

reasonable as co-op shares have a fixed par value which can never be increased or decreased. Preferred shares, which will also always be with par value, when redeemed, will not be, however, reissued. They will be cancelled. When further authorized capital will be required, the co-operative association will have to proceed by way of amendments to its charter by-laws requiring ministerial approval.

One clause of the bill requires a co-operative association, incorporated under the act, to include in its corporate name the word "co-operative", "co-op" or "pool". Similarly, there are provisions that associations other than associations incorporated under this act or an entity expressly authorized to use these words by provincial legislation, shall not use these words in order to avoid a misrepresentation or deception. The conditions of membership in an association are to be regulated by the by-laws of the association.

● (4:10 p.m.)

Shares in a co-operative association will be transferred only with the permission of the board of directors. This is a usual limitation in the case of co-operative associations because of the special relationship that a member has to his co-operative. The shareholder or member of a co-operative association does business with the co-operative and is not only a mere investor. For that reason, the co-operative needs to control the admission of shareholders or members. One of the fundamental principles of a co-operative is that any surplus arising from its operations must be distributed among the persons who, by their patronage, have made the surplus possible. Before the distribution is made, reserves may be set aside. The distribution of surplus will be controlled by the rules established by the charter bylaws of the association.

There are many other aspects of this bill that I have not mentioned, and which undoubtedly the Standing Committee on Justice and Legal Affairs will want to study carefully. This will be so, I would think, for instance, of the provisions relating to the preparation and disclosure of financial statements, transjurisdictional transfers, etc. I am confident that hon. members, having considered the provisions of this bill and having waited 63 years for its introduction will agree that this is a piece of legislation that deserves their support. I look forward to making myself and my officials available to the Standing Committee on Justice and Legal Affairs when the bill is referred to the committee so that we can examine the bill in very great detail.

Mr. James A. McGrath (St. John's East): Mr. Speaker, the members of the official opposition support the principle of the bill and look forward to the opportunity that will be afforded them of examining it clause by clause during the committee stage.

We also salute the co-operative movement in Canada. We salute it for the good work it is doing and for the patience it has manifested in waiting these many years to get the bill to Parliament. The minister referred to this fact. A bill of a similar nature was before Parliament in 1908 but was defeated by the other place for reasons

which it would probably not be useful to go into at this particular time. However, perhaps we will hear more of that when this bill is before the committee.

Speaking of the committee, Mr. Speaker, I note with some surprise that the bill is to be referred to the Standing Committee on Justice and Legal Affairs. The minister did not seem to exhibit any undue interest in this, though one would have expected the bill to be referred to the Standing Committee on Health, Welfare and Social Affairs. The Department of Consumer and Corporate Affairs has been assuming a greater role session by session, yet it has no standing committee of its own. The fact that this bill has had to be referred to the Standing Committee on Justice and Legal Affairs emphasizes this need, and I am surprised the minister did not make reference to it. Since there is no standing committee on consumer affairs, I see no reason why the bill could not be sent, as I say, to the Standing Committee on Health, Welfare and Social Affairs.

Having said that, I am delighted to note that this bill, which has been advocated all these years by the co-operative movement in Canada, incorporates in its preamble the fundamental principles of the co-operative movement as laid down by Rochdale Pioneers of England in 1844. Perhaps these principles are worth mentioning here. They are, first, open membership, which means that all who can benefit from the services may join; second, democratic control, which means that each member has only one vote, regardless of the size of his shareholding; third, limited return on capital at a modest rate set by the annual meeting; and lastly, distribution of surplus on the basis of patronage. I think it is useful to set out these principles in the bill, which is placing a special responsibility upon the federal government in a field which heretofore was exclusively within the jurisdiction of the provinces.

As the minister pointed out, associations that wish to incorporate under this bill must carry on undertakings in two or more provinces with a fixed place of business in each province in which they carry on their undertakings.

I note that the bill will set up a system of registration which will come largely under the discretion of the minister. I am not suggesting that the minister is not capable of exercising the proper discretion and responsibility given to him by the legislation, but like everybody else he is a fallible human being and I am a little concerned at the increasing discretionary powers that the minister is taking unto himself, not only as a result of the provisions of this bill but under other bills he has brought to Parliament since assuming his current office.

These are some of the points that we shall bring to the attention of the minister when the bill is before the standing committee, but I hope that, before we conclude this stage of the proceedings, the minister will inform the House why the bill is being sent to the Standing Committee on Justice and Legal Affairs rather than the committee that normally deals with the minister's estimates and legislation coming within his jurisdiction.

Co-operative associations have for a long time been handicapped by lack of legislation dealing with their