



# THE INNOVATION POTENTIAL OF THE CO-OPERATIVE APPROACH

The federal government has asked for inputs on innovation policy based on a series of themes. We are pleased to provide our feedback and ideas as part of this process.

We salute the  
Government of Canada  
effort to "think big"

Over time,  
co-operatives and  
mutuals have proven  
to deliver steady,  
more consistent,  
economic benefits  
for Canada, for  
Canadian workers,  
and Canadian  
communities. Co-ops  
create lasting, good  
jobs, and help fill  
important social  
and cultural gaps too.

We salute the Government of  
Canada effort to "think big"  
and we believe strongly in the  
potential of co-operatives to  
accelerate innovation and  
achieve national objectives.

We can help expand broadband,  
build houses that are affordable,  
roll out more clean technology,  
reduce greenhouse gas  
emissions, strengthen indigenous

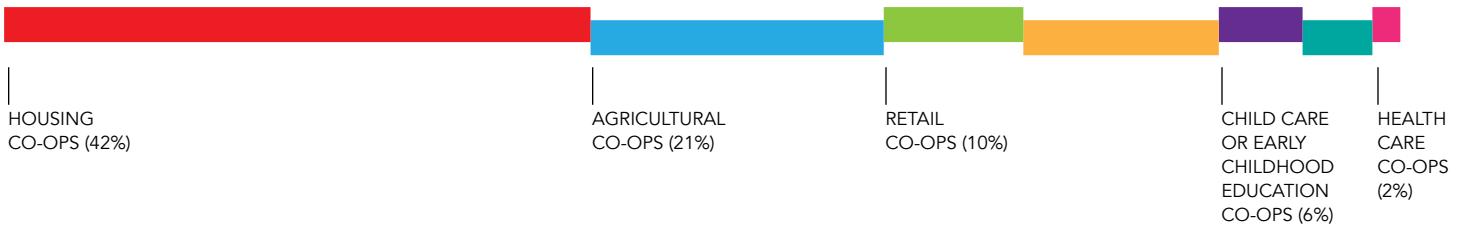
communities, provide innovative  
health and social services,  
grow trade success interna-  
tionally, and make Canadian  
clusters of excellence and  
innovation flourish.

In big cities and in rural and  
remote communities, among  
sectors of the population that  
have unique needs, and where  
traditional institutional investors  
are hesitant, co-ops turn dormant  
opportunity into action, and  
success.

We will describe some of  
the ways in co-operative  
entrepreneurship has proven  
what it can do for Canada and  
then describe our proposals to  
the Government of Canada – an  
offer by the co-operative sector  
to do more to help meet national  
objectives, with the right policy  
measures in place.

Today, more than 9,000  
co-operatives and mutuals  
operate in Canada, with more  
than 18 million members.  
These are dynamic enterprises,  
in many cases leading the way  
toward creative next-generation  
solutions.

## CANADA'S CO-OP LANDSCAPE:



# BUILDING AN ENTREPRENEURIAL AND CREATIVE SOCIETY

## CO-OPS AT WORK

Co-operatives enable and nurture the entrepreneurial instinct.

They provide a way to pool and access capital to achieve local and national goals – something that is especially helpful where traditional sources of investment financing are harder to find.

As one example, small Aboriginal businesses have banded together to create clusters of economic activity in ecotourism, art and artifact production and distribution, and retailing. Without the co-operative model, these developments are very difficult to get off the ground, and to achieve necessary scale.

### **CANADIAN ARCTIC PRODUCERS**

Canadian Arctic Producers is owned by 32 community based co-operatives in Nunavut, the Northwest Territories and Yukon. The company works to promote the artistic products of Inuit and Dene artists around the world.

### **ALBERTA WAPITI RIVER**

Alberta Wapiti River, a co-op launched in 2001 has grown exponentially and emerged as a world renowned provider of top quality ranched Elk meat, serving markets in the US, Europe and other parts of the world.

### **LA FÉDÉRATION DES COOPÉRATIVES DU NOUVEAU-QUÉBEC**

Established in 1967, la Fédération des coopératives du Nouveau-Québec is owned by its fourteen member co-ops in the Inuit communities in Nunavik. It is the largest non-government employer in the region with over 400 full-time and 140 seasonal employees in Nunavik and 160 full-time employees in Montreal.

# CO-OPS OFTEN STEP INTO SITUATIONS WHERE PRIVATE MARKETS LACK SOLUTIONS TO CHALLENGES:

CO-OPS AT WORK

## WESTLOCK TERMINALS

In 2002, when a long standing provider pulled out of the market, 270 ranchers in Alberta pooled financing to create Westlock Terminals, which has since become a thriving grain terminal serving farmers in central Alberta.

## LORE KRILL HOUSING CO-OPERATIVE

In some cities and towns, demand for housing has driven up prices and oriented markets towards more affluent buyers. Innovative solutions are needed to provide more affordable housing options. Today over 2,000 non-profit housing coops exist in Canada, including more than 250 in Vancouver, like the Lore Krill Housing Co-operative. Projects like this provide a much needed alternative to soaring housing prices, longer commutes and a deteriorating quality of life.

# GROW COMPANIES & ACCELERATE CLEAN GROWTH

## CO-OPS AT WORK

In terms of how co-operatives help accelerate green growth, the examples that could be cited are innumerable. Here are just a few:

### COOP CARBONE

Coop Carbone offers solutions to reduce energy costs related to transportation and to the heating of buildings. To fuel distributors, it offers a portfolio of solutions to compensate for GHG emissions. Coop Carbone helps its members and partners take advantage of the opportunities offered by the carbon market to reduce their greenhouse gas emissions. Coop Carbone collaborates with technology providers to maximize greenhouse gas reductions and contribute to the growth of the “green economy.”

### SOLARSHARE

SolarShare is Canada’s leading renewable energy co-op with over 1,100 members. It offers people a chance to invest in bonds at 5% or 6% interest the funds for which are used to support the expansion of solar energy. SolarShare’s has completed a portfolio over 5 MW of installed capacity and valued at over \$30 Million in 18 projects.

### COOPÉRATIVE FORESTIÈRE DE LA MATAPÉDIA

Coopérative forestière de la Matapédia has diversified its forest products business into the production of thermal energy from the use of forest biomass, residues from timber harvesting in the forest. They now service local institutions and businesses in Matapedia with a green source of energy.

The Co-operative model also services small producers and promotes growth through collective operations.

### THE ONTARIO NATURAL FOOD CO-OP

The Ontario Natural Food Co-op is almost 40 years old, and is headquartered in Mississauga. The company is member owned and distributes over 4,800 products as a preferred supplier to small and large food retailers, bakeries, restaurants, day care centres and wellness clinics.

# COMPETE IN THE DIGITAL WORLD

## CO-OPS AT WORK

The digital revolution is creating plenty of opportunities for Canadians to develop products, services and businesses that can find and serve key local niches and international markets too.

### LA GUILDE

In Montreal, a group of 75 gaming companies, La Guilde, have found that by joining together as a co-op they are able to reduce risks, costs and create greater opportunity. The result has been a burgeoning of the gaming sector in Montreal, a sector that demands technological skills and creates top quality jobs for Canadian graduates. This is also an example of how co-ops can help create world leading clusters and partnerships.

### VALLEY COMMUNITY FIBRE NETWORK

The Valley Community Fibre Network is a co-op that came together to build 186 kilometers of high speed broadband capacity linking 6 communities from Halifax through the Annapolis Valley.

### CCI WIRELESS

In rural Alberta, CCI Wireless was started by natural gas co-ops and is owned by 17 co-operative shareholders. It provides high speed broadband service from 66 towers, with a mission of perfecting rural connectivity.

### STOCKSY UNITED

In Vancouver, Stocksy United is a photographer-owned co-operative internet platform that sells stock images. 1,000 Canadian photographers receive at least 50% of the sale of their images – and every co-op member receives a share of the company. This distributed ownership alleviates consolidation in the sector which has resulted in precarious work for creative entrepreneurs.

# SUPPORTING GLOBAL SCIENCE EXCELLENCE

## CO-OPS AT WORK

Because co-operatives are built to respond to the needs of their members, this often means our enterprises favour innovation, and long term sustainability rather than quarterly returns. Frequently this means we are early adopters of scientific and technological breakthroughs that point the way for broader adoption in the marketplace.

### **FEDERATED CO-OPERATIVES LIMITED: CO-OP REFINERY**

Federated Co-Operatives Limited's Co-op Refinery Complex in Regina, Saskatchewan, Canada, is installing GE's advanced water recycling technology for a wastewater improvement project that will enable the refinery to clean 100 percent of its wastewater on-site. Once fully operationally, this will be the only refinery in North America to recycle all of its wastewater into steam used in a variety of ways such as for heating and cooling and to power equipment.

### **INTEGRATED GRAIN PROCESSORS**

Integrated Grain Processors Co-operative is a global leader in ethanol production offering a distribution solution for their corn crops and a high protein feed supplement for livestock. IGPC is an important source of renewable fuel, producing 200 million litres of ethanol. IGPC Ethanol Inc. has become a leader in Southwestern Ontario's business community by choosing to pursue environmentally sustainable economic growth.

### **LA CO-OP FÉDÉRÉE**

In collaboration with 13 other Quebec organizations from different activity sectors, La Coop fédérée contributed to the development of the "2025 Biomass Vision: A collective vision for a greener and more prosperous Quebec", a plan to develop the residual biomass (forestry and agricultural) heating industry in Quebec.

# IMPROVING EASE OF DOING BUSINESS



Co-operatives have been innovators in terms of helping ease the startup and operational issues faced by some enterprises.

A good example of easing operational barriers is the role of tourism co-operatives, which pool resources to create clusters of activity that helps promote awareness and build integrated travel and vacation solutions. Voyages Coste is a multistakeholder co-operative that organizes and markets tourism of Minganie, Anticosti and the Lower North Shore, while maximizing benefits to these communities.

There has also been good success for startup co-ops that house entrepreneur members to help get new ventures launched. The Hackers/Founders Co-op is a global provider of startup concierge services and fundraising. While the survival rate for startups is 50%, 80% of co-op companies in this ecosystem are alive and well. The incubator business model is based on a 5% equity stake in the startup to pay for services and operations and part of this stock is shared by all startups in the class, so each startup receives some equity from each year's cohort. This assures that startups are invested in each other's success. The H/F Co-op portfolio companies have a net worth of over \$400 million and have raised over \$60 million.

# WHAT WE OFFER FOR CANADA

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We believe the ideal innovation strategy includes co-ops.

We believe the ideal innovation strategy for Canada would include clear-eyed consideration of the proven ability of co-operative ventures to meet national and local policy goals.

Many of the highest profile agenda items of the current government (emissions reduction, strengthening indigenous communities, clean technology, broadband expansion, housing affordability and trade expansion to name just a few) are areas where the co-operative idea is not an experiment, but an idea working well, and that can be scaled out.

We look forward to working with the government in the pursuit of constant innovation that drives prosperity we can all share in, and important progress on our social and cultural priorities as a nation.

# BUDGET 2017

We have prepared, under separate cover, three proposals to the Minister of Finance, to help the government achieve its social and environmental goals, job creation and economic growth. They are summarized below:

## A NATIONAL INVESTMENT IN CO-OPS AND IN CANADIANS

### **CANADIAN CO-OPERATIVE INVESTMENT FUND**

Creation of a Canadian Co-operative Investment Fund to grow solutions-oriented co-operative enterprises. Leveraging our \$25 million investment to establish the fund with an additional \$50 million from the federal government will help small and medium-sized co-operatives access the capital they need to operate more efficiently and serve more people.

### **TAX CREDITS FOR INVESTMENT IN CO-OPERATIVES**

Tax credits for purchasing shares in co-operatives to encourage investment, similar to those available for private enterprise. Expanding the tax credit approach costing the federal government \$20 million would generate \$125 million in new investment from members, create jobs and fill more gaps.

### **THE CANADIAN CO-OPERATIVE DEVELOPMENT STRATEGY**

Implementing a Canadian Co-operative Development Strategy unleashing potential among some 9,000 co-operative enterprises by creating a supportive network in conjunction with our provincial/regional associations and sector federations. A \$10 million investment would stimulate local growth, build capacity, create jobs, provide goods and services within a sustainable business model.