

Three recommendations for Ontario's co-operatives to operate in a 21st century economy



1 Co-operative oversight belongs at MGCS.

The oversight of co-ops must shift from the Financial Services Commission of Ontario (FSCO) to the Ministry of Government and Consumer Services so that all business types are housed and promoted within one Ministry.



2 Utilize Service Ontario for co-op incorporations.

Currently, co-op incorporation involves sending letters by postal mail to/from FSCO and paying by cheque — a manual process which usually takes weeks. Business incorporations and payments through Service Ontario are conducted online and take minutes to complete.



3 Implement sector-recommended changes to co-op legislation.

A full review of the 41-year-old *Co-operative Corporations Act* must be undertaken within five years.



Co-operatives — building a better Ontario

Overview of the Ontario co-operative sector

1,300 co-operative businesses
1,900 locations in **400** communities
\$6 billion annual contribution to the economy
57,000 full-time jobs and **49,000** volunteers



Co-ops are diverse

The co-op sector includes both financial co-operatives (credit unions, caisses populaires and insurance companies) and non-financial co-operatives (including housing, childcare, agriculture, food, brewing, transportation, energy, social, health, funeral, immigration, communication, arts, media and culture).



Co-op legislation

Non-financial co-operatives are incorporated under the *Co-operative Corporations Act*, created in 1974. Credit Unions/caisses populaires are incorporated under the *Credit Union and Caisses Populaires Act*, created in 1994. Co-operatives are also regulated under industry and sector-specific legislation (e.g., energy or funeral).

Learn more about Ontario's co-operatives

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Co-ops 101



What is a co-op?



Co-operatives are community-focused businesses that balance people, planet and profit. They are formed to seize local opportunities or respond to local challenges.

Co-operatives are democratic, values-based and member focused. As a trusted place to do business, co-operatives are chosen by more than one in seven people worldwide. Twice as many co-operatives remain in operation after 10 years as other types of business enterprises.

There are 7 international principles of co-operation

1

Voluntary and open membership

2

Democratic member control

3

Member economic participation

4

Autonomy and independence

5

Education, training and information

6

Co-operation among co-operatives

7

Concern for community

Economic impact

Co-operatives in Ontario have a positive impact on the economy

Jobs

6,766 co-operative jobs
10,382 credit union jobs
5,406 insurance and investment co-operative jobs
57,000 full-time equivalent jobs

Economic Value Added (GDP, millions)

\$706 from co-operatives
\$789 from credit unions
\$1,394 from insurance and investment co-operatives
\$6 billion in value-add created

Income (millions)

\$315 created by co-operatives
\$665 created by credit unions
\$487 created by insurance and investment co-operatives
\$3.3 billion in income created for Ontarians

Taxes (millions)

\$373 in production taxes
\$201 in product taxes
\$555 in household income taxes
\$142 in household HST
\$35 in household property taxes
\$1.3 billion generated for government services



Changes needed within government for future co-operative success

Co-operative oversight belongs at MGCS

Policy oversight of non-financial co-operatives should move from the Financial Services Commission of Ontario (FSCO, an agency of the Ministry of Finance) to the Ministry of Government and Consumer Services (MGCS), so that all business types are within one ministry.

FSCO is a financial services policy regulator. Non-financial co-operatives require oversight and would benefit from a home within government alongside other types of business. Co-operatives are already regulated by the unique legislation, trade associations and peer-groups specific to the industries they operate in (e.g. housing, energy, taxi, funeral, farming, social services, accounting, etc.).

A move to MGCS will not require substantial investment from government. The oversight required by non-financial co-operatives would be similar to other business enterprises such as corporations or sole-proprietors.

Moving co-operative legislation to MGCS will allow co-ops to utilize Service Ontario for incorporations, which will save money and reduce red tape through increased efficiencies and a streamlined process.

Approval of the capital and security transactions of non-financial co-operatives should remain within the Ministry of Finance.