

Speaking Notes for John O'Toole, MPP

**Credit Union Managers' Association
Wednesday, September 19, 2001**

Good morning.

It's a pleasure to be here in beautiful Muskoka.

I'd like to thank Bob Clarke for inviting me to join in the festivities and speak at CUMA's annual conference.

As managers of Ontario's credit unions and caisses populaires, you are well aware that the financial services industry is experiencing a time of profound change.

I would like to take this opportunity to share with you the Government of Ontario's views of some of the changes happening in Ontario's financial services sector.

Before I do, however, I would like to take a few moments to commend you on the hard work you do every day in serving your members in every region of the province.

Through your efforts and dedication, the financial health of the system is the best it has been in over 15 years.

Ontario system assets are now \$16.1 billion, and asset growth has been fairly consistent across all regions of the province.

Credit unions and caisses populaires continue to play a unique and

important role in Ontario's financial services landscape.

Your institutions provide a viable alternative to larger financial service providers throughout the province, in small communities and large urban centres alike.

By providing loans and other services based on deposits raised from members, credit unions are valuable participants in the growth of their communities.

In many cases, credit unions are providing services to residents and small businesses in towns where the big banks are no longer located.

However, credit unions do more than reinvest their profits into the community.

They also invest their time and energy in a variety of community projects that provide opportunities and challenges for people and improve their quality of life.

We recognize the importance of their contributions.

Since 1995, our government has taken a number of steps to help credit unions and caisses populaires better serve their members and their communities.

We approved a new schedule of deposit insurance premium rates that will result in an average reduction in premiums to the system of about 50 per cent.

We have removed the provincial retail sales tax on deposit

insurance premiums.

We have increased deposit insurance coverage from 60,000 to 100,000 dollars.

This increase has helped credit unions and caisses populaire become more competitive.

We have made deposit insurance fairer and more affordable by charging premiums only on the insured portion of deposits.

We have eliminated capital tax for credit unions and caisses populaires, which has resulted in a savings of four million dollars to the system.

We have also reduced red tape to streamline the regulation of credit unions, thereby enhancing their ability to raise capital and deliver a broader range of financial services to their members.

And that's not all.

Credit unions and their members have benefitted from Ontario's strong economy, as have all Ontarians.

This government's sound fiscal and economic policies have resulted in increased investment, lower taxes, more jobs, less red tape, and a healthy, dynamic economy.

In the last five years, our economy has grown by almost 25 per cent.

In the last two years, it grew faster than any of the G-7 nations.

In the current climate of uncertainty, we intend on sticking to our proven approach, and providing all Ontarians with a sound and strong economy down the road.

Credit unions, caisses populaires and, indeed, the entire financial services sector, will continue to benefit.

We understand that financial institutions must constantly evolve to meet the changing needs of the people they serve.

We anticipate that we will continue to work closely to improve competitiveness and enhance the ability of credit unions to provide Ontarians with the banking services they require.

The time to act may be here sooner than we think.

There is no question that Ontario's financial services marketplace is changing.

This is an exciting time to be a player in the industry.

It is a time of challenges.

It is a time of opportunities.

Indeed, the potential for growth and development within the financial services sector is almost unprecedented.

Ontario's credit unions and caisses populaires are in a unique position to benefit from changes on the industry.

As you are aware, Credit Union Central of Ontario and the Credit Union Central of British Columbia have proposed to merge their financial services business.

We are carefully reviewing details of the merger as they are finalized.

We want to be assured that proper measures are in place to ensure the safety and soundness of Ontario's credit unions.

These institutions – your institutions – are an important component of Ontario's financial services sector.

And a vibrant, competitive, and well-regulated financial services sector is something Ontario supports.

In the face of such dramatic change, it is vital that regulatory standards remain relevant.

That's why this government has taken a leadership role in proposing a merger of a different kind: between the Financial Services Commission of Ontario and the Ontario Securities Commission.

Essentially, the merger would enhance consumer protection and streamline financial regulation.

It would also bring Ontario in line with the regulatory restructuring taking place in other jurisdictions.

Two consultations on this matter have been held.

In the spring of this year, I released a Consultation Draft to solicit comments and suggestions on the legislative proposals involving the merger.

We are in the process of reviewing all comments and carefully considering all recommendations.

We hope to be in a position to have legislation prepared for introduction in the near future.

I want to assure you that Ontario will continue to support the development of credit unions in the province, and that appropriate expertise and knowledge of the sector will continue to be reflected in the new organization.

Without a doubt, this merger is indicative of the changing world we live in.

However, it doesn't tell the whole story about the changes happening in Ontario's financial services marketplace.

Technological advances, changing economic conditions, and intensified competition also have the potential to change the marketplace dramatically.

There is no question that members of the industry must be prepared.

You, as credit union managers, have a vital role to play in the events and opportunities that are unfolding.

Your leadership, expertise and professionalism will be called upon

by your branches, staff, and credit union members.

Your guidance will be invaluable.

The continuing development of your many institutions is important to ensuring a strong, vibrant and dynamic financial services industry in the province.

The Government of Ontario wants to ensure that our provincial network of credit unions and caisses populaires remains competitive and continues to expand, as it is important that consumers have choice in financial markets.

And we want to ensure that changes will work for the benefit of all Ontarians.

This government's record is proof of our commitment to the province's credit unions and caisses populaires.

We will continue to do what we can to ensure that, in this time of unprecedented changes, Ontario's credit unions and caisses populaires will be able to turn challenges into opportunities.

Thank you.