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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-EIGHTH LEGISLATURE

Bill 38  
(2007, chapter 28)

## **An Act to amend the Act respecting the Société immobilière du Québec**

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**Introduced 31 October 2007  
Passed in principle 22 November 2007  
Passed 30 November 2007  
Assented to 4 December 2007**

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**Québec Official Publisher  
2007**

## **EXPLANATORY NOTES**

*The object of this bill is to make new rules of governance applicable to the Société immobilière du Québec. The bill thus amends the Act respecting the Société immobilière du Québec and subjects the Société to the Act respecting the governance of state-owned enterprises.*

*The new rules determine the composition, operation and responsibilities of the Société's board of directors. Furthermore, new rules concerning the disclosure and publication of information as well as the presentation of a strategic plan will apply to the Société under the Act respecting the governance of state-owned enterprises.*

*Lastly, the bill includes consequential amendments and transitional provisions.*

### **LEGISLATION AMENDED BY THIS BILL:**

- Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02);
- Act respecting the Société immobilière du Québec (R.S.Q., chapter S-17.1).

## Bill 38

### AN ACT TO AMEND THE ACT RESPECTING THE SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

**1.** Section 4 of the Act respecting the Société immobilière du Québec (R.S.Q., chapter S-17.1) is replaced by the following section:

“**4.** The Société is administered by a board of directors consisting of nine members, including the chair and the president and chief executive officer.

The Government appoints the members of the board of directors, other than the chair and the president and chief executive officer, taking into consideration the expertise and experience profiles approved by the board. Board members are appointed for a term of up to four years.”

**2.** Section 6 of the Act is replaced by the following section:

“**6.** The Government appoints the chair of the board of directors for a term of up to five years.”

**3.** Section 7 of the Act is replaced by the following sections:

“**7.** On the recommendation of the board of directors, the Government appoints the president and chief executive officer, taking into consideration 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.

“**7.1.** If the board of directors does not recommend a candidate for the position of president and chief executive officer in accordance with section 7 within a reasonable time, the Government may appoint the president and chief executive officer after notifying the board members.

“**7.2.** 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.”

**4.** Section 8 of the Act is amended by replacing the second and third paragraphs by the following paragraphs:

“A vacancy on the board of directors is filled in accordance with the rules of appointment to the board.

Non-attendance at a number of board meetings determined by by-law of the Société constitutes a vacancy in the cases and circumstances specified in the by-law.”

**5.** Section 10 of the Act is repealed.

**6.** Section 11 of the Act is amended

(1) by inserting the following paragraph before the first paragraph:

“**11.** The Government determines the remuneration, employee benefits and other conditions of employment of the president and chief executive officer.”;

(2) by replacing “members of the board of directors, other than the president of the Société,” in the first paragraph by “other members of the board of directors”.

**7.** Section 12 of the Act is amended

(1) by striking out the first paragraph;

(2) by replacing “the president or any” in the first line of the second paragraph by “an”.

**8.** Section 13 of the Act is repealed.

**9.** Section 15 of the Act is amended by inserting “and internal management by-laws” after “14” in the second paragraph.

**10.** Section 16 of the Act is amended

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

(2) by replacing “by-laws of internal management of the Société” in the third line by “Société’s by-laws”.

**11.** Section 38 of the Act is amended

(1) by striking out the first paragraph;

(2) by striking out “, also,” in the second paragraph.

**12.** Section 41 of the Act is amended by inserting “concerning the Société and any subsidiary of the Société” after “information” in the second paragraph.

**13.** Section 43 of the Act is amended by replacing the first sentence by the following sentence:

“The books and accounts of the Société are audited by the Auditor General every year and every time the Government orders them audited.”

**14.** Section 45 of the Act is replaced by the following section:

“**45.** The Société must also provide the Minister with any information the Minister may require concerning the Société or its subsidiaries.”

**15.** Sections 17, 60 and 63 of the Act are amended by replacing “president of the Société” and “president” by “president and chief executive officer of the Société” and “president and chief executive officer”, respectively.

**16.** Sections 9, 48, 49 and 50 of the Act are amended by replacing “chairman” wherever it appears by “chair”.

**17.** Schedule I to the Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02) is amended by inserting “Société immobilière du Québec” in alphabetical order.

#### TRANSITIONAL PROVISIONS

**18.** The requirements relating to the number of independent members on the board of directors of the Société immobilière du Québec enacted by section 4 of the Act respecting the governance of state-owned enterprises and the requirement provided in the second paragraph of section 19 of that Act apply as of the date set by the Government. The date must be set as soon as possible and the sections are to apply not later than 14 December 2011.

The same applies to the requirement that the audit committee include a member of a professional order of accountants, set out in the second paragraph of section 23 of that Act.

**19.** 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 immobilière du Québec in office on 3 December 2007 has the status of independent director.

**20.** A member of the board of directors of the Société immobilière du Québec in office on 3 December 2007 who has not obtained the status of independent director under section 19 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 of the Act respecting the governance of state-owned enterprises until the number of independent directors on the board corresponds to two thirds of the membership.

**21.** The members of the board of directors of the Société immobilière du Québec, and the president and chief executive officer, in office on 3 December 2007 continue in office on the same terms, for the unexpired portion of their term, until they are replaced or reappointed.

**22.** For the purposes of sections 34 and 35 of the Act respecting the governance of state-owned enterprises, the Société immobilière du Québec must submit its strategic plan to the Government not later than 31 March 2009.

**23.** Sections 36, 38 and 39 of the Act respecting the governance of state-owned enterprises apply to the Société immobilière du Québec from the fiscal year that begins on 1 April 2008.

**24.** This Act comes into force on 4 December 2007.



