



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-EIGHTH LEGISLATURE

Bill 81

**An Act to modernize the governance
of La Financière agricole du Québec**

Introduction

**Introduced by
Mr. Laurent Lessard
Minister of Agriculture, Fisheries and Food**

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EXPLANATORY NOTES

The purpose of this bill is to make La Financière agricole du Québec subject to the Act respecting the governance of state-owned enterprises and to introduce new specially adapted governance rules into its constituting act.

The new governance rules determine the composition of the board of directors, the majority of whose members must qualify as independent members in the opinion of the Government. In addition, the bill prescribes rules for appointing board members and vice-presidents. It also provides for the constitution of two board committees, namely, a governance, ethics and human resources committee and an audit committee.

New rules will also apply to the operation of the board of directors and the disclosure and publication of information.

Finally, the bill contains transitional provisions and consequential amendments.

LEGISLATION AMENDED BY THIS BILL:

- Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1);
- Act respecting the governance of state-owned enterprises (R.S.Q., chapter G-1.02);
- Act respecting La Financière agricole du Québec (R.S.Q., chapter L-0.1).

Bill 81

AN ACT TO MODERNIZE THE GOVERNANCE OF LA FINANCIÈRE AGRICOLE DU QUÉBEC

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING LA FINANCIÈRE AGRICOLE DU QUÉBEC

1. Section 5 of the Act respecting La Financière agricole du Québec (R.S.Q., chapter L-0.1) is repealed.

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

“6. The agency is administered by a board of directors consisting of 13 members, including the chair, the president and chief executive officer and the Deputy Minister of Agriculture, Fisheries and Food. At least seven 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, the president and chief executive officer and the Deputy Minister of Agriculture, Fisheries and Food, taking into consideration the expertise and experience profiles approved by the board. The members, four of whom are chosen from among the persons designated by the association certified under the Farm Producers Act (chapter P-28), are appointed for a term of up to four years.

“6.1. The functions of the board of directors include setting priorities in relation to the products and services to be offered to enterprises in the agricultural and agrifood sector and framing policies in that regard.

“6.2. The board of directors must strike a governance, ethics and human resources committee and an audit committee. The provisions of the Act respecting the governance of state-owned enterprises (chapter G-1.02) that concern the governance and ethics committee and the human resources committee apply to the governance, ethics and human resources committee.

“6.3. On the expiry of their term, the members of the board of directors remain in office until they are replaced or reappointed.

“6.4. The Government shall appoint the chair of the board of directors for a term of up to five years.

“6.5. On the recommendation of the board of directors, the Government shall appoint 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.

“6.6. If the board of directors does not recommend a candidate for the position of president and chief executive officer in accordance with section 6.5 within a reasonable time, the Government may appoint the president and chief executive officer after notifying the board members.

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

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

3. Sections 7 and 8 of the Act are repealed.

4. Section 9 of the Act is amended by replacing “chief executive officer” in the second line of the first paragraph by “president and chief executive officer”.

5. Section 10 of the Act is replaced by the following section:

“10. The agency shall determine by by-law the rules relating to the quorum at meetings of the board of directors.”

6. Section 11 of the Act is replaced by the following sections:

“11. The Government, after consultation with the board of directors, shall appoint one or more vice-presidents. The vice-presidents are appointed on a full-time basis and exercise their functions under the authority of the president and chief executive officer.

The vice-presidents are appointed for a term of up to five years.

On the expiry of their term, the vice-presidents remain in office until they are replaced or reappointed.

“11.1. The Government shall determine the remuneration, the employment benefits and the other conditions of employment of the vice-presidents.”

7. Section 13 of the Act is amended

(1) by replacing “chief executive officer” in the third line of the first paragraph by “president and chief executive officer”;

(2) by striking out the second paragraph.

8. Section 14 of the Act is repealed.

9. Section 15 of the Act is amended by replacing “chief executive officer” in the second and the fourth line of the first paragraph by “president and chief executive officer”.

10. Section 46 of the Act is amended by replacing “a business plan” in the second line of the first paragraph by “an operating plan” and “The business plan” in the first line of the second paragraph by “The operating plan”.

11. Section 47 of the Act is amended by replacing “development plan” in the second line by “strategic plan”.

ACT RESPECTING FARM-LOAN INSURANCE AND FORESTRY-
LOAN INSURANCE

12. Section 8 of the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., chapter A-29.1) is replaced by the following section:

“**8.** The chair and the secretary of the board of directors of the agency are respectively the chair and the secretary of the board of directors of the Fonds.

If the chair is absent or unable to act, the board of directors shall designate a board member to replace the chair.”

13. Section 9 of the Act is amended by replacing the third paragraph by the following paragraph:

“The Fonds shall determine by by-law the rules relating to the quorum at meetings of the board of directors.”

ACT RESPECTING THE GOVERNANCE OF STATE-OWNED
ENTERPRISES

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

TRANSITIONAL AND FINAL PROVISIONS

15. The requirements relating to the number of independent members of the board of directors of La Financière agricole du Québec and to the independence of the chair of the board of directors provided in the first paragraph of section 6 of the Act respecting La Financière agricole du Québec (R.S.Q., chapter L-0.1), enacted by section 2 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 the sections will apply not later than 31 December 2008.

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

16. 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 La Financière agricole du Québec in office on (*insert the date preceding the date of coming into force of this section*) has the status of independent director.

17. A member of the board of directors of La Financière agricole du Québec in office on (*insert the date preceding the date of coming into force of this section*) who has not obtained the status of independent director under section 16 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 6.2 of the Act respecting La Financière agricole du Québec, enacted by section 2 of this Act, until the number of independent directors on the board of the agency corresponds to the number set in the first paragraph of section 6 of the Act respecting La Financière agricole du Québec, enacted by section 2 of this Act.

18. The members of the board of directors of La Financière agricole du Québec in office on (*insert the date preceding the date of coming into force of this section*), including the president and chief executive officer, continue in office for the unexpired portion of their term on the same terms until they are replaced or reappointed. The chair, however, remains in office until the date on which the requirement relating to the chair's independence becomes applicable under the first paragraph of section 15.

19. The vice-presidents of La Financière agricole du Québec, appointed by it and in office on (*insert the date preceding the date of coming into force*

of this section), continue in office for the unexpired portion of their term on the same terms until they are replaced or reappointed by the Government.

20. The vice-chair of the board of directors of La Financière agricole du Québec designated under section 6 of the Act respecting La Financière agricole du Québec, as it read before (*insert the date of coming into force of section 2 of this Act*), continues in office until the number of independent directors on the board of the agency corresponds to the number set in the first paragraph of section 6 of that Act, enacted by section 2 of this Act.

21. Sections 36, 38 and 39 of the Act respecting the governance of state-owned enterprises apply to La Financière agricole du Québec as of the fiscal year beginning on 1 April 2009.

22. This Act comes into force on (*insert the date of assent to this Act*).

