



NATIONAL ASSEMBLY

FOURTH SESSION

THIRTY-SECOND LEGISLATURE

Bill 63

**An Act respecting the Société
de développement des coopératives**

First reading



**Introduced by
Mr Rodrigue Biron
Minister of Industry, Commerce and Tourism**

**Québec Official Publisher
1984**

EXPLANATORY NOTES

This bill provides for the establishment and organization of a company called the Société de développement des coopératives, to replace the existing Société de développement coopératif.

The object of the company will be to promote the creation and development of cooperative undertakings, to which end it will be empowered to administer financial assistance programs and any other assistance programs the Government may establish.

The bill sets out the various forms of financial assistance the company will be empowered to grant and requires it to see that its grants of such assistance to cooperative undertakings go to ensure their capital position.

This bill also defines relations between the company and the Government. Thus, the members of the board of directors will be appointed by the Government, and the staffing plan and remuneration of the personnel of the company will be subject to approval by the Government.

The bill empowers the Minister responsible for the administration of the Act to give directives to the company on its orientation and objectives. These directives are subject to approval by the Government, and if approved are binding on the company.

Lastly, this bill provides that the Minister of Industry, Commerce and Tourism is responsible for the administration of the Act.

ACT REPLACED BY THIS BILL

— the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10)

Bill 63

An Act respecting the Société de développement des coopératives

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

DIVISION I

STATUS AND ORGANIZATION

1. The company called the Société de développement des coopératives is a corporation.

2. The company is a mandatary of the Government.

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

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

3. The company has its corporate seat at the place determined by the Government. Notice of the location or of any transfer of the corporate seat is published in the *Gazette officielle du Québec*.

The company may establish offices at such places as it determines.

4. The company is administered by a board of directors composed of not more than 13 members, including the president, vice-president and director general, appointed by the Government.

A majority of the board of directors is composed of persons representing various classes of cooperatives.

5. The vice-president shall exercise the duties of the president when he is temporarily absent or unable to act.

6. The president and director general are appointed for not over five years.

The other members are appointed for not over two years.

At the end of their terms, the members of the board of directors remain in office until they are replaced or reappointed.

7. The director general is responsible for the management of the company within the scope of its by-laws. He shall exercise his duties full time.

Upon the decision of the Government, one and the same person may simultaneously hold office as president and as director general.

8. The Government shall fix the remuneration, social benefits and other conditions of employment of the president and the director general.

The other members of the board of directors are not remunerated but, to the extent and on the conditions fixed by the Government, are entitled to reimbursement of the expenses they incur in the performance of their duties and to an attendance allowance.

9. In no case may a member of the board of directors, under pain of forfeiture of office, have any direct or indirect interest in any undertaking, other than a cooperative undertaking, causing his personal interest to conflict with that of the company. However, forfeiture is not incurred if such an interest devolves to him by succession or gift, provided he renounces or disposes of it with dispatch.

Any member of the board of directors who has a direct or indirect interest in a cooperative undertaking causing his personal interest to conflict with that of the company shall, under pain of forfeiture of office, disclose it and abstain from voting on any question concerning the undertaking.

10. The board of directors may hold its sittings anywhere in Québec.

A simple majority of the members, including the president or the vice-president, are a quorum at sittings of the board of directors.

In case of an equality of votes, the president or, if he is temporarily absent or unable to act, the vice-president has a casting vote.

11. A decision signed by all the members of the board of directors has the same force as if it had been taken at a regular sitting.

12. The secretary and the other members of the personnel of the company are appointed and remunerated according to the staffing plan, standards and scales established by by-law of the company.

The by-law may also determine the social benefits and other conditions of employment of the secretary and the other members, and make these persons subject to section 9.

The by-law is subject to approval by the Government. It comes into force on its date of publication in the *Gazette officielle du Québec*, or on any later date it indicates.

13. The company may, by by-law,

(1) make rules for its internal management;

(2) determine the duties and powers of the director general;

(3) appoint an executive committee, determine its functions and delegate part of its powers to the committee.

If an executive committee is appointed, it must be composed of the president, the director general and not fewer than three other members of the board of directors.

A by-law adopted under subparagraph 1 comes into force from the date of its approval by the Government.

A by-law adopted under subparagraph 2 or 3 is subject to approval by the Government and comes into force on its date of publication in the *Gazette officielle du Québec* or on any later date it indicates.

DIVISION II

OBJECT AND POWERS

14. The object of the company is, in accordance with this Act, to promote the creation and development of cooperative undertakings in order to ensure

(1) increased participation by the population in economic activities;

(2) the economic development of outside regions and the creation of employment in such regions.

For the purposes of this Act, a cooperative undertaking is a cooperative, federation or confederation governed by the Cooperatives Act (R.S.Q., chapter C-67.2).

15. For the attainment of its object and to offer financing to cooperative undertakings to complement the financing provided by their members and by the financial institutions determined by the Government, the company may

- (1) administer any assistance program contemplated in section 17;
- (2) give advice to cooperative undertakings on their financing;
- (3) ensure that cooperative undertakings receiving financial assistance have access to the necessary technical assistance.

16. In granting financial assistance to cooperative undertakings, the objective of the company must be to ensure their sound capital position.

17. The Government may establish financial assistance programs or any other assistance program intended to promote the creation and development of cooperative undertakings and determine the conditions, criteria and limits of their application.

18. Financial assistance may be in the form of

- (1) a guarantee of repayment of the whole or part of a financial commitment;
- (2) a guarantee of redemption of the whole or part of the preferred shares of a cooperative undertaking;
- (3) an assumption of liability for part or the whole of the interest on the loans of a cooperative undertaking;
- (4) a loan, with or without interest;
- (5) a partial remission of a loan granted by the company;
- (6) an acquisition by the company of preferred shares in a cooperative undertaking;
- (7) any other kind of assistance authorized by the Government.

19. The company shall carry out any mandate from the Government to promote the creation or development of cooperative undertakings or ensure the maintenance of their activities.

20. In no case may the company, except with the authorization of the Government,

- (1) acquire shares of a legal person, alone or jointly with a cooperative undertaking or another person;
- (2) grant financial assistance to a legal person in which it holds shares;

(3) except in the cases referred to in section 21, acquire movable or immovable property.

Where the company disposes of shares of a legal person, it shall do so in favour of a cooperative undertaking or, with the authorization of the Minister, in favour of another person.

21. In no case may the company acquire movable or immovable property except for its own use or pursuant to a cooperative undertaking's failure to meet its obligations respecting financial assistance.

Notwithstanding the first paragraph, if a cooperative undertaking fails to meet its obligations, the company, within three years after the date of acquiring the property, shall dispose of it in favour of a cooperative undertaking or, with the authorization of the Minister, in favour of any other person. The Minister may extend the time limit.

22. The Minister may issue directives to the company on its objectives and orientation. The directives are subject to prior approval by the Government.

The company is bound to comply with any directive issued under this section.

The directives must be tabled in the National Assembly within 15 days of approval if the Assembly is in session or, if it is not sitting, within 15 days after the opening of the next session or resumption.

Third persons are not bound to see to the application of this section, and in no case may it be invoked by or against them.

DIVISION III

GRANT OF FINANCIAL ASSISTANCE

23. Applications to the company for financial assistance must be made in the form it requires. They must also be accompanied with the documents and contain the information the company requires.

An undertaking making an application must show the company that its financial prospects are adequate to meet its commitments and that its management has the competence required to attain its objectives.

24. Subject to sections 25 and 26, the company shall examine the application, determine whether the undertaking satisfies the conditions laid down in the Act and the orders made thereunder and, where such is the case, it may determine the financial assistance it intends to grant to the undertaking.

25. The company shall then make a report to the Minister and submit its recommendations to him.

The company may recommend that the application be rejected, or that it be approved only on the conditions it indicates.

26. Financial assistance is granted by decision of the Minister with the prior authorization of the Government and on the conditions it determines.

Notwithstanding the foregoing, the Minister, on the conditions he determines, may grant assistance without authorization of the Government in the cases specified by the Government.

The company is bound by the authorization of the Government or, where such is the case, the decision of the Minister.

Financial assistance may also be granted by the company in certain cases and on certain conditions determined by the Government.

27. The company shall send any decision to grant or reject an application for financial assistance to the undertaking concerned, in writing.

DIVISION IV

DOCUMENTS, ACCOUNTS AND REPORTS

28. No deed, document or writing binds the company unless it is signed by the president, vice-president or director general or by a member of the personnel of the company and, in the case of such a member, only to the extent determined by by-law of the company.

The company may, by by-law and on the conditions it determines, allow a signature to be affixed by means of an automatic device to the documents it determines or a facsimile of a signature to be engraved, lithographed or printed on them. However, the facsimile has the same force as the signature itself only if the document is countersigned by a person authorized by the president of the company.

Every by-law made pursuant to this section comes into force ten days after the date of its publication in the *Gazette officielle du Québec* or on any later date it indicates.

29. A document or a copy of a document emanating from the company or forming part of its records and signed or certified by a person referred to in section 28 is authentic.

30. The fiscal year of the company ends on 31 March each year.

31. The company shall, each year, on the date and according to the form and tenor determined by the Minister, send its financial assistance plan to him.

The plan must, in particular, specify the amounts allocated to each sector of activities it particularly intends to promote, and the amounts allocated to the company's administrative expenses. The budgetary estimates for the next year must also accompany the plan.

The plan is subject to approval by the Government.

32. The company shall, each month, submit a report to the Minister on the financial assistance granted during the preceding month.

The report must also contain all the information requested by the Minister.

33. The company shall, not later than 31 July each year, submit a report of its activities for the preceding fiscal year to the Minister.

The report must also contain all the information requested by the Minister.

34. The Minister shall table the report in the National Assembly within 30 days of receiving it if the Assembly is in session or, if it is not sitting, within 30 days after the opening of the next session or resumption.

35. The books and accounts of the company shall be audited every year by the Auditor General and whenever so ordered by the Government.

The auditor's report must accompany the annual report of the company.

DIVISION V

FINANCIAL PROVISIONS

36. Except with the authorization of the Government, the company is not empowered to contract any loan that would increase its total outstanding borrowings to more than the amount determined by the Government.

37. The company is not empowered to contract any loan to meet its temporary cash needs that would increase its total outstanding borrowings for that purpose to more than the amount determined by the Government.

38. The company shall make no investment except

(1) a deposit in a savings and credit union governed by the Savings and Credit Unions Act (R.S.Q., chapter C-4), in a bank governed by the Act respecting banks and banking (S.C., 1980-81, chapter 40) or by the Quebec Savings Banks Act (R.S.C., 1970, chapter B-4) or in a registered institution within the meaning of the Deposit Insurance Act (R.S.Q., chapter A-26);

(2) an acquisition of bonds or other evidences of indebtedness issued by the Government;

(3) other investments determined by the Government.

[[**39.** The Government may, on the conditions it determines,

(1) guarantee any loan contracted by the company as well as the performance of any obligation of the company;

(2) authorize the Minister of Finance to advance to the company any amount deemed necessary for the carrying out of its functions.

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

40. The sums recovered by the company as reimbursement of the financial assistance granted shall be allocated to the reimbursement of the loans and other obligations of the company and to the reimbursement of advances made by the Minister of Finance under section 39.

DIVISION VI

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

41. This Act replaces the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10).

42. The Société de développement des coopératives acquires the rights of the Société de développement coopératif incorporated by the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) and shall assume its obligations.

43. In any Act, regulation, by-law, order, order in council, proclamation, contract or document, the name “Société de développement coopératif” is replaced by “Société de développement des coopératives”, unless the context indicates otherwise.

44. The Société de développement des coopératives is authorized to use any document or means of identification that has already been prepared in the name of the Société de développement coopératif until it replaces them by documents or other means of identification prepared in its own name.

45. The members of the board of directors of the Société de développement coopératif incorporated by the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) in office on (*insert here the date of coming into force of this Act*) become, without other formality, members of the board of directors of the Société de développement des coopératives until they are replaced or reappointed in accordance with this Act.

46. Persons who, on (*insert here the date of coming into force of this Act*), are members of the personnel of the Société de développement coopératif established by the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) become, without other formality, members of the personnel of the Société de développement des coopératives.

47. From (*insert here the date of coming into force of this Act*), the Société de développement des coopératives established by this Act shall reimburse to the Government and to the subscribing cooperators the advances made to the Société de développement coopératif incorporated by the Act respecting the Société de développement coopératif (R.S.Q., chapter S-10) in proportion to their claims and out of the reimbursements of financial assistance granted before that date.

48. Sums required for the administration of this Act are taken for the fiscal year 1984-85 out of the consolidated revenue fund to the extent determined by the Government and, for subsequent fiscal years, out of the sums voted annually for that purpose by the Parliament.

49. The Minister of Industry, Commerce and Tourism is responsible for the administration of this Act.

50. 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).

51. This Act comes into force on the date fixed by proclamation of the Government.