

SIXTH SESSION

THIRTY-FIRST LEGISLATURE

NATIONAL ASSEMBLY OF QUÉBEC

Bill 2

**An Act to amend the Act respecting the
Société québécoise d'initiatives pétrolières**

First reading
Second reading
Third reading



M. YVES BÉRUBÉ

Minister of Energy and Resources

L'ÉDITEUR OFFICIEL DU QUÉBEC

1980

EXPLANATORY NOTES

This bill amends the Act respecting the Société québécoise d'initiatives pétrolières for the purposes, mainly, of

(1) giving the Company a broader mandate by allowing it, on a profit-making basis, to purchase, import, transport, cause to be refined, market or sell hydrocarbons;

(2) increasing the Company's authorized capital by \$120 000 000; and

(3) changing the composition of the Company's board of directors and providing for the appointment of a chairman of the board of directors and a president and director general of the Company.

This bill also provides for the bringing of the rules governing conflicts of interest of directors, officers and employees of the Company into line with the existing statutes.

The bill further confers on the Minister of Energy and Resources the power to issue, with government approval, directives on the orientation and objectives of the Company.

Finally, the bill requires the Company to obtain government approval every year for its development plan.

Bill 2

An Act to amend the Act respecting the Société québécoise d'initiatives pétrolières

HER MAJESTY, with the advice and consent of the National Assembly of Québec, enacts as follows:

1. Section 3 of the Act respecting the Société québécoise d'initiatives pétrolières (R.S.Q., c. S-22) is amended

(1) by adding, after subparagraph *b* of the first paragraph, the following subparagraph:

“(c) to negotiate and enter into contracts or agreements for the purchase of crude or refined hydrocarbons in liquid or gaseous form and to import, transport, cause to be refined, market or sell hydrocarbons.”;

(2) by replacing the second paragraph by the following paragraphs:

“To pursue its objects, the Company may, according to law, associate or make agreements with any person or company.

In carrying out its objects, the company must aim to be profitable.”

[[**2.** Section 4 of the said act is replaced by the following section:

“**4.** The authorized capital of the Company is \$ 220 000 000. It is divided into 4 400 000 shares of a par value of \$ 50 each.”]]

3. Section 5 of the said act is replaced by the following section:

“5. The shares of the Company form part of the public domain of Québec. The Minister of Finance has the exercise of the rights attached to the shares.”

[[**4.** The said act is amended by adding, after section 9, the following sections:

“9.1 Upon the application of the Company, which it shall prepare in accordance with the sums required for its investments, the Minister of Finance shall pay to the Company, out of the consolidated revenue fund, the sum of \$87 900 000 for 1 758 000 fully paid-up shares of its capital stock, according to the following terms and conditions:

(a) in the year 1981, up to the sum of \$14 300 000 for the proportionate number of fully paid-up shares of its capital stock;

(b) in the year 1982, up to the sum of \$14 300 000 for the proportionate number of fully paid-up shares of its capital stock;

(c) in the year 1983, up to the sum of \$19 300 000 for the proportionate number of fully paid-up shares of its capital stock;

(d) in the year 1984, up to the sum of \$20 000 000 for the proportionate number of fully paid-up shares of its capital stock;

(e) in the year 1985, up to the sum of \$ 20 000 000 for the proportionate number of fully paid-up shares of its capital stock.

If, however, in any year mentioned in the first paragraph, the Company applies for a smaller sum than the maximum sum provided for for that year, it may later make an application for the difference between the two sums. Upon this latter application, the Minister of Finance shall pay to the Company, out of the consolidated revenue fund, notwithstanding the maximum yearly sums provided for in the first paragraph, the sum applied for, for the proportionate number of fully paid-up shares of its capital stock.

“9.2 The Minister of Finance is authorized to pay to the Company, out of the consolidated revenue fund, with the prior approval of the Government and on such conditions as it may fix, a sum of \$32 100 000 for 642 000 fully paid-up shares of its capital stock.

Payment may be made in one or several instalments, as the activities of the Company may require; if it is made in several instalments, each instalment must be submitted for the approval contemplated in the first paragraph. The Minister of Finance may fix the payment period for each instalment.

Every order of approval issued by the Government must be tabled before the National Assembly.

“9.3 The Company shall issue share certificates to the Minister of Finance in return for the payments made under sections 9.1 and 9.2.”]]

5. Sections 10 to 16 of the said act are replaced by the following sections:

“10. The affairs of the Company shall be managed by a board of directors composed of

(a) the president of the Company appointed by the Government after consultation with the other members of the board for a term of not over five years, subject to the contract contemplated in the second paragraph of section 13; and

(b) from six to ten other members appointed by the Government for a term of not over two years.

The members of the board of directors are the directors of the Company within the meaning of the Companies Act but need not be shareholders.

“11. The members of the board of directors shall elect one of the members contemplated in subparagraph *b* of the first paragraph of section 10 as chairman of the board and another as vice-chairman to exercise the functions of the chairman in the latter’s absence.

“12. The chairman of the board shall preside at meetings of the board, oversee its operations and assume any other functions assigned to him by the by-laws of the Company.

“13. The president of the Company is responsible for the administration and the direction of the Company within the scope of its by-laws and policies. He is, *ex officio*, the director general of the Company and he exercises his functions on a full-time basis.

The president’s remuneration and the other conditions under which he exercises his functions are established by a contract which binds him to the Company. The contract has effect only if ratified by the Government.

“14. At least two-thirds of the members of the board of directors, including the chairman of the board and the president of the Company, must be domiciled in Québec.

“15. The Government shall fix the remuneration of the chairman and vice-chairman of the board and that of the other members contemplated in subparagraph *b* of the first paragraph of section 10.

The members of the board of directors, except the president of the Company, are compensated or reimbursed for the costs and expenses incurred by them in the exercise of their functions according to the standards and scales determined by by-law of the Company.

“16. Every member of the board of directors remains in office at the expiry of his term until he is replaced or reappointed.

The Government shall fill a vacancy occurring before the end of a term, in the manner and for the time prescribed in section 10.

“16.1 Any member of the board of directors, other than the president of the Company, having a direct or indirect interest in an undertaking causing his personal interest to conflict with that of the Company must, under pain of forfeiture of office, disclose the interest in writing to the president of the Company and abstain from taking part in any discussion or decision relating to the undertaking in which he has the interest.

Neither the president of the Company nor any other officer or employee of the Company may, under pain of forfeiture of office, have any direct or indirect interest in an 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 that he renounces or disposes of it with dispatch.

An interest in a security listed on a recognized stock exchange does not give rise to the application of this section, if it is equal to less than one ten-thousandth of the total outstanding amount of the listed securities of the undertaking contemplated.”

6. Section 17 of the said act is amended

(1) by replacing paragraph *b* by the following paragraph:

“(b) acquire or hold a sufficient proportion of the shares or property of an undertaking to ensure control over it;”;

(2) by replacing paragraph *d* by the following paragraph:

“(d) dispose of all or part of its mining property, except by auction or public tender;”;

(3) by adding at the end, the following paragraph:

“(f) enter into contracts or agreements respecting the objects contemplated in subparagraph *c* of the first paragraph of section 3.”

7. Section 20 of the said act is replaced by the following section:

“20. Not later than 31 July each year, the Company shall submit to the Minister of Energy and Resources a report of its activities for its previous fiscal year.

The report must also contain all the information which the Minister prescribes.

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

8. Sections 21 to 23 of the said act are replaced by the following sections:

“21. The Company’s books and accounts are audited every year, and whenever ordered by the Government, by the Auditor General; the Auditor General may, however, at the request of the Company, appoint another auditor. The report of the Auditor General or of the auditor appointed by him must accompany the annual report of the Company.

“22. The development plan of the Company must be approved every year by the Government.

The Government shall determine the form and tenor of the development plan and the date on which it must be submitted.

“23. The Minister may, within the scope of his responsibilities and powers, issue directives on the Company’s objectives and orientation. The directives must receive prior approval of the Government. If approved, they bind the Company and it must comply with them.

Third persons are not bound to see that this section is observed and it cannot be invoked by or against them.

Every directive issued under this section must be tabled before the National Assembly, if it is in session, within fifteen days after its approval by the Government. If the National Assembly is not in session, the directive must be tabled within fifteen days of the opening of the next session or of resumption, as the case may be.

“24. The Company must provide the Minister with any information he requires concerning its activities.

“25. Sections 159 to 162 of the Companies Act (R.S.Q., c. C-38) do not apply to the Company.

“26. The Minister of Energy and Resources is responsible for the application of this act.”

9. The members of the board of directors of SOQUIP whose terms have not expired at the coming into force of section 10 of the Act respecting the Société québécoise d'initiatives pétrolières enacted by section 5 of this act remain in office for the unexpired portion of their term.

10. This act will come into force on the date to be fixed by proclamation of the Government, except the provisions excluded by that proclamation, which will come into force, in whole or in part, on a later date to be fixed by proclamation of the Government.