



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-EIGHTH LEGISLATURE

Bill 8
(2007, chapter 13)

**An Act to amend the Act respecting
the Société de développement
des entreprises culturelles**

**Introduced 15 June 2007
Passed in principle 18 October 2007
Passed 6 November 2007
Assented to 7 November 2007**

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EXPLANATORY NOTES

The object of this bill is to subject the Société de développement des entreprises culturelles to the Act respecting the governance of state-owned enterprises and to introduce into the Act constituting the Société new governance rules adapted to the Société.

The new rules concern, among other things, the composition of the board of directors. The bill states that the board of directors is to consist of 15 members, including the chair of the board and the president and chief executive officer. It prescribes that at least eight of the members, including the chair, must qualify as independent directors in the opinion of the Government. The bill also separates the functions of the chair of the board and those of the president and chief executive officer and prescribes the rules of appointment for both positions.

Subjecting the Société to the Act respecting the governance of state-owned enterprises will make new rules applicable relating among other things to the operation of the board of directors, the establishment of the committees under the authority of the board of directors, and the disclosure and publication of information.

Lastly, the bill includes transitional provisions and consequential amendments.

LEGISLATION AMENDED BY THIS BILL:

- Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02);
- Act respecting the Société de développement des entreprises culturelles (R.S.Q., chapter S-10.002).

Bill 8

AN ACT TO AMEND THE ACT RESPECTING THE SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING THE SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES

1. Section 5 of the Act respecting the Société de développement des entreprises culturelles (R.S.Q., chapter S-10.002) is replaced by the following sections:

“5. The Société is administered by a board of directors consisting of 15 members, including the chair and the president and chief executive officer. At least eight of the members, including the chair, must qualify as independent directors in the opinion of the Government.

The Government shall appoint the members of the board other than the chair and the president and chief executive officer, based on the expertise and experience profiles approved by the board, after consultation with bodies considered by the Minister to be representative of the sectors concerned by the activities of the Société. The members are appointed for a term of up to four years and are chosen as follows:

- (1) two persons active in the field of cinema or television production;
- (2) two persons active in the field of sound recording or variety shows;
- (3) two persons active in the book industry or in the field of specialized publishing;
- (4) two persons active in the field of fine crafts;
- (5) two persons active in a cultural field other than those referred to in subparagraphs 1 to 4; and
- (6) three persons active in a field other than a cultural field.

“5.1. The Government shall appoint the chair of the board of directors for a term not exceeding five years.

“5.2. On the recommendation of the board of directors, the Government shall appoint the president and chief executive officer based on the expertise and experience profile approved by the board.

The president and chief executive officer is appointed for a term of up to five years. The office of president and chief executive officer is a full-time position.

“5.3. If the board of directors does not recommend someone for the position of president and chief executive officer in accordance with section 5.2 within a reasonable time, the Government may appoint the president and chief executive officer after notifying the board members.

“5.4. If the president and chief executive officer is absent or unable to act, the board of directors may designate a member of the Société’s personnel to exercise the functions of that position.”

2. Section 6 of the Act is repealed.

3. Section 8 of the Act is repealed.

4. Section 9 of the Act is repealed.

5. Section 10 of the Act is amended by striking out the second paragraph.

6. Section 11 of the Act is amended by replacing “chairman’s remuneration, employment benefits and other conditions of employment” in the first paragraph by “remuneration, employment benefits and other conditions of employment of the president and chief executive officer”.

7. Section 12 of the Act is amended by replacing “chairman” in the first line of the second paragraph by “president and chief executive officer”.

8. Section 14 of the Act is repealed.

9. Section 15 of the Act is repealed.

10. Section 40 of the Act is amended

(1) by replacing “chairman” in the second line of the first paragraph by “chair of the board of directors, the president and chief executive officer of the Société”;

(2) by replacing “chairman” in the fifth line of the second paragraph by “chair of the board of directors or the president and chief executive officer”.

11. The Act is amended by replacing “chairman” wherever it appears in sections 29, 30 and 41 by “chair”.

12. The Act is amended by adding the following section after section 44:

“**44.1.** The Société must provide the Minister with any information the Minister requests concerning the Société.”

ACT RESPECTING THE GOVERNANCE OF STATE-OWNED ENTERPRISES

13. Schedule I to the Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02) is amended by inserting “Société de développement des entreprises culturelles” in alphabetical order.

TRANSITIONAL AND FINAL PROVISIONS

14. The requirements relating to the number of independent directors on the board of the Société de développement des entreprises culturelles and to the independence of the chair provided in the first paragraph of section 5 of the Act respecting the Société de développement des entreprises culturelles (R.S.Q., chapter S-10.002) enacted by section 1 of this Act, and the requirement provided in the second paragraph of section 19 of the Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02) apply as of the date set by the Government. That date must be set as soon as possible and those sections are to apply not later than 14 December 2011.

The same applies to the requirement that the audit committee include a member of one of the professional orders of accountants as set out in the second paragraph of section 23 of the Act respecting the governance of state-owned enterprises.

15. The Government may, in accordance with the Act respecting the governance of state-owned enterprises, determine that a member of the board of directors of the Société de développement des entreprises culturelles, in office on 6 November 2007, has the status of independent director.

16. A member of the board of directors of the Société de développement des entreprises culturelles in office on 6 November 2007 who has not obtained the status of independent director under section 15 of this Act may, despite section 19 of the Act respecting the governance of state-owned enterprises, be a member of a committee referred to in section 19 until such time as the number of independent directors on the Société’s board reaches the number set in section 5 of the Act respecting the Société de développement des entreprises culturelles enacted by section 1 of this Act.

17. The members of the board of directors of the Société de développement des entreprises culturelles in office on 6 November 2007 continue in office, on the same conditions, until replaced or reappointed.

The chairman of the Société continues in office as president and chief executive officer for the duration of the term, on the same conditions.

The chairman of the Société acts as chair of the board until that position is filled in accordance with section 5.1 of the Act respecting the Société de développement des entreprises culturelles enacted by section 1 of this Act.

18. Sections 36, 38 and 39 of the Act respecting the governance of state-owned enterprises apply to the Société de développement des entreprises culturelles from the fiscal year ending after 31 March 2008.

19. In addition to the transitional provisions provided in this Act, the Government may, by a regulation made before 7 November 2008, enact any other transitional provision or measure conducive to the carrying out of this Act.

A regulation made under this section is not subject to the publication requirement set out in section 8 of the Regulations Act (R.S.Q., chapter R-18.1).

20. This Act comes into force on 7 November 2007.

