

*Federal Business Development Bank Act*

(3) Any loan, guarantee, underwriting agreement or purchase under subsection (2) may only be made by the corporation if authorized and approved by the board.

(4) The corporation shall list in a schedule to its annual report made under the *Financial Administration Act* every loan to, guarantee to, guarantee of a loan to, underwriting agreement with, or purchase from a person, firm or corporation described in this section with the particulars in each such case."

**Mr. Woolliams:** Mr. Speaker, I regret that I missed a portion of the mover's speech, but I should like to say a few words about the bill. First of all, in dealing with the question of conflict of interest I have always been rather shocked that one cannot get full disclosure as to the amount of money, by way of salary, earned by people in high positions whether they be presidents or directors. It is particularly shocking in the case of Crown corporations. Setting up a bank of this nature involves the use of public funds. To start with, it is financed with public funds, and the profits arising from the operations of the bank may be reinvested to expand the business of the bank. Surely salaries of the directors, and so on, should be bared and made public.

[Translation]

**Mr. Clermont:** I rise on a point of order. Mr. Speaker.

The hon. member is dealing with motion No. 4 when he talks about directors' salaries.

[English]

**Mr. Woolliams:** Mr. Speaker, I know what the hon. member's point is and I will deal with it later. Hon. friend's opposite are laughing, but since these directors can borrow money from the bank it is important that we know their salaries. After all, the first thing you are asked when you go to any bank for a loan is what your assets are and what your salary is. My good friend rose on a point of order, but with his business experience and knowledge he must know that the first thing a bank asks is what your assets are, what your income is at the time, and what you expect to make in the future. So I do not think I am out of order when I say that those salaries should be known and laid on the table so the public will know what they are. There is nothing out of order, as far as I am concerned. With regard to the directors, let us look at clause 36, which provides:

● (1610)

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, a loan to, a guarantee to, a guarantee of a loan to, an underwriting agreement with, or a purchase from, that director or a firm or corporation of which

- (a) that director,
- (b) the spouse or a child, brother, sister or parent of that director, or
- (c) the spouse of a child, brother, sister or parent of that director, is a partner or shareholder, as the case may be.

Motion No. 2 refers to this clause and reads:

That Bill C-14, an act to incorporate the Federal Business Development Bank, be amended by striking out lines 28 to 42, inclusive, on page 15 and substituting the following:

"36.(1) In this section,

'applicant' means a person who applies to the Corporation for assistance in the form of a loan, guarantee, underwriting agreement, purchase or lease;

[Mr. Deputy Speaker.]

'interested person' means

- (a) a director of the corporation or a member of a council" . . .

Surely, when we are dealing with conflict of interest, the directors of this bank should not be able to obtain loans. As far as I am able to ascertain, there is no ceiling on the amount, so these people could make loans of a million dollars to themselves. We have experienced this kind of scandal before. There was a scandal in respect of the Alberta Housing Corporation, not under the present government, but the facts are coming to light showing the corruption that took place. I do not believe anybody in the public service of Canada, a member of parliament or a member of the Senate should have the right to borrow money from this bank. There is bound to be a conflict of interest. These people are empowered, as directors, to administer these funds for the public. The money comes from the taxpayers. Surely there should be a rule or a formula which prevents the directors borrowing money from the bank set up to serve the public. Even the managers of chartered banks cannot borrow from their own branches unless they go through channels at the top.

**Mr. Gillespie:** There is exactly the same provision here; they must go to the top men.

**Mr. Woolliams:** Let us see who will be on the board.

**Mr. Gillespie:** Have you read the proposed act?

**Mr. Woolliams:** Yes, and I will read it for your benefit. I have been asked a question, Mr. Speaker, so let us see what clause 5 provides. It reads:

The board of directors shall consist of

- (a) the president;
- (b) four persons selected from the public service of Canada and appointed from time to time by the governor in council on the recommendation of the minister; and
- (c) ten persons selected from outside the public service of Canada and appointed in the manner provided in subsection 6(1).

Who approves a loan when the applicant is a director or the president? I am prepared to sit down if the minister is willing to answer.

**Mr. Gillespie:** If the hon. member will look at motion No. 2 he will find there the answer to his question.

**Mr. Woolliams:** Let us see what clause 35 says. It reads, further:

The board may make bylaws

- (a) respecting the calling of meetings of the board and of the executive committee, the quorum for such meetings and the conduct of business thereat;
- (b) fixing the fees to be paid to directors and council members for attendance at meetings, as authorized by subsection 19(1);
- (c) for the administration and management of the business of the corporation; and
- (d) for the conduct in all other particulars of the affairs of the corporation.

In these days, when we are concerned about conflict of interest, I do not think these persons should be able to obtain loans. I therefore support the amendment of the hon. member for York-Simcoe (Mr. Stevens).