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of the

Legislative Assembly of Manitoba

Standing Committee

on

Law Amendments

Chairperson

Mr. Jack Penner

Constituency of Emerson



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LAW AMENDMENTS

Wednesday, June 24, 1998

TIME – 3 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Penner (Emerson)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Radcliffe, Toews

Mrs. Driedger, Messrs. Helwer, Jennissen,
Maloway, Penner, Rocan, Tweed, Ms. Wowchuk

MATTERS UNDER DISCUSSION:

Bill 51–The Cooperatives and Consequential
Amendments Act

WITNESSES:

Mr. Rudy Comeault, Manitoba Cooperative Council
Mr. Michael Sinclair, Manitoba Pool Elevators
Mr. Anders Bruun, Manitoba Pool Elevators

Mr. Chairperson: Would the Committee on Law Amendments please come to order. This afternoon the committee will be considering Bill 51, The Cooperatives and Consequential Amendments Act. Before we get started, does the committee wish to give any indication as to how long we would want to sit this afternoon, till we have finished consideration of the bill? [agreed]

I understand that we have some presenters. I will read the names of those who are registered to present to Bill 51 this afternoon: Jocelyn Peifer, Glen Tully and Rudy Comeault, Manitoba Cooperative Council; Michael Sinclair or Anders Bruun, Manitoba Pool Elevators.

Is there anybody else that would want to present? If there should be, then they can register at the back of the room at the Clerk's desk.

When we are considering this bill, can I get agreement from the committee that we make the considerations in both languages and that we pass clauses in both languages? [agreed]

Do we want to establish time limits for the public presenters? What is the will of the committee? Normally, we have established the 10 and five, with discretion to the Chair. Is that agreed? [agreed]

We will then proceed to the presenters: Jocelyn Peifer, Glen Tully, and Rudy Comeault, Manitoba Coop Council. Who is the person that is presenting?

Mr. Rudy Comeault (Manitoba Cooperative Council): I am Rudy Comeault.

Mr. Chairperson: Rudy Comeault. Welcome to the committee, Mr. Comeault. Have you a presentation for distribution? The Clerk will distribute. You may proceed, Mr. Comeault.

Mr. Comeault: Mr. Chairman, Mr. Minister, members of the Law Amendments review committee, ladies and gentlemen. I thank you for the opportunity for speaking to this committee on the subject of The Cooperatives Act.

Unfortunately, my name is Rudy Comeault and not Glen Tully. Mr. Tully is the chairman of the council, and because he is attending the Canadian Cooperative Association Congress, which the minister attended yesterday, I believe, and was moderating a session, had a difficulty in timing issue, but he is here with us today as a chair of the fund, and Jocelyn Peifer, the executive director of the Manitoba Coop Council.

What started three years ago as a proposal to make a number of limited amendments to the existing act, it turned out to be a major revamp of The Cooperatives

Act that would in many ways parallel the Canadian Cooperatives Act, which was passed earlier this year by the House of Commons and the Senate.

The need to update the existing act became a top priority of our members. As you may know, the Manitoba co-operative sector devoted considerable resources and attention to bring Bill 51 to this stage.

The Manitoba Cooperative Council is a provincial association of co-operative organizations. Members of the council promote a united, growing and influential co-operative movement through the focused, collective energies and resources. On behalf of its members, the council promotes co-operatives and credit unions as distinct enterprises which pursue economic and social goals for their members. The council supports the success of its members by developing current and future leaders, especially, and I say especially young co-operators, through programs like the Co-operative Youth Leadership Seminars.

The co-operative sector represents a broad range of economic activities. One in every three Manitobans is a member of a co-operative organization, and co-operatives are active in agriculture, agrifoods, finance, insurance, retail and wholesale merchandising, housing, health, child care, employment and the service sectors.

Through membership in the Canadian Co-operative Association and the International Co-operative Alliance, we are connected to a network of more than 750 million members in close to 100 countries. Our co-operative members are doing business in an increasingly competitive domestic and foreign marketplace and have indicated the need for the provincial legislation that provides them, as well as the new-generation co-operatives and value-added co-operatives, with a more level playing field on which to compete.

* (1510)

The present Cooperatives Act has grown increasingly outdated and has not been amended in any significant way since its introduction in 1976. It was based on an outdated legal concept that government must provide co-operatives with a close direction. The current act demands complex, time-consuming and costly

procedures and is burdensome and restrictive for existing and fledgling new co-operatives.

Bill 51 enables co-operatives to modernize while enhancing and enshrining the statute of co-operative principles. It strengthens the members' rights—which is important—and protection while providing co-operatives with the tools they need to grow and prosper in today's and tomorrow's marketplace. The new legislation will facilitate the expansions of co-operatives within the Manitoba economy and help sustain an alternative form of economic participation that emphasizes greater equality, democratic principles, and mutual self-help.

What are the key features of this bill? Well, the way we look at it:

- modernization of the corporate statute law for co-operatives;

- enhancement of the co-operative nature of the co-operatives by strengthening the co-operative basis test, and we think this is an important measuring stick;

- ensuring that the co-operative is carrying on business in accordance with co-operative principles, which are open membership; one member, one vote; limited interest on members' loans and members' shares; to the extent feasible, members provide the capital required by the co-operatives; surplus funds from the co-operative are used to develop its business, provide and improve common services to members, provide for reserves or payment of interests on members' loans, dividends on membership shares and investment shares, for community welfare or the propagation of co-operative enterprises or as a distribution amongst members as a patronage return; and, lastly, to educate members, officers, employees and the public on the principles and techniques of co-operative enterprise;

- strengthening of membership rights and controls over business decisions and members' protection—that is called dissent rights and remedies;

- provision of greater flexibility and choice to the members in the methods of financing the co-

operative, including the choice of issuing equity on the market;

—provisions for an array of modern corporate tools such as amalgamations, reorganizations and arrangements that competitors use in carrying on a business efficiently and effectively;

—making directors subject to a statutory duty of care and fiduciary duty; modernizes, clarifies and limits those duties.

—requirements that at least two-thirds of the co-operative's directors be the members of the co-operative; one-third of the directors may be outside directors. If the co-operative issues investment shares to nonmembers, the members of the co-operative have the right to authorize nonmember investment shareholders to elect or appoint no more than 20 percent of the board of directors.

Now, on the issue of whether the new legislation should expand on the right of proxies, we recommend—and I strongly put the emphasis on “we recommend”—that proxies amongst members not be allowed. Why, you may ask. The co-operative model operates on the basis of one member or one person, one vote. Corporations, on the other hand, allow votes to be in direct proportion to the investment of the particular shareholder. The approach in co-operatives is much more collaborative and fosters the notion that members should listen and hear out the other members. Therefore, the principle is that, if you are absent, I cannot hear you, and therefore I cannot vote for that which you may otherwise want to advance. A proxy cannot be convinced to change its vote. Members in the flesh, however, can be swayed, and that is the underlying notion in the co-operatives. I hope that this message is conveyed to this committee.

Furthermore, most of the other provincial jurisdictions, as well as the International Co-operative Alliance, have taken an absolute stand against proxies. Manitoba should not be an exception to this general rule.

Before closing, I would like to say that I know there are a few amendments that were put forward, one specifically by Manitoba Pool to deal with

amalgamations and those things. We support those amendments, Mr. Chairperson, and the other amendments that have been put through seem to clarify some of the questions that were raised in the three years that we have been talking about this bill.

In closing, we would like to emphasize the important role played by the Canadian co-operative sector in developing a policy framework for the new legislation and the positive relationship we have had with the provincial public service through the process of bringing in this new act. We truly believe that this collaboration process has well served both the public interest and the co-operative sector's interest. We acknowledge the support and co-operation of the registrar of co-operatives, Mr. Pozernick, and his officials, especially Mr. Komus, and the commitment of Minister Radcliffe and other ministers in supporting the creation of a new provincial co-operative legislation.

With the advent of this new legislation, we believe that the co-operative sector will be able to make an even larger contribution to the social and economic well-being of Manitoba communities. Thank you for your attention, and we look forward to your questions.

Mr. Chairperson: Thank you very much, Mr. Comeault, for your presentation. Are there any questions?

Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs): Thank you very much, Mr. Comeault, for your presentation today. I really appreciate your support and making the special effort to come out today when I know you are in the middle of an annual general meeting or conference, so we really appreciate that.

Mr. Comeault: Thank you.

Mr. Chairperson: Thank you very much, Mr. Comeault.

I call next Michael Sinclair or Anders Bruun. Mr. Sinclair, have you a presentation for distribution?

Mr. Michael Sinclair (Manitoba Pool Elevators): I have no written presentation. I just want to speak briefly to the committee, if I might.

Mr. Chairperson: Welcome to the committee, and you may proceed.

Mr. Sinclair: I have been asked by the Manitoba Pool Elevators to speak to the committee today. Mr. Chairman, Mr. Minister, members of the committee, we thank you very much for the opportunity to make this presentation. We begin by endorsing the remarks that have been made to you by the Manitoba Co-operative Council. The Manitoba Pool Elevators very strongly supports the introduction of this new act as a step forward in the administration of co-operatives.

The specific issue that we come before you today on is a segment of the act that deals with the export of co-operatives out of Manitoba into another jurisdiction. The act, the bill provides for the import of co-operatives from other jurisdictions into Manitoba and it also provides for the export of co-operatives out of the jurisdiction.

Under the new Canada Cooperatives Act, it is possible to have a very streamlined procedure for the situation where co-ops from two different jurisdictions wish to continue under the Canada legislation and amalgamate. That procedure is simply that, if the provincial laws allow, a co-op may at one meeting have the continuation and the amalgamation approved. As the act was originally presented, that authority was not given to the co-ops. So the amendment which we have asked the minister to bring before the committee today is one which would give that authority to a provincial co-op to amalgamate with a co-op that is not governed by Manitoba legislation but on the condition that there would be an immediate continuance under the Canada jurisdiction. The amalgamation would take place at that level. That is the nuts and bolts of what we are asking your approval for today.

I would be very remiss if I did not say that we brought this to the attention of the minister very late in the day. We are frankly astonished at the co-operation from the minister and his officials and the efforts that they have made over the past week, including the weekend, to be able to present this to you today. We give our very, very great thanks to the minister and his officials for having accomplished what they have done. Thank you very much

Mr. Chairperson: Thank you very much for your presentation. Are there any questions?

* (1520)

Mr. Radcliffe: Thank you very much, Mr. Sinclair, for coming today and putting those remarks on the record. We feel that the public record is a very important issue in the development of a bill, and while we are always very eager to accommodate outstanding citizens like the Manitoba Pool Elevators in Manitoba, I feel that it also performs a very important part of the public record of legislation that these remarks be put on the record and that this is, in fact, legislation which we will be applying to all co-ops. So thank you, sir.

Mr. Chairperson: I ask the question: is Mr. Bruun in the audience? Does he want to make some comments?

Mr. Anders Bruun (Manitoba Pool Elevators): The only remarks that I wanted to make as general counsel for Manitoba Pool Elevators is, on behalf of the board of directors, to express our thanks to the minister and officials and the opposition and others for providing some very real assistance on this key issue. Thank you.

Mr. Chairperson: Thank you very much, Mr. Bruun. Now before we move—[interjection]

Mr. Radcliffe: I also think that it is appropriate to mention that this issue has been shared with the opposition. I did not share with Mr. Gaudry, unfortunately. I did share with one of his colleagues and—[interjection] En français, mais certainement, monsieur [in French, sir, but of course]. And I would thank them for their co-operation and alacrity in responding to this issue.

Mr. Chairperson: Could I have then the indulgence of the committee in making some decisions here? We have a number of amendments. The minister has identified those amendments to me. I am wondering whether the opposition has any proposals for amendments. You do not. Okay, that will make it simple.

If you will allow me then, then I would move you through the clauses to the point where we hit the amendment, and I will stop there and consider the amendment and then move clauses till the next

amendment. Is that agreed? [agreed] Thank you very much. That will simplify and speed up the process.

I want to also, at the same time, remind the committee that we will set aside the title, the summary of parts, the table of contents and the preamble till we have finalized consideration of the clauses. I would then move to clause-by-clause consideration, and I would ask that you consider Clause 1 to Clause 87.

Clauses 1 to 87—pass. Clause 88. Mr. Minister, I understand there is an amendment.

Mr. Radcliffe: Thank you, Mr. Chair. That is correct.

I would move an amendment to the bill,

THAT section 88 be struck out and the following substituted:

Application of The Securities Act

88(1) The Securities Act

(a) applies to the sale or issue by a cooperative of securities of the cooperative where the securities may be issued or sold to the public; and

(b) does not apply to the sale or issue by a cooperative of

(i) membership shares of the cooperative, or

(ii) securities of the cooperative where the sale or issue of the securities is restricted to members of the cooperative and where only members of the cooperative are eligible to own the securities.

Application of sections 89 to 91

88(2) Sections 89 to 91

(a) apply to the sale or issue by a cooperative of

(i) membership shares of the co-operative, or

(ii) securities of the cooperative where The Securities Act does not apply to the issue or sale; and

(b) do not apply to the sale or issue of securities by a cooperative where The Securities Act applies to the issue or sale.

[French version]

Il est proposé de remplacer l'article 88 du projet de loi par ce qui suit :

Application de la Loi sur les valeurs mobilières

88(1) La Loi sur les valeurs mobilières :

a) s'applique à la vente ou à l'émission par la coopérative de valeurs mobilières qui peuvent être émises ou vendues au public;

b) ne s'applique pas à la vente ni à l'émission par la coopérative :

(i) de parts de membre,

(ii) de valeurs mobilières dont la vente ou l'émission est restreinte aux membres, lorsqu'ils sont les seuls à avoir le droit d'en devenir propriétaires.

Application des articles 89 à 91

88(2) Les articles 89 à 91 :

a) s'appliquent à la vente ou à l'émission par la coopérative :

(i) de parts de membre,

(ii) de valeurs mobilières, lorsque la Loi sur les valeurs mobilières ne s'applique pas à la vente ni à l'émission;

b) ne s'appliquent pas à la vente ni à l'émission par la coopérative de valeurs mobilières lorsque la Loi sur les valeurs mobilières s'applique à l'émission ou à la vente.

That is the extent of the amendments.

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 87(1)—pass; Clause 87(2)—pass; Clause 88(1) as amended—pass; Clause 88(2) as amended—pass; 89(1)—303(4)—pass. For 304, I understand there is an amendment.

Mr. Radcliffe: Yes.

THAT section 304 be amended by renumbering it as subsection 304(1) and adding the following as subsection 304(2):

Amalgamation with a body corporate

304(2) A cooperative may enter into an amalgamation agreement with a body corporate for the purpose of amalgamating with that body corporate and

(a) continuing as one cooperative under this Act, if the resulting amalgamated cooperative would meet the requirements for a cooperative to be incorporated under this Act;

(b) continuing as a body corporate under another Act of the Legislature of Manitoba; or

© continuing as a body corporate under the laws of another jurisdiction;

if the body corporate is authorized to enter into the agreement by the laws of the jurisdiction in which the body corporate is incorporated.

[French version]

Il est proposé d'amender l'article 304 du projet de loi par substitution, à son numéro, du numéro de paragraphe 304(1) et par adjonction de ce qui suit:

Fusion avec une personne morale

304(2) *Il est permis à une coopérative et à une personne morale de conclure une convention de fusion en vue de leur fusion et prorogation, selon le cas:*

a) en une seule et même coopérative sous le régime de la présente loi dès lors que la coopérative issue de la fusion satisferait aux exigences de constitution d'une coopérative en vertu de la présente loi;

b) en une seule et même personne morale sous le régime d'une autre loi de l'Assemblée législative du Manitoba;

c) en une seule et même personne morale sous le régime des lois d'un autre ressort.

Les lois du ressort dans lequel la personne morale est constituée doivent cependant l'autoriser à conclure une telle convention.

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 304 as amended—pass. Clause 305(1).

Mr. Radcliffe:

THAT subsection 305(1) be amended in the part preceding clause (a) by adding “under subsection 304(1)” after “amalgamate”.

[French version]

Il est proposé d'amender le passage introductif du paragraphe 305(1) du projet de loi par adjonction, après “fusionner”, de “en vertu du paragraphe 304(1)”.

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 305(1) as amended—pass. 305(2).

Mr. Radcliffe: I would move

THAT subsection 305(2) be amended by adding “under subsection 304(1)” after “two or more cooperatives”.

[French version]

Il est proposé d'amender le paragraphe 305(2) du projet de loi par adjonction, après “au moment de la fusion”, de “faite en vertu du paragraphe 304(1)”.

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 305(2) as amended—pass. Clause 306(7) to (10).

* (1530)

Mr. Radcliffe: Mr. Chairman, I would move further amalgamations. The first one would be

THAT the following be added after subsection 306(6):

Amalgamations under clause 304(2)(a)

306(7) Section 305 and subsections (1) to (6) of this section apply, with necessary modifications, to the amalgamation of a cooperative and a body corporate for the purpose of continuing as one cooperative under this Act, as provided for in clause 304(2)(a), and, in this regard, a reference to “cooperative” in section 305 includes the body corporate.

Further requirements

306(8) An amalgamation agreement referred to in clause 304(2)(a) shall contain any information required by the laws of the jurisdiction in which the amalgamating body corporate is incorporated and shall be approved by the members of the amalgamating body corporate in accordance with the requirements of those laws.

Amalgamations under clause 304(2)(b) or (c)

306(9) Subject to subsection (10), clauses 305(1)(b) to (g), subsection 305(2) and subsections (1) to (6) of this section apply, with necessary modifications, to the amalgamation of a cooperative and body corporate for the purpose of continuing as a body corporate under another Act of the Legislature of Manitoba, as provided for in clause 304(2)(b), or under the laws of another jurisdiction, as provided for in clause 304(2)(c), and, in this regard, a reference to “cooperative” in section 305 includes the body corporate.

Further requirements

306(10) An amalgamation agreement referred to in clause 304(2)(b) or (c)

(a) shall contain any information required by the laws of the jurisdiction in which the amalgamating body corporate is incorporated and shall be approved by the members of the amalgamating body corporate in accordance with the requirements of those laws; and

(b) shall contain any information required by the Act under which the amalgamating cooperative and body corporate propose to continue.

[French version]

Il est proposé d'ajouter, après le paragraphe 306(6) du projet de loi, ce qui suit:

Fusion prévue à l'alinéa 304(2)a

306(7) L'article 305 et les paragraphes (1) à (6) du présent article s'appliquent, avec les adaptations nécessaires, à la fusion d'une coopérative et d'une personne morale en vue de leur prorogation en une seule et même coopérative sous le régime de la présente loi, conformément à l'alinéa 304(2)a. À cet égard, toute mention du terme “coopérative” à l'article 305 vaut également mention de la personne morale.

Autres exigences

306(8) La convention de fusion mentionnée à l'alinéa 304(2)a contient les renseignements qu'exigent les lois du ressort dans lequel est constituée la personne morale fusionnante et doit être approuvée par les membres de celle-ci en conformité avec les exigences de ces lois.

Fusion prévue à l'alinéa 304(2)b ou c)

306(9) Sous réserve du paragraphe (10), les alinéas 305(1)b) à g), le paragraphe 305(2) et les paragraphes 306(1) à (6) du présent article s'appliquent, avec les adaptations nécessaires, à la fusion d'une coopérative et d'une personne morale en vue de leur prorogation en une seule et même personne morale sous le régime d'une autre loi de l'Assemblée législative du Manitoba, conformément à l'alinéa 304(2)b), ou sous le régime des lois d'un autre ressort, conformément à l'alinéa 304(2)c). À cet égard, toute mention du terme “coopérative” à l'article 305 vaut également mention de la personne morale.

Autres exigences

306(10) La convention de fusion mentionnée à l'alinéa 304(2)b) ou c) contient:

a) d'une part, les renseignements qu'exigent les lois du ressort dans lequel est constituée la personne morale fusionnante et doit être approuvée par les membres de celle-ci en conformité avec les exigences de ces lois;

b) d'autre part, les renseignements qu'exige la loi sous le régime de laquelle la coopérative et la personne morale fusionnantes se proposent d'être prorogées.

Motion presented.

Mr. Chairperson: Amendment—pass. Item 306(1)—pass; 306(2) to 306(6)—pass; 306(7) as amended—pass; 306(8)—pass; 306(9)—pass; 306(10) as amended—pass. All of these last ones were, as amended, pass. Clauses 307 to 316(6)—pass. Now an amendment on 317(1).

Mr. Radcliffe: Mr. Chairman, I would like Clause 317(1) to be passed, and then I have an amendment after 317(1).

Mr. Chairperson: Clause 317(1)—pass.

Mr. Radcliffe: Mr. Chair, I have an amendment now to be added after subsection 317(1) and it reads as follows:

THAT the following be added after subsection 317(1)

Continuance and amalgamation

317(1.1) If authorized by the members and shareholders of a co-operative in accordance with this section, and if made pursuant to an amalgamation agreement referred in Clause 304(2)(b) or (c) that is approved in accordance with section 306, an application for continuance under subsection (1) may include an application to the official or public body referred to in that subsection for a certificate of amalgamation.

[French version]

Il est proposé d'ajouter, après le paragraphe 317(1) du projet de loi, ce qui suit:

Prorogation et fusion

317(1.1) Si les membres et les détenteurs de parts de placement de la coopérative l'autorisent en conformité avec le présent article et si elle est faite en vertu d'une convention de fusion mentionnée à l'alinéa 304(2)(b) ou (c) et approuvée en conformité avec l'article 306, la demande de prorogation que vise le paragraphe (1) peut comporter une demande de certificat de fusion, adressée au fonctionnaire ou à l'administration mentionné à ce paragraphe.

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 317(1.1)—pass; Clause 304(2)—pass; Clauses 317(2)-319(6)—pass. Clause 320(1).

Mr. Radcliffe: I would move

THAT subsection 320(1) be amended

(a) in clause (c), by adding "clause 304(2)(c) or" before "section 307";

(b) in clause (e), by striking out "or 317" and substituting "or subsection 317(1)";

(c) by striking out "or" at the end of clause (e);

(d) by adding "or" at the end of clause (f); and

(e) by adding the following after clause (f):

(g) amalgamate with a body corporate under clause 304(2)(c) and apply for continuance under subsection 317(1.1).

[French version]

Il est proposé d'amender le paragraphe 320(1) du projet de loi:

a) dans l'alinéa c), par adjonction, avant "l'article 307", de "l'alinéa 304(2)(c) ou";

b) dans l'alinéa e), par substitution, à "ou 317", de "ou du paragraphe 317(1)";

c) par adjonction, après l'alinéa f), de ce qui suit:

g) de fusionner avec une personne morale en vertu de l'alinéa 304(2)c) et de demander sa prorogation en vertu du paragraphe 317(1.1).

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 320(1) as amended—pass; Clauses 320(2) to 397—pass.

Mr. Radcliffe: Mr. Chair, I would move that the following is added after section 397, revised Statutes

of Manitoba, 1987, Chapter 223, amending—can we do that, Mr. Chair?

Mr. Chairperson: It has been suggested that we accept this motion be adopted as read in French and English. Are we agreed to that? It saves a lot of time. [agreed]

It has been moved by the honourable minister

THAT the following is added after section 397:—dispense.

R.S.M. 1987, c. C223 amended

397.1(1) The Cooperatives Act, R.S.M. 1987, c. C223, is amended by this section.

397.1(2) Section 137 is amended by renumbering it as subsection 137(1) and adding the following as subsection 137(2):

Amalgamation with a body corporate

137(2) A cooperative may enter into an amalgamation agreement with a body corporate for the purpose of amalgamating with that body corporate and

(a) continuing as one cooperative under this Act;

(b) continuing as a body corporate under another Act of the Legislature of Manitoba; or

(c) continuing as a body corporate under the laws of another jurisdiction;

if the body corporate is authorized to enter into the agreement by the laws of the jurisdiction in which the body corporate is incorporated.

397.1(3) Subsection 138(1) is amended in the part preceding clause (a) by adding "under subsection 137(1)" after "amalgamate".

397.1(4) Subsection 138(2) is amended by adding ", in an amalgamation of cooperatives under subsection 137(1)," after "Where".

397.1(5) The following is added after subsection 139(5):

Amalgamations under clause 137(2)(a)

139(6) Section 138 and subsections (1) to (5) of this section apply, with necessary modifications, to the amalgamation of a cooperative and a body corporate for the purpose of continuing as one cooperative under this act, as provided for in clause 137(2)(a), and, in this regard, a reference to "cooperative" in section 138 includes the body corporate.

Further requirements

139(7) An amalgamation agreement referred to in clause 137(2)(a) shall contain any information required by the laws of the jurisdiction in which the amalgamating body corporate is incorporated and shall be approved by the members of the amalgamating body corporate in accordance with the requirements of those laws.

Amalgamations under clause 137(2)(b) or (c)

139(8) Subject to subsection (9), clauses 138(1)(b) to (g), subsection 138(2) and subsections (1) to (5) of this section apply, with necessary modifications, to the amalgamation of a cooperative and a body corporate for the purpose of continuing as a body corporate under another Act of the Legislature of Manitoba, as provided for in clause 137(2)(b), or the laws of another jurisdiction, as provided for in clause 137(2)(c), and, in this regard, a reference to "cooperative" in section 138 includes the body corporate.

Further requirements

139(9) An amalgamation agreement referred to in clause 137(2)(b) or (c)

(a) shall contain any information required by the laws of the jurisdiction in which the amalgamating body corporate is incorporated and shall be approved by the members of the amalgamating body corporate in accordance with the requirements of those laws; and

(b) shall contain any information required by the Act under which the amalgamating cooperative and body corporate propose to continue.

397.1(6) The following is added after subsection 147(1):

Continuance and amalgamation

147(1.1) *If authorized by the members and shareholders of a cooperative in accordance with this section, and if made pursuant to an amalgamation agreement referred to in clause 137(2)(b) or (c) that is approved in accordance with section 139, an application for continuance under subsection (1) may include an application to the official body referred to in that subsection for a certificate of amalgamation.*

397.1(7) *Subsection 149(1) is amended*

(a) *in clause (b), by adding "other than under clause 137(2)(c) " after "cooperative";*

(b) *in clause (d), by striking out "section 147" and substituting "subsection 147(1)";*

(c) *by adding "or" at the end of clause (f); and*

(d) *by adding the following after clause (f):*

(g) *amalgamate with a body corporate under clause 137(2)(c) and apply for continuance under subsection 147(1.1.)*

[French version]

Il est proposé d'ajouter, après l'article 397 du projet de loi, ce qui suit :

Modification du c. C223 des L.R.M. 1987

397.1(1) *Le présent article modifie la Loi sur les coopératives, c. C223 des L.R.M. 1987.*

397.1(2) *L'article 137 est remplacé par ce qui suit :*

Fusion de coopératives

137(1) *Deux ou plusieurs coopératives peuvent fusionner et être prorogées en une seule et même coopérative.*

Fusion avec une personne morale

137(2) *Il est permis à une coopérative et à une personne morale de conclure une convention de fusion en vue de leur fusion et prorogation, selon le cas :*

a) *en une seule et même coopérative sous le régime de la présente loi;*

b) *en une seule et même personne morale sous le régime d'une autre loi de l'Assemblée législative du Manitoba;*

c) *en une seule et même personne morale sous le régime des lois d'un autre ressort.*

Les lois du ressort dans lequel la personne morale est constituée doivent cependant l'autoriser à conclure une telle convention.

397.1(3) *Le passage introductif du paragraphe 138(1) est modifié par adjonction, après "fusionner", de "en vertu du paragraphe 137(1)".*

397.1(4) *Le paragraphe 138(2) est modifié par adjonction, après "au moment de la fusion", de "faite en vertu du paragraphe 137(1)".*

397.1(5) *Il est ajouté, après le paragraphe 139(5), ce qui suit :*

Fusion prévue à l'alinéa 137(2)a)

139(6) *L'article 138 et les paragraphes 139(1) à (5) du présent article s'appliquent, avec les adaptations nécessaires, à la fusion d'une coopérative et d'une personne morale en vue de leur prorogation en une seule et même coopérative sous le régime de la présente loi, conformément à l'alinéa 137(2)a). À cet égard, toute mention du terme "coopérative" à l'article 138 vaut également mention de la personne morale.*

Autres exigences

139(7) *La convention de fusion mentionnée à l'alinéa 137(2)a) contient les renseignements qu'exigent les lois du ressort dans lequel est constituée la personne morale fusionnante et doit être approuvée par les membres de celle-ci en conformité avec les exigences de ces lois.*

Fusion prévue à l'alinéa 137(2)b) ou c)

139(8) *Sous réserve du paragraphe (9), les alinéas 138(1)b) à g), le paragraphe 138(2) et les paragraphes 139(1) à (5) du présent article s'appliquent, avec les adaptations nécessaires, à la fusion d'une coopérative et d'une personne morale en vue de leur prorogation en*

une seule et même personne morale sous le régime d'une autre loi de l'Assemblée législative du Manitoba, conformément à l'alinéa 137(2)b), ou sous le régime des lois d'un autre ressort, conformément à l'alinéa 137(2)c). À cet égard, toute mention du terme "coopérative" à l'article 138 vaut également mention de la personne morale.

Autres exigences

139(9) *La convention de fusion mentionnée à l'alinéa 137(2)b) ou c) contient :*

a) d'une part, les renseignements qu'exigent les lois du ressort dans lequel est constituée la personne morale fusionnante et doit être approuvée par les membres de celle-ci en conformité avec les exigences de ces lois;

d) d'autre part, les renseignements qu'exige la loi sous le régime de laquelle la coopérative et la personne moral fusionnantes se proposent d'être prorogées.

397.1(6) Il est ajouté, après le paragraphe 147(1), ce qui suit :

Prorogation et fusion

147(1.1) *Si les membres et les détenteurs de parts sociales de la coopérative l'autorisent en conformité avec le présent article et si elle est faite en vertu d'une convention de fusion mentionnée à l'alinéa 137(2)b) ou c) et approuvée en conformité avec l'article 139, la demande de prorogation que vise le paragraphe (1) peut comporter une demande de certificat de fusion, adressée à l'administration mentionnée à ce paragraphe.*

397.1(7) Le paragraphe 149(1) est modifié :

a) dans l'alinéa b), par adjonction, après "coopérative", de ", autrement qu'en vertu de l'alinéa 137(2)c)";

b) dans l'alinéa d), par substitution, à "de l'article 147", de "du paragraphe 147(1)";

c) par adjonction, après l'alinéa f), de ce qui suit :

g) de fusionner avec une personne morale en vertu de l'alinéa 137(2)c) et de demander sa prorogation en vertu du paragraphe 147(1.1).

Motion presented.

Mr. Chairperson: Shall the amendment pass? Pass.

Mr. Radcliffe: Mr. Chairman, I do not think Mr. Gaudry wants me to read it in French. I do not think he wants to listen to me butcher his language.

Mr. Chairperson: Clause 397(1)— pass. Clauses 398 to 402—pass.

Mr. Radcliffe: I want to strike out 400 and substitute the following.

Mr. Chairperson: Okay. Let me go back here then. Shall 397 to 399 pass? Pass.

* (1540)

Mr. Radcliffe: Mr. Chair, I would move

THAT section 400 be struck out and the following substituted:—

Mr. Chairperson: Dispense. Again, we will record this as if read.

THAT section 400 be struck out and the following substituted:

C.C.S.M.c.S50 amended

400 *Clause 19(2)(g) of The Securities Act is repealed and the following is substituted:*

(g) securities

(i) to which sections 89 to 91 of The Cooperatives Act apply, or

(ii) that are memberships or shares issued by a cooperative entity, as defined in section 1 of The Cooperatives Act, for the purpose of qualifying a person or company as a member of the cooperative entity;

[French version]

Il est proposé de remplacer l'article 400 du projet de loi par ce qui suit:

Modification du c.S50 de la C.P.L.M.

400 *L'alinéa 19(2)g) de la Loi sur les valeurs mobilières est remplacé par ce qui suit:*

g) les valeurs mobilières:

(i) auxquelles s'appliquent les articles 89 à 91 de la Loi sur les coopératives,

(ii) qui constituent des adhésions ou des parts émises par une entité coopérative, au sens de l'article 1 de la Loi sur les coopératives, pour qu'une personne ou une compagnie puisse remplir les conditions voulues pour devenir membre de l'entité;

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 400 as amended—pass; Clause 401—pass. Clause 402—pass.

Mr. Radcliffe: Mr. Chair, I have a motion on Section 403.

THAT section 403 be struck out and the following substituted:

Coming into force

403(1) This Act, except section 397.1, comes into force on a day fixed by proclamation.

403(2) Section 397.1 comes into force on the day this Act receives royal assent.

[French version]

Il est proposé de remplacer l'article 403 du projet de loi par ce qui suit:

Entrée en vigueur

403(1) *La présente loi, à l'exclusion de l'article 397.1, entre en vigueur à la date fixée par proclamation.*

403(2) *L'article 397.1 entre en vigueur le jour de la sanction de la présente loi.*

Motion presented.

Mr. Chairperson: Amendment—pass; 403 as amended—pass. Title—pass; preamble—pass; summary of parts—pass; table of contents—pass. Bill be reported as amended.

Thank you. Committee rise.

COMMITTEE ROSE AT: 3:41 p.m.