

*Canada Corporations Act*

been on the telephone all day, he was away. The word "wilful" is a lawyer's dream. Anyone, including the minister, who wants to get entangled with the meaning of "wilful" will spend five years settling the meaning in the courts. Obviously, the word has been put in to protect the status quo. The Senate says to go ahead with the bill. If we put in these amendments they will not worry about it, but we will be acting under exactly the same situation as we were before.

• (3:50 p.m.)

I might go further, although I will skip some of the other sentences. The amendment indicates that subsections 9 and 10 as listed should be added to the bill. Proposed subsection (9) reads:

Whenever, pursuant to subsection (8), a company makes an assertion based on matters of law, the directors and officers of the company may, subject to section 1061, rely on an opinion of counsel in making such an assertion.

What is the intention here? The company can say, "We listened to counsel." If counsel tells the company directors to do something which the minister at a later time may forbid by an amendment to a relevant section, the directors can say, "We listened to counsel; we are innocent." Also, you cannot blame counsel. He will say, "I am a lawyer and was merely giving advice." What are you to do? Will you charge counsel?

In line after line these amendments so obviously seek to protect the status quo. They seek to do away completely with the intent of the bill, and I am amazed that the minister has accepted the amendments.

Proposed subsection (10) reads in part as follows:

A shareholder who, within the five calendar years preceding the meeting at which any further proposal of his is to be presented, has submitted two or more proposals—

In other words, if a proposal has been submitted and turned down, that proposal cannot be made again unless certain conditions are fulfilled. Of course, the majority of the directors and shareholders of the company must accept it. It is a fact of corporate life, and the minister will have to answer questions in this field because I have asked them before. When the directors of a company send out proxies, there is usually involved a cost of \$20,000. The established directors of a company do not pay for those proxies; the company pays for them. If I, as a protester or advocate of change, wish to send out documents saying that the company is not doing its job or that

[Mr. Otto.]

other directors will make larger profits for the company, I have to pay for those proxies myself. There are not too many people who will pay between \$18,000 and \$20,000 consistently. So, the fact of life is that the proxies always support the incumbent directors. Naturally, any proposal coming forward of the sort described will be defeated. The directors can say, "You have brought it forward once or twice; you may do it no more." The proposed amendment seeks to give them five years of peace.

I will not vote against this measure.

**Mr. Gilbert:** Why not?

**Mr. Otto:** I support the bill because it is a step, a tiny step, in the right direction. Nevertheless, I am disappointed. The minister is supporting this obvious ruse which will do away with the effectiveness of his own bill. It is a bill which we admired and which most of us supported. The minister supported it.

I am speaking because I wish to ask the minister why he accepted these amendments? What pressure has been brought to bear? I am disappointed. I have tried to point out that if these amendments are accepted the minister will not have accomplished his purpose, the revision of this Act. Instead, he shall merely have introduced some small amendments to the Corporations Act. I urge the minister to examine these amendments. By relying on his own experience in the practice of law and corporation matters he will realize that each one of these amendments is meant to do something: they are meant to destroy the bill, clause by clause. The ones that do not have that intention are insignificant.

**Mr. John Gilbert (Broadview):** Mr. Speaker, when the drug bill came before the House some time ago I said that the Minister of Consumer and Corporate Affairs (Mr. Basford) was the shadow boxing champion of Canada. My reasons for so saying were well founded. As previously indicated, the minister's legislation with regard to drugs has had little or no effect on the prices of drugs across Canada. I also wanted to tag him with the name of shadow boxing champion of Canada because he has done little with regard to combines prevailing in Canada. He will have an opportunity in the near future to do something about bankruptcies. We have waited for a long time for amendments with regard to bankruptcies and failures. We are looking for the protection of creditors and shareholders in this field and look forward to seeing how the minister will act in connection with these