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Snow Lake Fish Farm

From Abandoned Eyesore to a Green Job Creator

From the 1950s through the 1970s, Atikokan, west of Thunder Bay and north of Quetico Park, boasted one of the world's largest open-pit iron ore mines. But when the ore ran out and the mine closed in the late 1970s, it threw at least 1,000 local people out of work.

David Lindsay wanted to do something to preserve his community, so he looked around for alternative enterprises. He ended up creating a worker's co-op that has helped turn an environmental liability into a "green," job-creating asset that may eventually benefit other Northern communities.

The idea was hatched when Lindsay noticed that the former mine pit was filling with water. Knowing the keen interest southerners had in northern fish, he came up with the idea of fish farming in the abandoned open pits.

In 1989, Lindsay and some friends pulled together fish netting and fresh-cut logs from the surrounding woods to build their first fish pen. The fish grew, despite predictions that the severe climate would make it impossible. That pen is still functioning today, and is the basis of the Snow Lake Fish Farm, the label of a workers' co-operative that now sells half a million pounds of rainbow trout to Winnipeg, Thunder Bay, Toronto and New York.

Transforming a mine into a fish farm hasn't been easy. Initially there was a great deal of skepticism about the fledgling industry. Some experts even said fish farming in the North couldn't be done due to the severe climate and lack of accessible markets. But Lindsay and his group were not discouraged.

"David was driven by a vision for his community," recalls John Brouwer, who develops worker co-ops for the Ontario Worker Co-op Federation. Brouwer became involved with Snow Lake due in no small part to Lindsay's commitment to worker co-operatives. With time, the obstacles presented by the severe climate were overcome by the co-op's commitment to developing new solutions. It's also since become clear that the markets are there once the fish are ready to be sold.

Then there was conflicting advice about what fish was best for fish farming. Early suggestions to farm Chinook salmon proved disastrous. "Fish farmers across Canada lost a lot of money trying to raise a fish which we now know can't be domesticated," says Brouwer. Raising rainbow trout has proven to be much easier.

Another challenge was the understandable perception that fish farming in a former open pit mine was "a little weird." But the concept has proven to have had unforeseen environmental benefits, and Lakehead University with support from Falconbridge has taken a keen interest in further exploring those benefits.

"An open-pit lake has been stripped in mining," says Brouwer. "It looks like fish farming kickstarts biological activity, because of the fish waste by-products. They add nutrients that are a problem in open water, but not bad in such a sterile environment."

About a year ago new financing took Snow Lake to the commercial level, and today the income from the sale of fish supports nine full-time staff. Membership in the worker co-operative, the Atikokan Fish Co-op, is open to all permanent full-time employees. Once the newly-opened fish processing plant moves from batch processing to larger production runs this fall, there

should be more people working full-time. By next year, Brouwer estimates, 25 people should be eligible for membership in the co-op.

The impact on the community has been significant. "These are decent jobs with growth potential and it's interesting work," says Brouwer. "Jobs give people hope. People who've left are coming back to town on the basis of this work."

Meanwhile, Snow Lake Fish Farm continues to confront the challenges of running a small but growing business in the North. Some of these can be fairly easily solved, like how to transport fish fry safely over the long journey from southern Ontario hatcheries. Others, such as the lack of staff development and training, are proving more difficult. Fish farming is a relatively new field and staff need further training, but the nearest aquaculture and fish processing training is in southern Ontario, hundreds of miles away. Snow Lake is hoping that a funding request to the Ontario Government will rectify this problem.

Clearly Lindsay has tapped into a potentially rich vein. Interest from other northern communities with open pit mines is growing. Wawa is looking seriously at replicating Snow Lake's methods. Ear Falls has expressed interest. And the Falconbridge research connection has led to enquiries from a community at the north end of Vancouver Island with a former copper mine.

"There's a lot of water in the north that could support aquaculture," says John Brouwer, "and there's a lot of abandoned open-pit mines. The research being done by Lakehead on the Snow Lake pits could lead to better use of what are currently liabilities."

Option for Homes

A New Twist on an Old Co-op Model Generates Low-Cost Housing

Michel Labbe is looking to the past to build for the future. Over the past 10 years, he and his company "Options For Homes" have spearheaded the development of a new form of housing cooperative that is funding sorely-needed low-cost home ownership for moderate and low-income Toronto residents.

"It's really a variation of the old building co-operatives of the post-war period," says Labbe, "but adapted to current realities."

Labbe is passionate about what he's doing. "Housing has been the greatest creator of wealth in our society," he says. "Many of the largest corporations got their start in land development. This sector is potentially huge in the co-op sector because of the assets and equity produced."

Essentially, what is involved is the creation of a "building/development co-op." Several individuals and/or families join forces and hire Options to develop and build their own homes (e.g., condominium or townhouses). They thereby gain through the elimination of profit margins that are normally enjoyed by developers. Under the Options model, a Toronto resident earning as little as \$20,000 can get quality housing for a mortgage cost that is lower than renting a similar unit.

One of the biggest differences between this model and other co-op housing models is that Options' homes are privately purchased, not collectively owned. An Options unit can be sold by their current owner, unlike traditional continuous housing co-operatives which remain co-operative housing even after the current occupant moves.

Another innovative feature is that Options holds a small second mortgage on each unit. This ensures that each unit contributes to the development of more low-cost housing because each unit potentially generates a profit when sold, not just for the owner, but for Options as well. Options then uses this as leverage to build more and lower-cost units.

For example, if the unit has appreciated by 100 per cent when sold by its owner, Options will benefit proportionately through the corresponding increase in the value of the second mortgage. "A unit is always worth more than the cost of building it," says Labbe. The second mortgage also discourages speculators and short-term investors.

Options For Homes grew out of the long debate in the co-op housing sector about making co-operatives self-sustaining in an era of declining government funding. Labbe, with 16 years experience first as a municipal planner and then with the Lantana Co-op

Housing development organization, founded Options in the early 1990s, with two colleagues, Jennifer Labbe and Jennette Frost. They haven't looked back.

"Barriers are constantly falling away for us," he says. "We have easier access to land, and we're now negotiating financing with HEPCOE credit union."

The reasons behind Options' success are varied. The Co-operative Housing Federation attributes it to Labbe's skill as a developer, and a strong housing market in Toronto. Options staff feel the success of their model is due in part to "the strength of the communities." Each project has a Board composed of members, and all members are welcome to meetings. "By the time it's built," says Labbe, "30 - 40 per cent know each other well enough that there are no heavy participation issues when the project opens."

A recent pleasant surprise for Options has been the early mortgage repayments of 10 owners. "With the leverage generated by those pay-outs, we can include 20 units of income-targeted housing in our next 400-unit development," says Labbe. These potential owners will receive help with their down payments.

Labbe believes that their model could be replicated, but adds that it's worth linking to Options for expertise in technical areas such as site selection and building partner selection. "There's no reason there shouldn't be 20 or 30 of these across Canada," he says.

Options currently has developments in Hamilton and Kitchener, and is working out the best way to expand the operation. "Options is a workers' collective," adds Labbe. "We're growing and we're hiring, and we want to get more people familiar with the co-op sector working here."

Farm Fresh Poultry Co-op

From Chicken Coop to Chicken Co-op

Jim Judge didn't know he'd be "starting a co-op from scratch" when he met with a group of Newmarket-area chicken producers in the spring of 1995. They were tossing around the idea of starting a co-operative to process their chickens, and they needed Judge because of his co-op experience.

Judge, a chicken producer with a farm near Delhi, had 10 years experience as a director of the Norfolk Co-operative, and 12 years as an elected director of the Ontario Chicken Marketing Board (now the Chicken Farmers of Ontario).

Most of the producers jumped at the opportunity to develop a chicken-processing facility as a co-operative. "I was amazed at the interest shown at that meeting. We were able to put something together that just blossomed by itself," Judge recalls.

Four years later, they have one of Ontario's first "new generation" co-operatives. Farm Fresh Poultry Co-op, located in Harriston, just north of Listowel, produces high-quality poultry from the birds of its 40 members. Labelled "Air Chill Chicken," it can be found in premium butcher and meat shops in the Greater Toronto area.

In a "new generation" co-operative, membership is limited, and a substantial investment is required of each member. The investment is based on the member's use of the facility, with heavy users paying more. Members must also sign a binding agreement promising a minimum supply over an extended period such as 10 years. The potential financial return makes it worthwhile.

"The chicken business is a good business," notes George Alkalay, a consultant who worked with the chicken producers on this project. "But in some years producers do well, and in other years, processors do well." Farm Fresh is built on the theory that the producers can diversify their sources of income by controlling the processing, and profit themselves from the economic value processing adds to the birds they grow.

It also gives the producers an alternative to the American trend where farmers grow their birds under restrictive contracts to large processors. "You hear the American farmers say they feel like contract labourers in that system," says Alkalay. "With GATT, NAFTA and the WTO, Ontario farmers could be in that same position down the road."

It certainly didn't take these poultry farmers very long to make an impression on the market. In October 1997, just two years after their initial meeting, the producers bought a 4,000 square-foot facility in Harriston. This has now grown to more than 12,000 square feet through which the 40 members provide two million kilos of chickens every two weeks.

Co-operation has also increased product variety. Farm Fresh is now one of the first Ontario providers of Cornish hens. According to Alkalay, "Farmers don't usually like to produce Cornish hens because it stresses the other birds. But because these producers own the processing facility, they're more eager to co-operate."

Despite their initial enthusiasm, Farm Fresh and its members faced numerous challenges in starting up. "It's not like running your own business," says Judge, "which we all had experience with. And it's different from an established co-op," You really don't know what's involved starting from scratch."

What it meant was that members had to do everything -- from keeping the enthusiasm going, to raising capital, drawing up offering statements, and all the procedures for getting a new co-operative business up and running.

"The scary part was being aware of how much money the producers were investing," Judge recalls. "As directors you need to make it work." For Judge that obligation to "make it work" included a period of four months after the plant opened, when he and other directors were managing the business while looking for the right full-time manager. "That was a two-hour drive two days a week," he recalls. "After we got a general manager, it was better."

But the major obstacle proved to be Ontario's system of assigning quotas of chickens to processing facilities. Although farmers in most other parts of Canada can process their own product, in Ontario they had difficulty even finding out how to get the rights to process their own birds. It took several hearings before the Chicken Marketing Board to get approval for members to process some of their own birds.

Today, those limited quotas remain a challenge. "The co-op would like more producers and members. They have the capacity to process more," says Alkalay. In fact, many of the producers would like to process all of their birds in Harriston, but can only provide a proportion of their product. But they continue to push forward on this issue.

As Farm Fresh moves toward being "fairly profitable," in Jim Judge's words, the rewards are more than just financial. "It's good to see producers step beyond their role as just producers, and start to control their product beyond the farm gate," says Alkalay.

Today, the new generation co-op model is being explored by several other Ontario farm producers. A group of 50 egg producers has formed New Generegg Farmers Co-op; 500 members are involved in Progressive Pork Producers Co-operative; and a group of apple growers is forming the Bay Growers' Co-op.

If their experience is anything like Jim Judge's, they'll come away from the process with good memories. "I was amazed with the support from members that wanted to get this co-op started," says Judge. "There was a lot of excitement as it started to build."