



PRE-BUDGET CONSULTATIONS IN ADVANCE OF THE 2017 BUDGET

SUBMISSION PRESENTED TO THE STANDING COMMITTEE ON FINANCE

- 1) Request for \$50 million investment in the Canadian Co-operative Investment Fund
- 2) A tax credit for purchasing shares in Canadian co-operatives
- 3) Adopting the Framework on Canadian Cooperatives Act (Bill C-286) and support for a Canadian Co-operative Development Strategy

Submitted by:
Denyse Guy, Executive Director
Tel: 613-238-6712 ex. 300 (office)
613-371-0665 (cell)
Email: dguy@canada.coop

INTRODUCTION

The 2017 Federal Budget will mark a crucial inflection point in Canadian public policy. Interest in innovation, growth and aspiration has been sparked and we have been working on new ideas to help meet the goals being established for the country.

Whether the challenge is to expand high speed access to the Internet, grow food or cultural export markets, provide green and clean technologies in urban and remote communities, build affordable housing solutions throughout Canada, develop ecotourism and indigenous enterprises, or deliver steadier economic growth with benefits for the middle class, co-operative enterprises can play a powerful role in helping the Trudeau government achieve its objectives.

The co-operative approach is not an experiment —its track record is proven.

Over 18 million Canadians are members of co-operative and mutual enterprises. More than 270,000 Canadians work in the co-operative sector. Around the world, the top 300 co-ops employ 250 million and create 2.2 trillion USD of economic activity.

As social and environmental values have been shifting, we believe the potential of co-operative enterprises is truly just beginning to be felt.

Co-operatively owned enterprises fill the gaps where traditional enterprises and sources of capital may lack interest or patience. The co-op model is based on serving the needs of the community first. Co-op businesses typically deliver steadier performance over time, with fewer spikes and shallower troughs, developing communities' sense of stability and confidence.

Three proposals can help the government achieve goals, by unlocking more potential of the co-operative approach.

1. Co-operative innovations require capital to scale up and fill new gaps. With more support for capitalization, co-ops will be able to employ more Canadians, operate more efficiently, and serve more people. For small and medium-sized co-operatives the ability to access capital, particularly risk capital, is limited by fiscal rules in place and a difficulty to access government programs.

We propose to collaborate with government to create a **Canadian Co-operative Investment Fund** to grow solutions-oriented co-operative enterprises. Our members are committed to providing \$25 Million to establish this fund. With an investment of \$50 Million by the federal government, some 720 enterprises can create more than 14,000 jobs and durable economic growth in some of the areas of the country with the greatest need.

2. More Canadians would participate as investors in Canadian co-operative enterprises, if the tax treatment for doing so similar to that for investing in private enterprises. The value of a **tax credit** for purchasing shares in co-operatives is proven in the province of Quebec, where it has leveraged up to \$30 Million a year from members since it was put in place in 1985.

Expanding this tax credit approach nationally would cost the federal government a relatively modest \$20 million and would generate close to \$125 million in new investments from members and would, again, create more jobs, fill more gaps, and help the federal government achieve many of its most important social, environmental and economic goals.

3. Canada would benefit from a **Canadian Co-operative Development Strategy**. Adopting the **Framework on Canadian Cooperatives Act (Bill C-286)** would unleash more potential among some 9,000 co-operative enterprises by creating a supporting and enabling framework in conjunction with our provincial/regional associations and sector federations.

An investment of \$10 Million would stimulate local growth, build capacity, create jobs, provide goods and services within a sustainable business model.

CONCLUSION

The co-operative enterprise model is a proven way to help the federal government achieve some of its most important goals for the nation. The 2017 federal budget is an opportunity to establish solutions that will benefit millions of Canadians, solving environmental and social challenges, filling community gaps, and delivering steady, reliable economic opportunity.

The costs of the proposals we are offering are very modest, and the upside is extraordinary. From a values standpoint, the community-owned model represents a good fit with Canadian sensibilities and aspirations. The time is ripe to unleash even more potential in the co-operative idea. Co-ops have the power to act for a sustainable future.

NOTABLE EXAMPLES OF CO-OP POTENTIAL

In Saskatoon, SES Solar Co-op has developed the second largest solar plant in the city by generating investments from residents and community groups. Profits from their first installation will be used to develop new plants and to give back to the community.

Coopérative La Guilde in Montreal is the largest video game developing co-operative in the world. The co-op facilitates collaboration and shared resources between 75 video game studios, all small or medium-sized enterprises themselves, to improve their capacity to access new markets and to share best practices and innovate.

The River Select Co-operative provides one-window access to the artisanal river salmon fisheries in British Columbia. Since 2014, the river fishery has been certified sustainable, and has provided market access to indigenous fishers across the province while providing the indigenous community with healthy local food.

The London Brewery Co-op was created by young people who wanted to create their own jobs. By developing a worker co-op, five young people from London, Ontario were able to start their own business by benefitting from each other's strengths. Supporting co-operatives will provide support for many formats of business across a range of important sectors.

Co-operative models for healthcare include support for 1.8 million Canadians served by paramedics and 2.6 million hours of homecare each year. Supporting the health and wellbeing of Canadians is fundamental to assisting them in realizing their full economic potential.

Major agricultural segments are drivers of internal and international trade, especially in areas like dairy, chicken, and maple syrup, which make-up respectively 26%, 34%, and 35% of the entire Canadian industry for these goods.

Housing co-operatives provide shelter that is more affordable than average private sector rental costs. This creates stability that supports working people or those trying to find a job. Over 250,000 Canadians live in our country's 2,318 housing co-ops.

CO-OPERATIVES AND MUTUALS CANADA

Co-operatives and Mutuals Canada (CMC) is the national association representing co-operative and mutual businesses, sector federations and provincial associations. CMC aims to help co-operatives and mutuals to form, develop and thrive in their communities. Over 18 million Canadians are members of co-operatives and mutuals and our 55+ members help to provide steady growth in the Canadian economy. Co-operatives, credit unions and co-operative insurance companies had a direct economic impact of \$22.5 billion in 2010, with spinoff impacts of over \$54.6 billion. This represents about 3.4% of Canada's total economic activity in 2010. Some of the largest and known CMC members are Desjardins Group, Agropur cooperative, La Coop fédérée, The Co-operators Group Ltd., Federated Co-operatives Ltd. and Canadian Credit Union Association who are top Canadian businesses.



Denyse Guy, Executive Director



Lucie Moncion, President

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