

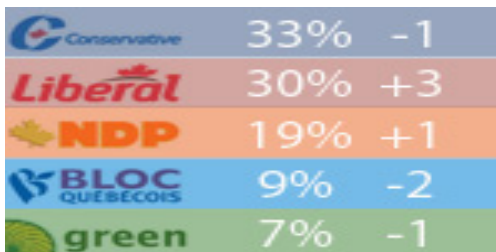


House of Common Rises for the Summer

On June 20, the House of Commons rose for its summer recess following a session rife with scandals. From the Schreiber-Mulroney hearings to the Cadman Affair and finishing with the Bernier-Couillard liaison it seemed as if

Parliament, or at least the media, did not have any issue of substance on which to focus its attention.

To the opposition's disappointment, the scandals appear to have had little impact on the Conservative government's popularity. An Angus Reid poll released on June 26th revealed that the Conservative party remains ahead with 33% of the respondents saying they would vote for the Tories in the next federal election, while 30 per cent would support the Liberal party.



Angus Reid Global Monitor (June 26, 2008)

The Bloc Quebecois and Green party's decreasing popularity can in part be explained by the Liberal party's recently released "Green Shift" plan which proposes to impose a carbon tax in exchange for lower income taxes. The plan is expected to form the core of the Liberal party's election platform.

Speculation on the next election date is always a popular topic in Ottawa. Although there have been talks of an election potentially being called if the Senate Banking Committee returns Bill C-10, *an Act amending the income Tax Act* to the House of Commons for further amendments, such a scenario would be unlikely as neither

the Liberals nor the Conservatives would be assured of a victory.

Prime Minister Harper announced on June 25th, the following changes to his Cabinet: David Emerson was reaffirmed as Minister of Foreign Affairs, Michael Fortier, previously the Minister of Public Works and Government Services now becomes the Minister of International Trade, Christian Paradis becomes Minister of Public Works and Government Services and continues on as Secretary of State (Agriculture); and James Moore becomes Secretary of State (Asia-Pacific Gateway) (2010 Olympics) (Official Languages). The news of Christian Paradis' continuation as Secretary of State for Agriculture was welcomed by the cooperative sector as Minister Paradis is already well acquainted with the sector.

Parliament is scheduled to return on September 15th although there have been rumours that Prime Minister Harper may wish to Prorogue until later in the Fall.

Competition Policy Review Panel Report

On June 26th, The Competition Policy Review Panel released its report, *Compete To Win*. The Report puts forward a series of policy recommendations to make Canada more competitive in the context of economic globalization. Three of the Report's recommendations/comments are of interest to credit unions.

1. The Report states that "allowing greater international competition as well as more competition between bank and non-bank lending institutions would benefit both the financial services sector and the public interest in competitive and efficient markets. These should be considerations in the 2012 review of the Bank Act by the Minister of Finance."

This statement will prove useful when developing Canadian Central's position for the 2012 review.

2. The Report recommends that the Minister of Industry examine whether to increase the financial thresholds that trigger an obligation to notify a merger transaction as well as whether to create additional classes of transactions that are exempt from the merger notification provisions of the Competition Act.

Canadian Central will work the Legislative Affairs Committee in seizing this opportunity and putting forth its case that mergers between credit unions do not raise any competition concerns and should therefore not be subject to the merger notification provisions.

3. The Report recommends that the federal government provide leadership in the elimination of all internal barriers between the provinces and territories that inhibit the free flow of goods, services and people by June 2011. The Report further recommends that federal and provincial governments should establish by June 2009 a work plan to achieve this goal and provide interim reports on progress every six months.

Canadian Central will monitor the federal government's response to the recommendations.

A copy of the full report is available at:

[http://www.ic.gc.ca/epic/site/cprp-gepmc.nsf/vwapi/Compete_to_Win.pdf/\\$FILE/Compete_to_Win.pdf](http://www.ic.gc.ca/epic/site/cprp-gepmc.nsf/vwapi/Compete_to_Win.pdf/$FILE/Compete_to_Win.pdf)

National Do not Call List

The National Do Not Call List which is to be launched in September 2008 will require credit unions who wish to proceed with telemarketing activities outside the scope of the exempted activities to subscribe to the National Do Not Call List.

Exempted activities would include calls made to a member who already has an existing business relationship with the credit union as well as calls made to business consumers. The CRTC has determined that the existing business relationship exemption will only be extended to the broader corporate group, affiliates, or cooperative groups if the consumer has provided express consent to be contacted

by way of telecommunications by such related organizations.

Canadian Central will be sending shortly to the members of the Legislative Affairs Committee documentation explaining the Do Not Call List and how individuals can register. The information could then be forwarded to credit unions who wish to advise their members on the establishment of the National Do Not Call List.

Information on the telemarketer subscription rates and file formats can be found at:

http://www.crtc.gc.ca/eng/INFO_SHT/t1028.htm?Print=True

Bill C-50 Passes Parliament

Bill C-50, the legislation that implements much of the February 26, 2008 federal budget, received Royal Assent on June 18. This Bill authorizes the establishment of the tax free savings accounts (TFSA). A Task Force of credit union system representatives continues to work together on the introduction of the TFSA which is scheduled for January 1, 2009.

The Bill also makes an important amendment to the *Bank of Canada Act* to permit the Bank to buy and sell a broader range of securities than previously authorized "for the purposes of conducting monetary policy or promoting the stability of the Canadian financial system." This will give the Bank of Canada more flexibility to deal with instances of market turbulence.

In addition, the Bill amends the *Co-operative Credit Associations Act* to allow for an 80% loan-to-value ratio on mortgage loans advanced by entities governed by the Act.

First Nations Market Housing Fund

The First Nations Market Housing Fund is now in operation. The new Fund establishes a Credit Enhancement Facility which will help individuals on-reserve and on settlement lands to obtain loans, where their First Nation meets certain criteria, such as a demonstrated ability to manage their finances, loans and housing.

The Fund will provide a partial financial backing for lenders as they will allow lenders to access the Fund if the

borrower fails to repay the loan and the First Nation does not honour its obligation to step in, using its own resources, to remedy the default.

It is anticipated that up to 25,000 new homes over 10 years will be provided through this Fund.

Canadian Central has participated in the consultations regarding the establishment of the Fund.

The First Nations Market Housing Fund has an extensive website at: <http://www.fnmhf.ca/english/index.html>

The website has sets of forms that lenders must submit if they wish to qualify to participate in the activities of the fund. See:

http://www.fnmhf.ca/english/forms_Indr/index.html

Identity Theft

In November 2007, Bill C-27, An Act to amend the Criminal Code (identity theft and related misconduct), was introduced in the House of Commons. The bill will create several new *Criminal Code* offences targeting those aspects of identity theft that are not already covered by existing provisions. Essentially, Bill C-27 will focus on the preparatory stages of identity theft by making it an offence to obtain, possess, transfer or sell the identity documents of another person. The proposed amendments will provide law enforcement authorities with more effective tools to protect Canadians.

Canadian Central has expressed its support for the Bill to the Standing Committee on Justice and Human Rights. CUCC has also suggested areas in which it believes the legislation could be strengthened. Unfortunately, the Committee's standstill over the Cadman Affair has delayed the Bill's progress in Parliament. As it currently stands, Bill C-27 is still in Committee. Supporters of the Bill hope to see some progress in the Fall.

Senate Committee Report on Halting Rural Poverty

On June 17th the Standing Senate Committee on Agriculture and Forestry issued its final report concerning rural poverty, *Beyond Freefall: Halting Rural Poverty*. During the hearings the Senate Committee learned about cooperative approaches to developing the rural economy

from Carol Hunter, Executive Director, Canadian Co-operative Association and Pam Skotnitsky, Associate Vice-President, Government Affairs, Credit Union Central of Saskatchewan.

A full chapter is dedicated to the importance of the cooperative sector and the social economy in maintaining and developing the rural economy. It is noted that rural entrepreneurs tend to use credit unions and caisses populaires as their main financial institutions and that credit unions do excellent development work in cooperation with federal regional development agencies.

The Committee recommends that a Department of Rural Affairs be established and that its activities include initiatives aimed at helping the credit union movement retain and possibly expand rural credit union locations.

AgrilInvest Program Update

On June 23rd, a conference call was held between Department of Agriculture and Agri-food officials and financial institution stakeholders to continue the discussions regarding the implementation of the AgrilInvest Program. Committee members examined draft advertising proposals, and account forms as well as discussed future reporting requirements.

A subsequent meeting will be held in a few weeks. Canadian Central and other credit unions system representatives will continue participating in the process.

New Executive Team in Place

Canadian Central welcomed two new members to its team: Brigitte Goulard, Vice-President, Policy, will be based in Ottawa and Stephen Fitzpatrick, Vice-President, Finance and Operations, will be based in Toronto.

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