



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 195
(1999, chapter 55)

**An Act to amend the Act to establish
Fondation, le Fonds de développement
de la Confédération des syndicats
nationaux pour la coopération et
l'emploi**

**Introduced 13 May 1999
Passage in principle 15 June 1999
Passage 4 November 1999
Assented to 5 November 1999**

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EXPLANATORY NOTE

This bill proposes various amendments to the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, in particular so as to relax certain requirements regarding eligible investments.

Bill 195

AN ACT TO AMEND THE ACT TO ESTABLISH FONDACTION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L'EMPLOI

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

1. Section 4 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2) is amended

(1) by replacing “four” in the first line of paragraph 1 by “five”;

(2) by adding the following paragraph after paragraph 4:

“(5) the chief executive officer of the Fund.”

2. Section 5 of the said Act is replaced by the following section:

“5. The members of the board of directors shall designate the chief executive officer of the Fund.”

3. Section 16 of the said Act is amended by replacing the part preceding paragraph 1 by the following:

“16. The main functions of the Fund are”.

4. Section 18 of the said Act is replaced by the following section:

“18. For the purposes of this Act, “enterprise” means a partnership or a legal person pursuing economic objects; “investment” includes any financial assistance granted to an enterprise in the form of a loan, a guarantee, security, an acquisition of bonds or other titles of indebtedness or an interest in share capital or capital stock, or in any other form.”

5. The said Act is amended by inserting the following section after section 18:

“18.1. For the purposes of this Act, “eligible enterprise” means

(1) a “Québec enterprise”, that is, an enterprise in active operation the majority of whose employees are resident in Québec and whose assets are less than \$100,000,000 or whose net equity is not over \$40,000,000 ; or

(2) an enterprise whose operation, outside Québec, contributes or can reasonably be expected to contribute to the increase or maintenance of employment levels or economic activity in Québec, in the cases and to the extent determined by a policy adopted by the board of directors and approved by the Minister of Finance.

For the purposes of this section, the assets or net equity of a Québec enterprise are the assets or net equity shown in its financial statements for the fiscal year ended before the date on which the investment is made, minus the write-up surplus of its property and intangible assets. In the case of an enterprise which has not completed its first fiscal year, the fact that the assets or net equity, as the case may be, of the enterprise are, immediately before the investment, under the limits prescribed in this section must be confirmed in writing to the Fund by a chartered accountant.”

6. Section 19 of the said Act is amended

(1) by replacing “Québec enterprises” in the second line of the second paragraph by “eligible enterprises”;

(2) by replacing the fourth, fifth and sixth paragraphs by the following paragraphs :

“The following investments also meet such requirements :

(1) investments otherwise than as first purchaser for the acquisition of securities issued by eligible enterprises ; and

(2) investments in new or substantially renovated income-producing immovable property, up to a maximum of 5% of the net assets of the Fund at the end of the preceding fiscal year.

The total investments permitted under subparagraph 1 of the fourth paragraph may not exceed 20% of the net assets of the Fund at the end of the preceding fiscal year. For that purpose, a broker acting as an intermediary or underwriter is not considered to be a first purchaser.

Investments in immovable property situated outside Québec are not permitted under subparagraph 2 of the fourth paragraph unless they contribute or can reasonably be expected to contribute to the increase or maintenance of employment levels or economic activity in Québec, in the cases and to the extent determined by a policy adopted by the board of directors and approved by the Minister of Finance. Investments in immovable property situated in Québec and intended mainly for residential use or for use as a shopping centre are not permitted under that subparagraph otherwise than as part of a project in the recreation and tourism sector.

Investments agreed to by the Fund for which sums have been committed but not yet disbursed at the end of a fiscal year shall be taken into account in computing investments eligible under the requirements set out in this section, up to an overall sum not exceeding 12% of the net assets of the Fund at the end of the preceding fiscal year.

The requirement set out in the second paragraph applies from the fiscal year beginning on 1 June 1999.”

7. Section 21 of the said Act is amended by replacing “enterprise other than a Québec enterprise” in the second line of the second paragraph by “enterprise carrying on business in Québec other than a Québec enterprise within the meaning of section 18.1”.

8. Section 22 of the said Act is amended by replacing “Québec enterprises” in the first and second lines of the first paragraph by “eligible enterprises”.

9. Section 27 of the said Act is replaced by the following section :

“27. The Fund may not invest in an enterprise in which a director referred to in subparagraph 1, 2, 3 or 5 of the first paragraph of section 4 or a senior executive other than a director has a major or controlling interest.”

10. Section 37 of the said Act is amended by replacing the first paragraph by the following paragraph :

“37. In addition to the other statutory functions it may exercise regarding the operations of the Fund, the Commission des valeurs mobilières du Québec is charged with inspecting the internal affairs and the operations of the Fund annually to ascertain compliance with this Act.”

11. Section 38 of the said Act is repealed.

12. The chief executive officer of the Fund in office on 4 November 1999 shall continue in office as chief executive officer of the Fund.

The chief executive officer is deemed to have been designated pursuant to section 5 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi, replaced by section 2 of this Act.

13. This Act comes into force on 5 November 1999.