

governed by a statute of general application better suited to the special character of their organization than the Companies Act.

Hon. members are aware of the work done by the co-operative movement within the framework of provincial legislation in various fields of economic activity. A few figures might assist in placing in perspective the importance of the co-operative movement in Canada. In 1967, the volume of business for more than 2,500 co-operatives amounted to more than \$2.1 billion, an increase of close to a quarter of a million dollars or 11 per cent, over the previous year. Assets totalled \$1 billion, of which members' equity represented 47 per cent. Membership at 1,700 million members was up slightly from that of the previous year.

Many co-operative associations desire to serve their members on a multi-provincial or a national basis. We believe that they should have the facilities to do so under legislation of general application well suited to their peculiar nature, as is the case with other types of organizations under the Canada Corporations Act.

I would like to insist on the fact that this bill deals only with the incorporation and operations of federally incorporated co-operatives. It does not touch upon the controversial question whether co-operatives should be subject to the same taxation laws as other types of business. This question, of course, is one for my colleague, the Minister of Finance (Mr. Benson), in the context of his proposals for tax reform. That matter will be before this House in due course and upon that Parliament will take whatever decision it deems appropriate. That question does not arise in this debate, which is related to a bill to allow for the federal incorporation of certain entities. As I say, this bill does not touch on that question one way or the other. It does not touch on the question of the tax status of co-operative societies and has no relation to whether this bill should be or should not be passed.

I said in my introductory remarks that this is a long bill, almost an overly long bill. It contains 138 clauses of a rather technical nature. For these reasons, I do not intend to review here the provisions of the bill in any detail. I am sure that the Committee on Justice and Legal Affairs, to which I hope the bill will be referred, will consider each of these provisions carefully. I and my officials will be readily available when the committee studies the provisions of the bill and goes through them, clause by clause. For the purpose of second reading and reference to the committee, it might be sufficient for me at this time to mention briefly some of the more important features or principles of this legislation. Before doing so, however, I should like to briefly explain to hon. members the various steps that have preceded the presentation of this legislation.

First, there was created in 1965 a study committee to assist the government in the preparation of a bill allowing for the incorporation of co-operative associations at the federal level. This committee was headed by Mr. Louis Lesage, the Director of the Corporations Branch of my department. Also on that committee were Mr. Gordon

#### *Canada Co-operatives Association Bill*

Blair of Ottawa and Saskatchewan, who has since joined us in this House as the hon. member for Grenville-Carleton, and Mr. Francois Jobin, a Quebec City lawyer, who has since joined the Quebec Department of Financial Institutions, companies and Co-operatives, as Head of the Co-operative Branch. The work of the committee has been most useful to us in the preparation of this bill. I wish now to record our gratitude to the three members of that committee.

As a follow-up to the work of the committee, we consulted a large segment of the co-operative movement, especially those associations that had, from time to time, shown an interest in this kind of legislation. The comments and suggestions that we received, as a result of these consultations, were very precious to us.

Before putting the bill in its final form, my officials also had numerous discussions with provincial officials. We are much indebted to the provinces who have permitted us to draw on their expertise and experience in this field in preparing this legislation. Many of the provisions of this bill have been modelled on provisions now in force in one or the other of the provinces.

Finally, a special word of thanks should go to Mr. R. J. MacMaster of Vancouver, an acknowledged co-operative law expert. Mr. MacMaster's advice and suggestions have been most valuable to us throughout the preparation of Bill C-177.

You will note, in the first clauses of the bill, that a semi-registration system has been adopted for the creation of a new co-operative association. Perhaps this is my western bias coming out, but I think some form of registration system is less cumbersome to administer than a letters patent system of the type now prevailing, for instance, under the Canada Corporations Act. The ministerial discretion, however, is maintained; hence the expression "semi-registration system". Such ministerial discretion is considered normal and necessary in the case of co-operative associations in order to ensure that only "bona fide" co-operative associations be created.

• (4:00 p.m.)

One of the purposes of this bill is to enable co-operative associations to federate on an interprovincial basis, and also to enable individuals desiring to carry on an enterprise on a co-operative basis in more than one province to become incorporated under the federal Companies Act or by special acts to take advantage of the proposed act through a certificate of continuation. For example, if a co-operative association had been incorporated by a special act of this House in 1930 or 1940, it could now come under Bill C-177, by a certification of continuation. The law of general application would apply. There would be a good number of advantages for them following that course of action.

One of the objectives of this legislation is to permit existing co-operatives to federate for either interprovincial or national objects. This will be facilitated by a transjurisdictional transfer procedure which is set out in clauses 7 and 8 of the bill. This is a rather interesting provision. To be effective, such a procedure will require