



# CO-OPS IN NEWFOUNDLAND & LABRADOR



The co-operative sector in Newfoundland and Labrador plays a significant role in provincial economic development and local community empowerment. Co-ops have helped thousands of people become stakeholders of self-sustaining enterprises that were designed to meet their economic and social needs.

Currently, there are over 70 co-operatives operating in the province, with approximately 57,000 co-op members. Together, they employ over 1,400 people and have sales in excess of \$132 million dollars (in 1998). Members include fish plant workers on the Labrador coast, fishers on Fogo Island, vegetable farmers in central Newfoundland, egg producers on the Avalon Peninsula, retail co-op members, film makers, taxi drivers, photographers, carpenters, and consultants.

Co-operatives offer a variety of products and services in the agricultural, fisheries, manufacturing, retail, housing, and daycare sectors. There are 15 credit unions with 37 locations, 11 consumer co-operatives, 24 housing co-ops, and 13 producer co-ops. Although not based in Newfoundland and Labrador, a number of larger interprovincial co-ops do business in the province and play an important role in the economy. These include Co-op Atlantic, The Co-operators Group Limited, and Scotsburn Dairy Group.

Co-operatives were introduced to Newfoundland and Labrador by Sir Wilfred Grenfell as part of his missionary work in the coastal communities of Newfoundland and Labrador. In addition to establishing schools, hospitals, and an orphanage, he also helped start co-operatives to improve the lives of the coastal people and fishermen. He believed that many of the problems on the coast stemmed from fishermen being overly dependent on merchants. Consequently, in 1893 he helped form a general purpose co-operative at Red Bay in Southern Labrador. It supplied goods to members and marketed their

fish. By 1909, there were eight such co-operatives in operation, including co-op stores.

More co-ops were formed in the 1920s and 30s, some with the help of the British co-operative movement and British immigrants. Joey Smallwood, who was a union organizer at the time, and the colonial government were also instrumental in starting co-ops. The later, known as the Commission of Government, set up a separate division to promote co-ops and provide loans and development assistance.

After Newfoundland's confederation with Canada in 1949, the new provincial government included five Cabinet Ministers who had been involved in the co-operative movement. The provincial government continued to promote co-ops, creating a department which served the fisheries and co-operatives. It was not until 1962 that the provincial government ended its heavy involvement with the co-op movement.

Co-operatives have demonstrated a longer survival rate than other forms of business enterprise. Studies in Quebec have shown that 64% of co-operatives still exist after the first five years compared with 36% of other businesses. A similar pattern is evident in Newfoundland and Labrador where many co-ops have been in business since the 1950s. Although co-ops sometimes take a while to get started, they tend to remain in business for the long term.

Credit unions are independent, community-based alternatives to banks. They are democratically controlled and owned by local residents. In Newfoundland and Labrador, more than 59,000 residents are customer-owners of the 13 credit unions, which have 41 locations and 26 ATMs across the province. Total assets were \$597 million as of December 31, 2006. Credit unions are critically important for rural Newfoundland as major banks continue to pull out of these communities.

## PROVINCIAL ORGANIZATIONS

Established in 1949, the Newfoundland-Labrador Federation of Co-operatives represents the needs and interests of the co-operative sector. The Federation acts to unite and develop the co-operative movement in the province by providing services in education and training, policy development, and program planning. The Federation is one of a number of regional co-operative organizations in Canada.

Over the past 15 years, the Newfoundland-Labrador Federation of Co-operatives has helped people with the development, start-up, and operation of co-operatives. It works closely with regional economic development boards, development associations, government departments, and individuals in identifying where and how the co-operative business structure can be used to create jobs and increase local wealth. The Federation provides project planning assistance, organizational advice, and investment support.

The Federation manages the Co-operative Development Fund Corporation, which supports small business development through its Collective Enterprise Development Program. The Federation also receives funding from the federal Co-operative Development Initiative to deliver advisory services. In 2004, the Atlantic Canada Opportunities Agency provided \$247,500 in funding under its Business Development Program to enable the Federation to improve and expand its support to clients. This involves developing a regional developer's network, new training resources, and a professional development plan, in concert with the creation of a new e-learning web site.

There are a variety of sectoral federations that represent and serve groups of co-ops in Newfoundland and Labrador, including the Newfoundland and Labrador Association of Fisheries Co-operatives and the Co-op Housing Association of Newfoundland and Labrador.

## CCA MEMBERS IN NEWFOUNDLAND AND LABRADOR

→ Based in Halifax, **Credit Union Central of Nova Scotia**, known as Nova Scotia Central, is the provincial trade association and central banker for credit unions in Nova Scotia, Newfoundland & Labrador. It provides provincial liquidity reserves management, central banking and investment services, development services, director and staff training, and marketing support. Formed in 1938, Nova Scotia Central

represents the provinces' credit unions in national credit union and co-operative systems. Until 2002, it was the formal representative for only those credit unions in Nova Scotia;

however, in 2002, credit unions in Newfoundland & Labrador were given full voting status concerning financial matters affecting the Central.

→ Two national co-operatives provide services to the province's credit unions and their members. **The CUMIS Group**, headquartered in Burlington, Ontario, provides a comprehensive portfolio of insurance, retail and wealth management products to Canadian credit unions and their members. Its Strategic Solutions Group researches, develops, and uses cutting-edge tools and best practices to assist credit unions with their business goals and challenges. **Concentra Financial**, a co-operative owned by the Canadian co-operative community, also provides corporate trust, personal trust, mortgage, and deposit services to credit unions and others in Newfoundland and Labrador. Formerly known as Co-operative Trust Company of Canada, Concentra has recently been named as one of Canada's 50 Best Managed Companies.

→ **Co-op Atlantic** is one of the largest integrated wholesale agri-food operations in the region. Since its creation in 1927, the organization has remained true to its rural and agricultural roots, and is Atlantic Canada's only grower-to-grocer food provider. This position is exemplified in Co-op Atlantic's many exclusive branded products, which include national award-winning products like Atlantic Tender Beef Classic, Market Town Pecan Krunch Pumpkin Pie, and the co-op owned potato variety, Rochdale Gold. Collectively, Co-op Atlantic and its member co-ops employ over 5,000 Atlantic Canadians and serve over 226,000 member families. Central offices are located in Moncton, with a distribution centre in Gander.

Listed as one of the Top 10 Businesses in Atlantic Canada, Co-op Atlantic is recognized as a business leader in the area of consumer products, agriculture, and petroleum, as well as real estate and housing development. There are 14 retail co-ops in Newfoundland affiliated with Co-op Atlantic. One, in Labrador City, is a branch of the **Consumers Community Co-operative**, which was formed from former independent community co-ops throughout Atlantic Canada. With **ACA Poultry Co-op**, it jointly operates Country Ribbon, a chicken production facility just outside St. John's.

→ **Scotsburn Co-operative Services Limited**, also referred to as Scotsburn Dairy Group, is a century-old dairy processing and distribution co-op that serves 500 dairy and livestock farmers in the four Atlantic provinces. Established in 1900, Scotsburn has expanded over the years through purchases and mergers with other dairy co-operatives and now distributes fresh and frozen dairy products throughout the Atlantic region. It operates three processing facil-



ities and various strategically located distribution centres in Newfoundland and Labrador. The co-operative employs over 800 people. Scotsburn is the largest Atlantic Canadian-based manufacturer of ice cream and novelties.

- With assets exceeding \$6.5 billion, **The Co-operators Group Limited** is the largest, wholly Canadian-owned multi-product insurance company. It is a group of Canadian companies that provides a variety of insurance services, financial security products, investment counseling, and property management and development services. The Co-operators Group is owned by 37 Canadian co-operatives and like-minded organizations, including the Newfoundland and Labrador Federation of Co-operatives. In 2007, it was named one of the 50 best employers to work for in Canada by *The Globe and Mail Report on Business*. The Co-operators has 25 offices in Newfoundland and Labrador, and is the largest provider of insurance services in the province. It is also a key supporter of both community and co-operative economic development initiatives.
- The **Co-operative Housing Federation of Canada** is the national voice of Canada's co-operative housing movement. CHF Canada, with headquarters in Ottawa, is owned, controlled, and financed by its members. Founded in 1968 to represent housing co-operatives, the organization helps members to create and maintain successful co-operative communities. CHF Canada strives to build a strong, democratic co-operative housing movement in Canada and advocates for better housing conditions in Canada and around the world. There are 24 non-profit housing co-operatives in Newfoundland, providing affordable housing for 390 members. The **Co-op Housing Association of Newfoundland and Labrador** is affiliated with CHF Canada. It provides training, management and other essential supports to the province's housing co-operatives.
- The **Canadian Worker Co-operative Federation**, headquartered in Calgary, is the national voice of worker co-operatives in Canada. It is committed to the development and expansion of worker-owned or multi-stakeholder co-operatives and the promotion of democracy in the work place. The Federation owns and manages Tenacity Works, a worker co-op development fund designed to finance worker co-operatives and provide leverage to obtain conventional financing. It works in conjunction with a Worker Co-op Developers Network, which helps develop new co-operatives. Some Federation members from Newfoundland and Labrador are the Extension Community Development Co-operative, a worker co-operative of consultants and Fogo Island Co-op Society. See below for more information on these specific worker co-ops.

## LOCAL CO-OPS OF INTEREST

There are many fascinating co-operative initiatives in Newfoundland and Labrador.

- **Fogo Island Co-operative Society Limited** is a well-known example of a successful fishing co-operative. Fogo Island, located approximately 12 miles off the northeast coast of Newfoundland, is the largest of the offshore islands that dot the coast of Newfoundland. The co-op was set up in the 1960s when the provincial government was moving people in small, remote communities to larger mainland centres. While the co-op was initially involved in boat building and fish processing, today it has five plants (three processing and two buying stations), a laboratory/test kitchen, a stockroom, a welding shop, and a marine service centre. Its 1,120 members own and operate their fishing enterprises, and boat sizes range from small outboards to 65-foot steel vessels. The co-op produces and sells a variety of species, including crab and ground fish. It has annual sales of between \$15 million and \$20 million. In addition to Canada, products are sold internationally, mainly to the U.S., Japan, Taiwan, Sweden, and Germany.
- The **Eagle River Credit Union** was formed in 1984 by residents of L'Anse au Clair to the Red Bay area when the Bank of Montreal decided to withdraw its services from L'Anse au Loup and move all accounts to Deer Lake. A steering committee, consisting of volunteers from different organizations and the local shrimp company, spearhead the community effort and successfully opened its own financial institution. It continued to use the same premises and even hired the two staff members who had been formerly employed by the bank. The credit union, which currently has six branches and more than 5,000 members, is a source of pride and proof that people can accomplish more if they work together.
- Established in 1981, the **Torngat Fish Producers Co-operative Society Limited** in Labrador, is owned by 500 Inuit members. The co-op exports a variety of fish throughout the world, including headed and gutted halibut and by-products, turbot blocks and fillets, dressed arctic char, brine frozen snow crab sections, and frozen Icelandic scallops. The head office is located in Happy Valley - Goose Bay and processing facilities are located in Nain, on the north coast of Labrador. The number of employees varies with the success of the fishery, but can climb as high as 400.



- The **Newfoundland Independent Filmmakers Co-operative** (NIFCO) was created for a purpose that underlies a lot of co-operatives in Newfoundland and Labrador — the desire to work in a chosen field without having to leave the province. In 1975, a group of young filmmakers in St. John's, most of them working on their own, united in their desire to tell Newfoundland stories on the big screen. The co-op helped provide the means of production and a place to share knowledge and experience. In the early 1990s, NIFCO's facilities were up-graded to include a state-of-the-art post-production facility, digital and analog editing suites, a mixing theatre, and an animation stand. NIFCO members have now produced over 200 films, ranging from short animations to feature length dramas, television series, and documentaries.
- The **Extension Community Development Co-operative** is a worker co-operative formed in 1991. Comprised of former Memorial University of Newfoundland Extension Service employees, the co-op provides consulting services in adult education, socio-economic research, and community economic development. Members and associates have extensive experience, knowledge and skills in working in rural community development and adult education theory and practice. The co-op works with community-based organizations, helping to facilitate co-operative and coordinated approaches to social and economic development.
- Unlike most other housing co-ops, **Odyssey Housing Co-operative**, in St. John's, consists of 14 housing units scattered throughout the city. There are bungalows, a single dwelling, a duplex, and townhouses on the same street. It has been incorporated for 22 years and has managed to create a strong cohesive group. In May 2004, Odyssey received the *Co-operator of the Year Award* in recognition of the outstanding co-operation of its members.
- The **Indian Head Consumers Co-op** had an interesting start. In 1941-42 the small village of Stephenville was transformed into a boom-town when, almost overnight the population increased to over 7,000 people, most of whom were engaged in the construction of a United States Air Force base. The base closed in 1996 leaving behind an extensive arrangement of buildings and many unemployed people. Through the efforts of local people, the old Base Commissary was transformed into a co-operative store. As well as providing groceries and other supplies, the co-op provided members with the spirit of co-operation that was so necessary to bring the people of Stephenville together during turbulent times. The original building underwent major renovations in the late 1980s and today it serves over 2,000 members in Stephenville and other communities on the Port au Port Peninsula.
- **North Shore Central Ambulance Co-op** is a good example of how the co-operative model can be used to maintain needed services in rural communities. Jointly owned by ambulance attendants and the community, the co-op provides ambulance services for communities on the Bay De Verde Peninsula. It has enhanced cost effectiveness while improving services. A community representatives committee assists with operational planning and fund raising.
- The **Rising Sun Independent Fisheries Co-operative** is a new co-op that was formed, in June 2005, by small boat shrimp harvesters on the Northern Peninsula to counter the effects of local plant closures. Since its incorporation, co-op membership has grown from 14 to more than 40. It has hired a manager and set up an office in the region. The co-op will market members' shrimp at fair and equitable prices, and provide savings to fish harvesters through volume purchasing of equipment and supplies.

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