

Mr. LeBlanc (Westmorland-Kent): Then put it on the record.

Mr. Stevens: I suggest that in jumping up on his point of order, the minister knows I have hit the mark. He knows that I am dead right. In the more general remarks which I intend to make in support of my amendments, I will specifically quote what one of the officers of Air Canada had to say concerning the directors of Air Canada. Perhaps the minister will be able to check with that officer once I have quoted him.

First of all, motion No. 2 is simply an attempt to make sure that the directors or officers of Air Canada, or directors who in turn are also materially interested in a corporation or partnership or who may have some contract with Air Canada, in future should not be able to enter into such contract. In short, Mr. Speaker, what I am saying—and this came out in committee—is that not only are the directors on this board a little sleepy but, in turn, they may have contracts with the very airline of which they are acting as trustees on behalf of the people of Canada.

Granted, in committee it was stated there is great vigilance, that an attempt is always made to have them declare their interest. But we feel this is not good enough. Why should we not put into this bill which reorganizes Air Canada the flat statement that the directors may not have any dealings with Air Canada, period? Similarly, why not say the officers may not have any dealings with Air Canada, period, other than those dealings which form part of their function as directors or officers of Air Canada? Without belabouring the point, this is essentially what I am asking for in motion No. 2.

I think I have to explain motion No. 5 a little more fully. It appears rather innocuous until one reads clause 22 of the Air Canada bill. I do not think most of us realize the significance of some of the provisions in that particular clause. May I refer hon. members to the top of page 12, where reference is made to section 112 of the Canada Business Corporations Act. If allowed to stand in the bill, section 112 of the Canada Business Corporations Act will become incorporated into the charter of Air Canada.

I ask hon. members to listen to what section 112 allows the directors of Air Canada to do if it does become so incorporated. They may, by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors, vote as if they were at the meeting, provided they simply sign that resolution. In other words, if section 112 is allowed to remain in the bill before the House, the directors may simply, in future, be able to sign whatever resolution they are asked to sign in lieu of attending a meeting. It is bad enough to have them fall asleep at meetings, but surely if they are to perform their function properly as directors of Air Canada, they should at least be expected to leave their homes and attend meetings to hear what is going on, as opposed to dutifully signing some resolution which they did not have the benefit of discussing at the meeting.

Air Canada

Again I point out that on page 12 of the bill reference is made to the inclusion of section 109(9) of the Canada Business Corporations Act. Here, again, this appears rather innocuous until one reads section 109(9), which again refers to directors and calls for participation by telephone. That section provides:

Subject to the by-laws, a director may, if all the directors of the corporation consent, participate in a meeting of directors or of a committee of directors by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed for the purposes of this Act to be present at that meeting.

In short, they are contemplating some type of conference call directors' meeting, and I think this is unforgivable. First of all, we are proposing to recapitalize Air Canada with up to \$750 million worth of capital. We are proposing that directors may deal with the company freely so far as outside contracts are concerned. In addition, they may not even have to attend directors' meetings. In short, they merely have to sign a resolution as if they had attended the meeting. Finally, they may make some kind of conference call arrangement and attend a meeting by telephone, as opposed to appearing in person. This is no way to run an airline, Mr. Speaker. As far as the members of my caucus are concerned, we believe those two provisions should be deleted, so that directors are at least obligated to attend meetings; and as stated in motion No. 2, so they will not be allowed to have contracts with Air Canada.

Let us try to take a look at this matter in perspective, Mr. Speaker. If any of us owned stock in a corporation which lost some \$20 million last year, and in rescuing the company we decided to relax the rules governing the board of directors, surely the least we should do is to say that the directors in future must attend meetings of the board, and that they also not be given the privilege of making contracts with the very company of which they are trustees. Although this airline, in its over 40 years of existence, has accumulated virtually no retained earnings, we find that the directors, who collectively preside over a loss of some \$65 million during the past three years, will not even be requested to attend board meetings, but may simply sign a resolution or be party to the meeting through a telephone call.

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That is the reason we are suggesting these motions should be supported. During the committee hearings on this bill, several members of parliament challenged the negative guidelines for the selection of Air Canada directors, bearing in mind that there are only two rules at present: Air Canada directors must be Canadian citizens, and they must be under 70 years of age. The president of Air Canada, Claude Taylor, told the committee that he would welcome, to use his language, more positive guidelines for the selection and performance of board members. He also admitted that of the board's present nine members, only one had previous experience in the airline industry—the other eight are drawn from other walks of life.

All too often the government, which appoints Air Canada's directors, packs the board with political appointees and party hacks, rather than with the many capable and available