

Federal Business Development Bank Act

provision for conflict of interest in order to get people to serve as directors. That is simply not believable to members on this side of the House.

One of my colleagues mentioned earlier that what is at issue in this question of principle is not simply the constitution of a particular board of directors of a Crown agency; not simply a question of conflict of interest that arises rarely, but a very important principle that involves public trust and the outlining of the responsibilities of those who assume public office, whether elected or appointed as would be the case of directors of the Federal Business Development Bank. It is not an incidental matter. This amendment offers every member of the House of Commons the clear opportunity to express a view on the question of conflict of interest. Unfortunately, on the evidence of his amendment the Minister of Industry, Trade and Commerce, on behalf of the government, has indicated that he wants to deal with the question of conflict of interest with a phony gesture, one which will not meet the problem but will only seem to if one is half blind and well into senility.

There is no way that amendment No. 2 can accomplish the important purpose put forward by the hon. member for York-Simcoe. In amendment No. 3 the hon. member for York-Simcoe proposes to write into the legislation an absolute prohibition of conflict of interest. The Minister of Industry, Trade and Commerce simply proposes to write in a detour by which one could achieve a conflict of interest. That kind of skirting around is not acceptable to members on this side. The carelessness about conflict of interest is evident in the amendment put forward by the minister.

We are not just passing a law here today; we are setting standards which we expect to work, for the country to follow and, to some degree, to be bound by. If we establish the standard that it is all right to allow a conflict of interest as long as you put some phony smoke-screen around it, we are suggesting to everyone in the country who holds a position of trust that it is all right for them to abuse the trust placed in them. That is the question of principle involved in this important amendment put forward by the hon. member for York-Simcoe. For the minister to suggest that his amendment, which simply provides a detour on the way to conflict of interest, in any way achieves the same purpose is simply not correct.

Mr. Gillespie: Mr. Speaker, I listened very carefully to the hon. member's remarks. After we scrape away the intemperate language, perhaps we can look at what he actually said. He was speaking in favour of amendment No. 3, and if he looks at it he will see that there is no absolute prohibition in the situation where an interested person has less than a 50 per cent beneficial interest. That comes through quite clearly. He seems to be saying that the principle of absolute prohibition is important and that its absence is a phony, smoke-screen, a dodge or a detour.

The hon. member will have to face his own logic and admit that the provisions in amendment No. 3 which relate to less than 50 per cent beneficial interest are phony, smoke-screens, dodges or detours. I am sure the hon. member is intelligent enough that upon reflection he will realize that is not what he was arguing. I think he is intelligent enough to look at amendment No. 2 which I

[Mr. Clark (Rocky Mountain).]

proposed and which was amended by the hon. member for Gatineau (Mr. Clermont), and to realize that very substantial protections are built in with respect to conflict of interest.

● (1650)

There are three kinds of disclosure and protection anticipated in motion No. 3 which the hon. member supports. Our amendment insists that all applicants shall declare whether they are interested persons. An interested person is defined clearly in the amendment I proposed. In the language of the amendment—

“interested person” means

- (a) a director of the corporation or a member of a council
- (b) the spouse or a child, brother, sister or parent of a director or a member of a council, or
- (c) the spouse of a child, brother, sister or parent of a director or a member of a council—

This provision must be considered in conjunction with paragraph (3) of the amendment which says that where an applicant is an interested person, the decision with respect to his particular application must be made at the board level itself, not at the regional level. This point is important. The IDB, which is the predecessor corporation, made about 97 per cent of all loans at the regional level rather than at the board level.

The amendment of the hon. member for Gatineau (Mr. Clermont) provides that where an applicant discloses in an application for assistance that he is an interested person, or where the applicant is a firm of corporation, a partner of a firm or a director, or a shareholder or officer of the corporation, as the case may be, he is an interested person and the application shall be submitted to the board for approval before an agreement to provide such assistance is entered into by the corporation. If an applicant is an interested person, the board of directors shall review his case. Further protection is provided in paragraph (4) of the amendment, as amended, which reads:

A director shall not vote on a resolution relating to, or be present at a meeting of the board during the time at the meeting when the board is considering an application submitted to it under subsection (3) if the application is from

- (a) that director,
- (b) a person related to that director in a degree of relationship described in paragraph (b) or (c) of the definition “interested person” in subsection (1),
- (c) a firm or corporation of which that director, or a person referred to in paragraph (b), is a partner, shareholder, director or officer, as the case may be.

Clearly, a director shall not vote on any transaction in which he has an interest, nor shall he be present when it is discussed.

An hon. Member: Don't be so naïve.

Mr. Gillespie: The hon. member for York-Simcoe (Mr. Stevens), in motion No. 3, has advanced exactly the same principle that is advanced in motion No. 2. I think he copied part of motion No. 2.

An hon. Member: Nonsense.

Mr. Gillespie: I think the hon. member supports what is in paragraph (5) of motion No. 2, which reads: