



CANADIAN
CO-OPERATIVE
ASSOCIATION



Presentation to the

Standing Committee on Human Resources, Skills and Social Development
and the Status of Persons with Disabilities

on

The Federal Contribution to Reducing Poverty in Canada

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Good morning. My name is Lynne Markell and I am the Government Affairs and Public Policy Advisor at the Canadian Co-operative Association. We welcome this opportunity to address you. I also appreciate that we are on the same panel as my colleague, Nicholas Gazzard, Executive Director of the Co-operative Housing Federation of Canada.

The Co-operative Housing Federation is one of our forty members, which also includes co-operative federations, all credit union centrals in Canada, as well as The Co-operators insurance group, and retail co-operatives such as Federated Co-operatives Limited, Co-op Atlantic, GROWMARK and Mountain Equipment Co-op. Other members are agricultural co-operatives such as Gay Lea in Ontario and Northumberland Co-operative in New Brunswick, and provincial co-operative associations which in turn represent many grass roots co-ops such as child care co-ops, car share co-ops, and employee-owned co-ops. All our members are listed at the end of this submission.

For just over a century, CCA has been working to promote, develop and unite Canadian co-operatives. This year marks the 100th anniversary of the founding of the Co-operative Union of Canada – which became CCA in 1987. We will be holding our annual Congress here in Ottawa in June and I would like to extend an invitation to all of you to attend.

With the Conseil canadien de la coopération et de la mutualité, our francophone sister organization, we form a network of 8,800 co-operatives, which has assets of over \$275 billion and employs some 155,000 people. There are over 17 million co-op memberships in Canada, making Canada, along with Norway, the country with the most co-op memberships per capita in the world. CCA alone represents over 9 million members of co-operatives and credit unions.

We are very pleased to have this opportunity to provide input into your study on the federal contribution to reducing poverty in Canada. Throughout their history, co-operatives have been closely linked to the battle against poverty.

The first modern co-operative was started in 1844 by textile workers in Rochdale, an urban centre in England, to deal with the poverty of that time. The retail co-operative they formed was based on the democratic principle of one-member one-vote and has grown into the modern world-wide movement of today, which has some 1 billion members and employs more people than all the multinationals put together.

Here in Canada, co-operatives were originally formed by farmers, fishermen and other working people who saw them as a way of improving their economic situation. It was in the 1930s - at the time of the last economic crisis to rival this one - where the co-operative movement grew.

- In Atlantic Canada where Moses Coady and the Antigonish Movement started a wave of new co-operatives and credit unions to fight poverty.
- In Western Canada where the world's first co-operative oil refinery was formed in 1935 which produced a 500 barrels-per-day. Today it is still part of the co-operative system and now produces some 90,000 barrels per day.
- Across Canada where a wave of credit unions were created as a response to the great depression and the failure of the banks of that time.

Today, once again, **we believe that co-operatives are an essential tool to fight poverty.**

We think we are the only business sector organization to have passed a resolution calling for a federal anti-poverty strategy. At our annual general meeting in 2007, by a unanimous vote of the members, the Canadian Co-operative Association affirmed its support for the development of a national anti-poverty strategy to be carried out in conjunction with the provincial and territorial governments.

Our resolution called for a national anti-poverty strategy that would:

1. Commit governments to setting timetables and targets for poverty reduction.
2. Co-ordinate a number of different policies and mechanisms to reach its goals.
3. Include the co-operative model as an important tool that needs to be encouraged and fostered.

(The full resolution is included in the appendix.)

Since that time, we have challenged other business organizations to pass similar resolutions of support.

In addition to our work in Canada, CCA is also active in building co-ops and credit unions to fight poverty in over 20 countries. Our international work is largely funded by CIDA, and we greatly appreciate the federal government's contribution to these efforts.

For a rich country like Canada - even in a period of deep economic recession - there is no excuse for tolerating high levels of poverty that are bound to increase in this period. And as always, poverty levels for certain groups in our society are even more worrisome. These groups are Aboriginal peoples, recent immigrants, visible minorities, people with disabilities, and women, particularly single mothers. Rural communities and inner city areas, and now, the donut ring urban neighbourhoods, are also hard hit.

We believe that now is the time to act. There are three reasons for this.

First of all, with this recession, levels of poverty could grow rapidly if nothing more is done. New groups, such as people who lose their jobs due to downsizing or restructuring are particularly vulnerable to becoming poor. Many people with strong attachments to the labour force never thought that they would find themselves out of work and unable to find a new job. We also know that many of our social programs are designed to work in prosperous times when a laid-off worker would have a better chance of finding a new job quickly.

Second, there is momentum in Canada to deal with poverty. When we began to examine the need for a strategy in 2005, there were only two provinces – Quebec and Newfoundland and Labrador – which had an anti-poverty strategy. Today, Ontario and Nova Scotia have also developed anti-poverty plans and New Brunswick is developing one. These five provinces represent two-thirds of Canada's population. Prince Edward Island is contemplating bringing one in.

As a non-partisan organization, we are happy to see that the fight against poverty is an issue which transcends party politics: two of these provinces have Conservative governments and three have Liberal governments.

Third, as the committee has already heard, other countries such as Ireland and the United Kingdom have made important progress on this issue. And we all know that the United Nations Millennium Campaign has made poverty reduction an international issue.

What can be done in the short term?

We believe that developing a strategy and setting goals and timetables for poverty reduction can help us focus on this issue in a concentrated way.

We believe that better co-ordination between federal departments and agencies working on different aspects of anti-poverty activities and the co-ordination of these federal initiatives with provincial programs could result in major gains in the battle against poverty. The federal activities range from social transfers (OAS, GIS and CPP), and Employment Insurance to funding for social housing, skills training, and economic development programs.

We believe that the social safety net, including the Child Tax benefit and other income programs, needs to be improved. We also know that we need more social housing and more child care services. There are over 500 child care co-ops in Canada and there is potential for more.

What we want to add today is **a call for a new focus on self help and community economic development in the fight against poverty.**

While the co-op movement believes in a strong government safety net, we also believe in the philosophy of self help and mutual aid. Given the right tools and the right ideas, we believe that people can build their own organizations to help themselves out of poverty through the creation of community services, businesses, and economic activity in their communities.

The co-operative model is a proven approach to help meet needs not filled by traditional private enterprise or by the public sector. We know that because we did a two-year study that was funded by the federal government's Voluntary Sector Initiative on how to make the co-operative model more helpful in tackling poverty in low-income communities. The study involved a broad Steering Committee, interviews with stakeholders and co-operatives in ten low-income communities, and six regional consultations.

The results are contained in a policy framework called, *Building Community Assets in Low-income Communities through Co-operatives: A Policy Framework*. The framework includes:

1. The benefits of co-operatives to both individuals and communities
2. When the co-op model is appropriate for low-income communities
3. What components must be in place before low-income communities are encouraged to develop co-ops
4. Policies and programs that are needed to support the development of co-ops
5. Recommendations for all levels of government, the co-op sector, local community service organizations, and community economic development organizations.

CCA also made a presentation on rural poverty to the Standing Senate Committee on Agriculture and Forestry (April 26, 2007) and on urban poverty, to the Senate Standing Committee on Social Affairs, Science & Technology (November 21, 2007).

The co-op model has important advantages as a tool for fighting poverty:

- Co-ops keep profits in the community and build assets that belong to the community and support community economic development.
- Co-operatives are informal schools of democracy and business training and give members who serve on boards and committees important leadership skills that can be use in the paid workforce.

- Co-ops improve relationships and networks between community people so there is a stronger community that can tackle community issues. Success in one venture leads to other collective solutions.
- Co-operatives stay in business longer. A new 2008 study by the Quebec government shows that co-operative businesses tend to last longer than other businesses in the private sector. 6 out of 10 co-ops last more than 5 years compared to less than 4 out of 10 of all businesses.
- Co-operatives are locally owned and controlled. For-profit co-ops distribute profits back into local communities in the form of dividends and donation to community services and programs.

Here are a few examples of how existing co-operatives are helping to fight poverty.

In the last decade **Federated Co-operatives Limited** distributed some \$2 billion back to its 265 retail co-ops made up of over 1.2 million members. The profits from Federated help keep many small rural co-operatives alive and contribute to the viability of these small communities.

Credit unions across Canada have many programs which help fight poverty in their inner-city neighbourhoods. Assiniboine Credit Union in Winnipeg, Vancity in Vancouver, and Servus Credit Union in Alberta have micro loan programs for those starting small businesses. These loans of up to \$35,000 are made possible through partnership with Western Economic Diversification. Vancity also provides advice and business loans for entrepreneurs with disabilities.

Arctic Co-ops Limited, with 31 autonomous member co-ops in the North, has helped fight poverty by providing \$38 million in patronage refunds since 1986 in Inuit and Dene communities. Collectively there are 19,000 members that benefit from these co-ops.

Neechi Foods Co-operative, an Aboriginal worker co-operative, operates a retail store in inner city Winnipeg, a neighbourhood with a large Aboriginal population and high rates of poverty and homelessness. Neechi promotes healthy eating and foods which help fighting the incidence of diabetes in the Aboriginal population.

Common Ground Co-operative, in Toronto, is a non-profit co-operative founded in 1990. It has over 100 members, about half of whom are parents of children with developmental disabilities. The co-op creates long term self-employment, promotes the development of entrepreneurial

skills, and educates people with disabilities in the practises of group self-determination. Common Ground operates a catering business under the trade name, *Allspice*, and several coffee bars.

Multicultural Health Brokers Co-operative is a worker co-operative in Edmonton which assists recent immigrants to access the public health care system. Its 30 members together speak over 15 languages.

The **Co-operative Enterprise Council** in New Brunswick is partnering with an anti-poverty agency, Support to Single Parents, to help low-income women develop their own co-op business ideas. The project received \$300,000 in federal funding.

The **Canadian Worker Co-operative Federation** partners with the Prairie Region of the Canadian Labour Congress to examine possible plant closures which could be turned into employee- owned businesses to help save jobs and keep communities alive.

Co-operative Development

To ensure that co-operatives can be successful as part of any anti-poverty strategy, low income people and communities need information, supportive developers, and funding for planning, training, and start-up costs. We need more co-operative development programs like the Co-operative Development Initiative, also known as CDI. Our organization is working with our francophone counterpart to ensure the renewal of the federally-funded Co-operative Development Initiative. We hope it will be announced soon.

The CDI helps new and emerging co-operatives get started and is a partnership between the two national co-op organizations and the Co-operatives Secretariat, located within the Department of Agriculture and Agri-food. In its first five years, this program created over 200 new co-ops and helped some 1500 others by providing start-up help in many forms. We are very thankful that this program is up for renewal.

We hope that the federal anti-poverty strategy will include a focus on community economic development, including the creation of new co-operatives and investment in programs that will help co-operatives get started. For the last few years we have been proposing a self-sustaining Co-op Development Fund which will provide patient capital loans.

Thank you for your time and of course, I am open to any questions on the material we have presented.

CCA Members

Consumer and Supply

Arctic Co-operatives Limited
Calgary Co-operative Association Limited*
Co-op Atlantic
Federated Co-operatives Limited
GROWMARK Inc.
Mountain Equipment Co-op
UFA Co-operative Limited
Ontario Natural Food Co-op

Financial

Arctic Co-operative Development Fund*
Canadian Association of Mutual Insurance Companies**
Central 1 Credit Union (BC region; Ontario region)
Concentra Financial Services Association
Credit Union Central Alberta Limited
Credit Union Central of Canada*
Credit Union Central of Manitoba
Credit Union Central of New Brunswick
Credit Union Central of Nova Scotia
Credit Union Central of Prince Edward Island
SaskCentral
The Co-operators Group Limited
The CUMIS Group

Agriculture

Gay Lea Foods Co-operative Limited
Granny's Poultry Cooperative (Manitoba) Ltd
Northumberland Co-operative Limited
Organic Meadow
Scotsburn Co-operative Services Limited

Service

Alberta Federation of Rural Electrification Associations
Canadian Worker Co-operative Federation
Community Health Co-operative Federation Limited
Co-operative Housing Federation of Canada

Provincial Co-op Associations

Alberta Community & Co-operative Association
British Columbia Co-operative Association
Manitoba Cooperative Association
New Brunswick Co-operative Enterprise Council
Newfoundland-Labrador Federation of Co-operatives
Nova Scotia Co-operative Council
Ontario Co-operative Association (OnCoop)
Prince Edward Island Co-operative Council
Saskatchewan Co-operative Association

* denotes Associate Membership

** denotes Friend of CCA



RESOLUTION #2: DOMESTIC POVERTY REDUCTION STRATEGY

PRESENTED BY: CCA Board

APPROVAL: Passed unanimously June 2007, St. John's, Newfoundland and Labrador

WHEREAS about one in six Canadians is presently living in poverty,

WHEREAS poverty disproportionately affects groups such as First Nations, Inuit and Métis Aboriginal peoples, women, people with disabilities and recent immigrants,

WHEREAS the modern co-operative movement was born in Rochdale, England in the 1840s as a response to dealing with poverty,

WHEREAS many co-operatives in Canada were originally established as a response to poverty,

WHEREAS today the co-operative model remains an effective tool of self-help in dealing with poverty,

WHEREAS the Canadian Co-operative Association is committed through its international development work and the Co-operative Development Foundation to alleviating poverty around the world,

WHEREAS the Canadian Co-operative Association is committed to using the co-operative model as a tool for the reduction of poverty in Canada

WHEREAS two provinces Newfoundland and Quebec already have provincial poverty reduction strategies,

THEREFORE BE IT RESOLVED THAT:

The Canadian Co-operative Association calls on the federal government to develop a national anti-poverty strategy in conjunction with the provincial and territorial governments.

- A national anti-poverty strategy would commit governments to setting timetables and targets for poverty reduction
- A national anti poverty strategy would co-ordinate a number of different policies and mechanisms to reach its goals
- An important tool available to implement such a strategy is the co-operative model, the development of which needs to be encouraged and fostered