
NATIONAL ASSEMBLY

THIRTY-SECOND LEGISLATURE

FOURTH SESSION

Bill 25

An Act respecting the Société québécoise des transports

First reading



Introduced by
Mr Michel Clair
Minister of Transport

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EXPLANATORY NOTES

This bill provides for the establishment and organization of the Société québécoise des transports.

The objects of this corporation will be to promote the establishment, modernization, expansion, development, consolidation or regrouping of undertakings in the transport sector to meet the commercial and industrial needs of Québec, to promote exports of goods manufactured in Québec, to maximize any socio-economic repercussions resulting from transport activities or any related activities, and to carry on operations as a management or holding corporation in the transport sector.

The authorized capital of the corporation will be \$75 000 000, which amount may be paid to the corporation by the Minister of Finance in one or several instalments, with the approval of the Government. Such approval must in each case be tabled before the National Assembly.

The Government will also have power to guarantee payment of the obligations of the corporation and its subsidiaries and to authorize the Minister of Finance to advance the amounts necessary to carry out their objects.

The Minister of Transport will be authorized to transfer to the corporation all shares he may have acquired on behalf of the Government and to negotiate with the corporation how many certificates for fully-paid shares of its capital stock must be issued to the Minister of Finance as consideration.

The affairs of the corporation will be administered by a board of from seven to eleven directors appointed by the Government, including the president and the vice-president.

The Minister of Transport will have the right, as part of his responsibilities and powers, to issue directives on the objectives and orientations of the corporation. The directives will be subject to prior approval by the Government, and will be binding on the corporation.

Finally, the bill requires the corporation to have its development plan approved by the Government, as well as the plan of every corporation in which it holds over one-half of the shares. The Government will determine the form and content of the plan and when it is to be submitted.

Bill 25

An Act respecting the Société québécoise des transports

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

DIVISION I

ESTABLISHMENT AND COMPOSITION OF THE COMPANY

1. A joint-stock company, hereinafter called “the corporation”, is established under the name of “Société québécoise des transports”.

2. The corporation is a mandatary of the Government.

The property of the corporation is part of the public domain but the performance of its obligations may be levied against its property.

The corporation binds only itself when it acts in its own name.

3. The corporate seat of the corporation is at the place determined by the Government.

Notice of the location or any change of location of the corporate seat of the corporation is published in the *Gazette officielle du Québec*.

4. The affairs of the corporation are administered by a board of directors consisting of

(1) a president, appointed by the Government for a term of not over five years;

(2) a managing director, appointed by the Government for a term of not over five years, subject to the contract contemplated in the second paragraph of section 10; and

(3) from five to nine other members, appointed by the Government for a term of not over two years.

The Government may, however, designate the same person to act as both president and managing director of the Company.

5. The members of the board are the directors of the corporation within the meaning of the Companies Act (R.S.Q., chapter C-38) but are not required to be shareholders.

6. The members of the board of directors shall elect a vice-president from among the members contemplated in subparagraph 3 of the first paragraph of section 4, to carry on the functions of the president in his absence.

7. The president shall preside over the meetings of the board, direct its operations and carry out the other functions vested in him by by-law of the corporation.

8. At meetings of the board, four members, including the president and vice-president, constitute a quorum.

9. In the event of a tie-vote, the president or, in his absence, the vice-president is entitled to a second vote or a casting vote.

10. The managing director of the corporation is responsible for its management within the scope of its by-laws and policies. He holds office on a full-time basis.

His remuneration and the other conditions of employment attached to his position are established by a contract binding between him and the corporation. The contract has effect only if it is ratified by the Government.

11. The Government shall fix the remuneration of the president and vice-president and of the members contemplated in subparagraph 3 of the first paragraph of section 4.

The members of the board of directors other than the managing director are indemnified or reimbursed for costs and expenses incurred in the discharge of their duties, in accordance with the scales and standards determined by by-law of the corporation.

12. Each of the members of the board of directors remains in office notwithstanding the expiry of his term, until he is replaced or reappointed.

The Government shall fill a vacancy occurring before the expiry of a term in the manner and for the term provided in section 4.

13. If the managing director is absent or unable to act, the Government may appoint a person to carry on his functions during his absence or incapacity, and fix the person's remuneration and other conditions of employment.

14. Any member of the board of directors, other than the managing director, having a direct or indirect interest in an undertaking that causes such interest to conflict with that of the corporation shall, under pain of forfeiture of office, disclose it in writing to the managing director and abstain from participating in any decision involving the undertaking in which he has such interest.

Neither the managing director nor any other officer or employee of the corporation may, under pain of forfeiture of office, have any direct or indirect interest in any undertaking causing such interest to conflict with that of the corporation. However, such forfeiture is not incurred if such an interest devolves to him by succession or gift, provided he renounces or disposes of it with all possible dispatch.

15. The corporation may, by by-law, establish an executive committee, determine its functions and powers and fix the term of office of its members.

16. The corporation may appoint a secretary and any other officer or employee required for its operations.

The secretary and the other officers and employees of the corporation are appointed and remunerated in accordance with the scales and standards and the staffing plan established by the by-laws of the corporation.

17. The corporation may adopt any by-law respecting the exercise of its powers and its internal management.

18. The by-laws of the corporation come into force on being approved by the Government.

19. The minutes of the sittings of the board of directors, approved by the board and certified by the president or by the secretary, are authentic, as are documents or copies emanating from the corporation or forming part of its records, if certified by the secretary.

DIVISION II

OBJECTS AND POWERS OF THE CORPORATION

20. The objects of the corporation are to

(1) promote the establishment, modernization, expansion, development, consolidation or regrouping of undertakings in the transport sector to meet the commercial and industrial needs of Québec and to promote exports of goods produced in Québec;

(2) maximize for Quebecers any socio-economic repercussions resulting from transport activities or any related activities;

(3) carry on operations as a management or holding company in the transport sector.

21. The corporation has, in particular, the power to

(1) contract loans by notes, bonds or other securities at the rate of interest and on any other conditions determined by the Government;

(2) organize and hire technical administrative services for itself or for others;

(3) acquire, administer, operate and alienate undertakings, property, rights, shares, bonds and other securities of any kind;

(4) associate or contract according to law with any person or company for the carrying out of its objects.

22. In no case may the corporation, without the authorization of the Government, subject to the exceptions and conditions provided by government regulation,

(1) exercise the powers contemplated in paragraphs 2, 3 and 4 of section 21;

(2) contract any loan that increases its total outstanding borrowings to over \$1 000 000.

Any government regulation provided for in this section comes into force on the tenth day after its publication in the *Gazette officielle du Québec* or on any later date fixed therein.

DIVISION III

FINANCING

23. The authorized capital of the corporation is \$75 000 000.

It is divided into 750 000 shares of a par value of \$100 each.

24. The shares of the corporation form part of the public domain and are allotted to the Minister of Finance.

[[**25.** The Minister of Finance is authorized to pay to the corporation out of the consolidated revenue fund, with prior authorization of the Government, a sum of \$75 000 000 for 750 000 fully paid-up shares of its capital stock, for which the corporation shall issue certificates to it.

The payment may be made in one or several instalments; if it is made in several instalments, each instalment is subject to the approval provided for in the first paragraph.

Each instalment may also be spread over such period as may determine the Minister of Finance.]]

26. The Minister of Transport is authorized to transfer to the corporation all or part of the shares of a company's share capital it acquired for the Government and to negotiate with it the number of certificates of fully paid-up shares of its capital stock which must be issued to the Minister of Finance as a consideration.

[[**27.** The Government may, on such conditions as it may determine,

(1) guarantee the payment in capital and interest of any loan contracted by the corporation or a subsidiary of which it owns more than 50% of the shares and the payment of sums of money payable by the corporation or any subsidiary as a result of the non-fulfilment of its contracts;

(2) authorize the Minister of Finance to advance to the corporation or a subsidiary contemplated in subparagraph 1 any amount deemed necessary for the exercise of the powers and duties of the corporation or such subsidiary, at the rate of interest, for the term and on any other conditions the Government determines.

Any sums the Government may be called upon to pay under the guarantees or to advance to the corporation or a subsidiary are taken out of the consolidated revenue fund.]]

28. The dividends paid by the corporation are fixed by the Government and not by the directors.

DIVISION IV

ACCOUNTS AND REPORTS

29. The fiscal year of the corporation ends on the date fixed by government regulation, which must be published in the *Gazette officielle du Québec*.

30. Each year, four months after the end of its fiscal year, the corporation shall make a report of its activities for the preceding fiscal year to the Minister of Transport.

The report must further contain all the information prescribed by the Minister.

The report must be tabled before the National Assembly if it is in session or, if it is not sitting, within fifteen days after the opening of the next session or, as the case may be, within fifteen days after resumption.

31. The Minister of Transport may, within the scope of the responsibilities and powers granted to him, issue directives on the corporation's objectives and orientation in performing the duties conferred on it by this Act.

Any directive issued under this Act must be tabled without delay before the National Assembly if it is in session or, if it is not sitting, within fifteen days after the opening of the next session or, as the case may be, within fifteen days after resumption.

32. The corporation shall prepare a development plan in accordance with the form, tenor and periodicity fixed by the Government.

The such plan must be submitted to the Government for approval.

The first and second paragraphs apply to corporations of which the corporation holds more than 50% of the shares.

33. The books and accounts of the corporation shall be audited every year and also whenever so ordered by the Government, by the Auditor General or, with the approval of the Government, by an auditor proposed by the corporation.

34. Sections 159 to 163 of the Companies Act (R.S.Q., chapter C-38) do not apply to the corporation.

DIVISION V

FINAL PROVISIONS

35. Section 2 of this Act does not result in conferring an exclusive mandate on the corporation or of restricting the powers of the Minister to acquire, on behalf of the Government, capital shares of companies in the transport sector.

36. The Minister of Transport is responsible for the administration of this Act.

37. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

38. This Act comes into force on a date to be fixed by government proclamation, except for provisions excluded by the proclamation which come into force on any later date fixed by government proclamation.