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## **2021 POLICY ISSUES**

**Policy Issue 1:** Co-operative Securities Exemption

**Member organization:** BC Co-operative Association

**Policy issue:** Co-operative securities exemption

### **Background:**

Securities regulations are necessary to protect investors from misrepresentation and fraud, but should not create administrative and cost burdens that make it too expensive for co-operatives to raise small amounts of capital from their members to support business start-up and expansion and the jobs they create. There is no historical case of securities fraud perpetuated by co-operatives in Canada or BC in the last 30 years.

The accounting costs necessary to file a registration and prospectus with the BC Securities Commission, combined with ongoing legal costs necessary to make changes to filings or offerings, are too high for small co-operatives that require small amounts of capital (less than \$10 million).

Sections of the Securities Act require applicants to register and file a prospectus or Offering Memorandum with the BC Securities Commission.

Co-operatives are member owned organizations and do not have the capital or internal resources required completing the filings necessary to raise small amounts of investment capital.

### **Recommended action:**

Provide an exemption from in the BC *Securities Act* for applicants that meet the criteria of a “co-operative” as defined by the BC *Cooperative Association Act*.

Review the BC Securities Act & Regulations and the BC Securities Commission Rules and Forms for unnecessary red tape such as cost and administrative burdens for job creators and policies that discourage local investment.

### **Policy authority:**

The BC Ministry of Finance has legislative authority for the BC Securities Act.

The British Columbia Securities Commission is an agency under the jurisdiction of the Ministry of Finance with regulatory authority to interpret and enforce BC securities legislation.

## **Policy Issue 2: Equitable Access to EV Purchase Incentives**

**Member organization:** Modo Co-operative

### **Background:**

The BC provincial government and the federal government offer purchase incentives in the form of rebates to buyers of electric vehicles (EV). The values are \$3,000 and \$5,000 respectively. This \$8,000 total rebate, in combination with lower costs for power and maintenance, allow the total cost of ownership (TCO) for an EV to be competitive with an internal combustion engine (ICE) vehicle.

The BC government allows any single individual to exercise 10 such rebates in a lifetime. Modo, with its 24,000 users and 12,000 member-owners, is treated for this purpose like any single individual.

The federal government allows any single individual to exercise 10 such rebates per year. Again, Modo is treated like any single individual.

Modo has approximately 700 vehicles in its fleet, causing the rebates to have very limited value. Without access to the rebates, the TCO for an EV is too high and acts as a significant impediment of fleet conversion away from ICE vehicles.

Upon request, the BC government has agreed to lift Modo's lifetime access to 50 rebates. Better, but still severely inadequate.

A letter to then federal Minister of Transport Marc Garneau received a friendly but unhelpful reply.

A very high percentage of Modo members do not own a car and choose to use those that belong to the co-operative of which they are a member-owner. They are not afforded equitable access to EV incentives in the way that car owners in the more traditional sense are. In a year, 12,000 individual car owners can easily access one rebate each (total value \$96 million) but 12,000 member-owners of a carsharing co-op can collectively access only 10 in total (total value \$80,000).

### **Recommended action:**

A "co-operative carsharing exemption" that lifts the cap on the number of provincial and federal EV rebates available to qualified co-op carsharing operators.

### **Policy authority:**

BC Ministry of Energy, Mines and Low Carbon Innovation – Minister Bruce Ralston

Transport Canada – Minister Omar Alghabra

**Policy Issue 3:** Community Service Co-op's Eligibility to be Granted Charitable Status

**Member organization:** Foodlands Co-operative of BC

**Background:**

Foodlands has been declined charitable status. While the co-op believes that putting land in trust for community benefit and food security is charitable, the Charities Directorate deemed otherwise. The co-op contracted Margaret Mason to pledge its case but after two year of deliberation it has been declined.

**Recommended action:**

That the purpose of putting foodland/farmland into trust for community access and food security be considered charitable

**Policy authority:**

CRA- Charities Directorate

**Policy Issue 4: ICBC Peer-to-peer Insurance Rates**

**Member organization:** Kootenay Carshare Cooperative

**Policy issue:** ICBC Peer to peer insurance rates

**Background:**

In September 2019, ICBC introduced the ability for peer to peer vehicle sharing through a blanket insurance policy that is held by a third party operator. As a rural carshare, this model of carsharing would allow the co-op to move into small communities throughout the region. However, the insurance charges \$17/day for any booking. As the Kootenay Carshare model charges drivers by the hour and by the KM so if someone needs to borrow a truck for 2-3 hours to get wood or go to the transfer station, this makes it an affordable solution. The \$17/day impedes our ability to have this model be viable for many types of trips.

The co-op has only just begun this conversation with ICBC and have yet to find the right person to talk to about changing the policy to allow an hourly insurance rate compared to the day rate. Any support or guidance on this challenge would be most appreciated.

**Recommended action:**

The policy be amended to include an option for a hourly-charged insurance or some smaller division of insurance instead of only a per day option.

**Policy authority:**

Insurance Corporation of BC

**Policy Issue 5: Purchase Power Agreements for Renewable Energy on Government Buildings**

**Member organization:** Vancouver Renewable Energy Co-operative (VREC)

**Background:**

Renewable Power Purchase Agreements are an effective way for the BC Government to reach its climate. Under a PPA a solar energy system is installed on a government building at no cost to the government. They do use the electricity generated by the system but at a lower rate than they would from a utility. The system is owned by the local community through a co-op, increasing local buy-in and a local sense of ownership, as well as local jobs. This model has already been used in BC on nongovernment buildings.

The co-op has written one letter to the Environment Minister's staff.

**Recommended action:**

The BC government require that all government agencies consider buying electricity through renewable energy PPAs when they are procuring power.

**Policy authority:**

Ministry of Finance

Ministry of Energy

Ministry of the Environment

## **Policy Issue 6: A New Approach Senior Health**

**Member organization:** Sunshine Coast Alliance for Senior Care Co-operative

### **Background:**

The co-operative was established to attempt to buy out the contract for a private for-profit long term care (LTC) facility "Trellis" (Silverstone Capital) proposed for the Sunshine Coast.

Widespread opposition to the project and concerns from seniors, families, and workers promoted current and retired health care professionals and seniors with direct family experience in LTC and governance experience in the sector, to propose a multistakeholder alternative.

The Trellis project has continued despite Covid and at this time there has not been an opportunity to present an alternative model to health authorities.

The co-op has several potential partners with land for development on the Sunshine Coast and hope to proceed if the circumstances present themselves and seed money becomes available.

### **Recommended action:**

The BC Government be approached to explore the possibility of conducting a senior care pilot project for long term care or assisted living.

### **Policy authority:**

Ministry of Health

**Policy Issue 1: Liquor Sales Marketing Restrictions**

**Member:** Otter Co-op/Federated Co-ops Limited

**Background:**

The Liquor and Cannabis Regulation Branch (LCRB) falls under the purview of the Ministry of Public Safety and Solicitor General. The LCRB oversees the regulation and licensing of liquor establishments and events, as per the *Liquor Control and Licensing Act*.

LCRB regulations do not allow retail groceries to use their brand name on their liquor store subsidiaries, unless food represents a minimum of 65% of total sales.

As Otter Co-op sales are primarily fuel, feed, hardware and related goods, under the current regulations the co-op cannot identify its liquor outlets as stores as "Otter Co-op" and are forced to brand these as "Angry Otter Liquor." This regulation serves to disconnect Angry Otter Liquor from Otter Co-op food, fuel and feed outlets among the member/owners.

As this regulation creates an unfair advantage for corporate grocery chains, which are able to use their brand name on their liquor outlets, co-op sales may be negatively impacted, reducing the profits that the co-op returns to its members and their communities.

**Recommended Action:**

Advocate to the LCRB and/or the minister of Public Safety and Solicitor General for regulatory changes to the *Liquor Control and Licensing Act* to allow Otter Co-op to retail liquor under its co-op brand.

**Policy Authority:**

Liquor and Cannabis Regulation Branch

Ministry of Public Safety and Solicitor General



## **Policy Issue 2: Canadian Resident Majority Board Composition Requirements**

**Member:** Stocksy United

### **Background:**

Stocksy United is an international, multi-stakeholder, platform cooperative headquartered in Victoria, BC, with over 1,700 members across three classes, residing in over 80 countries worldwide. The board of directors is comprised of nine members representing the three classes.

*The Cooperative Association Act* requires that all BC Coops be comprised of a Canadian resident majority of board directors (Part 6, Division 1, 72).

While this provision seeks to ensure that the legislation serves the local population, as an international co-op, this legislative requirement has a direct impact on Stocksy's ability to represent the full breadth of its membership. In an increasingly global world and workspace, such a limit restricts representation and the many benefits of expanding the expertise of a board to include a broader, worldwide experience.

When determining new directors, an international cooperative may have to restrict candidates based on geographic location to ensure they do not run afoul of this limit. Stocksy United Co-op is in this position and has had to limit applicants and appointees to Canadians, including rejecting interested applicants. Blocking engagement by interested members is not in the best interests of Stocky nor other co-ops.

The legislative requirement currently inhibits the scalability and growth potential for international cooperatives based in Canada. A reduction or removal of this majority requirement could incentivize new co-ops to seek out British Columbia as a place to establish their headquarters.

This legislative change would represent a progressive step towards expanding and evolving the co-op model in Canada and could position British Columbia as an innovative leader in the co-op space.

### **Recommended Action:**

Advocate for an amendment to the *Cooperative Association Act* to remove or alter the requirement for a board majority of Canadian residents. While full removal of the restriction would allow for the greatest growth potential, adjusting the requirement down would retain the original intent of the law and still open potential for international growth.

### **Policy Authority:**

Ministry of Finance

### **Issue 3: Co-op Enterprise Registration**

**Member:** GiA Consulting Co-operative

#### **Background:**

In order to begin operations, new co-ops must register their enterprise with BC Registries and Online Services and obtain a business number from the Canada Revenue Agency (CRA).

BC Registries and Online Services online options does not include "co-operatives" as a business type in its "How to decide of your business structure" option.

In registering for a CRA business number, "co-operative" is not available as a business structure type nor are co-ops eligible to apply for a business number online. Substantial paperwork must be manually completed and faxed or mailed to Prince Edward Island -the latter necessitates up to 10 business days for delivery and 20 business days for processing.

#### **Recommended Action:**

Advocate to BC Registries and Online Services and the Ministry of Citizen's Services, to ensure business structure options on its web portal include a co-operative option.

Advocate to the Canada Revenue Agency and the federal Department of Finance to ensure co-operative have the option of applying online for a business number.

#### **Policy Authority:**

BC Registries and Online Services

Ministry of Citizen's Services

Canada Revenue Agency

Department of Finance