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Board of Directors Gender Parity Bill

Second Reading—Debate Adjourned

Hon. Céline Hervieux-Payette moved the second reading of Bill S-238, An Act to establish gender parity on the board of directors of certain corporations, financial institutions and parent Crown corporations.

She said: Honourable senators, it gives me great pride to speak today at second reading of a bill that is very important to me and that I have been working on for several years.

The purpose of Bill S-238 is to ensure parity for women on the board of directors of publicly traded corporations, financial institutions and federal Crown corporations. Women are active participants in the business community, as business owners, shareholders, officers, managers and

employees, and they also play an important role in the market as consumers, so they should have equal representation in the management of business.

A great many women in Canada have the qualifications and experience to act as corporate directors, but the number of women in top corporate positions does not come close to reflecting their economic importance.

A June 2008 Catalyst study based on 2007 data collected from the *Financial Post* 500 companies is unequivocal. I would like to quote from the study, which is entitled *2007 Catalyst Census of Women Board Directors*.

[*English*]

The report found that women's representation on corporate boards in Canada remains remarkably low. Women held 13 per cent of board seats in the *Financial Post* 500, up only 1 percentage point since 2005. In 2007, just over 40 per cent of *Financial Post* 500 companies in Canada still had no women on their board of directors; and less than one-third of companies had multiple women on their boards.

Financial Post 500 companies continue to draw board members from narrow pools. Overall, one in five board seats filled since 2005 were given to individuals, women and men, who were currently sitting on at least one other *Financial Post* 500 board.

[*Translation*]

It is clear that fine promises and good intentions are not enough to promote equality for women on boards of directors. The Canadian government must intervene.

Bill S-238, which I have introduced, requires the following corporations and financial institutions to achieve parity in the number of women and men serving as directors: every corporation that is a distributing corporation under the Canada Business Corporations Act; every bank that is listed in Schedule I to the Bank Act; every insurance company and every trust and loan company that is a distributing company; and every cooperative credit association. The requirement for gender parity also applies to the Crown corporations listed in Schedule III to the Financial Administration Act.

Corporations have up to three years to comply with the parity requirement. Bill S-235, which I introduced on May 12, provides that no individual may sit on the board of directors of more than four public corporations. That means that there will be vacancies created that can be filled with women, thanks to Bill S-238.

For all honourable senators who see this as a dangerous precedent on the part of the Canadian Parliament concerning good corporate governance, I would remind them that, in 2006, the Government of Quebec passed similar legislation. Here is what the Quebec finance minister at the time, Michel Audet, said when he announced this reform:

One new element that has been particularly welcome is the increased number of women on boards of directors. Crown corporations have been asked to have equal representation of men and women on all boards of directors within the next five years. With this measure, we are acknowledging the fact that Quebec can count on the expertise of many, highly qualified women who have the required skills and have proven their commitment to society.

As far as we know, no Crown corporations in Quebec have gone bankrupt or had any problems because an equal number of men and women sit on the board of directors. Furthermore, the Premier of Quebec, Jean Charest, has taken the initiative even further by selecting an equal number of women and men to serve on his cabinet. This is an excellent example to be emulated in the federal cabinet and in all the provinces.

Some major industrialized nations in Europe have also decided to take action and have passed legislation to increase women's representation on boards of directors and in publicly traded corporations. For instance, since 2006, Norway has required that women make up 40 per cent of all public enterprises' boards of directors. That measure existed before, on a voluntary basis, and Norway later passed legislation to that effect. Two years ago, Spain adopted identical legislation.

Honourable senators, it should come as no surprise that having equal representation of women and men on boards of directors makes businesses more profitable.

[*English*]

A recent study, entitled *Groundbreakers*, done by the firm Ernst & Young, is positive, and I quote:

Economic analysis by the World Bank, United Nations, Goldman Sachs and other organizations show a significant statistical correlation between gender equality and the level of development of countries. The evidence is compelling that women can be powerful drivers of economic development.

Several studies from a broad spectrum of organizations — including Catalyst, Columbia University, McKinsey, Goldman

Sachs and The Conference Board of Canada — have examined the relationship between corporate financial performance and women in leadership roles. Their undisputed conclusion is that having more women at the top improves financial performance.

There are many reasons that explain this result and here is one of them, says this study: Diversity is strategy; diversity is an equation for success.

Academic research has established that diverse groups of people tend to outperform homogeneous groups if both groups' people have equal abilities.

[*Translation*]

This was very aptly put by Anne-Marie Hubert, a partner in Ernst & Young, in an article in the May 17, 2009, edition of *La Presse*:

We need board members who can suggest new ways of tackling old problems and who reject the group-think that may have contributed to the global financial challenges we are facing at this time.

Honourable senators, many of you will agree with that statement.

(1550)

But not everyone agrees. Well-known investor Stephen Jarislowsky undoubtedly said out loud what some people think quietly to themselves when he recently spoke out against Quebec's law on parity. Speaking of women, he said:

They have not lived their whole lives in this type of culture . . .

Speaking about women in organizational culture, he said:

. . .they come from outside. Something is missing and that is industrial competence.

Jarislowsky maintains that, assuming that they raise children, it is much more difficult for women to be good administrators.

I am tempted to quote the comments by Sophie Cousineau, a columnist for *La Presse*:

These inappropriate comments are ridiculous. They merely betray the fact that the venerable Stephen Jarislowsky is 83 years old. They are obviously not in keeping with today's reality.

I would also like to quote an attentive observer of Canadian news, who is known to many members of this chamber. In his report on LCN, the television news channel, Luc Lavoie commented that Mr. Jarislowsky is a financial wizard and speaks intelligently about economics. However, he added:

But, this time, his sexist remarks are out in left field. He spoke about the little women who could not expect to have the necessary skills to serve as board members. Mr. Jarislowsky, please apologize or your image will be tarnished.

In his comments, which were reported extensively in the Quebec media, Mr. Jarislowsky nevertheless confirmed that he was in favour of parity provided that the members of boards of directors are curious, courageous and competent. I would say that all women agree with him there.

However, Premier Jean Charest was also quick to respond and defend the Quebec law, as reported in the May 28 edition of the

Le Devoir. The article states that the premier pointed out that the Quebec law has actually forced the government:

. . . to think outside the box when making appointments. In this way, we were able to discover people who apparently did not exist previously, but who were suddenly brought to our attention.

Because the competence of men versus women is still an issue, here are the latest Statistics Canada data, which were released in March and concern the degrees awarded in 2006 by all Canadian universities.

Of all qualifications, about 60%, or 136,200, were awarded to women, continuing a long-term trend in which female graduates have outnumbered their male counterparts.

Women have outnumbered men at every level other than at the doctorate level since 1994.

As for doctorates, the federal agency states:

Universities granted 4,500 doctorate degrees in 2006. Women accounted for 42% of these doctorates, up from 34% a decade earlier.

Now, let us look at the figures for qualifications granted by field of study. In the fields of business, management and public administration, 20,900 university qualifications were awarded to men in 2006, compared to 24,800 for women. In the fields of physical and life sciences and technologies, men received 7,100 qualifications and women, 10,000. As you can see, the figures speak for themselves.

Honourable senators, with this new bill, I am continuing, with you and with the Canadian public, the reform of the financial system and business management that I initiated a few weeks ago with Bill S-235. In

view of the moral crisis in the capitalist system, an overhaul of the culture of boards of directors is urgently needed. Gender parity on boards of directors is a part of these absolutely necessary changes.

[*English*]

There may be no quick fix to the current financial crisis, but a sure-fire, long-term resolution is to advance more women into leadership positions and provide the right environment for new perspectives to be heard.

That statement concludes the 2009 study by Ernst & Young, *Groundbreakers*.

[*Translation*]

Honourable senators, I therefore urge you to study and pass Bill S-238. This is our chance to take up a leadership role with the other industrialized nations working to achieve the economic and social progress that Canada truly needs in the great global village.

(On motion of Senator Comeau, debate adjourned.)