

CAPTURING CO-OPERATIVE OPPORTUNITIES

*A White Paper
on Co-operative Development
in Ontario*

Executive Summary

Capturing Co-operative Opportunities

All over the world, millions of people have chosen the co-operative model of business enterprise to enable them to reach their personal and community development goals. Co-operatives create and maintain employment-providing income; they are responsible for producing and supplying safe and quality food and services to their members, but also to the communities in which they operate.

Through their varied activities, co-operatives are in many countries significant social and economic actors in national economies, thus making not only personal development a reality, but contributing to the well-being of entire populations at the national level.

– International Co-operative Alliance, July 5, 2003. Message for the 81st International Co-operative Day.

FOR MOST OF the past two centuries, co-operatives have been a formative and powerful force shaping the economic and social fabric of Ontario. Today, more than 2.3 million Ontarians belong to more than 1,900 co-ops, credit unions and caisses populaires. From fledgling startups to national corporations, co-operatives in Ontario represent some \$19 billion in combined assets and employ thousands of Ontarians.

Immediate challenges

Ontario co-operatives have a proud past, and they can have a promising future if the sector and Government take collaborative action together. The Ontario co-operative sector today faces serious challenges – challenges around financing, regulation and education. These challenges, and others identified by co-operatives during the extensive consultations leading up to this *White Paper*, threaten the sector's ability to survive and grow. If the sector is to secure its future prosperity – and contribute to the province's future prosperity – Government and the sector must respond collaboratively and expeditiously.

Ontario, as a province, faces its share of pressing challenges too – challenges in the areas of housing, health care, education, job growth, rural and northern development, democratic renewal and globalization. At the same time, fiscal realities dictate that the Government must address these challenges in a cost-efficient way that is accountable and transparent to Ontario taxpayers.

Supporting the social economy

With their unique socio-economic, democratic foundation, co-operatives are ideally positioned to partner with Government to deliver on these priorities efficiently, affordably and accountably.

While it is a highly effective type of business enterprise, at the same time the co-operative model is different from other business models. Formed by its members to meet a specific function and fulfill a specific need, a co-operative often has social and public policy goals as well as financial goals. For a co-op, in other words, the bottom line may not always be the bottom line.

In many sectors, public-co-operative partnerships can be an effective alternative social services delivery model, helping Government to maximize returns on precious taxpayer dollars. In the health and housing sectors, for instance, studies show that co-operatives can deliver services at a *lower* cost than the private sector.

Ontario co-operatives are also active in a number of other areas that are ripe for public partnership, including home care, child care, elder care, education, renewable energy, aboriginal business, community economic development, rural development and sustainability and financial services in small communities.

Grounding globalization

Like other businesses, co-operatives must adapt to the powerful forces of globalization that are coming to bear on the Ontario economy. At the same time, as a community-based, specialized, adaptable business model, co-operatives can act as an effective counterbalance to help Government mitigate the risks of globalization to people and organizations.

As the focus of Ontario's economy and corporate decision-making shifts to the transnational plane, co-operatives will help Government to ground the forces of globalization, filling the gaps and providing Ontarians with a link to the local, a sense of belonging and a personal stake in their future.

A call to co-operation

Based on the extensive feedback from the consultations, this *White Paper* outlines key areas of action – on the part of Government, but also on the part of the co-operative sector. The onus cannot be placed entirely on Government. By their own nature as self-help organizations, co-operatives must strengthen their own collective and financial commitment to sowing the seeds of their own success.

Co-operative development

The co-op sector urges the Province to create an Ontario Co-operatives Secretariat, modelled after the federal Co-operatives Secretariat, to be equipped and mandated specifically for the development of Ontario co-operatives.

Working jointly with the Financial Services Commission of Ontario (FSCO) and the Ministry of Finance, the co-op sector wishes to investigate changes to the Act and explore opportunities to attract new investment.

On the sector's side, there are a number of key responsibilities, including fostering greater collaboration among co-operatives, supporting new and emerging co-ops and developing stronger public education programs.

This *White Paper* is the result of extensive consultation with the Ontario co-operative sector, with government representatives and with other stakeholders. It is a call to the Ontario Government and the Ontario co-operative sector to work together to secure our collective prosperity.

We cannot afford to stand still. The Ontario co-operative movement is on the verge of significant growth. If we are to seize that growth, we must move forward co-operatively.

“ The work has given me the feeling of self worth and accomplishment. It keeps me from sitting around doing nothing which I find aggravates my illness. Since I've been a member of the Co-op, I have managed to stay out of the hospital.”

– Carl, member of Team Werks worker co-operative, St. Joseph's Care Group – Lakehead Psychiatric Hospital site, Thunder Bay.

Table of Contents

Executive summary	2	Appendix 3: Who we are	15	Appendix 7: Submissions received & government meetings	23
Background	4	Appendix 4: The co-operative – A unique business structure . . .	16	Appendix 8: The federal Co-operatives Secretariat	26
What we heard	5	Appendix 5: Co-ops in Ontario	18	Appendix 9: Task force members	27
Government action	6	Appendix 6: The story in numbers	21	Appendix 10: The co-operative sector	28
Final word	7	Footnotes	22		
Appendix 1: Government & sector Collaboration	8				
Appendix 2: Sector action	13				

Background

Building consensus for a common voice

“If the Act is not enabling, what needs to be addressed to make it more enabling?”

– Charles Desmarais, general manager of Pointe-aux-Roches agricultural co-op, commenting on modernizing the *Ontario Co-operative Corporation Act*

THE FINDINGS IN this report are based on extensive consultations held in 2004 and 2005 by the Ontario Co-operative Association (On Co-op)¹, the voice for the English language Ontario co-op sector. These discussions involved elected members from across the province and a wide range of sectoral stakeholders, including the Conseil de la coopération de l'Ontario, which represents Franco-Ontarian co-ops.

Met with MPPs and staff

During the summer of 2004, On Co-op met with MPPs and staff representing more than 30 provincial ridings to discuss our proposal for a *White Paper on Co-operative Development in Ontario*.

The meetings were very effective in both generating and raising awareness of co-operatives and the critical role they can play in economic development across Ontario.

As a follow-up, On Co-op invited MPPs to attend a roundtable discussion, held at Queen's Park in late November 2004. This session helped to further broaden legislators' understanding of the sector's efforts in promoting the viability and effectiveness of the co-op model.

Requested input

Sample questions, discussion topics and background information were sent to over 4,000 people, including co-operative representatives, sector leaders and stakeholders. This information was also posted on the On Co-op website. Throughout the spring

and summer of 2005, the Task Force facilitated lively regional meetings in Thunder Bay, Sudbury, London, Kitchener, Kingston, Ottawa and Toronto/Mississauga in and around the contents of the *White Paper on Co-operative Development in Ontario*. Over 100 participants attended these round table sessions, including stakeholders from various co-operative sectors, credit unions, Community Futures Development Corporations and Government bodies. Numerous stakeholders also held their own meetings to gather input from their members and leaders to provide input into this process.

The following areas were used as the basis for discussions and submissions:

- Impact of the sector;
- Capitalization and financing;
- The 50-percent rule²;
- Modernization of the *Ontario Co-operative Corporations Act*;
- Education and training;
- Access to information and public awareness; and
- Role of the co-operatives *vis-à-vis* government and public agencies.

During the summer of 2005, those responses were summarized and added to the 27 submissions received by the Task Force. Based on the findings from these consultations, this *White Paper* was created to outline key areas of action – **both on the part of Government and the Ontario co-operative sector** – that are needed if the co-operative business model is to reach its potential.

What we heard

A shared approach to delivering the recommendations in this White Paper

OVER THE COURSE of the extensive consultations outlined above, the Task Force heard about challenges, opportunities and solutions. A common theme repeated throughout was **the urgent need for a dedicated structure supported by Government and the sector to provide Ontario co-operatives with a cohesive voice within Government.**

This new structure – in the shape of an agency, a secretariat or other body – would complement the regulatory responsibilities currently housed under the Financial Services Commission of Ontario.

Apart and separate from the regulatory role, the new structure would be responsible for support for the Ontario co-operative sector, as well as for research, education and cross-promotion of the sector across Government.

Co-driven by Government and the co-operative sector, the new structure would explore, with a view to implementing, the wide range of innovative solutions proposed to the Task Force during the consultations — solutions designed to address the considerable challenges identified by the sector, particularly in the areas of finance, regulation and education.

To fully realize the potential of the co-operative model, **the Task Force urges a shared approach to delivering the recommendations in this White Paper.** Some areas are best delivered by the sector, some by Government, and some are best co-delivered.

One key recommendation

This report makes **ONE** recommendation for government action.

The consultation process also demonstrated the need for joint government and co-operative sector collaboration (detailed in *Appendix 1, page 8*) and highlighted what the Ontario co-op sector can do on its own to advance co-operative growth and development (*Appendix 2, page 13*).

“ It is my vision that the new social economy is going to know how to spell ‘co-operative.’”

– Jocelyn Paquette, La Coopérative ROFTB (Regroupement des organismes francophones de Thunder Bay) Inc., *White Paper* regional meeting, Thunder Bay, April, 2005

Government action

Establish a joint Government-co-operative sector agency in Ontario

The sector urges the Province to move forward on the formation of an agency solely dedicated to advancing the development of Ontario co-operatives.

THE CURRENT APPROACH to co-operative services within the provincial Government is fragmented. This was a major theme running through the *White Paper* consultations. The Financial Services Commission of Ontario (FSCO) currently deals with regulatory issues, but there is no coherent voice within Government whose sole interest is to advance the development of Ontario co-operatives.

Our recommendation: create a provincial secretariat

Based on submissions received by the Task Force, the Ontario co-operative sector therefore urges the Province to create a **single structure** within Government that is equipped and mandated to develop Ontario co-operatives. As a focussed point of interest for co-operatives within Government, this **single voice** for the sector would allow the co-operative model to flourish and contribute even more to the province's social economy and its communities.

The sector proposes the creation of a **provincial Co-operatives Secretariat** modelled after the Federal Co-operatives Secretariat. See Appendix 8. (To underscore the importance of co-operatives in the economy and in society, the Canadian Co-operative Association has recently recommended that the federal Government create a cabinet position with specific responsibility for the co-operative sector.)

The preliminary mandate of the new Ontario Co-operatives Secretariat would include the following roles, on the understanding that these, and other functions, will evolve as the Secretariat takes shape:

1. Promote co-operatives as cost-effective alternative delivery model for key social services.

Co-operatives share many of the values and goals of Government, including **job growth, fiscal accountability, economic development (particularly in smaller and northern communities), efficient delivery of services and public-private partnerships.**

From a cost-efficiency standpoint, public-co-operative partnerships can maximize the effect of Government initiatives in the community. Health care co-ops, for instance, are already providing efficient, non-profit delivery systems in several provinces. According to a study by the federal Co-operatives Secretariat, health care co-ops have lower per-capita health costs than private practice models.³ Likewise in the housing sector, studies show that co-operative housing costs 71 per cent less than public housing projects⁴.

The new Secretariat would research and investigate feasible ways for the sector to partner with Government to deliver a wide range of services, including **housing, health care, education, child care, elder care, renewable energy, aboriginal enterprise, community economic development, northern development and public-private partnerships.**

These are just some of the critical public policy areas where co-operatives and Government can work together to develop progressive, viable, cost-effective solutions.

2. Facilitate communications around co-operatives within Government.

The new Secretariat would facilitate cross-industry and cross-ministry communication with a view to advancing the common interests of the sector and the Government. It would be the 'go-to' body within Government, filtering and disseminating relevant information on co-operatives; facilitating the partnership and development of the co-op sector; fostering and sharing co-op expertise; and acting as a navigational tool for Government and co-op sector agencies.

“ It was essential that this democratic, just and caring formula, with its important benefits for the entire population, be given greater importance.”

– Pauline Marois, Quebec Deputy Premier and Minister of Finance, the Economy and Research, in *Horizon 2005*, Co-operative Development Policy

Final word

A call to partnership

Today, co-ops remain as relevant as they ever were. Indeed, the co-operative movement stands on the verge of significant growth as more and more people look to alternatives in what they eat, in how they access their health care and how they relate to others.

With the recommendations proposed by this *White Paper* in place, we are confident that Ontario can – and will – have the best and most progressive co-operative sector in Canada.

The Ontario co-operative sector urges the Ontario Government to create a Provincial Co-operatives Secretariat, modelled after the Federal Co-operatives Secretariat, to promote and develop Ontario co-operatives and act as a single voice for the sector.

We, in the Ontario co-operative movement, have a great deal to bring to the table to help the province reach its public policy objectives. Working together with the Ontario Government as partners in success, we can keep Ontario's rightful place as the best place to live, work and raise a family in the world.

Joint collaboration

Joint Collaboration: FSCO, Ministry of Finance and Co-op Sector

“The co-operative movement could be on the verge of significant growth. More and more people are looking into alternatives – in politics, in consuming, in food options, in health care, and in relating to others.”

– Cynthia Stuart, *White Paper* submission, 2005

THE MAIN BODY of this *White Paper* outlines action areas where the Government can help to advance the Ontario co-operative sector, chiefly through the formation of a targeted co-operative agency within government.

Complementing this Government action, the sector has identified a number of areas which it is best positioned to address through joint collaboration with other government agencies.

1. Review and overhaul the Ontario Co-operative Corporations Act.

Ontario is one of the last provinces to re-write the legislative framework for co-operatives in Ontario. The *Ontario Co-operative Corporations Act* was first adopted in 1973 and since then has not had the benefit of a thorough review. It has been updated on six occasions and On Co-op’s Regulations Working Group continues to work with FSCO on making regulations more responsive to the current realities of the sector. The *Credit Unions and Caisses Populaires Act (1994)* is currently under review. A similar review needs to be undertaken for the *Ontario Co-operative Corporations Act*.

Based on submissions received by the Task Force, the sector agrees that the current *Act* needs to be harmonized with other legislation. The sector is looking for clearer language, unambiguous rules and harmonization with other acts governing business – such as the national co-operative act. This will ensure fairness, as well as help leaders understand their roles and options more clearly. Furthermore, the *Act* should recognize the

fundamental social nature of co-operatives, in particular, local, socially based co-operatives such as Community Economic Development organizations, social needs co-operatives and eldercare or daycare co-operatives. These and other sectors where co-operatives shine should have special enabling legislation. As locally-based, innovation-driven social organizations, Ontario co-operatives need *permissive* rather than *restrictive* regulation.

- The review should include a new look at the “50-percent rule,” a provision within the Act requiring provincially incorporated co-operatives to conduct at least 50 percent of their business with their members.

In Ontario, provincially incorporated co-operatives must conduct at least 50 percent of their business with their members. Most jurisdictions in Canada do not have the 50-percent rule – only Ontario and Quebec retain it.

Since co-operatives define themselves as democratic organizations, primarily focusing on providing goods or services to their members, the 50-percent rule can be an essential part of that definition.

The rule is an effective means for co-operatives to clearly distinguish themselves from other forms of business.

On the other hand, some co-operatives, particularly in the agriculture, retail, renewable energy and telecommunications sectors, do business with non-members as a means of increasing sales. Some co-operatives, to remain viable and competitive, or to access

expertise, enter into joint ventures and other relationships with private sector businesses.

The sector expressed varying points of view on the 50-percent rule. Some wanted it eliminated from the *Act* altogether, arguing that the decision was best left to the bylaws of the individual co-operative. Co-operatives, particularly agricultural co-operatives, preferred to define their own threshold of member involvement to ensure the co-operative remains true to co-operative principles. Others advised a slide-rule approach, with the membership percentage depending on the size of the co-op and the nature of the business.

Task Force submissions generally favour a sector-by-sector approach to the 50-percent rule. The provincial Co-operatives Secretariat will need to have further discussions with the sector to determine the best course of action.

2. Investigate opportunities to enhance co-operatives' ability to attract investment.

A central theme coming out of the consultations was the urgent need for a more attractive investment environment for Ontario co-operatives. The sector sees a two-fold way forward:

- Removing *impediments* to investment;
- Creating *incentives* for investment.

A number of **best practices** have been successfully adopted in other sectors in the areas of financing and taxation. Based on these, the sector proposes a number of innovative, workable solutions, which can be investigated by Government and the co-op sector.

a) Assist co-operatives to raise capital

If Ontario co-operatives are to survive, capture new opportunity and reach their growth potential, adequate access to capitalization and financing is absolutely critical.

The key message the Task Force heard from the sector regarding financial issues was this: Co-operatives must be able to operate in a more supportive investment environment that recognizes their unique structure and contribution to the common good.

New and emerging co-operatives and value-added co-operatives, particularly in the agriculture sector, face sizeable challenges in their efforts to raise the necessary capital to develop and prosper. As a result, co-operatives can risk being under-capitalized.

Because co-operatives focus on optimizing “return-on-use” rather than only “return-on-capital,” their financial return on investment may be lower than in private stock companies. This focus, when compared to business corporations, makes it harder for members and investors to share in the success of a co-operative’s operations. And it can be a major practical barrier to attracting equity from investors – particularly venture capital investors – who will not derive a direct benefit from the services of the co-operative.

The challenge is finding the right kind of capital to fit the needs of the organization and its various stages of development. A number of workable **best practices** from other financial sectors can be adapted to fit the co-operative model. These warrant further study by the sector with a view to implementation.

The Task Force heard a number of innovative and workable proposals for investment vehicles:

Reasons for business failure

Financial: 61%

- 32% insufficient profit/surplus
- 14% insufficient capital
- 8% heavy operating expenses
- 7% burdensome debt


Industry Weakness: 27%

Lack of Experience: 6%

- 5% lack of business knowledge
- 1% lack of managerial and operational experience

Natural Disaster: 3%

Brian M. Henehan and Bruce L. Anderson, *Considering Co-operation: A Guide for New Co-operative Development*, February 2001



One of the cornerstones of democratic renewal is engaging citizens with their government and their communities in meaningful ways. Strong, healthy communities depend on all Ontarians being actively engaged in the collective life ... of our province.

– Democratic Renewal Secretariat, Province of Ontario
www.democraticrenewal.gov.on.ca/english/engage/

- **A co-op venture capital fund**

There is a significant role for a so-called “patient capital” fund specializing in providing risk capital for co-operative development. A venture capital fund for co-operative development should exist to support this unique form of enterprise. Individuals or co-operatives contributing to the fund should receive a tax credit since not only are they supporting local business but they are investing in infrastructure that is critical to important public policy issues like environment, alternative energy, health care, elder-care and childcare. A larger tax break for start up co-operatives (capital base below \$500,000) would also bolster development.

- **A co-operative equity fund**

For co-operatives, an equity fund would offer larger blocks of equity to offset high rates of interest from debt associated traditional banking institutions or venture capital sources and allow for a quicker injection of cash for working capital growth. Aside from a capital injection from the provincial Government, this fund could seek investments from individual co-operative movement builders who in return receive a tax incentive for their investments. The equity returns feed back into the fund and to all stakeholders. The amount of investment allocated per co-operative is suggested at \$20,000 to \$100,000.

- **A co-operative capital fund**

A Co-operative Capital Fund (CCF) is the missing piece of the co-operative development puzzle for co-operatives seeking second-stage growth financing in Ontario. Examples of such a CCF have already proven to be very successful both federally and in Quebec. The CCF would have flexibility in the range of support (loans, equity and guarantees) and financing rates of returns that mirror a co-operative capital model where social returns are measured along with monetary returns, as opposed to

a venture capital return where only monetary returns are measured. The range of investment per co-operative is suggested at \$50,000 to \$1,000,000.

- **A community power innovation fund**

Renewable energy co-operatives such as windfarms are springing up in communities across the province. Projects of this scale need significant capital to get off the ground – particularly during the development phase where the necessary scientific, technical and organizational work is done, while no revenue stream is available.

An innovative approach to raising capital is being developed by the Ontario Sustainable Energy Association (OSEA)⁵, an umbrella organization of a wide range of energy non-profits and co-ops formed to implement community-based sustainable energy projects across Ontario.

In order to ensure the effective participation of community organizations in the delivery of green power to the grid via Standard Offer Contracts (SOCs), OSEA proposes the development of what is referred to as the Community Power Innovation Fund (CPIF). The fund is being developed by OSEA with advice from On Co-op, Credit Union Central of Ontario and the financial assistance of the Ontario Trillium Foundation.

SOCs are a market mechanism to enable small project developers to participate in meeting the province’s goals for renewable energy generation. SOC include participation by the private sector, municipalities, First Nations, community groups, co-operatives, associations of landowners, farmers, etc. However, for certain groups wanting to participate, (for example, a community co-operative or an association of landowners who come together for the express purpose of developing a renewable energy project), access to capital for both organization and

project development is often difficult to come by. Germany's unparalleled success in the rapid deployment of renewable energy was in part due to the ready availability of low-interest loans from a revolving public fund.

b) Investigate measures to enhance the tax treatment of co-operatives to attract investment.

Tax-deductible investments in higher-risk investments are relatively easy to obtain. But there is no easy way to obtain a tax credit for investing, for instance, in a local cheese or communications co-operative, even though the economic returns of such an investment benefit much more than the individual investor.

The sector proposed a number of solutions, which should be pursued, including:

- **Simplify RRSP rules for co-operatives.**

To grow over the longer term, co-ops need a known tax incentive for investors to build an equity base in anticipation of debt financing. Federal vehicles such as Registered Retirement Savings Plans offer a creative means to attract investments. A streamlined Ontario program equivalent to the RRSP, would be very beneficial. RRSP-eligible investments in co-operatives are currently so complex as to be for all practical purposes impossible. The process needs to be simplified, particularly given the growing "ethical" investment movement which lends itself well to the co-operative concept. More and more people are looking to invest in an organization that is consistent with their own values and supports local economic development.

- **Continue to harmonize provincial tax laws with federal legislation.** Under recent changes to federal legislation, co-op members (in the agricultural sector) can

now defer tax owed when the co-operative declares patronage to members in stock. Tax can be deferred until the stock is redeemed. To the extent Ontario develops its own tax base separate from the federal tax base, it should follow the federal lead and harmonize its tax legislation in this area. This tax deferral provision would allow co-ops to capitalize through retained earnings and patronage management.

- **Introduce a co-operative development tax credit.**

Similar to a research and development tax credit, a co-op development tax credit would stimulate co-op development funding and support investment in community solutions. In this way, the Government would recognize that these contributions benefit the entire community. For example, a co-op could receive tax credits for investing up to one per cent of its revenues for co-op development and for receiving assistance from employees (in-kind consulting). In 1993, Nova Scotia created a very successful Equity Tax Credit (ETC)*. The ETC is designed to assist small businesses, co-operatives and community economic development (CED) initiatives in obtaining equity financing by offering a personal income tax credit to individuals investing in eligible businesses. Effective April 3, 2003, the tax credit is calculated at 30% of the investment made by the individual to a maximum annual investment of \$50,000 (maximum annual credit of \$15,000). This measure would be particularly beneficial to co-operatives engaged in the social economy.

- **Design a minimum 50-percent tax incentive structure.**

This measure would assist Ontario co-operatives in obtaining equity financing by offering a personal income tax credit to individuals who invest in those co-operatives. This tax incentive would be eligible in parallel to the deduction for RRSP purposes.



FYI

Health care co-ops have lower per-capita health care costs than private practice models according to a federal study.

*See www.gov.ns.ca/finance/taxpolicy/taxcredits/etc.asp

“ From the agricultural side, it’s value-added, it’s independence, it’s niche marketing, and if you go back to the foundation of co-operatives – that’s what a co-operative is.”

– Jim Campbell, FS System, Chatham, *White Paper* meeting, Kitchener, August, 2005

The program would be marketed as an investor benefit and as a way that the provincial Government is reinvesting (at little cost to its operating budgets) into the sector.

- **Capital gains – level the playing field.** The attractive income tax treatment for capital gains that private sector businesses can offer to investors is not available to co-operative corporations, as co-operative investments do not appreciate in value. This would provide co-operative investors with an equivalent tax benefit.

c) **Strengthening opportunities to raise capital: Changes to offering statements.**

On Co-op’s Regulatory Committee is currently working with FSCO to make regulations around offering statements more responsive to co-operative needs.

One critical area surrounds the rules for offering statements that co-operatives must file before an investor can invest with them. The sector is seeking a plain-language offering statement, which takes into account co-operatives’ unique nature and varies in degree of complexity depending on the scale of investment involved.

Suggestions from the sector included:

- Raise the number of security holders required before a co-operative has to file an offering statement;
- Implement a “floor” amount to recognize the fact that small individual investments of capital do not require the issuance of offering statements;
- Implement a similar “ceiling” amount for larger investors whose assets and net incomes are over a prescribed amount.

3. **Facilitate research around co-operative development in Ontario.**

Despite the magnitude of the co-op sector’s contribution to the Ontario economy, and its potential to contribute much more, comprehensive data on the social, economic and environmental impact of co-operatives in Ontario is sorely lacking.

Strategic intelligence and research for (and on) the co-operative sector – and dissemination of the findings – are key to assessing the strength of the sector in Ontario today, to positioning itself going forward and to capitalizing on the sector’s inherent strengths.

The Ontario Co-operatives Secretariat would explore the breadth and depth of the co-operative sector in Ontario – its size, number of members, socio-economic impact, education, and other categories. The province, co-operatives and universities all have a role to play in this regard.

Sector action

What the Ontario co-operative sector must do to advance its growth and development

CO-OPERATIVES ARE, by their very nature, self-help organizations. The Ontario co-operative sector is very aware that advancing its development will take action, including financial commitment, on its own part, as well as, Government's. Accordingly, in a spirit of partnership and active engagement, the sector has identified a number of areas which it is best positioned to address:

1. Support sector, regional and provincial associations

Co-operatives have always been networkers. As individual co-operatives derive strength in numbers, so the power of collectivism strengthens the whole co-operative movement. Increasingly, co-operatives are joining with other co-operatives to form networks, regional associations and federations to leverage resources, foster collaboration and take advantage of economies of scale. Throughout Ontario, sectoral co-operative federations and associations are implementing joint strategies to support and develop co-operatives in their respective sectors. Sectoral examples include the **Ontario Worker Co-operative Federation**, the **Ontario Sustainable Energy Association** and the **Organization for Parent Participation in Childcare and Education**.

As well as building on, and strengthening, regional federations, all Ontario co-operatives need to support their two provincial associations: the **Ontario Co-operative Association** (On Co-op), representing English language co-ops and the **Conseil de la Coopération de l'Ontario** (CCO), representing francophone co-ops.

2. Support and reinforce new and emerging co-operative sectors

In keeping with the co-operative mandate, Ontario co-operatives need to foster greater collaboration within the sector. **The onus cannot be placed entirely on Government.** Co-operatives themselves need to do what they do best – rally behind a common purpose and build upon common ground. And they need to leverage the support and financial resources necessary to foster the development of new and emerging sectors in the co-operative movement.

A number of these new and emerging sectors offer tremendous potential to partner with Government for cost-efficient delivery solutions. These include health care, education, renewable energy co-ops, as well as the so-called “new-generation” agricultural co-ops, where farmers are coming together to diversify and grow their incomes by adding value to their raw products through processing. The sector must support and reinforce these new and emerging co-ops.

3. Foster a comprehensive co-operative public education program

To help drive its growth throughout Ontario, the sector must work to promote education on co-operative philosophy and management – both externally, to the public, and internally, to members. Currently, there is a minimal amount of curriculum on co-operatives throughout the public education system and among decision makers, including Government officials.

“Is the co-operative way still relevant for us today? My answer ... is a resounding ‘yes.’ Empowerment never goes out of style. And that’s what co-operative retailing is all about. It’s about having a voice in decision-making. It’s about families taking control of their social and economic destiny. It’s about strengthening and preserving communities. It’s about attractive facilities, good products and excellent service. It’s about people helping people.”

– Bill Turner, Co-Chair of the Advisory Committee on Co-operatives, Past President of the Canadian Co-operative Association

Co-operatives are by their nature educational. A recent study by the Canada Mortgage and Housing Corporation found that 75 per cent of housing co-op members improved their life skills because they lived in a co-op.

Most Quebec co-operatives have joined forces to create regional development co-operatives (CDR). CDR member co-ops consult each other, promote the co-operative model through a variety of initiatives and provide technical support to co-ops in start-up phase. CDRs also provide assistance to co-op promoters to assist them in launching their projects.

To help instil co-operative awareness in Ontarians, the sector should investigate the following recommendations put forward to the Task Force:

- Include co-operative studies in Ontario's curriculum guidelines from the elementary to post-secondary levels;
- Commission an academic overview of the scope and scale of the Ontario co-operative sector;
- Partner with Government to launch a broad-based public education campaign;
- Develop programs to further instil co-operative understanding in youth.

4. Foster greater co-operative business training

There is an urgent need for co-operative development education and training in Ontario. While co-operative business may have different goals from other corporations, they face many of the same competitive challenges, including adjusting to new market dynamics, adding value to their products to develop new markets or retaining existing ones, and staying on the cutting edge of new production, marketing and management methods.

Ontario co-operatives told the Task Force they need targeted business advice, including start-up information, managerial assistance and links to other similar and successful organizations. In special recognition of the grassroots, local nature of many emerging co-operatives, additional support should be granted for strengthening business and managerial skills of co-operative leaders.

Rather than the current piecemeal resources currently available, **prospective co-ops in Ontario need a common lens to determine if the co-op model may be more appropriate than the business-corporation or the not-for-profit model.**

The sector should pursue the following innovative range of options brought forward to the Task Force, to enhance business training for Ontario co-operatives:

- Establish a provincial network of **Centres for Co-operative Development** built on the Quebec CDR model (see margin);
- Train staff in existing Business Centres/ Community Futures Development Centres in co-operative management skills;
- Keep the sector engaged by encouraging co-ops to mentor new or smaller co-ops;
- Create a modular template of the co-operative form of enterprise for different sectors that could be provided to business course teachers;
- Provide financial incentives, including a chair in co-op studies, scholarships, bursaries and research funds to encourage university-level courses on co-operatives.

Who we are

Co-ops in Ontario

Ontario Co-operative Association

www.ontario.coop

In Ontario, the English-language co-operative sector finds a common voice in the Ontario Co-operative Association (On Co-op). On Co-op, itself organized under the co-operative model, is one of eight associations serving regional and national co-op member organizations across Canada. Members, supporters and stakeholders of On-Co-op include agriculture, finance, insurance, consumer, energy, new generation and supply and services co-operatives. Many of On Co-op's members are associations or federations of co-operatives (such as GROWMARK, Inc., OPPCEO and OSEA) or credit unions (Credit Union Central of Ontario).

Created in 1989 as CCA, Ontario Region, On Co-op is a member of the Canadian Co-operative Association, an Ottawa-based trade association for co-operative organizations throughout Canada, which focuses on the promotion of co-operative enterprise. On Co-op also works closely with its francophone counterpart, Conseil de la Coopération de l'Ontario.

On Co-op

450 Speedvale Avenue West, Suite 101
Guelph, ON N1H 7Y6
Tel 519-763-8271 · Fax 519-763-7239
Denyse Guy, Executive Director
dguy@ontario.coop

On Co-op has created a searchable map and database of Ontario co-operatives. To view, click on www.ontario.coop/map/index.php?main_id=216

See also: Appendix 5, Co-ops in Ontario

Conseil de la Coopération de l'Ontario

www.cco.coop

CCO was founded in 1964. The association is devoted to furthering the economic and social conditions of francophone communities in Ontario through the co-operative model.

CCO provides assistance in establishing co-operatives and provides training and technical support. It employs co-op development specialists who accompany groups and communities through the various stages of developing their co-ops. The support is ongoing and emphasizes capacity building within those groups and communities.

For the last decade, CCO has committed both human and financial resources to facilitate the integration of youth and immigrants to the co-op sector by responding to their particular needs and hopes.

Daycare, health and home care, and funeral co-ops are current priorities for CCO and its members.

CCO

435 St. Laurent Blvd, Suite 101
Ottawa, ON K1K 2Z8
Tel 613-745-8619 · Fax 613-745-4649
Stéphane Audet, Executive Director
direction@cco.coop

“ We're not going to co-operativism because we believe in it. We don't think it's a religion. We think it's a very effective way of extending democracy and think it's something we have to do if we live in a democratic society.”

– Ambrose Raftis, President, Deepwater Regional Development Corp., Temiskaming

The co-operative – a unique business structure

“They support the co-op because they share our fundamental philosophy that the broader community, not only families and government, have a role in supporting persons with disabilities to be full citizens.”

– Carolyn Lemon, co-founder of the Common Ground Co-operative, to support long-term employment in the food service business for adults with intellectual disabilities.

A brief history

DESPITE THE FACT that more than 2 million Ontarians are members of at least one co-operative, the general public, as well as academics, business leaders and Government officials are by and large unaware of co-ops and their power as a positive economic and social force.

With roots in England in the mid-1800s, co-operatives evolved as an economic and business model tailored to meet the specific needs of a defined group of people. Near the end of the 19th century, the concept took root in Quebec, which today is home to more co-ops than anywhere else on the continent. In Western Canada, the co-operative movement centred around the growth of the grain pools in each of the Prairie provinces as a means to help farmers source affordable inputs, and increase their marketing power on international markets.

Ontario experience

People in Ontario have been participating in co-ops for more than 140 years. Co-operatives flourished particularly in the agriculture sector, where they were a powerful marketing and business supply tool helping farmers compete with powerful suppliers and processors.

From the early 20th century, co-operative leaders in Ontario were provincial and national leaders. E.C. Drury, a founder of the Ontario agricultural co-operative movement, was Premier, and Agnes Macphail, an early director of that same movement, was Canada’s first female Member of Parliament.

Ontario farmers are at the forefront of the so-called “new-generation” co-operatives. The new generation concept is evolving as a new co-operative enterprise model for agricultural producers to retain ownership and control of their products beyond the farm gate and to invest in ventures that add value to those products. The model offers farmers the opportunity to join together to move up the value chain and capture some profits from processing.

The co-op business model has also found fertile ground in Ontario’s financial sector, witnessed by the rapid growth of the credit union and caisse populaire sector. Today, 1.6 million Ontarians are members of credit unions that span the province. In 42 of those communities, the local credit union or caisse populaire is the only financial institution.

Co-ops most durable business model

Survival Rates of Co-operatives	5 years	10 years	Long term
All Co-operatives	64%	46%	30%
Private Sector Companies (Statistics Canada)	36%	20%	N/A
Manufacturing Businesses (Research Institute on SME (UQTR))	47%	30%	N/A

Source: Direction des coopératives, Quebec Ministry of Industry and Commerce

What is a co-op?

As its name implies, a co-operative is people coming together to meet a common need. Co-ops serve a range of sectors, including housing, food, worker, agriculture, service, financial, youth, aboriginal and community.

The classical definition of a co-operative as set out by the International Co-operative Alliance (ICA) is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

In essence, **a co-operative is actually a form of business enterprise** that can be used as a corporate vehicle – much like a stock company – in all sectors of the economy.

The co-operative model uses its unique form of business enterprise to accomplish social and policy ends. As such, co-operatives and the co-operative model are optimal for the delivery of service in the social economy. Possessing a high degree of collective entrepreneurship, the co-op model is inherently ethical in its treatment of its members, employees, suppliers and the environment.

Co-operatives face similar problems to traditional investor-driven firms – concentration, globalization, organizational and technical change and the changing needs of clients. However, co-operatives also face particular challenges due to their specific nature as democratically controlled organizations providing equitable economic benefits to their members.

To be successful, co-operatives must be competitive while maintaining their special nature as businesses that are user-driven, democratically owned and managed by their members. **Success is not only defined as profitability, but by other yardsticks as well – improved wellbeing of the members and the communities where they live.**

The key organizational distinction between a co-operative and other corporate structures is democratic participation through “one-member, one-vote.” In a traded company, shareholders are entitled to as many votes as they hold shares. Each member of a co-op is entitled to one vote regardless of level of investment.

No single member can take control of a co-operative. Decisions are made by the majority, on the theory that people ultimately know what is best for them. Co-ops are responsible to their own members. The members determine how the co-op will be run, elect the Board of Directors and allocate the profits of the co-operative among its member-owners.

This foundation on which all co-ops are built is reflected in the ICA's seven principles set down by thousands of co-operatives at its centenary 10 years ago (see sidebar at right).

The 7 Co-operative Principles

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for community

Co-ops in Ontario

FYI

Co-ops offer services, literally, from the cradle to the grave – from daycares through to funeral co-ops.

Driving Ontario's economy

Ontario co-operative totals by activity at December 31, 2004

Marine resources	4
Natural resources	6
Transportation	11
Healthcare	12
Agricultural services	14
Utilities	17
Communication	18
Agricultural supply	26
Manufacturing	28
Agricultural production	35
Development	53
Agricultural marketing	57
Retail	59
Childcare	275
Housing	772
Other services	138
Total services	1310
Total non-financial	1525

Source:
Co-operatives Secretariat

ONTARIO HAS SIGNIFICANT areas of co-operative strength in the marketplace and the social arena. The three top non-financial co-operatives in Ontario, as identified by the federal Co-operatives Secretariat, are Gay Lea Foods Co-operative Ltd., Hensall District Co-operative Ltd. and Sincere Trading of K.B.A. Co-operative Ltd. In 2004, HEPCOE Credit Union Ltd., which serves Southern and Central Ontario, and The Co-operators were named among the 50 best employers to work for in Canada by *The Globe and Mail's Report on Business* magazine.

Provincial Associations

Since 1989, the Ontario Co-operative Association (On Co-op) has served co-ops, credit unions and co-operative federations in Ontario. It is the primary resource and common voice for the development and enhancement of English-language co-ops and credit unions in Ontario. Francophone co-operatives are represented by the Conseil de la Coopération de l'Ontario (CCO). On Co-op and CCO are partnering to deliver co-operative development services in the province, with funding from the federal Co-operative Development Initiative.

A variety of sectoral federations represent and serve groups of co-operatives in Ontario, including the Ontario Worker Co-op Federation, Organization for Parent Participation in Childcare and Education Ontario, Ontario Student Co-operative Association, Ontario Sustainable Energy Association, and six regional co-operative housing associations. Almost all are members of On Co-op.

Co-op Profiles

- **Credit Union Central of Ontario** (Central) is a province-wide organization that provides a full range of operational, trade and financial services to credit unions and acts as the voice of the provincial credit union system. Central represents 171 credit unions, which have a combined asset size of over \$16 billion. More than 1.2 million Ontarians are served by credit unions that are members of Central. Ontario's credit unions are independent, community-based alternatives to banks, and are regulated by the provincial government. There are 240 credit unions and caisses populaires in Ontario with over 700 branches that are owned and democratically controlled by 1.6 million members. In more than 40 communities, the credit union is the only financial services institution. Credit unions have a huge impact on the economy, particularly in the area of small business lending. Member credit unions of Ontario Central lend to more than 39,000 small- and medium-sized businesses, with total loan volume exceeding \$3 billion.

- **The CUMIS Group** markets a diverse portfolio of insurance and financial products and other services to Canadian credit unions, *caisses populaires*, other financial co-operatives and their members. Its principal companies are: CUMIS Life Insurance Company, CUMIS General Insurance Company, and Canadian Northern Shield Insurance Company. The CUMIS Group and The Co-operators jointly own CUMIS Services Limited, which facilitates the acquisition of insurance agencies in the province of British Columbia. CUMIS Services has an ownership position, in partnership with several B.C. credit unions, in a

number of credit union agencies. The CUMIS Group also holds a 50-percent interest in Credential Financial Inc. The CUMIS Group is a partner in the Credit Union Insurance Services (CUIS) program, a joint marketing venture between the CUMIS Group and The Co-operators.

- **Concentra Financial** (formerly Co-operative Trust) is a credit union company and an integral part of the Canadian co-operative financial system. Partnering with credit unions and other organizations, nationally, Concentra creates value-added products and specialized solutions to enhance clients' competitive advantage and success. Concentra offers a comprehensive suite of products and services that support the business needs of clients. Financial services provided to credit unions for their retail market include mortgage origination, deposit warehousing and administration.

- **The Co-operators Group Ltd.** is the largest, Canadian-owned multi-product insurance company, with assets exceeding \$6 billion. It is a group of companies that provides a variety of insurance services, financial security products, investment counselling, and property management and development services. The Co-operators is owned by 31 Canadian co-operatives and likeminded organizations. It is a key supporter of both community and co-operative economic development initiatives that build local economies and contribute to the quality of life in local communities.

- **Gay Lea Foods Co-operative Ltd.** is a leader in the dairy industry in Ontario and Canada. It is owned by over 4800 members, which represent 25 percent of Ontario's dairy producers. This successful co-operative is currently returning one million dollars annually to its milk producer members in patronage dividends. Gay Lea Foods operates processing facilities in Guelph, Teeswater and Greater Toronto.

- **GROWMARK Inc.** is a regional agricultural co-operative that provides products and services to member co-operatives. Under the FS banner, local member co-operatives, in turn, provide farmers and others with crop inputs, energy products, feed and animal health products, grain handling, and lawn and garden care products, work wear, pet care supplies, and hardware. From its Ontario headquarters in Kitchener, GROWMARK supplies and serves 24 local agricultural co-ops, which in turn represent close to 35,500 members, 1,500 employees, and close to 90,000 customers.

- **The Co-operative Housing Federation of Canada** is the national voice of Canada's co-operative housing movement, involving more than 90,000 housing units and a quarter-million people. CHF Canada is owned, controlled, and financed by its members. In Ontario, there are six regional federations that provide important services to co-op housing members, as well as the Ontario Region Office of CHF Canada in Toronto.

- **The Ontario Worker Co-operative Federation** is a co-op of 18 member worker co-ops. An accredited regional federation, it helps in the development of new and existing worker co-ops in Ontario.

- Among the many agricultural co-ops in Ontario is **Vineland Growers Co-operative**. This grower-owned and run co-operative provides service to more than 300 members in the Niagara Peninsula. **The Ontario Flower Growers Co-operative**, which operates an auction house in Mississauga and **Farm Fresh Poultry Co-operative**, which owns a 24,000 square feet chicken processing facility in Harriston are other examples.

- **Mountain Equipment Co-op (MEC)**, Canada's largest supplier of quality outdoor equipment, boasts the largest membership of any Canadian co-operative. MEC's objec-



Co-operatives are deeply rooted in their communities and are inextricably linked to local regional development.

– *Horizon 2005 Co-operative Development Policy, Government of Quebec*



FYI
Studies show that co-operative housing costs 71 percent less than public housing projects.

www.coopscanada.coop/aboutcoop/statistics

tive of becoming a global leader in environmental sustainability and social responsibility extends to the design and construction of its retail facilities.

- **The Ontario Natural Food Co-op** is a federation of retail food co-operatives, food buying clubs, and independent retailers. It is a member-owned and directed wholesaler with members located throughout Central Canada. Its goals are to provide high-quality natural and organic foods, household items, and personal care products at affordable prices and to contribute towards the development of a sustainable food system by supporting organic farmers and processors and community-based co-ops.

- **La Siembra Co-operative** is a worker co-operative. It offers consumers high-quality, certified fair-trade organic products that improve the livelihoods of family farmers and the wellbeing of communities at home and abroad. La Siembra was the first organization to import, manufacture, and distribute fair trade certified organic cocoa products in North America.

- **Common Ground Co-operative Inc.** is an umbrella co-op established to help people with intellectual disabilities gain self confidence, interact with people in the commu-

nity, and become more self sufficient. It provides support for three small businesses which collectively employ 30 people, and are structured to allow for maximum control by the workers. Expenses for Common Ground, such as job coaches are covered by grants, freeing up the business revenues to pay wages. It also has partnerships with on-site organizations that informally offer mentorship, companionship, and assistance to the workers. This is a good example of a new type of co-op in Canada, sometimes called a “social enterprise” because it combines both social and economic objectives.

- **The People’s Car Co-operative Inc.**, in Kitchener, became the first legally incorporated car-sharing co-operative in Ontario in April 1998. Since then, it has provided a growing fleet of co-owned vehicles to members. Members can book a vehicle for as little as an hour or as long as needed. It now owns five cars and has over 80 members. Similar car share co-ops also operate in Guelph, Kingston, Ottawa, and Toronto.

Ontario

- There are more than 1,900 co-ops, credit unions and caisses populaires in Ontario

For profiles on other Ontario co-ops visit www.ontario.coop/Home/index.php?main_id=273

and

www.cco.coop/index.cfm?Repertoire_No=966358901&Vair=membre&M=355&Sequence_No=1044

The story in numbers

with over \$19 billion in assets and more than 2.3 million individual members.

- Ontario has 1,525 non-financial co-ops (2004), trailing only Quebec (2,537)...
- ...including 772 housing co-ops, 275 child care, 191 agricultural.
- There were 25 non-financial co-op startups in Ontario in 2004, with utility co-ops leading the way.

Credit unions and caisses populaires⁶

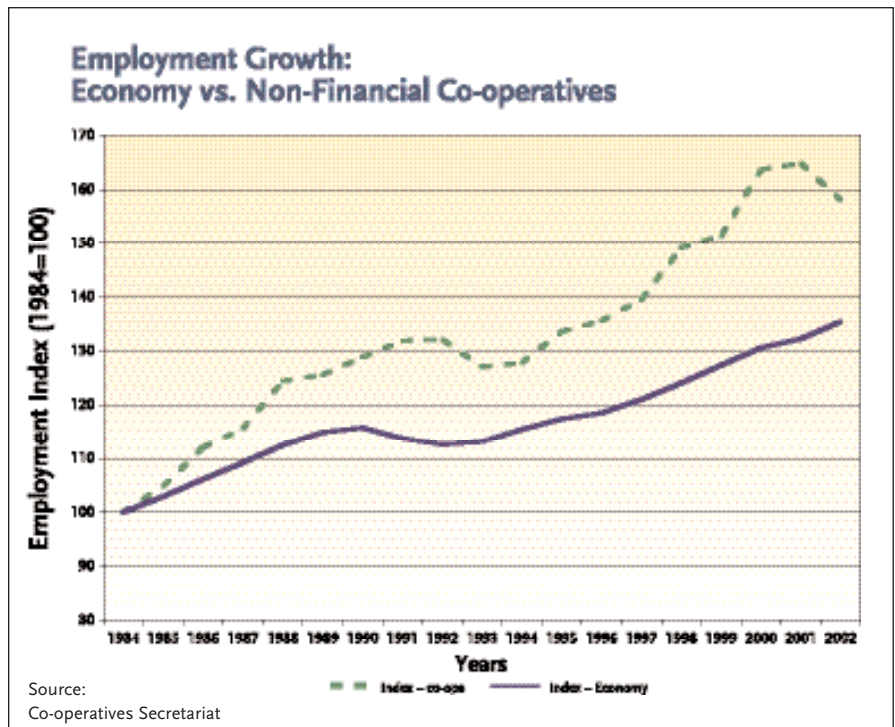
Ontario's 258 credit unions and caisses populaires:

- Serve 1.6 million Ontario residents (one in seven) through 722 locations;
- Contribute \$375 million directly to Ontario's GDP, more than three-quarters outside the GTA;
- Directly employ 6,000 people, paying \$300 million in salaries and benefits, more than 80 percent earned outside the GTA;
- Indirectly employ about 2,900 Ontarians;
- Finance more than 39,000 small and medium-sized businesses (loans less than \$1 million) in Ontario;
- Were ranked first as providers of services to small business in a 2003 Canadian Federation of Independent Business banking survey;
- Lend \$1 out of every \$5 on deposit to small and medium-sized businesses and farmers;

- Support a disproportionately large share of commercial credit authorizations of less than \$1 million – 18 percent of the total provided by deposit-taking institutions;
- Approve up to 85 percent of credit applications from businesses with fewer than 20 employees;
- Offer access to financial services in 42 communities where the credit union or caisse populaire is the only financial institution;
- Contribute substantial amounts to their local communities, up to 5 percent of pre-tax profits, well above industry average;
- Provide close to \$1 million in free financial services for community initiatives in Ontario, including no-charge accounts and interest-free loans;
- Collectively contribute over \$2.6 million to various community initiatives.

“Co-operative enterprise, where ownership is vested in the community, creates an economic environment that is conducive to stability and sustainability. Communities of people, with a common interest or purpose, are able to set priorities, direct the enterprise and share in its benefits.”

– Bill Turner, Co-Chair of the Advisory Committee on Co-operatives, Past President of the Canadian Co-operative Association



Notes

¹ See “Who we are,” Appendix 3.

² See discussion of the 50 percent rule, page 8.

³ Government of Canada, Co-operatives Secretariat, Craddock and Vayid, *Health Care Co-operatives in Canada*, August, 2004, p. 11.

⁴ www.coopscanada.coop/aboutcoop/statistics

⁵ For more information on the OSEA initiative: www.ontariosea.org/pdf/PoweringOntarioCommunities.pdf

⁶ Statistics from “Strengthening Ontario Communities”, prepared by A. Michael Andrews and Associates Ltd., for Credit Union Central of Ontario, Oct., 2004.

⁷ www.coopscanada.coop/about/statistics

⁸ Government of Saskatchewan, www.ir.gov.sk.ca

⁹ Nova Scotia Co-operative Council

¹⁰ Newfoundland and Labrador Federation of Co-operatives.

¹¹ Co-operatives in Enterprise Europe, Commission of the European Communities, 2001, pp.4-8, 11.

¹² www.coopscanada.coop/aboutcoop/statistics/

¹³ International Co-operative Alliance www.ica.coop

Canada⁷

- The over 10,000 co-operatives and credit unions in Canada have combined assets of approximately \$167 billion and employ over 160,000 people.
- 43 percent of adult Canadians belong to at least one co-operative.
- 150,000 Canadians work for a co-op.
- In **Quebec**, between 1995 and 2000, the rate at which new co-operatives were being established doubled, while the number of jobs these enterprises provided jumped by 46 percent. Further, co-operatives had a survival rate nearly twice that of private businesses after five or 10 years in operation.
- **Quebec** accounts for almost 40 percent of all co-operatives in Canada, and nearly 50 percent of co-op jobs.
- In **Saskatchewan** today, 25 of the province’s top 100 businesses are co-operatives. In 1998, there were more than 1,300 co-operatives with over one million registered members. More than 15,000 people were employed by a co-operative (3.5 percent of labour force) and revenues reached almost \$7 billion with assets exceeding \$10 billion⁸.
- In the **Maritimes**, co-ops account for over 12 percent of the grocery sector.
- In **Nova Scotia**, more than 400 co-op and credit union businesses hold assets of more than \$2.5 billion. They employ over 7,000 people and more than 6,000 Nova Scotians live in co-operative housing⁹.
- **Newfoundland** also has many co-operative success stories. Over 57,000 co-op members in Newfoundland and Labrador belong to 73 co-operatives which employ 1400 people and had sales in excess of \$132 million dollars in 1998. They are fish plant workers on the Labrador coast; fishermen and women on Fogo Island; vegetable farmers in central Newfoundland; egg producers on the Avalon Peninsula; retail co-op members, film makers, taxi drivers,

photographers, goat farmers, carpenters and IT workers¹⁰.

- There are 137 **Aboriginal** co-operatives in Canada;
- Those reporting to the **federal Co-operative Secretariat** have over 23,000 members and pay salaries and wages of almost \$40 million;
- **Northern Aboriginal** co-operatives remain competitive in retail sector, outpacing average Canadian retail growth by almost 50 percent in the mid-1990s;

Worldwide¹¹

- One billion people in over 100 countries worldwide are members of co-operatives¹².
- In the **United States**, more than 100 million people belong to 47,000 co-operatives, more than 20 of which have sales exceeding \$1 billion.
- 26 million Americans belong to rural electric co-operatives at rates based on cost and operate more than half of U.S. electricity distribution lines.
- Co-operative health maintenance organizations provide health care services to nearly 1.4 million American families.
- There are 132,000 co-operative enterprises in the **European Union**, with 100 million members and 2.3 million employees.
- Co-ops’ market share in agriculture is 83 percent in the **Netherlands** (1996).
- Forestry co-operatives hold a 60 percent market share in **Sweden** (1996).
- In **Kenya**, 20 percent of the population belongs to a co-operative, 33 percent in Norway and more than 40 percent in Canada and the United States¹³.
- In **Italy**, 80 percent of social services are delivered by co-ops – child care, elder care, home care.

Submissions received & government meetings

Submissions received

The Task Force received submissions from the following organizations and individuals.

The full submissions and executive

summaries are available at the Ontario

Co-operative Association website:

www.ontario.coop/programs/index.php?main_id=395

- Russ Christianson
- Common Ground Co-operative (www.commongroundcoop.org)
- Co-op Tools (www.cooptools.ca)
- Co-operative Housing Federation of Canada (www.chfc.ca)
- The Co-operators Group Ltd. (www.cooperators.ca)
- Credit Union Central of Canada (www.cucentral.ca)
- Credit Union Central of Ontario (www.ontariocreditunions.com)
- Deepwater Regional Development Corporation
- John Ellis
- GROWMARK, Inc. (www.fssystem.com)
- Gay Lea Foods Co-operative Limited (www.gayleafoods.com)
- University of Waterloo, Peter Hall
- Dimitri Kampouris
- La Siembra Co-operative (www.lasiembra.com)
- Learning Curve Permaculture Design (www.restoretheearth.ca)
- Lerner's LLP (www.lerners.ca)
- Fraser Liscumb
- Mitchell & District Credit Union (www.mdcu.ca)
- Ontario Natural Food Co-op (www.onfc.ca)
- Ontario Student Co-operative Association (www.osca.coop)
 - Ontario Sustainable Energy Association (www.ontario-sea.org)
- Ontario Worker Co-op Federation, Cynthia Stuart (www.ontarioworker.coop)
- Organization for Parent Participation in Childcare and Education, Ontario (www.oppceo.org)
- Oxford Small Business Support Centre (www.osbc.on.ca)
- Perth Community Futures (www.perthcfdc.ca)
- Positive Power Co-operative Inc. (www.positivepowerco-op.com)
- Cynthia Stuart
- Upper Canada Woods Co-operative

FYI

Ontario agricultural co-ops arrived in Ontario back in 1914, when farmers created two new organizations in Toronto in a bid to source fairly-priced twine from Ireland, and to provide a stronger farm voice.



FYI
Over 70,000 Canadians
volunteer their time to
serve on co-op and
credit union boards.

Government representative meetings

Meetings were held with the representatives noted below, and/or their senior staff members

Peter Fonseca – July 12, 2004

(Mississauga East) Liberal Party of Ontario. Member, Standing Committee on Social Policy, Parliamentary Assistant to the Minister of Health and Long-Term Care

Shafiq Qadri – July 12, 2004

(Etobicoke North) Liberal Party of Ontario. Member, Standing Committee on General Government; Parliamentary Assistant to the Minister of Children and Youth Services

Bruce Carson – July 26, 2004

Progressive Conservative Research Services Bureau (Executive Director)

Kuldip Kular – July 26, 2004

(Bramalea–Gore–Malton–Springdale) Liberal Party of Ontario. Member, Standing Committee on Estimates; Parliamentary Assistant to the Minister of Citizenship and Immigration

Bill Mauro – July 26, 2004

(Thunder Bay–Atikokan) Liberal Party of Ontario. Member, Standing Committee on Public Accounts; Parliamentary Assistant to the Minister of Northern Development and Mines

Ted Arnott – July 30, 2004 and May 31, 2005

(Waterloo–Wellington) Progressive Conservative Party of Ontario. Critic, Citizenship and Immigration; Critic, Children’s Services; Member, Standing Committee on Social Policy; First Deputy Chair of the Committee of the Whole House

Hon. David Caplan – August 19, 2004

(Don Valley East) Liberal Party of Ontario. Commissioner, Board of Internal Economy; Minister of Public Infrastructure Renewal; Deputy House Leader, Government

Lou Rinaldi – August 19 and November 24, 2004

(Northumberland) Liberal Party of Ontario. Member, Standing Committee on General Government; Parliamentary Assistant to the Minister of Public Infrastructure Renewal

Mike Colle – August 19, 2004

(Eglinton—Lawrence) Liberal Party of Ontario. Member, Standing Committee on Finance and Economic Affairs; Parliamentary Assistant to the Minister of Finance

Jennifer Mossop – August 27, 2004

(Stoney Creek) Liberal Party of Ontario. Parliamentary Assistant to the Minister of Culture

Mario Sergio – August 31, 2004

(York West) Liberal Party of Ontario. Member, Standing Committee on the Legislative Assembly; Parliamentary Assistant to the Minister of Consumer and Business Services

Kathleen O. Wynne – August 31 and November 24, 2004

(Don Valley West) Liberal Party of Ontario. Member, Standing Committee on Social Policy; Parliamentary Assistant to the Minister of Training, Colleges and Universities

Ernie Parsons – August 31, 2004

(Prince Edward–Hastings) Liberal Party of Ontario. Member, Standing Committee on Government Agencies; Parliamentary Assistant to the Minister of Transportation

Ernie Hardeman – August 31 and November 24, 2004

(Oxford) Progressive Conservative Party of Ontario. Critic, Agriculture and Food; Member, Standing Committee on the Legislative Assembly

Hon. Steve Peters – September 10 and November 24, 2004

(Elgin–Middlesex–London) Liberal Party of Ontario. Minister of Agriculture and Food

Wayne Arthurs – September 16 and November 24, 2004

(Pickering–Ajax–Uxbridge) Liberal Party of Ontario. Member, Standing Committee on Estimates; Parliamentary Assistant to the Chair of Management Board of Cabinet

Hon. John Gerretsen – September 16, 2004

(Kingston and the Islands), Liberal Party of Ontario. Minister Responsible for Seniors; Minister of Municipal Affairs and Housing

Donna Cansfield – September 17, 2004

(Etobicoke Centre) Liberal Party of Ontario. Member, Standing Committee on the Legislative Assembly; Parliamentary Assistant to the Minister of Energy; Whip, Government

Hon. Leona Dombrowsky September 28, 2004

(Hastings–Frontenac–Lennox and Addington) Liberal Party of Ontario. Minister of the Environment

Carol Mitchell – September 30, 2004

(Huron–Bruce) Liberal Party of Ontario. Member, Standing Committee on Finance and Economic Affairs; Parliamentary Assistant to the Minister of Agriculture and Food

Hon. Gregory Sorbara – October 8, 2004

(Vaughan–King–Aurora) Liberal Party of Ontario.
Minister of Finance

**Hon. Mary Anne V. Chambers
October 8, 2004**

(Scarborough East) Liberal Party of Ontario. Minister of
Training, Colleges and Universities

Richard Patten – October 14, 2004

(Ottawa Centre) Liberal Party of Ontario. Member,
Standing Committee on Public Accounts; Parliamentary
Assistant to the Minister of Economic Development and
Trade

Norm Sterling – October 14, 2004

(Lanark–Carleton) Progressive Conservative Party of
Ontario. Critic, Democratic Renewal; Chair, Standing
Committee on Public Accounts

John Yakabuski – October 14, 2004

(Renfrew–Nipissing–Pembroke) Progressive
Conservative Party of Ontario. Member, Standing
Committee on General Government; Critic, Management
Board of Cabinet

Tim Peterson – October 14, 2004

(Mississauga South) Liberal Party of Ontario.
Parliamentary Assistant to the Minister of Tourism and
Recreation; Member, Standing Committee on
Regulations and Private Bills

Hon. Rick Bartolucci – October 18, 2004

(Sudbury) Liberal Party of Ontario.
Commissioner, Board of Internal Economy;
Minister of Northern Development and Mines

Hon. George Smitherman – October 22, 2004

(Toronto Centre–Rosedale) Liberal Party of Ontario.
Minister of Health and Long-Term Care

**Maria Van Bommel – November 3
and November 24, 2004**

(Lambton–Kent–Middlesex) Liberal Party of Ontario.
Parliamentary Assistant to the Minister of Municipal
Affairs and Housing (Rural); Member, Standing
Committee on Regulations and Private Bills

Elizabeth Witmer – November 3, 2004

(Kitchener–Waterloo) Progressive Conservative Party of
Ontario. Deputy Leader, Official Opposition; Member,
Standing Committee on Justice Policy; Critic, Labour

Gerry Martiniuk – November 3, 2004

(Cambridge) Progressive Conservative Party of Ontario.
Member, Standing Committee on Regulations and
Private Bills; Critic, Consumer and Business Services

**Marilyn Churley – November 24, 2004
(Toronto – Danforth)**

New Democratic Party of Ontario. Chair, Standing
Committee on Regulations and Private Bills; Member,
Standing Committee on General Government; Critic,
Women's Issues; Critic, Democratic Renewal; Deputy
Leader, Recognized Party; Critic, Environment

Bruce Crozier – November 24, 2004

(Essex) Liberal Party of Ontario. Deputy Speaker; Chair
of the Committee of the Whole House

Garfield Dunlop – November 24, 2004

(Simcoe North) Progressive Conservative Party of
Ontario. Critic, Community Safety and Correctional
Services

**Michael Prue – November 24, 2004
and May 31, 2005**

(Beaches – East York) New Democratic Party of Ontario.
Deputy Third Party Whip; Member, Standing Committee
on Finance and Economic Affairs; Critic, Greater Toronto
Area Issues; Third Deputy Chair of the Committee of the
Whole House; Member, Select Committee on Electoral
Reform; Critic, Finance; Critic, Management Board of
Cabinet; Critic, Municipal Affairs and Housing; Critic,
Community and Social Services; Critic, Public
Infrastructure Renewal

Tony Wong – November 24, 2004

(Markham) Liberal Party of Ontario. Vice-Chair,
Standing Committee on Regulations and Private Bills;
Parliamentary Assistant to the Minister of Research and
Innovation

FYI

In the north,
co-operatives are the
most important
employer, after
government.

The Federal Co-operatives Secretariat

FYI

The first ATM was introduced by a credit union in Saskatchewan.

THE CO-OPERATIVES SECRETARIAT WAS established within the Government of Canada in 1987 to help the federal government respond more effectively to the concerns and needs of co-operatives.

The Secretariat advises the government on policies affecting co-operatives, co-ordinates the implementation of such policies, and encourages use of the co-operative model for the social and economic development of Canada's communities. The Secretariat also provides a link between the co-op sector and the many federal departments and agencies with which they interact.

Key Secretariat Committees include:

- **Interdepartmental Committee on Co-operatives**

This is a policy oriented coordinating group of designated officials from relevant federal departments and agencies. The individual members are the contact point within their department and are responsible for ensuring the two-way flow of information and for providing resources to initiate sub-committees to prepare studies on specific problems. Composed of senior officials from 15 federal government departments and agencies, this committee plays a key role in helping the Secretariat coordinate and influence government policies and strategies that affect co-operatives.

- **Co-operative Development Initiative (CDI) Steering Committee**

The CDI Steering Committee was appointed in 2003 by then Secretary of State Andy Mitchell. The committee is composed of 17 members drawn from the co-operative sector and the business, agricultural, academic, CED and professional communities.

The Committee provides guidance and strategic direction to the development and implementation of the CDI program, including review of proposals submitted through the Innovations and Research component, review of the overall approach for the Advisory Services component, and evaluation of annual progress reports.

The CDI Steering Committee also provides general advice to the Minister / Secretary of State on co-operative issues.

Co-operative Secretariat's Programs and Activities of Note

- **The Co-operative Development Initiative (CDI)**

This Government of Canada program supports the growth and development of co-operatives through two program components. The Advisory Services component provides technical assistance to groups who want to start new co-ops, or who need help to manage existing ones. The Innovation and Research component provides funding support to projects that study and demonstrate how co-ops can be used successfully in new ways, with a particular focus on the following priority areas:

- adding value to agriculture
- access to health care and home care

- economic development in rural, remote or northern communities
- development of Aboriginal communities
- integration of immigrants into Canadian communities
- community solutions to environmental challenges

• **Research and Policy Analysis**

A key feature of the Co-operative Secretariat’s mandate is to ensure that federal government policies are inclusive and supportive of the co-operative model of enterprise. This requires regular monitoring of policy, and it requires research to support policy analysis and development. In these efforts, the Secretariat works closely with the co-operative sector and with a vast array of government partners.

• **Co-opZone**

The Co-operatives Secretariat, partnering with Canadian Co-operative Association (CCA) and the Conseil Canadien de la Coopération (CCC) has created Co-opZone, a national co-operative development system. Co-opZone provides tools, co-op development resources and advice on starting and growing co-operatives. Co-opZone also improves the delivery of advisory services to new and existing co-operatives in all parts of the country.

For more information about the Co-operatives Secretariat consult www.coop.gc.ca.

FYI
The survival rate of co-operative enterprises is almost twice that of investor-owned companies after five or 10 years in operation.

Task Force members

Members of the Task Force for Ontario Opportunities through Co-operative Development

- **Peter Crawford**
Chair, The Co-operators Group Ltd. (retired)
- **Alexandra Wilson**
CEO, The Agency for Co-operative Housing
- **Claude Gauthier**
Regional Business Manager, GROWMARK, Inc.

- **Howard Bogach**
CEO, Credit Union Central of Ontario
- **Denyse Guy**
Executive Director, Ontario Co-operative Association

The *Task Force for Opportunities through Co-operative Development* is an initiative of the Government Relations committee of the Ontario Co-operative Association.

APPENDIX 9

The co-operative sector

Ontario co-operative sector flow chart showing linkages, dependencies and relationships

