

Canadian Co-operative Association

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

A co-operative is a business that is jointly owned by its members who use and benefit from its services. There are over 9,000 co-operatives in Canada, over 18 million Canadians are members, co-op represent over 150,000 jobs, and \$252 billion in assets. Canada's co-operatives are an important part of our economy and contribute to substantial economic growth. During the worst of the economic crisis, Canada's top 50 non-financial co-operatives grew in members, revenues and assets. Data from the 2010 Annual Survey of Canadian Co-operatives showed that in 2010: •Revenues of the "Top 50" co-ops grew 3.4% over the previous year, to \$24.8 billion •Assets of the "Top 50" co-ops grew 6.6% over the previous year, to \$11 billion •"Top 50" co-operatives returned \$640 million to their members in patronage refunds Co-operatives could be an even larger part of the Canadian economy and contribute more to economic growth. The challenge is that new co-ops require both business and co-operative expertise to get started and there are not enough resources. Co-op businesses are stable, resilient, and survive longer than traditional businesses. Studies conducted by the Quebec government in 2008 and 2011 found that 62 per cent of new co-ops are still operating after five years, compared with 35 per cent for other new businesses. Recent studies in Alberta and British Columbia have shown similar results. The relationship between the federal government and the co-operative sector has been a good one and we urge more consultation and partnerships with CCA. Recommendations: Transfer responsibility for the co-operative sector from Agriculture and Agri-Food Canada to Industry Canada. This should include the responsibility for data and statistics collection on co-operatives Take steps to ensure that existing policies are supportive of co-operatives and that all current programs are accessible. This includes steps to ensure that government officials are aware of, and understand, the co-operative business model Create a level playing field for co-ops by ensuring that specialised knowledge and advice is available to new and developing co-ops Establish a permanent Interdepartmental Co-operative Committee to plan and coordinate the individual departmental work with co-operatives

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Co-operatives have been an economic force for over 100 years in Canada, instrumental in supporting producers such as small and medium businesses, farmers, fishermen, forestry workers, and creative content producers. They have created the means and the support system for self-employed Canadians to earn a living while creating jobs for the co-ops employees. As a job creator, the co-operative model has proven it can provide needed employment in under serviced regions such as rural areas and Northern Canada. It has also provided a means for specific populations such as First Nations, immigrants, people with disabilities, and young people to get training and jobs within their communities. The existing 9,000 co-operatives in Canada currently employ over 150,000 Canadians.

They are well entrenched in the Canadian landscape and touch every corner of our country and all sectors of the economy. The co-operative model can help address the unemployment and business succession issues facing our country, while building wealth in our families and communities. The co-op business model could be doing more to foster job creation and the co-op sector would like to work with the federal government on key job creation challenges. Recommendations: 1. Work with the co-op sector to identify areas where the co-op model has been most successful in creating new jobs and assist in replicating these successes to other communities 2. Evaluate federal policies and programs to ensure that new and existing co-operatives can contribute to federal government goals and priorities 3. Ensure that existing business programs are accessible to, and support the development of, co-operatives. This includes steps to ensure that relevant government officials are aware of, and understand, the cooperative business model

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

One of the biggest issues facing Canada is the large number of “baby boomers” who own businesses and -are nearing retirement. Studies in places as diverse as Australia and Quebec have demonstrated that well over 50 per cent of small and medium sized businesses will face succession planning challenges in the next ten to 15 years. There are currently 124,000 family businesses, each with sales of \$1 million or more, in Canada. These companies currently employ about six million Canadians and generate as much as \$1.3 trillion in gross annual sales. The co-op sector has already begun to address this issue through research, pilot projects, and consultations with other countries. The Canadian Worker Co-op Federation held a conference to look into the issues of succession planning. One of the options for retiring business owners is to sell their business to their employees and managers who form a worker co-op. There are many examples in Canada. The co-op option has good potential to meet the needs and goals of all the players. Local communities have an important stake in the business as well as the owners and the workers. In many small communities, a local business contributes to the community’s identity, provides crucial jobs, as well as goods and services which may not otherwise be readily available. The co-operative model has the potential to address the succession issue that we now face in Canada. The Canadian Co-operative Association is willing to partner with the federal government in developing a strategy and plan of action. One of the challenges for new co-ops is access to capital. The Canadian Co-operative Association and the co-op sector are moving forward in creating a Development Fund that understands the unique needs of co-ops and would lend to new and expanding co-ops. An example is Arctic co-op that currently has a similar fund. Recommendations: Work with the co-op sector to develop a plan of action to use the co-op model to address the business succession crisis Ensure there are adequate resources to assist business owners, workers, and communities to explore and plan a transition to new ownership

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada’s population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Co-ops have been critical in providing a high level of innovation and services in areas that this government has highlighted as important. This innovation helps improve productivity in a way that specifically meets the needs of communities. This includes co-ops for food production, health care, childcare, seniors housing and transportation as well as grocery stores, funeral homes, and energy production. Co-ops for new agricultural products and domestic food distribution are one of the fastest

growing co-op start-ups. The co-operative model of ownership is flexible, responsive and adaptable enough to respond to many concerns of local communities. Some examples of innovative co-ops that are working hard today are: Federated Co-operative Limited, a federation of 235 retail co-ops in Western Canada, which provides goods and services across a wide range of business lines. While other businesses disinvest from rural and smaller communities, FCL has chosen to re-invest in many of those communities. Over the past five years FCL has spent almost \$4 billion on capital projects, including almost \$3 billion into their oil refinery and petroleum distribution system. Arctic Co-operatives Limited. Arctic Co-ops is another service federation, owned and controlled by 31 community based co-operatives, located in small communities across the Northwest Territories and Nunavut. These local multi-purpose co-operatives would not be able to succeed without ACL undertaking the bulk buying, transportation, training, or accounting services that enable them to compete and thrive. Integrated Grain Processors Co-operative which started Canada's first co-op ethanol plant in Aylmer Ontario. The co-op has 900 community members who raised over \$100 million in equity to start the business. The plant employs 50 people and produces 150 million liters of fuel ethanol annually from area corn. Distillers grains are marketed and transported to area beef, dairy and pork operations. The plant has brought financial benefits to corn farmers, individual members and businesses, and the local economy. The co-operative sector model can help the federal government implement their policy objectives. Recommendation: 1. Apply a co-operative lens to federal policies and programs to see how co-operatives can be better used to address innovation and productivity needs

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The Canadian Co-operative Association has had consultations and discussions with its members about the future direction of co-ops and how the co-op model can be shared with groups that could benefit from its unique characteristics. Our sector has identified certain groups and vulnerable communities that need help in meeting their basic needs for food, shelter, health care, employment, transportation, and financial services. The groups that have been identified are: •Youth, particularly college and university graduates and those interested in agriculture and food •First Nations, Inuit, and Métis people •Seniors •New Canadians •Communities that are dependent on declining industries •Rural, northern and isolated communities that lack banking services. With previous funding from the Co-operative Development Initiative we developed information, research, new publications and tools to help some of these groups. We have also strengthened the capacity of provincial, regional and sectoral co-op organizations to provide advice and practical assistance to new groups. Our members are telling us that there is huge potential for growth and needs within our communities that could be met, but only if we have additional support. We see partnership with government as a key way of building on our current results. Recommendation: 1. That the federal government transfer responsibility for the cooperative sector from Agriculture and Agri-Food Canada to Industry Canada. This includes transferring data and statistics on co-operatives that have been collected by the Rural and Co-operatives Secretariat to Industry Canada. The co-operative sector, through financial assistance from Industry Canada, would be prepared to continue the work of collecting this vital information. 2. That the federal government take steps to ensure that existing policies and programs are accessible to, and support the development of, co-operatives. This includes steps to ensure that relevant government officials are aware of, and understand, the cooperative business model. 3. That the federal government establish a permanent Interdepartmental Co-operative Committee to work with the CCA. 4. That the federal government evaluate policies and programs to identify opportunities to support co-operatives, which in turn support broader government priorities of economic growth and job creation.

