House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Conseil canadien de la coopération et de la mutualité

or

( ) **an individual** **Name:** _____

Topic: Small and medium-sized enterprises

*Recommendation 1: Please provide a short summary of your recommendation.

Establish a national co-operative investment fund (CIF), to be jointly funded ($20 million to $40 million) by the Canadian co-operative movement and the federal government. The fund would provide funding tools that are suited to small and medium-sized co-ops across Canada.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The co-operative movement has invested more than $10 million in this fund to date. New contributors will be added and increase this amount to the anticipated $20 million to $40 million.

For this fund to be sustainable, the federal government should co-invest an equivalent amount on a dollar-for-dollar basis. This investment could be made through the Business Development Bank of Canada (BDC).

While the BDC does work with co-ops, its mandate has to be revisited so that it can be a direct partner in this investment fund.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Small and medium-sized co-ops would be the primary beneficiaries of this fund. This business formula has proven itself and is an example of economic stability. Co-ops are used in business transfers and in regional development. However, given their unique member ownership structure, access to venture capital and traditional funding tools is limited. The success of these businesses and their expansion therefore depends on access to such capital.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

With a $20-million capital base, the CIF would support approximately 180 co-ops and provide $45 million for investment over the next 10 years. With $40 million in seed capital, the fund's impact would increase to 384 co-ops, for a total cumulative investment of $96 million over 10 years. The CIF would reinvest its operating profits (excluding interest paid on investments and amounts needed to build a reserve to ensure the fund's stability) in co-op development.

Topic: Trade and investment

Recommendation 2: Please provide a short summary of your recommendation.

Provide a tax credit for individuals who invest in a fund designed to amass development capital for co-ops and mutual companies across Canada. This fund would increase access to venture capital and patient capital for co-ops and mutual companies, and encourage individuals to save. Co-ops and mutual companies are known for helping stabilize the economy and for being key parts of Canadian communities.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$5 million -$9.9 million

2 years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Investments, to be made through the purchase of shares in a public corporation managed by a co-op, would generate a tax credit equal to 50% of the value of the shares purchased. The government would oversee the issuance, sale and purchase of the shares.

The implementing provisions for this measure could be based on existing provincial initiatives, such as the Capital régional et coopératif Desjardins (CRCD).

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Accessing capital is a challenge for every company. It is even more challenging for co-ops than for traditional companies owing to their co-operative nature and the emphasis they place on corporate longevity as opposed to profits. Furthermore, the economic circumstances of Canadian households suggest that the introduction of new incentives to save would be beneficial. To address these two issues, we believe that we should look to measures that have proven themselves in the past.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The survival rate of co-ops is twice that of traditional companies. They are often present in sectors and communities that have been abandoned by the private sector. Co-ops create jobs everywhere, and they generally weather financial crises better. By supporting the creation and development of co-ops, we improve Canadians' quality of life and promote the health of the economy. The co-op movement combines independent solutions for collective needs with financial viability.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

*Please note that at least one recommendation must be provided