

OTTAWA UPDATE...

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PARLIAMENT RISES FOR SUMMER, CONSERVATIVES HIGHLIGHT PROMISES KEPT

On June 22, Parliament rose for a 12-week Summer recess with Prime Minister Stephen Harper touting his Government's accomplishments during its brief five months in office. Harper released a statement at the conclusion of the Spring sitting that highlighted the passage through the House of Commons of the Federal Accountability Act, lowering of the GST, introduction of legislation to crack down on gun/drug crime and introduction of the Government's new child care program. With the exception of addressing health care wait times, the new Government can claim to have followed through on four of its five priorities as promised during last Winter's election campaign. The only caveat may be that the Liberal dominated Senate may block passage of the Accountability Act by introducing significant amendments to the Act once they study it in the Fall.

The Liberals are unlikely to mount an effective Official Opposition until they elect a new leader in Montreal in early December. Until that happens, the Conservatives will continue to enjoy relatively smooth sailing through the current minority Parliament. Parliament is scheduled to resume sitting on Monday, September 18.

Of interest to credit unions, **Bill C-15, An Act to amend the Agricultural Marketing Programs Act** received Royal Assent on June 22. One of only four bills to pass Parliament this session, C-15 aims to amend agricultural marketing programs to expand cash advance programs for producers. Other amendments proposed intend to:

- Expand the coverage to include livestock and more crops;
- Increase the overall limit on advances from \$250,000 to \$400,000;
- Increase the amount of interest-free advances from \$50,000 to \$100,000; and
- Consolidate the Advance Payments Program (fall) and the Spring Credit Advance Program, as a single program under the AMPA.

A copy of this legislation may be viewed at:

http://www.parl.gc.ca/39/1/parlbus/chambus/house/bills/government/C-15/C-15_3/C-15_cover-E.html

GOVERNMENT RELEASES WHITE PAPER ON FINANCIAL INSTITUTIONS LEGISLATIVE REVIEW

On June 14, Finance Minister Jim Flaherty released a White Paper as part of the government's financial institutions legislative review process. The White Paper, entitled *2006 Financial Institutions Legislation Review: Proposals for an Effective and Efficient Financial Services Framework*, contains proposals that may be of interest to the credit union system, including:

- Making it easier for **credit unions to establish cooperative credit associations** as a means of expanding their business opportunities. Specifically, *"the Government proposes to decrease to two the number of credit unions required for the incorporation of an association. The Government also proposes to introduce a deposit insurance opt-out regime for associations that are not accepting retail deposits, similar to provisions available to other financial institutions."*
- Providing greater and timelier disclosure to consumers in areas such as deposit-type investment products and complaint-handling procedures.
- Allowing 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.
- Lowering the mortgage down payment consumers are required to make before the law requires the purchase of mortgage insurance.

Canadian Central is reviewing the White Paper and will bring credit union system concerns forward to the Government by the comment deadline of July 21. A meeting of the Legislative Affairs Committee will be held on July 6 to discuss the Government's proposals.



The Government intends to introduce legislation based on the White Paper in the House of Commons this Fall. The White Paper may be viewed on the Department of Finance website at: <http://www.fin.gc.ca/news06/06-023e.html>

ANTI-MONEY LAUNDERING/ANTI-TERRORIST FINANCING CONSULTATION

On May 17, 18 and June 21, 22, the Senate Banking Trade and Commerce Committee conducted hearings as part of the Parliamentary review of existing anti-money laundering and anti-terrorist financing legislation. Witnesses have included the federal Department of Finance, Department of Justice, Department of Public Safety and Emergency Preparedness, OSFI, FINTRAC, the RCMP, Canada Border Services Agency, Office of the Privacy Commissioner, Canadian Bankers' Association, Certified General Accountants Association, and Federation of law Societies. The Department of Finance provided the Committee with the detailed comments about how the government wishes to amend the current legislative framework.

Senators have been emphasizing many of the concerns that Canadian Central has expressed in its previous submissions to the Department of Finance about the efficacy of anti-money laundering legislation. Canadian Central will provide the Senate Banking, Trade and Commerce Committee with a further written submission based on feedback from the Legislative Affairs Committee. A final report from the Senate Committee will be tabled in Parliament no later than September 28.

MORTGAGE INSURANCE CONSULTATION

On May 29, the House of Commons Standing Committee on Finance conducted a one-day hearing on the Government's proposal to facilitate new entrants into the mortgage insurance market. The proposal, as passed in Bill C-13 (Budget Bill), will create a legal framework that enables the government to extend a 90% government guarantee to private sector mortgage insurers if, and when, OSFI licenses a new entrant into the mortgage insurance market. Canadian Central provided a written submission to the Committee that, in principle, supported the Government's efforts to introduce greater competition into the mortgage insurance market, but also suggested further clarification on previous government policy announcements regarding mortgage insurance. A copy of the submission may be viewed at: www.cucentral.com/Private/government/index.htm

BIO-FUEL ROUNDTABLE WITH FEDERAL AGRICULTURE MINISTER CHUCK STRAHL

On June 19, Canadian Central represented by Bob Lafond, Manitoba Central, participated in a roundtable discussion with Agriculture and Agri-Food Minister Chuck Strahl to discuss the Government's strategy for a five percent average renewable content requirement in Canadian transportation fuel to be implemented fully by 2010. Also present at the roundtable were the Canadian Co-operative Association, and Groupe Desjardins. Canadian Central provided comments on how the Government should focus on a broad and consistent policy framework to foster growth in the sector, as loan guarantees or loan loss reserve funds on their own will not provide the incentive for lenders to finance the sector.

The roundtable was successfully leveraged as an opportunity for the credit union system to comment on Canada's emerging bio-fuel policy as well as an opportunity to build further contacts with Minister Strahl in regard to other agricultural policy issues of concern to credit unions. A copy of Canadian Central's remarks may be viewed at: www.cucentral.com/Private/government/index.htm

PRIME MINISTER NAMES NEW DEPUTY MINISTER OF FINANCE

Prime Minister Stephen Harper announced Robert A. Wright, formerly President of Export Development Canada, as Deputy Minister of Finance effective June 12. Mr. Wright replaced Ian Bennett, who became Master of the Mint, also effective June 12. Mr. Wright will provide advice on economic and fiscal policy to the Department and the Minister of Finance. Mr. Wright has extensive experience in the federal public service. He previously held the following positions: Associate Secretary to the Cabinet, and National Security Advisor to the Prime Minister, Privy Council Office, 2003-2005; Commissioner of Customs and Revenue, 1999-2003; Deputy Minister of National Revenue, 1997-1999; High Commissioner for Canada to New Zealand, 1994-1997; and Deputy Minister of Agriculture and Agri-Food, 1992-1994.

