

***Innovative Trends in Co-operatives: what we have learned about where we are going and are we going where we want to go?***

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June 2011

# 5 year project 2010-15

- This study is part of a five year research project “Measuring the Co-operative Difference Research Network” : a Community University Research Alliance (CURA )
- The CURA is funded with a \$1 million grant from the SSHRC of the Canadian federal government
- Based on examining data from the Co-operative Development Initiative

# Studying Co-operative Development Initiative (CDI) data

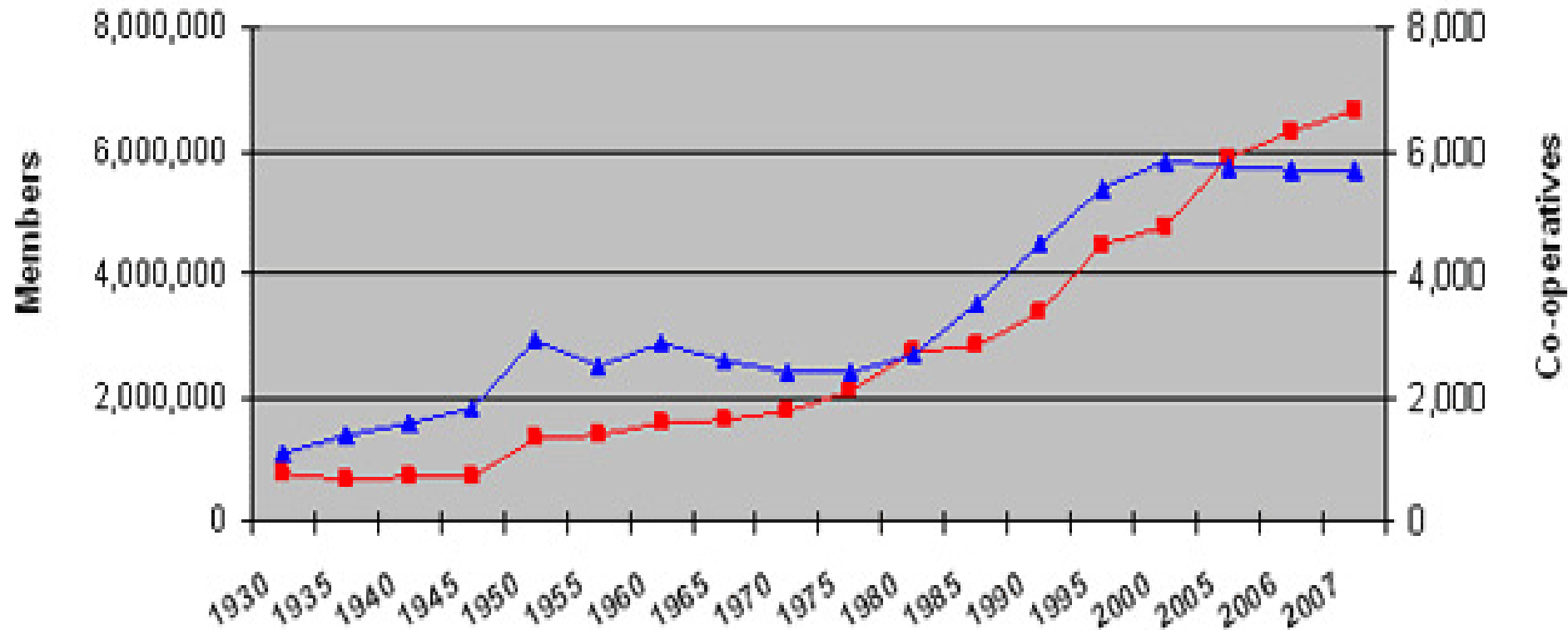
- CDI: a 10 year federal government program 2003-2013
- Part one: examining the data
- Part two: qualitative interviews
- Part three: policy recommendations
- This is a paper looking at Part one of the study

# First: the Canadian co-op context

- Here is data looking at co-op numbers in Canada from the Rural and Co-operatives Secretariat which is the body within the Department of Agriculture and Agri-Food
- “The Co-operatives Secretariat advises the Government of Canada on policies affecting co-operatives and encourages the use of the co-operative model for the social and economic development of Canada's communities.”

# Members and co-ops from RCS survey

■ Number of members      ▲ Number of co-operatives



# Looking at non-financial co-ops

- The last slide shows the growth of non-financial co-operatives over the last 80 years
- There are also almost 11 million credit union members and some 5.1 million mutual policy holders who own mutual insurance companies
- <http://www.camic.ca/en/whoarewe/index.html>
- Thus there are approximately 23 million co-op and mutual members and owners in Canada

# Non financial co-operatives have grown

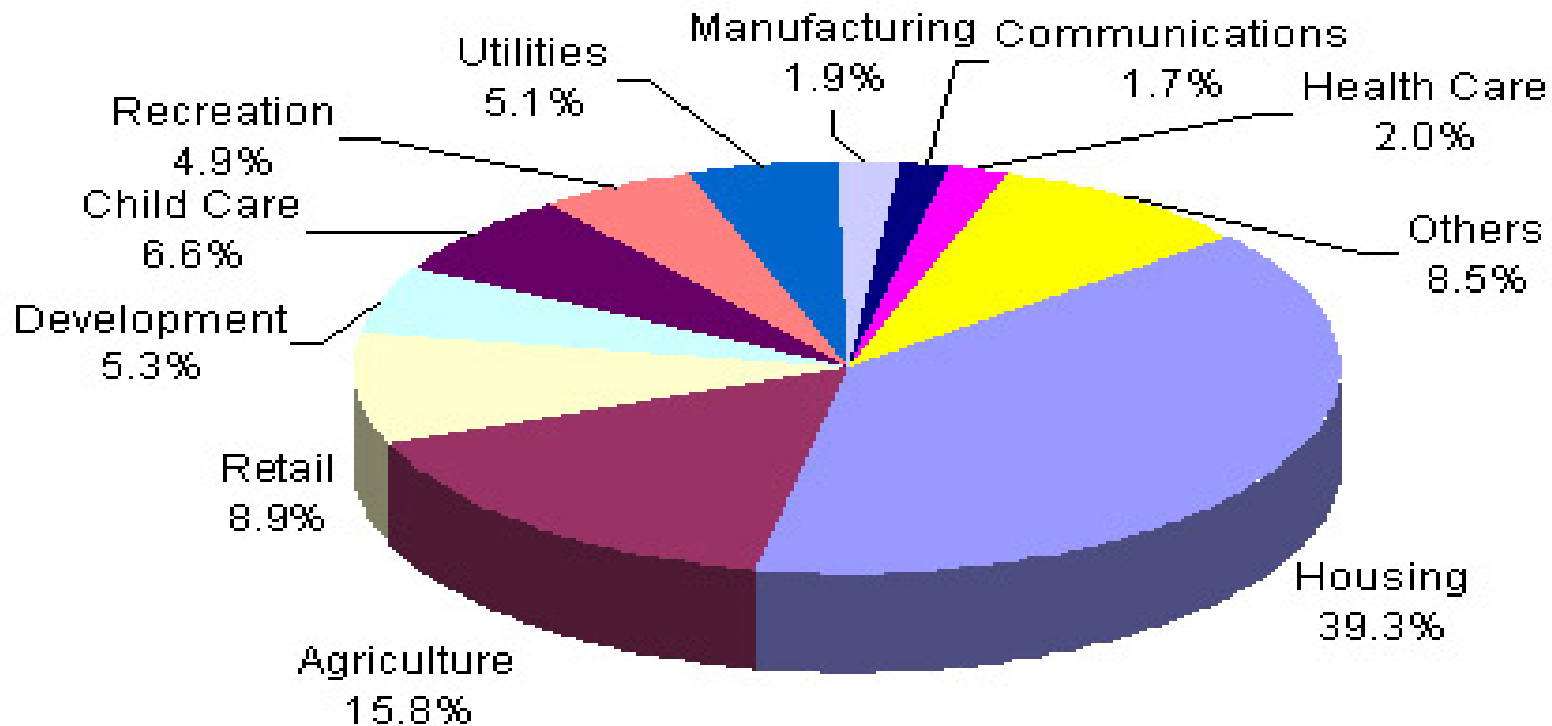
- Between 1930 and 2007, co-ops grew in number from 1,100 to over 7500
- Members went from approximately 756,000 in 1930 to 6,638,000 in 2007. You can add nearly 11 million credit union members for around 18 million total co-op members
- During the same period, the Canadian population went from 10,208,000 to 33,115,000.
- Number of members increased 8.8 times compared to 3.2 times for the Canadian population.

# Credit union memberships

- 10,763,934 members in 2011
- 877 credit unions in over 3000 location
- Shrinking number of credit unions
- No significant growth in membership in last few years
- $-.5\%$  growth last year



# In 2007 in which sectors are co-ops



# It is all about innovation

- Innovation is key to new co-op creation : Here are some of the ways
  - Brand new opportunities: new or expansion
  - Filling in the gaps
  - Replication
  - Federation Creation
  - Re-energizing and expansion

# Innovation: a definition

- In the development of the CDI program, the sector on developed a definition of co-op innovation which was approved by the government
- Finally a government approved definition of what innovation in co-op development means
- This definition is used to decide whether a proposal met the criteria of being innovative and thus could be funded under the Innovative Co-operative Projects division of the CDI

# Innovation, what it means

A project “must demonstrate how it is innovative in your field of economic activity.”

“For example, these innovations can be linked to:

- Integrating your co-operative (or your co-op in development) within a new field of activity or in a [cutting-edge field of activity](#);
- Adapting a [type of co-operative](#) and a [field of activity](#) to needs that have been identified in new regions;
- Integrating new innovative processes in your governance structure;
- Introducing new modes of production, of financial management;
- Project innovation can also respond to new challenges or opportunities for your co-op, such as becoming involved in a rapidly changing marketplace or adapting to evolving markets, contributing to a region’s economic diversification, or developing alternatives that contribute to [maintaining quality of life within communities.](#)”

# Where are co-ops strong?

- Finance has almost eleven million members in credit unions
- Add several large mutuals and Co-operators
- Retail network is large in Western Canada and Atlantic Canada and of course MEC
- Housing co-ops are firmly entrenched
- In Quebec, funeral co-ops, forestry, college, homecare and health, agriculture etc.

# Where are co-ops weak

- Outside of Quebec on a lot of fronts
- In Quebec, in retail except MEC!
- Openings
  - Manufacturing little except Federated oil refinery and sawmill, and food processing
  - Energy part renewable energy
  - Social co-ops esp. health care except in Quebec and Saskatchewan
  - Communications
  - Childcare in many provinces except ON, SK and MN

# Opportunities for development

- **Sectors:** Service, Manufacturing, Resource, Processing, renewal energy,
- **Demographic Groups:** Seniors, Ethnocultural, Aboriginal
- **Policy driven:** Fair trade, organic, environmental, Canadian to local, community control
- **Place based:** where co-ops are lacking e.g. large urban areas such as Toronto

# New co-ops started per year in Canada

- 1998 308
- 1999 318
- 2000 322
- 2001 277
- 2002 311
- 2003 344
- 2004 256
- 2005 279
- 2006 304
- 2007 261
- 2008 192
- 2009 197



# New co-ops in Quebec average 57% of total creations

- 2003 224
- 2004 111
- 2005 132
- 2006 167
- 2007 152
- 2008 127
- 2008 135

# Sectors for new co-ops 2003-09

<b>Housing</b>	<b>132</b>
<b>Other service</b>	<b>111</b>
<b>Recreational</b>	<b>76</b>
<b>Fine arts &amp; cultural</b>	<b>67</b>
<b>Restaurant &amp; hotel</b>	<b>62</b>
<b>Business services</b>	<b>60</b>
<b>Other production / manufacturing</b>	<b>42</b>
<b>Other consumer</b>	<b>40</b>
<b>Health clinic</b>	<b>33</b>
<b>Informatics</b>	<b>32</b>

# Why do we have to stimulate development?

- Why can't the invisible hand do this development?
- It cannot really, not even fully in the investor sector, but much less in the co-op sector
- No venture capital pools in the same manner as for investor owned businesses
- No comparable development programs and organizations in each province
- Lack of support for development in many provinces and territories

# Co-op development programs

- Quebec has over \$4 million per year from the provincial government and the CDR network as well as many funding options
- Nova Scotia, and now PEI, have the CEDIF program
- Community Economic Development Investment Fund

# New partnerships with provinces

- Manitoba has a new Co-operative Development Tax Credit
- Saskatchewan has funding for a co-op developer from the Saskatchewan government
- Newfoundland and Labrador has government personnel trained in co-op development in each economic region
- And at the federal level we have the CDI!

# Big three Anglophone provinces: no co-op development support from provinces

- Ontario, BC and Alberta where 21 million or 2/3 of Canadians live have no development programs
- This is why the role of the federal government and federal government programs are so important as this is the main way that many Canadians can get help

# CDI 2003-2013: part one 2003-2009

- The Co-operative Development Initiative
- 10 year lasting program funded by federal government
- First six years 2003-2009 at \$3 million a year
- \$2 million a year of program was managed by the Rural and Co-operatives Secretariat for Innovation and Research program
- \$1 million a year managed by CCA and CCCM for Advisory Services

## New CDI 2009-2013

- **An enhanced program.** The program grew from \$3 million a year (\$18 million over 6 years 2003-2009) to \$4.2 million a year (\$16.9 million over 4 years). This was an increase of 40% per year.
  - \$2 million for Innovative Co-operative Projects ICP which would replace the Innovation and Research program
  - \$2 million for Advisory Services
  - \$200,000 per year for Research and Knowledge Development
- **A sector managed program managed by CCA and CCCM the two national co-op organizations**



# New CDI 2009-2013

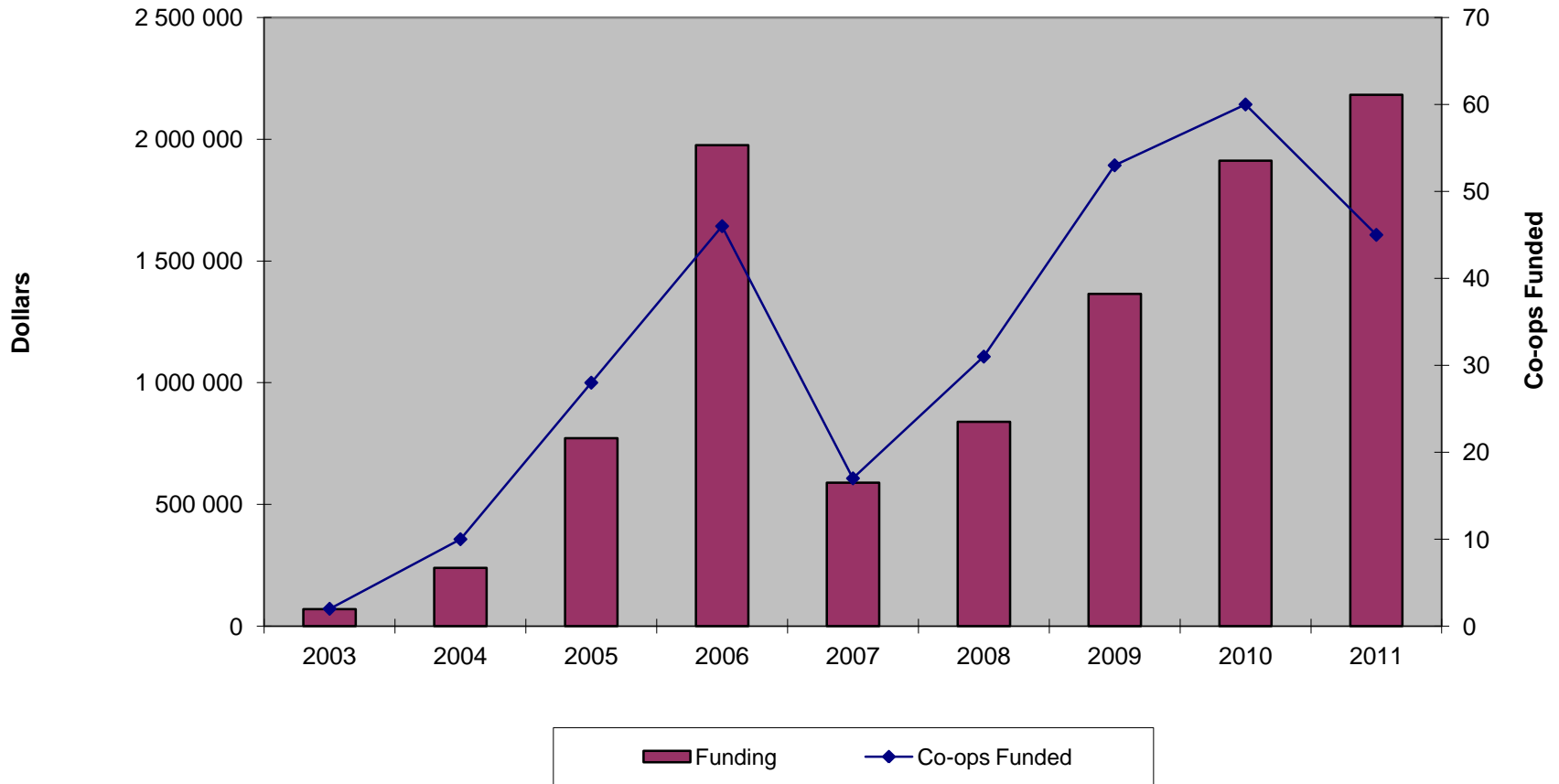
- **A National Advisory services program.** For the first time funds were available for National Advisory Services programs for both CCA and CCCM
- **Priorities for the ICP** were defined in four areas
- Money was allocated for two important **Learning Events** which previously were only in the Ag-CDI program
- **Research and Knowledge Development** component managed by RCS

# New CDI 2009-2013

## Policy Priorities

- The policy priorities for the Innovative Co-operative Projects are:
- agriculture, including farmer-driven value-added agriculture and biofuels;
- rural/northern community development;
- innovative goods and services, including innovative technologies; and
- capacity building and sustainability.

# CDI Funding by Year



# Demand

- 2009-2013

## **2009 194 applications**

- 122 English and 72 French
- \$9 million dollars in funding requested

## **2010 107 applications**

- 46 French and 71 English
- \$5.5 million

## **2011 114 applications**

- \$5.8 million
- 65 English and 49 French

# Totals

- 415 submissions
- \$20.3 million

## I and R and ICP CDI Funding by Year

Year	Amount Funded	Co-op Projects Funded	Dollars per project
2003	70,000	2	35,000
2004	238,993	10	23,899
2005	772,200	28	27,579
2006	1,976,000	46	42,957
2007	589,344	17	34,667
2008	839,050	31	27,066
2009	1,364,819	53	25,751
2010	1,911,500	60	31,858
2011	2,182,613	45	48,503
<b>Total</b>	<b>9,944,519</b>	<b>292</b>	<b>33,031</b>

## Percentage Distribution of CDI Funding by Region and Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>National Co-ops</b>	0	0	4	9	0	8	0	0	0
<b>Quebec</b>	86	6	35	41	13	36	16	25	15
<b>Ontario</b>	0	17	18	16	15	11	12	29	29
<b>British Columbia</b>	0	40	6	12	14	4	16	23	14
<b>Atlantic Provinces</b>	0	21	13	11	4	10	29	8	23
<b>Prairie Provinces</b>	14	16	17	11	53	29	23	15	19
<b>Territories</b>	0	0	7	0	0	3	3	1	0

Sector	2003	2004	2005	2006	2007	2008	2009	2010	2011	2003-2011
Agriculture		1	6	2	2	3	12	9	6	41
Food Distribution			4	4	3	4	6	4	5	30
Renewable Energy			3	2	4	2	7	4	3	25
Community Service and Development	1	3	2	4		7	2	1	5	24
Green/Sustainable Development		1		2	1	3	4	5	7	23
Co-op and Business Support		1	1	7		3	3	2	2	19
Health/Personal Care		1	1	3	2		2	5		14
Training/Education		1	3	2			1	4	3	14
Tourism				4		3	2	4	1	14
Service Sector		1		3			3	4	2	13
Forestry				4			2	4	1	11
Funeral Co-operatives				2		2	3	2	1	10
Artisan, Craft etc.			2	3	3	1			1	10
Technology/Computers			1			3	2	2	1	9
Media and Entertainment	1			1				4	3	8
Housing			2	1	1		1	1	1	7
Fishing		1	1				1	2		5
Financial			1	1			2		1	5
Parks and Outdoor Recreation				1	1			1	1	4
Construction and Renovation			1					1	1	3
Fossil Fuel Distribution								1		1
<b>Total</b>										<b>290</b>



2009	English		Français		Total
Alberta	4	\$164,413.00	0	\$0.00	4 \$164,413.00
British Columbia / Colombie-Britannique	9	\$218,075.00	0	\$0.00	9 \$218,075.00
Manitoba	3	\$71,000.00	0	\$0.00	3 \$71,000.00
New Brunswick / Nouveau-Brunswick	5	\$140,250.00	3	\$66,000.00	8 \$206,250.00
Newfoundland / Terre-Neuve	2	\$67,800.00	0	\$0.00	2 \$67,800.00
Northwest Territories / Territoires du Nord-Ouest	1	\$15,000.00	0	\$0.00	1 \$15,000.00
Nova Scotia / Nouvelle-Écosse	3	\$42,700.00	2	\$40,000.00	5 \$82,700.00
Nunavut	0	\$0.00	1	\$30,000.00	1 \$30,000.00
Ontario	5	\$137,406.00	1	\$20,000.00	6 \$157,406.00
Prince Edward Island / Île-du-Prince-Édouard	1	\$25,000.00	1	\$20,000.00	2 \$45,000.00
Québec	0	\$0.00	9	\$223,450.00	9 \$223,450.00
Saskatchewan	3	\$83,995.00	0	\$0.00	3 \$83,995.00
<b>Total:</b>	<b>36</b>	<b>\$965,639.00</b>	<b>17</b>	<b>\$399,450.00</b>	<b>53 \$1,365,089.00</b>

## 2010 ICP 2010 Approved projects

Jurisdiction	English		Français		Total	
	Approved	Contributions	Approuvés	Contributions	Approuvés	Contributions
Alberta	3	\$99,500.00	3	\$55,000.00	6	\$154,500.00
British Columbia / Colombie-Britannique	11	\$377,463.00	0	\$0.00	11	\$377,463.00
Manitoba	1	\$18,000.00	1	\$62,000.00	2	\$80,000.00
New Brunswick / Nouveau-Brunswick	0	\$0.00	3	\$39,000.00	3	\$39,000.00
Nova Scotia/ Nouvelle-Écosse	4	\$95,000.00	1	\$13,000.00	5	\$108,000.00
Ontario	9	\$262,000.00	5	\$148,500.00	14	\$410,500.00
Québec	1	\$28,000.00	16	\$333,750.00	17	\$361,750.00
Yukon	1	\$18,000.00	0	\$0.00	1	\$18,000.00
<b>Total:</b>	<b>30</b>	<b>\$897,963.00</b>	<b>29</b>	<b>\$651,250.00</b>	<b>59</b>	<b>\$1,549,213.00</b>

2011

Jurisdiction	English		Français		Total	
	Approved	Contribution	Approuvés	Contributions	Approuvés	Contributions
Alberta	3	\$150,000.00	1	\$20,000.00	4	\$170,000.00
British Columbia / Colombie-Britannique	5	\$207,919.00	0	\$0.00	5	\$207,919.00
Manitoba	2	\$49,525.00	1	\$35,000.00	3	\$84,525.00
New Brunswick / Nouveau-Brunswick	2	\$42,000.00	4	\$168,000.00	6	\$210,000.00
Nova Scotia/ Nouvelle- Écosse	4	\$162,500.00	0	\$0.00	4	\$162,500.00
Ontario	10	\$397,494.00	1	\$45,000.00	11	\$442,494.00
Québec	2	\$52,575.00	7	\$241,350.00	9	\$293,925.00
Saskatchewan	3	\$105,000.00	0	\$0.00	3	\$105,000.00
<b>Total:</b>	<b>31</b>	<b>\$1,167,013.00</b>	<b>14</b>	<b>\$509,350.00</b>	<b>45</b>	<b>\$1,676,363.00</b>

# CCA National Advisory Services

- Co-op development services and Info services
- Replication
- Federations

## Examples:

- Info services
- Health
- Car share co-ops
- Ethno cultural co-ops
- Renewable energy

# More....

- Aboriginal co-operatives
- Seniors co-operatives
- Ethno-cultural co-operatives

# Can we do more?

- Canada has a lot of co-ops
- Growing very slowly especially in finance and some other sectors
- New co-ops per year is low except in Quebec
- If the rest of Canada had the same rate as Quebec we would be creating over 400 co-ops per year instead of around 200
- There are a lot of innovative new co-ops

# What we need

- But we could do a lot more in many sectors where we are still not creating enough
- Co-op leadership from sector including federations, technical assistance
- Public Policy
- Capitalization

# Co-operation in the age of Google

- Robin Murray for Co-ops UK
- On co-op development
- What I got out of reading this
- How can we become as a sector and as movement more innovative, more diverse, more modern in a post-modern way, more urban, more linked to other sectors and movements, more international and more participatory
- While continuing to build on our existing strengths



# Conclusions and challenges

## 1) New terrain of state funded services

- Not only competing with investor owned models which have shown their major problems during the last economic crisis
- But with role of state in delivering public services or running crown corporations
- UK this terrain now open with the Pathfinder Mutual experiments
- Quebec has had many public health services delivered by co-ops, such as homecare, ambulance and clinics

## 2) International co-operatives and co-operation

- Expansion of ownership to other countries  
Mondragon and Agropur
- Multinational co-op federations

### 3) The de provincialization

- New credit union legislation makes this a real possible trend
- Federally regulated co-op banks and credit unions will for the first time become legal in the fall of 2011
- No one knows what this means for the credit union sector

## 4) New wave of demutualization

- A major mutual insurance company is demutualizing and the federal government has just launched a new examination of the demutualization process
- The Economical created two classes of policy holders
- Only 900 or so were owners while most policy holders are excluded

## 5) Beyond the two solitudes

- Trend of Quebec federations and co-ops to develop out of Quebec
  - Funeral co-op federation
  - Co-op fédérée
  - Desjardins

# Trend of ROC co-ops to develop in Quebec

- Co-operators
- MEC

## 6) Unity talks towards a new organization

- Significant progress towards CCCM and CCA unity
- Can it be realized for 2012?
- Biggest innovation
- Important consequences for co-op innovation