

Summer Finally!

Brigitte Goulard, Vice President, Policy, CUCC

It is with a sigh of relief that we put this edition of the *Policy and Advocacy Report* to bed before the summer holidays are upon us. It has been a busy time here in Ottawa to say the least. Not only have we participated in an unprecedented number of consultations on subjects such as the credit and debit card codes, small business financing and mortgage regulations but we also analyzed the proposed framework for a federal credit union charter and appeared before the House of Commons Finance Committee and Senate Banking Committee.

It is therefore appropriate that our first six months finished with a bang, when on June 23rd, an earthquake disrupted our “Credit Union Seminar” with twenty representatives from the Department of Finance. However, in typical credit union fashion, we didn’t let a little thing like an earthquake stop us and continued on with the presentations. See Kevin Dorse’s report below for more information on this successful event.

We now look forward to a few months of catching up on our research and other priority projects before returning this fall with what promises to be another full agenda.

Wishing you all a safe and fun summer!

Priority Projects 2010

Project 1: Framework for Credit Union Growth: Co-operation among Co-operatives

Brigitte Goulard, Vice President, Policy, CUCC

As mentioned in previous issues of the *Policy and Advocacy Report*, one of Canadian Central’s projects for 2010 is to research and catalogue domestic and international collaborative arrangements amongst credit unions. This research will eventually be made available to credit unions in a reference document. We are currently in the process of collecting information on the various types of collaborative arrangements that exist in the Canadian credit union system and would very much appreciate your input. (continued on page 2)

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If your credit union has or is in the process of implementing a collaborative arrangement we would love to hear from you. Or if you know of such a credit union, please also contact us. Our research encompasses any type of arrangement, whether small or large or whether dealing with human resources, purchasing, marketing or the simple sharing of space. Please send in your name and telephone number to Jan Hopper at hopperj@cucentral.com and someone from our team will contact us to obtain additional information. Thank you for your collaboration.

Canadian Central hosts “groundbreaking” seminar for Finance Canada Officials

Kevin Dorse, Senior Policy Advisor, CUCC

Top federal officials were left with a vivid impression of the earth-shattering work that Canada’s credit unions are doing at a special meeting this month.

Executives from across the credit union system gathered in Ottawa to brief senior Finance Canada officials on trends in, as well as the day-to-day operations of Canada’s credit unions. Twenty departmental officials, including a General Director, two directors and other policy staff, were given a rare opportunity to hear from system experts on credit union business lines and future challenges.

The seminar stopped only momentarily when a magnitude 5.0 earthquake situated an hour north of Ottawa shook the Chateau Laurier hotel for about half a minute in the afternoon. It was remarked that credit unions are truly doing groundbreaking work.

The day-long seminar was organized by Canadian Central, in response to growing interest at senior levels of the federal government in the credit union system. The interest stems in part from our strong financial performance, as well as the future prospect of federal credit unions as a result of new legislation still working its way through Parliament.

From this, Canadian Central intends to deepen the relationship and understanding of credit union issues with the federal government.

Help Wanted: Growing our Grassroots

Kevin Dorse, Senior Policy Advisor, CUCC

Over the course of the 1990s, the Australian government imposed dramatic reforms to that country’s credit union system. Within only a few years of having effectively eliminated the competitive balance that had existed previously between credit unions and other financial institutions, the number of credit unions operating in the country was sliced almost in half. The number of branches fell 63 percent, and even though credit union assets grew, the share of those assets relative to other financial institutions fell.

When the smoke had cleared, the people who ran Australia’s credit unions concluded that the government succeeded with their short-sighted reforms because Australian credit unions hadn’t been able to respond effectively and in time. They lacked political preparation and, more critically, they were unable to mobilize the power of their membership into a grassroots lobby.

While Canadian credit unions have an enviable relationship with governments at all levels, we can’t afford to ignore the lesson of the Australian example. We see the power of our membership every day in our communities, but federal and provincial legislators need to see it more frequently as well.

That’s why Canadian Central is setting out to change how we get the credit union message to decision makers.

Contrary to what you might hear from Ottawa’s big lobby firms, the best credit union government relations doesn’t come from people who know government, it comes from people who know their credit unions. Because of what we do, and more importantly how we do it, credit unions have an amazing story to tell. The best part is that anyone can tell it -- from the member who is proud to see her credit union’s investment in a community project, to the CEO who runs the only financial institution in town.

Canadian Central is excited about the prospect of, over the next several years, building a network of committed grassroots credit union activists, with the tools and the

know-how to make sure the credit union difference is recognized by decision makers across Canada. But to get the ball rolling, we need to hear from you. **If you're ready to grow our grassroots, drop a quick email to Anna Morena at morenaa@cucentral.com.**

Consultations

Competition Bureau Forum on Service Standards

Robert Martin, Senior Policy Advisor, CUCC

Canadian Central staff recently participated in a Competition Bureau sponsored forum on merger review standards and performance. The forum was intended to give the Bureau an opportunity to update interested stakeholders on the Bureau's assessment of its performance in relation to its own merger review standards. The Bureau also used the forum as an opportunity to brief stakeholders on proposed changes to its standards and to seek feedback on the proposals from the interested public.

The Bureau gave a positive overall assessment of its performance. It noted that, on average, between 2005 and 2010 it met its own service standards for review of non-complex merger transactions 95% of the time. It met these standards 85% of the time for complex transactions and 80% of the time for very complex transactions. The vast majority of credit union mergers are in the non-complex category.

Credit unions have significant concerns about the flat \$50,000 fee charged to participants in a merger transaction requiring a review. Credit union mergers tend to involve relatively small transactions and, for the most part, the Bureau reviews and approves these mergers in 5 to 10 days. Meanwhile, merger transactions in the large corporate sector tend to eat up most of the Bureau's resources and can take up to 5 months to review. Despite these differences in complexity and resource requirements, these large corporate parties are also charged the Bureau's \$50,000 fee. In short, fees paid by those participating in smaller, less complex transaction (e.g. credit union

mergers) subsidize Bureau work on large corporate transactions.

The Forum did not address the flat fee policy. Instead, discussion focused on proposed changes to service standards to speed the time taken to review complex and very complex merger transactions. The Bureau did not propose changes to its service standards for non-complex service standards. It would appear that fees paid by participants in non-complex transactions will be used in future to subsidize improvements to the service large parties receive during their review.

Canadian Central will provide the Competition Bureau with a submission on the proposed changes outlining our concerns about the direction Bureau policy is taking. Canadian Central will also seek a meeting with the Commissioner of the Competition Bureau to discuss these issues.

Basel Consultations – Future Trends in Liquidity and Capital Adequacy Regulation

Gary Rogers, Vice President, Financial Policy, CUCC

Consultation documents released by the Basel Committee on Banking Supervision (BCBS) in late 2009 point to future directions for regulation of liquidity risk and capital adequacy. The credit union system, through Canadian Central, has engaged the Bank of Canada and OSFI in discussions about these documents and will continue to monitor and advocate credit union perspectives.

BCBS requirements apply to internationally active financial institutions. Therefore they will apply to Canadian banks. Key elements of the credit union system are regulated by OSFI, including most Centrals and Concentra Financial, and can expect the spirit, if not the letter, of any new proposals to apply to them too. This will have implications for credit unions in two ways: indirectly by changes affecting their Central and directly if provincial regulators of credit unions adopt elements of the international standards.

After review by the Canadian Central Board committee "Working Group on Payment Structures" and the national Finance Policy Committee, Canadian Central

expressed support for the intent and spirit of the BCBS proposals as a means of strengthening the resilience of the financial sector. That said, we urged Canadian regulators to implement these proposals flexibly, tailoring their application to characteristics of the Canadian markets and the credit union sector.

The papers define liquidity assets too narrowly, excluding many bank deposit notes, which would result in a significant change in composition of liquidity pools, reducing profitability. The importance of unlimited deposit insurance is unduly minimized. The interaction of agreements supporting liquidity pools would require looking at some aspects of credit unions and their Centrals combined, rather than as separate entities. The extent, frequency and degree of liquidity stress testing must recognize the size and complexity of credit union entities compared to banks.

Tighter definitions of Tier 1 capital may affect Centrals and credit unions that have relied on subordinated instruments to support their core capital. It is unclear if redeemable member shares would continue to qualify.

The impact of the BCBS consultation proposals would be to require higher levels of liquidity and capital, causing existing assets to be rationed and new lending activity to be curtailed. Closer collaboration and sharing of information would be required between credit unions and Centrals.

We are encouraged by comments from officials at the Bank of Canada that suggest BCBS proposals, expected late in 2010, will be modified, based on consultations. And we understand that leeway will be available to Canadian authorities in tailoring regulations to the circumstances of domestically focused financial institutions.

On the Policy Front

Agriculture and Agri-Food Canada Policy Forum

Robert Martin, Senior Policy Advisor, CUCC

Canadian Central staff recently participated in an Agriculture Canada forum on the future of agricultural

policy in Canada. Canadian Central's participation was at the invitation of AAFC's ADM Greg Meredith. The invitation is recognition of the important role credit unions play in assisting AAFC deliver government farm finance programs

The forum was attended by representatives of many producer groups, Farm Credit Canada, Desjardins and the Canadian Federation of Independent Business. A key theme of the discussions was the need to significantly improve productivity in the sector in order to compete with low cost producers (e.g. Brazil). A key obstacle was identified as the significant indebtedness of many producers which makes it difficult for them to invest in productivity enhancing initiatives.

Very few concerns were raised at the forum about the current suite of business risk management tools available to producers and no concerns were expressed about the Agri-Invest Program that will involve producer accounts at credit unions and banks.

AAFC will be releasing a summary of the forum findings in the coming months.

Bill C-28 – Fighting Internet and Wireless Spam Act

Jan Hopper, Senior Policy Advisor, CUCC

On May 25, 2010, the Government introduced Bill C-28, the *Fighting Internet and Wireless Spam Act (FISA)*, which re-introduces the *Electronic Commerce Protection Act (ECPA)*. The ECPA attained full party support in the last session of Parliament however it died on the Order Paper after prorogation. The FISA is almost identical to the ECPA, and is intended to deter illicit and deceptive forms of spam, such as phishing and spyware that are commonly used in identity theft attempts.

In introducing the legislation, Industry Minister Tony Clement announced that the goal is to rid Canada of its reputation of being a "haven for spammers". Canada is noted as lagging behind other countries in enacting anti-spam legislation. Minister Clement advised that spam costs Canadians an estimated \$3 billion annually.

If passed, FISA will:

- Prohibit sending commercial electronic messages without prior consent, with some exceptions;
- Prohibit alteration of transmission data to route the message to an unintended destination;
- Prohibit installation or use of spyware in the course of commercial activities with exceptions provided for commonly used applications such as cookies, HTML code, Java scripts and operating systems; and
- Require that electronic messages contain prescribed information including the identity of the sender and their contact information and a mechanism to unsubscribe.

Amendments to the *Competition Act* and the *Personal Information Protection and Electronic Documents Act* included in FISA will:

- Prohibit false or misleading commercial representations made electronically; Prohibit collection of personal information by means of unauthorized access to computer systems; and
- Prohibit unauthorized automated compiling of lists of electronic addresses.

Canadian Central has prepared a detailed analysis of the FISA. Please contact Jan Hopper to obtain a copy at hopperj@cucentral.com.

The system will have the opportunity to provide feedback on the Bill at Committee review stage when Parliament resumes in September.

Amendments to PIPEDA to Impact Credit Unions

Jan Hopper, Senior Policy Advisor, CUCC

Bill C-29, *An Act to amend the Personal Information Protection and Electronic Documents Act* was introduced in Parliament on May 25th, 2010. This Bill will implement many of the recommendations included in the Government's 2007 Response to the Report of the Standing Committee on Access to Information, Privacy and Ethics. The proposed amendments will have the following impacts on the credit union system:

- Permit disclosure without knowledge and consent for purposes of preventing, detecting or suppressing fraud.

This change is welcome as it will help to streamline the information exchange between members of the Canadian Bankers Association's Bank Crime Prevention and Investigation Office (BCPIO) and Canadian Central's Credit Union Office for Crime Prevention and Investigation (CUOCPI). This amendment should resolve the longstanding issue of credit union access to the BCPIO Grid Warning system.

- Need for data breach notification policies and procedures.

In the event of a data breach, credit unions will have to assess whether or not the breach is "material" and therefore reportable to the Privacy Commissioner. Policies and procedures should be developed in advance of a potential data breach. Guidelines are available for use in preparing policies and procedures on the Privacy Commissioner's website.

- Permit sharing of personal information between organizations that are entering merger discussions or concluding such transactions.

This change is consistent with permitted sharing under BC and Alberta provincial privacy Acts. Parties to a prospective business transaction may share personal information without the consent of the individuals involved. However, the information must be protected with adequate safeguards and it must be necessary to proceeding with and/or completing a business transaction.

- Permitted use of business email addresses and fax numbers.

Originally, the definition of "Personal Information" excluded business contact information with the exception of business email addresses and fax numbers. Email addresses and fax numbers were required to be treated as "personal information". The definition of "Business Contact Information" has been

expanded to exempt these two items from the consent requirements. It should be noted that emails and faxes should still provide recipients with the opportunity to opt out of the distribution list.

Bill C-29 is being monitored as it progresses through Parliament. It will be referred to the Standing Committee on Industry, Science and Technology, at which time information will be available about appearances before the Committee. Consultation will take place with the system in preparing a submission on this Bill.

TFSA Over-Contribution Penalties

Gary Rogers, Vice President, Financial Policy, CUCC

More than 70,000 Canadians recently received unwelcome letters from the Canada Revenue Agency (CRA) suggesting they would have to pay penalties for over-contributing to their Tax-Free Savings Accounts (TFSA) in 2009. In most of these cases, the penalties came as a complete surprise for well-meaning taxpayers. Fortunately, a subsequent government statement indicates CRA will “be as flexible as possible” in waiving taxes on excess contributions for 2009.

The TFSA rules are intended to encourage savings, up to \$5,000 per year, not be an account to fund regular purchases. If you withdraw an amount from your TFSA, you must wait until the following calendar year to replace it without risk of penalty. Many of the effected taxpayers simply misunderstood the rules and had a pattern of withdrawing amounts from their TFSA and replacing them soon after, for example to pay their monthly rent. Although the balance in these accounts never exceeded \$5,000 in 2009, the sum of the contributions did exceed \$5,000. The result is a penalty tax of 1% per month for the total contributions in 2009 in excess of \$5,000.

The national TFSA leaflet purchased by credit unions from Canadian Central accurately states these rules: *“A TFSA withdrawal will increase the contribution room for the year after withdrawal. As a result, when amounts are withdrawn from a TFSA they can be re-contributed in the future when funds become available.*

... TFSA withdrawals of contributions/earnings will increase contribution room for future years, but not the current year.”

CRA’s letter is not a formal Notice of Assessment of penalty. In a joint statement on June 25, the Ministers of National Revenue and Finance encourage recipients to send a letter to CRA by August 3 making an explanation and requesting the penalty be waived. Those “whose net contributions never exceeded the 2009 limit of \$5,000 may not be required to pay the tax on excess contributions for this year”. If CRA is not contacted, a Notice of Assessment will be issued. Then, a Request for Taxpayer Relief can be made on form RC4288 or a Notice of Objection filed on form T400A.

We hope that when CRA sees tens of thousands of these letters in their mailbox, they will just waive the penalties. And we await an indication of the CRA position on similar over-contributions already made in the first six months of 2010.

Pension Mini-Reform

Gary Rogers, Vice President, Financial Policy, CUCC

For almost two years, federal and provincial governments have been reviewing retirement income policies in light of growing perceptions that Canadians are not saving enough for a comfortable retirement. A healthy discussion has followed at political, academic and business levels. Some have observed that Canadians are in better financial shape for retirement than citizens in almost any other country. Others have noted that gaps are most apparent for middle income Canadians, not at higher or lower income levels. Suggestions for change have included supplementary pension plans sponsored by provincial governments; an additional, voluntary layer added to the Canada Pension Plan (CPP), increased RRSP and RPP contribution limits, raising the age of RRSP maturity from age 71, improved financial literacy, etc.

At a meeting of federal and provincial finance ministers on June 14, agreement was reached to focus on three modest areas in what might be termed pension “mini-reform”.

First is “a modest phased-in and fully funded increase of benefits under the CPP in order to increase coverage and adequacy.” Officials will develop detailed proposals for discussion in November. Still to be determined is how much and how quickly premiums and benefits would increase. One option would be to leave the premium rate the same, but increase the wage level to which the rate is applied, sparing lower income Canadians additional cost but increasing coverage for middle income earners. As seven provinces representing two-thirds of Canadians must agree to changes to CPP, these discussions may continue for some considerable time.

Second is legislative change at the federal and provincial levels to make pension plans more available to self-employed and smaller businesses – multi-employer pension plans. Private sector financial institutions would be empowered to offer a defined contribution pension product to any number of employers, whose employees would be enrolled in a single pension plan. This concept would eliminate responsibilities and costs that cause many employers to steer clear of any pension plan for their employees. It is already familiar to many in the credit union system who are associated with Co-operative Superannuation Society (CSS), a unique multi-employer pension plan for credit unions and co-operatives. CSS has provided an excellent pension service to credit unions and their employees for many decades, at reasonable cost to employees. Making a similar concept available to any unrelated employers is an excellent idea. The credit union system should start to review immediately whether a credit union-based pension product can be offered to our SME membership.

Third is a focus on financial literacy to help Canadians plan properly for retirement, using the various tools available to them, including RRSPs and Tax-Free Savings Accounts. This links with the Federal Task Force on Financial Literacy that will report to the federal government in December.

Ottawa Developments

\$1 Million for the Canadian Co-operative Association’s Community-University Research Alliance

Jan Hopper, Senior Policy Advisor, CUCC

On May 31, 2010, the federal government announced a \$1 million grant for research on the social, economic and environmental advantages that co-operatives provide to communities across the country. The funding, over a 5 year period, comes as a Community-University Research Alliance grant through the Social Sciences and Humanity Research Council of Canada (SSHRC).

The goal of the research is to further understanding of the true value of co-operatives and provide them with tools to measure their performance and help them to realize their full potential in serving Canadian communities. The ability to assess the value of cooperatives will also be useful when dealing with public policy makers. The deliverables for this project include a website, online conferences, booklets and brochures as well as presentations and community forums.

The research project will be led by John Anderson, Director, Government Affairs & Public Policy, Canadian Co-operative Association, with research to be conducted by a network of regional research clusters. Partner universities include St. Mary’s University, University of Saskatchewan, University of Victoria and Mount Saint Vincent University.

Included in the research will be a look at the following topics:

- Social responsibility and accountability;
- Impact of member and employee participation on a co-operative's performance;
- The role of credit unions in building community wealth; and
- The impact of housing co-operatives on household income, skills and social capital.

Research partners include representatives from provincial co-operative associations, national housing and worker co-operatives, a number of regional and community co-operatives, a provincial credit union Central and two credit unions (Advantage and Affinity Credit Unions).

The Canadian Co-operative Association will manage the research program in consultation with the partners and participants. For further information, please see the press release available on the [CCA website](#).

The Credit Union Presence in Canada's 100 Top Entrepreneurial Cities

Kate Martin, Project Policy Assistant, CUCC

Did you know that credit unions can be found in 72 of the 100 top Canadian entrepreneurial cities?

Of the remaining 28 cities, only one did not have a co-operative financial institution as the other 27 cities have caisses populaires located in Quebec. In addition, Cape Breton, Abbotsford, Brockville, Thunder Bay, Brandon, Kelowna and Vernon are seven of the communities from across Canada that have a high percentage of credit unions in relation to population size.

Export Development Canada, (EDC), a crown corporation, came to Canadian Central to learn if credit unions are present in the top 100 Canadian entrepreneurial communities as identified by the Canadian Federation of Independent Business. These communities were identified using twelve core indicators including: the presence of a high concentration of entrepreneurs; high business start-up rate; business owners who have high levels of optimism and success in their operations; and the presence of supportive local government tax and regulation policies.

While this exercise has provided EDC with a sound understanding of the significance of credit unions for Canadian SMEs – in particular, the importance of providing financial services to communities with SMEs outside urban centers – it has also been of great benefit to the credit union system. Understanding

where communities are booming and that credit unions certainly play a role in these successes, reflects positively on the health and vibrancy of the credit union system in Canada today.

For a list of the “booming communities” where credit unions are located, please contact Katherine Martin at martink@cucentral.com.

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<http://www.cucentral.ca/eventsconf>

Hill Happenings

Kevin Dorse, Senior Policy Advisor, CUCC

Late last week, Members of Parliament left Ottawa to return to their ridings, ending what has been by many measures an unusual 14-week parliamentary sitting. One small measure of the unusual is that credit unions have been at the centre of debate among parliamentarians over much of this period.

As provincially-regulated entities, credit unions aren't used to being a central topic of federal legislation. But with its throne speech in March the government announced its intention to grant credit unions the option of incorporating or continuing under a federal charter. The budget and its implementation act that followed gave shape to a proposal to create "federal credit unions" as a new class of financial institution governed by co-operative principles and with member-owners under the *Bank Act*.

The other great news for the system is that this section of the 24-part bill has been the least controversial among MPs, with representatives of every party filling *Hansard* with their enthusiastic support for the work that Canada's credit union are doing – often in the most glowing of terms.

The bill has proceeded through the House and is currently before the Senate finance committee which Senators have said will continue to sit until the bill has passed. The bill is expected to pass the Senate by July and come into effect at a later date.

Despite getting off to a late start due to the government's decision to prorogue Parliament at the start of the year, the House of Commons sat for 65 days during which 44 government bills and 355 private members' bills were introduced. Canadian Central has monitored several of these - along with the budget bill - including several proposals concerning priority for pension liabilities in bankruptcy.

The House of Commons is scheduled to resume on Monday September 20.

But just because there won't be much "Hill Happenings" for now, doesn't mean you shouldn't be thinking about your Members of Parliament. If you haven't already, book some time to meet with your MP this summer. Right now is when MPs have the most time to catch up with community leaders. Remember, you don't have to *want* something to meet with your elected officials. It's about relationship building and sharing the great work your credit union is doing in the community.

If you aren't sure which MP represents the area where your branches are, you can find out by typing the postal code into the Elections Canada site here: <http://elections.ca/scripts/pss/FindED.aspx?L=e>

Your Statistical Report

Farm Debt Outstanding Agriculture Economic Statistics – May 2010 Report

Sandra Brizland, Research Analyst, CUCC

Statistics Canada recently released its Agriculture Economic 2009 Statistics report on Farm Debt Outstanding.

Farm debt outstanding in Canada at year-end 2009 rose 4.6% to \$62.9 billion. Credit unions and caisses populaires combined held 16.6% of the farm debt in Canada in 2009. Excluding Quebec data from all lenders, farm debt outstanding amounted to \$51.5 billion in 2009. Credit unions/caisses populaires affiliated with Canadian Central held 11.1% of this farm debt, remaining virtually unchanged from the 11% reported in 2004. Noteworthy, however, is the fact that the system has maintained its 11% share despite the

federal government agencies aggressive climb in market share, which appears to come at the expense of the chartered banks.

Debt load held at banks, outside of Quebec, continues to decline. In 2009, banks market share was 35.8% of the total farm debt outstanding, significantly down from the reported high of 48.5% in 2000. The federal government agencies' share, excluding Quebec, continues to grow, increasing to 30% of the farm debt outstanding market in 2009. This number has consistently grown over the years. In 1994, these agencies held only 9.5% of the national market.

Within the credit union system, the prairie provinces are the major holders of farm debt outstanding. Combined, the three provinces hold 78% of all debt outstanding within the affiliated credit union system. Saskatchewan and Manitoba hold 65% of all system farm debt. Ontario credit unions' share is 15.9%, while B.C.'s share is 5.3%. The Atlantic regions combined hold less than 1%.

The Manitoba and Saskatchewan credit union systems hold a significant proportion of farm debt within their province, with 27.8% and 21.1%, respectively. The Manitoba credit union system has reported remarkable growth over the years, while growth in the Saskatchewan system has fluctuated. The remaining provincial credit union systems hold less than 7% market share.

To see the full report:

<http://www.statcan.gc.ca/pub/21-014-x/21-014-x2010001-eng.pdf>

Research Bits

Les Czarnota, Researcher, Knowledge Services, CUCC

Credit Union Central of Canada subscribes to various research firms on behalf of the Canadian credit union system. This allows affiliated members to access the research directly and search for relevant material to fulfill an information need.

This installment of Research Bits highlights one report from the Council on Financial Competition and one from the Conference Board of Canada.

The Council publishes 3 to 4 research studies annually and has just released its first full study for 2010 - **The Bank of the Future: Growing Profits through Networked Banking**.

This 37-page report looks at how banks are emerging from the downturn and their adjustment to a new environment of increased risks and decreased demand. Rather than return to high-volume sales strategies of the past 5 years, leading institutions will rebuild the consumer bank through greater use of technology and increased attention to customer needs. This research piece explores the drivers of change today and provides the Council's view on what the industry will look like tomorrow:

- Banks will meet customers' need for greater financial responsibility rather than consumption.
- Banks will use channels to guide customers toward better decisions rather than to only improve convenience.
- Banks will generate revenue by actively consolidating relationships today rather than passively growing relationships over time.

This month, the Conference Board of Canada released **Human Resources Trends and Metrics: Valuing Your Talent**, a 67-page report by Allison Cowan and Ruth Wright. This report presents survey findings and analysis that support the strategic management of human resources. It profiles the economic and demographic trends affecting HR strategy, illustrates and benchmarks a range of measures that provide insights into the effectiveness of talent management practices, and explores the efficiency and effectiveness of the HR organization. It also collects data on the size and cost of the function, among other metrics. In discussing drivers of the HR planning process, the report notes several broad trends. On the one hand, respondent organizations identify the importance of keeping critical talent and building leadership capacity in the face of escalating retirements and declining labour force growth. On the other hand, their

performance on developing diverse talent is mixed. In the talent management area, the report finds, for example, that more organizations in 2008 than in 2005 are collecting data on the effectiveness of HR practices such as leadership bench strength. With regard to the evolution of the HR function, the report notes that more than three-quarters of HR leaders believe they are more influential today than five years ago. The level of outsourcing has increased only slightly.

Credit Union Central of Canada holds a membership in both organizations on behalf of the system. To access the research, the Council on Financial Competition and the Conference Board of Canada now require an individual registration using your email address as your username.

To register:

Visit the home page of the Council on Financial Competition at: <https://cfc.executiveboard.com/Public/Default.aspx>

Visit the home page of the Conference Board of Canada at: <http://sso.conferenceboard.ca/web/Login.aspx>

If you are unable to access the site, please send an email with your email address and credit union name to czarnotal@cucentral.com.

***Policy and Advocacy Report* is published by
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Distribution of this newsletter is expanding. If you have names to add to our list, please forward to Anna Morena at morenaa@cucentral.com

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