

Federal Business Development Bank Act

to debate a motion in the minister's name which, to the minister's knowledge, will subsequently be amended. I do not like him playing this kind of a game. I think that if the hon. member for Gatineau, on the instructions or otherwise of the Minister of Industry, Trade and Commerce (Mr. Gillespie) has amendments to the clause now under consideration, he should bring them forward.

[Translation]

Mr. Gaston Clermont (Parliamentary Secretary to Minister of Industry, Trade and Commerce): No, Mr. Speaker, I am not rising on a point of order. I rose a couple of times to put forward some amendments. But before I do so, I would like to make a few comments.

The remarks of the opposition members apparently place on the same level the responsibilities of the president and of his directors. The hon. member for York-Simcoe (Mr. Stevens) told the Committee on Finance, Trade and Economic Affairs that those directors would be handsomely and generously paid. Directors, Mr. Speaker, are not full time civil servants. The board of directors, which, I believe, as in all other companies, will assume the bulk of responsibilities, consists of the president, two directors from the public service and two other directors selected out of the ten directors, and I think the amendment of the hon. member for York-Simcoe has a much broader scope than the Minister's amendment and my own one. The hon. member for Calgary North (Mr. Woolliams) mentioned that, considering my business background, when one applies for a loan in a chartered bank... Talking about chartered banks, Mr. Speaker, no provision in the Bank Act prevents a bank director from getting a loan on behalf of a company which he manages. I know the hon. member for York-Simcoe said there was a difference between chartered banks and the bank we are now dealing with. He said that the bank under consideration deals with public funds. In my opinion, deposits made by the public in a chartered bank belong to the public, but there is a request that directors as well as members of the board of directors be denied the right to obtain loans. The amendment of the hon. member for York-Simcoe digs even further. No loan, guarantee, underwriting agreement or purchase could be made. I also believe the minister accepted the suggestion of a certain member of the finance committee when we consider subclause 5 of motion No. 2 which says and I quote:

(5) The amount of each agreement approved by the Board under subsection (3) and the name of the person, firm or corporation with whom the agreement is entered into shall be included in the annual report that the Corporation is required to submit under subsection 75(3) of the *Financial Administration Act*.

Under the bill as it now stands, there is no such obligation for directors of the Bank to include those loans in the annual report.

Before presenting my amendments, I should like to give some explanations on the amendments I would like to move to those proposed by the minister in motion No. 2.

[English]

Mr. Speaker, when the text of the proposed amendment to section 36 as set out in the order paper was prepared, the word "shareholder" was not included in the second last line of subclause 36(2), nor in the fifth line of subclause 36(3), since it was considered that it would be virtually impossible for a corporation with a large number of shareholders to know whether or not any one of its

[Mr. Clark (Rocky Mountain).]

shareholders happened to be related to a director of the bank or to one of the members of a regional advisory council in any one of the degrees of relationship described in the definition of "interested person". However, it would appear that most of the corporations which would be seeking assistance from the bank would be private corporations with a limited number of shareholders, so that in actual practice it would not be too difficult for such a corporation to ascertain, through consultation with its shareholders, whether such a relationship exists.

Similarly, with respect to subclause (4) of the proposed amendment as set out in the order paper, it was considered at the time the amendment was drafted that a director of the bank could not be expected to know the names of all the companies in which any of his relatives as described in subclause (1) have shares. However, under subclause (1) of the proposed amendment the onus is on the applicant to disclose in the application whether or not the applicant is related to a director. The application is then submitted to the board and the director is prohibited from voting on any resolution relating to that application. In the context of this specific procedure, the director, having been identified in the application, is in a much different position than he would have been under clause 36 of Bill C-14 as that clause now reads.

● (1630)

Subclause (4) of the amendment as it is now set out in the order paper prohibits a director from voting on a resolution relating to a loan to a corporation of which that director is a shareholder, but not a corporation of which that director's spouse or any other relative is a shareholder. Instead, the prohibition applies only where the director's spouse or other relative is a director or officer of the applicant corporation. The purpose of the proposed motion to amend the text as set out in the order paper is to extend the prohibition to apply to every loan to a corporation of which the director, his spouse or any other relative is a shareholder, director or officer.

[Translation]

Moved by Mr. Clermont:

That the amendment to Bill C-14 as set out in Motion No. 2 be amended

(a) by striking out the second last line of subclause 36(2) and substituting the following:

"or a shareholder, director or officer of that corporation, as"

(b) by striking out the fifth line of subclause 36(3) and substituting the following:

"of that firm or a director, shareholder or officer of that"

(c) by striking out the last line of subparagraph 36(4)(b) and substituting the following:

"person" in subsection (1), or"

(d) by striking out subparagraphs 36(4)(c) and (d) and substituting the following:

"(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."

[English]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. Since the hon. member is proposing a rather technical amendment, I wonder if he would be willing, as I see he is, to pass around copies of his amendment so we can follow it as he is explaining it to us.

[Translation]

Mr. Clermont: With pleasure, Mr. Speaker.