



CHANGES THAT ENABLE ONTARIO CO-OPERATIVES TO OPERATE IN A 21ST CENTURY ECONOMY

The co-operative sector in Ontario is made up of more than 1,700 incorporated co-operative businesses, which operate 1,900 locations in 400 communities and add \$5.9 billion annually to the Ontario economy. Ontario co-operatives generate more than \$1.3 billion in taxes to support government services. They create 57,000 jobs, rely on the work of 49,000 volunteers and contribute \$3.3 billion to household income.

The co-op sector includes **financial co-operatives** (credit unions, caisse populaires, and insurance companies) and **non-financial co-operatives** (which operate in sectors of the economy including childcare, housing, food, arts, transportation, social, agriculture, health, immigration, communication, brewing, media and culture).

LEGISLATION

Co-operatives are incorporated provincially. Each province has its own co-operative Act and Regulations.

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

THIS DOCUMENT WILL DISCUSS RECOMMENDATIONS THAT IMPACT ONLY THE NON-FINANCIAL CO-OPERATIVES SECTOR.

RECOMMENDATIONS

- 1) **CO-OPERATIVE OVERSIGHT BELONGS AT MGCS.** Legislative 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 Ministry of Government and Consumer Services so that all business types are within one Ministry.
 - a. 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.
 - b. A move to MGCS would not require substantial investment. The oversight required by non-financial co-operatives would be similar to other business enterprises such as corporations or sole-proprietors.
 - c. Approval of the capital and security transactions of non-financial co-operatives should remain within the Ministry of Finance.
- 2) **UTILIZE SERVICE ONTARIO FOR CO-OP INCORPORATIONS.** Currently co-op incorporation involves sending letters by postal mail to/from FSCO and paying only by cheque. This completely manual process often takes weeks.
 - a. Utilizing Service Ontario will save money through increased efficiencies and a streamlined processes.
 - b. This will result in all non-financial corporations being registered consistently within the same Government branch. (The online system may require minor modifications to address co-operative requirements.)
- 3) **A FULL REVIEW OF THE 41 YEAR OLD CO-OPERATIVE CORPORATIONS ACT.** Once the legislation has moved to MGCS, the co-op sector is requesting a full review of the 41-year old Co-operative Corporations Act (CCA) to be undertaken within five years through consultation with the co-op sector.

This is a summary document of legislative recommendations made by the Ontario co-operative sector. For more information:
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