

Canada Co-operatives Association Bill

The only possibility that occurs to me is that there may be instances where co-operative organizations are completely owned, or principally owned, by other co-operative organizations. I have in mind organizations such as a central co-operative organization or a manufacturing plant which is jointly owned by a number of different co-operative organizations. There may be some room in such circumstances for making an exception to this particular rule, but it seems to me that any such exception should be spelled out in the legislation. The second qualification in defining "co-operative basis" reads as follows:

(ii) no member may vote by proxy except that a member of an association may vote by proxy for the election of directors if the charter by-laws of the association so provide—

As pointed out, this feature of the subclause is contrary to the request of the co-operative movement that no proxies be provided for in the legislation. As noted, there may be room for providing for a system of delegate voting; but it seems to me that this is different from providing for a proxy structure within the framework of this legislation. The third qualification in the definition of "co-operative basis" reads:

(iii) interest or dividends on share or loan capital is limited to the percentage fixed in the articles of incorporation or application for continuation, or by-laws of the organization—

Again, it seems to me that here is a very important point to keep in mind. One of the very important principles of the operations of co-operative organizations is that there be a limit on the amount of dividends or interest paid on share capital. Possibly loan capital requires other considerations. It seems to me there is a need for further widening of this particular clause to spell out the maximum interest rate in the legislation, as is in fact the case in some provincial acts, though I concede there is a case against spelling out a specific figure of 4, 5, 7 or 8 percent. One alternative might be to give the minister discretion to set a maximum rate. But it is important that a maximum rate be spelled out, particularly with respect to interest or dividends paid on share capital.

I suggest one possibility is to authorize the minister to set a maximum rate based on a formula such as that used in establishing rates in certain other legislation, such as the Farm Credit Act, fisheries legislation, and so on, where the maximum rate is related to the bank rate through a suitable formula. One further point I should like to make with respect to the definition of "co-operative basis" is that we underline the importance of the fourth subclause, which begins with the words:

(iv) the enterprise is operated as nearly as possible at cost after providing for reasonable reserves—

The subclause then goes into detail. This is an important feature of co-operative organizations which needs to be kept in mind. There are other aspects of this legislation which will be considered in the committee study. I certainly hope this bill meets with a better fate than previous attempts to pass a federal co-operatives act. I have been pleased to see the degree of support for the measure that is present tonight on both sides of the

[Mr. Burton.]

House. I hope the bill does not meet with the same fate in the other place that was the case on one or more previous occasions.

Allusions have been made to the reference of this bill to the Justice and Legal Affairs Committee. I am open to discussion on this particular point. I think there is no need for rigidity in referring the bill to the Justice and Legal Affairs Committee. I do not need to remind the minister that last year the Canada Corporations Act was referred to the Finance, Trade and Economic Affairs Committee of the House. I am not raising this point in terms of myself, as a member of the committee, looking for any further work. However, it seems to me that the important thing is to get on with the job and put this legislation through the House as rapidly as possible in a committee composed of hon. members who are quite prepared to see this type of enterprise or business given its place in Canadian society and recognized by the laws of Canada. That is an important point. I hope that everything possible will be done to expedite passage of this bill.

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, I should like to add a sentence or two in support of this bill. This past weekend I was in my constituency and while in Saskatoon I noticed a sign at a service station which read "100 per cent Canadian owned". This station was a co-operative service station. I should like to deal with this aspect of co-operatives in my support of the bill.

I feel that co-operatives are one way to deal with the problem of foreign ownership in Canada. We have in Saskatchewan today industries that have become big business because little people have joined hands to build collectively a business of which they can really be proud. I have in mind the Saskatchewan Wheat Pool which is one of the largest grain handling organizations in the world. There are many retail and wholesale outlets in Saskatchewan. Saskatchewan also has an oil refinery built by the businessmen of the province. Credit unions and other co-operatives function in the province very well. Dividends from these organizations are paid to Canadians. There are no arguments about money leaving Canada in the form of dividends to foreigners, and I think this is one reason we should encourage the growth of co-operatives in Canada.

One other problem that arises when foreign companies in Canada decide to close down their plants is what to do with the employees who worked for them. These co-operatives have evolved a pension plan under which an employee, after five years, service with a co-operative, will receive a share of his employer's contribution to the plan should he decide to leave. In effect, this means a truly portable pension. After the employee has worked with the co-operative for ten years, he receives not only the total amount contributed by his employer but his own contribution as well should he decide to leave his employment. I think this idea could well be used by other industries in Canada. It has proved quite effective and is a scheme that a Canadian co-operative has evolved.