

Submission to the Ministry of Finance's 2023 Ontario Budget Consultation

### **About the Ontario Co-operative Association**

The Ontario Co-operative Association develops, supports, educates and advocates for Ontario's 1,200 co-operative businesses. Our goal is a sustainable province built on thriving communities that are providing social, environmental and economic wellbeing to all Ontarians. Co-operatives operate in all sectors of the economy including finance through credit unions, insurance, manufacturing, agriculture, housing, retail and health care. In the province of Ontario, co-operatives employ 57,000 people and generate \$6 billion for the economy every year. One in four Ontarians is a member of a co-operative.

### **Summary of Recommendations**

1. Modernization of Offering Statement Regulations Still Needed
2. Co-operative Education to be Included in Ontario Curriculum
3. Co-operative Housing Development
4. Net Metering Regulation Updates

### **Modernization of Offering Statement Regulations**

OCA's membership recommends that the government increase the exemption limits related to member purchases of securities and the total amount of issued securities. When an exemption from Offering Statements is available, a co-operative can raise funds from the sale of securities with fewer financial, regulatory and administrative burdens on the business. Even if a co-operative is exempt from Offering Statement requirements, it is still obligated to provide full disclosure to investors.

#### **Recommendation:**

- An increase in the exemption cap on individual member purchased securities of \$1,000 per year or \$10,000 total to **\$5,000** per year and **\$50,000** in total.
- An increase of total securities issued to members from an exemption cap of \$200,000 to a cap of **\$1,000,000**.
- An increase in the cap on the number of security holders for an exemption from 35 to **50**.

### **Co-operative Education to be Included in Ontario Curriculum**

We recommend co-operatives be included in the education curriculum in Ontario. Co-operatives are a unique and valuable business model that promotes democratic principles, community engagement, and shared ownership. However, many students in Ontario are not exposed to the concept of co-operatives and the benefits they can provide. We believe that the co-operative business model should be taught equally to students as other forms of business models are in Ontario.

## **Co-operative Housing Development**

The province of Ontario is facing an affordable housing crisis due to decades of underinvestment. The government has taken steps to increase the market housing supply, but this does not address the shortage of affordable housing for low- and middle-income households. We support CHF Canada's recommendation that the province should create at least 99,000 permanently affordable co-op and non-profit homes to address this shortage. The proposed program should include funding for new development and acquisition, similar to British Columbia's Rental Protection Fund, and should be designed to preserve relatively affordable private market housing. An acquisition fund is a more affordable option than new construction and helps protect relatively affordable homes from speculation. The province should also provide surplus provincial land and leverage its real estate assets to develop affordable housing and reduce the cost of development.

## **Net Metering Regulation Updates**

Ontario's renewable energy co-operatives have identified two regulatory policies that are suppressing energy innovation today – regulations that prevent net metering and virtual net metering.

### **Recommendations:**

- Change existing net metering regulations to allow modest-income multi-unit buildings like rental housing co-operatives to generate renewable energy on their property and share the credits with all tenants in the building. Return energy credits to the building through a common account so that energy credits can be transferred to individual household meters. Calculate credits based on the rate class of the generation account (in this case, the common account for the building), and then transfer it as monetary credits to each family's bill. This would avoid any issues with accounts in different rate classes.
- Allow for the transfer of monetary value from renewable energy installations to multiple customers in the community by introducing so called virtual net metering regulations. This would allow energy credits for any excess generation to be sold to other customers in the community. Allow for these credits, administered by Local Distribution Companies, to offset the hydro costs of these customers.

In conclusion, we believe that these recommendations are crucial for the growth and development of co-operatives in Ontario and we hope that the government will take action to support co-operatives in these areas. For more information on co-operatives in Ontario, please visit [ontario.coop](http://ontario.coop)

Thank you for your time and consideration.

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