

Income Tax Act

1. The taxable income will be raised from 3 to 5 per cent of employed capital.
2. Withdrawal of the three-year tax holiday for new co-operatives.
3. The further limiting of patronage refunds because of number one above.

The letter goes on to give certain examples and implores the federal Members of Parliament to place their plea on the public record. From the same community I have received a letter from Mr. A. Cull, manager of the Snap Rock Consumers Co-operative Society Limited. He writes as follows:

• (3:50 p.m.)

I am writing to you on behalf of the board of directors of Snap Rock Cons. Co-Op Soc. Ltd. at Joe Batts Arm to ask you, as our representative, to protest sections 135 and 136 of Bill C-259 which is going to be considered this month in Parliament.

If this bill is allowed to pass it will have a very serious effect on co-operatives in Canada. The bill as it stands goes against the principles of co-operatives and if passed could very well mean the closing of co-operatives.

I have another letter from a Mr. Reginald Eveleigh, secretary of the Atlantic Credit Co-operative Society which reads:

The white paper on tax reform issued by the finance minister Benson during June of 1971 stating tax raise from 3 per cent to 5 per cent will definitely affect co-operatives across this province. The paper ignores the very principle of co-op and will limit patronage refund to members.

We the members of Atlantic Credit Co-op Society of Joe Batts Arm, do strongly recommend that you do everything in your power to try to get this legislation changed before it becomes law.

I have another letter from an adjacent riding, from Mr. Lloyd George, secretary of the Clarendville Area Consumers Co-operative Society Ltd. in which he points out in some detail the effect of this piece of legislation as it stands with regard to newly formed co-operatives. The letter reads:

Our co-operative (a supermarket) opened for business just over three years ago. At that time it was our hope that we would get approximately 200 members. However, the people throughout this area really accepted the idea and under the direction of a very competent and enthusiastic board of directors our registered membership has grown to over 500 active members. Our gross sales this year will exceed 3/4 million dollars which is ample proof that our co-operative is a most successful one.

This success has been due to a combination of a very hard working board of directors, management and staff and a dedicated membership. Our patronage dividends returned to our members (while operating on a competitive basis with other businesses) have been 6 per cent for the past three years! This tremendous savings to our members have been a Godsend in many cases.

Our board of directors at the last meeting were very much concerned with Bill C-259 which will have the effect of just about wiping out savings earned by members in the form of patronage dividends, destroy all incentive in co-operatives and result in the total collapse of the co-operative movement.

He goes to express in graphic terms the opinion of the membership. Let me read now from a letter from Mr. Robert Hellier of the Gander Consumers Co-operative Society Limited, Gander, Newfoundland. It reads:

The Gander Consumers Co-operative Society Limited earnestly requests your support in its efforts to change Bill C-259, (federal) which if allowed to pass in its present form threatens the very existence of co-operatives.

He goes on to make the following proposals:

1. Consumer patronage dividends remain exempt in so far as they can be distributed.
2. Patronage dividends for production goods remain as income.
3. Three year exemption for new co-operatives removed with no compensating provisions. Mining companies which had this exemption will have until 1973 before it is removed and then generous other concessions are given in lieu of it.
4. Capital employed principle drastically changed. The formula for calculating capital employed has been changed and now includes essentially only member equity, i.e. shares, loans and general reserves, and the rate has been increased to 5 per cent. The only deduction is the interest paid on member loans.

Mr. Hillier represents several hundred members of this consumers co-operative and expresses as well his concern for the future of the co-operative movement. The parliamentary secretary seems somewhat amused by my presentation. I hope he recognizes that this is not my usual style of style of presentation to the House of Commons, but I want him and the government of this country to realize the extent of concern and frustration felt by average individuals. These are not wheat pools or organizations with thousands of members; these are small, individual organizations, associations and co-operative movements trying to do a worth-while job in a relatively small community.

I have a letter from the Eastport Consumers Co-op Society Limited. Mr. Edwin Moore, the president, writes about his concern for the co-operative movement and says that if Bill C-259 is allowed to pass he has fear for the future existence of the co-operative movement. He writes: After study it appears that should this bill be allowed to pass in its present form co-operatives will definitely soon be things of the past.

I have another letter from Beaumont, an island community in the district of N.D. Bay on the east coast of Newfoundland. This is a relatively small island community. The letter is from Ford Paddock, secretary of the Long Island Consumers Society. He writes:

The Long Island Consumers Society Ltd. have recently asked me to contact you, expressing our concern regarding proposed changes in taxation of co-ops as proposed by sections 135-136 of Bill C-259. We are soliciting your support and would appreciate any advice you could offer us on this matter. As we are experiencing difficulties at the present and last fiscal years our little business though at times weak has been practically the only source of fishing supplies available on Long Island.

I have, as well, a letter from the Newfoundland Co-operative Services signed by Mr. W. E. Benedict who writes on behalf of that co-operative as well as those throughout the province. I have another letter from the Newfoundland Teachers Association Co-operative, and others I could read. Let me point out that we are not making a humble suggestion or request; we are demanding that these representatives of co-operatives from all parts of Canada in every province be considered. We demand that the changes we have recommended be brought about. These sections of the bill if passed as they stand, will destroy the co-operative movement in Canada, and they must be eliminated.

Mr. Chairman, I should like to call it four o'clock.
Progress reported.

The Acting Speaker (Mr. Laniel): It being four o'clock p.m. the House will now proceed to the consideration of