sections six and thirty-eight.

The former section twenty-eight is repealed. It reads as follows:—

"**28.** In an emergency the Governor in Council may order and direct that the Naval Volunteer Force, or such part thereof as may be deemed necessary shall be called into active service, and the naval volunteers so called out shall be liable to serve under such regulations as may be prescribed.

2. If a naval volunteer's period of service expires while he is employed on active service, he shall be liable to serve for a further period of not more than six months, and for such further service he shall not be entitled to any increased remuneration, unless, in the opinion of the Governor in Council, the circumstances of the case and the conduct of the person concerned merits it."

The Governor in Council already has the necessary authority to place the naval volunteer reserve force on active service under section seventeen of this Bill.

Subsection (2) is obsolete and the subject-matter thereof will now be covered by the new section thirteen.

Royal Canadian Naval College.

Naval College to be established.

24. (1) There shall be an institution for the purpose of imparting a complete education in all branches of naval science, tactics and strategy.

Name and location.

(2) Such institution shall be known as the Royal Canadian Naval College and shall be located at such place as the Governor in Council may determine.

Admin-tration.

25. (1) The Royal Canadian Naval College shall be governed and its affairs administered under such regulations as may be made by the Governor in Council.

Regulations.

(2) Such regulations shall be published in the *Canada Gazette*, and upon such publication shall have the same force of law as if they formed part of this Act.

Superintendence of naval officer.

26. (1) The Royal Canadian Naval College shall be conducted under the superintendence of a naval officer who has special qualifications with regard to discipline and to the instruction to be given, and such professors, instructors and assistants as are found necessary and as are authorized by Parliament.

Staff.

(2) The staff of the Royal Canadian Naval College shall be appointed by the Governor in Council and shall hold office during pleasure.

Requirements for admission.

27. (1) Every candidate for admission to the Royal Canadian Naval College shall be required to pass a medical examination and produce satisfactory proof of date of birth and satisfactory certificates of good character.

Examinations.

(2) No candidate shall be admitted until he has passed a medical examination, and thereafter such qualifying examination as may be prescribed by the Governor in Council.

Age.

(3) The age of candidates on admission for the Military and Engineering branches of the Naval Service shall be as prescribed by the Governor in Council.

Period and conditions of service.

28. Every person admitted as a student to the Royal Canadian Naval College shall engage to serve in the Naval Forces for such length of time and under such conditions as may be prescribed by the Governor in Council, and shall take the oath of allegiance to His Majesty.

24 and **25.** Formerly sections twenty-nine and thirty. The underlined words "Royal Canadian Naval College" are substituted for the words "Naval College of Canada" and "Naval College" in the heading and in sections 24 and 25 respectively.

26. Formerly section thirty-one. The only change is to substitute the words "Royal Canadian Naval College" for the words "Naval College." (underlined on the opposite page).

27. Formerly section thirty-two, the words "Royal Canadian Naval College" have been substituted for "Naval College" in subsection (1).

The underlined words "by the Governor in Council" have been added at the end of subsections (2) and (3).

28. Section twenty-eight, formerly section thirty-three, at present reads as follows:—

"**33.** Every person admitted as a student to the *Naval College* shall engage to serve in the *Canadian* Naval Forces for such length of time and under such conditions as may be prescribed, and shall take the oath of allegiance to His Majesty."

The words underlined on the opposite page have been added. The word "Canadian" in the 2nd line, in italics above, has been deleted. "Naval Forces" means "Canadian Naval Forces."

The words "Royal Canadian Naval College" have been substituted for "Naval College."

Target Practice.

Target practice by vessels

29. (1) The Minister may lay down targets, buoys and other appliances for target practice by the vessels in the Naval Service, and also may provide rifle ranges suitably equipped for the use of the Naval Service at or near any port or any naval establishment.

Regulations.

(2) The Minister may make regulations for ensuring the safety of the public during such practice and may provide penalties for infringement of such regulations and for wilful damage to any such targets, buoys, ranges or other appliances.

General Provisions.

Property vested in His Majesty.

30. For the purpose of legal proceedings, all moneys subscribed by or for or otherwise appropriated to the use of the Naval Service, and all vessels, arms ammunition, clothing, equipment, musical instruments, or other things belonging to or used by the Naval Service, shall be deemed to be the property of His Majesty; and no gift, sale or other alienation of any such thing by any person shall be effectual to pass the property therein without the consent of the Governor in Council.

Conditions of alienation.

Notice of general orders.

31. All general orders issued to the Naval Forces shall be held to be sufficiently notified to all persons whom they concern by their publication and exhibition in the vessel or naval establishment to which those concerned belong, and proof of such exhibition shall be evidence of the issue of such orders.

Proof of commissions, orders and regulations.

32. The production of a commission or appointment, warrant or order in writing, purporting to be made under the provisions of this Act, or of regulations made hereunder shall be *prima facie* evidence of such commission or appointment, warrant or order, without proving the signature or seal thereto, or the authority of the person granting or making it.

Provision for widow and family of deceased officers and men.

33. When any officer or man is killed on active service, or dies from wounds or disease contracted on active service, drill or training, or on duty, provision shall be made for his widow and family out of the public funds at the rates prescribed by the Governor in Council.

Compensation for disability.

34. Every case of permanent disability, arising from injuries received or illness contracted on active service, drill or training or on duty, shall be reported on by a medical board and compensation awarded, under such regulations as are made from time to time by the Governor in Council.

29. Formerly section thirty-four. "The Minister" has been substituted for "The Governor in Council" in subsection (2).

30, **31** and **32.** Formerly sections thirty-five, thirty-six and thirty-seven. Otherwise there is no change.

33. Formerly section thirty-eight. The only changes are the substitution of "man", underlined on the opposite page, in lieu of "seaman", and addition of the underlined words "prescribed by the Governor in Council."

34 and **35.** Formerly sections thirty-nine and forty. Otherwise there is no change.

Transfer of vessels.

35. The Governor in Council may from time to time transfer to or from the Naval Service any vessel belonging to His Majesty.

Certain persons made subject to Naval Service Act.

36. (1) If any person who, not belonging to the Naval Service, enters into an engagement with the Minister to serve His Majesty—

(a) in a particular ship, or

(b) in a particular ship or in such ships as the Minister may from time to time determine,

and upon entering into the engagement, agrees to become subject to this Act, that person shall, so long as the engagement remains in force and notwithstanding that for the time being he may not be serving in any ship, be subject to this Act, except the provisions of sections thirty-three and thirty-four thereof, and the provisions of this Act to which he is so subject shall apply in relation to that person as if whilst subject to the said provisions of this Act he belonged to the Naval Service and were borne on the books of one of His Majesty's Canadian ships in Commission, but he shall not be nor be deemed to be a member of the Naval Service.

May be deemed officers or men.

(2) The Governor in Council may direct that, subject to such exemptions as may in particular cases be made by or on behalf of the Minister, persons of any such class of the persons to which subsection one of this section relates as may be specified by the Governor in Council, shall whilst subject to the provisions mentioned in subsection one, be deemed to be officers or men, as the case may be, for the purposes of this Act or of such provisions of this Act as may be so specified; and the Governor in Council may from time to time vary or revoke any directions so given.

Application of Government Vessels Discipline Act. R.S., c. 203.

37. Unless the Governor in Council otherwise directs, the *Government Vessels Discipline Act* shall not apply to any ship or vessel in the Naval Service, or to the officers, men or persons engaged for service thereon.

Regulations.

Ministerial regulations for Naval Service generally.

38. Except where by this Act the Governor in Council is empowered to make regulations, the Minister may make regulations for carrying out this Act, and for the organization, training, discipline, efficiency, administration, and good government generally of the Naval Service.

36. Formerly section 28A, which was enacted in 1940. "Men" has been substituted for "petty officers" in subsection two.

37. Section 37, formerly section forty-one, at present reads as follows:—

"41. *The Governor in Council may from time to time direct that* the Government Vessels Discipline Act *shall or* shall not apply to any ship or vessel in the Naval Service, or to the officers, *seamen* or persons engaged for service thereon.

2. *Until otherwise provided the said Act shall continue to apply to all ships and vessels in the Fisheries Protection Service and the officers and persons engaged for service thereon, and to all ships and vessels employed on the Hydrographic Survey and Tidal Survey and the Officers and persons engaged for service thereon.*"

The matters covered by subsection (2) are no longer within the jurisdiction of the Department. It is considered to be advisable to revise subsection (1) to avoid any possible conflict with the new Part II of this Act.

38. Formerly section forty-two.. The words underlined on the opposite page, at the beginning of new section 38 are substituted for the words "The Governor in Council".

Publication.

39. Regulations made under authority of this Act shall be published in the *Canada Gazette*, and upon being so published they shall have the same force in law as if they formed part of this Act.

To be laid before Parliament.

40. Such regulations shall be laid before both Houses of Parliament within ten days after the publication thereof if Parliament is then sitting, and if Parliament is not then sitting then within ten days after the next meeting thereof.

Application of Act of United Kingdom U.K., 1866 c. 109, and King's Regulations.

41. Except to the extent that the same were inconsistent with the *Naval Service Act*, chapter one hundred and thirty-nine of the Revised Statutes of Canada, 1927, and with any regulation made thereunder, and in so far as the same were applicable, the Act of Parliament of the United Kingdom entitled *The Naval Discipline Act, 1866* and amendments thereto and the King's Regulations and Admiralty Instructions in force from time to time from the first day of February, one thousand nine hundred and twenty-eight, to the date upon which this Act comes into force shall be deemed to have applied to the Naval Service during the said period as if enacted by Parliament.

Officer or man serving in another navy.

42. (1) Where any officer or man belonging to the Naval Forces is borne on the books of a ship or establishment of another Navy, he shall for all purposes of command and discipline be subject to the laws, regulations and customs applicable to that ship or establishment.

Officer or man serving with military or air forces.

(2) Where an officer or man is a member of a body of the Naval Forces acting with, or is attached to, any body of His Majesty's Canadian military or air forces, he shall exercise and be subject to command and discipline as the Governor in Council prescribes.

Members of military or air forces serving with Naval Forces.

(3) Where members of His Majesty's Canadian military and air forces, or of either of those forces, are acting in a body with, or are attached to, any body of the Naval Forces, those members shall exercise and be subject to command and discipline as the Governor in Council prescribes.

Penalties.

Penalties for aiding desertion.

43. Any person who

(a) procures or persuades any member of the Naval Forces to desert;

39. Formerly section forty-three. The words underlined on the opposite page, at the beginning of new section 39 are substituted for the words "such regulations".

40. Formerly section forty-four. Otherwise there is no change.

41. The former section 45 is repealed. It reads as follows:—

"**45.** The Naval Discipline Act, 1866, and the Acts in amendment thereof passed by the Parliament of the United Kingdom for the time being in force, and the King's Regulations and Admiralty Instructions, in so far as the said Acts, regulations and instructions are applicable, and except in so far as they may be inconsistent with this Act or with any regulations made under this Act, shall apply to the Naval Service and shall have the same force in law as if they formed part of this Act.

2. Where in the said Acts or in the King's Regulations and Admiralty Instructions any power or duty is vested in or imposed upon the Admiralty or any other body or officer, and there is no such body or officer in Canada or in the Naval Service, the Governor in Council may direct who shall exercise or perform such power or duty in Canada, or in the Naval Service.

3. This section shall not apply to any ship or vessel to which the Government Vessels Discipline Act applies, or to officers or persons who, being engaged for service upon such ships or vessels, are subject to the said Act."

The plan is to have the new Act come into force by proclamation as of the date when the new Canadian naval regulations come into effect. Thus the new Act will eliminate all reference to *The Naval Discipline Act* and King's Regulations and Admiralty Instructions, by repealing section 45. New section 41 is designed to remove any doubts as to the applicability of amendments to the *Naval Discipline Act* and King's Regulations and Admiralty Instructions made since the date of the last revision of Canadian statutes.

42. Former section forty-six is repealed. It read as follows:—

"**46.** The Naval Discipline (Dominion Naval Forces) Act, 1911, enacted by the Parliament of the United Kingdom of Great Britain and Ireland shall apply to the naval forces raised by the Dominion of Canada and the ships provided for such naval forces, subject to the modifications, adaptations and exceptions set out in the last preceding section."

Subsection one of new section 42 is desirable as the result of the repeal of former section forty-six.

Subsections (2) and (3) are designed to empower the Governor in Council to pass regulations comparable to those set out in section 90A of the *Naval Discipline Act.*

43. Formerly section forty-seven. Otherwise there is no change.

(*b*) aids or assists any member of the Naval Forces in deserting; or

(*c*) knowing any person to be a deserter from the Naval Forces conceals him or aids or assists him in concealing himself;

shall be liable upon summary conviction to imprisonment, with or without hard labour, for any period not exceeding twelve months.

Execution of Warrants and Sentences.

Warrants and sentences.

44. The keeper, gaoler or warden of every gaol, prison or penitentiary in Canada shall receive and detain according to the exigency of any warrant under the hand of the person authorized under Part II of this Act or regulations, to issue a warrant, any person mentioned in such warrant and delivered into his custody, and shall confine such prisoner until discharged or delivered over in due course of law; and every such keeper, gaoler or warden shall take cognizance of any warrant purporting to be signed by any such authorized person.

Ships in Convoy.

Master of merchant vessel to obey orders of convoying officer.

45. Every master or other officer in command of any merchant or other vessel under the convoy of any of His Majesty's Canadian Ships shall obey the Commanding Officer thereof in all matters relating to the navigation or security of the convoy, and shall take such precautions for avoiding the enemy as maybe directed by such Commanding Officer; and if he fails to obey such directions, such Commanding Officer may compel obedience by force of arms, without being liable for any loss of life or of property that may result from his using such force.

Court-Martial Witnesses

Summoning of witnesses at courts-martial and disciplinary courts.

46. (1) Any person required to give evidence before a court-martial or disciplinary court assembled under Part II of this Act shall be summoned under the hand of the Deputy Minister, or the Judge Advocate of the Fleet, or his deputy, or the person appointed to officiate as deputy judge advocate at the trial, or, in the case of disciplinary courts, the person appointed to act as clerk of the Court.

Persons attending to be privileged

(2) Any person attending in pursuance of the summons as a witness before any court-martial or disciplinary court shall be privileged from arrest during his necessary attendance in or on the court, and in going to and returning from the court.

44. Formerly section forty-eight. This section has been adapted to Part II of the new act.

Former sections forty-nine and fifty are repealed, they read as follows:

"**49.** Any prisoner sentenced for any term of imprisonment by any naval court martial, or by any naval authority under this Act, may be sentenced to imprisonment in a penitentiary.

2. If such prisoner is sentenced to a term less than two years, he may be sentenced to imprisonment in the common gaol of the district, county or place in which the sentence is pronounced, or if there is no common gaol there, then in that common gaol which is nearest to such locality, or in some other lawful prison or place of confinement other than a penitentiary in which imprisonment may be lawfully executed.

"**50.** Any officer or seaman in the Naval Service, sentenced to be imprisoned may, if the Governor in Council by regulation or otherwise directs, be imprisoned in any place specially appointed therefor, instead of in a gaol, prison or penitentiary."

Section forty-nine is covered by new section ninety-eight, paragraph *(h)*.

Section fifty is covered by new section one hundred and eighteen.

45. This section is new. It is adapted from section 31 of The *Naval Discipline Act*. As it applies to persons not subject to new Part II of the *Naval Service Act*, it was considered preferable to include it in Part I of the *Naval Service Act*.

46. This new section is based upon section 66 of the *Naval Discipline Act* and sections 125 and 126 of the *Army Act*. As it relates to all persons, and not simply those subject to Part II of this Act, it is included in Part I.

Offences.

(3) Where any person who has been summoned as a witness under subsection one either makes default in attending after payment or tender of the reasonable expenses of his attendance, or while in attendance

(a) refuses to be sworn or make affirmation, or

(b) refuses to give evidence, or

(c) refuses to answer any question to which a court-martial or a disciplinary court may legally require an answer, or

(d) prevaricates in his evidence,

the president of the court-martial or disciplinary court may certify the offence of that person to any court of law which has power to punish witnesses guilty of like offences committed in that court. Upon receiving the certificate the court of law shall inquire into the alleged offence and, after examination of any witnesses who are produced against or for the accused person and after hearing any statement that is offered in defence, shall, if it seems just, punish the witness in like manner as if he had committed the offence in a proceeding in that court.

PART II

Naval Discipline.

Application.

Persons subject to this Part.

47. The following persons, and no others, are subject to this Part:—

(a) Every person in or belonging to the permanent naval force and borne on the books of any one of His Majesty's Canadian Ships in commission;

(b) Every person in or belonging to a force organized under authority of this Act as a naval reserve force, or a naval volunteer reserve force, when he is:—

(i) on active service, or

(ii) in or on any property of the Naval Service, including naval establishments, ships and other vessels, aircraft, vehicles and armouries, or

(iii) undergoing training, or

(iv) borne on the books of any one of His Majesty's Canadian Ships in commission, or

(v) in uniform;

(c) A member of any of the naval forces of His Majesty raised in the United Kingdom, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State or Newfoundland while that member is attached temporarily to any of the Canadian Naval Forces, as and to the extent provided under subsections one, two and three of section six of *The Visiting Forces (British Commonwealth) Act, 1933;*

23-24 Geo. V. c. 21.

PART II

Naval Discipline.

The following sections are all new. They are adapted from sections of the *Naval Discipline Act*. Changes made have been limited, as far as possible, to those necessary to adapt the United Kingdom Act to Canada, and to put the provisions into a form less out of line with modern principles of statute drafting. Every effort has been made to retain unaltered the substance of the provisions included.

47. It is considered desirable to incorporate in the opening section of this Part an enumeration of all persons subject thereto. The following shows the origin of each paragraph of this section:—

(a) Naval Discipline Act, section 87.

(b) Regulations and Instructions for the Royal Canadian Naval Reserve, article 390, Regulations and Instructions for the Royal Canadian Fleet Reserve, article 57, and Regulations and Instructions for the Royal Canadian Naval Volunteer Reserve, article 170. These articles have been approved by Order in Council.

(c) Naval Discipline Act, section 90B and *The Visiting Forces (British Commonwealth) Act, 1933*. Subsection (3) of section 6 of the latter Act reads as follows:

"Whilst a member of another force is by virtue of this section attached temporarily to a home force, he shall be subject to the law relating to the Naval Service, the militia, or the Air Force, as the case may be, in like manner as if he were a member of the home force, and shall be treated and have the like powers of command and punishment over members of the home force to which he is attached as if he was a member of that force of relative rank:

Provided that the Governor in Council may direct that in relation to members of a force of any part of the Commonwealth specified the statutes relating to the home force shall apply with such exceptions and subject to such adaptations and modifications as may be specified."

(d) Cadets while enrolled in the Royal Canadian Naval College, to such extent and subject to such regulations as the Governor in Council prescribes;

(e) Members of His Majesty's Canadian military and air forces when embarked on board any of His Majesty's Canadian Ships, to such extent and subject to such regulations as the Governor in Council prescribes;

(f) Every person ordered to be received or who is a passenger on board any of His Majesty's Canadian Ships, under such regulations as the Minister prescribes;

(g) Every person who, although he would not otherwise be subject to this Part, enters into an engagement with the Minister under the provisions of section thirty-six of this Act;

(h) Every spy for the enemy;

(i) So far as respects the offence, every person not otherwise subject to this Part who commits an offence under section sixty of this Act;

(j) During the term of his sentence, every person who is sentenced under this Part to imprisonment in a penitentiary, imprisonment elsewhere than in a penitentiary or detention, notwithstanding that he is discharged or dismissed from the Naval Service or would otherwise but for this provision cease to be subject to this Part;

(k) Every person who, although he would not otherwise be subject to this Part, is, by the Parliament of Canada, or during an emergency by the Governor in Council, made subject to this Part.

Public Worship.

Public worship to be performed.

48. All officers in command of His Majesty's Canadian Ships and naval establishments shall cause the public worship of Almighty God in the manner and forms for use in the Naval Service to be solemnly, orderly and reverently performed in their respective ships and establishments and shall take care that all religious services are performed diligently, and that the Lord's Day is observed according to law.

Misconduct in Presence of Enemy.

Misconduct in action.

49. Every flag officer, captain, commander or officer commanding who:

(a) upon signal of battle, or on sight of a ship of an enemy which it is his duty to engage, does not use his utmost exertion to bring his ship into action, or

(b) his ship being in action, does not, during the action, in his own person and according to his rank, encourage his inferior officers and men to fight courageously, or

(c) surrenders his ship to the enemy when capable of making a successful defence, or

(d) in time of action improperly withdraws from the fight,

(d) Naval Order 1753 (P.C. 27/9600 of 10th December, 1941) establishing the Royal Canadian Naval College. Para. 9 of N.O. 1753 states that "a Cadet while under training at the College shall be subject to Naval Law and Discipline.....but.....shall not be a member of the Naval Forces of Canada."

(e) *Naval Discipline Act*, section 88.

(f) *Naval Discipline Act*, section 89.

(g) *Naval Discipline Act*, section 90.

(h) *Naval Discipline Act*, section 6.

(i) *Naval Discipline Act*, section 13.

(j) *Naval Discipline Act*, section 46A (1).

(k) New. Since this section excludes from the operation of Part II every person who, by this section is not specifically made subject to it, it is necessary to provide for the possibility of persons being made subject to the Act by other statutes, and during an emergency (*i.e.*, in wartime—see section 2 *(d)* of the *Naval Service Act*), by order in council. For example, this would cover the case of W.R.C.N.S. which was established by order in council passed under the *War Measures Act*.

48. Corresponds to section one of the *Naval Discipline Act* and to Canadian Naval Regulations, Article 68A.

49. Corresponds to section 2 of the *Naval Discipline Act*.

shall, if he has acted traitorously, suffer death; if he has acted from cowardice, suffer death or such lesser punishment as is hereinafter mentioned; if he has acted from negligence, or through other default, be dismissed from the Naval Service, with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Not pursuing the enemy, and not assisting a friend in view.

50. Every officer who forbears to pursue the chase of any enemy, pirate, or rebel, beaten or flying, or does not relieve and assist a known friend in view to the utmost of his power, or who improperly forsakes his station, shall, if he therein acts traitorously, suffer death; if he acts from cowardice, suffer death or such lesser punishment as is hereinafter mentioned; if he acts from negligence, or through other default, be dismissed from the Naval Service, with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Delaying or discouraging the service, or deserting his post, etc.

51. When any action or any service is commanded, every person who delays or discourages the action or service or who in the presence or vicinity of the enemy deserts his post or sleeps upon his watch, shall suffer death or such lesser punishment as is hereinafter mentioned.

Misconduct of subordinate officers and men in action.

52. Every person not being a Commanding Officer, who does not use his utmost exertions to carry the orders of his superior officers into execution when ordered to prepare for action, or during the action, shall: if he acts traitorously, suffer death; if he acts from cowardice suffer death or such lesser punishment as is hereinafter mentioned; if he acts from negligence, or through other default, be dismissed from the Naval Service, with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Communications with the Enemy.

Spies.

53. All spies for the enemy shall suffer death or such lesser punishment as is hereinafter mentioned.

Correspondence, etc., with the enemy.

54. Every person who:

(a) traitorously holds correspondence with or gives intelligence to the enemy; or

(b) fails to make known to the proper authorities any information he may have received from the enemy; or

(c) relieves the enemy with any supplies;

shall suffer death, or such lesser punishment as is hereinafter mentioned.

Improper communication with the enemy.

55. Every person who without any treacherous intention, holds any improper communication with the enemy, shall be dismissed with disgrace from the Naval Service, or shall suffer such lesser punishment as is hereinafter mentioned.

50. Corresponds to section 3.

51. Corresponds to section 4.

52. Corresponds to section 5.

53. Corresponds to section 6.

54. Corresponds to section 7.

55. Corresponds to section 8.

Neglect of Duty.

Abandoning post, etc.

56. Every person who deserts his post or sleeps upon his watch, or negligently performs a duty imposed on him, shall be dismissed from the Naval Service with disgrace or shall suffer such lesser punishment as is hereinafter mentioned.

Mutiny.

Mutiny accompanied by acts of violence.

57. Where mutiny is accompanied by violence, every person who joins therein shall suffer death, or such lesser punishment as is hereinafter mentioned; and every person who does not use his utmost exertions to suppress the mutiny shall; if he acts traitorously, suffer death, or such lesser punishment as is hereinafter mentioned; if he acts from cowardice, suffer imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned; if he acts from negligence be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Mutiny not accompanied by acts of violence.

58. Where a mutiny is not accompanied by violence, the ringleader or ringleaders of the mutiny shall suffer death, or such lesser punishment as is hereinafter mentioned; and all other persons who join in such mutiny, or do not use their utmost exertions to suppress it, shall suffer imprisonment elsewhere than in a penitentiary or such lesser punishment as is hereinafter mentioned.

Inciting to mutiny.

59. Every person who endeavours to seduce any other person subject to this Part from his duty or allegiance to His Majesty, or endeavours to incite him to commit any act of mutiny, shall suffer death or such lesser punishment as is hereinafter mentioned.

Civilians endeavouring to seduce from allegiance.

60. Every person who, being on board any of His Majesty's Canadian Ships, endeavours to seduce from his duty or allegiance to His Majesty any person subject to this Part shall suffer death or such lesser punishment as is hereinafter mentioned.

Making mutinous assemblies or uttering seditious words.

61. Every person who makes or endeavours to make any mutinous assembly, or leads or incites any person to join in any mutinous assembly, or utters any words of sedition or mutiny, shall suffer imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned.

Concealing any traitorous or mutinous practice, design or words.

62. Every person who wilfully conceals any traitorous or mutinous practice or design, or any traitorous or mutinous words spoken against His Majesty, or any words, practice, or design tending to the hindrance of the service, shall suffer imprisonment in a penitentiary or such lesser punishment as is hereinfter mentioned.

Striking or attempting to strike, etc., superior officer.

63. Every person who strikes or attempts to strike, or draws or lifts up any weapon against, or uses or attempts

56. Corresponds to section 9.

57. Corresponds to section 10.

58. Corresponds to section 11.

59. Corresponds to section 12.

60. Corresponds to section 13.

61. Corresponds to section 14.

62. Corresponds to section 15.

63. Corresponds to section 16.

to use any violence against his superior officer whether or not such superior officer is in the execution of his office, shall suffer imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned.

Insubordination.

Disobedience or using threatening language to superior officer.

64. Every person who wilfully disobeys any lawful command of his superior officer, or uses threatening or insulting language, or behaves with contempt to his superior officer, shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Quarreling, etc., or using reproachful speech or gestures.

65. Every person who quarrels or fights with any other person, whether such other person is or is not subject to this Part, or who uses reproachful or provoking speeches or gestures tending to make any quarrel or disturbance, shall suffer imprisonment elsewhere than in a penitentiary or such lesser punishment as is hereinafter mentioned.

Desertion and Absence without Leave.

Desertion.

66. Every person who absents himself from his ship, or from the place where his duty requires him to be, with the intention of not returning to such ship or place, or who at any time and under any circumstances when absent from his ship or place of duty does any act which shows that he has an intention of not returning to such ship or place, shall be deemed to have deserted, and

(a) if he has deserted to the enemy he shall be punished with death or such lesser punishment as is hereinafter mentioned;

(b) if he has deserted under any other circumstances, he shall be punished with imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned;

and in every case he shall forfeit all pay, bounty, salvage, prize money, and allowances that have been earned by him, and all annuities, gratuities, medals, decorations, and good conduct and good service badges that have been granted to him, and also all clothes and effects which he left on board the ship or at the place from which he deserted, unless the tribunal by which he is tried, or the Minister, otherwise directs.

Inducing any person to desert.

67. Every person who endeavours to seduce any other person subject to this Part to desert shall suffer imprisonment elsewhere than in a penitentiary, or such lesser punishment as is hereinafter mentioned.

Entertaining a deserter.

68. Every officer in command of any of His Majesty's Canadian Ships who receives or entertains a deserter from His Majesty's Canadian naval, military, or air forces, after discovering him to be a deserter, and does not with all convenient speed, in the case of a deserter from the Naval Forces give notice to the Commanding Officer of the ship

64. Corresponds to section 17.

65. Corresponds to section 18.

66. Corresponds to section 19.

67. Corresponds to section 20.

68. Corresponds to section 21.

to which the deserter belongs, or if the ship is at a distance, to the Commander-in-Chief, or, in case of a deserter from His Majesty's Canadian military or air forces, give notice to the Department of National Defence, or the Commanding Officer of the regiment or unit to which the deserter belongs, the officer so offending shall be dismissed from the Naval Service, or suffer such lesser punishment as is hereinafter mentioned.

Punishment for breaking out of ship.

69. If any person without being guilty of desertion improperly leaves his ship or place of duty, he shall be liable to imprisonment elsewhere than in a penitentiary or to such lesser punishment as is hereinafter mentioned, and to such other punishment by forfeiture of wages or of other benefits as the Minister prescribes.

Absence without leave.

70. Every person who without being guilty of desertion or of improperly leaving his ship or place of duty is absent without leave shall be liable in time of emergency to imprisonment elsewhere than in a penitentiary or such lesser punishment as is hereinafter mentioned, and at other times to imprisonment elsewhere than in a penitentiary or detention for any period not exceeding ten weeks, or such other punishment as the circumstances of the case require, and to such other punishment by forfeiture of wages or of other benefits as the Minister prescribes.

Forfeiture of effects for absence without leave.

71. If any person is absent without leave for a period of one month, whether he is guilty of desertion or of improperly leaving his ship or place of duty or not and is not apprehended and tried for his offence, he shall be liable to forfeiture of wages and other benefits as the Minister prescribes; and the Commander-in-Chief may by an order containing a statement of the absence without leave direct that the clothes and effects, if any, left by him on board ship or at his place of duty be forfeited, and the same may be sold, and the proceeds of the sale shall be disposed of as the Commander-in-Chief may direct, and every order under this provision for forfeiture or sale shall be conclusive as to the fact of the absence without leave as therein stated of the person therein named; but in any case the Minister may, if it seem fit on sufficient cause being shown at any time after forfeiture and before sale remit the forfeiture, or after sale pay or dispose of the proceeds of the sale or any part thereof to or for the use of the person to whom the clothes or effects belonged, or his representatives.

Miscellaneous Offences.

Profane swearing and other immoralities.

72. Every person who is guilty of any profane oath, cursing, execration, drunkenness, uncleanness, or other scandalous action in derogation of God's honour and corruption of good manners, shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

69. Corresponds to section 22.

70. Corresponds to section 23.

71. Corresponds to section 24.

72. Corresponds to section 27.

Officers cruelty or oppression.

73. Every officer who is guilty of cruelty, or of any scandalous or fraudulent conduct, shall be dismissed from the Naval Service with disgrace and every officer who is guilty of any other conduct unbecoming the character of an officer shall be dismissed from the Naval Service with or without disgrace.

Suffering ships or aircraft to be improperly lost.

74. Every person who, designedly or negligently or by any default loses, strands, or hazards or suffers to be lost, stranded, or hazarded, any of His Majesty's Canadian Ships, or designedly or negligently or by any default loses or suffers to be lost any aircraft belonging to the Naval Service, shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Not taking care of and defending ships under convoy.

75. The officers of His Majesty's Canadian Ships appointed for the convoy and protection of any ships or vessels shall diligently perform their duty without delay according to their instructions in that behalf; and every officer who fails in his duty in this respect, and does not defend the ships and goods under his convoy, without deviation to any other objects, or refuses to fight in their defence, if they are assailed, or cowardly abandons and exposes the ships in his convoy to hazard, or demands or exacts any money or other reward from any merchant or master for convoying any ships or vessels entrusted to his care, or misuses the masters or mariners thereof, shall make such reparation in damages to the merchants, owners, and others, as the competent civil court adjudges, and also shall be punished according to the nature of his offence, by death or such lesser punishment as is hereinafter mentioned.

Taking goods on board other than for the use of the vessel.

76. Every officer in command of any of His Majesty's Canadian Ships who receives on board or permits to be received on board such ship any goods or merchandise whatsoever, other than for the sole use of the ship, except goods and merchandise on board any ship which may be shipwrecked or in imminent danger, either on the high seas or in some port, creek, or harbour, for the purpose of preserving them for their proper owners, or except such goods or merchandise as he may at any time be ordered to take or receive on board by order of the Minister or his superior officer, shall be dismissed from the Naval Service, or suffer such lesser punishment as is hereinafter mentioned.

Embezzling public stores.

77. Every person who wastefully expends, steals, or fraudulently buys, sells or receives any ammunition, provisions, or other public stores, and every person who knowingly permits any such wasteful expenditure, theft, sale, or receipt, shall suffer imprisonment elsewhere than in a penitentiary, or such lesser punishment as is hereinafter mentioned.

73. Corresponds to section 28.

74. Corresponds to section 29.

75. Corresponds to section 30.

76. Corresponds to section 32.

77. Corresponds to section 33.

Burning any magazine or vessel, etc. not belonging to an enemy.

78. Every person who unlawfully sets fire to any dockyard, victualling yard, factory, arsenal, magazine, building, stores, or to any ship, vessel, hoy, barge, boat, or other craft or furniture thereunto belonging, not being the property of an enemy, pirate, or rebel, shall suffer death or such lesser punishment as is hereinafter mentioned.

Making or signing false musters.

79. Every person who knowingly makes or signs a false muster or record or other official document, or who commands, counsels or procures the making or signing thereof, or who aids or abets any other person in the making or signing thereof, shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Intentionally inducing or aggravating disease or infirmity.

80. Every person who wilfully does any act or wilfully disobeys any orders, whether in hospital or elsewhere, with intent to produce or to aggravate any disease or infirmity, or to delay his cure, or who feigns any disease, infirmity, or inability to perform his duty, shall suffer imprisonment elsewhere than in a penitentiary or such lesser punishment as is hereinafter mentioned.

Endeavouring to stir up any disturbance on account of unwholesomeness of the victuals or other just grounds.

81. Every person who has any cause of complaint, either of the unwholesomeness of the victuals or upon any other just ground, shall quietly make the same known to his superior, or Captain, or Commander-in-Chief, and the said superior, Captain, or Commander-in-Chief, shall as far as he is able, cause the same to be presently remedied; and no person upon any pretence whatever shall attempt to stir up any disturbance, upon pain of such punishment as a court-martial may think fit to inflict, according to the degree of offence.

Not sending to the Exchequer Court all papers found aboard prize ships.

82. All the papers, charter-parties, bills of lading, passports, and other writings whatsoever that are taken, seized, or found aboard any ship or ships which are taken as prize shall be duly preserved, and the Commanding Officer of the ship which takes such prize shall send the originals entire and without fraud to the Exchequer Court of Canada there to be viewed, made use of, and proceeded upon according to law, upon pain that every person offending herein shall be dismissed from the Naval Service or shall suffer such lesser punishment as is hereinafter mentioned, and in addition thereto shall forfeit and lose his share of the capture.

Taking money or other effects out of any prize before the same is condemned.

83. No person shall take out of any prize or ship seized for prize any money, plate, or goods, unless it is necessary for the better securing thereof, or for the necessary use and

78. Corresponds to section 34.

79. Corresponds to section 35.

80. Corresponds to section 36.

81. Corresponds to section 37.

82. Corresponds to section 38.

83. Corresponds to section 39.

service of any of His Majesty's Canadian Ships before the same be adjudged lawful prize in a competent Court; but the full and entire account of the whole without embezzlement shall be brought in, and judgment passed entirely upon the whole, without fraud, upon pain that every person offending herein shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned, and in addition thereto forfeit and lose his share of the capture.

Stripping or ill-using persons taken on board a prize.

84. If any ship or vessel is taken as prize, none of the officers, mariners, or other persons on board her shall be stripped of their clothes, or in any sort pillaged, beaten, or ill-treated, upon pain that the person or persons so offending shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Commanders capturing as prize by collusion, or collusively restoring ships or goods.

85. If the Commanding Officer of any of His Majesty's Canadian Ships does any of the following things, namely:

(a) by collusion with the enemy takes as prize any vessel, goods, or thing; or

(b) unlawfully agrees with any person for the ransoming of any vessel, goods, or thing taken as prize; or

(c) in pursuance of any unlawful agreement for ransoming or otherwise by collusion actually quits or restores any vessel, goods, or thing taken as prize;

he shall be liable to dismissal from the Naval Service with disgrace, or to such lesser punishment as is hereinafter mentioned.

Breaking bulk on board prize ship with a view to embezzlement.

86. If any person breaks bulk on board any vessel taken as prize, or detained in the exercise of any belligerent right, or under any Act relating to piracy or to the slave trade or to the Customs, with intent to embezzle anything therein or belonging thereto, he shall be liable to dismissal from the Naval Service with disgrace, or to such lesser punishment as is hereinafter mentioned, and in addition thereto to forfeit and lose his share of the capture.

Offences against naval discipline not particularly mentioned.

87. Every person who is guilty of any act, disorder, or neglect to the prejudice of good order and naval discipline, not hereinbefore specified, shall be dismissed from the Naval Service with disgrace, or suffer such lesser punishment as is hereinafter mentioned.

Crimes to be punished according to laws and customs in use.

88. Any person who commits any offence against this Part, such offence not being punishable with death or imprisonment in a penitentiary, shall, save where this Part expressly otherwise provides, be proceeded against and punished according to the laws and customs in such cases used at sea.

84. Corresponds to section 40.

85. Corresponds to section 41.

86. Corresponds to section 42.

87. Corresponds to section 43.

88. Corresponds to section 44.

Offences punishable by ordinary law.

Offences punishable by ordinary law of Canada.

89. Every person who is guilty of:

(a) treason shall suffer death;

(b) murder shall suffer death;

1940, c. 43.

(c) an offence under section three of *The Treachery Act* shall suffer death;

(d) rape shall suffer death or imprisonment in a penitentiary;

(e) buggery, either with a human being or any other living creature, shall suffer imprisonment in a penitentiary;

(f) manslaughter shall suffer imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned;

(g) robbery or theft shall suffer imprisonment in a penitentiary or such lesser punishment as is hereinafter mentioned;

R.S. c. 36.

(h) any other offence which, if committed in Canada, would be punishable under the *Criminal Code* or any other Act of the Parliament of Canada, shall suffer either

(i) the punishment assigned for the offence by the *Criminal Code* or the other Act, or

(ii) if in committing the offence he is guilty under section eighty-seven of this Act of an act to the prejudice of good order and naval discipline not otherwise specified, the punishment provided by section eighty-seven.

Jurisdiction.

Jurisdiction as to place where alleged offence committed.

90. (1) Every person who is charged with an offence under sections forty-nine to eighty-eight, both inclusive, of this Act, may be tried and punished under this Part regardless of where the alleged offence was committed.

(2) Every person who is charged with an offence under section eighty-nine of this Act may be tried and punished under this Part:

(a) when the alleged offence was committed within Canada—

(i) in any harbour, haven, or creek or on any lake or river; or

(ii) in or on any property of the Naval Service, including naval establishments, ships and other vessels, aircraft and vehicles; or

(iii) on any premises held by or on behalf of the Crown in the right of Canada for naval or military or air force purposes; or

(iv) in a canteen or sailor's home or any place of recreation placed at the disposal of or used by officers or men of the Naval Forces which is prescribed by the Minister;

(b) when the alleged offence was committed outside of Canada, at any place on land, at sea or in the air.

89. Corresponds to section 45, which has been correlated with the *Criminal Code* and *The Treachery Act*, 1940, c. 43. See the Schedule to the latter Act.

90. Corresponds to section 46, which has been correlated with the *Criminal Code*.

Jurisdiction and limitation where offender has ceased to be subject to the Act.

91. Where an offence under this Part has been committed by any person while subject to this Part such person may be taken into and kept in custody and tried and punished for such offence although he has ceased to be subject to this Part, in like manner as he might have been taken into and kept in custody, tried or punished if he had continued so subject: Provided that where a person has since the commission of an offence ceased to be subject to this Part, he shall not be tried for such offence, except in case of offences of mutiny or desertion, unless proceedings against him are instituted within three months after he has ceased to be subject to this Part, but this section shall not affect the jurisdiction of a civil court in the case of any offence triable by such court as well as by court-martial.

Proviso.

General provisions.

Power of court-martial to find intent with which offence committed.

92. Where the amount of punishment for any offence under this Part depends upon the intent with which it has been committed, and any person is charged with having committed such offence with an intent involving a greater degree of punishment, a court-martial may find that the offence was committed with an intent involving a less degree of punishment, and award such punishment accordingly.

Power to find guilty of offence involving less punishment.

93. (1) Every person charged with an offence under sections forty-nine to eighty-eight of this Act, both inclusive, may, upon failure of proof of the commission of the offence charged be found guilty of another offence of the same class of which the evidence adduced proves him guilty the maximum punishment for which is less than the maximum punishment prescribed for the offence with which he is charged.

Power to find guilty of offence included in offence charged.

(2) If an offence with which a person is charged under section eighty-nine of this Act is not proved, he may be found guilty of any offence included in that offence of which on the evidence adduced he could be convicted under the *Criminal Code* or any other Act of the Parliament of Canada.

R.S. c. 36.

Rebels and mutineers to be deemed enemies.

94. All armed rebels, armed mutineers, and pirates shall be deemed to be enemies within the meaning of this Part.

Power to arrest offenders.

95. Every officer in command of a fleet or squadron of His Majesty's Canadian Ships, or of one of His Majesty's Canadian Ships or the Senior Officer present at a port, or an officer having by virtue of subsections two and three of section one hundred and one of this Act power to try offences, may, by warrant under his hand, authorize any person to

91. Corresponds to section 46A (1.)

92. Corresponds to section 47.

93. Corresponds to section 48. Subsection (2) coincides with section 951 of the *Criminal Code*.

94. Corresponds to section 49.

95. Corresponds to section 50.

arrest any offender for any offence against this Part mentioned in such warrant; and any such warrant may include the names of more persons than one in respect of several offences of the same nature; and any person named in any such warrant may forthwith, on his apprehension, if the warrant so directs, be taken on board the ship to which he belongs, or some other ship of the Naval Service and any person so authorized may use force, if necessary, for the purpose of effecting such apprehension towards any person subject to this Part.

Penalty for not assisting in detection of offenders.

96. Every person who does not use his utmost endeavours to detect, apprehend and bring to punishment all offenders against this Part, and does not assist the officers appointed for that purpose, shall suffer imprisonment elsewhere than in a penitentiary, or such lesser punishment as is hereinafter mentioned.

Punishments.

Scale of punishments.

97. The following punishments may be inflicted in the Naval Service:

(a) Death;
(b) Imprisonment in a penitentiary;
(c) Dismissal with disgrace from the Naval Service;
(d) Imprisonment elsewhere than in a penitentiary;
(e) Detention;
(f) Dismissal from the Naval Service;
(g) Forfeiture of seniority as an officer for a specified time, or otherwise;
(h) Dismissal from the ship to which the offender belongs;
(i) Severe reprimand, or reprimand;
(j) Disrating a chief petty officer, petty officer or leading rating;
(k) Forfeiture of pay, bounty, salvage, prize money, and allowances earned by, and of all annuities, gratuities medals, decorations, and good conduct and good service badges granted to, the offender, or of any one or more of the above particulars; also, in the case of desertion, of all clothes and effects left by the deserter on board the ship to which he belongs;
(l) Such minor punishments as are now inflicted according to the custom of the Naval Service, or may from time to time be allowed by the Minister;

and each of the above punishments shall be deemed to be inferior in degree to every punishment preceding it in the above seale.

96. Corresponds to section 51

97. Corresponds to section 52, which has been correlated with the *Criminal Code.*

Since "penal servitude" is unknown to the Canadian law, but is an English institution, paragraphs *(b)* and *(d)* of section 97 are rewritten to bring them into line with the *Criminal Code* and with former section 49 of the *Naval Service Act.* Paragraph *(d)* is brought into harmony with the *Criminal Code,* section 1056. Paragraph *(j)* is in accord with present table of ratings and K.R. and A.I.

Regulations as to infliction of punishments.

98. (1) The following regulations are hereby made with respect to the infliction of punishments in the Naval Service:

(a) The Minister may, except in case of sentence of death, which shall only be remitted by His Majesty, suspend, annul, or modify any sentence passed on any person subject to this Part, or substitute a punishment inferior in degree for the punishment involved in any such sentence, or remit the whole or any portion of the punishment involved in any such sentence, or remit the whole or any portion of any punishment into which the punishment involved in any such sentence has been commuted, and any sentence so modified shall (subject to the provisions of this Part) be valid, and shall be carried into execution as if it had been originally awarded, with such modification; but so that neither the degree nor the duration of the punishment involved in any sentence be increased by any such modification;

(b) judgment of death shall not be passed on any prisoner unless four at least of the officers present at the court-martial, where the number does not exceed five, and in other cases a majority of not less than two-thirds of the officers present, concur in the sentence;

(c) the punishment of death shall not be inflicted on any prisoner until the sentence has been confirmed by the Governor in Council;

(d) the punishment of imprisonment in a penitentiary may be inflicted for the term of life, or for any other term of not less than two years;

(e) the punishment of imprisonment in a penitentiary shall in all cases involve dismissal with disgrace from the Naval Service;

(f) a sentence of dismissal with disgrace shall involve in all cases a forfeiture of all pay, bounty, salvage, prize money, and allowances that have been earned by, and of all annuities, gratuities, medals, decorations, and good conduct and good service badges that may have been granted to, the offender, and an incapacity to serve His Majesty again in any naval, military, air force, or civil service, and may also in all cases be accompanied by a sentence of imprisonment elsewhere than in a penitentiary;

(g) the punishment of imprisonment elsewhere than in a penitentiary may be inflicted for any term less than two years and may be accompanied with a sentence of dismissal from the Naval Service;

98. Corresponds to section 53, which has been correlated with the *Criminal Code*.

In section 98 the minimum sentence for imprisonment in a penitentiary in paragraph *(d)* is made "not less than two years" to coincide with the *Criminal Code*, section 1056. This does away also with the hiatus that presently exists between the minimum of "not less than three years" *penal servitude* and "not exceeding two years" *imprisonment* in the *Naval Discipline Act*.

In paragraph *(g)* the maximum sentence of "imprisonment elsewhere than in a penitentiary" is made "less than two years" to coincide with the *Criminal Code*, section 1056.

Paragraph *(h)* is new and is based on the *Criminal Code*, section 1056, and former section 49 of the *Naval Service Act*.

(h) any prisoner who is sentenced to imprisonment elsewhere than in a penitentiary shall be sentenced to imprisonment in the common gaol of the district, county or place in which the sentence is pronounced, or if there is no common gaol there, then in that common gaol which is nearest to such locality, or in some other lawful prison or place of confinement other than a penitentiary in which imprisonment may be lawfully executed;

(i) a sentence of imprisonment elsewhere than in a penitentiary may also be accompanied with a direction that the prisoner shall be kept to hard labour for all or any part of the term of imprisonment;

(j) the punishment of detention may be inflicted for any term not exceeding two years;

(k) the punishment of imprisonment elsewhere than in a penitentiary, or detention whether on board ship or on shore, shall involve disrating in case of a chief petty officer, petty officer, or leading rating and shall in all cases be accompanied by stoppage of pay or wages during the term of imprisonment or detention: Provided that where the punishment awarded is detention for a term not exceeding fourteen days, the sentence may direct that the punishment shall not be accompanied by stoppage of wages during the term of detention;

(l) no officer shall be subject to detention.

(2) All other punishments authorized by this Part may be inflicted in the manner heretofore in use in the Naval Service.

Limitation of time to trials.

99. No person, unless he is an offender who has avoided apprehension or fled from justice, shall be tried or punished in pursuance of this Part for any offence committed by him unless the trial shall take place within three years from the commission of the offence, or within one year after the return of the offender to Canada, where he has been absent from Canada during such period of three years.

Degrees of punishment.

"lesser punishment."

100. Where any punishment is specified by this Part as the penalty for any offence, and it is further declared that a lesser punishment may be awarded in respect of the same offence, the expression 'lesser punishment' shall be deemed to comprise any one or more of the punishments inferior in degree to the specified punishment, according to the scale contained in section ninety-seven of this Act.

99. Corresponds to section 54.

100. Corresponds to section 55.

Court-martial to have power to try offences.

101. (1) Any offence triable under this Part may be tried and punished by court-martial.

Summary trial by officer in command.

(2) Any offence not capital which is triable under this Part, and (except in the cases by this Part expressly provided for) is not committed by an officer, may, under such regulations as the Minister from time to time issues, be summarily tried and punished by the Officer in Command of the ship to which the offender belongs at the time either of the commission or of the trial of the offence, subject to the restriction that the Officer in Command shall not have power to award imprisonment in a penitentiary at all or to award imprisonment elsewhere than in a penitentiary or detention for more than three calendar months.

Idem.

(3) The power by this section vested in an Officer in Command of a ship may,

(a) as respects persons on board a tender to the ship, be exercised in the case of a single tender absent from the ship, by the officer in command of such tender, and in the case of two or more tenders absent from the ship in company or acting together, by the officer in immediate command of such tenders; and

(b) as respects persons on board any boat or boats belonging to the ship, be exercised, when such boat or boats is or are absent on detached service, by the officer in command of the boat or boats; and

(c) as respects persons subject to this Part on detached service either on shore or otherwise, be exercised by the officer in immediate command of those persons; and

(d) as respects persons subject to this Part quartered in naval barracks, be exercised by the officer in command of those barracks.

Authorities empowered to impose punishments to adhere to provisions herein named.

102. With respect to any subordinate officer, the punishment of forfeiture of time or seniority may be imposed by the Minister for any time not exceeding twelve months, or by the Commanding Officer for any time not exceeding three months.

Disciplinary Court

Trial of officers and men for disciplinary offences in time of emergency.

103. (1) Where any officer or man is in time of emergency alleged to have been guilty of an offence under section fifty-six, sixty-four, sixty-five, sixty-six, sixty-nine, seventy, seventy-two, or eighty-seven, of this Act, the officer having power to order a court-martial may, if he considers that the offence is of such a character as not to necessitate trial by court-martial, in lieu of ordering a court-martial, order a disciplinary court constituted as hereinafter mentioned.

101. Corresponds to section 56.

102. Corresponds to section 57.

103. Corresponds to section 57A and Canadian Naval Regulations Article 79A.

Composition of disciplinary court.

(2) A disciplinary court shall be composed of not less than three nor more than five officers, of whom one shall be a commander or of higher rank.

Powers.

(3) A disciplinary court shall have power to impose any punishment inferior to imprisonment elsewhere than in a penitentiary in the scale hereinbefore contained, but no greater punishment.

Regulations.

(4) The Minister may from time to time make regulations governing the assembling, constitution and procedure and practice of disciplinary courts under this section, and the regulations shall provide for evidence being taken on oath and empower the court to administer oaths for that purpose.

Courts-martial.

Constitution of courts-martial.

104. (1) A court-martial shall consist of not less than five nor more than nine officers.

Qualifications.

(2) Subject to section one hundred and five, no officer shall be qualified to sit as a member of any court-martial held in pursuance of this Act unless he is a flag officer, captain, commander, lieutenant-commander, or lieutenant of the permanent naval force on full pay.

Court-martial only when two or more ships together.

(3) A court-martial shall not be held unless at least two of His Majesty's Canadian Ships not being tenders, and commanded by captains, commanders, lieutenant-commanders, or lieutenants of the Naval Forces on full pay, are together at the time when such court-martial is held.

Officers must be 21 or over.

(4) No officer shall sit on a court-martial who is under twenty-one years of age.

Trial of flag officer.

(5) No court-martial for the trial of a flag officer shall be duly constituted unless the president is a flag officer, and the other officers composing the court are of the rank of captain, or of higher rank

Trial of captain.

(6) No court-martial for the trial of a captain in the Naval Forces shall be duly constituted unless the president is a captain or of higher rank, and the other officers composing the court are commanders or officers of higher rank.

Trial of person below rank of captain.

(7) No court-martial for the trial of a person below the rank of captain in the Naval Forces shall be duly constituted, unless the president is a captain or of higher rank, nor, if the person to be tried is of the rank of commander, unless in addition to the president two other members of the court are of the rank of commander or of higher rank.

Prosecutor not to sit on c.-m.

(8) The prosecutor shall not sit on any court-martial for the trial of a person whom he prosecutes.

104. Corresponds to section 58.

Minister may order court-martial and delegate such power.

(9) The Minister shall have power to order courts-martial to be held for the trial of offences under this Part, and to grant commissions to any officer of the Naval Forces on full pay authorizing him to order courts-martial to be held for the trial of such offences.

When commissioned officer may not order a court-martial.

(10) An officer holding a commission from the Minister to order courts-martial shall not be empowered to do so if there is present at the place where such court-martial is to be held any officer superior in rank to himself on full pay and in command of one or more of His Majesty's Canadian Ships or vessels although such last-mentioned officer may not hold a commission to order courts-martial; and in such a case such a last-mentioned officer may order a court-martial, although he does not hold any commission for the purpose.

Officer ordering not to sit.

(11) The officer ordering a court-martial shall not sit thereon.

President.

(12) The president of every court-martial shall be named by the authority ordering the same, or by any officer empowered by such authority to name the president.

When officer not required to sit.

(13) No commander, lieutenant-commander, or lieutenant shall be required to sit as a member of any court-martial when four officers of a higher rank and junior to the president can be assembled at the place where the court-martial is to be held (but the regularity or validity of any court-martial or of the proceedings thereof, shall not be affected by any commander, lieutenant-commander, or lieutenant being required to sit, or sitting, thereon, under any circumstances); and when any commander, lieutenant-commander or lieutenant sits on any court-martial the members of it shall not exceed five in number.

President to summon required officers.

(14) Subject to the foregoing provisions of this section, whenever a court-martial is held, the officer appointed to preside thereat shall summon all the officers next in seniority to himself present at the place where the court-martial is held to sit thereon, until the number of nine, or such number, not less than five, as is attainable, is complete; but any officer of the rank of captain or above who is superintendent of a Naval Service dockyard, shall not be summoned to sit on courts-martial unless specially directed to do so by orders from the Minister.

Regulations.

(15) The Minister may make regulations governing the assembling, constitution, procedure and practice of courts-martial and shall include among them provisions for evidence being taken on oath; and the court shall have power to administer oaths for that purpose.

Reserve officers sitting on court-martial during war-time.

105. When the Naval Forces are on active service, officers of the naval reserve force and the naval volunteer reserve force may sit as members of courts-martial or disciplinary courts on the same basis and under the same conditions as officers of the permanent naval force.

105. This is new and corresponds to Canadian Naval Regulations Article 79 para. 2A.

Where courts-martial to be held.

106. A court-martial under this Part shall be held on board one of His Majesty's Canadian Ships, unless the Minister or the officer who ordered the court-martial in any particular case for reasons to be recorded on the proceedings otherwise directs in which case the court-martial shall be held at a port at such convenient place on shore as the Minister or the officer who ordered the court-martial shall direct.

As to time of sittings of courts-martial.

107. A court-martial held in pursuance of this Part may, if it appears to the court that an adjournment is desirable, be adjourned for a period not exceeding six days, but except where an adjournment is ordered shall sit from day to day, with the exception of Sundays, until sentence is given, unless prevented from so doing by stress of weather or unavoidable accident, and its proceedings shall not be delayed by the absence of any member, so that not less than four are present; and no member shall absent himself unless compelled to do so by sickness or other just cause, to be approved of by the other members of the court, and if any member of a court-martial absents himself therefrom, in contravention of this section, he shall be dismissed from the Naval Service, or shall suffer such lesser punishment as may be awarded by a court-martial.

Appointment of officiating judge advocate.

108. In the absence of the Judge Advocate of the Fleet or his deputy, and in default of any appointment in this behalf by the Minister, or by the Commander-in-Chief of any fleet or squadron, the officer who is to be the president of the court-martial shall appoint a person to officiate as deputy judge advocate at the trial; and the Judge Advocate of the Fleet for the time being, or his deputy, or the person officiating as deputy judge advocate, at any trial, shall administer an oath to every witness appearing at the trial.

Proceedings at trial.

109. (1) As soon as the court is assembled, the names of the officers composing the court shall be read over to the person charged, who shall be asked if he objects to being tried by any member of the court. If the person charged objects to any member, the objection shall be decided by the court. If the objection is allowed the place of the member objected to shall be filled by the officer next in seniority who is not on the court-martial, and is qualified to sit.

Idem.

(2) The person charged may then raise any other objection which he desires to make respecting the constitution of the court-martial. The objection shall then be decided by the court, which decision shall be final, and the constitution of the court-martial shall not be afterwards impeached, and it shall be deemed to have been in all respects duly constituted.

106. Corresponds to section 59.

107. Corresponds to section 60.

108. Corresponds to section 61.

109. Corresponds to section 62.

Oaths to be administered to members of courts-martial.

110. Before the court proceeds to try the person charged, the Judge Advocate of the Fleet, or his deputy, or the person officiating as deputy judge advocate, shall administer to every member of the court the following oath: that is to say,

"I,....., do swear that I will duly administer justice according to law, without partiality, favour, or affection; and I do further swear, that I will not on any account, at any time whatsoever, disclose or discover the vote or opinion of any particular member of this court-martial, unless there unto required in due course of law. So help me God."

Oaths to be administered to judge advocate, etc.

111. As soon as the oath is administered to the members of the court-martial, the president shall administer to the Judge Advocate of the Fleet, or his deputy, or the person officiating as deputy judge advocate, the following oath:—

"I,....., do swear, that I will not upon any account, at any time whatsoever, disclose or discover the vote or opinion of any particular member of the court-martial, unless thereunto required in due course of law. So help me God."

Evidence of rank, etc., of officers.

112. A Navy List or Gazette purporting to be published by authority and either to be printed by a Government printer or to be issued by the King's Printer, shall be evidence of the status and rank of the officers therein mentioned and of any appointment held by such officers until the contrary is proved.

Sentences.

Imprisonment of offender already under sentence for previous offence.

113. Whenever sentence is passed by a court-martial on an offender already under sentence either of detention, imprisonment elsewhere than in a penitentiary, or imprisonment in a penitentiary, passed upon him under this Part for a former offence, the court may award sentence of detention, imprisonment elsewhere than in a penitentiary, or imprisonment in a penitentiary for the offence for which he is under trial to commence at the expiration of the detention, imprisonment elsewhere than in a penitentiary, or imprisonment in a penitentiary, to which he has been previously sentenced, although the aggregate of the terms of detention, imprisonment elsewhere than in a penitentiary, or imprisonment in a penitentiary, may exceed the term for which any of those punishments could otherwise be awarded:

Proviso.

Provided that nothing in this section shall cause a person to undergo imprisonment elsewhere than in a penitentiary for any period exceeding in the aggregate less than two consecutive years, or detention for any period exceeding in the aggregate two consecutive years, and so much of any term of imprisonment or detention respectively imposed on a person by a sentence in pursuance of this section as would prolong the total term of his punishment beyond those periods shall be deemed to be remitted.

110. Corresponds to section 63.

111. Corresponds to section 64.

112. Corresponds to section 69A.

113. Corresponds to section 73.

Term of imprisonment.

114. (1) Every term of imprisonment in a penitentiary or imprisonment elsewhere than in a penitentiary, or detention in pursuance of this Part shall be reckoned as commencing on the day on which the sentence was awarded.

Place.

(2) The place of imprisonment or detention whether the imprisonment or detention was awarded as an original or as a commuted punishment, shall be such place as may be appointed by the court or the Commanding Officer awarding the punishment, or as may from time to time be appointed by the Minister.

Term and place.

(3) Where, by reason of a ship being at sea or off a place at which there is no proper penitentiary, prison, or naval detention quarters, a sentence of imprisonment, either in a penitentiary or elsewhere, or detention, as the case may be, cannot be duly executed, then, subject as hereinafter mentioned, an offender under sentence of imprisonment, either in a penitentiary or elsewhere, or detention, as the case may be, may be sent with all reasonable speed to some place at which there is a proper penitentiary, prison or naval detention quarters, in which the sentence can be duly executed, and on arrival there the offender shall undergo his sentence, in like manner as if the date of such arrival were the day on which the sentence was awarded, notwithstanding that in the meanwhile he has returned to his duty or become entitled to his discharge; and the term of imprisonment in a penitentiary, or imprisonment elsewhere than in a penitentiary, or detention, as the case may be, shall be reckoned accordingly, subject however to the deduction of any time during which he has been kept in confinement in respect of the said sentence.

Warrant.

(4) Where in pursuance of this Part a person is sentenced to imprisonment, either in a penitentiary or elsewhere, or detention, the order of the Minister or of the Commander-in-Chief, or of the officer ordering the court-martial by which such person was sentenced, or, if he was sentenced by the Commanding Officer of a ship, the order of such Commanding Officer shall be a sufficient warrant for the sending of such person to the place of imprisonment or detention, there to undergo his sentence according to law, and until he reaches such place of imprisonment or detention for detaining him in naval custody, or in the case of a person sentenced to imprisonment either in a penitentiary or elsewhere, in any penitentiary, civil prison or place of confinement.

Power to suspend sentences.

115. (1) Where a person has been sentenced to imprisonment in a penitentiary, or imprisonment elsewhere than in a penitentiary, or detention the Minister or officer who by virtue of subsection four of section one hundred and fourteen of this Act has power to issue an order of com-

114. Corresponds to section 74.

115. Corresponds to section 74A.

mittal (hereinafter in this section referred to as 'the committing authority') may, in lieu of issuing such an order, order that the sentence be suspended until an order of committal is issued, and in such case:

(a) notwithstanding anything in this Part the term of the sentence shall not be reckoned as commencing until an order of committal is issued;

(b) the case may at any time, and shall at intervals of not more than three months, be reconsidered by the Minister or committing authority, or an officer, holding such command as the Minister may by regulation prescribe, and if on any such reconsideration it appears to the Minister, committing authority or officer that the conduct of the offender since his conviction has been such as to justify a remission of the sentence, the Minister or committing authority or officer shall remit the whole or any part of it;

(c) subject to regulations made by the Minister, the Minister or committing authority, or an officer holding such command as the Minister may by regulation prescribe, may at any time while the sentence is suspended issue an order of committal and thereupon the sentence shall cease to be suspended;

(d) where a person while a sentence on him is so suspended, is sentenced to imprisonment in a penitentiary, or imprisonment elsewhere than in a penitentiary, or detention for any other offence then, if he is at any time committed either under the suspended sentence or under any such subsequent sentence and whether or not any such subsequent sentence has also been suspended, the committing authority may direct that the two sentences shall run either concurrently or consecutively, so, however, as not to cause a person to undergo imprisonment elsewhere than in a penitentiary for a period exceeding in the aggregate less than two consecutive years, or detention for a period exceeding in the aggregate two consecutive years, and where the sentence for such other offence is a sentence of imprisonment in a penitentiary, then, whether or not that sentence is suspended, any previous sentence of imprisonment elsewhere than in a penitentiary or detention which has been suspended shall be avoided.

Suspended sentence.

(2) Where a person has been sentenced to imprisonment in a penitentiary, or imprisonment elsewhere than in a penitentiary or detention and an order of committal has been issued, the Minister or the committing authority, or an officer holding such command as the Minister may by regulation prescribe, may order the sentence to be suspended, and in such case the person whose sentence is suspended shall be discharged and the currency of the sentence shall be suspended until he is again committed under the same sentence, and paragraphs *(b)* and *(d)* of

sub-section one of this section shall apply in like manner as in the case where a sentence has been suspended before an order of committal has been issued.

Minister may order penalty either remitted, suspended, or not.

(3) Where a sentence is suspended under this section whether before or after committal, the Minister or, subject to any regulation or direction which may be issued by the Minister, the committing authority or officer by whom the sentence is suspended may, notwithstanding anything in section ninety-eight of this Act direct that any penalty which is involved by the punishment of imprisonment in a penitentiary, or imprisonment elsewhere than in a penitentiary or detention either shall be or shall not be remitted or suspended.

Place of imprisonment may be changed, etc.

116. Whenever it is deemed expedient the Minister, the Commander-in-Chief or senior naval officer present may by an order in writing from time to time change the place of confinement of any offender imprisoned or sentenced to be imprisoned elsewhere than in a penitentiary or detained in pursuance of this Part or of any offender undergoing or sentenced to undergo detention, and the gaoler or other person having the custody of such offender shall immediately on the receipt of such order remove such offender to the other place of confinement, or in case of an offender undergoing or sentenced to undergo detention, to the naval detention quarters mentioned in the said order, or shall deliver him over to naval custody for the purpose of the offender being removed to such other place of confinement or naval detention quarters; and every gaoler or keeper of such last-mentioned place of confinement or naval detention quarters shall, upon being furnished with a copy of such order of removal, attested by or on behalf of the Minister receive into his custody and shall confine pursuant to such sentence or order every such offender.

Proviso for discharge or removal of prisoners.

117. (1) Whenever any offender is undergoing imprisonment elsewhere than in a penitentiary or detention in pursuance of this Part, it shall be lawful for the Minister, or where an offender is undergoing imprisonment elsewhere than in a penitentiary or detention by order of his Commanding Officer, for such a Commanding Officer or the Minister, to give an order in writing directing that the offender be discharged; and it shall also be lawful for the Minister and any officer commanding any of His Majesty's Canadian Ships by order in writing, to direct that such offender be delivered over to naval custody for the purpose of being brought before a court-martial, either as a witness, or for trial or otherwise, and such offender shall accordingly, on the production of any such order, be discharged, or be delivered over to such custody.

116. Corresponds to section 75.

117. Corresponds to sections 78 and 79.

Proviso as to time of detention in naval custody.

(2) The time during which any offender under sentence of imprisonment elsewhere than in a penitentiary or detention is detained in naval custody under sub-section one of this section or under section one hundred and sixteen shall be reckoned as imprisonment or detention under his sentence for whatever purpose he is so detained; and the governor, gaoler, keeper, or superintendent who delivers over any such offender shall again receive him from naval custody, so that he may undergo the remainder of his punishment.

Minister may set apart buildings and ships as naval prisons.

118. The Minister may set apart any buildings or vessels, or any parts thereof, as naval prisons or naval detention quarters, and any buildings or vessels, or parts of buildings or vessels, so set apart as naval prisons or naval detention quarters, as the case may be, shall be deemed to be naval prisons or naval detention quarters respectively within the meaning of this Part.

Supplemental provisions.

Crews of ships lost or destroyed.

119. (1) When one of His Majesty's Canadian Ships is wrecked or lost or destroyed, or taken by the enemy, such ship shall, for the purposes of this Part, be deemed to remain in commission until her crew has been regularly removed into some other of His Majesty's Canadian Ships or until a court-martial has been held, pursuant to the custom of the Naval Service in such cases, to inquire into the cause of the wreck, loss, destruction, or capture of the ship.

All the officers and crew of lost ship may be tried by one court.

(2) When no specific charge has been made against any officer or man for or in respect or in consequence of such wreck, loss, destruction, or capture, all the surviving officers and men of any such ship may be tried together, before one and the same court, and upon their trial may be called upon to give evidence on oath or affirmation before the court touching any of the matters then under inquiry, but no officer or man shall be obliged to give any evidence which may tend to incriminate himself

Or by separate courts.

(3) When deemed necessary by the Minister or any officer authorized to order courts-martial, separate courts-martial shall be held for the trial of one or more of such officers and men for or in respect or in consequence of the wreck, loss, destruction, or capture of any such ship.

For subsequent offence, separate court.

(4) For any offence or offences committed by any officer or man or officers and men after the wreck, loss, destruction, or capture of any such ship, a separate court-martial shall be held for the trial of such offender or offenders.

When ship of senior officer is lost, he may dispose of officers and crew of lost ship.

120. If the ship of any officer ordered to command any two or more of His Majesty's Canadian Ships has been wrecked, lost, or otherwise destroyed, such officer shall

118. Corresponds to section 81 and *Naval Service Act* Section 50.

119. Corresponds to sections 91, 92, 93 and 94.

120. Corresponds to section 96.

continue in the command of any ship or ships which at the time of his ship being wrecked, lost, or destroyed was or were under his command, and such officer may order the surviving officers and crew of the wrecked, lost, or destroyed ship to join any other ship under his command, or may distribute them among the other ships under his command, if more than one, and such officer shall, until he meets with some other officer senior to himself, have the same power and authority in all respects as if his ship had not been wrecked, lost or destroyed.

Saving provision.

Act not to supersede authority of ordinary courts.

121. Nothing in this Act shall supersede or affect the authority or power of any court or tribunal of ordinary civil or criminal jurisdiction in respect of any offence mentioned in this Part which may be punishable by the common or statute law, or prevent any person being proceeded against and punished in respect of such offence otherwise than under this Part.

PART III

REPEAL—OPERATION.

Repeal.

Imperial Acts and regulations repealed.

122. *The Naval Discipline Act, 1866,* and the Acts in amendment thereof passed by the Parliament of the United Kingdom, *The Naval Discipline (Dominion Naval Forces) Act, 1911*, passed by the Parliament of the United Kingdom, and the King's Regulations and Admiralty Instructions, in so far as they are part of the law of Canada, are repealed.

Act repealed.

123. *The Naval Service Act,* chapter one hundred and thirty-nine of the Revised Statutes of Canada, 1927, is repealed.

Commencement of Act.

Coming into force.

124. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council published in the *Canada Gazette.*

121. Corresponds to section 101.

122. The Acts of the United Kingdom relating to Naval Discipline which previously applied to Canada are to be repealed. The right to deal with those Acts, in so far as they apply to Canada, has been granted to the Dominion by the provisions of the Statute of Westminister, 1931, (see section two thereof). The contents of the *Naval Discipline Act, 1866* will now be incorporated in the Canadian Naval Service Act, more specially in Part II.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 131.

An Act to amend the Quebec Savings Banks Act.

First reading, June 5, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

9847

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 131.

An Act to amend the Quebec Savings Banks Act.

R.S., c. 14; 1932-33, c. 28; 1934, c. 39.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section two of the *Quebec Savings Banks Act*, chapter fourteen of the Revised Statutes of Canada, 1927, is amended by re-lettering paragraph *(b)* thereof as paragraph *(c)* and inserting the following paragraph immediately after paragraph *(a)* as paragraph *(b)*:—

"chartered bank."

"*(b)* "chartered bank" means a bank incorporated by or pursuant to the provisions of the *Bank Act*."

2. Section three of the said Act is repealed and the following substituted therefor:—

Prescription of bank debts.

"**3.** (1) Except as provided in this section, no debt owing by the bank by reason of a deposit shall be extinguished and no action to enforce payment thereof shall be barred by any statute of prescription or limitation.

Amount of debts to be paid to Bank of Canada.

(2) If in respect of any debt owing by the bank

(a) by reason of a deposit, no interest has been paid out and no other transaction has taken place and no statement of account has been requested or acknowledged by the creditor during a period of ten years, reckoned, in the case of a deposit made for a fixed period, from a date not earlier than the termination of such fixed period, or

(b) by reason of a cheque, draft or bill of exchange issued or certified by the bank, no payment has been made for a period of ten years,

the bank shall pay to the Bank of Canada an amount equal to the amount owing by the bank in respect thereof including interest, if any, to the date of payment, and thereupon the liability of the bank in respect of such debt shall cease and determine.

EXPLANATORY NOTES.

1. A definition of "chartered bank" is added.

2. Section 3 of the Act presently reads:

"**3.** It shall be a condition of the rights and privileges conferred by this Act, that the liability of the bank under any law, custom or agreement to repay moneys deposited with it, and interest if any, and to pay dividends declared and payable on its capital stock, shall continue notwithstanding any statute of limitations or any enactment or law relating to prescription and that this condition shall apply to moneys heretofore or hereafter deposited and to dividends heretofore or hereafter declared."

Subsection (1) is a recasting of section 3 of the present Act to conform with the similar wording of the proposed amendment to section 92 (2) of the *Bank Act*.

Subsections (2), (3) and (4) are new, to provide for transfer of unclaimed deposits and the liability to repay same to the Bank of Canada after ten years. These are similar to the corresponding amendments to section 92 of the *Bank Act* as proposed in Bill 91.

Bank of Canada to pay creditor.

(3) Upon payment in respect of any debt being made to the Bank of Canada under this section, the Bank of Canada shall, if payment is demanded by the person who, but for the operation of this section, would have been entitled as creditor of the bank by which such payment was made, be liable to pay an amount equal to the amount so paid to it with interest, if interest was payable on such debt, for a period not exceeding twenty years at such rate and computed in such manner as may be determined from time to time by the Governor in Council.

Regulations.

(4) The Governor in Council may make regulations prescribing the time for payment by the bank to the Bank of Canada under this section, the records to be maintained or kept by the bank with reference to a debt with respect to which payment is so made, the manner of payment of any claim under subsection three of this section and the rate of interest to be paid by the Bank of Canada in respect thereof if interest is so payable and the manner of the computation thereof.

Bank's liability for claims made after 30 years.

(5) A bank shall not be liable in respect of any act or omission relating to any account kept by the bank, which act or omission occurred or which is alleged to have occurred more than thirty years prior to the making of a claim in respect thereof, but this subsection shall not relieve a bank of liability in respect of any debt which is subject to the provisions of subsection two of this section.

"creditor".

(6) In this section "creditor" includes the heir, executor, administrator or personal or other legal representative or assign of the creditor and a corporation and its successor or assign."

3. Section four of the said Act and chapter twenty-eight of the statutes of 1932-33, and section one of chapter thirty-nine of the statutes of 1934, are repealed and the said Act is amended by enacting the following section as section four thereof;

Charters continued under certain conditions.

"**4.** The charters of the Montreal City and District Savings Bank and of La Caisse d'Economie de Notre-Dame de Quebec are, subject to the provisions of this Act, hereby continued and shall remain in force until the first day of July, one thousand nine hundred and fifty-four, except in so far as they or either of them are or become forfeited or void under the terms thereof, or of this Act, or any other Act heretofore or hereafter passed relating to the said savings banks by non-performance of the conditions of such charters or Acts respectively, or by insolvency, or otherwise."

Subsection (5) is new, to enable Quebec savings banks to destroy accumulations of records that are over thirty years old, save and except records with regard to unclaimed balances. This is similar to a proposed amendment to section 92 of the *Bank Act* as contained in Bill 91.

3. The proposed amendment extends the charters to July 1, 1954.

4. Section nine of the said Act is repealed and the following substituted therefor:—

Election of directors.

"**9.** The directors shall be elected at the annual meeting of the shareholders and shall be eligible for re-election; but no person shall be elected a director unless he is a holder, at the time of such election, of capital stock upon which all calls have been paid to the nominal value of five thousand dollars."

5. Section thirty-two of the said Act, as enacted by section three of chapter thirty-nine of the statutes of 1934, is repealed and the following substituted therefor:—

Receive deposits.

"**32.** (1) The bank may, subject to the provisions of this section, without the authority, aid, assistance or intervention of any person or official being required,

(a) receive deposits from any person whomsoever, whatever his age, status or condition in life, and whether such person is qualified by law to enter into ordinary contracts or not; and

Payment out subject to third party claim.

(b) from time to time pay any or all of the principal thereof and any or all of the interest thereon to or to the order of such person, unless before payment the money so deposited in the bank is claimed by some other person in any action or proceeding to which the bank is a party and in respect of which service of a writ or other process originating such action or proceeding has been made on the bank, or in any other action or proceeding pursuant to which an injunction or order made by the court requiring the bank not to make payment of such money or to make payment thereof to some person other than the depositor has been served on the bank.

Payment out by consent.

(2) In the case of any such claim so made the money so deposited may be paid to the depositor with the consent of the claimant or to the claimant with the consent of the depositor."

6. Subsection two of section thirty-three of the said Act, as enacted by section four of chapter thirty-nine of the statutes of 1934, is repealed and the following substituted therefor:—

Attaching and garnishee orders.

"(2) An attaching or garnishee order or summons shall only affect and bind property in the possession of the bank belonging to, or moneys to the credit of, the debtor at the branch, agency or office of the bank where such order or summons or notice thereof is served."

4. The only change is the substitution of the word "five" for "ten."

5. Section 32 of the Act presently reads:

"**32.** The bank may receive deposits from any person whatever, and whether such person is qualified by law to enter into ordinary contracts or not; and the bank may from time to time pay any or all of the principal thereof, and any or all of the interest thereon, to or to the order of such person, unless before such payment the money so deposited in the bank is lawfully claimed as the property of some other person."

The proposed amendment is designed to recast section 32 in a similar manner to the proposed amendment to section 95 of the *Bank Act* as contained in Bill 91. The words "lawfully claimed" have occasioned difficulties because of frivolous and vexatious claims. The Quebec savings banks, like the chartered banks, are in no position to determine whether conflicting claims are lawful. Claimants other than the depositor will be required under this amendment to establish their rights in court.

6. The change proposed is the addition of the underlined words.

The addition of the underlined words in subsection (2) of section 33 is to cover property other than deposits. Compare similar amendment to section 96 (4) of the *Bank Act* as contained in Bill 91.

7. Section thirty-four of the said Act, as amended by section five of chapter thirty-nine of the statutes of 1934, is repealed and the following substituted therefor:—

Reserve.

"**34.** (1) The bank shall at all times maintain a reserve equal to at least five per centum of its deposit liabilities in the form of notes of the Bank of Canada or of deposits with the Bank of Canada or a chartered bank.

Addition to reserve.

(2) In addition to the reserve required to be maintained by the bank under subsection one of this section, the bank shall at all times hold moneys, deposits or investments in an amount equal to at least fifteen per centum of its deposit liabilities in the form of

(a) notes of the Bank of Canada or of deposits with the Bank of Canada or a chartered bank;

(b) bonds, debentures, stocks or other securities of or guaranteed by the Government of Canada or of or guaranteed by the government of any province of Canada;

(c) bonds or debentures of any municipal corporation in Canada; or

(d) bonds or debentures of any school corporation in Canada which derives its revenues from rates or taxes levied by it or on its behalf."

8. Section thirty-five of the said Act is repealed and the following substituted therefor:—

Investments.

"**35.** The bank may, subject to the provisions of this Act, invest moneys in

(a) any of the securities mentioned in the last preceding section;

(b) bonds, debentures, stocks or other securities of or guaranteed by the Government of the United Kingdom, or of or guaranteed by the Government of any British Dominion, colony or possession, or of or guaranteed by the Government of the United States or any State thereof;

(c) bonds or debentures of any corporation, having a share capital, incorporated for the purpose of and carrying on the business of the distribution of water, or the production, generation or distribution of gas or electricity, or the operation of a street or electric railway or the operation of a telegraph or telephone system, if such corporation is incorporated in Canada and has an unimpaired paid-up capital of at least five hundred thousand dollars;

(d) bonds or debentures of any fabrique de paroisse or syndic, issued under *The Parish and Fabrique Act* of the province of Quebec;

R.S.Q. c. 197.

7. Section 34 presently reads:

"**34.** The bank shall always hold at least twenty per cent of the moneyd deposited with it

(a) in public securities of the Dominion of Canada, or of any of the provinces thereof, or of the United Kingdom, or of any British dominion, colony or possession, or of the United States, or of any state thereof; or

(b) in deposits in chartered banks in Canada or in the Bank of Canada; or

(c) in Canadian municipal bonds or securities; or

(d) in school bonds or debentures issued in the Dominion of Canada, if they are secured by the school municipality in which the schools are situate; or

(e) in any other security approved by the Treasury Board."

Section 34 has been changed to—

(1) require the Quebec savings banks to maintain cash reserves in Bank of Canada notes and deposits in the same way that chartered banks are required to do under section 59 of the *Bank Act*;

(2) redefine the remaining portion of the former 20% minimum requirement to be kept in liquid securities;

(3) to delete from this section (but add to section 35 see below) the reference to securities approved by the Treasury Board. It is considered that section 34 should deal exclusively with the minimum requirements of investment in cash reserves or liquid securities.

8. Section 35 of the Act presently reads:

"**35.** The bank may, subject to the requirements of this Act, invest any moneys deposited with it

(a) in any of the securities mentioned in the last preceding section of this Act; or

(b) in the purchase of bonds or debentures of any building society, loan or investment company, waterworks company, gas company, street railway company, electric light or power company, electric railway or street railway company, telegraph or telephone company, water-power company, navigation company, or heat and light company; Provided such society or company is incorporated in Canada and has a paid-up capital of at least five hundred thousand dollars; or

(c) in the purchase of the bonds or debentures of any telegraph cable company having a paid-up capital of at least five hundred thousand dollars."

The amendment to section 35 is designed to redefine the investments permitted to Quebec savings banks. Bonds of the Government of the United Kingdom or the Government of any British dominion, colony or possession, or of the Government of the United States or of any state thereof, and bonds guaranteed by any of these governments, are

(e) bonds or debentures of any ecclesiastical or religious corporation incorporated within the province of Quebec or of an incorporated institution or company incorporated for the purpose of operating a hospital or sanitarium within the province of Quebec;

(f) equipment trust obligations or certificates issued to finance the purchase of transportation equipment for a railway company incorporated by or under the authority of an Act of the Parliament of Canada or of the Legislature of any province, or for a railway company owned or controlled by a railway company so incorporated, which obligations or certificates are fully secured by an assignment of the transportation equipment to, or by the ownership thereof by, a trustee, and by a lease, or conditional sale, thereof to the railway company so incorporated, or

(g) any other securities approved by the Treasury Board."

9. The said Act is further amended by adding thereto, immediately after section thirty-five thereof, the following section as section thirty-five A:—

Investments in corporate bonds or debentures.

"**35**A. The bank may, subject to the provisions of this Act, invest moneys in bonds or debentures of a corporation, having a share capital, incorporated in Canada for the purpose of and carrying on the business of manufacturing if

(a) such bonds or debentures are fully secured by a first mortgage or hypothec to a trustee upon real or immovable property or upon the plant and equipment of such corporation used in the transaction of its business, and

(b) the unimpaired paid-up capital and earned surplus of such corporation is in excess of five hundred thousand dollars, and

(c) there has been paid upon the common stock of such corporation regular dividends of at least four per centum per annum, or, in the case of shares of no par value, of at least four dollars per share per annum, for the five years next preceding such investment by the bank

but the aggregate amount of investments made by the bank under this section shall not at any time exceed five per centum of its deposit liabilities."

10. Section thirty-seven of the said Act is repealed and the following substituted therefor:—

Loans with collateral security.

"**37.** The bank may, subject to the provisions of this Act, lend money to any individual or corporation if the bank takes collateral security for the repayment of the loan in the form of any of the securities mentioned in, or

put into this class of permissive investments, whereas under the present Act they are in section 34, being the 20% minimum requirement to be invested in cash reserves or liquid securities. Certain types of permitted investment have been dropped, e.g., bonds of building societies, loan or investment companies, navigation companies and telegraph cable companies. The other types of corporate bonds listed in the present section 35 have been redefined in the proposed amendments with a view to gaining precision and clarity. The amendment proposes to permit investment in certain new types of bonds, namely, bonds or debentures of any fabriques de paroisses, or syndics issued under the *Parish and Fabrique Act* of the Province of Quebec and bonds or debentures of any eccelsiastical or religious corporation in the Province of Quebec or an incorporated institution operating a hospital or sanatorium in Quebec. In addition the amendment proposes to permit investment in railway equipment trust obligations or certificates to finance the purchase of transportation equipment. As indicated in the explanatory note to Section 7, the provision with regard to investments in securities approved by Treasury Board is moved to this section from section 34.

9. New, to permit a limited investment (not exceeding 5% of deposit liabilities) in certain bonds or debentures of manufacturing companies to which loans can be made under section 35.

10. Section 37 presently reads:

"**37.** The bank may lend any of such moneys upon the personal security of individuals or to corporate bodies, if, in addition to such personal or corporate security, collateral securities of the nature aforesaid, or foreign public securities, or stock of some chartered bank in Canada or bonds or debentures or stock of an incorporated institution or company the market value whereof is not less than the amount lent, are taken, with authority to sell such securities if the loan is not paid."

The section has been recast, and a new safeguard has been added requiring the collateral security to have a value of not less than 120% of the amount of the loan in the case of bonds, debentures or stock and not less than 100% of the amount of the loan, in the case of life insurance policies.

approved pursuant to, sections thirty-four and thirty-five of this Act, or of stock of a chartered bank in Canada or of bonds, debentures or stock of a corporation, the market value of which securities, bonds, debentures or stock is at the time the loan is made, not less than one hundred and twenty per centum of the amount of the loan, or in the form of a life insurance policy the cash surrender value of which is at the time the loan is made, not less than the amount of the loan, and if the bank takes such collateral security with authority to sell it or realize thereon in the event the loan is not repaid."

11. Section thirty-eight of the said Act is repealed and the following substituted therefor:—

Loans without collateral security.

"**38.** (1) The bank may, subject to the provisions of this Act, lend money without collateral security for the repayment thereof

(a) to the Government of Canada or to the government of any province of Canada;

(b) to any municipal corporation in Canada, or to any school corporation in Canada which derives its revenue from rates or taxes levied by it or on its behalf, or to any fabrique de paroisse or syndic which is subject to the provisions of *The Parish and Fabrique Act* of the province of Quebec;

(c) to any ecclesiastical or religious corporation incorporated in the province of Quebec, or to any incorporated institution or company incorporated for the purpose of operating a hospital or sanitarium within the province of Quebec; or

(d) to any corporation, having a share capital, in an amount not exceeding in any case the unimpaired paid-up capital of such corporation, if the loan is authorized by a resolution of the board of directors of the bank and if such corporation has an unimpaired paid-up capital of not less than five hundred thousand dollars and if there has been paid upon the common stock of such corporation regular dividends of at least four per centum per annum, or in the case of shares of no par value, of at least four dollars per share per annum, for the five years next preceding the making of such loan;

but the aggregate amount of the loans made by the bank under paragraphs *(b)*, *(c)* and *(d)* of this subsection shall not at any time exceed five per centum of its deposit liabilities.

Loans to individuals without collateral security.

(2) The bank may, subject to the provisions of this Act, lend money to an individual without collateral security for the repayment thereof, if

(a) the principal amount of the loan does not exceed five hundred dollars;

11. Section 38 of the Act presently reads:

"**38.** The bank may lend any of such moneys without collateral security

(a) to the Government of Canada, or to the government of any province of Canada;

(b) to the corporation of any municipality in Canada with a population of at least two thousand;

(c) to any *fabrique de paroisse*, or to *syndics pour l'erection d'eglises*, specially authorized by Act of the Legislature of Quebec to issue bonds binding on the taxable property of the parish; or

(d) upon a resolution of their respective boards of directors, to incorporated companies, or incorporated institutions, within the limits of their borrowing powers, and not exceeding in any case their paid-up capital, if such company or institution has a paid-up capital of not less than five thousand dollars, and has paid continuously for the previous five years a dividend at the rate of at least five per cent per annum."

The proposed new subsection (1) is designed to recast section 38 of the present Act, defining more precisely the types of loans that may be made and adding loans to any ecclesiastical or religious corporation in Quebec, and to place a limit on the aggregate amount of loans made under paragraphs *(b)*, *(c)* and *(d)* of this subsection to 5% of deposit liabilities.

The proposed new subsections (2) and (3) are designed to permit Quebec savings banks to make small personal loans without collateral security to individuals, with repayment on an instalment basis suited to the ability of the borrower, and with a ceiling on the amount of charges which may be made. The aggregate amount of this type of loan, likewise, is limited to 5% of the deposit liabilities. These new subsections are similar to proposed new subsections (2) and (3) to the *Bank Act* as contained in Bill 91.

(*b*) the loan is repayable in substantially equal instalments;

(*c*) the discount or interest payable by the borrower on the loan does not, having regard to the term of the loan and the frequency of the instalments, exceed a rate of interest per annum equivalent to the rate resulting from a discount of five per centum on a one year loan repayable in equal monthly instalments, and the rate of interest payable by the borrower on overdue instalments does not exceed such rate; and

(*d*) no charge by way of service charge, fee, fine, penalty, commission or otherwise, except discount or interest not in excess of the rate specified in the next preceding paragraph and the actual cost to the bank of insurance on the life of the borrower in favour of the bank as the insured, if any, is payable by the borrower in respect of the loan;

but the aggregate amount of the loans made by the bank under this subsection shall not at any time exceed five per centum of its deposit liabilities.

Bank may take security by promissory note or insurance.

(3) Nothing contained in the last preceding subsection shall be deemed to restrict or limit the bank from taking a promissory note from the borrower of a loan made under the authority of such subsection with or without endorsement by a person other than the borrower or from effecting insurance on the life of a borrower in favour of the bank as the insured and the bank may take such note or effect such insurance."

12. Subsection one of section forty-three of the said Act is repealed and the following substituted therefor:—

Transfer of securities without warranty.

"**43.** (1) The president, vice-president, general manager, or other officer of the bank, thereunto authorized by the directors, may transfer and convey any security so sold to the purchaser and by such transfer and conveyance the property in such security shall become vested in such purchaser, but without any warranty from the bank, or any officer thereof."

13. Section fifty-three of the said Act is repealed and the following substituted therefor:—

Guarantee and pension funds.

"**53.** (1) The shareholders may authorize the directors to establish guarantee and pension funds for the officers and employees of the bank and their families, and to contribute thereto out of the funds of the bank, and such guarantee or pension fund, whether or not contributed in whole or in part out of the funds of the bank, shall be invested in securities in which a trustee may invest under the *Trust Companies Act*.

R.S. c. 29.

12. The change proposed in 43 (1) is the substitution of the words "general manager" for "manager" and the dropping of the word "cashier."

13. The proposed amendment to section 53 is indicated by the addition of the words marginally lined.

The proposed addition to section 53 (i) is to require that pension funds be invested in trustee securities. The proposed new subsection (2) is to permit a reasonable time for any change in investments occasioned by the aforementioned new requirement about investment in trustee securities.

Change in investment.

(2) Any change in the investment of any such guarantee or pension fund rendered necessary by this provision shall be made within such time or times as the Minister may deem reasonable."

14. Subsection three of section fifty-five of the said Act, as enacted by section eight of chapter thirty-nine of the statutes of 1934, is repealed and the following substituted therefor:—

Discharge for moneys paid out of deposit accounts.

"(3) Except only in the case of a claim made in the manner referred to in paragraph *(b)* of subsection one of section thirty-two of this Act by some other person before repayment, the receipt or cheque of the person in whose name any deposit stands, or, if it stands in the names of two persons, the receipt or cheque of one, or if it stands in the names of more than two persons the receipt or cheque of a majority of such persons, shall be a sufficient discharge to all concerned, for the payment of any money payable in respect of such deposit."

15. Section fifty-seven of the said Act is repealed and the following substituted therefor:—

Monthly returns.

"**57.** The bank shall, within the first ten days of each month, transmit or deliver to the Minister and to the Bank of Canada a return in the form set forth in the Schedule to this Act, exhibiting the condition of the bank on the last juridical day of the month next preceding and such return shall be signed by the chief accountant or acting chief accountant and by the president or vice-president or the director then acting as president and by the general manager or other principal officer of the bank next in authority in the management of the affairs of the bank at the time the return is made and shall be published in the *Canada Gazette:* Provided, however, that the Governor in Council shall have power from time to time to make such amendments and additions to the said schedule as he may deem expedient."

Proviso.

16. Section sixty-nine of the said Act, as enacted by section twelve of chapter thirty-nine of the statutes of 1934, is repealed and the following substituted therefor:—

Payment without consent of debts after supension.

"**69.** If the bank suspends payment in Bank of Canada notes of any of its liabilities as they accrue, then, so long as such suspension continues, any director, officer, clerk, servant or agent of the bank who, having knowledge of such suspension, pays or causes to be paid to any person any debt or liability of the bank unless with the consent of a curator or liquidator duly appointed, is guilty of an offence and liable, upon conviction on indictment to a fine not

Offence.

14. Subsection (3) of section 55 presently reads:

"**55.** (3) Except only in the case of a lawful claim by some other person before repayment, the receipt or cheque of the person in whose name any deposit stands, or, if it stands in the names of two persons, the receipt or cheque of one, or if it stands in the names of more than two persons the receipt or cheque of a majority of such persons, shall be a sufficient discharge to all concerned for the payment of any money payable in respect of such deposit."

This proposal to recast subsection (3) of section 55 corresponds to the proposed amendment to section 32 of the Act.

15. Section 57 of the Act has been re-cast and amended in some respects.

The section presently reads:

"**57.** Monthly returns shall be made, by the bank, to the Minister, and shall be made up within the first ten days of each month, and shall exhibit the condition of the bank on the last juridical day of the month next preceding; and such monthly returns shall be signed by the president, or vice-president, or the director then acting as president, and by the manager, cashier or other principal officer of the bank at its chief place of business, and shall be published in the *Canada Gazette*.

2. Such monthly returns shall be in the form set forth in the Schedule to this Act."

16. The only change proposed in section 69 of the Act is the dropping of the requirement for payment in "specie or Dominion notes" and the addition of the words underlined in the text.

exceeding two thousand dollars or to imprisonment for a term not exceeding two years, or to both such fine and such imprisonment, or upon summary conviction, to a fine not exceeding one hundred dollars or to imprisonment with or without hard labour for a term not exceeding six months, or to both such fine and such imprisonment."

17. The said Act is further amended by adding thereto the following sections as sections seventy-two, seventy-three, seventy-four, seventy-five, seventy-six and seventy-seven:—

Default in maintaining required reserves.

Offence.

"**72.** If the bank knowingly makes default in complying with the requirements of section thirty-four of this Act, it shall be liable to a penalty at the rate of ten per centum per annum of the amount of deficiency for each day on which there is a deficiency in the amount of the reserve maintained by the bank or on which there is a deficiency in the amount of the moneys, deposits or securities held by the bank as required by the said section.

Unauthorized investments.

Offence.

"**73.** If the bank knowingly invests moneys in any bonds, debentures, stocks, or securities other than those authorized by this Act, the bank shall incur a penalty of fifty dollars for each and every day during which it holds such bonds, debentures, stocks or securities.

Unauthorized investments in corporate securities.

Offence.

"**74.** If the bank knowingly invests moneys in bonds or debentures of corporations, having a share capital, incorporated in Canada for the purpose of and carrying on the business of manufacturing, in an aggregate amount in excess of five per centum of its deposit liabilities, the bank shall be liable to a penalty at the rate of ten per centum per annum of the amount of the excess for each and every day during which the excess continues.

Unauthorized loans to individuals.

Offence.

"**75.** If the bank knowingly lends money to any person in violation or contravention of any provision of this Act, the bank shall incur a penalty of an amount equal to the interest on such loan and an additional penalty in an amount equal to interest at ten per centum per annum on such loan.

Loans without collateral securities.

Offence.

"**76.** If the bank knowingly makes loans to any of the persons enumerated in paragraphs *(b)*, *(c)* and *(d)* of subsection one of section thirty-eight of this Act or to individuals under subsection two of the said section in excess of the aggregate amounts specified in the said subsections the bank shall be liable to a penalty at the rate of ten per centum per annum on the amount of the excess for each day during which the excess continues."

Recovery of penalties.

"**77.** (1) The amount of all penalties imposed upon a bank or any person by or under this Act shall, unless otherwise provided for by this Act, be recoverable and enforceable with costs, at the suit of His Majesty instituted by the Attorney General of Canada, or by the Minister.

17. New, to provide specific statutory penalties for failure to comply with the various requirements of the Act. The proposed amendments to sections 34, 35 and 38, and the proposed new section 35A make this addition to the Act necessary.

Penalties belong to the Crown.

(2) Such penalties shall, unless otherwise provided by this Act, belong to the Crown for the public uses of Canada: Provided that the Governor in Council, on the report of the Treasury Board, may direct that any portion of any penalty be remitted, or paid to any person, or applied in any manner deemed best adapted to attain the objects of this Act and to secure the due administration thereof.

Forfeiture of charter.

(3) The imposition, payment or recovery of any penalty under this Act in respect of any act or omission of the bank shall not be deemed to relieve such bank from liability to forfeiture of its charter by reason of such act or omission if such charter may be forfeited by reason thereof."

18. The Schedule to the said Act, as amended by section thirteen of chapter thirty-nine of the Statutes of Canada, 1934, is repealed and the following substituted therefor:—

Schedule.

"SCHEDULE.

RETURN of the amount of liabilities and assets of the (name of the bank) on the.....day of ....., 19.....

LIABILITIES

1.	Deposits by and balances due to Dominion Government.	$
2.	Deposits by and balances due to Provincial Governments.	
3.	Advances from Bank of Canada, secured.....	
4.	Deposits by the public, payable on demand.....	
5.	Deposits by the public, payable after notice or on a fixed day.....	
6.	Special Poor Fund or Charity Fund Trust.....	
7.	Liabilities to the public not included under the foregoing heads.....	
8.	Dividends declared and unpaid.....	
9.	Rest or Reserve Fund.....	
10.	Capital paid up.....	
		$

ASSETS

1.	Notes of Bank of Canada and deposits with Bank of Canada and chartered banks.....	
2.	Cash in hand other than notes of Bank of Canada.....	
3.	Dominion and Provincial Government direct and guaranteed securities, (not exceeding market value).....	
4.	Canadian municipal and school corporation bonds and debentures, (not exceeding market value).....	
5.	Bonds and debentures of public utility companies, (not exceeding market value).....	
6.	Bonds and debentures of manufacturing companies, (not exceeding market value).....	
7.	Other bonds, debentures and securities, (not exceeding market value).....	
8.	Loans to Dominion and Provincial Governments.....	
9.	Loans for which bonds, debentures, stocks, life insurance or other securities are held as collateral security, (estimated loss provided for).....	

18. The Schedule to the Act presently reads:

"SCHEDULE

Return of the amount of liabilities and assets of the (name of the bank) on the.....day of.....19.....

Capital Stock, $..... Capital Paid Up, $.....

LIABILITIES

	$	cts.
1. Dominion Government deposits, payable on demand....		
2. Provincial Government deposits, payable on demand...		
3. Other deposits, payable on demand.....		
4. Dominion Government deposits, payable after notice or on a fixed day.....		
5. Provincial Government deposits, payable after notice or on a fixed day.....		
6. Other deposits, payable after notice or on a fixed day...		
7. Special Poor Fund or Charity Fund Trust.....		
8. Liabilities not included under the foregoing heads.....		

ASSETS

	$	cts.
1. Dominion, provincial and other public securities.....		
2. Cash in hand and on deposit in chartered banks or in the Bank of Canada.....		
3. Canadian municipal bonds or securities, school bonds or debentures, and securities approved by Treasury Board.....		
4. Other bonds, debentures and securities.....		
5. Loans to governments, municipal corporations, *fabriques de paroisses, syndics pour l'erection d'eglises* and corporations on resolutions of their boards of directors...		
6. Loans for which bank stocks are held as collateral security.....		

10.	Loans without collateral security to municipal and school corporations, fabriques de paroisses, syndics governed by the Parish and Fabrique Act of the Province of Quebec, ecclestiastical and religious corporations and corporations operating hospitals and sanitaria, (estimated loss provided for).....	
11.	Loans without collateral security to manufacturing companies, (estimated loss provided for).....	
12.	Loans without collateral security to individuals, (estimated loss provided for).....	
13.	Special Poor Fund or Charity Fund investments.....	
14.	Investment in chartered bank stocks made previous to the incorporation of the bank, (not exceeding market value).....	
15.	Bank premises, at not more than cost, less amounts (if any) written off.....	
16.	Other assets not included under the foregoing heads....	
		$

Capital authorized.....	$	
Capital subscribed.....	$	
Rate per annum of last dividend (and bonus, if any) declared.....		%
Aggregate amount of loans to directors and firms of which they are partners, and loans of which they are guarantors.....		
Average daily amount held during the month in notes of and deposits with Bank of Canada and deposits with chartered banks.....	$	
Average daily amount held during the month in notes of and deposits with Bank of Canada and deposits with chartered banks plus securities stipulated by section 34 of this Act.....	$	

I declare that the above return has been prepared under my directions and is correct according to the books of the bank.

E.F.
Chief Accountant, (*or* Acting Chief Accountant, as the case may be).

We declare that the foregoing return is made up from the books of the bank, and that it is correct, to the best of our knowledge and belief, and shows truly and clearly the financial position of the bank.

(Place) this.....day of....., 19....

A.B.,
President, (Vice-President, or Director acting as President, as the case may be).

C.D.,
General Manager, (or other principal officer, as the case may be).

19. This Act shall come into force on the first day of July, one thousand, nine hundred and forty-four.

7. Loans for which stocks, bonds, debentures or securities, other than bank stocks, are held as collateral security..

8. Special Poor Fund or Charity Fund investments.....

9. Investment in bank stock made previous to the incorporation of the bank.....

10. Bank premises.....

11. Other assets not included under the foregoing heads.....

I declare that the above return has been prepared under my directions and is correct according to the books of the bank.

E. F.,
Accountant, (*or* ,Inspector).

We declare that the foregoing return is made up from the books of the bank, and that it is correct, to the best of our knowledge and belief, and shows truly and clearly the financial position of the bank.

(Place) this.....day of.....19.....

A.B., President.
C.D., Cashier.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 132.

An Act for granting to His Majesty aid for National Defence and Security.

First reading, June 6, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

99795

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 132.

An Act for granting to His Majesty aid for National Defence and Security.

Preamble.

WHEREAS Canada is at war with the German Reich, Roumania, Hungary, Finland and Japan; and whereas it is necessary that measures be taken for the common defence and security and to this end it is expedient that aid as hereinafter provided be rendered to His Majesty: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The War Appropriation Act, No. 2, 1944.*

Appropriation, $3,650,000,000 less $850,000,000 voted under 1944, c. 6.

2. From and out of the Consolidated Revenue Fund there may be paid and applied, beyond the ordinary grants of Parliament a sum not exceeding three billion six hundred and fifty million dollars ($3,650,000,000), less the amount provided for by *The War Appropriation Act, No. 1, 1944,* subject to allotment by Treasury Board, towards defraying any expenses or making any advances or loans that may be incurred or granted by or under the authority of the Governor in Council during the year ending the thirty-first day of March, 1945, for:—

(a) the security, defence, peace, order and welfare of Canada;

(b) the conduct of naval, military and air operations in or beyond Canada;

(c) promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against war risk or in any other manner whatsoever; and

(d) the carrying out of any measure deemed necessary or advisable by the Governor in Council in consequence of the existence of a state of war,

Refunds or repayments.

and any moneys received as a refund or repayment of any advance, loan or expenditure made under the authority

Explanatory Notes.

This Bill provides for the payment out of the Consolidated Revenue Fund of a sum not exceeding three billion six hundred and fifty million dollars, in addition to the ordinary grants of Parliament towards defraying expenses or making advances or loans incurred or granted by or under the authority of the Governor in Council during the fiscal year ending March 31, 1945, *inter alia* for the security, defence, peace, order and welfare of Canada. Authority is also granted to borrow the sum of three billion six hundred and fifty million dollars for any of the purposes set out in the Bill. Similar Acts, *The War Appropriation Act, 1939* (2nd Sess.), *The War Appropriation Act, 1940*, *The War Appropriation Act, 1941*, *The War Appropriation Act, No. 2, 1942*, and *The War Appropriation Act, No. 3, 1943*, were passed at the sessions of Parliament held in 1939, 1940, 1941, 1942 and in 1943.

Apart from the necessary changes to make this Bill accord with the changes in amount and in time there are no changes in the form of this Bill and that of *The War Appropriation Act, No. 3, 1943*, passed last session.

The requirements of particular services on war account will depend on the course and progress of the war in circumstances which cannot now be foreseen. Therefore, it is clearly unwise to attempt to make specific allocations of the total appropriations to particular services. It is nevertheless desired that members of Parliament shall have the usual opportunities for discussion of expenditures which may be made under various headings. Accordingly, there is set out below, a list of the principal objects of expenditure under the Department of National Defence and a list of the other departments for which provision for expenditures on war account is now known to be necessary:

1939 (2nd sess.), c. 9.
1940, c. 3.
1940-41, c. 11.
1942, c. 9.
1942, c. 21.
1943-44, c. 2.
1943-44, c. 5.
1943-44, c. 16.
1943-44, c. 32.
1944, c. 6.

of *The War Appropriation Act, 1939, The War Appropriation Act, 1940, The War Appropriation Act, 1941, The War Appropriation Act, No. 1, 1942, The War Appropriation Act, No. 2, 1942, The Supplementary 1942 War Appropriation Act, The War Appropriation Act, No. 1, 1943, The War Appropriation Act, No. 2, 1943, The War Appropriation Act, No. 3, 1943, The War Appropriation Act, No. 1, 1944,* or this Act may, with the approval of the Governor in Council be re-expended, advanced or loaned for the purposes of this Act.

Government may act as agent.

3. (1) The Government of Canada may act as the agent of the Government of any British or foreign country allied with His Majesty for any purpose which, in the opinion of the Governor in Council, will aid directly or indirectly in the prosecution of the war, and any obligations or costs incurred temporarily or assumed by the Government of Canada in the exercise of the powers hereby conferred may be paid out of any unappropriated moneys in the Consolidated Revenue Fund.

Expenditures required by Government wholly-owned companies.

(2) Any expenditure required to be made by the Government of Canada under any contract for munitions of war and supplies entered into by the Government of Canada for the purpose of enabling any company wholly-owned by the Government of Canada to fulfil its obligations in respect of orders received by such company from the government of any British or foreign country allied with His Majesty may be paid out of any unappropriated moneys in the Consolidated Revenue Fund.

Loans authorized.

4. (1) The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament, by any Act heretofore passed, raise by way of loan, under the provisions of *The Consolidated Revenue and Audit Act, 1931*, by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money, not exceeding in the whole the sum of three billion six hundred and fifty million dollars ($3,650,000,000) as may be required for the purposes of *The War Appropriation Act, No. 1, 1944,* and of this Act.

1931, c. 27.

Charge on Consolidated Revenue Fund.

(2) The principal raised by way of loan under *The War Appropriation Act, No. 1, 1944,* and this Act, and the interest thereon shall be a charge upon and payable out of the Consolidated Revenue Fund.

Orders and regulations.

5. (1) The Governor in Council may make, from time to time, such orders or regulations as may be deemed necessary to give effect to the purposes of *The War Appropriation Act, No. 1, 1944* and of this Act, and for greater certainty,

DEPARTMENT OF NATIONAL DEFENCE

Militia Services

Civil Salaries and Wages.
Pay and Allowances.
Travel, Transportation and Freight.
Construction, Purchase, Repairs and Operating Expenses of Properties—
(a) Capital Expenditure.
(b) Repairs, Operating Expenses and Rentals.
Personnel Supplies and Services: Food, Medical and Dental Stores, Clothing and Personal Equipment.
Signal and Wireless Equipment, Line Construction, etc.
Ammunition and Bombs.
Armament including Rifles, Machine Guns, Mortars and Guns of all Descriptions.
M.T. Vehicles: Trucks, Tractors, Trailers, Tanks, A.F.Va., and Repair Parts.
Operating Cost of Mechanical Transport: Fuel, Maintenance, etc. (not including Repair Parts).
Sundries including Printing, Stationery, Telephones, Telegrams and other costs not included in above Items.

Naval Services

Civil Salaries and Wages.
Pay and Allowances.
Travel, Transportation and Freight.
Construction, Purchase, Repairs and Operating Expenses of Properties
(a) Capital Expenditure.
(b) Repairs, Operating Expenses and Rentals.
Personnel Supplies and Services: Food, Medical and Dental Stores, Clothing and Personal Equipment.
Signal and Wireless Equipment, Line Construction, etc.
Ammunition and Bombs.
Armament including Rifles, Machine Guns, Naval Guns, etc.
Fuel Cost of Ships.
Acquisition, Construction, Charter, Repair and Upkeep of Ships.
Naval Stores: Small Boats, Mine-sweeping, degaussing, anti-submarine, fire-fighting and training equipment, etc.
Miscellaneous Stores and Services: Printing, Stationery, Laundry, Office Machinery, Teletype Rental, etc.
Sundries: Postage, Pilotage, Prize Funds and Other Costs not included in above Items.

Air Services

Civil Salaries and Wages.
Pay and Allowances.

but not so as to restrict the generality of the foregoing terms, the Governor in Council may, by order or regulation:—

(a) make provision for the appointment of temporary civil officers, clerks and employees and determine their rates of compensation and conditions of employment;

(b) determine the rates of pay and allowances of officers and men of the naval, military and air forces of Canada;

(c) prescribe administrative practices with respect to contracts and agreements for the execution of any public work or for the acquisition of lands, buildings, equipment, stores, materials and supplies, by purchase or otherwise, for the use of the public service of Canada;

(d) provide for the utilization, control and disposal of equipment, materials and supplies; and

(e) prescribe administrative practices with respect to the making of financial commitments, the taking of security for the performance of contracts and agreements, and the recording and paying of accounts.

Power to vary orders and regulations.

(2) All orders and regulations of the Governor in Council made under *The War Appropriation Act, No. 1, 1944*, and this Act shall have the force of law and may be varied, extended or revoked by any subsequent order or regulation; but if any order or regulation is varied, extended or revoked, neither the previous operation thereof nor anything duly done thereunder shall be affected thereby, nor shall any right, privilege, obligation or liability acquired, accrued, accruing or incurred thereunder be affected by any such variation, extension or revocation.

Accounting record of commitments.

6. Upon the Treasury Board making an allotment of any part of the three billion six hundred and fifty million dollars ($3,650,000,000) granted by *The War Appropriation Act, No. 1, 1944*, and this Act, to provide for the cost of any service, the Minister of Finance shall cause an accounting record to be maintained in a form that will disclose the financial commitments entered into and the expenditure made as a consequence of the allotment being provided for the service concerned.

Travel, Transportation and Freight.
Construction, Purchase, Repairs and Operating Expenses of Properties
(a) Capital Expenditure.
(b) Repairs, Operating Expenses and Rentals.
Personnel Supplies and Services: Food, Medical and Dental Stores, Clothing and Personal Equipment.
Signal and Wireless Equipment, Line Construction, etc., Ammunition and Bombs.
M.T. Vehicles and Marine Craft; Capital Cost and Repairs.
Fuel Costs for Aircraft, M.T. and Marine Craft.
Aircraft, Engines and Spares including Overhaul.
Miscellaneous Stores and Equipment, including Machine Guns and Other Armament.
Flying Training Contracts.
Maintenance of Overseas Squadrons.
Sundries including Printing, Stationery, Telephones, Telegrams, Teletype Rentals, and Other Costs not included in above Items.

General Administration

Civilian Personnel—Salaries and Wages.
Pay and allowances.
Transportation.
Operating expenses of properties.
Construction and repairs.
Stores, equipment and supplies.
Sundries.

Other Departments

Agriculture.
Auditor General.
Civil Service Commission.
External Affairs.
Finance.
Fisheries.
Justice.
Labour.
Mines and Resources.
Munitions and Supply.
National Research Council.
National Revenue.
National War Services.
Pensions and National Health.
Post Office.
Privy Council.
Public Works.
Royal Canadian Mounted Police.
Secretary of State.
Trade and Commerce.
Transport.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 133.

An Act to amend the Aeronautics Act.

First reading, June 6, 1944.

External A
Finance.
Fisheries.
Justice.
Labour.
Mines and Res
nitions :

MINISTER OF MUNITIONS AND SUPPLY.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

6927

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 133.

An Act to amend the Aeronautics Act.

R.S., c. 3.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

New heading inserted.

1. The *Aeronautics Act*, chapter three of the Revised Statutes of Canada, 1927, is amended by inserting immediately after section one thereof the following heading:—

"PART I"

2. Section two of the said Act is repealed and the following substituted therefor:—

"Minister" defined.

"**2.** In this Part, unless the context otherwise requires, 'Minister' means the Minister of Transport or such other Minister as the Governor in Council may from time to time designate, except that in any matter relating to defence, 'Minister' means the Minister of National Defence for Air."

Duties of Minister.

3. Paragraph *(d)* of subsection one of section four of the said Act is repealed and the following substituted therefor:

Operations of commercial services.

"*(d)* the conditions under which aircraft may be used for carrying goods, mails and passengers, or for the operation of any commercial service whatsoever;"

Repeal.

4. Subsections three and four of section four and sections five, six and eight of the said Act are repealed.

Explanatory Notes.

The purpose of this bill is to amend the Aeronautics Act in order to provide for the establishment of an Air Transport Board to advise the Minister on matters connected with the development of civil aviation and to perform the functions of a licensing and regulatory body in respect of commercial air services. The proposal to establish this board was announced by the Minister of Munitions and Supply in the House of Commons on March 17, 1944.

The bill will add a new section to the Aeronautics Act dealing with the powers and duties of the Air Transport Board. The Department of Transport will continue to administer those portions of the Aeronautics Act which deal with civil aviation and do not come within the scope of the Board.

2. Section two, to be repealed, reads as follows:—

"**2.** In this Act, unless the context otherwise requires, 'Minister' means the Minister of National Defence."

3. Paragraph *(d)* at present reads as follows:—

"*(d)* the conditions under which aircraft may be used for carrying goods, mails and passengers, or for the operation of any commercial service whatsoever, *and the licensing of any such services;*"

The proposed change is to drop the italicized words.

4. Subsections 3 and 4 of section **4** and sections **5**, **6**, and **8** at present read as follows:

"3. All regulations enacted under the provisions of this Act shall be published in the *Canada Gazette*, and, upon being so published, shall have the same force in law as if they formed part of this Act.

"4. Such regulations shall be laid before both Houses of Parliament within ten days after the publication thereof if Parliament is sitting, and if Parliament is not sitting, then within ten days after the next meeting thereof."

Section renumbered.

5. Section seven of the said Act is renumbered as section five.

Parts II and III added.

6. The said Act is further amended by adding thereto the following Parts:

"PART II

Definitions.

"**6.** In this Part, unless the context otherwise requires:—

"aircraft".

(a) 'aircraft' means any machine used or designed for navigation of the air;

"air carrier".

(b) 'air carrier' means any person who operates a commercial air service;

"Board".

(c) 'Board' means the Air Transport Board;

"commercial air service".

(d) 'commercial air service' means any undertaking for the transport of goods or passengers by aircraft for hire or reward;

"Minister".

(e) 'Minister' means the Minister of Transport or the Minister designated by the Governor in Council under section two of this Act.

Air Transport Board.

"**7.** (1) There shall be a board to be known as the Air Transport Board consisting of three members appointed by the Governor in Council.

Term of office.

(2) The members shall hold office during good behaviour for a period of ten years (but may be removed at any time for cause by the Governor in Council): Provided that the members first appointed shall be appointed for periods of ten, nine and eight years respectively.

Re-appointment.

(3) Any retiring member shall be eligible for re-appointment.

"**5.** The Minister may employ such officers and men under this Act as may be authorized by the Governor in Council, under such conditions as to discipline and pay as the Governor in Council may determine, and may make such arrangements for their proper training, housing, board, clothing and equipment as may be deemed necessary and as may be approved by the Governor in Council.

"**6.** Such officers, clerks and employees as may be necessary for the proper administration of this Act may be employed in the manner authorized by law.

"**8.** All salaries mentioned herein and all expenses incurred under the provisions of this Act shall be paid out of such money as may be appropriated by Parliament therefor."

6. Parts II and III are new.

Payment of services.

(4) Each member shall be paid such sum for his services as the Governor in Council may from time to time determine.

Chairman.

(5) The Governor in Council shall designate one of the members to be chairman of the Board.

Substitutes.

(6) If any member of the Board by reason of absence or other incapacity is unable at any time to perform the duties of his office, the Governor in Council may appoint a temporary substitute member upon such terms and conditions as the Governor in Council may prescribe.

Independence of members of the Board.

(7) No member of the Board shall either directly or indirectly engage in manufacturing or selling aircraft or in the transport of goods or passengers by aircraft for hire or reward and no member of the Board shall be a shareholder, member, director or partner of any company, association or firm engaged in manufacturing or selling aircraft or in the transport of goods or passengers by aircraft for hire or reward.

Rules of the Board.

"**8.** The Board may make rules for the regulation of its proceedings and the performance of its functions and duties under this Act.

Investigation and surveys.

"**9.** Subject to the directions of the Minister, the Board shall from time to time make investigations and surveys relating to the operation and development of commercial air services in Canada and relating to such other matters in connection with civil aviation as the Minister may direct.

Recommendations.

"**10.** The Board shall from time to time make recommendations to the Minister with reference to any investigation or survey made by it and shall advise the Minister in the exercise of his duties and powers under this Act in all matters relating to civil aviation.

Regulations.

"**11.** Subject to the approval of the Governor in Council, the Board may make regulations—

(a) requiring air carriers to file with the Board returns with respect to their capital, traffic, equipment, working expenditure and any other matters relating to the operation of commercial air services;

(b) requiring any person to furnish information respecting ownership, transfer, consolidation, merger or lease or any proposed transfer, consolidation, merger or lease of commercial air services;

(c) requiring copies of agreements respecting any such consolidation, merger, lease or transfer, copies of mail contracts and proposed mail contracts and copies of agreements affecting commercial air services to be filed with the Board;

(d) prohibiting the transfer, consolidation, merger or lease of commercial air services except subject to such conditions as may by such regulations be prescribed;

(e) prescribing fees for licences to operate commercial air services and requiring applicants for such licences to furnish information respecting their financial position, their relation to other air carriers, the nature of the proposed routes, the proposed tariffs of tolls and such other matters as the Board may consider advisable;

(f) prescribing forms for the purposes of this Part;

(g) respecting traffic, tolls and tariffs, and providing for the disallowance or suspension of any tariff by the Board, the substitution by the licensee of a tariff satisfactory to the Board or the prescription by the Board of other tolls in lieu of the tolls so disallowed;

(h) prescribing the term of the licence and providing for renewal thereof;

(i) prescribing forms of accounts and records to be kept by air carriers, and providing for access by the Board to such records;

(j) imposing penalties for contravention of or failure to comply with any such regulations or for furnishing false information or filing false returns required to be furnished or filed pursuant to any such regulation, punishable on summary conviction by fine not exceeding one thousand dollars or imprisonment not exceeding six months, or by both such fine and such imprisonment and, as an additional or alternative penalty, the cancellation or suspension of any licence issued under this Part;

(k) providing for the effective carrying out of the provisions of this Part.

Licences.

"**12.** (1) Subject to the approval of the Minister, the Board may issue to any person applying therefor a licence to operate a commercial air service.

Not to be issued to persons engaged in other than aircraft transport.

(2) No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward by means other than aircraft unless the Governor in Council is of opinion that is is in the public interest that such licence be issued.

Only in case of public convenience and necessity.

(3) The Board shall not issue any such licence unless it is satisfied that the proposed commercial air service is and will be required by the present and future public convenience and necessity.

No licence until operating certificate issued.

(4) The Board shall not issue any such licence unless and until an operating certificate has been issued by the Minister to the operator of the proposed commercial air service certifying that the holder thereof is adequately equipped and able to conduct a safe operation as an air carrier over the prescribed route.

Routes and conditions.

(5) In issuing any licence the Board shall prescribe the routes which may be followed and may attach to the licence such conditions respecting schedules, places of call, carriage of passengers and freight, insurance, and, subject to the Post Office Act, the carriage of mail, and such other conditions as the Board may consider necessary or desirable for the efficient operation of the commercial air service.

Licence to T.C.A.

(6) The Board shall upon application grant to Trans-Canada Air Lines a licence to operate a commercial air service in such terms and subject to such conditions as will enable Trans-Canada Air Lines to perform any agreement made between the Minister of Transport and Trans-Canada Air Lines under section fifteen of *The Trans-Canada Air Lines Act, 1937*.

1937, c. 43.

Different licence may be issued.

(7) The Board may issue a licence which differs from the licence applied for.

Appeal to the Minister.

(8) Where the Board refuses to issue a licence, issues a licence which differs from the licence applied for, or attaches conditions to which the applicant objects, an appeal may be made to the Minister.

Cancellation or suspension of licence.

(9) Where in the opinion of the Board, an air carrier has violated any of the conditions attached to his licence the Board may cancel or suspend the licence.

Appeal.

(10) Any air carrier whose licence has been so cancelled or suspended may appeal to the Minister.

Rules as to appeals.

(11) The Board may make rules limiting the time and prescribing the manner in which appeals to the Minister may be made.

Reviewing of former licences.

"**13.** The Board shall review all licences respecting commercial air services issued under Part III of *The Transport Act, 1938*, or under Part VII of *The Air Regulations, 1938*, prior to and in force at the time of the coming into force of this Part and may cancel or suspend any such licence as it sees fit.

1938, c. 53.

Former licences continued.

"**14.** Every licence issued under Part III of *The Transport Act, 1938*, or under Part VII of *The Air Regulations, 1938*, prior to and in force at the time of the coming into force of this Part shall be deemed to be a licence issued under section twelve of this Act, but every such licence, if not cancelled or suspended by the Board under section thirteen of this Act, shall cease to be valid on or after the termination, as fixed by Order in Council, of the war in Europe which commenced on the tenth day of September, one thousand nine hundred and thirty-nine.

1938, c. 53.

Operating without a licence.

Offence.

"**15.** Every person who operates a commercial air service without a valid licence issued under section twelve of this Act shall be guilty of an offence and shall be liable upon

Penalty.

summary conviction to a fine of one thousand dollars or imprisonment for a term of six months or to both such fine and such imprisonment.

G. in C. may grant assistance.

"**16.** The Governor in Council may authorize the Minister to enter into a contract with any air carrier for the grant of such assistance, financial or otherwise, as may be specified by the Governor in Council payable out of moneys to be appropriated by Parliament for that purpose.

Powers subject to international agreements.

"**17.** The powers conferred by this Part on the Minister shall be exercised subject to any international agreement or convention relating to civil aviation to which Canada is a party.

"PART III

Regulations to be published.

"**18.** All regulations enacted under the provisions of this Act shall be published in the *Canada Gazette*, and, upon being so published, shall have the same force and effect as if they formed part of this Act.

To be laid before Parliament.

"**19.** Such regulations shall be laid before both Houses of Parliament within ten days after the publication thereof if Parliament is then sitting, and if Parliament is not sitting, then within ten days after the next ensuing sittings thereof.

Employment of officers, clerks and employees.

"**20.** Such officers, clerks and employees as may be necessary for the proper administration of this Act may be employed in the manner authorized by law.

Civil Service Superannuation rights preserved. R.S., c. 24.

"**21.** A civil servant who prior to or at the time of his appointment under this Act as a member of the Air Transport Board was or is a contributor under the provisions of the *Civil Service Superannuation Act* shall be eligible, notwithstanding the provisions of the *Civil Service Superannuation Act*, to continue to be a contributor under the said Act; his service under this Act shall be counted as service in the Civil Service for the purposes of the *Civil Service Superannuation Act* and he, his widow and children, or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position under this Act for any reason other than that of misconduct, he shall be eligible to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

Salaries and expenses.

"**22.** All salaries mentioned herein and all expenses incurred under the provisions of this Act shall be paid out of such money as may be appropriated by Parliament therefor."

Coming into force.

7. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council.

Fifth Session. Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 134.

An Act to encourage the provision of Intermediate Term and Short Term Credit to Farmers for the Improvement and Development of Farms, and for the Improvement of Living Conditions thereon.

AS PASSED BY THE HOUSE OF COMMONS, 9th AUGUST, 1944.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

7835

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 134.

An Act to encourage the provision of Intermediate Term and Short Term Credit to Farmers for the Improvement and Development of Farms, and for the Improvement of Living Conditions thereon.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title

Short title.

1. This Act may be cited as *The Farm Improvement Loans Act, 1944.*

Interpretation

Definitions.

2. In this Act, unless the context otherwise requires,

"agricultural equipment."

(a) "agricultural equipment" means implements, apparatus, appliances and machinery of any kind usually affixed to real or immovable property, for use on a farm, but does not include a farm electric system;

"agricultural implements."

(b) "agricultural implements" means tools, implements, apparatus, appliances and machines, of any kind not usually affixed to real or immovable property, for use on, or in connection with a farm, and vehicles for use in the business of farming, and, without limiting the generality of the foregoing, includes plows, harrows, drills, seeders, cultivators, mowing machines, reapers, binders, threshing machines, combines, tractors, movable granaries, trucks for carrying products of agriculture, cream separators, churns, washing machines, spraying apparatus, incubators, milking machines, refrigerators and heating and cooking appliances for farming operations or use in the farm home of a kind not usually affixed to real or immovable property;

"banks."

(c) "bank" means a bank incorporated by or under the provisions of *The Bank Act;*

"class of farm improvement loans."

(d) "class of farm improvement loans" means a prescribed class of farm improvement loans;

"borrower."

(e) "borrower" means a farmer to whom a farm improvement loan has been made;

"farm."

(f) "farm" means land in Canada used for the purpose of farming which term includes live stock raising, dairying, fruit growing and all tillage of the soil;

"farm electric system."

(g) "farm electric system" includes all machinery, apparatus and appliances for the generation or distribution of electricity on a farm whether or not affixed to real or immovable property;

"farm improvement loan."

(h) "farm improvement loan" means a loan made by a bank to a farmer for the purpose of financing:—

(i) the purchase of agricultural implements;

(ii) the purchase of live stock;

(iii) the purchase or installation of agricultural equipment or a farm electric system;

(iv) the alteration or improvement of a farm electric system;

(v) the erection or construction of fencing or works for drainage on a farm;

(vi) the construction, repair or alteration of, or making of additions to, any building or structure on a farm; or

(vii) any work for the improvement or development of a farm designated in the regulations;

"farmer."

(i) "farmer" means a person who is in possession of a farm and whose principal occupation consists of farming such farm;

"guaranteed farm improvement loan."

(j) "guaranteed farm improvement loan" means a farm improvement loan made in accordance with the requirements of paragraphs *(a)* to *(i)*, inclusive, of subsection one of section three of this Act during the period when the said subsection is in operation in respect of the class of farm improvement loans to which such loan belongs;

"live stock."

(k) "live stock" includes horses and mares, bulls, cows, oxen, bullocks, steers, heifers and calves, sheep, swine, and fur-bearing animals, and the offspring of any of them;

"Minister".

(l) "Minister" means the Minister of Finance;

"prescribed."

(m) "prescribed" means prescribed by regulation;

"regulation."

(n) "regulation" means a regulation made pursuant to this Act.

Guaranteed Farm Improvement Loans

Payment of bank losses.

3. (1) The Minister shall, subject to the provisions of this section and of the two next following sections, pay to a bank the amount of loss sustained by it as a result of a farm improvement loan, if—

(a) the loan was made pursuant to an application signed by the borrower in the prescribed form, stating the purpose for which the proceeds of the loan were to be expended;

(b) the application stated that the borrower held an interest in the farm of the nature prescribed for the class of farm improvement loans to which such loan belongs;

(c) a responsible officer of the bank certified that he had scrutinized and checked the application for the loan with the care required of him by the bank in the conduct of its ordinary business;

(d) the principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other guaranteed farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceed the sum of three thousand dollars;

(e) the loan was repayable in full by the terms thereof in not more than ten years;

(f) the rate of interest charged by the bank on the loan did not exceed five per centum per annum simple interest;

(g) no fee, service charge or charge of any kind other than interest, except such charge for insurance as may be authorized by the regulations, was, by the terms of the loan, payable to the bank in respect of the loan as long as the borrower was not in default;

(h) repayment of the loan was secured in the prescribed manner; and

(i) the loan was made on terms and in accordance with conditions prescribed for the class of farm improvement loan to which such loan belongs.

Coming into force of section.

(2) The Minister shall not be liable under this section to make any payment to a bank in respect of a farm improvement loan unless such loan is within a class of farm improvement loans prescribed by regulation and is made after such date as may be fixed by the Minister with the approval of the Governor in Council for the coming into operation of this section in respect of such class.

Termination of operation of section.

(3) The Minister may with the approval of the Governor in Council by notice to a bank terminate the operation of this section in respect of any class of farm improvement loans, such termination to be effective after a time set out in such notice, and the Minister shall not be liable under this Act to make any payment to the bank in respect of any farm improvement loan in such class made by the bank after such date; but such termination shall not relieve the Minister of any liability imposed on him under this Act in respect of a farm improvement loan made by the bank before such termination.

When notice of termination to become effective.

(4) A notice given to the bank under the last preceding subsection shall not be effective unless the time of termination therein set out is at least twenty-four hours after receipt of the notice at the head office of the bank to which the notice is given.

Limitation of amount of liability to bank.

4. The Minister shall not be liable under this Act to pay to a bank a total amount in excess of ten per centum of the aggregate principal amount of the guaranteed farm improvement loans made by such bank.

Idem.

5. The Minister shall not be liable under this Act to make any payment to a bank in respect of loss sustained by it as a result of a farm improvement loan made after the aggregate principal amount of guaranteed farm improvement loans made by all banks exceeds two hundred and fifty million dollars or made more than three years after the commencement of this Act.

Regulations

Regulations.

6. (1) The Governor in Council may, on the recommendation of the Minister, make regulations:—

(a) to define for the purposes of this Act the following expressions:—

(i) "repairs, alterations and additions";

(ii) "works for drainage";

(iii) "responsible officer of the bank";

(b) to designate works for the improvement or development of a farm, in addition to those specified in subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of paragraph *(h)* of section two of this Act, for which farm improvement loans may be made;

(c) to prescribe a form of application for guaranteed farm improvement loans;

(d) to prescribe classes of farm improvement loans having regard to the purposes for which such loans are to be made, or otherwise;

(e) to prescribe in respect of any class of farm improvement loans,

(i) the nature of the interest in a farm to be held by a borrower of a loan within the class;

(ii) the security to be taken by the bank for the repayment of loans within the class;

(iii) the terms of repayment and other terms not inconsistent with this Act, including provisions in respect of insurance, upon which loans within the class are to be made;

(iv) conditions to the liability of the Minister under this Act in respect of loans within the class in addition

to but not inconsistent with the conditions set out in paragraphs *(a)* to *(h)*, inclusive, of subsection one of section three of this Act;

(f) to prescribe forms of notes, agreements, certificates and other documents to be used in connection with a guaranteed farm improvement loan, or necessary or advisable for the effective operation of this Act;

(g) to provide that in the event of actual or impending default in the repayment of a guaranteed farm improvement loan the bank may, notwithstanding anything contained in this Act, with the approval of the borrower, alter or revise by way of an extension of time or otherwise any of the terms of the loan, or any agreement in connection therewith, and that such alteration or revision shall not discharge the liability of the Minister in respect thereof under this Act;

(h) to prescribe in the event of default in the repayment of a guaranteed farm improvement loan, the legal or other measures to be taken by the bank and the procedure to be followed for the collection of the amount of the loan outstanding and the disposal or realization of any security for the repayment thereof held by the bank;

(i) to prescribe the method of determination of the amount of loss sustained by a bank as a result of a guaranteed farm improvement loan;

(j) to prescribe the procedure to be followed by a bank in making a claim for loss sustained by it as a result of a guaranteed farm improvement loan;

(k) to prescribe the steps to be taken by a bank to effect collection on behalf of the Minister of any guaranteed farm improvement loan in respect of which any payment has been made by the Minister to the bank under this Act and to provide that in the event of neglect by the bank to take such steps the amount of such payment may be recovered by the Minister;

(l) to require reports to be made periodically to the Minister by a bank in respect of guaranteed farm improvement loans made by it;

(m) to make provision for any other matter which he deems necessary or advisable to carry out the purpose and intention of this Act.

Regulations to be effective upon publication.

(2) No regulation shall be effective until published in the *Canada Gazette* and upon such publication shall be effective and shall have the same force and effect as if it had been enacted in this Act.

Special Powers of Bank

Form of security by bank in certain cases.

7. (1) Notwithstanding anything contained in *The Bank Act* or any other statute, if a bank makes a guaranteed farm improvement loan the principal amount of which exceeds two thousand dollars and the period for repayment of which is longer than five years, the bank may at the time of making the loan take as security for the repayment thereof and the payment of interest thereon—

(a) a mortgage or hypothec upon the farm in respect of which the proceeds of the loan are to be expended;

(b) an assignment of the rights and interest of a purchaser of the farm under an agreement of sale.

Application of *The Bank Act.*

(2) A bank shall have and may exercise, in respect of any mortgage, hypothec or assignment made under this section and the real or immovable property affected thereby, all rights and powers which it would have or might exercise if such mortgage, hypothec or assignment had been taken by the bank by way of additional security under *The Bank Act.*

Offences

False statement in application for loan or misuse of loan. Offence.

8. (1) Any person who makes a statement in an application for a guaranteed farm improvement loan which is false in any material respect or who uses the proceeds of such loan for a purpose other than that stated in his application, shall be guilty of an offence and liable to a fine of not less than twenty-five dollars and not more than five hundred dollars.

Penalty.

(2) Where any person is convicted of an offence under this section, there shall be imposed on him, in addition to any fine, a penalty equal to such amount of the farm improvement loan made to him in respect of which such offence was committed as has not been repaid by him, with interest thereon to the date of such conviction, and such penalty shall be paid to the bank by which such loan was made, or if payment has been made by the Minister to the bank in respect of such loan under this Act, such penalty shall be paid to the Receiver General of Canada, and payment of such penalty shall discharge the liability of such person to repay such loan.

General

Subrogation of bank's rights to the Crown.

9. (1) Where payment is made by the Minister to a bank under this Act in respect of any loss sustained by the bank as a result of a guaranteed farm improvement loan, the bank shall execute a receipt in favour of the Minister in the prescribed form, and the Minister shall thereupon be subrogated in and to all the rights of the bank in respect

of such loan and without limiting the generality of the foregoing, all rights and powers of the bank in respect of the loan, and in respect of any judgment in respect thereof obtained by the bank, and in respect of any security taken by the bank for the repayment thereof shall thereupon be vested in the Minister on behalf of His Majesty, and the Minister shall be entitled to exercise all the rights, powers and privileges which the bank had or might exercise in respect of such loan, judgment or security, and to commence or continue any action or proceeding in respect thereof, and to execute any documents necessary by way of release, transfer, sale or assignment thereof, or in any way to realize thereon.

Receipt evidence of payment.

(2) Any document purporting to be a receipt in the prescribed form and purporting to be signed on behalf of the bank shall be evidence of the payment by the Minister to the bank under this Act in respect of the loan therein mentioned and of the execution of such document on behalf of the bank.

Repossession and disposal of securities.

10. The Minister may enter into an agreement on such terms and conditions as he may deem advisable with a bank or with any person engaged in the manufacture or distribution of agricultural implements, agricultural equipment, electrical appliances and supplies or of any supplies or materials which may be utilized in the making of any improvements to a farm pursuant to a farm improvement loan, or with both any such bank and any such person, to provide for the repossession or disposal of any property upon which security is taken by the bank for the repayment of a guaranteed farm improvement loan.

Administration and appointment of officers.

11. The Minister shall be charged with the administration of this Act, and may, with the approval of the Governor in Council, appoint such officers, inspectors, clerks and employees as he deems necessary to carry out the provisions of this Act according to their true intent and purpose and may, with such approval, fix their remuneration.

Payments and expenses.

12. The Minister may pay any amount payable to a bank under this Act and any amount necessary to meet the expenses incurred in the administration of this Act out of unappropriated monies in the Consolidated Revenue Fund.

Annual report.

13. The Minister shall annually prepare a report with respect to the administration of this Act during the preceding calendar year, and such report shall thereupon be laid before Parliament, or, if Parliament is not then sitting, within fifteen days after the beginning of the next session.

Coming into force.

14. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 136.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1944, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

First reading, June 8, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

5974

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 136.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1944, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

1931, cc. 22,23; 1932, cc. 6, 15, 25, 26; 1932-33, c. 34; 1935, c. 17; 1936, c. 27; 1937, c. 6; 1938, c. 43; 1939, c. 38; 1940, c. 24; 1940-41, c. 12; 1942-43, c. 22; 1943-44, c. 22.

HIS MAJESTY, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *Canadian National Railways Financing and Guarantee Act, 1944.*

Power to issue securities for capital expenditures.

2. Subject to the provisions of this Act and the approval of the Governor in Council, the Canadian National Railway Company (herein called "the National Company") may issue notes, obligations, bonds, debentures or other securities (herein called "securities") bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may approve, to provide the amounts necessary to meet in whole or in part capital expenditures made or capital indebtedness incurred during the calendar year 1944 by or on behalf of any companies or railways comprised in the National Railway System as defined in 1937, c. 22. *The Canadian National Railways Capital Revision Act, 1937*, on any or all of the following accounts, such expenditures or indebtedness being (herein called "authorized expenditures")—

Additions and Betterments (less retirements)	$18,611,500
Acquisition of Securities	1,921,000
Retirement of Maturing Capital Obligations, including Sinking Fund and equipment principal payments	9,117,000
	$29,649,500

Less: Available from Reserves for Depreciation and Debt Discount Amortization..... 19,100,000

$10,549,500

Proviso.

Provided, however, that for such purposes the aggregate principal amount at any one time outstanding of the securities which the National Company is authorized by this section to issue from time to time shall not exceed the sum of $10,549,500 being the total of the items hereinbefore set out.

Minister of Finance may make temporary loans for capital expenditures.

3. The Minister of Finance, with the approval of the Governor in Council, may make temporary loans to the National Company out of the Consolidated Revenue Fund for the purpose of meeting authorized expenditures, bearing such rates of interest and subject to such other terms and conditions as the Governor in Council may determine and secured by securities which the National Company is authorized to issue from time to time under the provisions of section two of this Act, upon applications for such loans approved by the Minister of Transport, made from time to time by the National Company to the Minister of Finance:

Proviso.

Provided, however, that the aggregate principal amount at any one time outstanding of the loans which the Minister of Finance is hereby authorized to make from time to time to the National Company shall not exceed the sum of $10,549,500.

Issue and guarantee of substituted securities.

4. Should any such temporary loans be made within the limits aforesaid, definitive securities may subsequently be issued and guaranteed under the provisions of this Act to repay such loans or any part thereof.

Power to aid other companies.

5. The National Company may aid and assist, in any manner, any other or others of the said companies and railways, and, without limiting the generality of the foregoing, may for its own requirements and also for the requirements of any other or others of the said companies and railways from time to time:—

(a) Apply the proceeds of any issue of securities in meeting authorized expenditures on its own account or on account of any other or others of the said companies and railways;

(b) Make advances for the purpose of meeting authorized expenditures to any other or others of the said companies and railways, upon or without any security, at discretion.

Guarantee.

6. The Governor in Council may authorize the guarantee of the principal, interest and sinking funds (if any) of the securities, which the National Company may make or issue from time to time under the provisions of this Act.

Form and terms of guarantee.

7. (1) The guarantee or guarantees may be in such forms and subject to such terms and conditions as the Governor in Council may determine to be appropriate and applicable thereto and may be signed on behalf of His Majesty by the Minister of Finance or the Acting Minister of Finance or by such other person as the Governor in Council may from time to time designate and such signature shall be conclusive evidence for all purposes of the validity of the guarantee and that the provisions of this Act have been complied with.

Method of guarantee.

(2) Any such guarantee may be either a general guarantee covering the total amount of the issue or be a separate guarantee endorsed on each obligation.

Temporary guarantees.

(3) With the approval of the Governor in Council temporary guarantees may be made, to be subsequently replaced by permanent guarantees.

Proceeds paid to credit of Minister of Finance in trust.

8. (1) The proceeds of any sale, pledge, or other disposition of any guaranteed securities shall be deposited in the first place either in the Consolidated Revenue Fund or to the credit of the Minister of Finance and Receiver General of Canada in trust for the National Company in one or more banks designated by him.

Application for the release of any part of the proceeds.

(2) The Board of Directors of the National Company may from time to time authorize application to be made to the Minister of Transport for the release of any part of the proceeds deposited as aforesaid to the National Company for the purpose of meeting specified authorized expenditures within the respective limits, mentioned in section two of this Act, and the Minister of Transport may in his discretion approve the said applications and upon the request of the Minister of Transport, the Minister of Finance may release the amount or amounts of such applications or part thereof accordingly.

137.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 137.

An Act respecting Surplus Crown Assets.

First reading, June 8, 1944.

THE MINISTER OF MUNITIONS AND SUPPLY.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

9773

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 137.

An Act respecting Surplus Crown Assets.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title.

1. This Act may be cited as *The Surplus Crown Assets Act.*

Definitions.

2. In this Act unless the context otherwise requires,

"Board."

(a) "Board" means the Board of Directors of the corporation;

"committee."

(b) "committee" means the Crown Assets Allocation Committee established pursuant to this Act;

"corporation."

(c) "corporation" means the War Assets Corporation established pursuant to this Act;

"government department."

(d) "government department" means a department, commission or board created by, or pursuant to authority of Parliament, and includes any agency of the Government of Canada designated by the Governor in Council as a government department for the purposes of this Act;

"Minister."

(e) "Minister" means the Minister of Munitions and Supply;

"surplus Crown assets."

(f) "surplus Crown assets" means property that has been

(i) included in a report made to the Minister under section three; or

(ii) declared by the Governor in Council to be unnecessary to satisfy the requirements of the government department by which it is kept, administered or controlled; and

has not been subsequently deleted from the report with the consent of the Minister or disposed of pursuant to the provisions of this Act.

Explanatory Note

The several clauses of the Bill are self-explanatory. In general terms the Bill proposes—

To confer authority upon a corporation to be established thereunder, to sell, exchange or otherwise dispose of, hold, manage, re-condition, or otherwise deal with surplus crown assets, and to confer certain powers upon the Minister of Munitions and Supply and the Governor in Council in relation thereto including the power to establish an Advisory Committee;

To provide also that authority be given the Governor in Council to authorize the Minister of Finance to pay or advance to the Corporation, from time to time, working capital from unappropriated moneys in the Consolidated Revenue Fund; with provision for the deposit by the Corporation to the credit of the Receiver General of Canada of all moneys received by it, except moneys paid or advanced to it on account of working capital and such percentage of all other moneys received by it as the Governor in Council may from time to time determine as being necessary to defray the administrative costs or other expenses of the Corporation;

And to provide further for the payment of the salary of the president of the Corporation and the Chairman of the Committee, and fees and salaries of persons in the employ or service of the Minister, the Committee or Corporation.

Departmental reports of surplus property.

3. (1) Every government department shall, from time to time, after considering in relation to its immediate or known future needs all property of any kind whatsoever that is in its custody or control or administered by it, make a report to the Minister of all such property that is unnecessary to satisfy its immediate or known future requirements.

No disposition of surplus assets except under this Act or O. in C.

(2) Notwithstanding any Act or Order in Council enacted or passed before this Act comes into force, no government department shall dispose of surplus Crown assets except in accordance with this Act or in accordance with general or specific authority from the Governor in Council.

Departments generally not required to report farm products or stock.

(3) Notwithstanding the provisions of subsection one of this section, no government department, except the Department of National Defence and the Department of Munitions and Supply, is required to include agricultural or dairy products or livestock or livestock products in a report made pursuant to subsection one.

Departments responsible while in possession.

4. Every government department shall continue to be responsible for surplus Crown assets until it surrenders the custody or control thereof pursuant to the order of the Minister or the corporation.

Crown Assets Allocation Committee.

5. The Minister, with the approval of the Governor in Council, may

(a) establish a committee to be known as the Crown Assets Allocation Committee;

(b) appoint one of the members of the committee to be chairman and fix the salary, if any, to be paid him;

(c) authorize payment to any member of the committee who is not in the public service of Canada of a fee for each meeting of the committee that he attends; and

(d) authorize payment to each member of the committee of actual disbursements for expenses necessarily incurred in connection with the discharge of his duties under this Act.

Term of office.

6. (1) A member of the committee shall be appointed for a term of one year subject to removal without cause by the Governor in Council during the term; and a member may, upon the expiration of his term, be re-appointed.

Subject to the Minister.

(2) The committee shall be responsible to, and subject to the direction and control of, the Minister.

Meetings.

(3) The chairman shall call meetings of the committee to be held at such times and places as he may decide.

Committee proceedings reported to Minister.

(4) The committee shall, immediately after every meeting, make a report to the Minister with reference to the proceedings thereof.

Oath of Office.

(5) Every member of the committee shall, before acting as such, take before a justice of the peace or commissioner for taking affidavits, and file with the secretary of the committee, an oath of fidelity and secrecy in the form set out in the Schedule to this Act.

Committee in advisory role to Minister.

7. The committee shall advise the Minister on matters relating to the use, disposal of or dealing with surplus Crown assets or otherwise arising out of this Act which are referred to it by the Minister, and in particular without limiting the foregoing, it shall

(a) consider questions relating to surplus Crown assets referred to it by the Minister and recommend to the Minister whether the corporation should sell or otherwise dispose of any such assets or whether they should be dealt with or disposed of in some other way;

(b) consider representations made by any government department, provincial government, municipality or public body with respect to surplus Crown assets and make recommendations to the Minister in connection therewith; and

(c) exercise and perform such duties and make such investigations and reports as the Governor in Council or the Minister may from time to time direct.

Secretary and officers.

8. (1) A secretary and such other officers, clerks and employees as are necessary to assist the committee in the performance of the duties imposed on it by this Act shall be appointed or employed in the manner authorized by law.

Temporary technical or professional help.

(2) The Minister may, with the approval of the Governor in Council, temporarily employ such persons of technical or professional attainments as he may deem necessary; and the salaries of such persons may be fixed or varied by the Minister with the approval of the Governor in Council.

Oath of office.

(3) Every person appointed or employed as provided in this section shall, before entering upon his duties, take before a justice of the peace or commissioner for taking affidavits, and file with the Minister, an oath of fidelity and secrecy in the form set out in the Schedule to this Act.

Ministerial powers.

9. With specific or general authority from the Governor in Council, the Minister may:

(a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus Crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as he may consider desirable;

(b) hold, manage, operate, finish, assemble, store, transport, repair, maintain and service surplus Crown assets;

(c) restore to its original condition any property that had been made available to His Majesty and settle any claim in connection therewith;

(d) approve the transfer of surplus Crown assets from one government department to another;

(e) empower a government department to sell surplus Crown assets upon such terms and subject to such conditions as he may consider desirable;

(f) make such orders and issue such directions as he may deem necessary or expedient to provide for the safety and preservation of surplus Crown assets;

(g) direct any person to furnish, within such time as he may specify, such information with regard to surplus Crown assets as he may specify;

(h) engage or make use of the services of any person in carrying out any of the purposes of this Act;

(i) direct the corporation to do any of the things authorized by paragraphs *(a)* to *(d)* inclusive of this section;

(j) authorize a government department to amend a report made under section three of this Act by deleting therefrom a reference to any specified property; and

(k) do any other thing the Governor in Council may consider to be incidental to, or necessary or expedient for, carrying out the objects of this Act.

War Assets Corporation.

10. (1) There shall be established a corporation to be known as War Assets Corporation.

Directors.

(2) The corporation shall consist of a board of not less than six directors appointed by the Minister with the approval of the Governor in Council.

Body politic and corporate.

(3) The corporation shall be a body politic and corporate having capacity to contract and to sue and be sued in its name; and shall be and be deemed to be for all purposes an agent of His Majesty in right of Canada.

Head office.

(4) The head office of the corporation shall be at Montreal in the province of Quebec or in such other place as the Minister may from time to time determine.

Branches and agents.

(5) The corporation may establish branches and appoint agents in Canada and may also, with the approval of the Minister, establish branches and appoint agents outside Canada.

Subject to Minister.

(6) The corporation shall be responsible to, and be subject to the direction and control of, the Minister.

President, Vice-President.

11. (1) The Board, with the approval of the Minister, shall designate one of the directors to be the President and one of the directors to be the Vice-President of the corporation.

Directors' term of office.

(2) Each director shall be appointed for a term of three years: Provided that of those first appointed one-third thereof, as nearly as possible, shall be appointed for a term of one year and one-third thereof, as nearly as possible, shall be appointed for a term of two years.

Re-appointment.

(3) Retiring directors shall be eligible for re-appointment.

Removal.

(4) The Governor in Council may, without cause, remove a director at any time during his term.

Acting chairman.

(5) In the absence of the President, the Vice-President shall act as chairman and, in the absence of the President and Vice-President, another director designated by those present shall act as chairman.

Voting.

(6) A decision of the majority of the directors present and constituting a quorum shall be a decision of the corporation, and in the event of a tie, the President or other director acting as chairman shall have the casting vote.

Casual vacancy.

(7) In the event of a casual vacancy occurring on the Board, the Minister, with the approval of the Governor in Council, may appoint a person to fill such vacancy.

President's salary. Directors' fees.

(8) The Board, with the approval of the Minister, may fix the President's salary and the fees to be paid to directors for attending meetings.

Disbursements.

(9) Every director shall be entitled to be reimbursed in respect of his actual disbursements for expenses reasonably incurred in connection with the discharge of his duties under this Act.

Liability.

(10) No director and no person acting for, on behalf of, or under the authority of the Board or a director shall be liable to any person for any act or omission that the director or person acting in good faith reasonably believed to have been required or authorized by or pursuant to this Act.

Oath of office.

(11) Every director shall, before acting as such, take before a justice of the peace or commissioner for taking affidavits, and file with the secretary of the corporation, an oath of fidelity and secrecy in the form set out in the Schedule to this Act.

Corporation powers under Ministerial instructions.

12. (1) Subject to general or specific instructions given by the Minister, the corporation may, when so directed by the Minister,

(a) sell, exchange, lease, lend or otherwise dispose of or deal with surplus Crown assets either gratuitously or for a consideration and upon such terms and subject to such conditions as the Board may consider desirable;

(b) hold, manage, operate, finish, assemble, store, transport, repair, maintain and service surplus Crown assets;

(c) restore to its original condition any property that has been made available to His Majesty and settle any claim in connection therewith;

(d) convert surplus Crown assets back to basic materials; and

(e) do such other acts and things as the Board may deem incidental or conducive to the attainment of its objects or the exercise of its powers.

Acquisition and disposal of real or personal property.

(2) If authorized by the Minister, the corporation may purchase, lease or otherwise acquire real or personal property required for the purpose of its operations; and sell, lease, or otherwise dispose of the same.

Bylaws.

13. (1) The corporation may, with the approval of the Governor in Council, make such bylaws as the Board may deem necessary or expedient to enable it to discharge the duties imposed upon it by this Act; and without limiting the generality of the foregoing it may make bylaws:

(a) to provide for an executive committee of the Board to exercise such powers as the bylaws may specify; and

(b) to provide for the calling of meetings of the Board or the executive committee and the number of persons who shall constitute a quorum in each case.

Officers, clerks and employees. R.S., c. 22.

(2) The corporation may, notwithstanding anything in the *Civil Service Act*, employ such officers, clerks and employees for such purposes and on such terms and conditions and pay them such remuneration as the Board may decide; and every officer, clerk and employee of the corporation shall, before entering upon his duties, take before a justice of the peace or a commissioner for taking affidavits, and file with the secretary of the corporation, an oath of fidelity and secrecy in the form set out in the Schedule to this Act.

Working capital.

14. The Governor in Council, on the recommendation of the Minister, may authorize the Minister of Finance to pay or advance to the corporation from time to time working capital from any unappropriated moneys in the Consolidated Revenue Fund.

Moneys received to be deposited in bank accounts.

15. (1) The corporation shall keep one or more bank accounts with such chartered bank or banks in Canada as may from time to time be approved by the Governor in Council and, with the approval of the Minister, may keep one or more bank accounts outside Canada; and all moneys from time to time received by the corporation shall be deposited in the said account or accounts.

Certain moneys to be transferred to Receiver General.

(2) All moneys deposited in the corporation's bank accounts except

(a) moneys paid or advanced to the corporation by His Majesty on account of working capital; and

(b) such percentage of the net proceeds of sales and of all other moneys received by the corporation during any period as the Governor in Council may from time to time fix to be retained to meet administrative costs or other expenses of the corporation;

shall be transferred or deposited to the credit of the Receiver General of Canada on requisition by the Minister of Finance but, if no such requisition is made, on a day not later than the fifteenth day of the month following receipt thereof by the corporation.

Administration of moneys.

16. Subject to section fifteen of this Act, the corporation may administer all moneys received by it exclusively in exercising the powers conferred on it by or pursuant to this Act.

Accounting system.

17. (1) The corporation shall establish and maintain an accounting system satisfactory to the Minister.

Detailed statements.

(2) The corporation shall render to the Minister detailed statements of its receipts and expenditures at such times and for such periods as he may specify.

Audit and inspection.

(3) All books of account, records, bank books and papers of the corporation shall at all times be open to audit and inspection by the Minister or any person thereunto authorized by him.

Accounts audited by Auditor General and included in annual report.

(4) The accounts of the corporation shall be audited by the Auditor General of Canada and the audited statements of such accounts shall be included in the corporation's annual report.

Fiscal year.

(5) The fiscal year of the corporation shall end on the thirty-first day of March in each year.

Annual report.

18. The corporation shall, as soon as possible after the thirty-first day of March in each year, and in any event within three months thereof, submit an annual report to the Minister in such form as he may prescribe and the Minister shall lay the said report before Parliament.

Property and assets of War Assets Corporation Limited transferred to corporation.

19. (1) The custody, administration and control of all property and assets belonging to His Majesty kept, administered or controlled by War Assets Corporation Limited, a company the incorporation of which was procured by the Minister pursuant to an Order in Council passed on the twenty-ninth day of November, nineteen hundred and forty-three, are hereby transferred to the corporation on the day the corporation is established.

Corporation to take over War Assets Corporation Limited.

(2) The corporation shall, upon the day the corporation is established, take possession of all property and assets of and assume all the obligations and liabilities of or incurred by the said War Assets Corporation Limited.

Charter of War Assets Corporation Limited cancelled and company dissolved.

(3) The charter of War Assets Corporation Limited is hereby cancelled and the company dissolved on the day the corporation is established.

Insolvency and winding up.

20. No statute relating to insolvency or the winding-up of corporations shall apply to the corporation and the affairs of the corporation shall not be wound up unless Parliament so provides.

R.S., c. 22; R.S., c. 24.

Civil servants' status preserved under C.S. Superannuation Act.

21. (1) Notwithstanding anything in the *Civil Service Act*, the *Civil Service Superannuation Act* or any other Act of the Parliament of Canada, a civil servant who, at the time of his appointment or employment under or pursuant to this Act, is a contributor under the *Civil Service Superannuation Act*, shall continue to be a contributor under the said Act; his service under this Act shall be counted as service in the Civil Service for the purposes of the *Civil Service Superannuation Act*, and he, his widow and children or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position under this Act for any reason other than that of misconduct, he shall be eligible for reappointment in the Civil Service or to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

Idem, Civil Service Act.

(2) Any person who at the time of his appointment or employment under or pursuant to this Act holds a position in the Civil Service or is an employee within the meaning of the *Civil Service Act*, shall continue to retain and be eligible to receive all the benefits, except salary as a civil servant, that he would have been eligible to receive had he remained under that Act.

R.S., c. 30.

Government Employees' Compensation Act.

(3) The *Government Employees Compensation Act* shall apply to all persons appointed or employed under or pursuant to this Act, and for the purposes of the said Act such persons shall be deemed to be "employees" as defined by the said Act.

Execution of deeds, contracts or other documents.

22. Either the Minister or any person or persons thereunto generally or specifically authorized by the Minister or the corporation under its corporate seal and the hands of its duly authorized officers may execute, on behalf of His Majesty, any deed, contract or document transferring title to, or otherwise dealing with or relating

to the disposition of, surplus Crown assets, other than a grant of land; and when any such document has been so executed it is valid and binding upon His Majesty.

Governor in Council.

23. The Governor in Council may:

(a) make such orders as he may deem necessary or desirable with reference to the organization, administration or management of the committee or corporation and to confer on the committee or corporation additional powers and duties; and

(b) make or issue such orders, rules and regulations as may be deemed necessary or desirable to assist the Minister to exercise and perform the duties conferred or imposed upon him by or pursuant to this Act.

Offence.

24. Every person who contravenes any order, rule or regulation made or issued by the Governor in Council or by the Minister with the authority of the Governor in Council under this Act is guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars or imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Coming into force.

25. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

SCHEDULE

Oath of Fidelity and Secrecy of Employee of Crown Assets Allocation Committee or War Assets Corporation.

I, ..., solemnly and sincerely swear that I will faithfully and honestly fulfil the duties which devolve upon me and shall not divulge any knowledge or information obtained by me in the course of my employment to any one not legally entitled thereto unless expressly authorized by my superior officers.

Oath of Fidelity and Secrecy of Member of Crown Assets Allocation Committee or Director or Officer of War Assets Corporation

I, ..., do solemnly swear that I will faithfully, truly and to the best of my judgment, skill and ability execute and perform the duties required of me as a member of Crown Assets Allocation Committee (or as a Director or Officer, as the case may be, of War Assets Corporation).

I further solemnly swear that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Committee (or Corporation), nor will I allow any such person to inspect or have access to any books, documents or records belonging to or in the possession of the Committee (or Corporation) and relating to its business.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 138.

An Act to amend The War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty aid for the purposes of the said Act.

First reading, June 12, 1944.

The MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

10661

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 138.

An Act to amend The War Appropriation (United Nations Mutual Aid) Act, 1943, and for granting to His Majesty Aid for the purposes of the said Act.

1943-44, c. 17.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The War Appropriation (United Nations Mutual Aid) Act, 1944.*

"War supplies."

2. Paragraph *(d)* of section two of *The War Appropriation (United Nations Mutual Aid) Act, 1943*, chapter seventeen of the statutes of 1943-44, is amended by deleting the word "and" at the end of subparagraph (iv) thereof, inserting the word "and" after subparagraph (v) and adding the following subparagraph thereto:

"(vi) commodities, services and equipment required by the United Nations Relief and Rehabilitation Administration."

3. Subsection one of section three of the said Act is repealed and the following substituted therefor:—

Canadian Mutual Aid Board.

"**3.** (1) There shall be a Board to be called the Canadian Mutual Aid Board consisting of the Minister of Munitions and Supply, the Minister of National Defence, the Minister of Finance, the Minister of Agriculture, the Minister of Justice, and the Minister of Trade and Commerce acting as a committee of the King's Privy Council for Canada, which shall be charged with the administration of this Act."

Board may make war supplies available to the United Nations or U. N. R. & Rehabilitation Administration.

4. Section four of the said Act is repealed and the following substituted therefor:—

"**4.** (1) The Board may on behalf of His Majesty, in accordance with the strategic needs of the war or to facilitate the securing of a just and enduring peace, contribute, exchange, deliver, transfer title to or possession

Explanatory Notes.

The object of the Bill is to make a further appropriation for the purposes of *The War Appropriation (United Nations Mutual Aid) Act, 1943*, and at the same time to extend the scope of that Act to include the provision of supplies to the United Nations Relief and Rehabilitation Administration.

2. This section adds to the definition of war supplies: "commodities, services and equipment required by the United Nations Relief and Rehabilitation Administration."

3. The proposed amendment adds the Minister of Trade and Commerce to the Board.

4. The changes in section 4 are indicated by the words underlined in the text of the Bill, which are self-explanatory.

of or otherwise make available war supplies to any of the United Nations other than Canada or to the United Nations Relief and Rehabilitation Administration and for that purpose or as incidental thereto may cause to be purchased or otherwise acquired or procured war supplies in Canada through the agency of the Minister of Munitions and Supply or any other agency of His Majesty and, out of monies appropriated for the purpose, may provide or make available the funds required to pay expenditures incurred in carrying out the purposes described herein.

Consideration.

(2) It shall be good and sufficient consideration for making war supplies available under subsection one of this section that the said war supplies are to be used in the joint and effective prosecution of the war or the securing of a just and enduring peace, but no war supplies shall be so made available to any of the United Nations except upon terms and conditions approved by the Governor in Council or by regulations, and the Governor in Council may require, in respect of specific classes of supplies or any specific transfer of supplies under subsection one of this section, such payment or repayment in kind or property or such reciprocal action or provision of supplies or such other direct or indirect benefit as the Governor in Council deems appropriate."

Terms and conditions to be approved by the Governor in Council.

$800,000,000 may be paid out of the Consolidated Revenue Fund.

5. In addition to any other sums appropriated therefor, there may be paid out of the Consolidated Revenue Fund, for the purposes of *The War Appropriation (United Nations Mutual Aid) Act, 1943*, a sum or sums not exceeding eight hundred million dollars ($800,000,000) exclusive of any sums paid for war supplies for which payment shall be made in cash by the United Nations Relief and Rehabilitation Administration or any of the United Nations to which such supplies shall be made available under the said Act.

Loan authorized.

1931, c. 27.

6. (1) The Governor in Council may, in addition to the sums now remaining unborrowed and negotiable of the loans authorized by Parliament by any Act heretofore passed, raise by way of loan, under the provisions of *The Consolidated Revenue and Audit Act, 1931*, by the issue and sale or pledge of securities of Canada in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the Governor in Council may approve, such sum or sums of money not exceeding in the aggregate the sum of eight hundred million dollars

5. This section provides that 800 million dollars may be paid out of the Consolidated Revenue Fund for the purposes of the Act.

6. This section is the usual section authorizing the borrowing of the amount payable out of the Consolidated Revenue Fund.

($800,000,000) as may be required for the purposes of *The War Appropriation (United Nations Mutual Aid) Act, 1943*.

1943-44, c. 17.

Charge upon Consolidated Revenue Fund.

(2) The principal raised by way of loan under this Act and the interest thereon shall be a charge upon and payable out of the Consolidated Revenue Fund.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 139.

An Act to amend the Criminal Code.

First reading, June 15, 1944.

THE MINISTER OF JUSTICE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

7138

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

R.S., c. 36; 1930, c. 11; 1931, c. 28; 1932, cc. 7, 8, 9, 28; 1932-33, cc. 25, 53; 1934, cc. 11, 47; 1935, cc. 36, 56; 1936, c. 29; 1938, c. 44; 1939, c. 30; 1st Sess.; 1943-44, c. 23.

BILL 139.

An Act to amend the Criminal Code.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Punishment of theft.

1. Section three hundred and sixty-four of the *Criminal Code*, chapter thirty-six, of the Revised Statutes of Canada, 1927, is repealed and the following substituted therefor:—

Penalty.

"**364.** Every one is guilty of an indictable offence and liable to imprisonment for life who steals,

Post letters, etc.

(a) a post letter bag; or

(b) a post letter from a post letter bag or from any post office, or from any officer or person employed in any business of the post office of Canada, or from a mail; or

(c) a post letter containing any chattel, money or valuable security; or

(d) any chattel, money or valuable security from or out of a post letter."

2. Section three hundred and sixty-five of the said Act is repealed and the following substituted therefor:—

Penalty.

"**365.** Every one is guilty of an indictable offence and liable to imprisonment for any term not exceeding seven years who steals,

(a) any post letter, other than post letters referred to in the last preceding section;

(b) any parcel sent by parcel post, or any article contained in any such parcel; or

(c) any key suited to any lock adopted for use by the Post Office Department, and in use on any Canada mail or mail bag."

3. Subsection one of section four hundred and thirty-six of the said Act as enacted by section eight of chapter thirty of the statutes of 1939 (first session), is repealed and the following substituted therefor:—

Explanatory Notes.

1 and **2.** The object of the amendments to sections three hundred and sixty-four and three hundred and sixty-five is to eliminate the minimum term of imprisonment provided therein, so that any imprisonment imposed will be in the discretion of the Court, based on the facts of each particular case.

The first three lines of each of the sections, three hundred and sixty-four and three hundred and sixty-five, at present read as follows:—

"**364.** Every one is guilty of an indictable offence and liable to imprisonment for life, *or for any term not less than three years*, who steals,"

"**365.** Every one is guilty of an indictable offence and liable to imprisonment for any term not exceeding seven years, *and not less than three years*, who steals,"

The only change is the elimination of the words in italics above.

3. The object of the amendment to section four hundred and thirty-six is to increase the penalty from imprisonment for two years to seven years and the maximum fine from five thousand to fifty thousand dollars. The only changes are indicated by the words underlined in the text.

Fraud, etc., in connection with sale, etc., of military stores.

"**436.** (1) Every person is guilty of an indictable offence and liable to imprisonment for seven years, or to a fine not exceeding fifty thousand dollars, or to both imprisonment and fine, who knowingly sells or delivers, or causes to be sold or delivered, to His Majesty or to any officer or servant of His Majesty, any defective naval, military, air or militia stores of any kind or description, whether such stores are for His Majesty in the right of His Government of Canada, or in the right of any other of His Majesty's Dominions, or who in any way commits any act of dishonesty, fraud, or deception upon His Majesty or any of His Majesty's officers or servants in connection with the sale or lease or purchases or delivery or manufacture of such naval, military, air or militia stores."

4. Paragraph *(b)* of subsection one of section seven hundred and forty-nine of the said Act is repealed and the following substituted therefor:—

"*(b)* in the province of Quebec, to the Superior Court;"

4. The object of this amendment is to provide for the hearing of appeals from summary convictions in the Province of Quebec by the Superior Court instead of the Court of King's Bench, Crown side.

There are more Superior Court judges, and this will permit the more expeditious disposal of these appeals.

The present section, in part, reads as follows,

"**749.** Unless it is otherwise provided in any Act under which a conviction takes place or an order is made by a justice for the payment of money or dismissing an information or complaint, any person who thinks himself aggrieved by any such conviction or order or dismissal, the prosecutor or complainant, as well as the defendant, may appeal,

(b) in the province of Quebec, to the *Court of King's Bench, Crown side;*"

147.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 147.

An Act to amend the Bank Act.

First reading, June 26, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

11696

5th Session, 19th Parliament, 8 George VI, 1944.

HOUSE OF COMMONS OF CANADA

BILL 147.

An Act to amend the Bank Act.

1934, c. 24.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Section five of the *Bank Act*, chapter twenty-four of the statutes of 1934, is repealed and the following substituted therefor:

Bank charters continued to first September 1944, as to some particulars.

"**5.** (1) Each of the several banks under the name mentioned in Schedule A to this Act is, and shall continue to be, a body politic and corporate until the first day of September, one thousand nine hundred and forty-four, and this Act shall form and be the charter of each of the said banks until the first day of September aforesaid.

Chief office and capital.

(2) The chief office of each bank, and, subject to the provisions of this Act with regard to increase or decrease, the amount of its authorized capital stock, divided into shares of one hundred dollars each shall be as set out in Schedule A to this Act.

As to other particulars.

(3) As to all other particulars this Act shall form and be the charter of each of the said banks until the first day of September, one thousand nine hundred and forty-four."

Explanatory Note.

1. The only change in the proposed substituted section 5 is the substitution of the word September for the word July.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 148.

An Act to amend the Quebec Savings Banks Act.

First reading, June 26, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

11692

5th Session, 19th Parliament, 8 George VI, 1944.

HOUSE OF COMMONS OF CANADA

BILL 148.

An Act to amend the Quebec Savings Banks Act.

R.S., c. 14; 1932-33, c. 28; 1934, c. 39.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Certain charters continued.

1. The charters of the Montreal City and District Savings Bank and of La Caisse d'Economie de Notre Dame de Quebec, which expire on the first day of July, one thousand nine hundred and forty-four by virtue of the operation of section four of the *Quebec Savings Banks Act*, chapter fourteen of the Revised Statutes of Canada, 1927, and chapter twenty-eight of the statutes of 1932-33, and section one of chapter thirty-nine of the statutes of 1934, are hereby continued and shall remain in force until the first day of September, one thousand nine hundred and forty-four, except in so far as they, or either of them, are or become forfeited or void under the terms thereof, or of the *Quebec Savings Banks Act*, or of any other Act heretofore or hereafter passed relating to the said savings banks by non-performance of the conditions of such charters or Acts respectively, or by insolvency, or otherwise.

Explanatory Note.

1. The proposed amendment extends the charters of the named banks to September first, 1944.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 149.

An Act to establish a Department of National Health and Welfare.

First reading, June 26, 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

10907

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 149.

An Act to establish a Department of National Health and Welfare.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title.

1. This Act may be cited as *The Department of National Health and Welfare Act.*

Definitions.

"Department".

"Minister".

"Deputy Minister".

2. In this Act, unless the context otherwise requires,—

(a) "Department" means the Department of National Health and Welfare;

(b) "Minister" means the Minister of National Health and Welfare;

(c) "Deputy Minister" means the Deputy Minister, or Deputy Ministers, of National Health and Welfare.

Establishment of Department.

3. (1) There shall be a department of the Government of Canada which shall be called the Department of National Health and Welfare over which the Minister of National Health and Welfare for the time being appointed by commission under the Great Seal of Canada shall preside.

Management and Direction.

(2) The Minister shall have the management and direction of the Department and shall hold office during pleasure.

Deputy Minister.

4. (1) The Governor in Council may appoint an officer, or two officers, who shall be called the Deputy Minister, or Deputy Ministers, of National Health and Welfare who shall be the deputy head, or deputy heads, of the Department and who shall hold office during pleasure.

Officers and other employees.

(2) Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Department shall be appointed or employed in the manner authorized by law.

Transfer of members of staff.

(3) Notwithstanding anything contained in the immediately preceding subsection of this section, the Governor in Council may designate persons who, prior to the commence-

Explanatory Note.

The purpose of this Bill is to establish a Department of National Health and Welfare under the direction of a Minister of National Health and Welfare. The powers of the Minister shall extend to all matters relating to the health, social security and welfare of the people of Canada as may from time to time be assigned to the Department and the Department shall comprise that part of the present Department of Pensions and National Health not included in the Department of Veterans Affairs.

ment of this Act, were members of the staff of the Department of Pensions and National Health to be members of the staff of the Department, and, upon such designation, such members shall be deemed to have been transferred to the Department on the date of the commencement of this Act, but no person shall by reason of such designation be eligible to be certified as permanent by the Civil Service Commission.

Duties, powers and functions of Minister.

5. The duties, powers and functions of the Minister shall extend to and include all matters relating to the promotion or preservation of the health, social security and social welfare of the people of Canada over which the Parliament of Canada has jurisidiction, and, without restricting the generality of the foregoing, particularly the following matters:—

(a) the administration of such acts of the Parliament of Canada and of orders or regulations of the Government of Canada as are not by law assigned to any other department of the Government of Canada or any minister thereof relating in any way to the health, social security and welfare of the people of Canada;

(b) investigation and research into public health and welfare;

(c) the inspection and medical care of immigrants and seamen, and the administration of marine hospitals, and such other hospitals of the Government of Canada as may be committed to its administration by order of the Governor in Council;

(d) the supervision, as regards the public health, of railways, boats, ships and all other methods of transportation;

(e) the supervision of federal public buildings and offices with a view to conserving and promoting the health of the civil servants and other Government employees therein;

(f) the enforcement of any rules or regulations made by the International Joint Commission, promulgated pursuant to the treaty between the United States of America and His Majesty relating to boundary waters and questions arising between the United States of America and Canada, so far as the same relate to public health;

R.S., c. 76. 1929, c. 49. R.S., c. 168. R.S., c. 91 R. S., c. 119. R.S., c. 151. 1943-44, c. 29.

(g) the administration of the *Food and Drugs Act*, *The Opium and Narcotic Drug Act*, the *Quarantine Act*, the *Public Works Health Act*, the *Leprosy Act*, the *Proprietary or Patent Medicine Act* and *The National Physical Fitness Act* and of all orders and regulations passed or made under any of the said Acts;

R.S., c. 190.

(h) subject to the provisions of the *Statistics Act*, the collection, publication and distribution of information relating to the public health, improved sanitation and social and industrial conditions affecting the health and lives of the people;

(i) co-operation with provincial authorities with a view to the co-ordination of efforts made or proposed for preserving and improving the public health and providing for the social security and welfare of the people of Canada.

Boards, committees and councils.

6. The Governor in Council may establish such boards, committees and councils as he deems necessary, to assist and advise the Minister and to co-operate with provincial authorities for the purposes of this Act.

Dominion Council of Health.

7. (1) There shall be a Dominion Council of Health consisting of the Deputy Minister, who shall be chairman, the chief executive officer of the Provincial Department or Board of Health of each province, and such other persons, not to exceed five in number, as may be appointed by the Governor in Council, who shall hold office during good behaviour for three years.

Meetings and duties.

(2) Such Dominion Council shall meet at such times and places as the Minister may direct, and shall be charged with such duties and powers as the Governor in Council may prescribe.

Provincial or municipal boards not affected.

8. Nothing in this Act or in any regulations made hereunder shall authorize the Minister or any officer of the Department to exercise any jurisdiction or control over any provincial or municipal board of health or other health authority operating under the laws of any province.

Regulations and penalties.

9. The Governor in Council may make regulations to give effect to and carry out the objects of this Act and may impose penalties for violation of any such regulation by way of fine not exceeding two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction.

Regulations to be laid before Parliament.

10. Regulations made under this Act shall forthwith after approval by the Governor in Council be published in the *Canada Gazette* and laid before Parliament within fifteen days after they are made if Parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session thereof.

Annual report.

11. The Minister shall submit annually a report to Parliament in such form as may be prescribed by the Governor in Council.

Substitution of Department, Minister and Deputy Minister in certain other Acts.

12. Wherever the Department of Pensions and National Health or the Department of Health, the Minister of Pensions and National Health or the Minister of Health, the Deputy Minister of Pensions and National Health or the Deputy Minister of Health is mentioned in any Act of the Parliament of Canada or in any order or regulation made thereunder, except the acts, orders and regulations mentioned in section nine of *The Department of Veterans Affairs Act*, there shall in each and every such case be substituted the Department of National Health and Welfare, the Minister of National Health and Welfare and the Deputy Minister, or Deputy Ministers, of National Health and Welfare respectively.

Appropriation based on 1944-45 estimates.

13. The provisions made by any Appropriation Act for the financial year ending the thirty-first day of March, one thousand nine hundred and forty-five, based on Estimates 1944-45 to defray expenses of the public service of Canada within the Department of Pensions and National Health, shall apply to such similar or other as well as like classifications of the public service within the Department of National Health and Welfare as the Governor in Council may determine.

Repeal.

14. Sections one, two, three and four and Parts II and III of *The Department of Pensions and National Health Act*, chapter thirty-nine of the statutes of 1928, and the Schedule thereto are repealed.

Coming into force.

15. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council.

159.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 159.

An Act respecting a certain Tax Convention between Canada and the United States of America, signed at Ottawa, in the Dominion of Canada, on the Eighth day of June, 1944.

First reading, July 6, 1944.

THE MINISTER OF NATIONAL REVENUE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
12168 1944

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 159.

An Act respecting a certain Tax Convention between Canada and the United States of America, signed at Ottawa, in the Dominion of Canada, on the Eighth day of June, 1944.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short Title.

1. This Act may be cited as *The Canada-United States of America Tax Convention Act, 1944.*

Convention approved.

2. The Convention entered into between Canada and the United States of America, set out in the Schedule to this Act, is approved and declared to have the force of law in Canada.

Inconsistent legislation.

3. In the event of any inconsistency between the provisions of this Act or of the said Convention and the operation of any other law, and in particular the law relating to the taxation of the succession to property, the provisions of this Act and the Convention shall, to the extent of such inconsistency, prevail.

Orders and regulations.

4. The Minister of National Revenue may make such orders and regulations as are, in his opinion, necessary for the purpose of carrying out the said Convention or for giving effect to any of the provisions thereof.

SCHEDULE

CONVENTION BETWEEN CANADA AND THE UNITED STATES OF AMERICA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION IN THE CASE OF ESTATE TAXES AND SUCCESSION DUTIES.

SIGNED AT OTTAWA, CANADA.

Eighth day of June, 1944.

The Government of the United States of America and the Government of Canada, being desirous of avoiding double taxation and of preventing fiscal evasion in the case of estate taxes and succession duties, have decided to conclude a Convention and for that purpose have appointed as their Plenipotentiaries:

W. L. MACKENZIE KING,
Secretary of State for External Affairs, and

COLIN W. G. GIBSON,
Minister of National Revenue, for Canada;

RAY ATHERTON,
Ambassador Extraordinary and Plenipotentiary of the United States of America at Ottawa, for the United States of America.

Who, having communicated to one another their full powers found in good and due form, have agreed upon the following Articles:

ARTICLE I.

1. The taxes referred to in this Convention are:
(a) for the United States of America: the Federal estate taxes;
(b) for Canada: the taxes imposed under the Dominion Succession Duty Act.
2. In the event of appreciable changes in the fiscal laws of either contracting State, the competent authorities of the contracting States will consult together.

ARTICLE II.

1. Real property situated in Canada shall be exempt from the application of the taxes imposed by the United States of America.
2. Real property situated in the United States of America shall be exempt from the application of the taxes imposed by Canada.
3. The question whether rights relating to or secured by real property are to be considered as real property for the purposes of this Convention shall be determined in accordance with the laws of the contracting State imposing the tax.

ARTICLE III.

1. Shares in a corporation organized in or under the laws of the United States of America, of any of the states or territories of the United States of America, or of the District of Columbia, shall be deemed to be property situated within the United States of America.
2. Shares in a corporation organized in or under the laws of Canada, or of any of the provinces or territories of Canada, shall be deemed to be property situated within Canada.
3. This Article shall not be construed as limiting the liability of the estate of any person not domiciled in Canada or of any citizen of the United States of America, under the estate tax laws of the United States of America.

ARTICLE IV.

1. The situs of property shall be determined in accordance with the laws of the contracting State imposing the tax, except as otherwise provided in this Convention.
2. Allowances for debts shall be determined in accordance with the laws of the contracting State imposing the tax.
3. Domicile shall be determined in accordance with the laws of the contracting State imposing the tax.

ARTICLE V.

1. In the case of a decedent who at the time of his death was a citizen of, or domiciled in, the United States of America, the United States of America may include in the gross estate any property (other than real property) situated in Canada as though this Convention had not come into effect.

2. In the case of a decedent (other than a citizen of the United States of America) who at the time of his death was domiciled in Canada, the United States of America shall, in imposing the taxes to which this Convention relates:

(a) take into account only property situated in the United States of America; and

(b) allow as an exemption an amount which bears the same ratio to the personal exemption allowed in the case of a decedent who was at the time of his death a citizen of, or domiciled in, the United States of America, as the value of the property of such decedent situated in the United States of America bears to the value of the property included in the entire gross estate of the decedent.

3. In the case of a decedent who at the time of his death was domiciled in Canada, Canada may include in the gross estate any property (other than real property) situated in the United States of America as though this Convention had not come into effect.

4. In the case of a decedent who at the time of his death was domiciled in the United States of America, Canada shall, in imposing the taxes to which this Convention relates:

(a) take into account only property situated in Canada; and

(b) allow as an exemption an amount which bears the same ratio to the personal exemption allowed in the case of a decedent who was at the time of his death domiciled in Canada as the value of the property of such decedent situated in Canada bears to the entire value of the property, wherever situated.

ARTICLE VI

1. In the case of a decedent who at the time of his death was a citizen of or domiciled in the United States of America, the United States of America shall impose the estate taxes to which this Convention relates upon the following conditions:

(a) In respect of property situated in Canada which, for the purpose of estate taxes, is included in the gross estate, less such property as is specifically deducted therefrom (either because of transfer for public, charit-

able, educational, religious or similar uses or because the property has been previously taxed under provisions of law relating to property previously taxed) there shall be allowed against the estate taxes a credit for Canadian succession taxes in respect of the property situated in Canada, the situs of such property being determined in accordance with the laws of Canada, subject to the provisions of this Convention.

(b) The portion of the Canadian succession taxes to be allowed as a credit against United States estate taxes shall be an amount which bears the same ratio to the total Canadian succession taxes as the value of the property situated in Canada and with respect to which estate taxes are imposed by the United States of America bears to the total value of the property with respect to which succession taxes are imposed by Canada.

(c) The credit in any such case shall not exceed an amount which bears the same ratio to such estate taxes, computed without the credit provided for herein, as the value of the property situated in Canada and not excluded or deducted from the gross estate as provided in *(a)* bears to the value of the entire gross estate.

(d) The values referred to in *(c)* are the values determined by the United States of America for the purpose of estate taxes.

(e) The credit provided for herein shall apply after the application of section 813 *(b)* of the Internal Revenue Code, as amended by the Revenue Act of 1942.

2. In the case of a decedent who at the time of his death was domiciled in Canada, Canada shall impose the succession taxes to which this Convention relates upon the following conditions:

(a) In respect of property situated in the United States of America which, for the purpose of succession taxes, is included in the gross estate, less such property as is specifically deducted therefrom (because of transfer for charitable, educational, religious or similar uses), there shall be allowed against the succession taxes a credit for United States estate taxes in respect of the property situated in the United States of America, the situs of such property being determined in accordance with the laws of the United States of America, subject to the provisions of this Convention.

(b) The portion of the United States estate taxes to be allowed as a credit against Canadian succession taxes shall be an amount which bears the same ratio to the total United States estate taxes as the value of the property situated in the United States of America and

with respect to which succession taxes are imposed by Canada bears to the total value of the property with respect to which estate taxes are imposed by the United States of America.

(c) The credit in any such case shall not exceed an amount which bears the same ratio to such succession taxes, computed without the credit provided for herein, as the value of the property situated in the United States of America and not excluded or deducted from the gross estate as provided in *(a)* bears to the entire value of the property, wherever situated.

(d) The values referred to in *(c)* are the values determined by Canada for the purpose of succession taxes.

3. *(a)* The credit referred to in this Article may be allowed by the United States of America if claim therefor is filed within the periods provided in section 813*(b)* of the Internal Revenue Code, as amended.

(b) The credit referred to in this Article may be allowed by Canada if claim therefor is filed within the period provided by subsection 4 of section 35 of the *Dominion Succession Duty Act* relating to refund of overpayment.

(c) A refund based on the credit may be made if a claim therefor is filed within the respective periods above provided.

(d) Any refund based on the provisions of this Article or any other provisions of this Convention shall be made without interest.

ARTICLE VII.

1. With a view to the prevention of fiscal evasion each of the contracting States undertakes to furnish to the other contracting State, as provided in the succeeding Articles of this Convention, the information which its competent authorities have at their disposal or are in a position to obtain under its revenue laws in so far as such information may be of use to the authorities of the other contracting State in the assessment of the taxes to which this Convention relates.

2. The information to be furnished under this Article, whether in the ordinary course or on request, may be exchanged directly between the competent authorities of the two contracting States.

ARTICLE VIII

1. The Commissioner shall notify the Minister as soon as practicable when the Commissioner ascertains that in the case of:

(a) a decedent, any part of whose estate is subject to the Federal estate tax laws, there is property of such decedent situated in Canada;

(b) a decedent domiciled in Canada, any part of whose estate is subject to the Dominion Succession Duty Act, there is property of such decedent situated in the United States of America.

2. The Minister shall notify the Commissioner as soon as practicable when the Minister ascertains that in the case of:

(a) a decedent, any part of whose estate is subject to the Dominion Succession Duty Act, there is property of such decedent situated in the United States of America;

(b) a decedent domiciled in the United States of America, any part of whose estate is subject to the Federal estate tax laws, there is property of such decedent situated in Canada.

ARTICLE IX

1. If the Minister deems it necessary to obtain the co-operation of the Commissioner in determination of the succession tax liability of any person, the Commissioner may, upon request, furnish the Minister such information bearing upon the matter as the Commissioner is entitled to obtain under the revenue laws of the United States of America.

2. If the Commissioner deems it necessary to obtain the co-operation of the Minister in the determination of the estate tax liability of any person, the Minister may, upon request, furnish the Commissioner such information bearing upon the matter as the Minister is entitled to obtain under the revenue laws of Canada.

ARTICLE X

The competent authorities of the contracting States may:

(a) prescribe regulations to carry into effect this Convention within the respective States and rules with respect to the exchange of information;

(b) if doubt arises, settle questions of interpretation or application of this Convention by mutual agreement;

(c) communicate with each other directly for the purpose of giving effect to the provisions of this Convention.

ARTICLE XI

If any fiduciary or beneficiary can show that double taxation has resulted or may result in respect of the taxes to which this Convention relates, such fiduciary or beneficiary shall be entitled to lodge a claim or protest with the State of citizenship or domicile of such fiduciary or beneficiary, or, if a corporation or other entity, with the State

in which created or organized. If the claim or protest should be deemed worthy of consideration, the competent authority of such State may consult with the competent authority of the other State to determine whether the alleged double taxation exists or may occur and if so whether it may be avoided in accordance with the terms of this Convention.

ARTICLE XII.

The provisions of this Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the contracting States in the determination of the tax imposed by such State.

ARTICLE XIII.

1. As used in this Convention:
(a) The term "Minister" means the Minister of National Revenue of Canada or his duly authorized representative.
(b) The term "Commissioner" means the Commissioner of Internal Revenue of the United States of America, or his duly authorized representative.
(c) The term "competent authority" or "competent authorities" means the Commissioner and the Minister and their duly authorized representatives.
2. When used in a geographical sense:
(a) The term "United States of America" includes only the states, the Territory of Alaska, the Territory of Hawaii, and the District of Columbia.
(b) The term "Canada" means the provinces, the territories and Sable Island.

ARTICLE XIV

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. This Convention shall be deemed to have come into effect on the 14th day of June, 1941. It shall continue in effect for a period of five years from that date and indefinitely after that period, but may be terminated by either of the contracting States at the end of the five year period or at any time thereafter provided that at least six months prior notice of termination has been given.

Done in duplicate, at Ottawa, this eighth day of June, 1944.

(Signed) W. L. MACKENZIE KING

(Signed) COLIN GIBSON

(Signed) RAY ATHERTON

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 161.

An Act to provide for Family Allowances

First reading, July 17, 1944

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

11247

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 161.

An Act to provide for Family Allowances.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Family Allowances Act, 1944.*

Definitions.

2. In this Act, unless the context otherwise requires:—

"allowance."

(a) "allowance" means the monthly allowance authorized by section three of this Act;

"child."

(b) "child" means any person under the age of sixteen years who is a resident of Canada at the date of registration and continuously for three years immediately prior thereto or since birth: Provided that a child of a member of the Naval, Military or Air Forces of Canada shall, if a resident of Canada at the date of registration, be deemed to have been a resident of Canada during any period while his father was on active service outside of Canada in the Naval, Military or Air Forces of Canada; and provided further that no person who is in Canada contrary to the provisions of the *Immigration Act* shall be considered to be a resident of Canada for the purposes of this Act;

Proviso.

Proviso.

R.S., c. 93.

"institution."

(c) "institution" shall have such meaning as may be prescribed in the regulations;

"maintains."

(d) "maintains" means maintains wholly or substantially, and "substantially" shall have such meaning as may be prescribed in the regulations;

"Minister."

(e) "Minister" means the Minister of National Health and Welfare;

"parent."

(f) "parent" means a father, stepfather, adoptive father, foster father, mother, stepmother, adoptive mother, foster mother or any other person who maintains or has the custody of a child, but does not include an institution;

"registrations."

(g) "registration" means registration pursuant to section four of this Act and regulations;

"regulations."

(h) "regulations" means regulations made by the Governor in Council pursuant to this Act.

Monthly allowance.

3. Subject as provided in this Act and in regulations, there may be paid out of unappropriated moneys in the Consolidated Revenue Fund from and after the first day of July, one thousand nine hundred and forty-five, in respect of each child resident in Canada maintained by a parent, the following monthly allowance:—

(a) in the case of a child less than six years of age, five dollars per month;

(b) in the case of a child six or more years of age but less than ten years of age, six dollars per month;

(c) in the case of a child ten or more years of age but less than thirteen years of age, seven dollars per month;

(d) in the case of a child thirteen or more years of age but less than sixteen years of age, eight dollars per month:

Proviso.

Provided that the allowance payable shall, in respect of a fifth child maintained by the parent, be reduced by one dollar and in respect of a sixth child and a seventh child respectively so maintained, by two dollars and in respect of an eighth child and each additional child respectively so maintained, by three dollars.

When and how payable.

4. (1) The allowance shall be payable only after registration of the child, and shall commence in the first month after registration, and shall be payable to a parent in accordance with regulations or to such other person as is authorized by or pursuant to the regulations to receive the same.

When allowance shall cease to be payable.

(2) The allowance shall cease to be payable with the payment for the month when the child attains his sixteenth birthday or when, being above the age of six years and physically fit to attend school, he fails to attend school or to receive equivalent training as prescribed in the regulations or when he dies or ceases to reside in Canada or, in the case of a female child, when she marries.

Change of allowance.

(3) The increase in the allowance payable under section three consequent upon a child attaining his sixth, tenth or thirteenth birthday shall commence with the payment for the month following such birthday.

Report to be made when allowance ceases to be payable.

(4) A person to whom an allowance is payable shall, within one month of the allowance ceasing to be payable, report such fact in accordance with regulations.

Application of allowance.

5. The allowance shall be applied by the person receiving the same exclusively towards the maintenance, care, training, education and advancement of the child, and, if the Minister or such officer as is authorized by regulations in that behalf is satisfied that the allowance is not being so applied, payment thereof shall be discontinued or made to some other person or agency.

Appeal.

6. If any person is dissatisfied with a decision as to his right to be paid an allowance or as to the amount of an allowance payable to him or as to any other matter arising under this Act, he may appeal against such decision to a tribunal to be established and conducted in accordance with regulations, and the decision of the tribunal shall not be subject to appeal or review by any court of law.

Allowance not to be taxed, assigned, or charged.

7. No allowance under this Act shall be subject to taxation or to the operation of any law relating to bankruptcy or insolvency or be assigned, charged, attached, anticipated or given as security, and the allowance is payable subject to these conditions.

Avoidance of duplication in allowances.

R.S., c. 97.

8. (1) Nothing in this Act shall preclude such adjustment of the deduction on account of a dependent child from tax payable under the *Income War Tax Act* as may be necessary to avoid duplication of benefits under the *Income War Tax Act* and this Act.

Reduction or withholding allowance.

(2) Where he considers it necessary to prevent duplication the Governor in Council may by regulation provide for the reduction or withholding of the allowance payable to any person receiving aid from the Government of Canada or any province for the maintenance of a child in respect of whom the allowance is payable under this Act, provided that such reduction or withholding shall not be made by reason of a pension under the *Pension Act* or dependent's allowance payable in respect of a dependent child of a member of the Naval, Military or Air Forces of Canada.

R.S., c. 157.

Powers of Minister.

9. The Minister shall have the powers necessary to administer this Act, and he may

(a) establish committees or boards and arrange with departments of government and other public and private agencies and organizations to assist him in carrying out the purposes of this Act;

(b) appoint any person to inquire into any matters concerning which information is required in the administration of this Act, which person shall have the powers of a commissioner appointed under Part I of the *Inquiries Act*.

R.S., c. 99.

Co-operation with provinces.

10. The Minister may, with the approval of the Governor in Council, make arrangements with the government of any province to facilitate the carrying out of this Act.

Regulations and penalties.

11. The Governor in Council may make regulations to give effect to and carry out the objects of this Act, and, without restricting the generality of the foregoing, may by regulations—

(a) provide generally or in respect of any province or any class of cases that payment shall be made to the parent prescribed in the regulations;

(b) provide that where, by reason of age, infirmity, ill health, insanity, improvidence or other reasonable cause of disqualification of the person to whom the allowance is payable or in other special circumstances, payment may be made to another suitable person or agency;

(c) provide the procedure of the tribunal established pursuant to section six of this Act;

(d) provide that in the case of Indians and Eskimaux payment of the allowance shall be made to a person authorized by the Governor in Council to receive and apply the same;

(e) prescribe the manner and form of registration and the information and evidence which may be required in connection therewith;

(f) impose penalties for violation of any such regulation by way of fine not exceeding two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction.

Regulations to be laid before Parliament.

12. Regulations made under this Act shall forthwith after approval by the Governor in Council be published in the *Canada Gazette* and shall be laid before Parliament within fifteen days after they are made if Parliament is then sitting, and, if not, then within fifteen days after the commencement of the next ensuing session.

Return of undue allowance.

13. (1) Any person receiving an allowance or cheque therefor to which he is not entitled shall forthwith return the amount thereof or the cheque.

Recovery of undue allowance.

(2) When an allowance has been paid to a person who was not entitled thereto or in excess of the amount to which a person was entitled under this Act, the amount so paid to which the person was not entitled may be recovered at any time from the person to whom it was paid or his legal representative as a debt due to the Crown, and the amount of any such indebtedness may be retained by way of deduction or set off out of any sums of money which may be payable to that person at any time under this Act.

Offences.

14. (1) Every person shall be guilty of an offence and liable, on summary conviction, to imprisonment for a term not exceeding six months, with or without hard labour, or to a fine not exceeding five hundred dollars, or to both such imprisonment and such fine, who knowingly

(a) makes a false or misleading statement orally or in writing with the intention of influencing any decision with respect to the payment of an allowance either for himself or for any other person;

(b) makes or presents to any inspector or person appointed to make an inquiry under this Act any statement or document which is false in any material part;

(c) cashes any cheque for an allowance to which he is not entitled;

(d) being a person to whom an allowance is payable, fails to report, as required by subsection four of section four of this Act, that an allowance has ceased to be payable in respect of such child or, in the case of a parent, that he has ceased to maintain the child.

Limitation.

(2) No prosecution under this section or for an offence created by the regulations may be commenced after three years from the commission of the offence.

Consent of the Minister.

(3) No prosecution under this section or for an offence created by the regulations shall be instituted without the written consent of the Minister.

Annual report.

15. The Minister shall submit to Parliament within fifteen days of the commencement of the first session of Parliament in each year a report of expenditures and administration in connection with this Act during the previous fiscal year.

Payment of expenses.

16. The expenses necessary for the administration of this Act, other than payment of allowances, shall be payable out of moneys appropriated by Parliament for the purpose.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 162.

An Act to amend The War Exchange Conservation Act, 1940.

First reading, July 24, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

12300

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 162.

An Act to amend The War Exchange Conservation Act, 1940.

1940-41, cc. 2. 29.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Sections and Schedule One repealed.

1. Sections two, three, four, five and six of *The War Exchange Conservation Act, 1940,* chapter two of the statutes of 1940-41 and Schedule One to the said Act as amended by sections three, four and five of chapter twenty-nine of the statutes of 1940-41, are repealed.

Schedule Two amended.

2. Schedule Two of the said Act, as amended by section six of chapter twenty-nine of the statutes of 1940-41, is further amended by deleting therefrom Tariff Items 524a, 548, ex 553, 558b, 558d, ex 560c, 561, 561a, 562a, ex 564, ex 565, 567a and ex 568 and by substituting therefor the following items and enumerations:—

"524a:	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments	Free
548:	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments nor wool, n.o.p.	Free
ex 553:	Blankets wholly of cotton, synthetic textile fibres or filaments, or cotton and synthetic textile fibres or filaments, but not containing silk nor wool	Free

Explanatory Notes

The proposed amendments are in conformity with the resolutions as passed by the House.

1. The purpose of section one of this Bill is to repeal sections 2, 3, 4, 5 and 6 of *The War Exchange Conservation Act, 1940* and Schedule One thereto which prohibit the importation of specified goods from countries outside the sterling area.

2. The purpose of section two is to amend Schedule Two of the said Act by,

(a) substituting the phrase "synthetic textile fibres or filaments" for each of the phrases "artificial silk", "artificial silk or similar synthetic fibres", and "artificial silk or similar synthetic fibres produced by chemical processes" wherever they appear in Items 524a, 548, ex 553, 558b, 558d, ex 560c, 561, 561a, 562a, ex 564, ex 565, 567a and ex 568;

(b) substituting the phrase "yarns of synthetic textile fibres or filaments" for the phrase "artificial silk yarns" in Item 558d.

558b: Rovings, yarns and warps wholly of synthetic textile fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch, under such regulations as the Minister may prescribe:

(a) Produced from cellulose acetate .... Free

(b) N.o.p ..... Free

558d: Rovings, yarns and warps wholly or in part of synthetic textile fibres or filaments n.o.p., including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk; yarns of synthetic textile fibres or filaments wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards; under such regulations as the Minister may prescribe:—

(a) Produced wholly from cellulose acetate ..... Free

(b) N.o.p ..... Free

ex 560c: Woven fabrics with cut pile, whether or not coated or impregnated, wholly or in part of synthetic textile fibres or filaments, but not containing silk or wool, n.o.p..... Free

561: Woven fabrics wholly or in part of synthetic textile fibres or filaments, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p ..... Free

561a: Fabrics, coated or impregnated, n.o.p.:—

(ii) Composed wholly or in part of synthetic textile fibres or filaments but not containing silk ..... Free

562a: Woven fabrics not exceeding twelve inches in width, generally known as "ribbons", whether with cut pile or not, wholly or in part of synthetic textile fibres or filaments, but not containing silk nor wool ..... Free

ex 564: Woven fabrics, of a kind not made in Canada, wholly, or in chief part, by weight, of synthetic textile fibres or filaments, imported in the web in lengths of not less than five yards each by manufacturers of neckties, scarves, or mufflers, for use exclusively in the manufacture of such articles in their own factories ..... Free

ex 565:	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, of synthetic textile fibres or filaments....	Free
567a:	Clothing, wearing apparel and articles, made from woven fabrics and all textile manufactures, wholly or partially manufactured, n.o.p., of which the component of chief value is synthetic textile fibres or filaments.....	Free
ex 568:	Knitted garments, knitted underwear and knitted goods, wholly of cotton, synthetic textile fibres or filaments, or cotton and synthetic textile fibres or filaments.....	Free

Coming into force.

3. Section one of this Act shall be deemed to have come into force on the first day of August, 1944, and section two shall be deemed to have come into force on the twenty-seventh day of June, 1944.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 163.

An Act to amend the Special War Revenue Act.

First reading, July 24, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

12479

5th Session, 19th Parliament, 8 George VI, 1944.

R.S., c. 179; 1928, c. 50; 1929, c. 57; 1930, c. 43; 1931, c. 54; 1932, c. 54; 1932-33, c. 50; 1934, c. 42; 1935, c. 33; 1936, c. 45; 1937, c. 41; 1938, c. 52; 1939, c. 52; 1939 (2nd Sess.), c. 8; 1940, c. 41; 1940-41, cc. 1, 27; 1942-43, c. 32; 1943-44, c. 11.

THE HOUSE OF COMMONS OF CANADA

BILL 163.

An Act to amend the Special War Revenue Act.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Sections and subsections repealed.

1. Sections twenty-seven and twenty-eight, subsection one of section twenty-nine, sections thirty, thirty-five, thirty-six, thirty-seven, thirty-nine and sixty-two, subsection two of section sixty-three and section seventy-eight of the *Special War Revenue Act*, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, are repealed.

2. The said Act is further amended by inserting therein, immediately after section eighty A, the following section:—

Fur content of garments, etc.

"**80B.** There shall be imposed, levied and collected an excise tax equal to twenty-five per cent. of the current market value of the fur contained in any garment, robe, or other article imported into Canada, payable by the importer or transferee of such goods before they are removed from the custody of the proper customs officer."

3. The said Act is further amended by inserting, immediately after section one hundred and one, the following section:—

Liability for retail purchase and entertainment taxes.

"**101A.** Every person who, being required by or pursuant to this Act to affix or cancel stamps, fails to do so as required is liable to His Majesty for the amount of stamps he should have affixed or cancelled and that amount shall be recoverable in the Exchequer Court of Canada, or in any other court of competent jurisdiction as a debt due to His Majesty."

Explanatory Notes

1. Repeal of these sections is possible because of their provisions being included in the new sections 111 (1) and 113 of the Act (See sections 4 and 6 of this Act).

2. The excise tax applies to furs, dressed and/or dyed in Canada, and to those imported, but heretofore there has been no provision for applying the tax to the fur content of garments and articles of fur imported.

3. This section is designed to place liability for the retail purchase and entertainment taxes on the vendors and operators, respectively, where they have failed to collect the tax as required by the statute or, having collected it, have failed to remit it to the Crown.

4. Subsection one of section one hundred and eleven of the said Act is repealed and the following substituted therefor:

Penalties for failure to pay or collect taxes or affix stamps.

"**111.** (1) Every person who, being required, by or pursuant to this Act, to pay or collect taxes or other sums, or to affix or cancel stamps, fails to do so as required is guilty of an offence and, in addition to any other penalty or liability imposed by law for such failure, is liable on summary conviction to a penalty of not less than twenty-five dollars and not more than one thousand dollars and to a further penalty equal to the tax or other sum that he should have paid or collected or the amount of stamps that he should have affixed or cancelled, as the case may be, and in default of payment thereof to imprisonment for a term of not less than thirty days and not more than twelve months."

Subsections repealed.

5. Subsections one and two of section one hundred and twelve of the said Act are repealed.

6. Section one hundred and thirteen of the said Act, as amended by section seventeen of chapter forty-one of the statutes of 1940, is repealed and the following substituted therefor:—

Records and books to be kept.

"**113.** (1) Every person required, by or pursuant to this Act, to pay or collect taxes or other sums or to affix or cancel stamps shall keep records and books of account in English or French at his place of business in Canada in such form and containing such information as, in the opinion of the Minister, will enable an audit to be made to establish the amount of taxes or other sums that should have been paid or collected or the amount of stamps that should have been affixed or cancelled.

Written permission for disposal.

(2) Every person required by subsection one of this section to keep records or books of account shall, until written permission for their disposal is obtained from the Minister, keep every such record or book of account and every account or voucher necessary to verify the information in any such record or book of account.

To be available for inspection.

(3) Every person required by subsection one of this section to keep records or books of account shall, at all reasonable times, make the records and books of account and every account and voucher necessary to verify the information therein available to officers of the Department of National Revenue and other persons thereunto authorized by the Minister and give them every facility necessary to inspect the records, books, accounts and vouchers.

4. Subsection one of section 111 at present reads as follows:—

"**111.** (1) Every person who, being thereto liable, neglects, omits or refuses to pay any tax imposed by Parts IV to XIII inclusive, of this Act, in addition to any other penalty to which he is subject for any such offence, shall be liable on summary conviction to a penalty of not less than twenty-five dollars and not exceeding one thousand dollars and to a further penalty equal to the amount of the tax properly payable."

The change here is to include in this section the penalties for failing to affix or cancel stamps as required by the Act.

5. The provisions of these subsections are included in the new section 113 (see section 6).

6. Primarily, this section is designed to require persons responsible for the collection of the retail purchase tax and the entertainment tax to keep records and to permit their inspection by auditors or other authorized officers; its provisions, also, are to permit the Minister to make assessments in cases where it is evident that proper returns have not been made, or where the proper tax has not been paid.

In addition, as these requirements appear at various places in the present *Special War Revenue Act*, and apply to other taxes imposed thereby, it was thought well to incorporate all their present provisions and cancel the duplicating sections (See note opposite section one.).

Records and book may be seized for violation of the Act.

(4) Where, during the course of an audit or inspection, it appears to an officer of the Department of National Revenue or any other person authorized by the Minister to inspect records or books that there has been a violation of this Act, the officer or authorized person may seize, take away and retain any record or book kept pursuant to subsection one of this section and any account or voucher submitted to verify the information contained therein until they are produced in any court proceedings.

If records or books are not adequate.

(5) If a person required by subsection one of this section to keep records or books of account has not, in the opinion of the Minister, kept adequate records or books of account, the Minister may prescribe the form of, and the information to be contained in, records or books of account to be kept by such person under subsection one of this section.

If records or books not kept as required.

(6) Where the form of, or the information to be contained in, records or books of account to be kept by a person has been prescribed under subsection five of this section, if he fails to keep such records or books of account as required, he is guilty of an offence and liable on summary conviction to a penalty of not more than one thousand dollars and not less than twenty-five dollars and in default of payment of the said penalty, to a term of imprisonment of not less than two months and not more than twelve months.

Failure to make records and books available, etc.

(7) Every person who fails to comply with subsection three of this section and every person who in any way prevents or attempts to prevent an officer of the Department of National Revenue or an authorized person from having access to, or from inspecting, records or books of account kept pursuant to subsection one of this section is guilty of an offence and liable on summary conviction to a penalty of not less than two hundred dollars and not more than two thousand dollars or to imprisonment for a term of not more than six months or to both such penalty and such imprisonment.

Assessment where required records are not kept.

(8) Where a person has, during any period, in the opinion of the Minister, failed to keep records or books of account as required by subsection one of this section, the Minister may assess

(a) the taxes or sums that he was required, by or pursuant to this Act, to pay or collect in, or in respect of, that period, or

(b) the amount of stamps that he was required, by or pursuant to this Act, to affix or cancel in, or in respect of, that period,

and the taxes, sums or amounts so assessed shall be deemed to have been due and payable by him to His Majesty on the day the taxes or sums should have been paid or the stamps should have been affixed or cancelled.

Destroying records, etc., and making false entries, etc.

(9) Every person who

(a) destroys, alters or mutilates records or books of account kept in respect of any period pursuant to subsection one of this section to evade paying a tax or otherwise to evade compliance with this Act or to assist any other person to evade paying a tax or otherwise to evade compliance with this Act, or

(b) makes, or assents or acquiesces in the making of false or deceptive entries, or omits or assents or acquiesces in the omission, to enter a material particular in books or records of account required to be kept in respect of any period by subsection one of this section,

Offence and penalty.

is guilty of an offence and liable on summary conviction to a penalty of not less than one hundred dollars and not more than one thousand dollars and to a further penalty equal to double the amount of the taxes that should have been paid or collected or the amount of stamps that should have been affixed or cancelled, as the case may be, in respect of such period, and in default of payment of the said penalties, to imprisonment for a term of not less than three months and not more than twelve months."

7. Section one hundred and twenty E of the said Act, as enacted by section nineteen of chapter forty-one of the statutes of 1940, is amended by adding the following subsection thereto:—

Information may be for one or more offences.

"(2) An information or complaint for contravening the provisions of this Act may be for one or more such offences and no information, complaint, warrant, conviction or other proceeding in respct of any such offence or offences shall be objectionable or insufficient on the ground that it relates to two or more offences."

Sections repealed.

8. Sections one hundred and twenty-six to one hundred and thirty-two, both inclusive, of the said Act, are repealed.

9. Subsection two of section one hundred and thirty-five of the said Act, as enacted by section thirty-six of chapter thirty-two of the statutes of 1942-43, is repealed and the following subsections substituted therefor:—

Permission to affix stamps to a daily statement.

"(2) The Minister may grant to an operator permission to affix stamps under this Part to a daily statement and an operator to whom that permission has been granted shall, until the permission is cancelled, instead of complying with subsection one of this section,

(a) furnish to each patron before he leaves the place of entertainment, one or more bills or invoices for all charges, charged to or collected from him since his arrival at such place and showing the tax payable, under this Part as a separate item;

7. This section is to permit the Minister to include in one information or complaint a number of offences particularly under the retail purchase tax and the entertainment tax, instead of laying a separate complaint for each offence.

8. The repeal of these sections is possible because of their provisions being included in the new section 111, subsec. (1), and section 113 of the Act.

9. This section is intended to permit persons liable for collection of the entertainment tax to make a statement at the end of the day's business and to affix the stamps to it, instead of to each bill or invoice rendered to their customers.

(b) prepare a statement each day showing the total of such charges to his patrons for the day and the total tax payable under this Part as a separate item; and

(c) not later than noon of the next day, affix to such statements, and cancel, an excise stamp or stamps to the amount of the tax for which provision is made by this section in respect of the charges set out therein.

Patron to retain bill and invoices.

(3) Every patron shall retain all bills and invoices furnished to him under this section until he leaves the place of entertainment."

10. Section one hundred and forty-two of the said Act, as enacted by section thirty-six of the statutes of 1942-43, is amended by adding the following subsection thereto:—

Weekly payments.

"(4) The Minister may grant permission to a vendor to file returns and pay tax under this Part on a weekly basis and a vendor to whom that permission has been granted and who sells for consumption or use goods mentioned in Schedule VI to this Act, that have been manufactured or produced in Canada or imported into Canada, shall, until the permission is cancelled, instead of complying with subsection three of this section, on or before Friday of the week following that in which he delivers the goods,

(a) compile a statement of all such goods which he delivered during the week, showing the date of the sale and the quantity and price of the goods sold; and

(b) file the statement with the Minister and pay to the Minister the amount of the tax imposed by subsection two of section one hundred and forty of this Act in respect of the goods so delivered."

Schedule I.

Soft drinks.

11. Section nine of Schedule I to the said Act is repealed and the following substituted therefor:—

"9. Unfermented fruit juice beverages (not including beverages at least ninety-five per cent. of which consists of pure juice of the fruit) and imitations thereof, carbonated beverages or aerated waters and all other compounded or mixed soft drinks, put up in bottles for sale ..... twenty-five per cent."

Schedule II.

Cigars.

12. (1) Paragraph *(a)* of section one of Schedule II to the said Act, as enacted by section twenty of chapter eleven of the statutes of 1943-44, is repealed and the following paragraphs substituted therefor:—

"*(a)* valued at not more than twenty-five dollars per thousand, per thousand .... three dollars and twenty-five cents;

10. Representations have been made to the effect that, as large quantities of stamps are necessary and have to be affixed to daily statements, considerable extra accounting is necessary as well as the protection and safekeeping of the stamps from the time they are obtained from banks until they are affixed and, in addition, in view of the liability for safe custody of these, the taxpayers have asked to be permitted to make weekly payments of the tax by cheque instead of by stamps. This authority is being given by this section.

11. The section to be repealed at present reads as follows:—

> "*Beverages consisting of unfermented fruit juices* (not including *grape and other native fruit juices where* at least ninety-five per cent. of the products sold consist of pure juice of the fruit) and imitations thereof, carbonated beverages or aerated waters and all other compounded or mixed soft drinks, put up in bottles for sale.....
> .....twenty-five per cent."

The change is designed to exempt all fruit juices sold in bottles, from the tax, if 95% of the product is the pure juice of the fruit.

12. (1) This section provides for a reduction in the excise tax on low priced cigars.

(aa) valued at more than twenty-five dollars per thousand and not more than forty dollars per thousand, per thousand.....
.....six dollars and twenty-five cents."

(2) Paragraph *(a)* of section three of Schedule II to the said Act is repealed and the following substituted therefor:—

Sugar.

"*(a)* Materials enumerated in Customs Tariff Items 134, 135, 135a and 135b....one cent per pound;"

Schedule III.

13. (1) Schedule III of the said Act, as enacted by section seven of chapter fifty-two of the statutes of 1938 and amended by section four of chapter fifty-two of the statutes of 1939 (1st session), by section four of chapter eight of the statutes of 1939 (2nd session), by sections twenty-five and twenty-six of chapter forty-one of the statutes of 1940, by sections eighteen, nineteen, twenty, twenty-one and twenty-two of chapter twenty-seven of the statutes of 1940-41, by section forty of chapter thirty-two of the statutes of 1942-43, and by sections twenty-one and twenty-two of chapter eleven of the statutes of 1943-44, is further amended by inserting in the said Schedule under the heading "FARM AND FOREST", the words:

Baling twine,

"Baling twine for baling farm produce, and articles and materials to be used or consumed exclusively in process of manufacture thereof."

Schedule III.

(2) Schedule III to the said Act is further amended by repealing the paragraphs therein numbered 409f, 696a, and 704, under the heading "CUSTOMS TARIFF ITEMS" and substituting therefor the following:—

"409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines, grain loaders or elevators with a capacity not exceeding forty bushels per minute, and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing."

"696a. Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound disks, records and transcriptions; when certified by the Government or by a recognized representative authority of the Government of the country of production as being of an international educational character; subject to such regulations as the Minister may prescribe."

"704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest to

(2) Order-in-Council P.C. 545 effective September 1st, 1943, provided for a reduction in the excise tax on sugar from one and one-half cents to one cent per pound and this amendment provides for the incorporation of that authority into the Act.

13. (1) This section is to provide exemption from the sales tax for the goods mentioned.

(2) The changes here are to extend exemption from the sales tax to grain loaders or elevators with certain capacities, and also to amend two tariff items that were altered in the customs tariff last year but the alteration was not carried into this Act.

any resident of Canada, or acquired by any resident of Canada as a result of the death of any person resident abroad, or as a gift in anticipation of the death of any such person; all such goods or articles when given as a free gift by anyone resident abroad to a resident of Canada; the Minister to be the sole judge as to whether any goods or any article imported is to be classified as entitled to the benefit of this item or not."

14. This Act shall be deemed to have come into effect on the twenty-seventh day of June, nineteen hundred and forty-four.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 165.

An Act to amend the Judges Act (Annuities).

First reading, July 24, 1944.

THE MINISTER OF JUSTICE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

12598

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 165.

An Act to amend the Judges Act (Annuities).

R.S., c. 105; 1930, c. 27; 1931, c. 37; 1932, cc. 16, 48; 1936, c. 39; 1944, c. 10.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The *Judges Act*, chapter one hundred and five of the Revised Statutes of Canada, 1927, is amended by inserting immediately after section twenty-six thereof the following:—

Annuity equal to two-thirds of pension or annuity if judge so elects.

"**26A.** (1) If a judge of any of the courts mentioned in sections twenty-three or twenty-five of this Act, on or before the first day of November, one thousand nine hundred and forty-four, or within ninety days of his first appointment as a judge, elects in writing, to accept an annuity authorized by this section, His Majesty may, in lieu of a pension or annuity authorized by any other section of this Act, by letters patent under the Great Seal of Canada grant an annuity to such judge equal to two-thirds of the pension or annuity which His Majesty might, but for his election, have granted to him pursuant to the provisions of this Act other than this section.

Annuity to wife of judge.

(2) His Majesty may grant to the wife of a judge to whom an annuity is granted under subsection one of this section an annuity equal to one half of the annuity granted to the judge to commence with the first payment of the annuity to the judge and to continue thenceforth during her natural life.

Annuity equal to two-ninths of salary to judge's widow if judge dies while holding office.

(3) Where a judge who has made an election under subsection one of this section dies while holding office, His Majesty may grant to the widow of such judge an annuity equal to two-ninths of the salary of the judge at the date of his death, such annuity to commence immediately after the death of the judge and to continue thenceforth during her natural life: Provided that, in the case of the widow of a judge of a county court or of the Circuit Court of the District of Montreal who has continued in office as

Proviso.

Explanatory Note.

Under the present state of the law a judge is entitled in the event of retirement to an annuity or pension. No pension is payable to the widow, however. The purpose of this amendment is to enable a judge to make an election to divide his pension so that his wife will receive one-third of the present pension and the retired judge two-thirds. If the judge dies in office, the widow will receive a pension equal to two-ninths of the judge's salary, which basis is arrived at as follows:—

The judge's pension at present is in most cases two-thirds of salary. The proposed division of this pension is that the judge receive two-thirds and the wife or widow one-third. Thus, the widow will receive one-third of two-thirds of the judge's salary, which is two-ninths of salary.

A county or district court judge who has served less than five years at the date of retirement receives only one-third of salary instead of two-thirds. The proposal is that if he dies in office the widow will receive one-ninth in place of two-ninths of his salary as annuity.

such judge for a period of less than five years and who at the date of his death had not attained the age of seventy-five years, the annuity shall be equal to one-ninth of the salary of the judge at the date of his death.

Election to be irrevocable.

(4) An election made pursuant to this section is irrevocable.

Annuity to cease on re-marriage.

(5) An annuity granted to the wife or widow of a judge pursuant to this section shall cease on the re-marriage of the annuitant.

166.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 166.

An Act to amend the Dominion Succession Duty Act.

First reading, July 24, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13641

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 166.

An Act to amend the Dominion Succession Duty Act.

1940-41, c. 14; 1942-43, c. 25.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Definitions.

1. Paragraph *(b)* of section two of *The Dominion Succession Duty Act*, chapter fourteen of the statutes of 1940-41, as enacted by section one of chapter twenty-five of the statutes of 1942-43, is repealed and the following substituted therefor:—

"child".

"*(b)* 'child' means

(i) a child of the deceased;

(ii) a person lawfully adopted while under the age of twleve years by the deceased as his child;

(iii) a person who, during his infancy for a period of not less than ten years, was in law or in fact in the custody and control of the deceased and was dependent upon the deceased for support; or

(iv) a lineal descendant of a person described by subparagraph (i), (ii) or (iii);

if at the time of the death of the deceased the child, person or lineal descendant was

(v) under eighteen years of age in the case of the deceased's own child or adopted child;

(vi) under eighteen years of age and dependent upon the deceased for support; or

(vii) eighteen years of age or over and likewise dependent upon the deceased on account of mental or physical infirmity."

2. (1) Paragraph *(d)* of subsection one of section three of the said Act is repealed and the following substituted therefor:—

Gifts with reservation of benefit.

"*(d)* property taken under a gift whenever made of which actual and *bona fide* possession and enjoyment

Explanatory Notes

1. The purpose of this amendment is to extend the definition of "child" so as to include a person who is treated in the same manner as the deceased's own child, notwithstanding that such person has not been legally adopted.

Paragraph *(b)* presently reads:—

"*(b)* 'child' means any child of the deceased including any person lawfully adopted while such person is under the age of twelve years by the deceased as his child and any lineal descendant of any such child or person, provided that at the date of the death of the deceased such child was

(i) under eighteen years of age in the case of the deceased's own child or adopted child; or

(ii) under eighteen years of age, and dependent upon the deceased for support; or

(iii) eighteen years of age or over and likewise dependent upon the deceased on account of mental or physical infirmity."

2. This amendment is designed to exempt from taxation gifts with reservation of benefit to the donor in circumstances where the benefit so reserved is surrendered three years or more before the death of the deceased.

Paragraph *(d)* presently reads:—

"*(d)* property taken under a gift whenever made of which actual and bona fide possession and enjoyment shall not have been assumed by the donee or by a trustee for the donee immediately upon the gift and thenceforward retained to the entire exclusion of the donor or of any benefit to him, whether voluntary or by contract or otherwise;"

has not been assumed by the donee or by a trustee for the donee at least three years before the death of the deceased and thenceforward retained to the entire exclusion of the donor or of any benefit to him, whether voluntary or by contract or otherwise."

(2) The said section three is further amended by adding the following subsection thereto:—

Taking of interest deemed a succession.

"(4) Where, upon the death of a person having a general power to appoint or dispose of property a person takes a beneficial interest in the property as a result of the failure of the deceased to exercise the power, the taking of the interest in the property shall be deemed to be a succession and the beneficiary and the deceased shall be deemed to be the 'successor' and 'predecessor' respectively in relation to the property."

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 167.

An Act to amend the Customs Tariff.

First reading, July 24, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13647

R.S., c. 44; 1928, c. 17; 1929, c. 39; 1930 (1st Sess.), c. 13; 1930 (2nd Sess.), c. 3; 1931, c. 30; 1932, c. 41; 1932-33, cc. 6, 37; 1934, cc. 32, 49; 1935, c. 28; 1936, c. 31; 1937, cc. 25, 26; 1939 (1st Sess.), c. 41; 1939 (2nd Sess.), c. 2; 1940, c. 29; 1940-41, c. 13; 1942-43, c. 23; 1943, c. 7.

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 167.

An Act to amend the Customs Tariff.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Definition.

1. Subsection one of section two of the *Customs Tariff*, as enacted by section one of chapter thirty of the statutes of 1931, as amended by section one of chapter thirty-two of the statutes of 1934, is further amended by adding thereto the following paragraph:—

"rubber".

"*(n)* "rubber" includes synthetic rubber which may be defined by regulations prescribed by the Minister."

Schedule A amended.

2. Schedule A to the *Customs Tariff*, chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the statutes of 1928, chapter thirty-nine of the statutes of 1929, chapter thirteen of the statutes of 1930 (first session), chapter three of the statutes of 1930 (second session), chapter thirty of the statutes of 1931, chapter forty-one of the statutes of 1932, chapters six and thirty-seven of the statutes of 1932-33, chapters thirty-two and forty-nine of the statutes of 1934, chapter twenty-eight of the statutes of 1935, chapter thirty-one of the statutes of 1936, chapters twenty-five and twenty-six of the statutes of 1937, chapter forty-one of the statutes of 1939 (first session), chapter two of the statutes of 1939 (second session), chapter twenty-nine of the statutes of 1940, chapter thirteen of the statutes of 1940-41, chapter twenty-three of the statutes of 1942-43 and chapter seven of the statutes of 1943, is further amended by striking thereout tariff items 156, 158, 188, 216d, 219a (i) and (ii), 220 *(a)*, *(b)* and *(c)*, 300, 316a, 326b, 326h, 356b, 408, 409, 409a, 409b, 409c, 409d, 409e (i), (ii) and (iii), 409f, 409g, 409h, 409i, 409j, 409k, 409n, 409o, 410s, 431c, 431d, 438j, 442, 442a (1) and (2), 443b, 476b, 476c, 477, 482, 524a, 537, 537a, 537d,

538a, 540 *(c)* and *(d)*, 542, 542a, 548, 551, 555, 556b, 557, 557a, 557b, 558b *(a)* and *(b)*, 558d *(a)* and *(b)*, 558f, 560a, 560c, 561, 561a (i) and (ii), 562a, 564, 567a, 616c, 617, 618, 618c, 619a, 654, 688, 691, 813, 825, and by rescinding Orders in Council P.C. 2/1245 of July 30, 1925, P.C. 5/296 of February 22, 1927, P.C. 21/2009 of November 5, 1928, P.C. 4078 of August 21, 1940, P.C. 4761 of June 10, 1943, P.C. 6097 of August 3, 1943, P.C. 686 of February 3, 1944, by striking out the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting in the said Schedule the items, enumerations and rates of duty which are specified in Schedule A to this Act.

Schedule B amended.

3. Schedule B to the said Act, as amended by chapter seventeen of the statutes of 1928, chapter thirty-nine of the statutes of 1929, chapter thirteen of the statutes of 1930 (first session), chapter three of the statutes of 1930 (second session), chapter thirty of the statutes of 1931, chapter thirty-seven of the statutes of 1932-33, chapter thirty-two of the statutes of 1934, chapter twenty-eight of the statutes of 1935, chapter thirty-one of the statutes of 1936, and chapter twenty-six of the statutes of 1937 and chapter forty-one of the statutes of 1939, is further amended by striking thereout Tariff items 1001, 1027 and 1057, the enumerations of goods and the rates of drawback of customs duties set opposite thereto, and by inserting in the said Schedule B the items, enumerations and rates of drawback of customs duties which are specified in Schedule B to this Act.

Date of coming into force.

4. This Act shall be deemed to have come into force on the twenty-seventh day of June, nineteen hundred and forty-four, and to have applied to all goods mentioned in the preceding sections and in the Schedules hereto, imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

SCHEDULE A

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
2a	Rabbits, pure bred, for the improvement of stock, under regulations prescribed by the Minister.....	Free	Free	Free
156	Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; gin of all kinds, n.o.p.; rum; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel oil, or any substance known as potato spirits or potato oil; absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit, per gallon of the strength of proof.....	$5.00	$10.00	$10.00
	Provided, (1) that when the goods specified in Item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.			
	Provided, (2) that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength), viz.:—			
	Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;			
	Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;			
	Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallon per dozen, as one and one-half gallon per dozen;			
	Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen;			
	Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen;			
	Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen;			

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
	Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen. Provided, (3) that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister.			
158	Methyl alcohol, subject to the provisions of the Excise Act, and regulations.....per proof gallon	20 cts.	20 cts.	20 cts.
188	Plain basic photographic paper, baryta coated, for use exclusively in manufacturing albumenized or sensitized photographic paper..	Free	Free	10 p.c.
206c	Bottles, and tubes other than rubber, bail bands, labels, corks, stoppers or other closures, for use with bottles, whether or not assembled into units partially filled with anti-coagulating solutions or not; filters, drop counters, clamps; all of the foregoing, when imported to be used exclusively for the collection, preparation, storage, transportation or administration of human blood (whether whole or in the form of liquid or dry serum or plasma); component materials to be used exclusively in making the foregoing articles or anti-coagulating solutions...	Free	Free	Free
216d	Phthalic anhydride, adipic, abietic, maleic and succinic acids, hexamethylene diammonium adipate, hexamethylene diammonium sebacate, caprolactam, and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories....	Free	Free	Free
219a	Non-alcoholic preparations or chemicals for disinfecting, or for preventing, destroying, repelling, or mitigating fungi, weeds, insects, rodents, or other plant or animal pests, n.o.p.:—			
	(i) When in packages not exceeding three pounds each, gross weight.....	Free	20 p.c.	25 p.c.
	(ii) Otherwise.....	Free	7½ p.c.	15 p.c.
220	All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—			
	(i) When dry.....	17½ p.c.	25 p.c.	25 p.c.
	(ii) Liquid, when containing not more than two and one-half per centum of proof spirit.	20 p.c.	40 p.c.	40 p.c.
	(iii) All others.....	60 p.c.	60 p.c.	60 p.c.
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at.....per gallon and	$3.00 30 p.c.	$3.00 30 p.c.	$3.00 30 p.c.

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
	Provided, also, that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian Formulary or the French Codex as officinal, shall not be held to be covered by this item.			
220a	Chemical preparations, compounded of more than one substance, n.o.p.:—			
	(i) When dry, or liquid containing not more than two and one-half per centum of proof spirit	15 p.c.	25 p.c.	25 p.c.
	(ii) All others	30 p.c.	30 p.c.	30 p.c.
	Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at.....per gallon	$3.00	$3.00	$3.00
	and	30 p.c.	30 p.c.	30 p.c.
300	Crucibles, n.o.p., and covers therefor	Free	15 p.c.	15 p.c.
316a	Incandescent lamp bulbs for use in the manufacture of incandescent lamps; glass tubing for use in the manufacture of incandescent lamps, vials and ampoules; glass tubing, n.o.p., in straight lengths of not less than three feet; mantle stocking for gas light	Free	7½ p.c.	10 p.c.
326b	Artificial eyes for human use	Free	Free	Free
326h	Fresnel type lenses, sections and globes, of glass	Free	Free	30 p.c.
356b	Nickel chromium, in bars or rods not more than three-fourths of an inch in diameter, containing more than fifty per cent nickel and more than ten per cent chromium, of a class or kind not manufactured in Canada, when imported by manufacturers of electric resistance wire and electric resistance strip or ribbon for use only in the manufacture of such articles in their own factories	Free	Free	Free
408	Malleable sprocket chain and link belting chain or iron or steel, including roller chain of all kinds for operating on steel sprockets or gears, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories, under regulations prescribed by the Minister	Free	Free	Free
409	Cream separators and complete parts therefor, including steel bowls	Free	Free	Free
409a	Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of all the foregoing	Free	Free	Free
409b	Cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing	Free	Free	Free
409c	Ploughs; farm, field, lawn or garden rollers; soil packers; complete parts of all the foregoing	Free	Free	Free

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
409d	Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing	Free	Free	Free
409e	(i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing	Free	Free	Free
	(ii) Fruit and vegetable grading, grating, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; machines and complete parts thereof for making or lidding boxes for fruit or vegetables; egg-graders and egg-cleaners, and complete parts thereof, not including aluminum parts	Free	Free	Free
	(iii) Complete parts of aluminum for egg-graders	Free	Free	Free
409f	Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines, grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing	Free	Free	Free
409g	Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing	Free	Free	Free
409h	Hay presses and complete parts thereof	Free	Free	Free
409i	Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.	Free	Free	Free
409j	Fanning mills; peaviners; corn husking machines; threshing machine separators, including weighers, wind stackers, baggers and self-feeders therefor; complete parts of all the foregoing	Free	Free	Free
409k	Windmills and complete parts thereof, not including shafting	Free	Free	Free
409n	Portable engines with boilers, in combination, for farm purposes; horse powers; complete parts of all the foregoing	Free	Free	Free
409o	Equipment for generating electric power for farm purposes only, viz.: engine, gas tank, generator, storage battery, and switchboard or panel; and complete parts of the foregoing.	Free	Free	Free

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
410s	Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; non-metallic heating elements; pyrometers; bullion furnaces; amalgam cleaners; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations	Free	Free	Free
431c	Machinists' or metal workers' precision tools and measuring instruments, viz.:—Calipers, micrometers, metal protractors and squares, bevels, verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, automatic center punches, hand speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.; parts of all the foregoing, finished or not	Free	10 p.c.	15 p.c.
431d	Engineers', surveyors' and draftsmen's precision instruments and apparatus, viz.:—alidades; altazimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants, clinometers; compasses; cross staff heads; curves, adjustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators; levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable for hydraulic engineering; pantographs; planimeters; protractors; parallel rulers; parallel ruling attachments; poles, ranging; pedometers and pacemeters; plane tables, military and topographic; scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tacheometers; tallying machines; pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments; parts of all the foregoing, finished or not	Free	10 p.c.	15 p.c.
438j	Piston castings of any material, in the rough or semi-finished	Free	25 p.c.	35 p.c.
442	Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409k, 409o, and 439c, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under regulations prescribed by the Minister	Free	Free	Free
443b	Oven thermostats, automatic oven lighters and dual valves, for use in the manufacture of apparatus designed for cooking with gas; gas pressure regulators for use in the gas line between the meter and the cooking apparatus or for installation on the cooking apparatus	Free	10 p.c.	30 p.c.

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
475d	Printing plates, n.o.p., whether for printing or lithographing, and transfers taken from same, and positive and negative films, for use exclusively in the production of books which are included in the curriculum of any university, college or school in Canada, for use as text books or as works of reference, not to include dictionaries	Free	Free	Free
476b	Surgical suction apparatus including motive power; prepared surgical sutures; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under regulations prescribed by the Minister	Free	Free	Free
476c	Chloroform and ethyl chloride for anaesthetic purposes	Free	Free	Free
477	Containers and parts thereof, including expelling bulbs, for vaccines including toxoids (anatoxins) and bacterins, toxins, serums containing immune bodies including antitoxins, glandular extracts and/or antibiotics, when imported by manufacturers of such products for use in their own factories, under such regulations as the Minister may prescribe	Free	Free	Free
482	Ear-telephone sets and similar appliances, including batteries therefor, and complete parts, for use by deaf persons, under regulations prescribed by the Minister	Free	Free	Free
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments	5 p.c.		
537	Rovings, yarns and warps wholly or in part of vegetable fibres, not more advanced than singles, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	12½ p.c.	17½ p.c.	25 p.c.
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	17½ p.c.	22½ p.c.	25 p.c.
537d	Rovings, yarns and warps wholly of jute, not more advanced than singles, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	Free	17½ p.c.	25 p.c.
538a	Articles which enter into the cost of the manufacture of binder twine, or twine for harvest binders, and twine for baling farm produce, when imported for such use exclusively by manufacturers who manufacture such twine only	Free	Free	Free
540	*(c)* Towelling and glass cloth of crash or huck, with or without lettering or monograms woven in, table cloths and napkins of crash with coloured borders, in the web, wholly of flax or hemp; woven fabrics,			

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
	in the web, composed in part of flax or hemp, not containing silk, synthetic textile fibres or filaments, nor wool.....	22½ p.c.	30 p.c.	35 p.c.
	and, per pound	3 cts.	3½ cts.	4 cts.
	(d) Towels and glass cloths of crash or huck, with or without lettering or monograms woven in, table cloths and napkins of crash with coloured borders, wholly or in part of flax or hemp, not containing silk, synthetic textile fibres or filaments, nor wool.....	25 p.c.	30 p.c.	35 p.c.
	and, per pound	3 cts.	3½ cts.	4 cts.
542	Woven fabrics, wholly or in part of vegetable fibres, and all such fabrics with cut pile, n.o.p., not containing silk, synthetic textile fibres or filaments, nor wool.....	20 p.c.	27½ p.c.	30 p.c.
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool....	22½ p.c.	27½ p.c.	35 p.c.
548	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p.....	25 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.
551	Yarns, composed wholly or in part of wool or hair but not containing silk, or synthetic textile fibres or filaments, n.o.p.....	15 p.c.	20 p.c.	22½ p.c.
	and, per pound	6 cts.	20 cts.	22½ cts.
555	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor synthetic textile fibres or filaments, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.....	30 p.c.	40 p.c.	40 p.c.
	and, per pound	.....	32½ cts.	35 cts.
556b	Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or synthetic textile fibres or filaments, weighing not less than 22 ounces per square yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories.....	Free	35 p.c.	40 p.c.
	and, per pound	.....	.....	35 cts.
557	Silk cocoons; raw silk, not more advanced than singles, not to include material wholly or partially degummed; rags and waste wholly of silk or of synthetic textile fibres or filaments, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics.....	Free	Free	Free

SCHEDULE A—*Contined*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
557a	Waste portions of unused fabrics, or used garments, wholly of silk or of synthetic textile fibres or filaments, imported by manufacturers to be used exclusively for disintegrating in their own factories	Free	Free	Free
557b	Garnetted material wholly of silk or of synthetic textile fibres or filaments, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk or synthetic textiles, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk or of synthetic textile fibres or filaments, n.o.p., not to include remnants nor mill ends	Free	7½ p.c.	10 p.c.
558b	Rovings, yarns and warps wholly of synthetic textile fibres or filaments, not more advanced than singles, not coloured, with not more than seven turns to the inch, under such regulations as the Minister may prescribe:			
	(a) Produced from cellulose acetate	5 p.c.	30 p.c.	35 p.c.
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than ..... per pound	.....	28 cts.	28 cts.
	(b) N.o.p	20 p.c.	30 p.c.	35 p.c.
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than ..... per pound	.....	28 cts.	28 cts.
558d	Rovings, yarns and warps wholly or in part of synthetic textile fibres or filaments, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk; yarns of synthetic textile fibres or filaments wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards; under such regulations as the Minister may prescribe:—			
	(a) Produced wholly from cellulose acetate	7½ p.c.	30 p.c.	35 p.c.
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than ..... per pound	.....	28 cts.	28 cts.
	(b) N.o.p ..... per pound	25 p.c.	30 p.c.	35 p.c.
	Provided that, in no case, shall the duty under the Intermediate or the General Tariff be less than ..... per pound	.....	28 cts.	28 cts.
558f	Rovings, yarns and warps wholly of spun synthetic textile fibres or filaments, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories	Free	30 p.c.	35 p.c.
	but not less than, per pound	.....	28 cts.	28 cts.
560a	Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of synthetic textile fibres or filaments, n.o.p	22½ p.c.	40 p.c.	45 p.c.
	and, per lineal yard	.....	10 cts.	10 cts.
560c	Woven fabrics with cut pile, whether or not coated or impregnated, wholly or in part of silk or synthetic textile fibres or filaments, but not containing wool, n.o.p	17½ p.c.	32½ p.c.	35 p.c.

SCHEDULE A—*Continued*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.	27½ p.c.	40 p.c.	45 p.c.
	and, per pound		40 cts.	40 cts.
561a	Fabrics, coated or impregnated, n.o.p.:—			
	(i) Composed wholly or in part of silk	27½ p.c.	30 p.c.	45 p.c.
	(ii) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk	30 p.c.	40 p.c.	50 p.c.
562a	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons", whether with cut pile or not, wholly or in part of synthetic textile fibres or filaments, but not containing silk nor wool	22½ p.c.	32½ p.c.	35 p.c.
564	Woven fabrics, of a kind not made in Canada, wholly, or in chief part, by weight, of silk or of synthetic textile fibres or filaments, or both, imported in the web in lengths of not less than five yards each by manufacturers of neckties, scarves, or mufflers, for use exclusively in the manufacture of such articles in their own factories	17½ p.c.	20 p.c.	20 p.c.
567a	Clothing, wearing apparel and articles, made from woven fabrics and all textile manufactures, wholly or partially manufactured, n.o.p., of which the component of chief value is synthetic textile fibres or filaments	25 p.c.	35 p.c.	50 p.c.
	and, per ounce		5 cts.	7 cts.
616c	Materials, non-alcoholic, in liquid or paste form, when imported by manufacturers of sealing compounds for cans and jars, for use exclusively in the manufacture of such sealing compounds, in their own factories	Free	Free	Free
617	Rubber boots and shoes	Free	22½ p.c.	25 p.c.
618	Rubber cement and all manufactures of rubber and gutta percha, n.o.p.	15 p.c.	25 p.c.	27½ p.c.
619a	Rubber clothing and clothing made from water-proofed cotton fabrics	25 p.c.	30 p.c.	35 p.c.
	And, in addition, on raincoats, each	—	50 cts.	50 cts.
654	Bristles and broom corn	Free	Free	Free
688	Artificial teeth, not mounted, and materials for use only in the manufacture thereof	Free	Free	Free
691	Communion sets of metal, glass, wood or other material; oil stocks; crosiers; benitiers; sprinklers; incensers; incense boats; baptismal shells or fonts; missels; scapulars; chapelets; rosaries; religious medals and crosses	Free	Free	Free
692b	Trophies of war, being arms, military stores, munitions of war and other articles, which are to be retained for use as bona fide trophies under such regulations as the Minister may prescribe	Free	Free	Free

SCHEDULE A—*Concluded*

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
	Provided that no article admitted under this item shall be sold or disposed of for use other than as a bona fide trophy without payment of duty. Provided further that any article before disposal thereof may be reduced to scrap and valued and rated for duty accordingly.			
825	Woven cord tire fabric, wholly or in chief part by weight of synthetic textile fibres or filaments, not to contain silk nor wool, coated with a rubber composition, when imported by manufacturers of rubber, to be incorporated by them in pneumatic tires, in their own factories.....	Free	17½ p.c.	25 p.c.
	and, per pound.....		3½ cts.	4 cts.

SCHEDULE B

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1001	Oil, fuel and other articles not machinery, imported on or after June 1, 1941.	When entering into the cost of twine for baling farm produce, manufactured in Canada on and after June 1, 1944, and when entering into the cost of binder twine manufactured in Canada.....	99 p.c.
1027	Materials.....	When used by manufacturerers of malleable iron castings or steel shafting for use exclusively in the manufacture of such articles for use in the manufacture of goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, 409p and 439c...	99 p.c.
1057	Materials.....	When used in the manufacture of articles entitled to entry under tariff item 442, when such articles are sold to manufacturers to be used as specified in said item.....	99 p.c.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 168.

An Act for the Support of the Prices of Agricultural Products during the transition from War to Peace.

First reading, July 25, 1944.

THE MINISTER OF AGRICULTURE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13820

5th Session, 19th Parliament, 8 George VI, 1944

THE HOUSE OF COMMONS OF CANADA.

BILL 168.

An Act for the Support of the Prices of Agricultural Products during the transition from War to Peace.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Agricultural Prices Support Act, 1944.*

Definitions.

2. In this Act and any regulation hereunder, unless the context otherwise requires:

"agricultural product".

(*a*) "agricultural product" means any natural product of agriculture except wheat, designated by the Governor in Council, and includes processed meat, dairy and poultry products if so designated;

"Board".

(*b*) "Board" means the Agricultural Prices Support Board established under this Act;

"Minister".

(*c*) "Minister" means the Minister of Agriculture.

Agricultural Prices Support Board.

Agricultural Prices Support Board.

3. (1) There shall be, under the direction of the Minister, an Agricultural Prices Support Board consisting of three members, including a Chairman and a Vice-Chairman, to be appointed by the Governor in Council and who shall hold office during pleasure.

Body corporate and politic.

(2) The Board shall be a body corporate and politic and shall be and be deemed to be, for the purposes of this Act, the agent of His Majesty in right of Canada.

May contract, sue and be sued.

(3) The Board shall have the capacity to contract and to sue and be sued in the name of the Board.

Payment of members.

(4) Each member of the Board shall be paid such sum for his services as the Governor in Council may from time to time determine.

Quorum.

(5) Two members of the Board shall constitute a quorum.

Chairman to preside.

(6) The Chairman, and in his absence the Vice-Chairman, shall preside at the meetings of the Board.

Majority to govern.

(7) In all meetings of the Board, the votes of the majority of the members shall govern.

Temporary substitute member.

(8) If any member by reason of any temporary incapacity, is unable at any time to perform the duties of his office, the Governor in Council may appoint a temporary substitute member upon such terms and conditions as the Governor in Council may prescribe.

Oath of office.

(9) Before any member enters upon the execution of his duties he shall take and subscribe before the Clerk of the Privy Council, an oath of office which shall be filed in the office of the said Clerk.

Head office.

(10) The head office of the Board shall be in the city of Ottawa, in the province of Ontario, but meetings of the Board may be held at such other places as the Board may decide.

Officers clerks and employees.

4. The Board may, with the approval of the Governor in Council, employ such professional, technical or other officers, clerks and employees, as it may deem necessary for the proper conduct of its business, and fix their remuneration.

Contributors under the C.S. Superannuation Act.

5. (1) Nothwithstanding anything in the *Civil Service Act*, chapter twenty-two of the Revised Statutes of Canada, 1927, the *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, or any other Act of the Parliament of Canada, a civil servant who, at the time of his appointment or employment under or pursuant to the provisions of this Act, is a contributor under the provisions of the *Civil Service Superannuation Act*, shall continue to be a contributor under the said Act; his service under this Act shall be counted as service in the civil service for the purposes of the *Civil Service Superannuation Act*, and he, his widow and children or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position under this Act for any reason other than that of misconduct, he shall be eligible for re-appointment in the civil service or to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

R.S., c. 24.

R.S., c. 24.

Benefits continued.

(2) Any member or employee of the Board, who at the time of his appointment or employment under or pursuant to the provisions of this Act, holds a position in the civil service, or is an employee within the meaning of the *Civil Service Act*, shall continue to retain and be eligible to receive all the benefits, except salary as a civil servant, that he would have been eligible to receive had he remained under that Act.

R.S., c. 22.

Property vested in H.M.

6. All property acquired or held by the Board shall be vested in His Majesty in right of Canada.

Report to the Minister, laid before Parliament.

7. The Board shall, within three months after the termination of each fiscal year, submit to the Minister an annual report of expenditures incurred and proceedings taken under the Act in such form as he may prescribe, and the Minister shall lay the same before Parliament forthwith or, if Parliament is not then sitting, within fifteen days after the commencement of the next ensuing session.

1931, c. 27, to apply.

8. Subject to the provisions of this Act, the Board shall be subject to the provisions of *The Consolidated Revenue and Audit Act, 1931.*

Powers of the Board.

Powers of the Board.

9. (1) For the purposes of this Act, the Board shall, subject to and in accordance with regulations made by the Governor in Council, have authority

(a) to prescribe from time to time, with the approval of the Governor in Council, prices at which the Board may purchase agricultural products in the market;

(b) to purchase at such prices any agricultural product, if such product, on inspection meets standards as to grade and quality prescribed by or under any Act of the Parliament of Canada; provided that any agricultural product, for which Dominion Government standards have not been established, may be purchased by the Board on such basis of quality as the Board may prescribe;

(c) to pay to the producers of an agricultural product directly or through such agent as the Board may determine the difference between a price prescribed by the Board with the approval of the Governor in Council for such product and the average price, as determined by the Board, at which such product is sold in the market during a specified period if such average price is below such prescribed price;

(d) to sell or otherwise dispose of any agricultural product purchased by the Board;

(e) to package, process, store, ship, transport, export or insure any agricultural product;

(f) to enter into contracts or appoint agents to do anything authorized under this act;

(g) to purchase at market or contract prices and export any agricultural product under any contract between His Majesty in right of Canada and any other government or agency thereof and to do all things necessarily incidental thereto;

(h) to purchase at the request of any department of the Government of Canada any agricultural product required by such department;

(i) to appoint Commodity Boards or other agents to undertake the purchase and the disposition of agricultural products;

(j) to appoint a committee or committees to assist the Board in an advisory capacity.

(2) In prescribing prices under paragraphs *(a)* and *(c)* of subsection one of this section, the Board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

Expenses.

10. (1) The Board may out of moneys appropriated by Parliament for the purpose pay all necessary administrative expenses including reasonable travelling expenses of members of any Commodity Board or advisory committee or persons whose services may be temporarily required by the Board while such members or persons are engaged on the work of the Board.

Expenditures provided out of C.R.F.

(2) Expenditures, for the purposes of this Act, other than administrative expenses provided for under subsection one of this section, shall be paid by the Minister of Finance on the requisition of the Board, out of unappropriated monies in the Consolidated Revenue Fund, under and by virtue of the authority of the Governor in Council on the recommendation of Treasury Board in an amount not to exceed in the aggregate two million dollars.

Farm Income Stabilization Account.

(3) There shall be kept, by the Minister of Finance, an account called The Agricultural Prices Support Account, to which shall be charged all expenditures by the Board, other than of the aforesaid administrative expenditures, and to which shall be credited all proceeds of sale of agricultural products, which proceeds shall be available in the Account to pay for further expenditures of the Board; provided that the net operating profit of the Board in each fiscal year, as reflected in the said Account, shall be deposited to the credit of the Consolidated Revenue Fund as revenue; and provided further that the net operating loss in any fiscal year may be recouped to the said Account from monies appropriated by Parliament for the purpose.

Inventory at actual cost.

(4) In determining net operating profits and losses inventory shall be valued at actual cost thereof.

Regulations.

11. The Governor in Council may make such regulations as may be necessary for the efficient enforcement and operation of this Act and for carrying out the provisions thereof according to their true intent and meaning.

Coming into force of sec. 9 by proclamation.

12. Section nine of this Act shall come into force on a date to be fixed, and remain in force for such period as may be determined, by proclamation of the Governor in Council published in the *Canada Gazette*.

169 follows 170

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 170.

An Act to provide for the Insurance of Veterans by the Dominion of Canada.

First reading, July 25, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
13557 1944

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 170.

An Act to provide for the Insurance of Veterans by the Dominion of Canada.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title.

1. This Act may be cited as *The Veterans Insurance Act.*

Definitions.

2. In this Act and in any regulation made thereunder, unless the context otherwise requires—

"amount of insurance."

(a) "amount of insurance" means the amount stated as such in the contract of insurance;

"brother." "sister."

(b) "brother" includes a half-brother and "sister" includes a half-sister;

"child."

(c) "child" includes,

(i) a child legally adopted before the coming into force of this Act or not less than five years before the death of the insured;

(ii) a stepchild, if a member of the veteran's household;

(iii) an illegitimate child acknowledged or maintained by the insured or for whom he has been judicially ordered to provide support;

"discharge from service."

(d) "discharge from service" includes any termination of service;

"grandchild."

(e) "grandchild" includes a child as above defined of a child as above defined;

"insured."

(f) "insured" means any person with whom the Minister enters into a contract of insurance under this Act;

"Minister."

(g) "Minister" means the Minister of Finance or such other Minister as the Governor in Council may from time to time determine;

"parent."

(h) "parent" includes a father, mother, grandfather, grandmother, stepfather, stepmother, of either the veteran or the wife or husband of the veteran;

"regulation." *(i)* "regulation" means a regulation made under the provisions of this Act;

'service." *(j)* "service" means—

(i) service in the naval, military or air forces of Canada by any person while in receipt of either active service rates of pay or of Permanent Force rates of pay;

(ii) active service in the naval, military or air forces of His Majesty by any person domiciled in Canada at the commencement thereof;

"veteran." *(k)* "veteran" means any person, male or female, who was engaged in service during the war and who has been granted discharge from such service;

"war." *(l)* "war" means the war which commenced in September, one thousand nine hundred and thirty-nine.

Minister may enter into contract of insurance.

3. (1) The Minister may, without requiring medical examination or other evidence of insurability, enter into a contract of insurance—

(a) with a veteran at any time within a period of three years after his discharge from service or within a period of three years after the date of the coming into force of this Act;

(b) with the widow or widower of a veteran during either of such periods, if the Minister has not entered into a contract of insurance with the veteran;

(c) with any person, other than a veteran, who is in receipt of a pension under the *Pension Act* at any time within three years after the date of the award of such pension, or within three years after the date of the coming into force of this Act,

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providing for the payment in the event of the death of the insured of five hundred dollars or any multiple thereof not exceeding ten thousand dollars: Provided that the amount of insurance in any contract so entered into under this Act with any person whose life is insured under *The Returned Soldiers' Insurance Act* shall be subject to the further limitation that the aggregate amount of insurance in force on his life under *The Returned Soldiers' Insurance Act* and this Act shall not exceed ten thousand dollars.

Proviso.

1920, c. 54.

How payable.

(2) The said payment shall, as to an amount not exceeding one thousand dollars, be made on the death of the insured and the remainder, if any, or the portion thereof to which any beneficiary is entitled, shall at the option of the insured be payable as a life annuity, or as an annuity certain for five, ten, fifteen or twenty years, or as an annuity guaranteed for five, ten, fifteen or twenty years, and payable thereafter as long as the beneficiary may live.

Options, how exercised.

(3) Any option as to the mode of payment, chosen by the insured in his application for insurance, may subsequently be varied by declaration of the insured.

Variation by beneficiary.

(4) The said option, as to mode of payment chosen by the insured, may after the death of the insured be varied by the beneficiary with the consent of the Minister.

Annuity, variation of mode of payment.

4. Where, at the death of the insured, the insurance money remaining to be paid as an annuity to any beneficiary is less than five hundred dollars, the Minister may, upon the request of the said beneficiary, if he is satisfied that it would be in the best interests of the beneficiary so to do, direct that such money shall be paid in such manner and in such amounts, including payment in a lump sum, as the Minister may consider appropriate.

Disability, waiver of premiums.

5. The contract may provide that if, before attaining the age of sixty years, the insured becomes totally and permanently disabled so that he is thereby rendered incapable of pursuing continuously any substantially gainful occupation, and if such disability is not deemed to be attributable to his service to such an extent as to entitle him to pension on the grounds of total disability under the *Pension Act*, the premiums thereafter falling due under the contract, during the continuance of such disability, shall be waived.

R.S., c. 157.

Spouse and children as beneficiaries.

6. (1) Where the insured is married, or is a widow or a widower or divorced or unmarried and with children, the beneficiary shall be the spouse, or children of the insured, or some one or more of such persons.

Future spouse and children as beneficiaries.

(2) Where the insured is unmarried, or is a widow or a widower or divorced, and without children, the beneficiary shall be the future spouse, or the future spouse and children, of the insured.

Apportionment of insurance money.

(3) Where the insured designates more than one beneficiary, the insured may apportion, and may at any time reapportion, the insurance money between or among them as he sees fit, and in default of any such apportionment the insurance money shall be paid to the designated beneficiaries surviving the insured in equal shares.

In case of death of beneficiary, right to new designation.

(4) Where a designated beneficiary dies in the lifetime of the insured, the insured may, subject to the provisions of subsections one and two of this section, designate a beneficiary or beneficiaries to whom the share formerly apportioned to the deceased beneficiary shall be paid, and in default of any such designation, the said share shall be divided equally among the surviving designated beneficiaries, if any.

If no designated beneficiary.

(5) Where the insured does not designate a beneficiary, or where all of the beneficiaries designated by him die within

his lifetime, the insurance money shall be paid to the spouse and the children of the insured in equal shares, and if the insured survives the spouse and all the children of the insured, and there is no contingent beneficiary within the meaning of the next following section surviving the insured, the insurance money shall, subject to section eleven of this Act, fall into and become part of the estate of the insured.

Designation of contingent beneficiaries.

7. (1) The insured may designate as a contingent beneficiary a grandchild, parent, brother, or sister of the insured, or such other person as may by regulation be prescribed for the purposes of this section, to whom the insurance money or any portion thereof shall be paid in the event that the insured at the time of his death is unmarried or is a widow or a widower or divorced, and without children.

When insurance to estate.

(2) Where the insured survives the spouse and all the children of the insured, the insurance money shall be paid to the contingent beneficiary or beneficiaries, if any, but in default of the designation of a contingent beneficiary, or in the event of the death of all the contingent beneficiaries within the lifetime of the insured, the insurance money shall, subject to section eleven of this Act, fall into and become part of the estate of the insured.

Apportionment if more than one contingent beneficiary designated.

(3) Where the insured designates more than one contingent beneficiary, the insured may apportion, and may at any time reapportion, the insurance money among them as he sees fit, and in default of any such apportionment the insurance money shall be paid to the contingent beneficiaries surviving the insured in equal shares.

Death of designated beneficiary.

(4) Where a contingent beneficiary dies in the lifetime of the insured, the insured may, subject to the provisions of subsection one of this section, designate a contingent beneficiary or beneficiaries to whom the share formerly apportioned to the deceased contingent beneficiary shall be paid, and in default of any such designation, the said share shall be divided equally among the contingent beneficiaries, if any, surviving the insured.

Change of beneficiaries.

8. Subject to the provisions of this Act, the insured may at any time change the beneficiary or beneficiaries, or the contingent beneficiary or contingent beneficiaries, theretofore designated by the insured.

Provision by contract for change of beneficiary.

9. Any designation of a beneficiary or of a contingent beneficiary, or any variation in the option as to the mode of payment or any apportionment of insurance money, other than is made by the insured in the application for the insurance, may be made in accordance with the provisions of the contract of insurance in that behalf.

Limit of benefits when death attributable to war service.
R.S., c. 157

10. (1) Subject to subsections two, three and four of this section, where on the death of the insured a pension becomes payable under the *Pension Act* or any pension law of the United Kingdom or of any of His Majesty's Dominions, to any person mentioned in subsections one or two of section six or in subsection one of section seven of this Act, there shall be deducted from the amount of insurance the aggregate present value of the pension or pensions so payable computed on such basis as the Governor in Council may prescribe, and in lieu of the said deduction there shall be paid to the beneficiary or beneficiaries, in proportion to their interests under the contract, the amount of the paid-up insurance, which would have been available under the contract in the event of the grant of paid-up insurance within the lifetime of the insured as at the end of the period for which premiums were paid, reduced in the ratio of the amount of the said deduction to the amount of insurance.

Insurance values, how computed.

(2) Where premiums were not paid for the minimum period required for the grant of paid-up insurance, then for the purposes of this section paid-up insurance values shall be computed in accordance with the same basis and principles as are used in computing paid-up values where premiums have been paid for the said period or longer.

No deduction from amount in certain cases.

(3) Where the contract is for the benefit of the spouse or children of the insured or of some one or more of such persons, and the insured dies after six months from the effective date of the contract, no deduction shall be made under subsection one of this section where the amount of insurance does not exceed five hundred dollars, and where the said amount does exceed five hundred dollars the deduction shall not be greater than such excess, and in lieu of the said deduction there shall be paid to the beneficiary or beneficiaries, in proportion to their interests under the contract, the amount of the paid-up insurance which would have been available under the contract in the event of the grant of paid-up insurance within the lifetime of the insured as at the end of the period for which premiums were paid, reduced in the ratio of the amount of the said deduction to the amount of insurance.

When section inoperative
R.S., c. 157.

(4) The preceding subsections of this section shall be inoperative where the beneficiary is the spouse of the insured and the pension is awarded under the *Pension Act* to some person or persons other than the spouse.

Reserve only to estate.

11. (1) Where, under this Act, the insurance money falls into and becomes part of the estate of the insured, such estate shall be entitled to receive only the reserve under the contract at the time of the death of the insured.

"reserve" defined.

(2) In this section the word "reserve" means the net premium value of the contract on the basis of the British

Offices Life Tables, Om (5), with interest at the rate of three and one-half per centum per annum.

Terms for payment of premiums.

12. The contract of insurance may provide for payment of premiums during the lifetime of the insured for a period of ten, fifteen or twenty years or until the anniversary of the policy nearest the sixty-fifth or eighty-fifth birthday of the insured.

Minister may refuse to insure.

13. The Minister may refuse to enter into a contract of insurance in any case where there are in his opinion sufficient grounds for so doing but, in the exercise of the powers conferred upon him by this section, the Minister shall be governed by the provisions of Schedule B to this Act and he may require for this purpose that the insured shall submit himself to medical examination or shall furnish such other information as the Minister may require.

Insurance money unassignable etc.

14. The insurance money payable under the contract of insurance shall be unassignable and shall not be subject to the claims of creditors of the insured or of the beneficiary.

Death of applicant before completion of contract.

15. Where an application for insurance is made and the applicant dies before the contract of insurance is entered into, the contract shall be deemed to have been entered into if the application is approved and the initial premium is accepted by the Minister.

Regulations.

16. The Governor in Council may make regulations,—

(a) prescribing the form of contracts and such other forms as he may consider necessary under this Act;

(b) prescribing the mode of proving the age, identity and existence or death of persons;

(c) prescribing the mode of paying money under contracts of insurance;

(d) for dispensing with the production of letters probate or letters of administration, either generally or in any particular case or class of cases;

(e) prescribing the accounts to be kept and their management;

(f) respecting the cases or classes of cases in which a contract of insurance may be surrendered and a cash surrender value paid therefor, or a paid-up contract of insurance issued instead thereof, and for prescribing the manner in which such cash surrender value or amount of paid-up insurance shall be determined;

(g) prescribing the cases, not otherwise provided for in this Act, in which a person not originally named as, but who is eligible under this Act to be a beneficiary, may be made a beneficiary;

(*h*) prescribing the cases, not otherwise provided for in this Act, in which an apportionment of the insurance money may be made or varied;

(*i*) prescribing the class or classes of persons other than those mentioned in sections six and seven of this Act who are entitled to be beneficiaries;

(*j*) prescribing the cases in which a dependent, other than the husband, wife or child of the insured, may be named as a beneficiary under the contract;

(*k*) prescribing, in cases not otherwise provided for by the contract of insurance or by declaration or by this Act, the person or persons entitled to whom the instalments, if any, of insurance money remaining unpaid at the death of a beneficiary shall be paid; and

(*l*) for any other purpose for which it is deemed expedient to make regulations in order to carry this Act into effect.

Moneys receivable by and payable out of Consolidated Revenue Fund.

17. The moneys received under the provisions of this Act shall form part of the Consolidated Revenue Fund, and the moneys payable under the said provisions shall be payable out of the said Fund.

Annual statement.

18. (1) The Minister shall cause a statement to be prepared within three months after the end of each fiscal year showing—

(*a*) the premiums received during the fiscal year;

(*b*) the insurance moneys paid during the fiscal year;

(*c*) the number and amount of contracts entered into during the fiscal year;

(*d*) the number and amount of contracts in force at the end of the fiscal year, and

(*e*) such further information as the Minister deems advisable.

To be laid before Parliament.

(2) Every such statement shall be laid before Parliament as soon as may be after it is prepared.

Coming into force.

19. This Act shall come into force on a date to be fixed by proclamation of the Governor in Council.

SCHEDULE A

MONTHLY PREMIUMS FOR $1,000 INSURANCE AYABLE AT DEATH

Age	Payable for			Payable till age 65	Payable till age 85
	10 years	15 years	20 years		
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
18	2 79	2 04	1 68	1 13	1 09
19	2 84	2 08	1 71	1 16	1 11
20	2 89	2 12	1 74	1 20	1 14
21	2 95	2 16	1 78	1 23	1 17
22	3 00	2 20	1 81	1 27	1 20
23	3 06	2 25	1 85	1 30	1 23
24	3 12	2 29	1 89	1 34	1 27
25	3 18	2 34	1 93	1 39	1 30
26	3 25	2 39	1 97	1 43	1 34
27	3 31	2 44	2 01	1 48	1 38
28	3 38	2 49	2 05	1 53	1 42
29	3 45	2 54	2 10	1 58	1 47
30	3 53	2 60	2 15	1 64	1 51
31	3 60	2 65	2 20	1 70	1 56
32	3 68	2 71	2 25	1 76	1 61
33	3 76	2 78	2 30	1 83	1 67
34	3 85	2 84	2 36	1 90	1 72
35	3 93	2 91	[illegible]	1 98	1 78
36	4 02	2 98	[illegible]	2 06	1 84
37	4 12	3 05	[illegible]	2 15	1 91
38	4 21	3 12	[illegible]	2 24	1 98
39	4 31	3 20	[illegible]	2 34	2 05
40	4 41	3 28	[illegible]	2 45	2 13
41	4 52	3 36	2 89	2 57	2 21
42	4 63	3 45	[illegible]	2 70	2 30
43	4 74	3 54	[illegible]	2 84	2 39
44	4 86	3 63	[illegible]	2 99	2 49
45	4 98	3 73	3 16	3 16	2 59
46	5 10	3 83	3 25	3 34	2 70
47	5 23	3 94	3 35	3 54	2 81
48	5 36	4 05	3 46	3 76	2 93
49	5 50	4 17	3 57	4 01	3 06
50	5 64	4 29	3 69	4 29	3 20
51	5 79	4 42	3 81	4 61	3 35
52	5 95	4 56	3 95	4 97	3 50
53	6 11	4 70	4 09	5 39	3 67
54	6 28	4 85	4 24	5 87	3 84
55	6 45	5 01	4 40	6 45	4 03
56	6 63	5 17	4 57	.....	4 23
57	6 82	5 35	4 75	.....	4 44
58	7 02	5 54	4 95	.....	4 67
59	7 24	5 74	5 16	.....	4 91
60	7 46	5 96	5 38	.....	5 18
61	7 69	6 19	5 63	.....	5 46
62	7 93	6 43	5 89	.....	5 76
63	8 20	6 70	6 17	.....	6 08
64	8 47	6 98	6 48	.....	6 43
65	8 77	7 29	6 81	.....	6 81

NOTE.—Rates for ages above 65 will be computed on the same basis as

SCHEDULE B

CLASS I—Applicants who are not seriously ill.

(a) An applicant with dependents, ill with a pensionable disability.

Application is to be accepted.

(b) An applicant with dependents, ill with a disability that is not pensionable.

Application is to be accepted.

(c) An applicant without dependents, ill with a pensionable disability.

Application is to be accepted.

(d) An applicant without dependents, ill with a disability that is not pensionable.

Application is to be accepted.

CLASS II—Applicants who are seriously ill.

(a) An applicant with dependents, seriously ill with a pensionable disability.

Application is to be accepted.

(b) An applicant with dependents, seriously ill with a disability that is not pensionable.

Application is to be refused.

(c) An applicant without dependents, seriously ill with a pensionable disability.

Application is to be refused.

(d) An applicant without dependents, seriously ill with a disability that is not pensionable.

Application is to be refused.

CLASS III—Applications from persons in so serious a condition of health that they have no reasonable expectation of life.

Applications are to be refused.

CLASS IV—General.

In cases where an applicant with or without dependents whose health has become impaired as a result of immoral conduct prior to enlistment, during service, or after discharge.

Applications are to be refused.

No. 170 precedes 169.

169.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 169.

An Act for the Support of the Prices of Fisheries Products during the transition from War to Peace.

First reading, July 25, 1944.

THE MINISTER OF FISHERIES.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13816

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 169.

An Act for the Support of the Prices of Fisheries Products during the transition from War to Peace.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Fisheries Prices Support Act, 1944.*

Definitions.

2. In this Act and any regulation hereunder, unless the context otherwise requires:—

"fisheries product."

(a) "fisheries product" means any natural product of the commercial fisheries of Canada designated by the Governor in Council and includes any product derived therefrom, if so designated;

"Board."

(b) "Board" means the Fisheries Prices Support Board established under this Act;

"Minister."

(c) "Minister" means the Minister of Fisheries.

Fisheries Prices Support Board

Fisheries Prices Support Board.

3. (1) There shall be, under the direction of the Minister, a Fisheries Prices Support Board consisting of three members, including a chairman and a vice-chairman, to be appointed by the Governor in Council and who shall hold office during pleasure.

Body corporate and politic.

(2) The Board shall be a body corporate and politic and shall be deemed to be, for the purposes of this Act, the agent of His Majesty in right of Canada.

May contract, sue and be sued.

(3) The Board shall have the capacity to contract and to sue and be sued in the name of the Board.

Payment of members.

(4) Each member of the Board shall be paid such sum for his services as the Governor in Council may from time to time determine.

Quorum.

(5) Two members of the Board shall constitute a quorum.

Chairman to preside.

(6) The chairman, and in his absence the vice-chairman, shall preside at the meetings of the Board.

Majority to govern.

(7) In all meetings of the Board, the votes of the majority of the members shall govern.

Temporary substitute member.

(8) If any member by reason of any temporary incapacity, is unable at any time to perform the duties of his office, the Governor in Council may appoint a temporary substitute member upon such terms and conditions as the Governor in Council may prescribe.

Oath of Office.

(9) Before any member enters upon the execution of his duties he shall take and subscribe before the Clerk of the Privy Council an oath of office which shall be filed in the office of the said Clerk.

Head Office.

(10) The head office of the Board shall be in the city of Ottawa, in the province of Ontario, but meetings of the Board may be held at such other places as the Board may decide.

Officers, clerks and employees.

4. The Board may, with the approval of the Governor in Council, employ such professional, technical or other officers, clerks and employees, as it may deem necessary for the proper conduct of its business, and fix their remuneration.

Contributors under the C.S. Superannuation Act.

5. (1) Notwithstanding anything in the *Civil Service Act*, chapter twenty-two of the Revised Statutes of Canada, 1927, the *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, or any other Act of the Parliament of Canada, a civil servant who, at the time of his appointment or employment under or pursuant to the provisions of this Act, is a contributor under the provisions of the *Civil Service Superannuation Act*, shall continue to be a contributor under the said Act; his service under this Act shall be counted as service in the civil service for the purposes of the *Civil Service Superannuation Act*, and he, his widow and children or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position under this Act for any reason other than that of misconduct, he shall be eligible for re-appointment in the civil service or to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

R.S., c. 24.

Benefits continued.

(2) Any member or employee of the Board, who at the time of his appointment or employment under or pursuant to the provisions of this Act, holds a position in the civil service, or is an employee within the meaning of the *Civil Service Act*, shall continue to retain and be eligible to receive all the benefits, except salary, as a civil servant, that he would have been eligible to receive had he remained under that Act.

R.S., c. 22.

Property vested in H.M.

6. All property acquired or held by the Board shall be vested in His Majesty in right of Canada.

Report to the Minister laid before Parliament.

7. The Board shall, within three months after the termination of each fiscal year, submit to the Minister an annual report of expenditures incurred and proceedings taken under the Act in such form as he may prescribe, and the Minister shall lay the same before Parliament forthwith or, if Parliament is not then sitting, within fifteen days after the commencement of the next ensuing session.

1931, C. 27 to apply.

8. Subject to the provisions of this Act, the Board shall be subject to the provisions of *The Consolidated Revenue and Audit Act, 1931*.

Powers of the Board

Powers of the Board.

9. (1) For the purpose of this Act the Board shall, subject to and in accordance with the regulations of the Governor in Council have authority

(a) to prescribe from time to time with the approval of the Governor in Council prices at which the Board may purchase fisheries products;

(b) to purchase directly or by means of agents at such prices any fisheries product if such product on inspection meets standards as to grade and quality prescribed by or under any Act of the Parliament of Canada; provided that any fisheries product for which Dominion Government standards have not been established may be purchased by the Board or its agents on such basis of quality as the Board may designate;

(c) to pay to the producer of a fisheries product directly or through such agent as the Board may determine the difference between a price prescribed by the Board with the approval of the Governor in Council for such fisheries product and the average price as determined by the Board at which such product is sold during a specified period if such average price is below such prescribed price;

(d) to sell or otherwise dispose of, directly or by means of agents any fisheries product purchased by the Board;

(e) to package, process, store, ship, transport or export, directly or by means of agents, any fisheries product;

(f) to enter into contracts or appoint agents to do anything authorized under this Act;

(g) to purchase at market or contract prices and export any fisheries product under any contract or agreement between His Majesty in the right of Canada and any other government or agency thereof, and to do all things necessarily incidental thereto;

(h) to purchase at the request of any department of the Government of Canada any fisheries product required by such department;

(i) to appoint Commodity Boards or other agents to undertake the purchase and the disposition of fisheries products;

(j) to appoint a committee, or committees, to assist the Board in an advisory capacity.

To maintain returns from fisheries.

(2) In prescribing prices under paragraphs *(a)* and *(c)* of subsection one of this section, the Board shall endeavour to ensure adequate and stable returns for fisheries by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from fisheries and those from other occupations.

Expenses.

10. (1) The Board may out of moneys appropriated by Parliament for the purpose pay all necessary administrative expenses including reasonable travelling and living expenses of members of any Commodity Board or advisory committee or persons whose services may be temporarily required by the Board, while such members or persons are engaged in the work of the Board.

Expenditures provided out of C.R.F.

(2) Expenditures for the purpose of this Act other than administrative expenses provided for under subsection one of this section, shall be paid by the Minister of Finance on the requisition of the Board, out of unappropriated moneys in the Consolidated Revenue Fund, under and by virtue of the authority of the Governor in Council on the recommendation of the Treasury Board in an amount not to exceed in the aggregate twenty-five million dollars.

Fisheries Prices Support Account.

(3) There shall be kept by the Minister of Finance an account called the Fisheries Prices Support Account to which shall be charged all expenditures by the Board other than the aforesaid administrative expenditures, and to which shall be credited all proceeds of sale of fisheries products, which proceeds shall be available in the Account to pay for further expenditures of the Board; provided that the net operating profit of the Board in each fiscal year, as reflected in the said Account, shall be deposited to the credit of the Consolidated Revenue Fund, as revenue; and provided further that the net operating loss in any fiscal year may be recouped to the said Account from moneys appropriated by Parliament for the purpose.

Inventory at actual cost.

(4) In determining net operating profits and losses inventory shall be valued at actual cost thereof.

Regulations.

11. The Governor in Council may make such regulations as may be necessary for the efficient enforcement and operation of this Act and for carrying out the provisions thereof according to their true intent and meaning.

Coming into force of sec. 9.

12. Section nine of this Act shall come into force on a date to be fixed, and remain in force for such period as may be determined, by proclamation of the Governor in Council.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 169.

An Act for the Support of the Prices of Fisheries Products during the transition from War to Peace.

First reading, July 25, 1944.

THE MINISTER OF FISHERIES.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13816

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 169.

An Act for the Support of the Prices of Fisheries Products during the transition from War to Peace.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Fisheries Prices Support Act, 1944.*

Definitions.

2. In this Act and any regulation hereunder, unless the context otherwise requires:—

"fisheries product."

(a) "fisheries product" means any natural product of the commercial fisheries of Canada designated by the Governor in Council and includes any product derived therefrom, if so designated;

"Board."

(b) "Board" means the Fisheries Prices Support Board established under this Act;

"Minister."

(c) "Minister" means the Minister of Fisheries.

Fisheries Prices Support Board

Fisheries Prices Support Board.

3. (1) There shall be, under the direction of the Minister, a Fisheries Prices Support Board consisting of three members, including a chairman and a vice-chairman, to be appointed by the Governor in Council and who shall hold office during pleasure.

Body corporate and politic.

(2) The Board shall be a body corporate and politic and shall be deemed to be, for the purposes of this Act, the agent of His Majesty in right of Canada.

May contract, sue and be sued.

(3) The Board shall have the capacity to contract and to sue and be sued in the name of the Board.

Payment of members.

(4) Each member of the Board shall be paid such sum for his services as the Governor in Council may from time to time determine.

Quorum.

(5) Two members of the Board shall constitute a quorum.

Chairman to preside.

(6) The chairman, and in his absence the vice-chairman, shall preside at the meetings of the Board.

Majority to govern.

(7) In all meetings of the Board, the votes of the majority of the members shall govern.

Temporary substitute member.

(8) If any member by reason of any temporary incapacity, is unable at any time to perform the duties of his office, the Governor in Council may appoint a temporary substitute member upon such terms and conditions as the Governor in Council may prescribe.

Oath of Office.

(9) Before any member enters upon the execution of his duties he shall take and subscribe before the Clerk of the Privy Council an oath of office which shall be filed in the office of the said Clerk.

Head Office.

(10) The head office of the Board shall be in the city of Ottawa, in the province of Ontario, but meetings of the Board may be held at such other places as the Board may decide.

Officers, clerks and employees.

4. The Board may, with the approval of the Governor in Council, employ such professional, technical or other officers, clerks and employees, as it may deem necessary for the proper conduct of its business, and fix their remuneration.

Contributors under the C.S. Superannuation Act.

5. (1) Notwithstanding anything in the *Civil Service Act*, chapter twenty-two of the Revised Statutes of Canada, 1927, the *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, or any other Act of the Parliament of Canada, a civil servant who, at the time of his appointment or employment under or pursuant to the provisions of this Act, is a contributor under the provisions of the *Civil Service Superannuation Act*, shall continue to be a contributor under the said Act; his service under this Act shall be counted as service in the civil service for the purposes of the *Civil Service Superannuation Act*, and he, his widow and children or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position under this Act for any reason other than that of misconduct, he shall be eligible for re-appointment in the civil service or to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

R.S., c. 24.

Benefits continued.

(2) Any member or employee of the Board, who at the time of his appointment or employment under or pursuant to the provisions of this Act, holds a position in the civil service, or is an employee within the meaning of the *Civil Service Act*, shall continue to retain and be eligible to receive all the benefits, except salary, as a civil servant, that he would have been eligible to receive had he remained under that Act.

R.S., c. 22.

Property vested in H.M.

6. All property acquired or held by the Board shall be vested in His Majesty in right of Canada.

Report to the Minister laid before Parliament.

7. The Board shall, within three months after the termination of each fiscal year, submit to the Minister an annual report of expenditures incurred and proceedings taken under the Act in such form as he may prescribe, and the Minister shall lay the same before Parliament forthwith or, if Parliament is not then sitting, within fifteen days after the commencement of the next ensuing session.

1931, C. 27 to apply.

8. Subject to the provisions of this Act, the Board shall be subject to the provisions of *The Consolidated Revenue and Audit Act, 1931.*

Powers of the Board

Powers of the Board.

9. (1) For the purpose of this Act the Board shall, subject to and in accordance with the regulations of the Governor in Council have authority

(a) to prescribe from time to time with the approval of the Governor in Council prices at which the Board may purchase fisheries products;

(b) to purchase directly or by means of agents at such prices any fisheries product if such product on inspection meets standards as to grade and quality prescribed by or under any Act of the Parliament of Canada; provided that any fisheries product for which Dominion Government standards have not been established may be purchased by the Board or its agents on such basis of quality as the Board may designate;

(c) to pay to the producer of a fisheries product directly or through such agent as the Board may determine the difference between a price prescribed by the Board with the approval of the Governor in Council for such fisheries product and the average price as determined by the Board at which such product is sold during a specified period if such average price is below such prescribed price;

(d) to sell or otherwise dispose of, directly or by means of agents any fisheries product purchased by the Board;

(e) to package, process, store, ship, transport or export, directly or by means of agents, any fisheries product;

(f) to enter into contracts or appoint agents to do anything authorized under this Act;

(g) to purchase at market or contract prices and export any fisheries product under any contract or agreement between His Majesty in the right of Canada and any other government or agency thereof, and to do all things necessarily incidental thereto;

(h) to purchase at the request of any department of the Government of Canada any fisheries product required by such department;

(i) to appoint Commodity Boards or other agents to undertake the purchase and the disposition of fisheries products;

(j) to appoint a committee, or committees, to assist the Board in an advisory capacity.

To maintain returns from fisheries.

(2) In prescribing prices under paragraphs *(a)* and *(c)* of subsection one of this section, the Board shall endeavour to ensure adequate and stable returns for fisheries by promoting orderly adjustment from war to peace conditions and shall endeavour to secure a fair relationship between the returns from fisheries and those from other occupations.

Expenses.

10. (1) The Board may out of moneys appropriated by Parliament for the purpose pay all necessary administrative expenses including reasonable travelling and living expenses of members of any Commodity Board or advisory committee or persons whose services may be temporarily required by the Board, while such members or persons are engaged in the work of the Board.

Expenditures provided out of C.R.F.

(2) Expenditures for the purpose of this Act other than administrative expenses provided for under subsection one of this section, shall be paid by the Minister of Finance on the requisition of the Board, out of unappropriated moneys in the Consolidated Revenue Fund, under and by virtue of the authority of the Governor in Council on the recommendation of the Treasury Board in an amount not to exceed in the aggregate twenty-five million dollars.

Fisheries Prices Support Account.

(3) There shall be kept by the Minister of Finance an account called the Fisheries Prices Support Account to which shall be charged all expenditures by the Board other than the aforesaid administrative expenditures, and to which shall be credited all proceeds of sale of fisheries products, which proceeds shall be available in the Account to pay for further expenditures of the Board; provided that the net operating profit of the Board in each fiscal year, as reflected in the said Account, shall be deposited to the credit of the Consolidated Revenue Fund, as revenue; and provided further that the net operating loss in any fiscal year may be recouped to the said Account from moneys appropriated by Parliament for the purpose.

Inventory at actual cost.

(4) In determining net operating profits and losses inventory shall be valued at actual cost thereof.

Regulations.

11. The Governor in Council may make such regulations as may be necessary for the efficient enforcement and operation of this Act and for carrying out the provisions thereof according to their true intent and meaning.

Coming into force of sec. 9.

12. Section nine of this Act shall come into force on a date to be fixed, and remain in force for such period as may be determined, by proclamation of the Governor in Council.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 171.

An Act to amend the Civil Service Superannuation Act.

First reading, July 26th, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13565

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 171.

An Act to amend the Civil Service Superannuation Act.

R.S., c. 24; 1940, c. 27.

HIS Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows:

1. Paragraph *(h)* of section two of the *Civil Service Superannuation Act*, chapter twenty-four of the Revised Statutes of Canada, 1927, is repealed, and paragraphs *(b)*, *(c)*, *(e)* and *(l)* of the said section are repealed and the following substituted therefor:

"civil servant."

"*(b)* 'civil servant' means any permanent officer, clerk or employee in the Civil Service who is in receipt of a stated annual salary and any other officer, clerk or employee in the Civil Service who is certified or determined pursuant to regulations made under this Act, or who is designated individually or as a member of a class by the Treasury Board under this Act, to be for the purpose of this Act a permanent officer, clerk or employee, if such permanent or other officer, clerk or employee,

(i) is in receipt of salary computed at an annual rate of at least six hundred dollars and

(ii) is required during the hours or periods of his active employment to devote his constant attention to the performance of the duties of his position and the conditions of whose employment for the period or periods of the year over which the employment extends preclude his engaging in any other substantially gainful service or occupation;

"Civil Service."

"*(c)* 'Civil Service' means and includes the several positions in or under any department, branch, or portion of the executive government of Canada and, for the purposes of this Act, the Senate, House of Commons and Library of Parliament, but saving all rights and privileges of either House in respect of the control or removal of its officers, clerks and employees;

Explanatory Notes.

1. Paragraph *(h)* of section 2 of the present Act reads:

"*(h)* 'misconduct' means wilful disobedience of the provisions of any statute or regulation governing the performance of official duties the breach of which involves dismissal from the Civil Service, malversation in office, or abandonment of office;"

Paragraphs *(b)*, *(c)*, *(e)* and *(l)* presently read:

"*(b)* 'civil servant' means and includes any permanent officer, clerk, or employee in the Civil Service as herein defined,

(i) who is in receipt of a stated annual salary of at least six hundred dollars, and

(ii) who is required, during the hours or period of his active employment, to devote his constant attention to the performance of the duties of his position and the conditions of whose employment for the period or periods of the year over which such employment extends preclude his engaging in any other substantially gainful service or occupation;"

"*(c)* 'Civil Service' means and includes the several positions in or under any department, branch, or portion of the executive government of Canada and, for the purposes of this Act, the Senate, House of Commons and Library of Parliament, but saving all rights and privileges of either House in respect of the control or removal of its officers, clerks and employees; and such other branches or portions of the public service of Canada as the Governor in Council from time to time designates under the provisions of section eleven of this Act;"

and such other branches or portions of, or positions or employments in the public service of Canada as the Governor in Council from time to time designates under the provisions of this Act;"

"contributor". "*(e)* 'dependent' of a contributor means the widow, father, mother, step-father, step-mother, brother, sister or child, of a contributor who is at the date of death of the contributor dependent upon the contributor for support;"

"salary". "*(l)* 'salary' of a contributor means the regular salary or compensation paid in respect of his service, together with the value of living and residential allowances, but does not include allowances or payment for overtime or other extra allowances or pay or any gratuity;"

2. Section three of the said Act is amended by adding thereto the following as subsection two:—

Medical certificate where not appointed under Civil Service Act. "(2) Notwithstanding anything contained in subsection one of this section, this Part shall not apply to any person who became or becomes a civil servant on or after the eleventh day of August, 1939, and who was or is not appointed to the Civil Service under the provisions of the *Civil Service Act* unless competent officers of the Department of Pensions and National Health certify to the head of the department, branch or portion of the Civil Service in which he was or is appointed and to the Minister of Finance that his physical condition and health are such as to render him eligible for appointment under the provisions of the *Civil Service Act* to a like position to that in which he was or is appointed."

3. Sections four, five, six and seven of the said Act are repealed and the following substituted therefor:

"CONTRIBUTIONS.

Contributions. "**4.** (1) Every person to whom this Part applies who was a contributor under this Act prior to the eleventh day of August, 1939, shall, by reservation from his salary, contribute five per centum of his salary to the Consolidated Revenue Fund, but no such contribution shall be made in respect of a period of service in excess of thirty-five years.

(2) Every person to whom this Part applies who, on or after the eleventh day of August, 1939, became or becomes a civil servant or elects under any other Part of this Act to become a contributor, shall by reservation from his salary contribute to the Consolidated Revenue Fund the following amounts:—

"*(e)* "dependent" of a contributor means and includes the father, mother, brother, sister and child of a contributor who is at the date of death of the contributor dependent upon the contributor for support;"

"*(l)* "salary" of a contributor means the regular salary paid in respect of his service, together with the value of living and residential allowances but does not include allowance or payment for overtime or other extra allowance or pay or any gratuity."

These amendments to the definitions are necessary for the purpose of extending the substantial provisions of the Act to "prevailing rates" employees and because refund of contributions will be authorized even where there may be misconduct. This definition is therefore not necessary.

2. New. Recommended by the Special Committee of the House of Commons. This provision was given effect to under Order in Council P.C. 2261 of August 11, 1939 which was confirmed by Chapter 27, Statutes of 1940.

3. Section 4 has been recast to incorporate provisions setting the new rates of contribution recommended by the Special Committee of the House of Commons. These rates have been in force since August 11, 1939 under Order in Council P.C. 2261 of August 11, 1939, and chapter 27, statutes of 1940, which confirmed this Order in Council.

Section 4 presently provides:—

"**4.** Every person to whom this Part applies shall, by reservation from his salary, contribute five per cent of such salary to the Consolidated Revenue Fund, but no such contribution shall be made in respect of a period of service in excess of thirty-five years."

(a) in the case of a male,

(i) while in receipt of salary of twelve hundred dollars per annum or less, five per centum of his salary;

(ii) while in receipt of salary over twelve hundred dollars and not over fifteen hundred dollars per annum, five and one-half per centum of his salary but not in excess of an amount which would reduce the remainder of his salary to a rate per annum of one thousand, one hundred and forty dollars;

(iii) while in receipt of salary over fifteen hundred dollars per annum, six per centum of his salary but not in excess of an amount which would reduce the remainder of his salary to a rate per annum of one thousand, four hundred and seventeen dollars and fifty cents;

(b) in the case of a female, five per centum of her salary;

but no such contribution shall be made in respect of a period of service in excess of thirty-five years.

From effective date of appointment or increase.

(3) Where a person becomes a civil servant, or where the salary of a contributor is increased, on or after the first day of October, 1944, if the date in respect of which the appointment or the increase is made effective, is a date prior to the date on which the appointment or the increase is certified or approved, the civil servant or contributor shall contribute to the Consolidated Revenue Fund an amount equal to, or an amount which, together with the contributions, if any, made by him under this Act during the period between the said effective date and the said date of certification or approval, will equal the amount which he would have contributed under this section by reservation from his salary if the appointment or increase in salary had been certified or approved on the date it was made effective.

Election to contribute for prior service.

"**5.** (1) Any contributor may, within one year after the first day of October, 1944, or after he becomes a contributor, whichever is the later, elect to contribute under this Act in respect of the whole or any part of his service in the Civil Service prior to becoming a contributor for which he has not so contributed.

Amount of contribution.

(2) The contribution required under this section in respect of the whole of the service of a contributor in the Civil Service prior to the time he became a contributor for which he has not contributed shall be an amount equal to that which he would have contributed had he during the said service made contributions under this Act in the manner and at the relevant rates set out in subsection two of the next preceding section together with simple interest at the rate of four per centum per annum up to the time of his election and the contribution required in respect of any part of the said service shall be that proportion of the said amount which the said part is of the whole of the said service.

5. Section 5 reopens the right to contribute for prior service for all old contributors as recommended by the Special Committee. It also makes more adequate provision for the elections to contribute made by new contributors, such provision being necessary by reason of the adoption of the rule recommended by the Special Committee that only contributory service is to be counted for computing allowances—see new section 7A.

Mode of contributing.

(3) A contribution made under this section or under subsection three of the next preceding section may be made in one sum or by instalments of equivalent value payable, by reservation from salary or otherwise, for life, or for a period of years or for life whichever is the shorter, the said instalments to be computed on such bases as to mortality and interest as the Governor in Council may by regulation prescribe.

Retirement before instalments paid in full.

(4) Where a contributor, who is contributing by instalments in respect of prior service under this section, retires before payment of the said instalments in full, he shall be deemed to have contributed in respect of the said service for which he elected to contribute and the remaining instalments shall be reserved out of any allowance, or the equivalent present value thereof shall be deducted from any gratuity granted under this Act on his said retirement.

Contributors who have already elected.

(5) Where a contributor elected before the first day of October, 1944, to contribute under this Act in respect of the whole or any part of his service in the Civil Service prior to the time he became a contributor, although such contribution was payable by instalments which were not fully paid on the said date, he shall be deemed for the purpose of subsection one of this section to have contributed in respect of the service for which he so elected to contribute, and subsection four of this section shall be applicable in respect of the said contribution; but, nothing contained in this section shall be deemed to require a contributor who so elected to contribute before the eleventh day of August, 1939, to make contributions pursuant to the said election at a rate greater than the rate set out in subsection one of the next preceding section.

"ALLOWANCES AND GRATUITIES.

Allowances to contributor with ten years' service.

Sixty-five years of age.

Disability or incapacity.

Abolition of office.

"**6.** The Governor in Council may grant

(a) to a contributor who has served in the Civil Service for ten years or upwards and

(i) who has attained the age of sixty-five years, an annual superannuation allowance, or

(ii) who, before attaining the age of sixty-five years, becomes disabled or incapable of performing the duties of his office, an annual retiring allowance, or

(iii) who became a contributor before the first day of October, 1944, and who, before attaining the age of sixty-five years, is retired from the Civil Service by reason of the abolition of his office, an annual retiring allowance, or

Section 6 consolidates the provisions of former sections 5 and 7 and changes the present position by

1. Providing for return of contributions on voluntary retirement or dismissal of a contributor with less than ten years' service,

2. reducing the allowance which may be granted to new contributors who retire by reason of abolition of office,

3. authorizing the granting of an allowance to a new contributor who is retired by reason of inefficiency,

4. authorizing the granting of a gratuity to children over eighteen years of age of a contributor if they were dependent on the contributor and if the amount otherwise paid to the contributor or his widow and children has not exceeded the amount of his contributions without interest, the gratuity to equal the difference between the amount otherwise paid and the amount of the contributions,

5. authorizing, as a minimum return, repayment of contributions where no allowance or gratuity has been paid.

Sections 5 and 7 presently provide:

"**5.** The Governor in Council may grant

(a) to any contributor who has served in the Civil Service for ten years or upwards and

(i) who has attained the age of sixty-five years, an annual superannuation allowance to the amount specified in section six of this Act, or

(ii) who before attaining the age of sixty-five years becomes disabled or otherwise incapable of performing the duties of his office, or who retires from the Civil Service by reason of the abolition of his office, an annual retiring allowance equal to the superannuation allowance to which he would have been entitled if he had attained the age of sixty-five years at the date of such disability or retirement, or

(iii) who for any reason other than misconduct or those hereinbefore specified retire whether voluntarily or by dismissal or removal, from the Civil Service, a withdrawal allowance payable in one sum equal to the total amount of his contributions made under this Act without interest;

Idem.

(iv) who became a contributor on or after the first day of October, 1944, and who, before attaining the age of sixty-five years, is retired from the Civil Service by reason of the abolition of his office, an annual retiring allowance equal, until he attains the age of sixty-five years, to two-thirds of the retiring allowance which might have been granted to him if he had become disabled at the time of his retirement, and

Inefficiency.

thereafter, to the said retiring allowance, or by reason of inefficiency, an annual retiring allowance equal, until he attains the age of sixty-five years, to one-half of the retiring allowance which might have been granted to him if he had become disabled at the time of his retirement, and, thereafter, to two-thirds of the said retiring allowance;

Gratuity to contributor with less than ten years' service.

(b) to a contributor who has served in the Civil Service less than ten years and who becomes disabled or otherwise incapable of performing the duties of his office or who retires by reason of the abolition of his office or after he has attained the age of sixty-five years, a gratuity not exceeding one month's pay for each year of his service;

Withdrawal allowance retirement at any time.

(c) to a contributor who at any time for any reason other than those specified in the preceding paragraphs of this section retires whether voluntarily or by dismissal or removal, from the Civil Service, a withdrawal allowance payable in one sum equal to the total amount of his contributions made under this Act without interest;

Allowance to widow of a contributor with ten years' service.

(d) to the widow of a contributor who has served in the Civil Service for ten years or upwards and who dies while in the Civil Service or while in receipt of an annual superannuation or retiring allowance under this Act, an annual allowance until remarriage equal to one-half of the superannuation allowance which might have been granted to the contributor if he had attained the age of sixty-five years at the date of his death or of his retirement, as the case may be;

Allowance to children of a contributor with ten years' service.

(e) to each child of a contributor who has served in the Civil Service for ten years or upwards and who dies while in the Civil Service or while in receipt of an annual superannuation or retiring allowance, an annual allowance payable until the child reaches the age of eighteen years, equal to one-fifth of the allowance which may be granted to a widow of the contributor in like circumstances, but not in excess of three hundred dollars per annum, and, in the case of a child who has lost both parents by death, the allowance may be increased by the Governor in Council to

(b) to the widow of any contributor who dies while in the Civil Service or while in receipt of a superannuation or retiring allowance under this Act, an annual allowance payable until remarriage, equal to one-half the allowance which the said contributor was receiving or would have been entitled to if he had been superannuated or retired at the date of his death, as the case may be;

(c) to each child of any contributor who dies while in the Civil Service or while in receipt of a superannuation or retiring allowance under this Act, an annual allowance payable until the said child reaches the age of eighteen years, equal to ten per cent of the allowance which the said contributor was receiving or would have been entitled to if he had been superannuated or retired at the date of his death, as the case may be, such child's allowance not, however, to exceed three hundred dollars per annum: Provided that the total allowance to the children of any contributor shall not exceed the allowance to the widow and the total allowance to the widow and children shall not exceed three-fourths of the allowance which the contributor received or would have been entitled to, as the case may be; and that the allowance to a child who has lost both parents by death may be increased by the Governor in Council to twice the amount hereinbefore specified as the child's allowance."

"**7.** If a contributor becomes disabled or otherwise incapable of performing the duties of his office, or if his office is abolished, and if he is ineligible by reason of age or length of service, for a superannuation or retiring allowance under this Act, the Governor in Council may grant him a gratuity not exceeding one month's pay for each year of his service; or, if he is required to retire on marriage, a gratuity not exceeding the amount of his contributions made under this Act without interest.

2. If a contributor dies while in the Civil Service, and if his period of service is less than ten years, the Governor in Council may grant to his widow, or, if he leaves no widow, to his children under eighteen years of age at the date of his death, a gratuity not exceeding one month's pay for each year of his service.

3. If a contributor dies while in the Civil Service and leaves no widow and no child under the age of eighteen years, the Governor in Council may grant to the dependents of the contributor, in accordance with regulations made by the Governor in Council under the provisions of section eleven of this Act, an amount not exceeding the amount of the contributions made by the contributor under the provisions of this Act without interest."

twice the said amount but not in excess of six hundred dollars per annum: Provided that the total amount of the allowances to the children of a contributor shall not exceed the amount of the allowance which may be granted to a widow of a contributor in like circumstances and that the total amount of the allowances to the widow and children shall not exceed three-fourths of the annual superannuation allowance which might have been granted to the contributor if he had attained the age of sixty-five years at the date of his death or of his retirement, as the case may be;

Gratuity to children over eighteen in certain cases.

(f) to the dependent children of a contributor who served in the Civil Service for ten years or upwards and who dies while in receipt of an annual superannuation or retiring allowance, although the said children have attained the ages of eighteen years, if the aggregate amount paid to the contributor or to his widow or children, if any, by way of allowances or gratuities under the preceding paragraphs of this section, does not exceed the total amount of his contributions under this Act without interest, a gratuity payable in one sum equal to the difference between the said aggregate amount and the said total amount, the said gratuity to be payable in accordance with regulations made by the Governor in Council under section eleven of this Act;

Gratuity to widow or children—less than ten years' service.

(g) to the widow of a contributor who has served in the Civil Service less than ten years and who dies while in the Civil Service, or if such contributor leaves no widow, to his children under eighteen years of age at the date of his death, a gratuity not exceeding one month's pay for each year of his service;

Gratuity to dependents.

(h) to the dependents of a contributor who dies while in the Civil Service and leaves no widow or children to whom an allowance may be granted under the preceding paragraphs of this section, a gratuity not exceeding the amount of his contributions under this Act, without interest, the said gratuity to be payable in accordance with regulations made by the Governor in Council under section eleven of this Act;

Gratuity to estate.

(i) to the legal representative of a contributor who dies while in the Civil Service and leaves no widow, children or dependents to whom an allowance or gratuity may be granted under the preceding paragraphs of this section, or to such other person as the Treasury Board may designate, a gratuity not exceeding the amount of his contributions under this Act without interest.

Amount of allowances, how calculated.

"**7.** (1) Except as herein otherwise provided, an annual superannuation allowance granted under the last preceding section or an annual retiring allowance granted under sub-paragraphs (ii) and (iii) of paragraph *(a)* of the last pre-

7. Section 7 revises former section six which is shortened by moving certain provisions contained in it into the new section seven A. Section 6 presently reads:—

"**6.** Except as hereinafter otherwise provided the superannuation allowance mentioned in the next preceding section shall be one-fiftieth of the average salary received by the contributor during the last ten years of his service multiplied by the number of years of his service, not, however, exceeding thirty-five years.

2. If the service of the contributor has not been continuous the period or periods during which such service has been discontinued shall not be counted in computing the allowance: Provided that absence on active service in the War declared by His Majesty, on the fourth day of August, one thousand nine hundred and fourteen, against the Empire of Germany and subsequently against other powers, whether with or without leave of absence, shall not be deemed a discontinuance of service.

3. If a contributor who is subject only to the provisions of this Part has, prior to becoming a contributor, served in the Civil Service, whether in a temporary or permanent capacity, such prior service shall be counted only to the extent of one-half in computing all allowance under this Act unless within three months after his becoming a contributor, he contributes to the Consolidated Revenue Fund an amount equal to five per cent of the total salary received by him during the period of such prior service, with simple interest thereon, at the rate of four per cent per annum, which amount shall be deemed to be a contribution under this Act and shall be payable in one sum or in instalments of equivalent value computed on such bases as to mortality and interest as the Governor in Council may by regulation prescribe.

4. If the average salary for the period fixed by this Act for the purpose of computing the allowance of any contributor is less than the average salary for any like period during the contributor's service, the contributor, or his widow or children under the age of eighteen years, as the case may be, shall be entitled to receive, in addition to any allowance under this Act, a refund of the contributions

ceding section, shall be one-fiftieth of the average salary received by the contributor during the last ten years of his service, multiplied by the number of years of his service, not, however, exceeding thirty-five years.

Average salary for period fixed by this Act.

(2) If the average salary for the period fixed by this Act for the purpose of computing the allowance of any contributor is less than the average salary for any like period during the contributor's service, the contributor or his widow or children under the age of eighteen years, as the case may be, shall be entitled to receive, in addition to any allowance under this Act, a refund of the contributions made in respect of the excess of his salary during any like period over his salary for the period so fixed: Provided that the Governor in Council, on the recommendation of the Treasury Board, may by regulation determine the basis of such refund in any case or class of cases, and when a contributor has died without receiving such refund, the person or persons amongst the surviving widow and children, or children only, of such contributor to whom it shall be paid, and if to more than one of them, the manner in which it shall be apportioned.

Proviso.

Only contributory service to count.

"7A. (1) All service of a contributor, whether or not the service has been continuous, in respect of which the contributor has at any time made contributions under this Act which have not previously been repaid to the contributor by way of withdrawal allowance or otherwise, may, on his retirement or death, be counted for the purpose of computing any allowance or gratuity under this Act, but, except as provided in this section, no other service may be counted for the said purpose.

Exception.

Old contributors.

(2) In the case of a person who became a contributor before the eleventh day of August, 1939, and whose service after that date has been continuous, one half of his service in the Civil Service prior to the time he became a contributor may be counted for the purpose of computing allowances or gratuities under this Act, although no contribution has been made under this Act in respect thereof.

Service in great war.

(3) The period during which a civil servant, who became or becomes a contributor, was absent from the Civil Service on active service in any of the forces of His Majesty or His Majesty's Allies during the war declared by His Majesty on the fourth day of August, 1914, against the Empire of Germany and subsequently against other powers, with or without leave of absence, may be counted as service of the contributor for the purpose of computing allowances or gratuities under this Act although he has not made any contribution in respect thereof, and for the purposes of this Act his salary during the said period shall be deemed to have been the salary authorized as payable to him from time to time during the said period.

made in respect of the excess of his salary during any like period over his salary for the period so fixed: Provided that the Governor in Council, on the recommendation of the Treasury Board, may by regulation determine the basis of such refund in any case or class of cases, and when a contributor has died without receiving such refund, the person or persons amongst the surviving widow and children, or children only, of such contributor to whom it shall be paid, and if to more than one of them the manner in which it shall be apportioned."

7A. Section 7A contains the provisions recommended by the Special Committee that no service should be counted unless the contributor has contributed in respect of it. This rule was adopted by Order in Council P.C. 2261 of August 11, 1939, and chapter 27, statutes of 1940.

Subsections 2 and 7 preserve the position of present contributors.

Subsection 3 is a revision of the former proviso to subsection 2 of section 6.

Subsection 4 makes statutory provision for the similar provision in Order in Council P.C. 8-5610 of July 15, 1943, which provides for the granting of leave of absence to civil servants on service in the forces.

Service in war that commenced Sept. 10, 1939.

(4) The period during which a contributor was absent on leave from the Civil Service in active or full time service in the forces during the war that began on the tenth day of September, 1939, may be counted as service of the contributor for the purpose of computing allowances or gratuities under this Act, or the period of thirty-five years specified in subsections one and two of section four of this Act, although he has not made any contribution in respect thereof, and for the purposes of this Act, his salary during the said period shall be deemed to have been the salary authorized as payable to him from time to time during the said period; and in this subsection "forces" means any of His Majesty's naval, military or air forces, the Royal Canadian Mounted Police, the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom, the armed forces of the United States of America, the Fighting French forces and any other force designated by the Governor in Council.

"forces"

Rights preserved.

(5) Nothing contained in this section shall prevent the counting of any period for the purposes of computing any allowance or gratuity granted under this Act after the first day of October, 1944, to a person who became a contributor before the said date and whose service after the said date has been continuous, which might have been counted for the said purpose if the allowance or gratuity had been granted before the said date.

When deemed to have contributed.

(6) For the purpose of section five of this Act a contributor shall be deemed to have contributed in respect of the periods specified in subsections three and four of this section."

Regulations by G. in C.

4. (1) Paragraph *(d)* of subsection one of section eleven of the said Act is repealed and the following substituted therefor:—

"*(d)* prescribing and determining, in any case of doubt, to what branches or portions of the public service or to what persons or to what positions of employments in any branch or portion of the public service, the provisions of this Act do or do not apply and the conditions on which, and the manner in which they shall apply in any case or class of cases;"

Idem.

(2) The said subsection is further amended by relettering paragraph *(g)* thereof as paragraph *(j)* and by inserting the following immediately after paragraph *(f)* thereof as paragraphs *(g)* *(h)* and *(i)*:—

4. (1) Paragraph *(d)* of subsection (1) of section 11 presently reads

"*(d)* prescribing and determining, in any case of doubt, to what persons in any branch or portion of the Civil Service the provisions of this Act do or do not apply and the conditions on which, and the manner in which they shall apply in any case or class of cases;"

The amendment is to clarify the application of this paragraph.

(2) and (3). New. The proposed paragraphs *(g)* and *(h)* are to enable regulations to be made for the application of the Act to "prevailing rates" employees and others who are not paid at stated annual salaries and to permit the Treasury Board to designate such employees in doubtful cases or cases where general regulations might not be applicable. Recommended by the Special Committee.

The proposed paragraph *(i)* is to permit persons, such as office boys whose salary is less than six hundred dollars a year and who contributed to the Retirement Fund to transfer their contributions to the Superannuation Account when they become contributors.

"*(g)* prescribing in respect of officers, positions or employments in the Civil Service for which salaries other than stated annual salaries are paid, the manner in which such offices, positions or employments shall be certified or otherwise determined to be positions the duties of which are of continuing indeterminate duration;

(h) prescribing in respect of officers, clerks or employees in the Civil Service who are in receipt of salary other than a stated annual salary

(i) the manner in which their appointments shall be certified or otherwise determined to be appointments during pleasure;

(ii) the method of computing their rates of salary as annual or monthly rates or as rates in respect of any other period for which it is necessary to compute such rates for the purposes of this Act;

(iii) the times and manner in which contributions shall be reserved out of their salaries if they are contributors; and

(iv) the method of computing their service having regard to periods during which they work or are laid off from work.

(i) providing for the transfer to the Superannuation Account set up under this Act of the amount, if any, in the Retirement Fund to the credit of a contributor who was a permanent officer, clerk or employee in the Civil Service prior to becoming a contributor;"

(3) The said section is further amended by adding thereto the following as subsection three:—

Officers, clerks or employees not in receipt of stated annual salary may be deemed permanent.

"(3) Where any officer, clerk or employee in the Civil Service who is not in receipt of a stated annual salary is deemed by the Treasury Board to be a permanent officer, clerk or employee or where any class thereof is so deemed, the Treasury Board may designate the said officer, clerk or employee or the said class thereof as a permanent officer, clerk or employee, or as permanent officers, clerks or employees for the purposes of this Act."

5. The said Act is further amended by adding thereto immediately after section eleven, the following as sections eleven A, eleven B, eleven C, eleven D, eleven E and eleven F:—

Treasury Board direct payment in certain cases.

"**11**A. (1) Where an allowance or gratuity is payable under this Act to a contributor, if he has deserted his wife or children and left her or them without means of support, or if he is incapable of managing his own affairs, or if for any other reason the Treasury Board deems it advisable so to do, the Treasury Board, may direct that the allowance or gratuity or any part thereof be paid to such person or persons as it deems advisable.

5. The sections enacted by this section are new and are designed to deal with particular matters which have arisen in the course of the administration of the Act.

11A. New.

Treasury Board discontinue payment in certain cases.

(2) Where a contributor to whom an allowance is being paid under this Act is convicted of an indictable offence committed by him while in the Civil Service, if it appears to the Treasury Board that the commission of such offence constituted a failure by the contributor to render good and faithful service while in the Civil Service, the Treasury Board may direct that payment of the allowance be discontinued or that the whole or any part thereof be paid to persons dependent on the contributor for support.

Appeal.

(3) Where the Treasury Board makes any direction under this section, if the contributor claims that the direction was not warranted by this section and gives notice of his claim to the Minister of Justice within thirty days after being notified of the direction, the Minister of Justice shall refer the claim to the Exchequer Court of Canada for determination as to whether the direction was so warranted.

Salary where annual increases deferred.

"**11**B. Where an annual increase in the salary of a contributor was authorized during the war that began on the tenth day of September, 1939, but payment of the amount of the increase to the contributor was deferred by reason of an Order of the Governor in Council restricting payment of annual increases to employees in the public service by reason of the said war, the salary of the contributor during the period after the increase was so authorized while payment thereof was so deferred, shall, for the purpose of computing any allowance or gratuity under this Act, be deemed to be the salary which he would have received if payment of the increase had not been so deferred.

Certain provincial employees transferred.

"**11**C. Any contributor who was appointed to a position in the Income Tax Division of the Department of National Revenue after the first day of April 1942, and before the first day of October, 1944, and who, immediately prior to his appointment, was an employee under a provincial government and would have been eligible for any superannuation allowance or benefit under a provincial scheme, shall notwithstanding anything contained in this Act, be entitled to count his provincial service together with his service in the Civil Service for the purpose of computing the period of ten years specified in section six of this Act.

Provincial government employee appointed to the Unemployment Insurance Commission.

"**11**D. (1) Any person who was appointed before the first day of January, 1943, to a position under The Unemployment Insurance Commission, who immediately prior to his appointment was an employee under a provincial government and would have been eligible for any superannuation allowance or benefit under a provincial scheme, shall, notwithstanding anything contained in this Act, be deemed to have been a contributor for the purposes of this Act from the date of his appointment.

11B. This section is to make provision in the statute for action taken by order in council P. C. 25/5610 of July 15, 1943, to permit salary increases not paid on account of restrictions imposed by P. C. 9/628 of January 26, 1942 to be deemed salary for the purposes of calculating allowances or gratuities under the Act.

11C. This section is to make provision for certain superannuation benefits in respect of provincial employees appointed to permanent positions in the Income Tax Division, Department of National Revenue, as provided by the Treasury Board under date of May 21, 1942.

11D. This section is to make provision for superannuation benefits in respect of provincial employees appointed to positions in the Unemployment Insurance Commission as directed by order in council P. C. 23/9776 of October 26, 1942.

Provincial service to count.

(2) The provincial service of a contributor referred to in subsection one of this section may be counted together with his service in the Civil Service for the purpose of computing the period of ten years specified in section six of this Act.

Service deemed to be prior service in the Civil Service.

(3) The provincial service of a contributor referred to in subsection one of this section shall be deemed to be prior service in the Civil Service for which he may, before such date as may be fixed by the Governor in Council, elect to contribute on the basis of the salary received by him during his said service under section five of this Act but if he so elects the amount he shall be required to contribute shall be twice the amount required to be contributed under the said section.

Contributor returning to provincial service.

"**11**E. (1) Where a contributor who is subject to the provisions of either of the two last preceding sections retires from the Civil Service by reason of appointment to a position under the provincial government under which he was employed immediately prior to becoming a civil servant, if, on his said appointment his service in the Civil Service will be counted under a provincial scheme as if it were provincial service, the Governor in Council may authorize payment to the provincial government of a total amount equal to twice the amount of the contributions of the contributor under this Act in respect of his service in the Civil Service together with the amount of his contributions under this Act, if any, in respect of his provincial service, with simple interest thereon at four per centum per annum.

"provincial government".

(2) In this section and in the two next preceding sections,

"provincial scheme".

(a) 'provincial government' means His Majesty the King in right of any province;

(b) 'provincial scheme' means any provision made by law for the payment of superannuation allowances or benefits to an employee under a provincial government;

(c) 'provincial service' means service under a provincial government which would be counted for the purpose of the payment of any superannuation allowance or benefit under a provincial scheme.

Diplomatic or consular representative.

"**11**F. Where a contributor has been or is appointed after the first day of January, 1938, by or on behalf of His Majesty as a diplomatic or consular representative, he shall, notwithstanding anything contained in this Act, continue to be a contributor and his service as the said representative shall be deemed to be service in the Civil Service for the purposes of this Act and if upon ceasing to hold the said office he is not appointed a civil servant, he shall be deemed to have been retired by reason of the abolition of his office: Provided that where the said contributor was so appointed before the first day of October, 1944, he shall not continue to be a contributor under this Act pursuant

Proviso.

11E. (1) This subsection provides for the refund of contributions with interest in the event of former provincial employees mentioned in Section 11C and 11D, being reappointed to positions with the respective provinces from which they were employed prior to becoming employees in the Civil Service of Canada. P.C. 23/9776 of October 26, 1942.

11F. This section is necessary because diplomatic representatives do not fall within the definition of "permanent officer, clerk or employee" contained in the Act and without special provision the Act would not apply to them. Recommended by the Special Committee.

to this section unless he has contributed or unless before the thirty-first day of December, 1944, he contributes to the Consolidated Revenue Fund an amount equal to the contribution which he would have made from his salary during the period between his appointment and the time of such contribution."

6. Section twelve of the said Act is amended by adding thereto the following as subsection two:—

Superannuation account.

"(2) There shall be kept a Special Account in The Consolidated Revenue Fund, to be known as the Superannuation Account, of all monies so received or so payable, and there shall be added to the said Account annually an amount representing interest, at such rate and calculated in such manner as the Governor in Council may by regulation prescribe, on the amount to the credit of such account."

7. The said Act is further amended by adding thereto the following immediately after section seventeen as section seventeen A:—

Right to elect to become contributors. R.S., 1906, c. 17. Part II.

"**17**A. (1) Notwithstanding anything contained in the three last preceding sections, any civil servant who is subject to the provisions of the Retirement Act on the first day of October, 1944, and who elects within one year after the said date to become a contributor, shall thereupon become a contributor and shall be subject to the provisions of, and entitled to all the benefits and privileges under Part One of this Act.

Transfer of contributions.

(2) A civil servant who elects under this section to become a contributor shall be deemed to have waived his right to any payment or benefit under the provisions of the Retirement Act and the amount to his credit in the Retirement Fund shall be transferred to the Superannuation Account kept under this Act and shall be deemed to be the contribution required under section five of this Act in respect of the whole of the period of his service in the Civil Service prior to becoming a contributor during which he contributed to the Retirement Fund."

8. The said Act is further amended by adding thereto the following immediately after section nineteen:—

Funds transferred to superannuation account.

"**19**A. The balance at the credit of the Superannuation Fund, number two, which was set up under the provisions of section eighteen of the Superannuation Act, shall on the first day of October, 1944, be transferred from the said Fund to the Superannuation Account kept under this Act and on and after the said date benefits heretofore payable to persons entitled thereto under the provisions of the said Act and payable out of the Superannuation Fund, number two, shall be accounted for in the Superannuation Account kept under this Act."

6. New. To carry out recommendation of Special Committee that interest be credited to the Superannuation Account.

7. New. This section opens up the right of election for a period of one year from October 1, 1944, in the case of those who prior to such date were contributing to the Retirement Fund set up under the provisions of the Retirement Act. Provision is made for transferring the balance at the credit of any contributor who elects under this section from the Retirement Fund to the Superannuation Fund. Recommended by the Special Committee.

8. New. Recommended by the Special Committee.

9. The said Act is further amended by adding thereto the following immediately after section twenty-one:—

Right to elect to become a contributor.

"**21**A. Notwithstanding anything contained in this Part any civil servant who was eligible under the provisions of section twenty-one of this Act to elect to become a contributor on the eighteenth day of July, 1927, but who did not do so, may elect within one year of the first day of October, 1944, to become a contributor and he shall thereupon become a contributor and be subject to the provisions of, and entitled to all the benefits and privileges under Part One of this Act."

Repeal.

10. Chapter twenty-seven of the statutes of 1940 entitled "An Act to amend the Civil Service Superannuation Act, 1924," is repealed.

Coming into force.

11. This Act shall come into force on the first day of October, 1944.

9. New. This section opens up the right of election for a period of one year from October 1, 1944, in the case of those persons who were eligible but who failed to elect prior to July 19, 1927. If such persons do elect they are dealt with as new contributors and must pay for past non-contributory service and new service at the new rates effective August 11, 1939. Recommended by the Special Committee.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 178.

An Act to incorporate the Export Credits Insurance Corporation and to promote the revival of trade by the provision of Dominion Government guarantees to encourage exports from Canada.

First reading, July 28th, 1944.

THE MINISTER OF TRADE AND COMMERCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

13825

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 178.

An Act to incorporate the Export Credits Insurance Corporation and to promote the revival of trade by the provision of Dominion Government guarantees to encourage exports from Canada.

Preamble.

WHEREAS, it is desirable to promote the revival of trade by establishing a corporation to insure against loss caused by insolvency, delays in collection and transfer difficulties in connection with the export of Canadian-produced goods, and during the period of transition from war to peace by providing for loans or guarantees to governments of other countries or their agencies:

Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The Export Credits Insurance Act.*

Definitions.

2. In this Act, unless the context otherwise requires:—

"advisory council."

(a) "advisory council" means the advisory council to the board of directors of the Corporation, as constituted by this Act;

"Board."

(b) "Board" means the board of directors of the Corporation;

"by-law."

(c) "by-law" means a by-law made by the Board of Directors and approved by the Governor in Council pursuant to this Act;

"Canadian-produced goods."

(d) "Canadian-produced goods" means goods wholly or partly produced or manufactured in Canada;

(e) "contract of insurance" means a contract of insurance entered into pursuant to Part I of this Act;

"Corporation."

(f) "Corporation" means the Export Credits Insurance Corporation;

"cost of Canadian-produced goods."

(g) "cost of Canadian-produced goods" includes the cost of such services or supplementary work to be done

in connection with the design, inspection, delivery, erection, installation or testing of goods under a contract of purchase of such goods from an exporter as may be determined by regulation;

"export." *(h)* "export" means export from Canada;

"exporter." *(i)* "exporter" means a person who exports Canadian-produced goods from Canada;

"insolvency." *(j)* "insolvency" means the state or condition of being unable to pay in full when due the purchase price of exported Canadian-produced goods;

"insured." *(k)* "insured" means any person with whom the Corporation enters into a contract of insurance;

"loss." *(l)* "loss" means the loss accruing to an exporter upon non-payment, when due, of the purchase price of the goods exported, by reason of insolvency or delay of the importer or his inability to secure the currency with which the purchase price is to be paid;

"Minister." *(m)* "Minister" means the Minister of Trade and Commerce;

"person." *(n)* "person" includes any association or partnership;

"security." *(o)* "security" includes bills, promissory notes, bonds, debentures, and any other evidences of indebtedness and shares.

PART I

Export Credits Insurance Corporation.

3. (1) There shall be a corporation to be known as Export Credits Insurance Corporation, consisting of those persons as members who for the time being are the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance and the Governor of the Bank of Canada.

Body corporate.

(2) The Corporation shall be a body corporate having capacity to contract and to sue and be sued in the name of the Corporation.

Head office.

4. The head office of the Corporation shall be at the City of Ottawa.

Board of directors.

5. (1) The Corporation shall be under the management of a board of directors composed of the members of the Corporation and not more than four other directors appointed from time to time by the Governor in Council, one of whom shall be appointed by the Governor in Council to be Chief Executive Officer of the Corporation.

Votes.

(2) Each director shall have one vote at a meeting of the Board.

Directors' fees.

(3) The directors, except the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance, the Governor of the Bank of Canada and the Chief Executive

Officer, shall be entitled to receive for attendance at directors' meetings, such fees as may be fixed by the by-laws of the Corporation, but the aggregate amount of the fees paid to all directors, exclusive of expenses, shall not exceed three thousand dollars in any fiscal year.

Remove, reappoint, replace.

(4) The Governor in Council may remove or suspend, reappoint or reinstate, or replace any director of the Corporation appointed by him.

Chairman of Board.

6. (1) The directors of the Corporation shall appoint one of their number to be the Chairman of the Board who shall preside at meetings of the Board.

Absence or incapacity of Chairman.

(2) In the event of absence or incapacity of the Chairman from whatever cause arising, the Board shall authorize a director to act as Chairman for the time being who shall have and may exercise all the powers and functions of the Chairman.

Officers, advisers, employees, R.S., c. 22.

7. (1) The Corporation may, notwithstanding anything in the *Civil Service Act*, employ such officers, advisers and employees for such purposes and on such terms and conditions as may be deemed desirable by the Board and each officer, adviser or employee so employed shall, before entering upon his duties, take an oath of fidelity and secrecy in the form prescribed by the by-laws of the Corporation.

Rights under C.S. Superannuation Act preserved.

R.S., c. 22.

(2) Notwithstanding anything in the *Civil Service Act*, the *Civil Service Superannuation Act* or any other Act of the Parliament of Canada, a civil servant who, at the time of his employment by the Corporation under or pursuant to this Act, is a contributor under the *Civil Service Superannuation Act*, shall continue to be a contributor under the said Act; his service to the Corporation shall be counted as service in the Civil Service for the purposes of the *Civil Service Superannuation Act*, and he, his widow and children or other dependents, if any, shall be eligible to receive the respective allowances or gratuities provided by the said Act; and in the event of his being retired from his office or position with the Corporation for any reason other than that of misconduct, he shall be eligible for reappointment in the Civil Service or to receive the same benefits under the *Civil Service Superannuation Act* as if his office or position had been abolished.

R.S., c. 24.

Rights as a civil servant preserved.

R.S., c. 22.

(3) Any person who at the time of his employment by the Corporation under or pursuant to this Act holds a position in the Civil Service or is an employee within the meaning of the *Civil Service Act*, shall continue to retain and be eligible to receive all the benefits, except salary as a civil servant, that he would have been eligible to receive had he remained under that Act.

Offices and agencies.

Agents.

(4) The Corporation may establish offices or employ agents in any part of Canada, and if necessary may employ agents elsewhere than in Canada for purposes of enforcing any right which as a result of a contract of insurance may be vested in the Corporation.

Delegation.

8. The Board may delegate to the Chief Executive Officer or any officer, agent or employee of the Corporation, authority to act in the conduct of the business of the Corporation in all matters which are not by this Act or by the by-laws of the Corporation specifically reserved to be done by the Board.

Advisory council.

9. (1) The Governor in Council may appoint an advisory council consisting of not more than fifteen members to advise the Board on all matters relative to the administration of Part I of this Act.

Members to serve without remuneration.

(2) The members of the advisory council shall serve without remuneration but may be paid their actual and reasonable disbursements incurred in connection with the performance of their duties as members of such advisory council.

Capital shares.

10. (1) The authorized capital of the Corporation shall be five million dollars, and shall be divided into fifty thousand shares of the par value of one hundred dollars each.

Shares to be subscribed for by Minister.

Payment out of C.R.F.

(2) The Minister shall subscribe for the said fifty thousand shares at par and the Minister of Finance shall pay the amount of such subscription out of unappropriated monies in the Consolidated Revenue Fund at such times and in such amounts as the Board requires; but not less than five thousand of the said shares shall be subscribed and paid for forthwith upon the coming into force of this Part.

Payment out of C.R.F. to capital surplus account.

(3) Whenever the Minister of Finance pays any part of such subscription, he shall in addition pay out of unappropriated moneys in the Consolidated Revenue Fund to the Corporation an equal amount, to be credited to capital surplus account, not exceeding in the aggregate, however, five million dollars.

Shares non-transferable. To be held in trust.

(4) The shares of capital stock of the Corporation shall not be transferable and shall upon acquisition by the Minister be held in trust for His Majesty.

Sell bonds and debentures.

11. (1) The Corporation may issue and sell bonds and debentures bearing such rates of interest and subject to such terms and conditions as the Board may approve.

Investments.

(2) The Corporation may invest moneys of the Corporation in such manner as the Board may from time to time determine.

Board by-laws.

12. (1) The Board may make by-laws not inconsistent with Part I of this Act with respect to the following matters:

(a) the calling of meetings of the Board, the quorum and the conduct of business thereat;

(b) the duties and conduct of officers, employees and agents of the Corporation;

(c) the fees of directors;

(d) the matters to be referred to the advisory council, the calling of meetings of the advisory council and generally all matters relative to the advisory council;

(e) the types of contracts for the sale of Canadian-produced goods which may be included in the risk insured and the types of service or supplementary work to be done in connection with the erection, installation or testing of Canadian-produced goods, which may be included in such contracts;

(f) the terms and conditions upon which the Corporation will enter into any contract of insurance including therein, but not so as to restrict the generality of the foregoing;

(i) the rate or rates of premium, provided that such premiums are established at rates which in the opinion of the Board are adequate to cover probable losses;

(ii) the terms of co-insurance, if any; and

(g) generally, the conduct of the affairs of the Corporation.

By-laws effective when approved by Governor in Council.

(2) A by-law shall not be effective until approved by the Governor in Council and upon becoming effective shall forthwith be published in the *Canada Gazette*.

Contract of insurance.

13. (1) For the purpose of facilitating and developing trade or any branch of trade between Canada and any other country the Corporation may enter into a contract of insurance with an exporter to insure against the risk of loss involved in a contract for the export of Canadian-produced goods.

Terms of contract.

(2) The Board may, subject to the provisions of this Act or of any by-law, determine the terms and conditions upon which the Corporation will enter into any contract of insurance.

Liability under contracts outstanding.

14. The liability of the Corporation under the contracts of insurance issued and outstanding at any one time shall not exceed a total of ten times the amount of the paid-up capital and surplus as indicated by the last quarterly statement of the Corporation.

Loans to the Corporation.

15. The Governor in Council may from time to time authorize the Minister of Finance to advance out of any unappropriated moneys in the Consolidated Revenue Fund, amounts to the Corporation by way of loan on such terms

and conditions as the Governor in Council may determine; provided that the aggregate of such loans outstanding at any time shall not exceed an amount equal to five times the aggregate of the paid-up capital and surplus of the Corporation as indicated by the last quarterly statement of the Corporation.

Fiscal year.

16. The fiscal year of the Corporation shall be the year ending on the thirty-first day of March.

Annual financial statement.

17. (1) The Corporation shall within twenty-one days following the end of each quarter during its fiscal year make up and transmit to the Minister in such form as he may prescribe a statement of its assets and liabilities at the close of business on the last day of the preceding quarter.

Idem.

(2) The Corporation shall make up and transmit to the Minister within twenty-one days after the end of each fiscal year in such form as he may prescribe a statement of its accounts for the fiscal year together with such summary or report by the Chairman as he may determine desirable or as may be required by the Minister.

Accounts and Chairman's report to be laid before Parliament.

(3) A copy of the accounts and of the Chairman's report shall within fourteen days after the receipt thereof by the Minister be laid before Parliament or, if Parliament be not then sitting, within fourteen days after the commencement of the next ensuing session thereof.

Publication.

(4) A copy of each statement or report referred to in this section shall be published in the next succeeding issue of the *Canada Gazette* following its receipt by the Minister.

Audit by Auditor General.

18. The accounts of the Corporation shall be audited by the Auditor General of Canada and the audited statements of such accounts shall be included in the Corporation's annual statement.

Insolvency and winding-up Acts not applicable.

19. No statute relating to the insolvency or winding-up of any corporation shall apply to the Corporation and in no case shall the affairs thereof be wound up unless Parliament so provides.

False statements by directors or officers.

20. (1) Every director, officer or auditor of the Corporation who verifies or who has to do with the delivering or transmitting to the Minister of any statement, account, or return required to be furnished to the Minister pursuant to the provisions of this Part and who knows the said statement, account or return to be false in any material particular, shall be guilty of an indictable offence and liable to imprisonment for not more than five years and not less than six months.

Offence.

False statement on application for insurance.

Offence.

(2) Every person is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years who wilfully makes any false statement:—

(a) in any application for insurance under this Act;

(b) in any instrument given to the Corporation under the authority of this Act.

Part I coming into force by proclamation.

21. The provisions of Part I of this Act shall come into force on a date to be fixed by proclamation.

Part II

Assistance to governments of other countries.

22. (1) During the three years next ensuing after the coming into force of this Part of this Act, the Governor in Council on the recommendation of the Minister of Finance and the Minister of Trade and Commerce may, if he deems it advisable for the purpose of facilitating and developing trade or any branch of trade between Canada and any other country, authorize the Minister of Finance to:—

(a) guarantee the obligations of the government or an agency of the government of any such other country to pay the cost of Canadian-produced goods under a contract to purchase such goods from an exporter;

(b) make a loan to the government or an agency of the government of any such other country to enable such government or such agency to purchase from an exporter and to pay the cost of Canadian-produced goods; or

(c) purchase, acquire or guarantee any security issued by the government or by the agency of the government of any such other country to any person in Canada in payment of the cost of Canadian-produced goods exported or to be exported to such other country;

if the government of such other country requests the Government of Canada to give such guarantee, make such loan, or purchase, acquire or guarantee such securities and undertakes to indemnify the Government of Canada against loss in connection therewith.

Aggregate amount of guarantees.

Loans and securities.

(2) The aggregate amount of guarantees under subsection one of this section outstanding at any time shall not exceed two hundred million dollars and the aggregate of the amount of loans made and outstanding at any time and the value of securities purchased or acquired and held at any one time under subsection one of this section shall not exceed one hundred million dollars.

Terms of assistance.

(3) The Governor in Council may determine the terms and conditions upon which any guarantee, loan, purchase, acquisition or guarantee of securities shall be made under this section.

Enforcement.

23. The Governor in Council may authorize the Minister of Finance to take such steps to enforce any undertaking of indemnity, collect any loan, or sell, realize upon or dispose of any security given, made or acquired under subsection one of section twenty-two as may be deemed advisable.

Corporation as agent of Minister of Finance.

24. The Minister of Finance may employ the Corporation to act as his agent in respect of any matter arising under Part II of this Act.

Moneys out of Consolidated Revenue Fund.

25. Any monies necessary to carry out Part II of this Act may be paid out of unappropriated monies in the Consolidated Revenue Fund.

Report to Parliament.

26. The Minister of Finance shall report to Parliament on the operation of Part II of this Act within thirty days after the end of each fiscal year or, if Parliament be not then sitting, within thirty days after the commencement of the next ensuing session thereof.

Part III

Regulations.

27. The Governor in Council may make regulations for any purpose for which regulations may be made under this Act and generally for carrying the purposes or provisions of this Act into effect.

179.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 179.

An Act to amend The Canadian Broadcasting Act, 1936.

First reading, August 1, 1944.

THE MINISTER OF NATIONAL WAR SERVICES.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

14076

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 179.

An Act to amend The Canadian Broadcasting Act, 1936.

1936, c. 24.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Subsection seven of section three of *The Canadian Broadcasting Act, 1936*, chapter twenty-four of the statutes of 1936, is repealed, and the following substituted therefor:—

Salary.

"(7) The Chairman shall be paid such annual salary as may be determined by the Governor in Council and shall devote the whole of his time to the performance of his duties under this Act, and shall not hold any other office or accept any other employment. If an executive committee is established by by-law, each of the other Governors on such executive committee shall receive an honorarium of one thousand dollars per annum; other Governors of the Corporation shall each receive fifty dollars for each meeting they attend, but shall not receive more than five hundred dollars in any one year."

Honorarium.

Explanatory Note.

1. The proposed amendment is designed to implement a recommendation to the same effect made by the Special Committee on Radio Broadcasting in its Report dated and tabled July 27, 1944.

Subsection (7) presently reads:—

"(7) The Chairman shall receive an honorarium of one thousand five hundred dollars per annum and if an executive committee is established by by-law, each of the other Governors on such executive committee shall receive an honorarium of one thousand dollars per annum; other Governors of the Corporation shall each receive fifty dollars for each meeting they attend, but shall not receive more than five hundred dollars in any one year."

180.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 180.

An Act to amend the Income War Tax Act.

First reading, August 1, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

14191

R.S., c. 97; 1928, cc. 12, 30; 1930, c. 24; 1931, c. 35; 1932, cc. 43, 44; 1932-33, cc. 14, 15, 41; 1934, cc. 19, 55; 1935, cc. 22, 40; 1936, cc. 6, 38; 1938, c. 48; 1939 (1st Sess.), c. 46; 1939 (2nd Sess.), c. 6; 1940, c. 34; 1940-41, c. 18; 1942-43, c. 28; 1943-44, cc. 14, 24.

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 180.

An Act to amend the Income War Tax Act.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Definitions,

1. (1) Section two of the *Income War Tax Act* chapter ninety-seven of the Revised Statutes of Canada, 1927, is amended by adding the following paragraphs thereto:—

"scientific research."

"*(u)* 'scientific research' means any activity in the field of natural or applied science for the extension of knowledge;

References to expenditures on scientific research.

(v) references to expenditures on scientific research include all expenditures incurred for the prosecution of, or the provision of facilities for the prosecution of, scientific research and references to scientific research relating to a business or a class of business include any scientific research that may lead to or facilitate an extension of that business or, as the case may be, business of that class.

"taxation year". "taxation period."

(w) 'taxation year' or 'taxation period' means a year or other fiscal period upon the income of which tax is, by this Act, required to be assessed, levied or paid and a reference to the taxation year or taxation period of a certain calendar year is a reference to the taxation year or taxation period, as the case may be, ending in that calendar year."

(2) Section two of the said Act is further amended by adding the following subsections thereto:—

Child of a taxpayer defined.

"(2) In this Act, unless the context otherwise requires, words referring to a child of a taxpayer include

(a) an illegitimate child of the taxpayer,

(b) a person who is under eighteen years of age and wholly dependent on the taxpayer for support and of whom the taxpayer has in law or in fact the custody and control, and

(c) a daughter-in-law or son-in-law of the taxpayer.

Explanatory Notes.

1. (1) *(u)* Definition to be read in conjunction with paragraph *(u)* as enacted in subsection (8) of section 4 of this Act.

(v) This is an indication of the expenditures on scientific research which will be recognized for the purposes of paragraph *(u)* as enacted in subsection (8) of section 4 of this Act.

(w) This clarifies the meaning of "taxation year" and "taxation period" which have frequently been used in the *Income War Tax Act* in various sections.

(2) "(2) and (3)" These are extensions of the meaning of various dependents referred to in the Schedule to the *Income War Tax Act*, and particularly in sections 21 to 29 inclusive of this Act.

Dependents.

"parent."

"grandparent."

"brother."

"sister."

"son."

"daughter."

(3) In this Act unless the context otherwise requires,

(a) 'parent' includes father-in-law and mother-in-law,

(b) 'grandparent' includes grandmother-in-law and grandfather-in-law,

(c) 'brother' includes brother-in-law,

(d) 'sister' includes sister-in-law,

(e) 'son' includes son-in-law and an illegitimate son, and

(f) 'daughter' includes daughter-in-law and an illegitimate daughter."

2. Section three of the said Act is amended by adding the following subsections thereto:—

Payment upon retirement.

"(6) Where the Minister is satisfied that a single payment by an employer to an employee upon retirement, other than a payment out of or pursuant to a superannuation or pension fund or plan approved by the Minister, is in recognition of long service, one-fifth only of the payment shall be deemed, for the purposes of this Act, to be income of the taxpayer in the year it is received and one-fifth thereof shall be so deemed to be income of the taxpayer in each of the four succeeding years in which he is living.

Income may be reduced by the amount of a gift to H.M.

(7) For the purposes of this Act, the income of an individual in a taxation period may, at the option of the taxpayer, be deemed to be reduced by the amount of a gift made in money to His Majesty in right of Canada in the last eight months of the taxation period or the first four months of the next taxation period but, where income is reduced by the amount of a gift under this subsection, no amount shall be deducted from income under paragraph *(j)* of subsection one of section five of this Act in respect of that gift."

Service pay and allowances.

3. (1) Sub-paragraph (iii) of paragraph *(t)* of section four of the said Act, as enacted by section three of chapter fourteen of the statutes of 1943-44, is repealed and the following substituted therefor:—

"(iii) members of the said Forces whose income from such service pay and allowances (excluding subsistence allowances up to one dollar and seventy cents per day and marriage and dependents' allowances and supplementary grants paid by the dependents' board of trustees) is paid at the rate of less than one thousand six hundred dollars per annum."

(2) The said section four is amended by adding the following paragraph thereto:—

Limited dividend housing corporation.

"*(y)* the income of a corporation organized exclusively to construct, hold and manage houses to provide housing accommodation at low rentals and, by a statute of Canada enacted to encourage the making of provision

2. "(6) This implements Budget Resolution No. 11.

"(7) This implements Budget Resolution No. 10.

3. (1) The effect of this amendment is to give the women members of the Armed Forces exactly the same tax exemption as the men.

(2) This implements Budget Resolution No. 17.

of housing accommodation as aforesaid, subject to conditions that the rights of shareholders to dividends and return of capital are limited to the return of capital subscribed and a limited dividend thereon."

Exemptions and deductions.

4. (1) Paragraph *(g)* of section five of the said Act, as enacted by section five of chapter twenty-eight of the statutes of 1942-43, is repealed and the following substituted therefor:—

Deductions for superannuation or pension fund.

"*(g)* in respect of amounts for superannuation or pension funds or plans approved by the Minister for the purposes of this paragraph

(i) an amount not exceeding three hundred dollars in the taxation year, actually retained by the employer from the remuneration of the taxpayer for an employees' superannuation or pension fund or plan in respect of services rendered in the taxation year or paid by a taxpayer who is a member of a trade union as part of his union dues, and

(ii) an amount not exceeding three hundred dollars in the taxation year, paid to an employees' superannuation or pension fund or plan by the taxpayer in respect of services rendered by him previous to the taxation year while he was not a contributor."

Donations to charitable organizations by corporations.

(2) Paragraph *(jj)* of the said section five, as enacted by section five of chapter twenty-eight of the statutes of 1942-43, is amended by adding thereto the following proviso:—

Proviso.

"Provided that the amount by which a corporation's charitable donations in the taxation year exceeds the greater of either

(i) the average of its annual donations in the last two fiscal periods ending before the first day of July, one thousand nine hundred and forty-two, or

(ii) that portion of its donations made in the taxation year that has been paid before the first day of February, one thousand nine hundred and forty-four or has been paid pursuant to an agreement or undertaking evidenced before the said day either by an instrument in writing or by a payment that is one of a series of payments,

shall not be deducted except a portion thereof the deduction of which diminishes the aggregate of its income tax under this Act and its tax under *The Excess Profits Tax Act, 1940*, by forty per centum of the said excess."

1940, c. 42.

4. (1) "*(g)* This re-enacts the existing paragraph *(g)* with the addition necessary by reason of Budget Resolutions Nos. 12 and 13.

(2) This implements Budget Resolution No. 32.

Payments to superannuation or pension funds by employer.

(3) Paragraph *(m)* of the said section five, as enacted by section five of chapter twenty-eight of the statutes of 1942-43, is repealed and the following substituted therefor:—

"*(m)* in respect of a special payment or payments made in Canada by an employer on account of an employees' superannuation or pension fund or plan in respect of past services of employees pursuant to a recommendation by a qualified actuary in whose opinion the resources of such fund or plan require to be augmented by an amount equal to the special payment or payments to ensure that all obligations of the fund or plan to the employees concerned may be discharged in full, approved by the Minister on the advice of the Superintendent of Insurance and made so that an amount paid is irrevocably charged for the benefit of the fund or plan,

(i) if the whole amount so recommended to be paid is paid in one year, one-tenth of the payment in each of ten successive taxation years commencing with the year in which the payment is made; and

(ii) if one-tenth of the amount so recommended to be paid, or less, is paid pursuant to a plan whereby the whole amount is to be paid over a period of years, the amount of the payment made in the taxation year:

Provided that where a payment described in subparagraph (i) of this paragraph has been made before the nineteen hundred and forty-four taxation year and is approved by the Minister, one-tenth thereof may be deducted in the nineteen hundred and forty-four taxation year and in each taxation year thereafter until ten successive years, beginning with the year of payment, have elapsed."

(4) Paragraph *(n)* of the said section five, as enacted by section five of chapter twenty-eight of the statutes of 1942-43, is repealed and the following substituted therefor:—

Unusual medical expenses.

"*(n)* that portion of medical expenses in excess of four per centum of the income of the taxpayer incurred and paid within the taxation period or incurred and paid within a twelve-month period ending in the taxation period and not included in the calculation of a deduction for medical expenses under this Act for a previous taxation period, if payment is made to a medical practitioner, dentist or nurse qualified to practise under the laws of the place where the expenses are incurred or a public or licensed private hospital in respect of a birth in the family of, illness of or operation upon the taxpayer or his spouse or any dependent in respect of whom he may make a deduction from his normal tax under Rule five of section one of paragraph A of the First Schedule to this Act; including the salary

(3) This implements Budget Resolution No. 26 by re-enacting the existing law with the addition required by that Resolution.

(4) This implements Budget Resolutions Nos. 4 and 5 and increases the maximum deduction heretofore allowed by one-half in each case and permits deduction of such expenses in excess of 4 per centum instead of five per centum of the income.

or wages paid to one full time attendant upon the taxpayer, his spouse or any such dependent, who was throughout the whole of the taxation period necessarily confined by reason of illness, injury or affliction to a bed or wheel chair and including also the salary or wages paid to one full time attendant upon the taxpayer, his spouse or any such dependent who was totally blind at any time in the taxation period and required the services of such an attendant; and including an amount expended on an artificial limb, a spinal brace, a brace for a limb or an aid to hearing for the taxpayer, his spouse or any such dependent: Provided that the deduction shall not exceed the aggregate of

(i) six hundred dollars in the case of a single person, or nine hundred dollars in the case of a married person or person given an equivalent status in respect of rates of tax under this Act (but a husband and wife are entitled to only one such deduction of nine hundred dollars between them), and

(ii) one hundred and fifty dollars for each dependent in respect of whom he may make a deduction from his normal tax under Rule five of section one of Paragraph A of the First Schedule to this Act but not exceeding six hundred dollars in respect of such dependents,

if payment of the said medical expenses is proven by receipts filed with the Minister."

Business losses including farm losses.

(5) Paragraph *(p)* of the said section five, as enacted by section five of chapter fourteen of the statutes of 1943-44, is repealed and the following substituted therefor:—

"*(p)* amounts in respect of losses sustained in the three years immediately preceding and the year immediately following the taxation year, but

(i) no more is deductible in respect of a loss than the amount by which the loss exceeds the aggregate of the amounts deductible in respect thereof in previous years under this Act,

(ii) an amount is only deductible in respect of the loss of any year after deduction of amounts in respect of the losses of previous years, and

(iii) nothing is deductible in respect of a loss unless the taxpayer carried on the same business in the taxation year as he carried on in the year the loss was sustained,

if, in ascertaining the losses, no account is taken of an outlay, loss or replacement of capital, a payment on account of capital, any depreciation, depletion or obsolescence or disbursements or expenses not wholly, exclusively and necessarily laid out or expended for

(5) This implements Budget Resolution No. 22.

the purpose of earning the income, except such amount for depreciation and depletion as the Minister may allow for the purposes of this paragraph."

How applicable.

(6) Paragraph *(p)* of the said section five, as enacted by subsection five of this section, is applicable only with reference to the deduction of

(a) losses sustained in the nineteen hundred and forty-two taxation year from income for the nineteen hundred and forty-four taxation year by a person carrying on the business of farming;

(b) losses sustained in the nineteen hundred and forty-three taxation year,

(i) from income for the nineteen hundred and forty-four taxation year by any person carrying on any business, other than farming, and

(ii) from income for the nineteen hundred and forty-four and nineteen hundred and forty-five taxation years by persons carrying on the business of farming; and

(c) losses sustained in the nineteen hundred and forty-four taxation year and all subsequent years by any person carrying on farming or any other business.

Farm losses.

(7) Paragraph *(r)* of the said section five, as enacted by section six of chapter fourteen of the statutes of 1943-44, is repealed.

(8) The said section five is further amended by adding the following paragraphs thereto:—

Alimony or other similar allowance.

"*(t)* an amount paid by the taxpayer pursuant to a decree, order or judgment of a competent tribunal in an action or proceeding for divorce or judicial separation or pursuant to a separation agreement as alimony or other allowance for the maintenance of the recipient thereof or the children of the marriage, if he is living apart from the spouse or former spouse to whom he is required to make the payment;

Amounts respecting scientific research.

(u) amounts of a current nature expended in the taxation year by a taxpayer carrying on a business

(i) on scientific research related to the business and directly undertaken by the taxpayer or on behalf of the taxpayer,

(ii) by payment to a scientific research association approved by the Minister after he has, if he deems it advisable, obtained the advice of the National Research Council, being an association that has as its objects the undertaking of scientific research related to the class of business to which the business that the taxpayer is carrying on belongs, or

(iii) by a payment to be used for such scientific research as is mentioned in subparagraph (ii) of this paragraph to a university, college, research institute or other similar institution

(6) This specifies the years in respect of which paragraph *(p)* as enacted in the immediately preceding subsection shall be applicable.

(7) The previous provisions in respect of farm losses are repealed as they are now included in the extended provision enacted in subsection (5) of this section of the Bill.

(8) "*(t)* This implements in part the provisions of Budget Resolution No. 16 by allowing alimony as a deduction from income.

(u) This implements Budget Resolution No. 23.

approved by the Minister after he has, if he deems it advisable, obtained the advice of the National Research Council,

and one-third of amounts of a capital nature expended in the manner described in subparagraph (i) of this paragraph

(iv) in the taxation year,

(v) in the taxation year immediately preceding the taxation year,

(vi) in the taxation year ending one year before the taxation year,

but no deduction may be made under this paragraph

(vii) in respect of an expenditure made before the first day of August, one thousand nine hundred and forty-four,

(viii) in respect of an expenditure incurred in the acquisition of rights in, or arising out of, scientific research,

(ix) exceeding in the taxation year five per centum of the income of the taxpayer subject to taxation in the taxation year preceding the taxation year unless the research programme in respect of which the expenditures were made has been approved by the Minister after consultation with the National Research Council,

or

(x) if the amount of the expenditures has been deducted from income under paragraphs *(j)* or *(jj)* of subsection one of section five of this Act;

Deferred maintenance and repairs.

(v) in respect of income for a taxation year ending between the last day of December, one thousand nine hundred and forty-two and the first day of the year of expenditure, not more than one-half of expenditures made

(i) in connection with maintenance and repairs by a taxpayer carrying on a business, or

(ii) on underground development by a taxpayer operating a mine,

in a period to be fixed by the Governor in Council for the purposes of this paragraph but the taxpayer may not deduct from his income for the year of expenditure, in respect of maintenance and repairs or underground development, more than the amount by which the expenditures made with respect thereto in that year exceed the amount deducted in a previous year or years in respect thereof under this paragraph."

(9) The said section five is further amended by adding the following subsection thereto:—

(v) This implements Budget Resolution No. 31.

Optional deduction for total blindness.

"(2) A taxpayer who was totally blind at any time in the taxation year may, for the purposes of this Act, deduct from his 'income' as hereinbefore defined for the taxation year the sum of four hundred and eighty dollars in place of including in a calculation under paragraph *(n)* of subsection one of this section salary or wages paid to a full time attendant upon the taxpayer if the attendant was employed by reason of the taxpayer's blindness."

Alimony.

5. (1) Paragraph *(g)* of subsection one of section six of the said Act, as enacted by section seven of chapter twenty-eight of the statutes of 1942-43, is repealed.

(2) Paragraph *(n)* of the said subsection one, as enacted by section sixteen of chapter thirty-four of the statutes of 1940 and as amended by section seven of chapter fourteen of the statutes of 1943-44, is amended by repealing that part of the said paragraph that precedes the first proviso thereto and substituting the following therefor:—

Depreciation.

"*(n)* depreciation, except such amount as the Minister in his discretion may allow, including

(i) such extra depreciation as the Minister in his discretion may allow in the case of plant or equipment built or acquired to fulfil orders for war purposes; and

(ii) depreciation at not more than double the rates normally allowed in respect of plant or equipment built or acquired in a period to be fixed by the Governor in Council for the purposes of this paragraph, if the taxpayer is, in the opinion of the Minister, making a new investment by building or acquiring the plant or equipment."

(3) The said paragraph *(n)* is further amended by repealing the third proviso thereto and substituting the following therefor:

Proviso.

"and Provided further that in the case of a sale of plant or equipment in respect of which depreciation has been allowed under subparagraph (ii) of this paragraph, the Minister may revise the assessments of the vendor for the years when the special depreciation was allowed, by disallowing as a deduction a pro rata portion of the depreciation so allowed in each of the said years to the extent of the excess of the selling price over the depreciated cost of the said plant or equipment, less the amount of depreciation normally allowed on such plant or equipment, and less the excess, if any, of the selling price over the undepreciated cost of the plant or equipment: and Provided further that as used in the second proviso to this paragraph, the term 'special depreciation' means depreciation allowed under subparagraph *(i)* of this paragraph and other special depreciation or allowance,

(9) (2) This implements Budget Resolution No. 6.

5. (1) This repeals the provision under which amounts paid as alimony were disallowed as a deduction from income and implements, therefore, in part, Resolution No. 16.

(2) This implements Budget Resolution No. 24 by adding it to the provisions already in the Act with respect to depreciation.

(3) This continues the safe-guards already in the Act by including a similar safe-guard with respect to all assets on which double depreciation has been allowed under subparagraph (ii) as enacted in the immediately preceding subsection.

in lieu of depreciation except depreciation allowed under subparagraph (ii) of this paragraph, that are in excess of depreciation normally allowed; and the term 'depreciated cost' as used in this paragraph means cost to the taxpayer less special depreciation and any other depreciation allowed under this paragraph."

6. (1) Subsection one of section eight of the said Act, as amended by section thirteen, of chapter eighteen of the statutes of 1940-41 and by section nine of chapter twenty-eight of the statues of 1942-43, is repealed and the following substituted therefor:—

Allowable deductions for taxes paid certain other countries.

"**8.** (1) A taxpayer may deduct from the tax otherwise payable by him under this Act the amount paid to the United Kingdom of Great Britain and Northern Ireland, to any of His Majesty's self-governing dominions or dependencies or to a foreign country for income tax in respect of the income of the taxpayer derived from sources therein:

Proviso.

Provided that the Minister may in his discretion allow a taxpayer to deduct from the aggregate of the income tax

1940, c. 42.

under this Act and tax under *The Excess Profits Tax Act, 1940*, otherwise payable by the taxpayer the aggregate of the income tax and excess profits tax paid by the taxpayer to the United Kingdom of Great Britain and Northern Ireland, any of His Majesty's self-governing dominions or dependencies or a foreign country in respect of the income of the taxpayer derived from sources therein."

(2) Section eight of the said Act is amended by inserting the following subsections after subsection two thereof:—

I.T. paid in any other portion of B.E. or in any foreign country by wholly owned non-resident subsidiary corporation from whom dividends received by Canadian parent.

"(2A) A company incorporated in Canada may deduct from the aggregate of the taxes payable under this Act and *The Excess Profits Tax Act, 1940*, an amount equal to the income tax and excess profits tax deemed to have been paid to the United Kingdom of Great Britain and Northern Ireland, to any of His Majesty's self-governing dominions or dependencies or to any foreign country on the income out of which dividends (other than dividends that are not liable to taxation by virtue of paragraph *(r)* of section four of this Act) are paid to it by a subsidiary non-resident company (the capital stock of which, except directors' qualifying shares, is wholly owned by it,) calculated in accordance with the following rules:—

(a) the dividends shall be deemed to have been paid out of income of the subsidiary in the year immediately preceding the year in which the dividends were declared; and

(b) the tax paid on the income from which the dividends are deemed to have been paid in any year shall be deemed to be the amount that bears the same relation to the dividends as the aggregate of the income tax

6. (1) "**8.** (1) This implements Budget Resolution No. 25.

(2) "(2A) This puts into law the tax credit in respect of the taxes paid to a foreign country by a wholly owned non-resident subsidiary company from whom dividends have been received by the Canadian parent company as referred to in Budget Resolution No. 27.

and excess profits tax paid by the subsidiary in that year bears to the subsidiary's income in that year; unless that amount exceeds the aggregate of the taxes under this Act and *The Excess Profits Tax Act, 1940*, calculated in accordance with the rules set out in paragraphs *(a)* and *(b)* of this subsection, that would have been payable by the subsidiary if the income of the subsidiary had been earned in Canada, in which case, the company may deduct an amount equal to that aggregate.

1940, c. 32.

Minister may fix an amount.

(2B) For the purposes of subsection two A of this section, the Minister may fix an amount that shall be deemed to be the income of the subsidiary in any year."

(3) That part of subsection five of the said section eight, as enacted by section ten of chapter fourteen of the statutes of 1943-44, that precedes the first proviso thereto is repealed and the following substituted therefor:—

Contributions for prospecting.

1940, c. 32.

"(5) A taxpayer may deduct from the aggregate of the income tax under this Act and the tax under *The Excess Profits Tax Act, 1940*, payable by him upon his income for the nineteen hundred and forty-four taxation year, an amount equal to forty per centum of the contributions made by him during that year to associations, syndicates or mining partnerships registered or otherwise recognized under the laws of any province or territory of Canada and organized for the purpose of prospecting in Canada for base metals or strategic minerals, but no more than five thousand dollars may be deducted under this subsection and no more than five hundred dollars may be deducted in respect of contributions to any association, syndicate or mining partnership."

(4) The said section eight is further amended by adding the following subsections thereto:—

Expenditures or unproductive deep test oil wells.

"(10) A corporation, association, syndicate or exploration partnership whose principal business is production, refining or marketing of petroleum or exploration or drilling for petroleum may, with the consent of the Governor in Council upon the recommendation of the Minister of Mines and Resources, deduct from the aggregate of the taxes under this Act and *The Excess Profits Tax Act, 1940*, payable by it in respect of the year of expenditure, fifty per centum of expenditures, not including geological or geophysical expenditures, made in connection with a deep test oil well that was spudded in between the twenty-sixth day of June, one thousand nine hundred and forty-four, and the thirty-first day of March, one thousand nine hundred and forty-five, and that proved to be unproductive, if, in the opinion of the Governor in Council,

(a) drilling the oil well is desirable in order to extend the petroleum resources of Canada; and

(b) the taxpayer could not reasonably be expected to drill the oil well unless permitted to deduct at least

(2B) This gives the Minister power to determine what the income of the wholly owned non-resident subsidiary company has been in the foreign country so that the effective rate of tax on such subsidiary's whole income, including any capital gains which may have been taxed in the foreign country according to the foreign legislation (as, for example, in the U.S.A.) may be determined in order to apply it in respect of the dividend received in Canada by the parent company.

(3) "(5) This continues in force for another year the tax credit in respect of contributions for prospecting.

(4) "(10) and (11)" These implement Budget Resolution No. 29.

fifty per centum of the expenditures in connection therewith from tax.

Expenditures on unproductive deepest oil wells.

(11) Where a corporation, association, syndicate or exploration partnership whose principal business is production, refining or marketing petroleum or exploration or drilling for petroleum is a shareholder or partner in, or member of, another corporation, association, syndicate or exploration partnership whose principal business is production, refining or marketing of petroleum or exploration or drilling for petroleum and has paid money thereto, either by way of subscription of capital or otherwise, that is expended as described by subsection ten of this section, the Minister may direct that it shall, to the extent of that payment, be deemed, for the purposes of subsection ten of this section, to have itself made the expenditure and in any such case no deduction may be made under subsection ten of this section by the corporation, association, syndicate or exploration partnership that made the expenditure."

Alimony.

7. Section eight A of the said Act, as enacted by section eleven of chapter twenty-eight of the statutes of 1942-43, is repealed.

Deductions not allowed.

8. Subparagraph (ii) of paragraph *(a)* of subsection one of section twenty-two A of the said Act, as enacted by section twelve of chapter thirty-eight of the statutes of 1936, is repealed and the following substituted therefor:—

"(ii) taxes paid to the United Kingdom of Great Britain and Northern Ireland or any of His Majesty's self-governing dominions or dependencies or to a foreign country in respect of income of the company derived from sources therein."

9. Section thirty-three of the said Act is amended by adding the following subsection thereto:—

Return to be filed within six months from day of death.

"(3) Notwithstanding subsection one of this section, the return to be filed in the case of a deceased person in respect of his income for the taxation year received or accrued before his death shall be filed within six months from the day of the death of the deceased."

Returns by employer.

10. (1) Section thirty-nine of the said Act is amended by inserting the following subsection after subsection two A thereof:—

Persons receiving money on deposit.

"(2B) Every person authorized by law to receive money as deposits shall render a true and accurate return of

(a) the amounts in which such person has become, since the first day of January, one thousand nine hundred and forty-four, indebted by way of interest on money so received in excess of such amounts as the Minister may prescribe; and

7. This repeals the tax credit previously allowed to a person paying alimony.

8. This amendment is necessary by reason of the amendment to subsection (1) of section 8 of the Act as enacted by subsection (1) of section 6 of this Act as in the new subsection (1) of section 8 there are no paragraphs *(a)* and *(b)* and as it presently stands in the Act (ii) referred to a paragraph *(b)* of subsection (1) of section 8 of the Act.

9. This will ensure that income of the deceased person up to the date of his death shall be contained in an income tax return which will be filed within six months of the decedent's death and will thus enable his estate to be cleared by the income tax authorities at an earlier date than has heretofore been possible since the return in many cases did not have to be filed until the 30th April in the year following the death which in some cases might be twelve or fourteen months after the actual date of death.

10. This implements Budget Resolution No. 28.

(b) the names and addresses of the persons to whom the indebtedness is incurred."

(2) Subsection four of the said section thirty-nine is repealed and the following substituted therefor:—

Information returns—last day of February.

"(4) The returns required by subsections two, two A, two B and three of this section shall be delivered to the Minister on or before the last day of February in each year without any notice or demand being made therefor and in such form as the Minister may prescribe."

11. The said Act is amended by inserting the following after section forty-six thereof:—

Person required to pay or collect taxes to keep records, etc.

"**46A.** (1) Every person carrying on business who is required, by or pursuant to this Act, to pay or collect taxes or other sums shall keep records and books of account at his place of business in Canada or at such other place as the Minister may designate, in such form and containing such information as will enable the amount of taxes or other sums that should have been paid or collected to be determined.

To be kept until permission given for their disposal.

(2) Every person required by subsection one of this section to keep records and books of account shall, until written permission for their disposal is obtained from the Minister, keep every such record or book of account and every account or voucher necessary to verify the information in any such record or book of account.

To be available for inspection

(3) Every person required by subsection one of this section to keep records and books of account shall, at all reasonable times, make the records and books of account and every account and voucher necessary to verify the information therein available to officers of the Department of National Revenue and other persons thereunto authorized by the Minister and give them every facility necessary to inspect the records, books, accounts and vouchers.

Records, etc., may be seized for violation of the Act.

(4) Where, during the course of an audit or inspection, it appears to an officer of the Department of National Revenue or any other person authorized by the Minister to inspect records or books that there has been a violation of this Act, the officer or authorized person may seize, take away and retain any record or book kept pursuant to subsection one of this section and any account or voucher submitted to verify the information contained therein until they are produced in any court proceedings.

Records and books not kept as required.

(5) Every person who fails to keep records and books of account as required by this section is guilty of an offence and liable on summary conviction to a penalty of not more than one thousand dollars and not less than five dollars and in default of payment of the said penalty, to a term of imprisonment of not more than twelve months.

Penalty.

Failure to make records and books available.

(6) Every person who fails to comply with subsection three of this section and every person who in any way prevents or attempts to prevent an officer of the Depart-

11. Primarily this section is designed to require persons carrying on business who are subject to payment of income tax or to collection of income tax at the source from their employees to keep records and to permit their inspection by auditors or other authorized officers. Many such persons are permitted to have for short periods of time large amounts of Crown monies in their hands which they have deducted from employees on behalf of the Crown. If proper records are not kept the employee from whom the deduction has been made may not be able to receive credit for the proper amount of tax deducted at the source, as the officials of the Department do not know the details of such deductions until detailed information has been submitted by the employer to the Department from his records, and these records should be kept available for inspection in order that the Crown may be satisfied that monies deducted on its behalf from third parties, i.e., the employees, have been properly accounted for to the Crown by the employer. The same provision applies with respect to records of the taxpayer's own business for the purpose of determining the taxpayer's own income and the amount of tax to be paid thereon.

ment of National Revenue or an authorized person from having access to, or from inspecting, records or books of account kept pursuant to subsection one of this section is guilty of an offence and liable on summary conviction to a penalty of not less than two hundred dollars and not more than two thousand dollars or to imprisonment for a term of not more than six months or to both such penalty and such imprisonment."

Penalty.

Interest.

12. Section forty-eight of the said Act is amended by deleting the words "five per centum per annum" wherever they appear in subsections two to seven inclusive thereof and substituting the words "four per centum per annum" therefor and by deleting the words "eight per centum per annum" wherever they appear therein and substituting the words "seven per centum per annum" therefor.

Penalty for short payment.

13. Section forty-nine of the said Act is repealed.

14. Subsection three of section fifty-four of the said Act, as enacted by section sixteen of chapter thirty-eight of the statutes of 1936, is repealed and the following substituted therefor:—

Interest.

"(3) Unless otherwise provided, all taxes found due and unpaid shall bear interest at the rate of four per centum per annum from the day prescribed for the filing of the return to the day of payment."

15. Section fifty-five of the said Act is repealed and the following substituted therefor:—

Continuation of liability for tax.

"**55.** Notwithstanding any prior assessment, or if no assessment has been made, the taxpayer shall continue to be liable for any tax and to be assessed therefor and the Minister may at any time assess any person for tax, interest and penalties and may

(a) at any time, if the taxpayer has made any misrepresentation or committed any fraud in making his return or supplying information under this Act, and

(b) within six years from the day of the original assessment in any other case,

re-assess or make additional assessments upon any person for tax, interest and penalties."

Notice of appeal.

16. Subsection one of section fifty-eight of the said Act is repealed and the following substituted therefor:—

"**58.** (1) Any person who objects to the amount at which he is assessed, or who considers that he is not liable to taxation under this Act, may personally or by his solicitor serve a notice of appeal upon the Minister

12. This implements Budget Resolution No. 21.

13. This is to correct an error in the 1943 legislation under which an additional 3% tax was imposed on salaried employees from the 30th April in the year in which the return was due instead of from one month after the date of the notice of assessment issued by the Minister.

14. This implements Budget Resolution No. 21.

15. This implements Budget Resolution No. 20.

16. This implements Budget Resolution No. 15.

(a) in the case of an assessment for the nineteen hundred and thirty-nine or a subsequent taxation year of a member of the Canadian naval, military or air forces who is, on the day the notice of assessment is mailed pursuant to section fifty-four of this Act or within three months of that day, in the Canadian active service forces and overseas on the strength of an overseas unit, within one year after the day when he ceases to be on the strength of such a unit or later with the consent of the Minister, and

(b) in any other case, within one month after the day of mailing of the notice of assessment."

17. (1) Subsection one of section seventy-seven of the said Act, as enacted by section seventeen of chapter fifty-five of the statutes of 1934, is repealed and the following substituted therefor:—

Failure to file return under sections 33 and 35.

Penalty.

"**77.** (1) Every person who fails to deliver a return pursuant to section thirty-three or section thirty-five of this Act within the time limited therefor is liable to a penalty of

(a) five dollars, where the amount of tax that was unpaid when the return was required to be made is one hundred dollars or less;

(b) an amount equal to five per centum of the tax that was unpaid when the return was required to be made, where the amount of the tax unpaid at that time is more than one hundred dollars and less than ten thousand dollars; and

(c) five hundred dollars, where the amount of the tax that was unpaid when the return was required to be made is ten thousand dollars or more."

Coming into force of ss. (1).

(2) Subsection one of this section shall be deemed to have come into force on the first day of January, one thousand nine hundred and forty-four.

Failure to file return for 1943.

(3) Notwithstanding subsection one of section seventy-seven of the *Income War Tax Act*, as enacted by subsection one of this section, a person who fails to deliver a return of his income for the nineteen hundred and forty-three taxation year pursuant to section thirty-three or section thirty-five of the *Income War Tax Act* within the time limited therefor is liable to the penalty set out in the said subsection one of section seventy-seven or a penalty of five per centum of the tax payable by him, whichever is less.

False statement in any returns, etc.

18. Section eighty of the said Act is repealed and the following substituted therefor:—

"**80.** (1) Every person who makes, or assents or acquiesces in the making of, false or deceptive statements in a return to be filed pursuant to this Act or a regulation

17. This implements Budget Resolution No. 18.

18. This carries out the same idea as that explained in section 11 of this Act.

Penalty.

made thereunder or in a statement made pursuant to a demand by the Minister for information, is guilty of an offence and liable on summary conviction or indictment to

(a) a penalty of one hundred dollars, or, if the tax that should be shown by the return to be payable is more than fifty dollars, to a penalty of not less than one hundred dollars and not more than double the amount of the tax that should have been shown to be payable,

(b) to not more than two years' imprisonment, or

(c) to both the fine and the imprisonment described in paragraphs *(a)* and *(b)* of this subsection.

Destroying, etc., records, and making false entries, etc.

(2) Every person who, to evade payment of a tax imposed by this Act, destroys, alters, mutilates, secretes, or otherwise disposes of the records or books of account of a taxpayer or makes, or assents or acquiesces in the making of, false or deceptive entries or omits, or assents or acquiesces in the omission, to enter a material particular in records or books of account of a taxpayer or in a return required to be made by or pursuant to this Act, is guilty of an offence and

Penalty.

liable on summary conviction or indictment to a penalty of not less than one hundred dollars and not more than one thousand dollars and to a further penalty of double the amount of the tax sought to be evaded and in default of payment of the said penalties to imprisonment for a term of not less than three months and not more than two years.

Attempting to avoid compliance or payment. Penalty.

(3) Every person who wilfully attempts, in any manner, to avoid compliance with this Act or payment of a tax imposed by this Act is guilty of an offence and liable on summary conviction to imprisonment for a term of not more than two years.

Information or complaint within five years, R.S., c. 36.

(4) An information or complaint under Part XV of the *Criminal Code* in respect of an offence under this section may be laid or made within five years from the time when the matter of the information or complaint arose."

19. Section eighty-two of the said Act is amended by adding thereto the following subsections:—

Officers, etc., of corporation party to offences.

"(2) If a corporation is guilty of an offence under this Act, an officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence.

Information may be for one or more offences.

(3) An information or complaint for contravening the provisions of this Act may be for one or more offences and no information, complaint, warrant, conviction or other proceeding in a prosecution under this Act is objectionable or insufficient by reason of the fact that it relates to two or more offences.

19. This is an administrative section implementing sections 11 and 18 of this Act.

By whom heard, tried or determined.

(4) A complaint or information in respect of a contravention of this Act or of a regulation made pursuant thereto may be heard, tried or determined by any Police or Stipendiary Magistrate or any Justice or Justices of the Peace if the accused is found or apprehended or is in custody within his or their territorial jurisdiction although the matter of the information or complaint did not arise within his or their territorial jurisdiction."

Place of trial.

Refund by Minister for taxes upon income for 1944.

20. (1) The Minister shall, in respect of taxes paid under the *Income War Tax Act* upon income for the nineteen hundred and forty-four taxation year, refund to each taxpayer the amount by which either one-half of the taxes that he was liable to pay upon his income for that year, before any amount is deducted therefrom under section seven A or subsection one of section eight of the said Act, or the aggregate of

(a) an amount equal to eight per centum of his taxable income during the taxation year or eight hundred dollars whichever is less in the case of a person subject to tax under *Rule 3* of section one of paragraph A of the First Schedule to the said Act, or, an amount equal to ten per centum of his taxable income during such year or one thousand dollars whichever is less, in the case of a person subject to tax under *Rule 1* of section one of paragraph A of the First Schedule to the said Act; and

(b) an amount equal to one per centum of his taxable income during the taxation year, or one hundred dollars whichever is less for each dependent in respect of whom he may make a deduction from his normal tax under *Rule 5* of section one of paragraph A of the First Schedule to the said Act,

whichever is less, exceeds the aggregate of the amounts which such taxpayer is entitled to deduct under section seven A of the said Act from the taxes otherwise payable by him upon his income during the taxation year under subsections one and three of section nine of the said Act unless that amount is greater than the amount of the taxes paid by the taxpayer in which case the amount refundable under this section is the amount of the taxes so paid.

(2) Section ninety-three of the *Income War Tax Act* is amended by inserting the following subsection after subsection two thereof:—

Repayment of refundable portion, in certain cases.

"(2A) An amount refundable under this section shall be paid to the taxpayer, notwithstanding any other provision in this section, after he establishes that his income was less than five thousand dollars during a year when he was sixty-five years of age or more."

20. (1) This implements Budget Resolution No. 19.

(2) "(2A) This implements Budget Resolution No. 14.

Married persons and persons given equivalent status.

21. Subparagraphs *(a)*, *(b)* and *(c)* of *Rule 1* of section one of paragraph A of the First Schedule to the said Act are repealed and the following substituted therefor:—

"*(a)* a married person who supported his spouse and whose spouse was resident in any part of His Majesty's dominions or in a country contiguous to Canada, or, residing elsewhere, was a subject or citizen of a country associated or allied with Canada in the conduct of the war which commenced in September nineteen hundred and thirty-nine, and was prevented by reason of such war, or prohibited by law, from entering or landing in Canada;

(b) a person with a son or daughter wholly dependent upon him for support, if the son or daughter was, during the taxation year,

(i) under eighteen years of age; or

(ii) eighteen years of age or over and dependent by reason of mental or physical infirmity; or

(iii) under twenty-one years of age and a student at a secondary school, university or other educational institution;

and resident in any part of His Majesty's dominions or in a country contiguous to Canada, or, residing elsewhere, was a subject or citizen of a country associated or allied with Canada in the conduct of the war which commenced in September, nineteen hundred and thirty-nine, and was prevented by reason of such war, or prohibited by law, from entering or landing in Canada;

(c) an unmarried person or a married person separated from his spouse who maintained a self-contained domestic establishment and actually supported therein a person wholly dependent upon him and connected with him by blood relationship, marriage or adoption, or;"

Income of married person, and spouse.

22. *Rule 2* of section one of paragraph A of the First Schedule to the said Act is repealed and the following substituted therefor:—

"*Rule 2.*—If, during a taxation year, a married person described by subparagraph *(a)* of rule one of this section and his spouse each had a separate income in excess of $660.00, each shall be taxed under Rule three of this section:

Proviso.

Provided that a husband does not lose his right to be taxed under Rule one of this section by reason of his wife being employed and receiving any earned income."

Tax credit for dependents.

23. *Rule 5* of section one of paragraph A of the First Schedule to the said Act is amended by replacing the period at the end thereof with a semicolon and adding the following words thereto:—

21. "*(a)* This implements in part Budget Resolution No. 9.

(b) This implements in part Budget Resolutions No. 2 and 3 together with the definitions in subsections (2) and (3) of section 1 of this Act.

(c) This implements in part Budget Resolution No. 7.

22. This change is necessitated by the change in paragraph *(a)* of the immediately preceding section.

23. This implements in part Budget Resolution No. 8.

Provision for housekeeper.

"but if a taxpayer employs a full time housekeeper or servant in a self-contained domestic establishment where he supports a child by reason of whom he is taxable under *Rule 1* of this section, he may, notwithstanding the exception contained in this rule, make the deduction permitted by this rule for all the dependents described by this rule."

24. Section one of paragraph A of the First Schedule to the said Act is amended by adding the following rules thereto:

Deduction may be made as agreed by parents.

"*Rule 6.*—The deduction in respect of a dependent child, for which provision is made in *Rule 5* of this section may, in any year, be made from the tax payable by such of his parents as may be determined by agreement between them, but if there is no such agreement, the deduction shall be made from the father's tax unless the Minister otherwise determines: Provided that in the case of an illegitimate child the deduction may be made, unless the Minister otherwise determines, from the tax payable by the mother."

Proviso.

Separated person taxed as unmarried.

"*Rule 7.*—Where a taxpayer is entitled to make a deduction from his income for the taxation year under paragraph *(t)* of subsection one of section five of this Act in respect of a payment for the maintenance of a spouse or a child, the spouse or child shall, for the purposes of this section, be deemed not to be the spouse or child of the taxpayer."

Tax credit for married persons and those receiving equivalent status.

25. Subparagraphs *(a)*, *(b)* and *(c)* of *Rule 3* of section two of paragraph A of the First Schedule to the said Act are repealed and the following substituted therefor:

"*(a)* a married person who supported his spouse and whose spouse was resident in any part of His Majesty's dominions or in a country contiguous to Canada, or, residing elsewhere, was a subject or citizen of a country associated or allied with Canada in the conduct of the war which commenced in September, nineteen hundred and thirty-nine, and was prevented by reason of such war, or prohibited by law, from entering or landing in Canada;

(b) a person with a son or daughter wholly dependent upon him for support, if the son or daughter was, during the taxation year,

(i) under eighteen years of age; or

(ii) eighteen years of age or over and dependent by reason of mental or physical infirmity; or

(iii) under twenty-one years of age and a student at a secondary school, university or other educational institution;

24. *Rule 6.*—This is to correct an omission in this section of the Schedule in previous years and in part implements Budget Resolution No. 3.

Rule 7.—This implements in part Budget Resolution No. 9.

25. "*(a)* This implements in part Budget Resolution No. 9.

(b) This implements in part Budget Resolutions Nos. 2 and 3 together with the definitions in subsections (2) and (3) of section 1 of this Act.

and resident in any part of His Majesty's dominions or in a country contiguous to Canada, or, residing elsewhere, was a subject or citizen of a country associated or allied with Canada in the conduct of the war which commenced in September, nineteen hundred and thirty-nine, and was prevented by reason of such war, or prohibited by law, from entering or landing in Canada;

(c) an unmarried person or a married person separated from his spouse who maintained a self-contained domestic establishment and actually supported therein a person wholly dependent upon him and connected with him by blood relationship, marriage or adoption; or"

Tax credit for dependents.

26. *Rule 4* of section two of paragraph A of the First Schedule to the said Act is amended by replacing the period at the end thereof with a semicolon and adding the following words thereto:—

Provision for housekeeper.

"but if a taxpayer employs a full time housekeeper or servant in a self-contained domestic establishment where he supports a child by reason of whom he may make a deduction under *Rule 3* of this section, he may, notwithstanding the exception contained in this rule, make the deduction permitted by this rule for all the dependents described by this rule."

Tax credit for dependents.

27. *Rule 5* of section two of paragraph A of the First Schedule to the said Act is amended by deleting the word "or" at the end of subparagraph *(a)* thereof and by inserting the word "or" and the following subparagraph after subparagraph *(b)* thereof:—

Nurse in training.

"*(c)* his daughter or sister under twenty-one years of age training as a nurse at a public or provincially licensed private hospital."

28. *Rules 6* and *7* of section two of paragraph A of the First Schedule to the said Act are repealed and the following substituted therefor:—

Incomes of married person and spouse.

"*Rule 6.*—If, during a taxation year, a married person described by subparagraph *(a)* of *Rule 3* of this section and his spouse each had a separate income in excess of $660.00 before making the deduction allowed by *Rule 1* of this section, neither of them shall be entitled to the deduction from graduated tax permitted by *Rule 3* of this section: Provided that a husband does not lose his right to the deduction provided in *Rule 3* of this section by reason of his wife being employed and receiving any earned income but, in any such case, the wife shall for the purposes of this section be treated as an unmarried person.

Proviso.

(c) This implements in part Budget Resolution No. 7

26. This implements in part Budget Resolution No. 8.

27. This is new and provides a deduction of 20% of the amount contributed up to $400.00 to a daughter or sister under twenty-one years of age who is a nurse in training.

28. *Rule 6.* This change is necessitated by the change in paragraph *(a)* of section 25.

Exemption for dependent children: who may take.

Rule 7.—The deduction in respect of a dependent child, for which provision is made in *Rule 4* of this section may, in any year, be made from the tax payable by such of his parents as may be determined by agreement between them, but if there is no such agreement, the deduction shall be made from the father's tax unless the Minister otherwise determines: Provided that in the case of an illegitimate child the deduction may be made, unless the Minister otherwise determines, from the tax payable by the mother."

29. (1) *Rule 2* of section three of paragraph A of the First Schedule to the said Act is amended by repealing that part of the said Rule that precedes the first proviso thereto and substituting the following therefor:—

Basic income.

"*Rule 2.*—The tax payable by any member of the Canadian naval, military and air Forces in the Canadian Active Service Forces in Canada and in receipt of service pay and allowances (exclusive of subsistence allowances up to one dollar and seventy cents per day and marriage and dependents' allowances) at a rate of one thousand six hundred dollars or more per annum shall be reduced by a credit from the tax otherwise payable (before any amount was deducted therefrom under section 7A of this Act and in respect of the 1944 taxation period before one-half of the amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three was deducted therefrom and in respect of the 1945 taxation period before the whole amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three was deducted therefrom) of an amount equal to the tax payable on a thousand six hundred dollars (before any amount was deducted therefrom under section 7A of this Act and in respect of the 1944 taxation period before one half of the amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three was deducted therefrom and in respect of the 1945 taxation period before the whole amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three was deducted therefrom) in the case of a single person without dependents (or such amount appropriately increased by marriage and dependents' allowances which would be payable if he held the highest rank of warrant or non-commissioned officer in the Service to which he belongs but not including any allowance for more than six children)."

General.

(2) The second and third provisoes to *Rule 2* of section three of paragraph A of the First Schedule to the said Act are repealed and the following substituted therefor:

Proviso.

"Provided further that in the case of a member of the said forces who is in receipt of taxable service pay and allowances at a rate in excess of one thousand six hundred

Rule 7.—This implements in part Budget Resolution No. 3.

29. (1) This is to provide that in applying the tax credit in the case of the Armed Forces the fixed tax payable shall remain unchanged as is the case with civilians.

(2) The effect of this proviso is to give the women members of the Forces exactly the same tax credit as the men of the Armed Forces.

dollars per annum in the case of a single person without dependents (or such amount appropriately increased by marriage and dependents' allowances which would be payable if he held the highest rank of warrant or non-commissioned officer in the Service to which he belongs but not including any allowance for more than six children) and who has been in the said forces for only a portion of the year, the credit from the tax otherwise payable shall be that proportion which the number of days during which he was in the forces bears to three hundred and sixty-five, of the appropriate credit to which he would have been entitled if he had been in receipt of service pay and allowances throughout the year."

30. Rule three of section three of paragraph A of the First Schedule to the said Act is repealed and the following substituted therefor:

Application to Rule 2.

"*Rule 3.*—Nothwithstanding any other provision in this Act, a member of the Canadian naval, military and air forces outside Canada in the Western Hemisphere shall, if he is certified by an authorized officer of the force to which he belongs to have been on duty for more than thirty days in the year outside Canada in the Western Hemisphere, be dealt with in the same manner as the persons referred to in *Rule 2* of this section, except that, in lieu of paying the tax otherwise payable in respect of his total income, he is in respect of his service pay and allowances subject to tax at one-half of the effective rate of tax applicable to his total income."

Deductions in respect of 1944.

31. (1) Notwithstanding anything in the *Income War Tax Act*, a taxpayer may deduct from the tax otherwise payable under the said Act in respect of the nineteen hundred and forty-four taxation year, in addition to the deductions from tax for which provision is made in the said Act, one-half of the amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three of the said Act and the amount refundable under the said subsection one in respect of taxes paid upon the taxpayer's income for the said year is one-half of the amount that would otherwise be refunded to the taxpayer under the said subsection one.

Deductions in respect of 1945.

(2) Nothwithstanding anything in the *Income War Tax Act*, a taxpayer may deduct from the tax otherwise payable under the said Act in respect of the nineteen hundred and forty-five taxation year, in addition to the deductions from tax for which provision is made in the said Act, the amount that would otherwise be refunded to the taxpayer under subsection one of section ninety-three of the said Act; and the Minister shall make no refund in respect of taxes for the nineteen hundred and forty-five taxation year under the said subsection one.

30. The words "if he is on duty for more than thirty days in the year" have been inserted to prevent an abuse of the previously existing section whereby men who take their leave outside of Canada but in the Western Hemisphere claim they are entitled to one-half rates for any time they might spend outside of Canada. Now they must be on duty for a period of at least more than thirty days before they are entitled to the tax credit.

31. (1) and (2) These sections implement Budget Resolution No. 1.

Application.

32. Subsections two and three of section one, sections two and three, subsections one, two, three, four, seven, eight and nine of section four, subsection one of section five, subsections one and two of section six, sections seven, eight, twelve, thirteen and fourteen and sections twenty-one to thirty inclusive of this Act, and paragraph *(t)* of subsection one of section five of the *Income War Tax Act*, as enacted by subsection eight of section four of this Act, are applicable to income of the nineteen hundred and forty four taxation year and subsequent taxation years and to tax payable on income of the said years.

32. This provides for the coming into force of certain sections of this Bill.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 182.

An Act to amend The Excess Profits Tax Act, 1940.

1 Reading, August 3, 1944

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

14195

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 182.

An Act to amend The Excess Profits Tax Act, 1940.

1940, c. 32; 1940-41, c. 15; 1942-43, c. 26; 1943-44, c. 13.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Persons liable to tax.

1. Subsection one of section three of *The Excess Profits Tax Act, 1940*, chapter thirty-two of the statutes of 1940, as enacted by section two of chapter twenty-six of the statutes of 1942, and amended by section one of chapter thirteen of the statutes of 1942-43, is further amended by adding thereto the following proviso:—

Proviso.

"Provided further that where a person, other than a controlled company described by section fifteen A of this Act, in the opinion of the Minister,

(i) has commenced business after the twenty-sixth day of June, nineteen hundred and forty-four, or

(ii) carries on a substantially different business to which subsection four of section five of this Act is applicable and uses therein physical assets substantially different from those he used in the business he previously carried on,

a tax on the profits of the first fiscal period of the new business or of the fiscal period in which the said subsection four becomes applicable, as the case may be, shall be assessed, levied and paid in accordance with the rates set out in the First Part of the Second Schedule to this Act in place of the tax described by paragraph *(b)* of this subsection."

Adjustment to standard profits.

2. Paragraph *(b)* of subsection one of section four of the said Act, as enacted by section four of chapter fifteen of the statutes of 1940-41 and amended by section two of chapter thirteen of the statutes of 1943-44, is further amended by adding thereto the following subparagraphs:

"(iii) in the case of a corporation or joint stock company where the capital employed at the

Explanatory Notes

1. This amendment implements Resolution number 5.

It provides relief from the tax at the 100% rate on the profits of the first fiscal period of a new business coming into existence for the first time after the date of the Budget.

2. This amendment implements Resolution number 8.

It provides for an adjustment to the standard profits of corporate taxpayers where there has been an increase in capital employed between 1939 and 1944 through the retention in the business of the profits earned during that period or by other means.

beginning of the nineteen hundred and forty-four fiscal period has been increased over the capital employed

(A) at the commencement of the nineteen hundred and thirty-nine taxation period, or

(B) at the commencement of the fiscal period, after the year nineteen hundred and thirty-nine in respect of which the Board of Referees has last determined standard profits,

whichever is later in time, by adding to the standard profits an amount equal to five per centum of the amount by which such increase exceeds an accompanying increase in capital stock by reason of which an addition to standard profits was made under subparagraph (i) of this paragraph;

(iv) in the case of a corporation or joint stock company, if the capital employed at the beginning of the nineteen hundred and forty-five or a subsequent fiscal period is less than the capital employed at the beginning of the nineteen hundred and forty-four fiscal period, by deducting from the standard profits applicable to the fiscal period, in addition to any amount deducted therefrom under subparagraph (i) of this paragraph, an amount equal either to

(A) five per centum of the amount by which the capital employed has been so reduced without an equivalent reduction in capital stock; or

(B) the amount which has been previously added to the standard profits under subparagraph (iii) of this paragraph,

whichever is less."

3. The said Act is amended by inserting the following section immediately after section four thereof:—

Determination of standard profits.

R.S., c. 97

"**4**A. (1) Where a company has elected under subsection three of section thirty-five of the *Income War Tax Act* to file a return in which its profit or loss is consolidated with that of its subsidiary companies, for the purpose of determining tax on the consolidated profits, the standard profits are, unless otherwise determined by subsection two of this section, the aggregate of

(a) the standard profits of the company that so elected or a company that was a subsidiary of that company as described by the said subsection three prior to the first day of January, nineteen hundred and forty, and that

3. This amendment implements Resolution number 9.

It clarifies the law relating to the computation of standard profits with respect to companies which elect to file consolidated returns under the *Income War Tax Act*.

(i) in the opinion of the Minister, carried on substantially the same class of business continuously from a time prior to the first day of January, nineteen hundred and forty, until the end of the taxation period, and

(ii) had the largest standard profits of all the said companies that carried on the same class of business continuously during the said period, and

(b) the amount equal to the product of five thousand dollars multiplied by the number of the component companies other than the company described by paragraph *(a)* of this subsection.

In case of consolidated returns. R.S., c. 97

(2) Where a company has elected to file and has filed consolidated returns pursuant to subsection three of section thirty-five of the *Income War Tax Act* in respect of a fiscal period ending prior to the year nineteen hundred and forty and in respect of all fiscal periods subsequent to the said fiscal period and preceding the taxation period, for the purpose of determining tax on the consolidated profits, the standard profits are the aggregate of

(a) the standard profits of the component companies that carried on substantially the same class of business continuously from a time prior to the first day of January, nineteen hundred and forty, until the end of the taxation period, and

(b) five thousand dollars in respect of each component company in existence prior to the year nineteen hundred and forty other than those described in paragraph *(a)* of this subsection.

Profits or losses may be consolidated but without increasing standard profits.

(3) The profits or losses of companies incorporated after the year one thousand nine hundred and thirty-nine may be included in a consolidation but the standard profits as determined by subsection two of this section are not increased thereby.

"Component companies" defined.

(4) In this section, the expression "component companies" means a company that has elected under subsection three of section thirty-five of the *Income War Tax Act* and the subsidiaries thereof referred to in the said subsection.

Minister may direct standard profits to be ascertained by Board of Referees where profits from a business substantially different.

4. Subsection four of section five of the said Act, as enacted by section three of chapter twenty-six of the statutes of 1942-43, is repealed and the following subsections substituted therefor:

"(4) Where, in the opinion of the Minister, a taxpayer's profits in a fiscal period ending in the year one thousand nine hundred and forty-four or a subsequent year are derived from the carrying on of a business substantially different from the class of business carried on by the taxpayer in either

(i) any standard period, or

4. This amendment implements Resolution number 6.

It provides that the Board of Referees ascertain standard profits of a taxpayer who was not carrying on the same class of business in the standard period as in the year of taxation.

(ii) any fiscal period thereafter preceding the year under consideration,

the Minister may direct that the taxpayer's standard profits be ascertained by the Board of Referees; and the Board shall thereupon ascertain the standard profits in accordance with subsection two or three of this section as if the taxpayer was not carrying on business prior to the commencement of the first fiscal period ending in the year one thousand nine hundred and forty-four or the first subsequent year throughout which the different business was carried on.

Decision operative when approved by Minister.

Proviso.

(5) Notwithstanding anything contained in this section a decision of the Board given under this section shall not be operative until approved by the Minister whereupon the said decision shall be final and conclusive: Provided that if a decision is not approved by the Minister it shall be submitted to the Treasury Board who shall thereupon determine the standard profits and the decision of the Treasury Board shall be final and conclusive."

Taxpayers other than corporation.

5. (1) Paragraph *(a)* of subsection two of section six of the said Act, as enacted by section five of chapter twenty-six of the statutes of 1942-43, is repealed and the following substituted therefor:

Depreciation and depletion—Interest—Donations.

Proviso.

"*(a)* the amounts allowed as deductions by paragraphs *(a)*, *(b)*, *(j)*, *(p)*, *(u)* and *(v)* of subsection one of section five of the *Income War Tax Act*, and such amount for depreciation as the Minister in his discretion may allow under paragraph *(n)* of subsection one of section six of the said Act: Provided that the amount by which a taxpayer's charitable donations in a fiscal period exceeds the greater of either

(i) the average of his annual donations in the last two fiscal periods ending before the first day of July, one thousand nine hundred and forty-two, or

(ii) that portion of the donations made in the fiscal period that has been paid before the first day of February, one thousand nine hundred and forty-four, or has been paid pursuant to an agreement or undertaking evidenced before the said day either by an instrument in writing or a payment that is one of a series of payments,

shall not be deducted except forty per centum thereof in the case of a taxpayer taxable under the Second Part of the Second Schedule to this Act."

(2) Paragraph *(b)* of subsection two of the said section six is repealed and the following substituted therefor:

Amount in lieu of salary.

"*(b)* such reasonable amount as the Minister in his discretion may allow in lieu of salary to proprietors working full time in the actual management or

5. (1) This amendment implements Resolutions numbers 1 and 10.

It provides that the profits of taxpayers other than corporations or joint stock companies shall be subject to the following deductions as provided in the *Income War Tax Act*:—

(i) Depletion—section 5 (1) (a),
(ii) Interest—section 5 (1) (b).
These two items remain unchanged from the previous law.
(iii) Donations—section 5 (1) (j) which are subject to the proviso contained in this section which is the same as that contained in the *Income War Tax Act* with reference to donations made by corporations.
(iv) Business Losses—section 5 (1) (p).
(v) Amounts expended on scientific research—section 5 (1) (u),
(vi) Deferred maintenance and repairs—section 5 (1) (v),
(vii) Depreciation—section 6 (1) (n).

(2) This amendment clarifies the proviso to this section of the *Excess Profits Tax Act*.

Proviso.

conduct of the business, not to exceed five thousand dollars per annum for each proprietor and for all his businesses: Provided that if such an allowance is made, the amount so allowed shall be deducted from the standard profits of the taxpayer;"

(3) Paragraph *(d)* of the said subsection two, as enacted by section three of chapter thirteen of the statutes of 1943-44, is repealed.

6. Subsection one of section nine of the said Act, as enacted by section eleven of chapter fifteen of the statutes of 1940-41, is repealed and the following substituted therefor:

Deduction of excess profits taxes paid abroad.

"**9.** (1) A taxpayer may deduct from the tax that would otherwise be payable by him under this Act the amount paid to the United Kingdom of Great Britain and Northern Ireland, any of His Majesty's self-governing dominions or dependencies or a foreign country for excess profits tax in respect of the profits of the taxpayer derived from sources therein: Provided that the Minister may in his discretion allow a taxpayer to deduct from the aggregate of the tax under the *Income War Tax Act* and the tax under this Act payable by him the aggregate of the income tax and excess profits tax paid to the United Kingdom of Great Britain and Northern Ireland or to any of His Majesty's self-governing dominions or dependencies or to a foreign country."

Refundable portion.

7. Section eighteen of the said Act, as enacted by section ten of chapter twenty-six of the statutes of 1942-43, is amended by adding thereto the following subsections:

Taxpayer may assign by way of security for post-war conversion,

"(4) A taxpayer may assign by way of security a refundable portion repayable under this section if the Governor in Council has consented to the assignment after being satisfied that the purpose of the assignment is to enable the taxpayer to make capital expenditures that will contribute to the post-war conversion of the taxpayer's business and that such expenditures will provide substantial employment.

Regulations.

(5) The Governor in Council may make regulations determining the persons to whom amounts refundable under this section shall be paid in the event of the bankruptcy, liquidation, winding-up or dissolution of the taxpayer."

8. Section four of the First Schedule to the said Act, as enacted by section sixteen of chapter fifteen of the statutes of 1940-41, is repealed and the following substituted therefor:

(3) Section 6 (2) (d) is repealed to make way for the provision covering losses now contained in section 6 (2) (a) above.

6. This amendment implements Resolution number 7.

It removes the requirement that a foreign country must allow a similar tax credit before a Canadian taxpayer may be allowed a credit for taxes paid in such foreign country.

7. This amendment implements Resolutions numbers 3 and 4.

It provides in limited circumstances for the assignment of the refundable portion as security for a loan and it provides for regulations to govern the disposition of the refundable portion in the event of liquidation.

8. This amendment implements Resolution number 2.

It alters the requirement regarding the deduction of dividends paid during the year from capital employed.

Changes in capital during taxation period.

"4. (1) Capital as hereinbefore defined

(a) shall be increased by a portion of any bona fide addition to the assets of the business or reduction in the liabilities of the business in the period, and

(b) shall be decreased by a portion of any bona fide reduction in the assets of the business or addition to the liabilities of the business in the period

unless the increase or decrease results from profits or losses of the business in the period.

Increase or decrease, how computed.

(2) The increase or decrease, required by subsection one of this section is that proportion of the addition or reduction, as the case may be, that the number of days in the taxation period after the addition or reduction occurs bears to the number of days in the taxation period.

Capital, how decreased.

(3) Capital as hereinbefore defined shall also be decreased by the amount of dividends paid in cash during the taxation period to the extent of one-half the amount by which the capital, calculated in accordance with sections one, two and three of this Schedule, at the commencement of the period is greater than the capital, so calculated, at the commencement of the next succeeding period."

Application of sec. 4, subsections (1) and (3) of sec. 5, and of secs. 6 and 8.

9. (1) Section four, subsections one and three of section five, and sections six and eight of this Act are applicable to fiscal periods ending in the year one thousand nine hundred and forty four and subsequent periods.

Application of Sec. 3.

(2) Section three of this Act is applicable to fiscal periods ending in the year one thousand nine hundred and forty and subsequent periods, except that it shall not be applicable in any case where the Minister has, pursuant to section sixty-three of the *Income War Tax Act*, transmitted the appeal documents to the Court when this Act comes into force.

R.S., c. 97.

Application of subsection (2) of Sec. 5.

(3) Subsection two of section five of this Act is applicable to fiscal periods ending in the year one thousand nine hundred and forty and subsequent periods except that it shall not be applicable, in any case where the Minister has, pursuant to section sixty three of the *Income War Tax Act*, transmitted the appeal documents to the Court when this Act comes into force.

R.S., c. 97.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 183.

An Act to Promote the Construction of new Houses, the Repair and Modernization of existing Houses, the Improvement of Housing and Living Conditions, and the Expansion of Employment in the Postwar Period.

First reading, August 5, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

14203

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA

BILL 183.

An Act to Promote the Construction of new Houses, the Repair and Modernization of existing Houses, the Improvement of Housing and Living Conditions, and the Expansion of Employment in the Postwar Period.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Short title.

1. This Act may be cited as *The National Housing Act, 1944.*

General

Definitions.

2. In this Act, unless the context otherwise requires:—

"approved instalment credit agency."

(1) "approved instalment credit agency" means a corporation other than a bank, authorized to lend money to a purchaser of goods or to purchase obligations representing loans or advances to such a purchaser, approved by the Governor in Council for the purpose of making loans under this Act;

"approved lending institution."

(2) "approved lending institution" means a lending institution approved by the Governor in Council for the purpose of making loans under this Act;

"bank."

(3) "bank" means a bank incorporated by or under the provisions of *The Bank Act;*

"builder."

(4) "builder" means a person who builds houses for sale or for rent on land which he owns;

"contractor."

(5) "contractor" means a person who contracts to build a house for another person on land owned by such other person;

"cost of construction."

(6) "cost of construction" means the aggregate of the cost or appraised value of the land whichever is the lesser, actual expenditure for building and the architectural, legal and other expenses necessary to complete the house or housing project, including in the case where work is done by the owner, such amount as the Minister may fix as the value

of the said work, and in the case where a loan is made to a builder, land development costs and carrying charges:

Proviso.

provided that in the case of land acquired by gift or devise, the appraised value of the said land shall be taken;

"cost of construction of a family housing unit."

(7) "cost of construction of a family housing unit" means that portion of the total cost of construction of a rental housing project which is attributable to the particular unit the total cost being apportioned among the various family housing units on the basis of the relative housing accommodation provided by each unit;

"cost of conversion."

(8) "cost of conversion" means the aggregate of the cost of acquiring the land and building or the appraised value thereof, whichever is the lesser, the actual expenditure for converting the building into a housing project and the architectural, legal and other expenses necessary to complete the project;

"economic rental of a family housing unit."

(9) "economic rental of a family housing unit" means a rental at the rate of twelve per centum per annum of the cost of construction of the family housing unit;

"family housing unit."

(10) "family housing unit" means a unit providing therein living, sleeping, eating, food preparation and sanitary facilities for one family, with or without other essential facilities shared with other family housing units;

"family of low income."

(11) "family of low income" means a family which receives a total family income less than five times the economic rental of a family housing unit required to provide sufficient accommodation for the said family;

"farm."

(12) "farm" means land used for the purpose of farming;

"farming."

(13) "farming" includes live-stock raising, dairying, fruit growing, and all tillage of the soil;

"farm home."

(14) "farm home" means a home on a farm occupied by a farmer;

"farmer."

(15) "farmer" means a person who is in possession of a farm and

(i) whose principal occupation consists of farming the said farm or

(ii) who ordinarily combines farming the said farm with fishing or logging;

"guaranteed home extension loan."

"guaranteed home improvement loan."

(16) "guaranteed home extension loan" or "guaranteed home improvement loan" means a home extension loan or a home improvement loan made in accordance with the provisions of section seventeen of this Act;

"home extension loan."

(17) "home extension loan" means a loan or a purchase of obligations representing loans or advances of money made by a bank or approved instalment credit agency for the purpose of financing the alteration of, or the making of additions to an existing home to add one or more family housing units thereto, but does not include a farm improvement loan as defined in *The Farm Improvement Loans Act, 1944;*

"home improvement loan."

(18) "home improvement loan" means a loan or a purchase of obligations representing loans or advances of money made by a bank or approved instalment credit agency for the purpose of financing repairs, alterations and additions to a home, but does not include a farm improvement loan as defined in *The Farm Improvement Loans Act, 1944*, or a home extension loan;

"house."

(19) "house" means a building intended for human habitation comprising one or more family housing units including facilities ordinarily required in connection with a dwelling place;

"housing project."

(20) "housing project" means a project consisting of two or more one-family dwellings, or one or more multiple-family dwellings or a combination of one-family and multiple-family dwellings, together with any public space, recreational facilities and commercial space or buildings appropriate thereto;

"joint loan."

(21) "joint loan" in Parts I, II and III of this Act means a loan made jointly on behalf of His Majesty and an approved lending institution pursuant to a contract entered into between His Majesty and the said institution under the provisions of the said Parts I, II and III, respectively;

"lending institution."

(22) "lending institution" means a loan, insurance, trust or other company or corporation, trustee of trust funds, building society, credit union or other co-operative credit society authorized to lend money on the security of real or immovable property;

"lending value."

(23) "lending value" means the estimated cost of construction or cost of conversion, or the appraised value, whichever is less, of a house or housing project;

"limited-dividend housing corporation."

(24) "limited-dividend housing corporation" means a corporation incorporated to construct, hold and manage a low-rental housing project and the dividends payable by which are limited by the terms of its charter or instrument of incorporation to five per centum per annum or less;

"low-rental housing project."

(25) "low-rental housing project" means a housing project undertaken to provide decent, safe and sanitary housing accommodation to be leased to families of low income at the economic rental therefor or at a lower rental;

"metropolitan area."

(26) "metropolitan area" means a city together with one or more adjacent municipalities in the same province in close economic relationship with the city;

"Minister."

(27) "Minister" means the Minister of Finance and includes, in paragraph six of this section, paragraphs *(b)*, *(c)*, *(g)*, *(i)*, *(j)* and *(k)* of subsection two of section four, paragraphs *(a)*, *(f)*, *(g)*, *(h)*, *(i)* and *(j)* of subsection two of section eight, subsection two, paragraphs *(a)*, *(b)*, *(e)*, *(f)*, *(g)*, *(h)*, *(i)*, *(j)* and *(k)* of subsection three and paragraphs *(a)*, *(c)*, *(e)* and *(g)* of subsection four of section nine, paragraphs *(a)*, *(c)* and *(d)* of subsection two and paragraph *(a)* of subsection three of section eleven, paragraphs *(a)* and *(b)* of subsection two of section twelve,

paragraph *(a)* of subsection one of section fourteen and subsection one of section fifteen of this Act, a person designated by the Minister to Act on his behalf;

"multiple-family dwelling."

(28) "multiple-family dwelling" means a house containing two or more family housing units under the same roof, or a row of semi-detached dwellings;

"municipality."

(29) "municipality" means a city, town or incorporated village;

"official community plan."

(30) "official community plan" means a master plan of community development and land utilization prepared by a local planning authority and legally adopted by or on behalf of a municipality;

"one-family dwelling."

(31) "one-family dwelling" means a house consisting of one family housing unit not attached to or forming part of any other house;

"rent reduction fund"

(32) "rent reduction fund" means a fund into which contributions, donations, gifts and bequests may be made by the government of any province or by any municipality, social agency, foundation, trust, estate or person for the purpose of reducing the rental of a family housing unit to permit such unit to be occupied by a family of low income;

"rental housing project."

(33) "rental housing project" means a rental housing project built for rental purposes;

"semi-detached dwelling."

(34) "semi-detached dwelling" means a family housing unit joined by a common or party wall to one or more family housing units;

PART I

Housing for Home-Owners.

Powers of approved lending institution to loan on first mortgage.

3. Notwithstanding any restrictions on its power to lend money contained in any other statute or law, any approved lending institution subject to the jurisdiction of Parliament may lend on the security of a first mortgage or hypothec in favour of His Majesty and the lending institution jointly pursuant to the provisions of this Part, an amount not exceeding the maximum proportion of the lending value of a house specified in paragraph *(c)* of subsection two of the next succeeding section.

Minister may enter into contracts.

4. (1) The Minister may, on behalf of His Majesty and with the approval of the Governor in Council, enter into a contract with an approved lending institution on the terms set out in this section to join with the said institution in the making of loans to assist in the construction of houses.

Terms of contract.

(2) The terms of a contract entered into under this section shall provide that:

(a) a joint loan shall be made only to the person who owns the land and intends to occupy the house or to a builder who intends to sell the house to a person who will own and occupy the house;

(b) a joint loan shall be made only for the purpose of assisting in the construction of a house according to sound standards approved by the Minister and under such supervision as may be prescribed by regulation;

(c) a joint loan shall not be less than fifty per centum of the lending value of the house and shall not be more than the aggregate of—

(i) ninety-five per centum of the first two thousand dollars of the lending value or any part thereof;

(ii) eight-five per centum of the amount by which the lending value exceeds two thousand dollars and does not exceed four thousand dollars;

(iii) seventy per centum of the amount by which the lending value exceeds four thousand dollars;

or such lesser proportion of the lending value as the Governor in Council may by regulation prescribe: Provided that the contract shall provide that the amount of a joint loan shall not exceed an amount equal to the lending value of the house less the value of the work to be done by the owner as fixed by the Minister;

(d) the portion of the joint loan advanced by His Majesty shall not exceed twenty-five per centum of the said loan;

(e) the rate of interest payable by the borrower in respect of a joint loan shall not exceed an effective rate of four and one-half per centum per annum calculated semi-annually and no other charge in respect of the said loan shall be payable by the borrower except as may be authorized by regulation;

(f) the interest payable to His Majesty on the portion of the joint loan advanced by His Majesty shall be at such rate as is agreed upon between the Minister and the lending institution and set out in the contract;

(g) the lending value of any house shall be subject to approval by the Minister;

(h) repayment of a joint loan shall be secured by a first mortgage or hypothec on the house and land upon which it is situate in favour of His Majesty and the lending institution jointly;

(i) a joint loan shall be for a term not in excess of twenty years, except that in the case of a house to be constructed in an area which in the opinion of the Minister is adequately protected by community planning and appropriate zoning restrictions the loan may be for a term exceeding twenty years but not in excess of thirty years;

(j) a joint loan shall be made on such terms as to payment of principal, interest and taxes by monthly instalments as may be prescribed by regulation or as the Minister may determine;

(k) the amount of a joint loan shall be advanced to the borrower in such instalments during the course of construction of the house as may be prescribed by regulation or as the Minister may determine, except that in the case of a loan made to a builder such portion of the loan may be withheld or such additional security required until the house has been sold to an owner-occupier as may be specified by the terms on which the loan is made;

(l) losses sustained in respect of joint loans shall be shared by His Majesty and the lending institution in accordance with regulations to be made by the Governor in Council, and that the said regulations may establish classes of loans based on the ratios of the joint loans to the lending value or on the location of the houses or both or otherwise as prescribed therein, and that the maximum amount of the loss to be borne by His Majesty in respect of any such class shall not exceed fifteen per centum of the aggregate amount of the share of the lending institution in all joint loans within the class; and

(m) such other measures will be taken as may be agreed upon between the Minister and the said lending institution in order to safeguard the interests of His Majesty.

Contract with trustee or corporation for a co-operative project.

(3) Notwithstanding anything contained in the two last preceding subsections, a joint loan may be made by His Majesty and an approved lending institution with which His Majesty has entered into a contract under this section to a trustee or corporation constituted or incorporated for the purpose of constructing and managing a co-operative housing project if:—

(a) each *cestui que trust* or each member or shareholder of the corporation has or is to have possession of a family housing unit in the project under a lease for a term at least as long as the term of the joint loan;

(b) each *cestui que trust* or said member or shareholder has an interest in the trust or owns shares or stock of the corporation in the proportion which the cost of construction of the said family housing unit bears to the cost of construction of the said project;

(c) each *cestui que trust* or said member or shareholder is obligated to pay his proportionate share of all operating costs of the project and of the monthly or other instalments of principal and interest in respect of the joint loan and taxes, together with a proportionate share of the said operating costs, instalments or taxes which any other *cestui que trust* or member or shareholder fails to pay; and

(d) the terms of the trust instrument or the charter or other instrument of incorporation and by-laws of the corporation have been approved by the Minister and

the terms of the said contract shall, subject to the next succeeding subsection, apply *mutatis mutandis* in respect of any joint loan made pursuant to this subsection.

Maximum and minimum limits of loan.

(4) The maximum and minimum limits of the amount of the joint loan which may be made to a trustee or corporation described in the last preceding subsection shall be the aggregate of the maximum or minimum amounts, as the case may be, of joint loans which would be authorized under paragraph *(c)* of subsection two of this section for the number of family housing units in the project each having a lending value equal to the average lending value of each of the said family housing units.

Orders and regulations by Governor in Council.

5. (1) The Governor in Council may, on the recommendation of the Minister, by regulation,

(a) prescribe the manner in which the cost of construction of a house or of a housing project shall be estimated and by whom and in what manner the appraisal of the value of a house shall be made;

(b) prescribe sound standards of construction and the arrangements that shall be made to assure adequate supervision of the construction of a house or of a housing project in respect of which a joint loan is made;

(c) prescribe the information to be given by an applicant for a joint loan;

(d) prescribe the manner in which losses sustained in connection with joint loans shall be established;

(e) prescribe the circumstances in which it may be appropriate to take a chattel mortgage or other security as security or additional security for a joint loan; and

(f) make provision for any other matters concerning which regulations are deemed necessary or desirable to carry out the purposes or provisions of this Part.

Determination of loss under loan under Part I.

6. (1) The Minister may at any time by agreement with an approved lending institution fix and determine the amount of loss in respect of a loan made under this Part whether or not foreclosure or sale proceedings have been taken or concluded.

Purchase by the Crown of security taken for loan.

(2) In any case where the Minister deems it in the public interest, he may, on behalf of His Majesty, purchase all the right, title and interest of an approved lending institution in any joint loan or in any security taken for the repayment thereof.

Loans under Part I and losses under *Dominion Housing Act, 1935*, and *National Housing Act, 1938*.

7. The Minister may make loans under this Part and pay losses in respect of loans made under this Part or under the *Dominion Housing Act, 1935*, or the *National Housing Act, 1938*, sustained after the coming into force of this Part or any purchase price payable under the last preceding

1935, c. 58. Rep. 1938, c. 49. 1938, c. 49, $100,000,000.

section not exceeding, in the aggregate, one hundred million dollars out of unappropriated moneys in the Consolidated Revenue Fund.

PART II.

Housing for Rental Purposes.

Loans for low-rental housing projects.

8. (1) The Minister may, on behalf of His Majesty and with the approval of the Governor in Council, enter into a contract with an approved lending institution on the terms set out in this section to join with the said institution in the making of loans to assist in the construction of rental housing projects designed to provide housing accommodation to be rented to prospective tenants.

Terms of contract.

(2) The terms of a contract entered into under this section shall provide that,

(a) a joint loan shall be made only for the purpose of assisting in the construction of the project according to sound standards approved by the Minister and under such supervision as may be prescribed by regulation;

(b) the joint loan shall not exceed eighty per centum of the lending value of the project;

(c) the portion of a joint loan advanced by His Majesty shall not exceed twenty-five per centum of the joint loan;

(d) the rate of interest payable by the borrower in respect of a joint loan shall not exceed an effective rate of four and one-half per centum per annum calculated semi-annually and no other charge in respect of the loan shall be payable by the borrower except as may be authorized by regulation;

(e) the interest payable to His Majesty on the portion of the joint loan advanced by His Majesty shall be at such rate as is agreed upon between the Minister and the lending institution and set out in the contract;

(f) the lending value of any project shall be subject to approval by the Minister;

(g) the joint loan shall be secured by a first mortgage or hypothec on the project or the land and buildings comprising the project in favour of His Majesty and the said lending institution, and in such classes of cases as may be prescribed by regulation the Minister may require such additional security by way of chattel mortgage or assignment of rentals or otherwise as he may deem necessary or desirable in order to protect the interests of His Majesty;

(h) a joint loan shall be for a term not in excess of twenty years, except that in the case of the project to be constructed in an area which in the opinion of the Minister is adequately protected by community plan-

ning and appropriate zoning restrictions the loan may be for a term in excess of twenty years but not exceeding twenty-five years;

(i) a joint loan shall be made on such terms as to payment of principal, interest and taxes by monthly instalments as may be prescribed by regulation or as the Minister may determine;

(j) the amount of the loan shall be advanced to the borrower in such instalments during the course of construction of the project as may be prescribed by regulation or as the Minister may determine;

(k) losses sustained in respect of joint loans shall be shared by His Majesty and the lending institution in accordance with regulations to be made by the Governor in Council and that the said regulations may establish classes of loans based on the ratios of the joint loans to the lending values or on the location of the projects or on both or otherwise as prescribed therein and that the maximum amount of the loss to be borne by His Majesty in respect of any such class shall not exceed fifteen per centum of the aggregate amount of the share of the said lending institution in all joint loans within the class; and

(l) such other measures will be taken as may be agreed upon between the Minister and the lending institution to safeguard the interests of His Majesty.

Loans to limited-dividend housing corporations.

9. (1) The Minister may, on behalf of His Majesty and with the approval of the Governor in Council, make a loan to a limited-dividend housing corporation for the purpose of assisting in the construction of a low-rental housing project or in the purchase of existing buildings with the land upon which they are situate and their conversion into a low-rental housing project.

Interest, amount and term of loan.

(2) A loan made under the authority of this section shall bear interest at three per centum per annum, shall not exceed ninety per centum of the lending value of the project, shall be for a term not exceeding the useful life of the project to be fixed by the Minister and in any case not exceeding fifty years and shall be secured by a first mortgage or hypothec upon the project in favour of His Majesty.

Security.

Conditions under which loans may be made.

(3) A loan may be made under this section only to a limited-dividend housing corporation which has entered into a contract with His Majesty on the terms set out in the next succeeding subsection, to construct a low-rental housing project or to convert existing buildings into a low-rental housing project if:—

(a) evidence satisfactory to the Minister has been furnished of the need for the said project by reason of shortage, overcrowding, congestion or the sub-standard character of existing housing accommodation in the

municipality or the metropolitan area in which the said project is to be situated;

(b) the area in which the project is to be situated has in the opinion of the Minister been adequately planned;

(c) zoning regulations are sufficient to assure the suitability of the area for the said project throughout the term of the loan and to provide reasonable safeguards for the security of the loan;

(d) adequate municipal services are available or are to be supplied forthwith to residents of the said area;

(e) the project for which a loan is requested will provide a sufficient number of family housing units to assure, in the opinion of the Minister, reasonable economies in the construction or conversion thereof;

(f) the organization and management of the corporation are in the opinion of the Minister such as to assure competent and independent administration in the planning, construction or conversion and operation of the project;

(g) adequate care has in the opinion of the Minister, been exercised to assure economical and suitable design and sound construction of a type of project which will assure the minimum practicable expenditures for repairs and maintenance during the term of the loan, or in the case of the conversion of existing buildings, if the cost of conversion is, in the opinion of the Minister, reasonable;

(h) the terms of acquisition by the corporation of the land upon which the project is to be constructed or of the buildings which are to be converted are satisfactory to the Minister;

(i) the terms of the contract made by the corporation with a contractor for the construction of the project or the conversion of the buildings are satisfactory to the Minister;

(j) the corporation, in the opinion of the Minister, has or is able to provide funds sufficient, when added to the proceeds of the loan made by His Majesty, to pay the entire cost of the construction or conversion and ensure the completion of the project; and

(k) the powers given to the corporation and the activities or transactions which are permitted by its charter or other instrument of incorporation are satisfactory to the Minister.

Terms of contract.

(4) A contract with a limited-dividend housing corporation entered into under this section shall provide that:

(a) the maximum ratio between the rentals to be charged and the probable family income of the lessees of each family housing unit shall be such ratio as the Minister may deem fair and reasonable or shall make such other provision for maintaining the low-rental character of the project as the Minister may agree to;

(b) the corporation may receive contributions to a rent reduction fund from any province, municipality, social agency, trust, or person and shall use such fund solely for the purpose of reducing the rentals that otherwise would be charged;

(c) the corporation shall maintain books, records and accounts in a form satisfactory to the Minister, shall permit the inspection of such books, records and accounts by a representative of the Minister at any time and shall make such annual or other reports to the Minister in such form and containing such particulars as the Minister may require;

(d) the corporation shall furnish efficient management of the low-rental housing project, maintain the project in a satisfactory state of repair, and permit representatives of the Minister to inspect the project at any time;

(e) the corporation shall make to the Minister promptly on the due dates the annual or semi-annual payments required to be made in order to pay the interest on and amortize the loan during the term thereof;

(f) the amount of surplus earnings to be used or set aside for reserves, maintenance, repairs, possible decline in rentals or other contingencies shall be limited in such manner as may be agreed upon;

(g) the project shall not be sold or otherwise disposed of without the approval of the Minister and, if sold or disposed of with the said approval, shall be sold or disposed of in such a manner that the shareholders shall not receive more than the return of their investment and the limited dividends, and the surplus of the proceeds of the sale or disposal shall be paid to such person or expended in such manner as is provided in the contract or as the Minister may direct; and

(h) the Minister shall have the right, in the event of the corporation failing to maintain the low-rental character of the project or otherwise committing a breach of the contract, to declare the unpaid principal of the loan due and payable forthwith or to increase the interest payable thereafter on the unpaid balance of said loan to such rate as the Governor in Council may determine.

Regulations by Governor in Council.

10. The Governor in Council on the recommendation of the Minister, may by regulation:

(a) prescribe the manner in which the cost of construction of a rental housing project or a low-rental housing project or the cost of converting existing buildings into a low-rental housing project shall be calculated or estimated and by whom and in what

manner an appraisal of any rental housing project shall be made;

(b) prescribe sound standards of construction and the arrangements that shall be made to assure adequate supervision of any construction or conversion in respect of which a loan is made under this Part;

(c) prescribe the information to be given by an applicant for a loan under this Part;

(d) prescribe the conditions and procedures under which the proceeds of any loan under this Part may be advanced to a builder or a limited-dividend housing corporation;

(e) prescribe the circumstances in which a chattel mortgage, an assignment of rents or other security, may be taken as additional security for any loans made under this Part;

(f) prescribe the books, accounts and records to be maintained by a limited-dividend housing corporation to which a loan is made under this Part and the manner in which and by whom they shall be audited, and the form of the annual or any other report to be made to the Minister;

(g) prescribe the manner in which losses sustained in connection with joint loans under made this Part shall be determined; and

(h) make provision for any other matters concerning which regulations are deemed necessary or desirable to carry out the purposes or provisions of this Part.

Life insurance companies investment.

11. (1) Notwithstanding any restriction on its power to lend or invest money contained in any other statute or law, any life insurance company subject to the jurisdiction of Parliament may, subject to the conditions hereinafter stated, invest its funds to an aggregate amount not exceeding five per centum of its total assets in Canada allowed by the Superintendent of Insurance under section seventy-three of *The Canadian and British Insurance Companies Act, 1932*, in the purchase of land and the construction thereon of a low cost or moderate cost rental housing project, including such buildings or such accommodation for retail stores, shops, offices and other community services, but not including hotels, as the company may deem proper and suitable for the convenience of the tenants of such rental housing project, and thereafter may hold, maintain, repair, alter, demolish, reconstruct, manage, collect or receive income from, sell or convey, in whole or in part, land so acquired and the improvements thereon.

1932, c. 46.

Conditions of investments.

(2) The conditions under which an investment referred to in the last preceding subsection may be made shall be as follows:

(a) the project shall be constructed in accordance or in harmony with an official community plan satisfactory to the Minister;

(b) the project shall be designed to provide housing accommodation for families of low or moderate income and the Minister may prescribe a maximum average cost per room or per family housing unit provided thereby, or per person to be accommodated;

(c) the company shall submit to the Minister an application in a form to be prescribed by him and accompanied by the following:

(i) a map showing the location of the land and of the structures thereon, the purchase of which is deemed by the company to be necessary to the project;

(ii) a plan and specifications prepared by an architect showing the buildings or improvements to be constructed thereon pursuant to the project;

(iii) an estimate of the cost of the entire project prepared by an architect or engineer and approved by the company;

(iv) an estimate of the rentals of the family housing units and the other facilities to be provided necessary to assure a minimum return of five per centum per annum upon the cost of the entire project after payment of all taxes, insurance, costs of operation and maintenance, and an annual amount sufficient to amortize the cost of construction of the project less the cost of the land, within a period representing the estimated useful life of the project but not in any case exceeding fifty years from the date of completion of the project; and

(v) such other information or material as the Minister may require; and

(d) the investment is approved by the Minister.

Guarantee to life insurance campany.

(3) Where a life insurance company agrees with the Minister:—

(a) to maintain separate books and records relating to a rental housing project in which the company invests under this section satisfactory to the Minister and open to his inspection at any time;

(b) to establish a reserve on account of such project comprising all net earnings in any year after its completion in excess of six per centum per annum on the cost of the project; and

(c) to repay out of the said reserve any advances made by the Minister under the guarantee hereinafter mentioned,

the Minister shall guarantee to the company, for as long as it retains ownership of the whole of the project, a net return in any year after the completion of the project of two and one-half per centum per annum of the cost of the

project for a period not exceeding the estimated useful life of the project and in any case not exceeding fifty years.

Two or more companies join in project.

(4) Two or more life insurance companies may join in the development, ownership and management of a rental housing project under this section.

Approved lending institutions designated.

(5) The Governor in Council may for the purposes of this section designate an approved lending institution subject to the jurisdiction of Parliament and in such case the provisions of the four last preceding subsections and the next following section shall *mutatis mutandis* apply to the said lending institution except that the amount of its funds which may be invested shall not exceed five per centum of its assets in Canada at such amount as is approved by the Governor in Council for the purpose of this section.

Regulations.

(6) The Governor in Council, on the recommendation of the Minister, may make regulations prescribing the manner in which the cost of a rental housing project and net earnings shall be calculated for the purpose of this section and may make regulations providing for any matters concerning which regulations are deemed necessary or desirable to carry out the purposes or provisions of this section.

Slum areas.

12. (1) In order to assist in the clearance, replanning, rehabilitation and modernization of slum areas or blighted or sub-standard areas in any municipality, the Minister, with the approval of the Governor in Council, may make grants to a municipality in order to assist in defraying the cost to such municipality of acquiring and clearing, whether by condemnation proceedings or otherwise, an area of land suitable as a location for a low cost or moderate cost rental housing project.

Grant in aid of clearance.

(2) A grant shall be made under this section only if:

(a) the land is acquired and cleared and is to be developed in accordance or in harmony with an official community plan, satisfactory to the Minister;

(b) the land is sold by the municipality to a limited-dividend housing corporation or a life insurance company which has agreed to construct thereon a rental housing project under the provisions of section nine or section eleven, respectively, of this Act, at a price which in the opinion of the Minister will enable the family housing units to be provided by the rental housing project to be leased to tenants on a fair and reasonable basis; and

(c) the acquisition and clearing of the land by the municipality have been approved by the government of the province concerned.

Amount of grant.

(3) No grant made under this section shall exceed one-half of the amount by which the cost of acquisition and clearance of the land, including cost of condemnation pro-

ceedings, if any, exceeds the cost at which the land so acquired and cleared is sold to a limited-dividend housing corporation or an insurance company for the purpose of constructing thereon a rental housing project, and no grant shall be made under this section unless the remainder of the excess is borne by the municipality or jointly by the municipality and the government of the province in which the municipality is situated.

Grant out of Consolidated Revenue Fund. Aggregate not to exceed $20,000,000.

(4) A grant under this section shall be paid out of any unappropriated moneys in the Consolidated Revenue Fund, but the aggregate amount thereof shall not exceed twenty million dollars.

Regulations.

(5) The Governor in Council, on the recommendation of the Minister, may make regulations determining the manner in which costs are to be determined for the purposes of this section, and providing for such other matters as may be deemed necessary and desirable for the carrying out of the purposes or provisions of this section.

Loans and guarantees not exceeding $50,000,000 out of Consolidated Revenue Fund.

13. The Minister may make loans under this Part and make payments under any guarantee under this Part not exceeding in the aggregate fifty million dollars out of unappropriated moneys in the Consolidated Revenue Fund.

PART III

Rural Housing.

Contract with approved lending institution in respect to loans and resulting losses for rural housing.

14. Notwithstanding anything contained in section four of this Act, a contract entered into by the Minister on behalf of His Majesty with an approved lending institution under Part I of this Act may provide that

(a) His Majesty will pay to the lending institution, to meet expenses incurred in the making of joint loans for the construction of houses on farms, or in small or remote communities designated by the Minister, such amount not exceeding twenty dollars, together with such allowance for necessary travelling expenses incurred by employees or agents of the lending institution in respect of each loan so made by the lending institution as the Minister may determine, the said allowance to be determined having regard to the distance of the borrower and the land upon which the house is being constructed from the nearest place from which the said loan can be negotiated and supervised by the lending institution;

(b) with respect to joint loans made to farmers for the construction of houses on farms, the terms of the loans will provide that the instalments of principal, interest and taxes payable in respect thereof, will be

payable in such manner as will accord as nearly as may be practicable with the probable receipts of income by farmers from their farming operations;

(c) a joint loan may be made to a farmer who is indebted to the lending institution, the repayment of which indebtedness is secured by a first mortgage or hypothec held by the lending institution, if,

(i) the said indebtedness and the joint loan are consolidated into one debt;

(ii) the repayment of the said consolidated debt is secured by a first mortgage or hypothec in favour of His Majesty and the lending institution jointly;

(iii) the portion of the joint loan advanced by His Majesty does not exceed twenty-five per centum of the cost of construction of the house; and

(iv) the amount to be paid by His Majesty under the said contract as a result of any loss resulting from the consolidated debt is computed only on the proportion of the said loss which the joint loan is of the consolidated debt.

Contract with manufacturer of component parts of houses for experimental production.

15. (1) The Minister may, on behalf of His Majesty and with the approval of the Governor in Council, enter into a contract with a manufacturer of plumbing or heating equipment or other component parts of houses for the experimental production of the said equipment or component parts in accordance with standardized designs which, in the opinion of the Minister, may be manufactured or produced at low cost.

Guarantee to manufacturer.

(2) The Minister may, on behalf of His Majesty and with the approval of the Governor in Council, enter into a contract with a manufacturer referred to in subsection one of this section, to underwrite or guarantee the sale, at such price as may be agreed upon and specified in the contract, of the equipment or component parts referred to in the said subsection, manufactured or produced for installation or use in farm or rural homes if the said manufacturer manufactures or produces the said equipment or component parts in such volume as may be agreed upon and specified in the said contract and the Minister may, with the said approval, enter into contracts with the said manufacturer or any other person for the sale or distribution of the said equipment or component parts in such manner as he may deem advisable.

Appropriation of $5,000,000.

16. The Minister may pay any expenditures incurred under or in carrying out any contract entered into under the last preceding section out of unappropriated monies in the Consolidated Revenue Fund but the aggregate amount of the direct or contingent liabilities of His Majesty pursuant thereto shall not at any time exceed five million dollars.

Part IV

Home Improvement Loans and Home Extension Loans

Minister to pay losses upon terms prescribed.

17. (1) The Minister shall, subject to the provisions of this section and the two next succeeding sections, pay to a bank or to an approved instalment credit agency the amount of loss sustained by it as a result of a home improvement loan, or a home extension loan, if:

(a) the loan was made pursuant to an application in the form prescribed by regulation, signed by the borrower, stating the purpose for which the proceeds of the loan were to be expended;

(b) the application stated that the borrower was the owner of the home in respect of which the loan was to be expended;

(c) a responsible officer of the bank or of the approved instalment credit agency certified that he had scrutinized and checked the application for the loan with the care required of him by the bank or the said agency in the conduct of its ordinary business;

(d) in the case of a home improvement loan, the principal amount of the loan did not exceed two thousand dollars in the case of a one-family dwelling, or two thousand dollars for the first family housing unit and an additional one thousand dollars for every other family housing unit in the case of a multiple-family dwelling;

(e) in the case of a home extension loan, the principal amount did not exceed three thousand dollars for the first family housing unit which was to be added to the existing home as a result of the expenditure of the loan and one thousand dollars for each additional family housing unit so to be added;

(f) the loan was repayable in full by the terms thereof in not more than three years if the principal amount of the loan did not exceed, in the case of a home improvement loan, one thousand dollars for a one-family dwelling or for each family housing unit in a multiple-family dwelling, or, in the case of a home extension loan, one thousand dollars for each family housing unit to be comprised within the multiple-family dwelling, and in not more than five years in the case of any other loan;

(g) the loan was repayable by the terms thereof in monthly instalments;

(h) the rate of interest on the loan did not exceed five per centum per annum simple interest as long as the borrower was not in default;

(i) no fee, service charge, insurance premium or charge of any kind other than interest, was by the terms of the loan payable so long as the borrower was not in default;

(j) in the case of a home extension loan, the plans and specifications of the additions or alterations to be financed by the loan were approved by or on behalf of the Minister before the loan was made;

(k) no security by way of endorsement or otherwise was taken if the loan was made to an owner who occupied a one-family dwelling in respect of which the loan was to be expended so long as the borrower was not in default or except as provided by regulation in any other case; and

(l) the loan was made on such terms and in accordance with such conditions in addition to those specified in the preceding paragraphs as may be prescribed by the regulation.

Termination of operation of this section by notice.

(2) The Minister may, with the approval of the Governor in Council, by notice to a bank or an approved instalment credit agency terminate the operation of this section in respect of home improvement loans or home extension loans, such termination to be effective after a time set out in the notice but not earlier than at least twenty-four hours after receipt of the notice at the head office of the said bank or agency, and the Minister shall not be liable under this Part to make any payment to the said bank or agency in respect of any of the said loans made after the said time; but the said termination shall not relieve the Minister of any liability imposed on him under this Part, in respect of a home improvement loan or home extension loan made by the said bank or agency before the said time of termination.

Notice only operative as to specified loans.

(3) A notice given by the Minister under the last preceding subsection may terminate the operation of this section in respect only of home improvement loans or in respect only of home extension loans or in respect of any class thereof, as may be specified in the said notice.

Amount of payments for which Minister liable.

18. The Minister shall not be liable under this Part to pay to a bank or an approved instalment credit agency an amount in excess of five per centum of the aggregate principal amount of the guaranteed home improvement loans and guaranteed home extension loans made by the said bank or agency.

No liability on excess of $100,000,000.

19. The Minister shall not be liable under this Part to make any payment to a bank or approved instalment credit agency in respect of loss sustained by it as a result of a home improvement loan or a home extension loan made after the aggregate principal amount of guaranteed home improvement loans and guaranteed home extension loans equals one hundred million dollars.

Regulations.

20. (1) The Governor in Council may, on the recommendation of the Minister, make regulations:—

(a) to define for the purposes of this Part the following expressions:

(i) "owner" with power to include as owners, life-tenants, persons holding property under agreements for sale, or under long term leases, and any other person having rights approximating ownership;

(ii) "repairs, alterations and additions";

(iii) "home"; and

(iv) "responsible officer";

(b) to prescribe a form of application for guaranteed home improvement loans or guaranteed home extension loans;

(c) to prescribe in respect of guaranteed home improvement loans or guaranteed home extension loans:—

(i) the security if any, to be taken by the bank or the approved instalment credit agency making the loan, for the repayment thereof;

(ii) the terms of repayment and other terms not inconsistent with this Part upon which the said loans are to be made; or

(iii) conditions to the liability of the Minister under this Part in respect of home improvement loans or home extension loans in addition to but not inconsistent with the conditions set out in paragraphs *(a)* to *(k)* inclusive of subsection one of section seventeen of this Act;

(d) to prescribe forms of notes, agreements, certificates and other documents to be used in connection with guaranteed home improvement loans or guaranteed home extension loans, or as are considered necessary or advisable for the effective operation of this Part;

(e) to provide that in the event of an actual or impending default in the repayment of a guaranteed home improvement loan or a guaranteed home extension loan, the bank or the approved instalment credit agency which made the loan, may, notwithstanding anything contained in this Part, alter or revise with the approval of the borrower by way of extension of time or otherwise any of the terms of the loan, or any agreement in connection therewith, and that the said alteration or revision shall not discharge the liability of the Minister in respect thereof under this Part;

(f) to prescribe in the event of default in the repayment of a guaranteed home improvement loan or a guaranteed home extension loan, the legal or other measures to be taken by the bank or the approved instalment credit agency and the procedure to be followed for the collection of the amount of the loan outstanding, the disposal or realization of any security for the repayment thereof held by the said bank or agency, and the rate of interest to be charged on overdue payments;

(g) to prescribe the method of determination of the amount of the loss sustained by a bank or approved instalment credit agency as the result of a guaranteed home improvement loan or guaranteed home extension loan;

(h) to prescribe the steps to be taken by a bank or an approved instalment credit agency to effect collection on behalf of the Minister of any guaranteed home improvement loan or guaranteed home extension loan in respect of which payment has been made by the Minister to the said bank or agency under this Part, and to provide that in the event of neglect by the said bank or agency to take the said steps, the amount of the said payment may be recovered by the Minister;

(i) to require reports to be made periodically to the Minister by a bank or approved instalment credit agency in respect of guaranteed home improvement loans or guaranteed home extension loans made by it;

(j) to make provision for any other matter which he deems necessary or advisable to carry out the purposes or provisions of this Part.

False statement or unauthorized use of loans.

21. (1) Any person who makes a statement in an application for a home improvement loan or a home extension loan which is false in any material respect or who uses the proceeds of the said loan for a purpose other than that stated in his application for the loan, shall be guilty of an offence under this Part and liable to a fine of not less than fifty dollars and of not more than five hundred dollars.

Offence.

Pecuniary penalty in addition to fine.

(2) When any person is convicted of an offence under this section, there shall be imposed on him, in addition to any fine, a penalty equal to such amount of the loan made to him in respect of which such offence was committed as has not been repaid by him, with interest thereon to the date of payment, and such penalty shall be paid to the bank or approved instalment credit agency by which the loan was made, or if payment has been made by the Minister under this Part to the said bank or agency in respect of the loan, the said penalty shall be paid to the Receiver General of Canada, and such payment shall discharge the liability of such person to repay the loan.

Subrogation of the rights of bank or agency to the Minister.

22. (1) Where payment is made by the Minister to a bank or an approved instalment credit agency under this Part in respect of any loss sustained by the said bank or agency as the result of a loan, the said bank or agency shall execute a receipt in favour of the Minister in a form prescribed by regulation, and the Minister shall thereupon be subrogated in and to all the rights of the said bank or agency in respect of the said loan, and, without limiting the generality of the foregoing, all rights and powers of the

said bank or agency in respect of the loan, and in respect of any judgment in respect thereof obtained by the said bank or agency and in respect of any security taken by the said bank or agency for the repayment thereof, shall thereupon be vested in the Minister on behalf of His Majesty, and the Minister shall be entitled to exercise all the rights and privileges which the said bank or agency had or might exercise in respect of the said loan, judgment or security, and to commence or continue any action or proceeding in respect thereof and to execute any document necessary by way of release, transfer, sale or assignment thereof, or in any way to realize thereon.

Evidence of receipt to Minister for losses paid to bank or agency.

(2) A document purporting to be a receipt executed under subsection one of this section in the form prescribed by the regulations and purporting to be signed on behalf of a bank or an approved instalment credit agency shall be evidence of the payment by the Minister to the said bank or agency under this Part in respect of the loan therein mentioned, and of the execution of the said document on behalf of the said bank or agency.

Amounts payable out of Consolidated Revenue Fund.

23. The Minister may pay any amount payable to a bank or an approved instalment credit agency under this Part out of unappropriated moneys in the Consolidated Revenue Fund.

PART V.

Housing Research and Community Planning.

Ministerial investigations into housing conditions.

24. It shall be the responsibility of the Minister to cause investigations to be made into housing conditions and the adequacy of existing housing accommodation in Canada or in any part of Canada and to cause steps to be taken for the distribution of information leading to the construction or provision of more adequate and improved housing accommodation and the understanding and adoption of community plans in Canada.

General and special powers of Minister.

25. For the purpose of carrying out his responsibility under this Part, the Minister may cause:

(a) investigations to be made into housing conditions and the adequacy of existing housing accommodation in Canada or in any part of Canada and into measures which may be taken for the improvement thereof;

(b) studies to be made of investigations into housing conditions and housing accommodation made elsewhere than in Canada and into measures and plans or proposals taken or adopted or proposed elsewhere than in Canada for the improvement thereof;

(c) investigations to be made into the factors affecting the cost of construction of housing accommodation and measures which may be taken to secure economies and increased efficiency in the said construction;

(d) plans and designs to be prepared for houses having a low cost of construction and which in the opinion of the Minister will provide suitable accommodation and arrangements to be made for the sale or distribution of the said plans and designs in such manner as he sees fit;

(e) information to be prepared and distributed and public lectures to be delivered to promote an understanding of the advisability of, and the principles underlying land, community and regional planning;

(f) studies to be made of land utilization and community planning and arrangements to be made for the furnishing of information and advice with regard to the establishment of community planning agencies, and the planning of regional areas, communities and subdivisions, in co-operation with any local or other authority having jurisdiction over community planning and land subdivisions or otherwise with a view to promoting co-ordination between local community planning and the development of public services; and

(g) generally such steps to be taken as he may deem necessary or advisable to promote construction of housing accommodation which in his opinion is sound and economical and to encourage the development of better housing and sound community planning.

Technical research and investigation.

26. The Minister may, with the approval of the Governor in Council—

(a) cause to be prepared and undertaken, directly or in co-operation with other departments or agencies of the government of Canada or the government of any province or with any municipality, university, educational institution or person, programmes of technical research and investigation into the improvement and development of methods of construction, standards, materials, equipment, fabrication, planning, designing and other factors involved in the construction or provision of improved housing accommodation in Canada and co-ordinate the said programmes or measures with other similar programmes or measures undertaken in Canada;

Tests.

(b) enter into contracts for the production or development of materials, equipment or component parts for houses through the pilot-plant stage of production or development and for the testing of such materials, equipment or component parts;

Publication and distribution of results of tests.

(c) undertake the publication, and the distribution of publications, co-ordinating the results of the said technical research, investigations, programmes and testing in such forms as may be most useful to the public or to the building industry;

Competitions.

(d) conduct competitions to secure plans, designs and specifications which in his opinion are suitable for housing to be constructed at low cost, and purchase the said plans or otherwise compensate persons taking part in the said competitions; and

Scholarships.

(e) make provision, in such manner as he deems advisable, directly or in co-operation with any other department or agency of the Government of Canada, with the government of any province or with any university, educational institution or person, for promoting training in the construction or designing of houses, in land planning or community planning or in the management or operation of housing projects.

Advisory Committees.

27. The Minister may, for the purpose of assisting him in carrying out his responsibilities under this Part, appoint such advisory committees as he may deem advisable and may, out of unappropriated moneys in the Consolidated Revenue Fund, pay the reasonable travelling and living expenses incurred by the members of the said advisory committees while attending the meetings thereof.

PART VI

General

Professional, technical and other assistance.

28. The Minister may, with the approval of the Governor in Council, employ architects, accountants, solicitors, and other technical and clerical staff necessary for the efficient administration of this Act and may fix their remuneration, and the sums necessary to pay their remuneration, travelling expenses and other expenses incurred in the administration of this Act shall be paid out of moneys appropriated by Parliament for the purpose.

Loan insurance.

29. The Minister may make arrangements with an insurance company or companies under which any borrower under any Part of this Act may purchase reducing term insurance to pay the amount of the loan made to him in the event of the death of the borrower before the loan is fully paid and the Governor in Council on the recommendation of the Minister may make regulations prescribing classes of cases and circumstances under which such insurance shall be purchased.

Report to Parliament.

30. As soon as practicable after the end of each calendar year, the Minister shall prepare a report with regard to the administration of this Act and the loans made thereunder during the preceding calendar year and the report shall be laid before Parliament forthwith or, if Parliament be not then in session, within fifteen days after the commencement of the next ensuing session thereof.

Regulations.

31. (1) In addition to the authority elsewhere in this Act conferred upon him, the Governor in Council may make regulations for any purpose for which regulations are to be made under this Act.

Effective upon publication.

(2) A regulation made under any Part of this Act, shall not be effective until published in the *Canada Gazette* and upon such publication shall be effective and shall have the same force and effect as if it had been enacted by this Act.

Coming into force.

32. Each Part of this Act shall come into force upon a date to be fixed by proclamation of the Governor in Council and the Governor in Council may fix and determine a date on and after which or a period during which no loans under any Part or Parts of this Act or no loans in excess of a stipulated maximum amount may be made.

Restrict period for loaning.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 184.

An Act to provide for the payment of War Service Gratuities and for the grant of Re-establishment Credits to Members of His Majesty's Forces in respect of Service during the present War.

First reading, August 10, 1944.

THE PRIME MINISTER.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1944

14936

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 184.

An Act to provide for the payment of War Service Gratuities and for the grant of Re-establishment Credits to Members of His Majesty's Forces in respect of Service during the present War.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short title.

1. This Act may be cited as *The War Service Grants Act, 1944*.

Definitions.
"credit."
"re-establishment credit."
"dependent's allowance."
R.S., c. 139. 1944, c. 23.
R.S., c. 132. 1940, c. 15.
"discharge."
"forces."
"gratuity."
"war service gratuity."
"member."
"member of the forces."
"Minister."
"overseas service."

2. In this Act, unless the context otherwise requires,

(a) "credit" and "re-establishment credit" mean the credit provided for under Part II of this Act;

(b) "dependents' allowance" means the marriage allowances and dependents' allowances prescribed by regulations made by the Governor in Council pursuant to the *Naval Service Act*, *The Naval Service Act, 1944*, the *Militia Act* or *The Royal Canadian Air Force Act*, as the case may be;

(c) "discharge" means ceasing to serve on active service in the forces;

(d) "forces" means the naval, military or air forces of His Majesty raised in Canada;

(e) "gratuity" and "war service gratuity" mean the gratuity payable under Part I of this Act;

(f) "member" and "member of the forces" mean any person who has been on service in the forces during the war which commenced on the tenth day of September, one thousand nine hundred and thirty-nine;

(g) "Minister" means the Minister of Pensions and National Health or the Minister of Veterans Affairs, as the case may be;

(h) "overseas service" means any service involving duties required to be performed outside of the Western Hemisphere, and includes service involving duties required to be performed outside of Canada and the United States of America and the territorial waters thereof in aircraft or anywhere in a seagoing ship of war;

Explanatory Note.

The purpose of this Bill is to recognize the service of members of His Majesty's forces who have been on active service and to assist them in their re-establishment.

It is provided therein that there may be paid out of the Consolidated Revenue Fund certain gratuities and credits to members of the naval, military or air forces of His Majesty who have served on active service without territorial limitations or in the Aleutian Islands, during the present war;

The Bill provides further that the payment of the said gratuity may be made under certain conditions to or on behalf of the dependents of members of the forces who have died either prior to or subsequent to retirement or discharge from the forces before receiving such gratuity in whole or in part;

The expenses necessary for the administration of the proposed measure are to be paid out of moneys appropriated by Parliament for such purpose.

"service."

(i) "service" means time served on active service in the forces while enlisted or obligated to serve without territorial limitation, or time served on active service in the Aleutian Islands;

"Western Hemisphere."

(j) "Western Hemisphere" means the continents of North and South America, the islands adjacent thereto and the territorial waters thereof, including Newfoundland, Bermuda and the West Indies but excluding Greenland, Iceland and the Aleutian Islands.

PART I

War Service Gratuity

Gratuity payable to members of the forces.

3. Subject to the provisions of this Act, every member of the forces shall, upon discharge, be entitled to be paid a war service gratuity for every thirty days of service, as follows:—

(a) seven dollars and fifty cents in respect of service performed in the Western Hemisphere;

(b) fifteen dollars in respect of overseas service.

Payment of gratuity in case of death of member of the forces.

4. If a member of the forces dies on service or after discharge but before he has been paid war service gratuity in full, payment of all or any part of the gratuity or of the unpaid balance thereof may, in the discretion of the Minister, be made to a person to whom or in respect of whom immediately prior to the death of such member dependents' allowance was payable on his behalf, or would have been payable if such dependent had not been a member of the forces, or to a dependent to whom pay was assigned by him, and the Minister may designate a person to receive payment of the gratuity and utilize the same for the benefit of the dependent as such person in his discretion may determine.

Deductions from gratuity.

1932, c. 18.

5. The amount of any debit balance outstanding in the service pay account of a member of the forces, any overpayment of pay and allowances made to him or his dependents and any sum of money which, under An Act respecting debts due to the Crown, has been authorized to be deducted from or set off against monies due or payable to him by His Majesty in the right of Canada, may, pursuant to regulations of the Governor in Council in that behalf, be deducted from the war service gratuity.

Pay and allowances supplementary to gratuity.

6. Every member of the forces whose service included overseas service shall, upon discharge, be entitled to be paid for each six months of overseas service, and proportionately for a period of less than six months, an amount computed on the basis of seven days' pay and allowances, including dependents' allowance, as were payable to or in respect of him at the date of discharge, and including also, in the case of a member of the naval forces, lodging and provision

allowance, and, in the case of a member of the military or air forces, subsistence allowance at the standard rates payable in Canada, notwithstanding that, at the date of his discharge, he was not receiving such allowance.

Manner of payment of gratuity.

7. Payment of war service gratuity to members of the forces shall be made in monthly instalments, payable in arrear, not exceeding the amount of pay and allowances paid to, or in respect of such member of the forces for the month immediately preceding his discharge, and including also, in the case of a member of the naval forces, lodging and provision allowance, and, in the case of a member of the military or air forces, subsistence allowance at the standard rates payable in Canada, notwithstanding that, at the date of his discharge, he was not receiving such allowance.

PART II

Re-establishment Credit

Re-establishment credit, 1942-43, c. 33.

8. Subject as hereinafter provided, every member of the forces who does not elect to take benefits under *The Veterans' Land Act, 1942*, or any educational, vocational or technical training benefits which are provided out of monies appropriated by Parliament, shall, in order to assist in his re-establishment, be eligible, in addition to the war service gratuity, for a re-establishment credit in an amount equal to the total amount payable to him under section three of this Act.

Purposes for and time within which available.

9. All or any part of the re-establishment credit herein provided for may, within a period of ten years from the date of the coming into force of this Act, or of the date of his discharge, whichever is the later, be made available to or for the member of the forces eligible therefor for such of the following objects as, in the opinion of the Minister or of such person or persons as he may designate for that purpose, are desirable in respect of the re-establishment of such member:—

(a) the acquisition of a home

(i) under *The National Housing Act, 1944*, in an amount not exceeding two-thirds of the difference between the lending value of the home and the amount of the loan made under that Act; or

(ii) if not under *The National Housing Act, 1944*, in an amount not exceeding two-thirds of the difference between the appraised value of the home as approved by the Minister or the purchase price, whichever is the lower, and the amount of the encumbrance or encumbrances thereon, if any;

(b) the repair or modernization of his home, if owned by him;

(c) the purchase of furniture and household equipment for his domestic use in an amount not exceeding two-thirds of the cost thereof;

(d) the provision of working capital for his profession or business;

(e) the purchase of tools, instruments or equipment for his trade, profession or business;

(f) the purchase of a business by him in an amount not exceeding two-thirds of the equity fund required for such purpose;

(g) the payment of premiums under any insurance scheme established by the Government of Canada;

(h) the purchase of special equipment required for his educational or vocational training; or

(i) any other purpose authorized by the Governor in Council.

Other benefits subject to adjustment.

1942-43, c. 33.

10. If there has been made available to or on behalf of a member of the forces all or any part of the re-establishment credit, such member shall not be eligible for the grant of any benefits under *The Veterans' Land Act, 1942*, or any educational, vocational or technical training benefits which are provided out of monies appropriated by Parliament, except subject to a compensating adjustment in an amount which, in the opinion of the Minister, is equivalent to the re-establishment credit already made available to him or on his behalf. If a member has been granted any of the aforesaid benefits, the amount of which as determined by the Minister is less than the amount of any re-establishment credit which would otherwise be available to him, the difference between the amount of such re-establishment credit and of such amount of any of the aforesaid benefits may be made available to him under section nine of this Act.

PART III

General

Exceptions to entitlement—officer and naval warrant officer.

11. No officer and no warrant officer of the naval forces, and no officer of the military or air forces, shall be entitled to any benefits under this Act if

(a) he is cashiered or dismissed from the service by a sentence of a court-martial;

(b) he is deprived of his commission or warrant by reason of misconduct;

(c) he is called upon to retire or to resign his commission or warrant by reason of misconduct; or

(d) his resignation is accepted by reason of misconduct.

Exceptions to entitlement—seaman, soldier or airman.

12. No seaman, soldier or airman shall be entitled to any benefits under this Act if he has been discharged

(a) having been sentenced to be discharged with ignominy or, in the naval forces, to dismissal with or without disgrace;

(b) by reason of his having been convicted by the civil power or by court-martial during his service;

(c) for misconduct.

Service excluded from period of service.

13. For the purposes of computing benefits under this Act, no period of absence without leave or leave of absence without pay, or time served while undergoing sentence of penal servitude, imprisonment or detention, or period of service in respect of which pay is forfeited shall be included in the service of a member of the forces.

Application to be made for gratuity or audit.

14. Payment of any gratuity or grant of any credit authorized by this Act shall only be made upon application therefor by or on behalf of the member of the forces claiming such gratuity or credit. Such application shall be made at such times and in such manner as the Minister may from time to time prescribe.

Benefits received from other governments.

15. If a member of the forces is granted any pecuniary benefit of the same nature as the gratuity or credit payable or which is granted under this Act from the government of any of His Majesty's dominions other than Canada or from the government of any power allied or associated with His Majesty, in respect of service performed with the naval, military or air forces of any such dominion or power, one-half of the amount of such benefits shall be deducted from the gratuity and one-half from the credit.

Re-appointment or re-enlistment—deferment of gratuity or credit.

Proviso.

16. If a member of the forces, before he has been paid or granted all or any part of the gratuity or credit, is re-appointed to or re-enlists in the forces, the balance of such gratuity or credit remaining unpaid or not granted shall not be paid or granted to such member: Provided, however, that upon such member's subsequent discharge he shall then be entitled to be paid or granted such gratuity or credit or the balance thereof and in addition such further gratuity or credit as may be paid or granted to him under this Act as a result of his subsequent period of service.

Persons of Canadian domicile who served in other Commonwealth forces.

17. If any person who was domiciled in Canada on or after the tenth day of September, one thousand, nine hundred and thirty nine, has, subsequent to that date, served on active service in any of the naval, military or air forces of His Majesty other than those raised in Canada

such person shall, if domiciled and resident in Canada, at the date of his application, to be made within one year from the date of discharge from any of the forces mentioned in this section, be entitled to be paid a gratuity and granted a credit equal to that for which he would have been eligible under this Act had such service been service in the forces:

Proviso.

Provided, however, that there shall be deducted from any monies payable or credit available to such person under this section the amount of any benefit of the same nature as a gratuity or credit authorized under this Act which he has received or to which he is entitled from any government other than that of Canada in respect of his service.

Members of the forces receiving treatment.

18. If any member of the forces is, subsequent to his discharge, receiving treatment by or through the Department of Pensions and National Health or the Department of Veterans Affairs, the gratuity or credit or any part thereof remaining unpaid or not granted shall be made available to such person as the Minister may designate, to be applied in the discretion of that person for the benefit of such member or his dependents.

Gratuities and credits to be additional to certain other benefits.

19. Subject to the provisions of section ten of this Act, the benefits granted herein shall be in addition to such benefits or grants as are or may hereafter be provided by the Government of Canada for members of the forces, including rehabilitation grant and clothing allowance on discharge.

Immunity of gratuity or credit.

20. No gratuity payable or credit available to a member of the forces or his dependents shall be subject to attachment, levy, seizure or assignment under any legal process, or to taxation.

Offences.

21. It shall be an offence for any person to charge or collect or to attempt to charge or collect, either directly or indirectly, any fee or other compensation for assisting in any manner a member of the forces or his dependent in obtaining any of the benefits to which he is entitled under this Act, punishable upon summary conviction by a fine not exceeding five hundred dollars or imprisonment not exceeding one year, or by both such fine and such imprisonment.

Penalty.

Payment out of Consolidated Revenue Fund.

22. Any monies necessary for the payment of gratuities or for credits granted under this Act may be paid out of unappropriated monies in the Consolidated Revenue Fund.

Expenses out of moneys appropriated by Parliament.

23. The expenses necessary for the administration of this Act shall be payable out of monies appropriated by Parliament for the purpose.

Regulations.

24. The Governor in Council may make regulations governing all matters relative to the manner of payment of gratuities or the making of re-establishment credits available and the evidence to be required in support of applications therefor, to prescribe penalties for breaches of the said regulations and generally to give effect to and carry out the objects of this Act.

185.

Fifth Session, Nineteenth Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 185.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

First reading, August 11, 1944.

THE MINISTER OF FINANCE.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
15032 1944

5th Session, 19th Parliament, 8 George VI, 1944.

THE HOUSE OF COMMONS OF CANADA.

BILL 185.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

1932, c. 46; 1932-33, c. 32; 1934, cc. 27, 45; 1936, c. 18; 1937, c. 5; 1938, c. 21; 1939, c. 10.

HIS MAJESTY, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. (1) Paragraph *(c)* of subsection one of section sixty of *The Canadian and British Insurance Companies Act, 1932*, chapter forty-six of the statutes of 1932, as amended by section eleven of chapter twenty-seven of the statutes of 1934, is re-lettered *(c)* (i) and the following subparagraph is inserted immediately thereafter:—

Mortgages insured by U.S. Federal Housing Administrator.

"(i-*a*) bonds or notes secured by mortgages or hypothecs on real estate or leaseholds which mortgages or hypothecs are insured by the Federal Housing Administrator of the United States of America."

(2) Paragraph *(b)* of subsection two of the said section of the said Act is renumbered *(b)* (i) and the following subparagraph is inserted immediately thereafter:—

Idem.

"(i-*a*) real estate or leaseholds if the mortgage or hypothec thereon securing the loan is insured by the Federal Housing Administrator of the United States of America."

Explanatory Note

1. (1) The first three lines of subsection one of section sixty and paragraph *(c)* of the said subsection read as follows:—

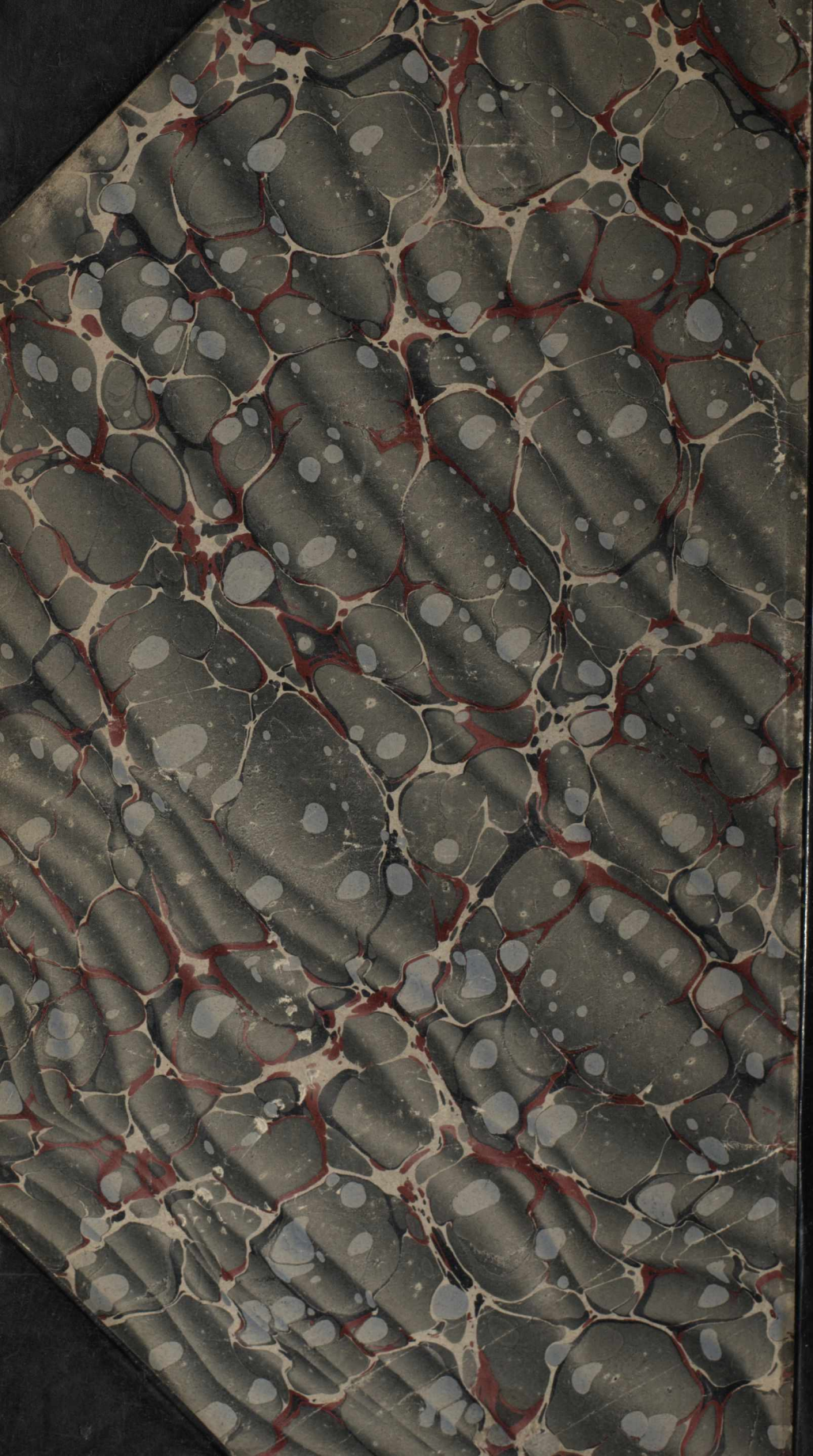
"**60.** (1) Save as hereinafter provided, any company registered under this Act may invest its funds, or any portion thereof, in the purchase of

. . . . . .

(c) ground rents, mortgages or hypothecs on real estate in Canada, or elsewhere where such company is carrying on its business, provided that the amount paid for any such mortgage or hypothec shall in no case exceed sixty per cent of the value of the real estate covered thereby; or"

(2) The first two lines of subsection two of section sixty and paragraph *(b)* of the said subsection read as follows:—

"(2) Any such company may lend its funds or any portion thereof on the security of

. . . . . .

(b) real estate or leaseholds for a term or terms of years or other estate or interest therein in Canada or elsewhere where the company is carrying on business: Provided, however, that no such loan shall exceed sixty per cent of the value of the real estate or interest therein which forms the security for such loan, but this proviso shall not be deemed to prohibit a company from accepting as part payment for real estate sold by it, a mortgage or hypothec thereon for more than sixty per cent of the sale price of such real estate."