



## Co-operative Sector Development in British Columbia

On behalf of the BC Co-op Association (BCCA), the Alliance for Cooperative Development (“The Alliance”) seeks a better way to achieve a sustainable and equitable economy by enabling communities across BC to establish cooperative enterprises to create good jobs and secure affordable access to goods and services. Our budget request will leverage significant investment by the co-operative sector and its partners in developing the basic infrastructure for co-operative growth. A co-investment by the BC Government will accelerate results.

In June 2021, the Government of British Columbia announced an important strategic partnership with University College London’s Institute for Innovation and Public Purpose to advise on the development of an economic recovery that is sustainable, inclusive and innovative. BCCA and The Alliance believes that co-ops can be a critical part of that recovery. Investments made in developing co-op growth and development will assist government in achieving its goals, while ensuring local investment stays local.

**BCCA and The Alliance seeks provincial investment for co-op development as follows:**

- matching funding of \$2 million per year for three years to build capacity, bolster and scale existing co-op development partnerships (the co-op sector and its allies will match this funding on a cash contribution basis). A more detailed proposal of where this money is to be allocated can be found later on in this document; and
- an executive lead for the sector to support policy development and legislative changes to expand the potential economic and social impact of cooperatives.

Co-ops can aid in economic recovery through supporting government’s critical objectives:

- lasting and meaningful reconciliation;
- equity and anti-racism;
- a better future fighting climate change; and
- a strong, sustainable economy that works for everyone.

### **The Co-operative Advantage**

As democratically owned and governed enterprises that seek to address the common needs and aspirations of their members, co-operatives deliver economic and social impact to their communities by:

- creating a democratic and participatory forum to build reciprocity, trust, and civic cohesion;
- providing fundamental goods and services, such as access to food, financial services, housing, transportation, and meaningful employment;
- Creating sustainable, continuous employment (co-ops are more than twice as likely to survive compared to other forms of enterprise)
- keeping capital circulating within local communities by eliminating external shareholders; and
- adapting to the specific needs of communities.

Co-ops can be:

- incorporated as for-profit or not-for-profit (“community service”);
- made up of individuals, organizations, or both; and
- designed to serve consumers, support producers of goods or services, provide labour opportunities, or any combination of these.

There well over 700 co-operatives in BC. While they can be found across the province, co-ops are particularly prevalent in the Lower Mainland, the West Kootenay and Vancouver Island. BC-based cooperatives that have reached substantive size include Vancity, Coast Capital, Modo, BC Tree Fruits, the Cooperative Housing Federation of BC, and the Kootenay Country Store Cooperative.

According to the *BC Co-operative Sector Labour Market Scan* (FERENCE & COMPANY Labour Market Environmental Scan, 2016), cooperatives represent about 0.7 per cent of B.C. employment, with \$2.5 billion in revenues (2015). Employment at co-operative organizations is growing, estimated at 22 per cent from 2011 to 2016. Co-operatives also create impact by reducing the cost of doing business for their members, maintaining services that are not considered viable for for-profits, and providing social services alongside other non-profit, community-based organizations.

By returning decision-making and investment authority to co-op members, the co-operative sector is turning the economy on its head: as maximizing profit and growth are not the only objectives of this business model – co-operative have a vested interest in supporting and investing in community needs. Because of this, many co-ops are already meeting core objectives articulated by the BC Government, included promoting lasting and meaningful reconciliation, equity and anti-racism, tackling climate change, and building an economy that works for everyone, not just those at the top. Many (see below) are mission-specific and others simply incorporate these principles into their ongoing operations. Support from Government that targets further development in the sector will pay dividends socially and economically.

## **The Issue**

Despite the social and economic benefits, there are challenges associated with the co-op model that hinder its uptake by communities and undermine their potential impact; these challenges include:

- general lack of familiarity with the model and its development and incorporation process;
- gaps in the entrepreneurial, financial and social capacities of groups to develop, launch and sustain their enterprise; and
- lack of understanding of the model on the part of business support organizations, financial institutions, professional service providers (including lawyers and accountants), and others who are crucial to the sector’s success.

The sector is making innovative change to address these needs. Vancity, the Br Co-op Association (BCCA) and the Upper Columbia Cooperative Council (UCCC) have collaboratively established co-op development infrastructure, including educational programming, a coordinated professional services referral process, and access to start-up financing. This system is generating results, with a significant uptick in co-op creation recorded and a growing network of partner organizations and initiatives supporting co-op development.

Working together, we have supported a number of initiatives already, including the newly established Union Cooperative Initiative, which is seeking to establish co-ops in trade union associated sectors. Solid State Community Industries is supporting worker co-op creation among racialized immigrant youth in Surrey. SFU’s Beedie School of Business is developing co-op case studies for its curriculum and the

Community Economic Development Program is developing a co-op economics course. The Hua Foundation exploring co-op possibilities to help address challenges facing Vancouver's Chinatown.

With an increasing number of referrals and growing demands for support as communities of interest work towards establishing a co-operative to address their common needs, existing supports will be unable to keep up with the demand and opportunities will be lost, especially in rural and remote regions of BC.

While government supports and services are available to start-up co-operatives as they are to other forms of enterprise –barring circumstances where co-ops are denied support due to a lack of understanding of the model – there are no dedicated supports for emerging co-ops currently in place. A crucial role could be played by the Government of British Columbia to bolster and augment this infrastructure and ensure that these services are made available to communities across BC.

According to a 2011 study (“Cooperatives & the State: The Case of Ontario,” Henneberry & Laforest, Queen’s University, *Canadian Journal of Nonprofit & Social Economy Research*, Vol 2, No 2, Fall 2011) while BC ranked 4<sup>th</sup> in co-op sector output, it is the only province to have neither government budget nor staff dedicated to supporting co-ops. Quebec leads with a budget of \$5.4 million, six dedicated staff and an additional 11 individuals that provide some degree of support. The remaining provinces have budgets ranging from \$100,000 to \$684,000 *per annum*, with staffing levels ranging from two to twelve.

## **Co-ops Can Drive Economic Recovery**

Co-ops in British Columbia are well-positioned to support strong, equitable economic growth, while maintaining the resilience that underlines the sector through difficult periods. As part of its strategy for economic recovery, it is recommended that the Government of British Columbia partner with by:

1. Providing an investment of \$2 million per year for three years to build capacity and bolster and scale existing co-op development partnerships, which will be matched on a cash basis by the co-operative sector and its allies. This investment will support the following:
  - a. Infrastructure (\$600,000 per year): development and scale of existing co-op support services and programming, including:
    - co-op project “triage” and referral case management;
    - co-operative development knowledge transfer through mentorships, skills development, access to educational resources, and the creation of a resource database;
    - technical educational programming content development and administration;
    - financial supports to reduce barriers to access to co-op development-related services, including feasibility studies, business planning, incorporation, legal and accounting;
    - capacity building to support partnering with union, cultural and other organizations facilitating co-op development; and
    - support for aligned co-op development opportunities in trade union spheres and Indigenous, Black and racialized communities.
  - b. Reconciliation (\$400,000 per year): outreach to Indigenous communities and technical education and support for Indigenous-led co-op business development. This allocation aligns with the United Nations Declaration of the Rights of Indigenous People, in particular, Article 3 (the right to freely pursue economic, social and cultural development), Article 20 (the right to maintain and develop political, economic and social systems or institutions), and Article 21 (the right to the improvement of economic and social conditions).

- c. Diversity and Inclusion (\$400,000 per year): engagement with settlement agencies, cultural associations, women's organizations, and other co-op allies to identify co-operative opportunities among newcomers and other marginalized groups to support business development and incorporation where viable.
  - d. Rural Economic Development (\$500,000 per year): coordination of co-op and allies' outreach to communities across the province to identify local socio-economic challenges, disseminate co-op educational resources, identify potential co-op opportunities, and support business development and incorporation where viable.
  - e. Impact Research (\$100,000 per year): seed research efforts to assess the return on the investment and define opportunities to further bolster the impact of the sector, including:
    - Metrics such as new co-ops created, new employment created, and the economic impact on communities;
    - Storytelling to assess the benefit to individuals, communities, and the redress of social concerns;
    - Possible legislative and policy changes; and
    - A voluntary co-op development fund capitalized by co-ops.
2. To bolster the impact of Recommendation 1, and in keeping with the BCCA's submission to the provincial Standing Committee on Finance and Government Services, the Province should name an executive lead for the sector, to champion policies that will make B.C. a national leader on co-operative development. Initially, the executive lead should address the following policy priorities:
- improve access to data on co-ops and the sector in support of outcomes measurement;
  - streamline the incorporation process for co-ops and for converting businesses into co-operatives, including the establishment of an online filing and reporting system for new co-op incorporations (in keeping with similar systems in use for other incorporated entities) and to develop a policy framework for co-ops in BC that meets national and international best practices;
  - ensure agricultural co-operatives have access to relevant and up-to-date resources on the business model through the Ministry of Agriculture, Food and Fisheries, including co-op access to the suite of Farm Business Advisory Services;
  - ensure co-operatives are positioned as a preferential succession option at the point of corporate entity dissolution, with workers having the right of first refusal;
  - include co-operatives in developing rural economic development policies and approaches, as both catalysts and agents for sustainable development, particularly where other policy approaches have been unsuccessful;
  - modernize the *Cooperative Association Act* to ensure efficiency, flexibility and a more effective enabling environment;
  - in keeping with the requests made of the BC Impact Investment Coalition, make changes to Local Instrument 45-530, and consider other local policies under the *Securities Act* to enable community investment co-ops to more effectively accumulate capital and invest in their local economies; and amend the *Small Business Capital Venture Act* so that co-ops can apply for venture capital tax credits and review the program to ensure that co-ops are able to participate in the same way as for-profit corporations;
  - consider preferential tax treatment for any allocation co-ops make to an indivisible reserve;
  - update the Core Policy & Procedures Manual to explicitly guide and support procurement from co-operatives and other social enterprises;
  - incorporate information on the co-op model into the suite of services and resources provided by provincial agencies to emerging entrepreneurs; and

- incorporate the co-op model into secondary school curriculum as a proven business model and viable alternative to the for-profit corporate model.

## **Co-ops in the Community**

There are many examples of co-op solutions addressing key challenges facing British Columbians:

### **Lasting and Meaningful Reconciliation**

- Indigenous Economic Development - enterprises such as the River Select Fisheries Co-operative provide opportunities to improve the participation of Indigenous people and communities in the economy in a manner that respects their history, culture and self-determination
- Access to Goods & Services – consumer co-ops including the Alberni District Co-op Association provides affordable access to food, fuel, home and agricultural supplies
- Health & Social Services - the Kílala Lelum Urban Indigenous Health & Healing Cooperative partners Indigenous Elders with physicians and allied health professionals to provide physical, mental, emotional, and spiritual care in Vancouver's Downtown Eastside

### **Equity & Anti-Racism**

- Access to Capital, Professional & Consumer Services – the One Filipino Cooperative provides its members with micro-lending, money remittance services, discounts on cable and internet, vehicle service, trading, professional and business services referrals, and social development
- Health - the Umbrella Multicultural Health Co-op manages a health care centre and support Cross Cultural Health Brokers to provide equitable care for people facing language and cultural barriers

### **Fighting Climate Change**

- Reducing Living Costs & Environmental Impact - Consumer co-ops offer alternatives to individual ownership of cars (Modo), tools (Vancouver Tool Library), and household items (The Thingery)
- Green Energy Infrastructure – worker co-ops Vancouver Renewable Energy Co-op and Viridian Energy Co-op provide employment opportunities in the installation of sustainable energy systems
- Green Energy Consumption - The Salish Sea Renewable Energy Co-op and Peace Energy Co-op enable communities to collectively own their sustainable energy generation

### **A Strong, Sustainable Economy That Works for Everyone**

- Meaningful employment – co-ops such as Shift Delivery, Victory Gardens, Wood Shop Workers Co-op, Sustainability Solutions Group, Left Hand Media, and the Vancouver Artist Labour Union (VALU) Co-op offer workers meaningful and stable employment, and address gig work and precarity
- Business succession & retention - employees assume ownership as a worker's co-op and maintain talent, jobs and services in local communities
- Technology & Innovation – Modo, the BC Libraries Cooperative, My Health Information Co-op and Brave Technology Co-op employ collectively-owned online platforms and software
- Increasing competitiveness - while small businesses and independent workers do not have access to the resources of larger organizations, co-ops such as the Yeast Van Brewery District Co-op and Realize Strategies Co-op offer member organizations joint acquisition of inputs, the sharing of space, marketing or any other resource to improve business efficiency and competitiveness
- Agricultural processing & marketing - BC Tree Fruits and BC Livestock offer farmers a means to vertically integrate their operations and enhance their market power through collective investment in processing facilities and joint marketing initiatives

- Community control of resource assets - an alternative to foreign ownership, the Harrop Procter Community Forest Co-op is managed sustainably and in the interest of sustaining local jobs
- Local Investment – Unlike typical RRSP investments that migrate world-wide, community investment cooperatives (CICs) such as the Creston & District Community Investment Co-op, Gabriola Island
- Investment Co-op, SolShare Energy Co-op, and Transition Salt Spring Island Enterprise Co-op provide opportunities for people to invest in their local economy
- Health & Social Services - the Community First Health Co-op, and the Victoria Health Co-op offer cost-effective, multidisciplinary and community-based health and social service delivery

### **Members of the Alliance for Cooperative Development**

This request is supported by the Alliance for Cooperative Development, which includes following individuals and organizations:

- Profs. Stephanie Bertels and Dara Kelly, Beedie School of Business, Simon Fraser University
- Paul Cabaj, BC Co-op Association
- Gordon Casey, Brave Technologies Cooperative
- Melanie Conn, Women's Economic Council
- Zoe Creighton, Upper Columbia Co-op Council
- Elvy Del Bianco, Vancity
- Colin Gusikoski, Victory Square Law Office
- Kevin Huang and Christina Lee, Hua Foundation
- Am Johal, SFU Vancity Office of Community Engagement
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- Anthonia Ogundele, Solid State Community Industries/Ethos Lab
- Jan Pullinger, Common Cause
- Jonny Sopotiuik, Union Co-op Initiative
- Sxwpilemaát Siyám (Chief Leanne Joe), Squamish Nation
- Michelle Stack, Educational Studies, UBC
- Fay Weller, Gabriola Island Community Investment Co-op
- Eden Yesh, Kootenay Solar Power

### **Contact:**

Paul Cabaj , Executive Director  
 BC Co-operative Association  
 execdir@bccca.coop  
 780.716.4475