

# OTTAWA UPDATE...

GOVERNMENT RELATIONS DEPARTMENT - CREDIT UNION CENTRAL OF CANADA  
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## FALL SESSION OF 39TH PARLIAMENT ENDS, HOW LONG WILL PARLIAMENT LAST IN 2007?

The conclusion of the Fall session of Parliament last week was marked by heightened talk of a spring election in 2007. Liberal and Bloc leaders indicated they will likely vote against the minority Conservative government in the next session of Parliament on a number of issues, but MPs from the three opposition parties are reluctant to definitively state if they will topple the Conservative government in the spring.

The new year promises to be an interesting year in federal politics as the Liberals appear to have achieved some stability and direction in their newly elected leader Stéphane Dion and Prime Minister Stephen Harper seems to be in pre-election mode as witnessed by his government's program and spending announcements, particularly in seat-rich Quebec. The last days of fall session of Parliament were productive days for the Government. Ten pieces of legislation received Royal Assent in December, including Bill C-2 (Federal Accountability Act) and Bill C-25 (Anti-Money Laundering). Both Bills will impact the credit union system; the first, in how the system communicates with government officials; the second, in how credit unions conduct and report financial transactions that may be related to money laundering or terrorist financing. As well, it should be noted the Government introduced long-awaited financial institutions legislation in the form in Bill C-37.

Through November and December, the credit union system was active on Parliament Hill and in federal departments. At the Legislative Affairs Committee meeting, for example, senior officials from the Department of Finance spent a good portion of the day with credit union representatives discussing a wide range of issues relating to the growth of the credit union system. In 2<sup>nd</sup> reading debate on Bill C-37, MPs from the Conservatives, Liberals and NDP indicated support for the proposal to lower the number of credit unions required to incorporate as retail associations as a means of strengthening credit unions across the country. In the House of Commons Finance Committee's pre-Budget report, credit union issues were recognized and supported in eight out of 43 recommendations. Finally, on the last day of the fall sitting, Canadian Central appeared before the Senate Banking Committee voicing credit union system concerns with the Government's amendments to anti-money laundering and anti-terrorist financing legislation.



Happy Holidays from Canadian Central's  
Government Relations Department

### STATUS OF GOVERNMENT BUSINESS (as of Dec 15, 2006)

#### House of Commons

- S-2 Hazardous Materials Information Review Act (committee)
- C-6 Aviation Safety Bill (committee)
- C-7 Military Justice Bill (2nd reading)
- C-10 Minimum Sentences for Firearms Crimes Bill (committee)
- C-11 Transportation and Railway Safety Act (report)
- C-14 Adoption Bill (report)
- C-18 DNA identification Bill (committee)
- C-20 Airports and Transportation Appeal Tribunal Bill (2nd reading)
- C-21 Firearms Centre and Gun Registry Bill (2nd reading)
- C-22 Age of Sexual Protection Bill (committee)
- C-23 Criminal Procedure Bill (committee)
- C-26 Pay Day Loans Bill (report)
- C-27 Repeat Offenders Bill (committee)
- C-30 Air Canada Public Participation Act (2nd reading)
- C-31 Clean Air Act (committee)
- C-32 Voter Identification Bill (report)
- C-33 Impaired Driving Bill (2nd reading)
- C-35 Income Trust Bill (2nd reading)
- C-36 Canada Pension Plan and the Old Age Security Act (2nd reading)
- C-37 Financial Institutions Bill (committee)
- C-40 Air Travelers Security Charge Act (2nd reading)
- C-41 Competition Act (2nd reading)
- C-42 Amending the Quarantine Act (2nd reading)
- C-43 Senate Elections Bill (2nd reading)
- C-44 First Nations Human Bill (2nd reading)
- C-45 Seacoast and Inland Fisheries Sustainable Development Bill (2nd reading)

#### Senate

- S-3 Military Sex Offenders Bill (3rd reading)
- S-4 Senate Tenure Bill (2nd reading)
- C-9 Conditional Sentencing Bill (2nd reading)
- C-12 Emergency management Bill (2nd reading)
- C-16 Fixed Election Date Bill (committee)
- C-28 Second Budget Implementation Act (2nd reading)

#### Adopted/Royal Assent

- C-2 Federal Accountability Act
- C-3 International Bridges and Tunnels Bill
- C-4 Elections Canada Act Mandatory Review
- C-5 Public Health Agency of Canada Bill
- S-5 Tax Conventions Implementation Act
- C-8 Money for the Public Service of Canada
- C-13 Budget Implementation Bill
- C-15 Agricultural Marketing Programs Act
- C-17 Judges' Salary and Benefits Bill
- C-19 Proceeds of Crime and Terrorist Financing Act Bill
- C-24 Softwood Lumber Bill
- C-25 Proceeds of Crime and Terrorist Financing Act Bill
- C-34 First Nations Education in B.C. Bill
- C-38 Supplementary Estimates Implementation Bill
- C-39 Second Supplementary Estimates Implementation Bill

## PRE-BUDGET REPORT TOUTS CREDIT UNION/CO-OPERATIVE SECTOR RECOMMENDATIONS

On December 7, the House of Commons Finance Committee released its pre-budget report. The report, entitled Canada: Competing to Win, contained 43 recommendations based on the Committee's cross-country and Ottawa-based hearings held in September and October with input from more than 400 witnesses. The Committee's report supported credit union and co-operative sector recommendations made before the Committee. Specifically, the Committee, with a majority of opposition MPs, recommended that:

*"The federal government, in conjunction with the provincial/territorial governments and stakeholders in the agriculture and agri-food industry, ensure that the program developed as the successor to the Canadian Agricultural Income Stabilization program contains business risk management measures that are separate from disaster assistance measures."*

*"The federal government, in consultation with the cooperative sector, creates a co-operative investment plan and develop a modified version of the Co-operative Development Initiative that extends beyond 2008. In the interim, the Initiative's advisory services component should receive increased funding."*

*"The federal government create a tax incentive to encourage investment in microcredit initiatives."*

Also of interest, the Liberal MPs on the Committee, in their dissenting opinion, encouraged the government to: *"Reinstate and enhance the Social Economy Initiative to encourage the development of co-operatives and other community-based enterprises,"*

Canadian Central will leverage the report's recommendations in future meetings with government officials to advance issues raised in the report. A copy of the full report may be viewed at:

<http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=186356>

## CANADIAN CENTRAL APPEARS BEFORE SENATE BANKING, TRADE AND COMMERCE COMMITTEE

On December 13, Canadian Central represented by Gary Rogers, Vice President Financial Policy, appeared before the Senate Banking Committee to communicate the views of the credit union system on Bill C-25 (Anti-Money Laundering). Mr. Rogers's comments focused on concerns that the anti-money laundering and anti-terrorist financing legislative framework is imposing significant compliance burden on credit unions with little evidence it is effective. More specifically, Mr. Rogers noted that proposals in the Bill to require the reporting of attempted suspicious transactions provide little guidance as to how they will be identified and tracked. He also expressed concerns with the increased compliance burden associated with proposals to monitor transactions of foreign Politically Exposed Persons (PEPs) and their extended relations with, once again, little or no guidance to distinguish between significant and insignificant PEP transactions.

Senators were appreciative of Canadian Central's appearance and commented on the thorough and extensive nature of the policy directions provided in our submission. The Chair of the committee acknowledged Canadian Central's concerns and indicated the committee wishes to be informed as to whether the issues raised by Canadian Central are adequately addressed in regulations. The Bill received Royal Assent on December 14, 2006 and will come into force on dates set by the government.

**BILL C-37, AN ACT TO AMEND THE LAW GOVERNING FINANCIAL INSTITUTIONS AND TO PROVIDE FOR RELATED AND CONSEQUENTIAL MATTERS**, was tabled in the House of Commons on November 27 by Finance Minister Jim Flaherty. The proposed legislation will:

- Provide greater and more timely disclosure to consumers in areas such as deposit-type investment products and complaint-handling procedures.
- Streamline ministerial transaction approvals to make the process more efficient.
- Create a framework for the introduction of electronic cheque imaging - a new technology that would reduce the time consumers and small businesses must wait for their cheques to clear.
- Reduce the cost of mortgages for some borrowers by lowering the mortgage down payment consumers are required to make before the law requires the purchase of mortgage insurance.
- Make it easier for credit unions to establish cooperative credit associations as a means of expanding their business opportunities.

Canadian Central is developing analysis of the Bill and will actively participate in parliamentary committee hearings on the Bill in the new year.

A copy of the Bill may be viewed at:

<http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=2543049&Language=e&Mode=1>