



CO-OPS IN THE NORTH



For the people of the North, traditions of co-operation far pre-date the establishment of formal co-operatives. In the days before the market and the modern state transformed the northern economy, women and men had little option but to practice communal collaboration.

Contact with southerners reshaped Arctic societies in rapid and sometimes brutal ways. Those affected were almost completely ignored for decades. It is only in the 1950s that the Canadian government, shamed by stories of abject poverty and disease and motivated by a desire to tap into the extensive mineral wealth of the Arctic, decided to invest in the socio-economic development of the North. Health and education services were started in many areas. With these new services, people that had lived a nomadic lifestyle for thousands of years started to move - not always voluntarily - to the locations where services were available and communities began to develop. With sedentary communities came incentives for formal economic activity and co-operatives would emerge as the most viable option.

Co-operatives in the Arctic, most of which are located in Nunavut and the Northwest Territories, have shown remarkable entrepreneurship by engaging in a wide variety of economic activities. Co-ops now include a vast variety of services such as retail stores, hotels, and cable television. These co-operatives make substantial economic contributions to the communities they serve through local businesses and the wholesalers they own, which return surpluses or profits back to members. They are also major employers of Aboriginal people and the training and education they provide their elected leadership and employees allows leaders to emerge from co-operatives to play important and diverse roles in their communities.

The co-operative approach conforms well with the aims and preferred methods for community development articulated by Aboriginal peoples and northerners in general. Co-operatives conceive economic

development as a process that takes into account the history, collective aspirations, economic diversity, and underlying realities of each community. The co-operative movement also promotes activities of cultural and traditional value in the North such as arts and craft production, fur harvesting and fisheries. The co-operative model also allows profits to stay in the communities and to be used to develop new and better services.

The federal government has played a valuable role in the development of northern co-ops. In 1958, following an extensive study, it announced its first five-year northern co-operative development program. A year later, the first co-operatives were organized in George River and Port Burwell (the Kikitoayak Eskimo Co-operative). The promising starts of these co-operatives influenced others to follow. Government initiatives to create co-ops quickly multiplied. In 1970, 30 co-ops punctuated the northern landscape, and in 1975, this number had grown to 41. These community-owned co-operatives became the first locally owned and controlled business enterprises in the region.

The work of southern champions of the co-operative movement such as dedicated Department of Northern Affairs' civil servants Paul Godt and Alexandr Sprudz and European resident of the North for 29 years, Andrew Goussaert, was also crucial in this rapid expansion phase. The training that they provided for the elected leadership, members, and managers helped transmit the understanding of the legal responsibilities and formal procedures of operating a co-op business. They overcame the isolation of remote Northern communities by providing the careful nurturing of experienced members of the co-op movement that any new co-op needs in its formative years.

Yukon has had only 13 incorporated co-operatives in its history, four of which still exist today.

Co-operatives have demonstrated a longer survival rate than other forms of business enterprise. Studies in Quebec have shown that 62 per cent of co-operatives still exist after the first 10 years compared to 44 per cent of other businesses. A similar pattern is evident in the North where many co-ops have been in business since the 1960s. Although co-ops sometimes take a while to get started they tend to remain in business for the long term.

CCA MEMBERS IN THE NORTH

As the remote co-operatives diversified and became more complex, co-op leaders saw a need for increased levels of service and technical support to run their businesses. For most northern co-ops, these services are provided by **Arctic Co-operatives Limited (ACL)**.

Incorporated in 1972, ACL is a service federation that is owned and controlled by 33 community-based co-operative business enterprises that are located in Nunavut, Northwest Territories, and northern Manitoba. (See list) These co-ops are independently owned and controlled Inuit and Dene businesses. They operate retail facilities, hotels, cable operations, construction, outfitting, arts and crafts production and property rentals in which more than 800 people are employed.

With combined revenues of more than \$95 million in 2005 and support from the federal government's Co-operative Development Initiative, Arctic Co-operatives Limited is able to co-ordinate the resources, consolidate the purchasing power and provide operational and technical support to community based co-operatives, which enables them to provide a wide range of vital services to their local member owners in an economical manner.

The **Arctic Co-operative Development Fund**, ACL's financial arm, helps co-operatives implement sound business practices leading to operational stability, growth and new business development. They help local partners to improve services to their members through expanded merchandise selection, modern and efficient buildings and equipment and new business ventures.

In 2005, the Arctic Co-operative Development Fund:

- * Provided \$20.3 million in financing to member co-operatives

- * Provided \$3.4 million for the development of new assets
- * Financed \$16.6 million of members' merchandise inventory purchases
- * Generated \$2.4 million in interest and other revenues for the year
- * Net savings for 2004 totaled \$1.2 million
- * Allocated patronage refunds of \$1.1 million or 61 per cent of interest revenue members' equity increased by \$1.6 million and is 94% of assets.

The Arctic Co-operative Development Fund also provides support to member co-operatives in accounting, cash flow management and long-term financial planning as well as on-the-job training for staff carrying out administrative and technical duties. This includes an internet-based purchasing system used to manage re-supply orders and provide each co-op with three years of sales and purchasing history, as well as the option of a current record of their "on hand" stock. Fund staff work with artists in their communities for the marketing and promotion of their art. The corporate services division organizes quarterly district conference calls to provide local Boards opportunity for ongoing dialogue with ACL directors and operational managers. ACL also raises public and political awareness of the significant contribution of the co-operative to the development and prosperity of northern Canadian communities.

ACL serves the following communities: in Manitoba, Pukatawagan; in the Northwest Territories, Fort Good Hope, Deline, Holman, Sachs Harbour, Colville Lake, Wrigley, Lutsel K'e, Fort McPherson and Yellowknife; and in Nunavut, Grise Fiord, Hall Beach, Igloolik, Cambridge Bay, Whale Cove, Coral Harbour, Repulse Bay, Arviat, Taloyoak, Kimmirut, Rankin Inlet, Kugaaruk, Kugluktuk, Sanikiluaq, Pangnirtung, Chesterfield Inlet, Gjoa Haven, Baker Lake, Arctic Bay, Pond Inlet, Resolute Bay, Qikiqtarjuaq and Cape Dorset

The major recession experienced in the Canadian economy had a great impact on the financial health of ACL in the three-year period from 1982 through 1984. In order to meet this challenge, ACL consolidated operations, moved its headquarters from Yellowknife to the less expensive city of Winnipeg, and sold several buildings. These decisions helped reduce operating costs by more than one-third. In October 1986 the Government of the Northwest Territories wrote off more than \$1.4 million in debt owed by ACL.



CCA MEMBERS IN NORTHERN TERRITORIES

- 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. CHF Canada's operations in the North centre on the Territories' five housing co-ops, which comprise 162 units.
- The **Co-operators Group** is the largest, wholly Canadian-owned multi-product insurance company, with assets of \$6.5 billion. 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 Limited is owned by 37 Canadian co-operatives and like-minded organizations. In 2006, two of their subsidiaries were named one of the 50 best employers to work for in Canada by the Globe and Mail Report on Business. As well, The Co-operators was featured among Canada's top 100 companies in 2005 in Maclean's magazine. The Co-operators has an office in the Northwest Territories and another one in Yukon and is a key supporter of both community and co-operative economic development initiatives that build local economies and contribute to the quality of life in local communities.

LOCAL CO-OPS OF INTEREST

- Founded on principles of resource sustainability, community economic development and respect for other priority subsistence fisheries, the **Yukon River Salmon Co-operative Ltd.** is in the process of becoming a producer of premium quality value-added salmon products made from the rich and hearty wild salmon of Canada's northernmost salmon fishery.

The Yukon River Salmon Co-operative Ltd. is an innovative co-operative business venture. It is the first commercial producers' co-operative of its kind in the Yukon and Canada's first New Generation fisheries co-operative. Membership is currently made up of commercial salmon fishers in the Dawson City area.

Centrally located on the banks of the Yukon River in historic Dawson City, the 2,200 square foot federally certified processing facility will operate year round, producing small but constant batches of premium quality value-added salmon products using modern

and efficient equipment. It will employ up to 12 people, 10 people seasonally and two year round employees and contribute to the diversification of the economy. Funding secured from the federal government's Co-operative Development Initiative has helped the co-operative to establish itself.

- The **Southern Lakes Marketing Co-operative** aims to bring small businesses together within remote communities of the Yukon and northern British Columbia to seek and promote opportunities in the international tourism market, without significantly changing the face of these low-impact communities.

Southern Lakes Marketing Co-operative is a vehicle for product development and marketing services, and most importantly, for co-operation among the multi-purpose co-operative businesses in the communities of Yukon's Southern Lakes Region. The co-op provides leadership and expertise to develop and safeguard the ownership participation of the shareholders in the business and commerce of their region and to assure control over their destiny.

- **Grise Fiord Co-op** has the honor of being Canada's most northern Inuit community, on the south coast of Ellesmere Island in Nunavut Territory. Grise Fiord Co-op was incorporated in 1960 and is the only business providing services to the community. The co-op businesses include a retail store, cable television services, municipal contracts, property rentals and a post office. Grise Fiord has the distinction of being "at the top of the world" and is the northernmost co-op in Canada. An article in the community, with quotes from the Co-op manager, appeared in the February 2001 edition of Readers' Digest.

- Formerly known as the Coppermine Eskimo Co-op, **Kugluktuk Co-op** was incorporated in September 1960 and has since been providing a range of services to its members. As well as marketing local arts and crafts, this co-op operates a retail store, coffee shop, postal outlet, fuel delivery services and a gas station. Kugluktuk Co-op supplies the cable television services to the community and is an agent for Kenn Borek Air, Northwestel and NWT Power Corporation. The co-op store also offer light banking services and an ATM machine. These financial services are vital to remote communities where banks do not operate.

- Incorporated in March 1973, **Tudjaat Co-operative Limited's** presence can be seen throughout Resolute Bay, starting at the airport, where they operate a gift shop. Resolute is the stepping stone and



base camp headquarters for many North Pole expeditions. Much scientific research is also conducted from this community. Other co-op facilities include a retail store, hotel, restaurant and post office. Co-op services include snowmobile rentals, cable television, Interact banking machine and internet service. The co-op is also an authorized dealer for Yamaha, Polaris and Honda.

- The **West Baffin Eskimo Co-operative Limited** was formed and incorporated in Cape Dorset in 1959 as the community's first economic development association. It remains one of the most important fixtures of community life. In addition to its involvement in the arts, the co-operative owns and operates a co-op grocery and supply store in Cape Dorset and administers several government community service contracts, including the local delivery of heating fuel and gasoline.

What distinguishes this co-op above all else is the international reputation that it acquired for the exquisite stone-cut prints, etchings and carvings of its Inuit artist-members. Cape Dorset, population 1118, has come to be known as the Inuit art capital of the world.

Dorset Fine Arts is the Co-op's sales outlet for arts and crafts. Located in Toronto, it sells graphics and sculpture through the wholesale showroom in downtown Toronto to galleries specializing in Inuit art. Dorset Fine Arts' access to clients from all over the world is a great vehicle of promotion and appreciation of Inuit fine art.

- Officially incorporated in 1981, **Yellowknife Direct Charge Co-operative Limited** was first run by volunteer staff. Today, it employs more than 70 people in its grocery store and gas bar. While they remain committed to operating efficiently in providing goods and services to members and their families, the co-op also recognizes their social responsibility to help improve the quality of life in Yellowknife. Over the years, Yellowknife Direct Charge Co-op has supported dozens of local not-for-profit organizations and charities. With more than 4,000 members, Yellowknife Direct Charge Co-op declared a patronage dividend of \$260,000 to members in 2005. This was in addition to gas discounts of \$551,000 and heating fuel rebates of \$124,000 given to member/owners during the year.

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