

*Income Tax Act*

amendment which I believe meets with the general approval of all who are interested in this problem.

• (3:40 p.m.)

I might offer one or two words of explanation. Yesterday concern was expressed about the position of co-operatives whose operations are conducted on what is called a delegate system of voting. The consensus reached after further study was that the section now in the bill does not in any way affect the operation of that type of co-operative, which is covered by the present definition.

However, there are other important co-operatives that might be described as federations. Their members consist of other co-operative organizations. On close examination it was considered that this type of co-operative, the federated co-operative, is not covered by the existing definition in the bill. Accordingly, in order to eliminate any possibility of doubt and uncertainty, I move the following amendment to section 136:

That section 136 as set forth in clause 1 of the said bill be further amended by striking out lines 33 to 35 on page 360 and substituting the following:

"(b) none of its members (except other co-operative corporations) have more than one vote in the conduct of the affairs of the corporation, and"

**Mr. Peters:** Mr. Chairman, would the hon. member who has moved the amendment be kind enough to explain what the effect of the amendment will be?

**Mr. Blair:** I would be glad to do that, Mr. Chairman. I am sorry my previous explanation was not clear. The amendment simply inserts four words into the previous section which have reference to co-operatives whose members are other co-operatives. In this way it is considered that any difficulty that might have existed under the previously stated section will be eliminated. The fear was that if co-operatives, in order to qualify under this statute, had to meet the literal test of one member, one vote, some federated type co-operatives might not be able to do so. They have different methods of voting and sometimes votes are weighted in accordance with the business that the different member co-operative do with them.

I think I can say with propriety, but without binding anyone, that the co-operative organizations most concerned that this statute be properly worded have been consulted and I believe the amendment that has been proposed meets their requirements.

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, on a point of order I should like to say that I understand that my colleague from Regina East was a party to the discussions that led to this amendment and that it is one that we would be prepared to accept. However, since we have already before us an amendment and a sub-amendment to section 135, perhaps this should stand until we have first dealt with the amendment to section 135.

**Mr. Mahoney:** Just to clarify the situation, Mr. Chairman, in suggesting that the amendment stand, the hon. member is referring to the vote on it. He is not suggesting that it has not been moved and accepted by the Chair.

**Mr. Knowles (Winnipeg North Centre):** Mr. Chairman, the parliamentary secretary is quite correct. The amend-

[Mr. Blair.]

ment has been moved and it is before us. However, I suggest that the voting on it be delayed till we have disposed of section 135, hopefully as amended.

**The Deputy Chairman:** Does the committee agree to the proposal made by the hon. member for Winnipeg North Centre?

**Some hon. Members:** Agreed.

**Mr. Lundrigan:** Mr. Chairman, there is hardly any need for me to add my support for the statements already made by my colleagues who represent various parts of Canada. The parliamentary secretary must be convinced by now that there is almost unanimous consent in the committee at least to have the sections dealing with co-operatives amended, if not stricken altogether from the record, so we can get back to a discussion of other parts of the bill. I do not have a great deal of background in the co-operative movement, though I can claim to have been a member of the Gander Consumers Co-operative for a number of years while I was living in that beautiful town, the home of one of the biggest international airports in the world.

If I may give the parliamentary secretary, who I trust will bear with me, an indication of the kind of response that I have received from a riding where the co-operative movement has not fully blossomed but is in the process of blossoming, and in the interests of allowing some of my constituents to express their views, I should like to follow the example of other members and place on record the opinions of consumer co-operatives that have written to me about this bill. This is the kind of evidence that I hope will convince the parliamentary secretary and the government that they should accede to the demands of consumer co-operatives across Canada as well as of members on both sides of the House that the position of the co-operatives be restored to the status quo.

I have before me a letter from a Mr. Dan Roberts who is the secretary of the Fogo Island Shipbuilding Producers Co-operative Society Limited. Fogo Island is an island community of about 5,000 people and is situated approximately 12 miles off the east coast of Newfoundland. It is an island community that some four years ago was on the verge of economic collapse and was facing the prospect of having its population relocated in other parts of the province.

Mr. Roberts and other individuals in that area began to revitalize the island community, which is comprised of a number of scattered small communities. Some of the members of this House travelled with me 2½ years ago to the island to see the results of the efforts of the community to improve its economy. The consumers co-operative to which I refer has had a very substantial impact upon the economy of the island to the point where governments, both provincial and federal, have responded with programs offering certain types of assistance in the construction of marine facilities. This co-operative, which is the backbone of economic development on the island, writes to me as follows:

Dear John:

The white paper on tax reform will have an adverse effect on co-operatives.