

*Federal Business Development Bank Act***GOVERNMENT ORDERS**

[English]

**FEDERAL BUSINESS DEVELOPMENT BANK ACT**

## MEASURE TO ESTABLISH CORPORATION

The House resumed consideration of Bill C-14, to incorporate the Federal Business Development Bank, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs, and motion No. 2 (Mr. Gillespie).

**The Acting Speaker (Mr. Penner):** Order, please. When the House rose at five o'clock it had been considering Bill C-14 at the report stage, motion No. 2 and the amendment thereto proposed by the hon. member for Gatineau (Mr. Clermont).

**Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo):** Mr. Speaker, I wish to comment on the amendment to the motion proposed by the hon. member for Gatineau (Mr. Clermont), and on what the minister said just before private members' hour. I was struck by how the minister distinguished between the directors of the bank and the president of the bank. The minister said that the president must divest himself of any holdings which might conflict with his function as president because he, the president, is to be a full-time president, whereas the directors of the bank, who will be part-time directors, will not be required to divest themselves of holdings which might involve them in conflict of interest. That, I think, was the purport of his suggestion.

Clearly, according to what the minister said, the president need not divest himself of all holdings, but only of those which may involve him in a conflict of interest. Therefore the distinction between the president and the directors of the bank is this: the president is to serve full time and the directors part time. Obviously, the president will not be at his job 24 hours a day, and for that reason he is to be allowed to keep some holding on the side, so long as they do not conflict with his activities as president.

The minister should examine the double standard contained in the bill as it seems to me that, under certain conditions, the president could be involved in a conflict of interest just as easily as any director of the bank. Obviously, the only real difference between the president and a director lies in the amount of time which each will spend serving the bank. Therefore the public interest is not served if we allow even the possibility of the directors being involved in the conflict of interest. I suggest, therefore, that the motion of the minister, as amended by that of the hon. member for Gatineau, is not nearly as satisfactory as the motion No. 3 on the order paper in the name of the hon. member for York-Simcoe (Mr. Stevens).

My next point concerns another failure in the motion before the House, as amended. The minister said that if the interests of a director or of his family are being discussed, that director must not participate in the deliberations of the board. The minister thinks that the public interest will be served if the director merely leaves the room and does not participate in the discussions. Surely he is not so naive as to think that because a director is not present, he will not influence the deliberations of his

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colleagues? It is quite possible for one who is not present to influence discussions and, in that way, to participate in them indirectly. That is something which cannot be monitored and may lead to a possible conflict of interest.

Second, one must bear in mind the psychology of groups. Groups, be they boards of directors of otherwise, function on the basis of co-operation and friendship. So, even if a director is absent and does not lobby directly for his interests, it is quite probable that directors remaining and taking part in the discussion may consider the interests of the absent director, may consider what may best serve his interests and what may aggrandize his wealth. I find it hard to believe that the remaining directors will be oblivious to these considerations, even though their ultimate decision may not favour the absent director.

Anyone who ignores these possibilities is ignorant of the way groups work. Clearly, the remaining colleagues of the absent director will be aware that his interests are at stake and these, unquestionably, will be considered, even though the result may not favour him. Unquestionably these factors will affect the deliberations of the board. For that reason I suggest that the amendment to the motion moved by the hon. member for Gatineau is inadequate, and motion No. 3, in the name of the hon. member for York-Simcoe, ought to be considered favourably.

● (2010)

**Mr. Paul Dick (Lanark-Renfrew-Carleton):** Mr. Speaker, our experience in dealing with the subject of conflict of interest in the House in the last two weeks in relation to other matters makes it clear there is a lack of appreciation by the government of what is really involved. In the particular case we are considering, that of a director of the bank or of a regional councillor, I do not think the minister's proposal comes close to meeting the situation.

It seems to me the thinking of the government is out of line with the thinking of the average Canadian on this subject. A great many people are already disturbed lest politicians and highly placed civil servants are taking advantage of the positions they hold. In these circumstances we ought to bend over backward to make sure that provisions against conflict of interest are sufficiently stringent. The proposal in motion No. 2 can only be described as milquetoast compared with the strong position taken in motion No. 3. The proposal put forward by the hon. member for Gatineau (Mr. Clermont) is so weak that I do not believe it would encourage the ordinary person in Canadian society to believe that situations in which conflict of interest could occur are being minimized.

In proposing motion No. 2 the government shows that it is not in touch with the times—that it is really trying to perpetuate the existence of a state of affairs which is unacceptable to the Canadian people. The need is for stringent legislation on this subject, and motion No. 2 simply does not meet it.

**Mr. Sinclair Stevens (York-Simcoe):** In dealing with the amendment put forward by the hon. member for Gatineau (Mr. Clermont) I would say, first of all, it is purely a drafting amendment and that no change in principle is contemplated. What I find most disturbing is the extremely confused interpretation the minister has placed on the