

Co-operatives in Manitoba

Building strong businesses,
building stronger communities!





Message from the Minister

The Manitoba government recognizes the power of co-operatives and their role in the local and global economy. The co-operative model continues to be a proven strategy for social and economic development in Manitoba, building stronger, healthier communities that value self-determination and mutual support.

Co-operatives from our province have a long and proud history. They are seen as pioneers, celebrated nationally and internationally, and have played a key role in building our communities and our economy. The Manitoba government is committed to supporting, developing and strengthening this integral part of the social and economic fabric of our province.

The Manitoba Co-operative Community Strategy is a collaborative effort between the Manitoba government and the co-op community to provide ongoing support for new and existing co-operatives. The strategy promotes greater awareness and understanding of co-ops' values and principles. The government's investment in this strategy helps communities grow and thrive as they develop their self-sufficiency and strengthen our local and provincial economies. Through this work, child care co-ops provide places to support families and early childhood development, grocery co-ops provide healthy food, housing co-ops provide homes and other co-ops provide the many essential services to our communities.

In keeping with other provincial programs – Neighbourhoods Alive!, Community Places, All Aboard: Manitoba's Poverty Reduction Strategy – the Manitoba Co-operative Community Strategy supports individuals and families build stronger, healthier communities. The co-operative movement is a powerful force in uniting individuals, organizations and communities in meeting economic and social challenges through collective action.

The United Nations General Assembly declared 2012 as the International Year of Co-operatives. The theme of the year, "Cooperative Enterprises Build a Better World," recognizes the invaluable contributions co-operatives make to social and economic development, locally and globally. Co-operatives reduce poverty, provide meaningful employment, create equality in the workplace, support marginalized people and promote social inclusion.

I would like to recognize all of those who support co-ops, as workers, educators, members, volunteers or consumers. Together we are building a strong, economically prosperous province for today and for the future.

original signed by

Kerri Irvin-Ross, Minister
Manitoba Housing and Community Development

Co-ops in Manitoba: Building on success



Co-ops throughout the province have been recognized for their ability to meet both social and economic goals. Manitoba's co-ops are sustainable, long term businesses. They create meaningful employment; promote social inclusion and social responsibility; increase communities' economic stability; develop leadership; and create a stronger sense of community.

The co-op sector in Manitoba continues to contribute steadily to the economy. Our co-ops have more than \$16 billion in assets and \$1.9 billion in revenue. More than 400 co-ops provide products and services – like hardware, groceries, gas, child care, housing and agriculture. In 2009, eight Manitoba co-operatives made the Top 50 Non-Financial Co-operatives across Canada. The list is provided by the federal government annually and printed in Macleans magazine.

Manitoba co-ops reflect the overall success of the 9,000 co-ops in Canada. There are 5.9 million co-operative members across Canada. Four out of every 10 Canadians are co-op members. Canadians have the highest per capita credit union membership in the world, with 33 per cent of them having membership in at least one credit union. Worldwide, the co-operative sector has about 800 million members in over 100 countries and supports about 100 million jobs.

Manitoba's Co-operative Community Strategy: A Leading Community Vision

Manitoba's Co-operative Strategy was introduced in 2008. It presents the province's 10-year vision for a growing, thriving co-op movement in Manitoba. Partners in the Co-operative Community Strategy include the Manitoba Co-operative Association, Conseil de développement économique des municipalités billings de Manitoba and the Manitoba government.

As part of the Manitoba Co-operative Community Strategy, more than 40 stakeholders from Manitoba's co-op communities were consulted. The goal was to identify the key priorities in expanding and supporting a healthy co-op movement in the province. The consultations resulted in three key priority areas.

Priority area number one: Create an environment that better supports new and existing co-ops across Manitoba.

To grow and thrive, co-ops need an environment that supports their structure and principles. This means improved legislation, policies, programs and funding that is accessible to new and existing co-op memberships.

Taking action:

- The co-operative community strategy includes new legislation to allow the creation of multi-stakeholder co-ops.

It means that co-op members can create more than one class of co-op membership within their co-op. The goal is to allow co-ops to provide a wider variety of services to members and consumers.

- For more information on multi-stakeholder co-ops, go to: www.gov.mb.ca/housing/coop call 204-945-3379 in Winnipeg; toll free 1-866-479-6155.

- The Co-operative Development Tax Credit Fund is administered through the Manitoba Co-operative Association. It provides strategic investments, grants and technical support for emerging and expanding Manitoba co-ops and the sector as a whole. The tax credit legislation allows co-ops to contribute up to \$50,000 to the fund. In return, the co-ops receive tax credits for their contributions:

- up to \$1,000: 75 per cent refundable tax credit
- \$1,000 to \$10,000: 75 per cent non-refundable tax credit
- \$10,000 to \$30,000: 50 per cent non-refundable tax credit
- \$30,000 to \$50,000: 33.3 per cent non-refundable tax credit

For more information on the Manitoba Co-operative Development Tax Credit Fund, go to: www.gov.mb.ca/housing/coop or www.manitoba.coop, or call 204-989-0096.

- **The Co-operative Assistance Fund** is administered by the Manitoba Co-operative Association with funding from Housing and Community Development. The fund provides grants of up to \$2,000 to help co-ops cover capital expenses, infrastructure costs and green initiatives.

For more information on the Co-operative Assistance Fund, go to: <http://www.manitoba.coop/index.php?page=coop>, or call 204-989-0096.

Priority area number two: Foster better public awareness and understanding about the value, principles and advantages of co-ops – particularly among young people.

Taking action:

- **Co-operative Development Training** was created to increase public awareness about the benefits of setting up co-operatives. The curriculum is available online at www.gov.mb.ca/housing/coop.

The curriculum has six phases that cover co-ops' organization, business structure, feasibility studies, business plans, equity and maintenance.

Phase 1

- basics of co-operatives, the principles that govern co-operatives and creating a co-operative
- project management, what is a project, timelines, deliverables
- writing a Request for Proposal, hiring a consultant and developing an agreement

Phase 2

- advantages and disadvantages of different business structures
- types of co-operatives, legislative and incorporation requirements
- corporate finances, sources of funding, by-laws and membership

Phase 3

- writing a feasibility study and how it differs from a business plan
- keys to business success

- developing sales, estimating markets and pricing
- credit and financing, types of loans, types of expenses
- projecting financials, forecasting cash flow, balance sheets

Phase 4

- business plans and why we need them
- marketing strategies and operations plans
- introduction to financial statements, legal requirements, boards and governance

Phase 5

- determining equity requirements
- financial structures, start-up and ongoing capital requirements
- provincial requirements, accounting systems

Phase 6

- implementing business plans, measuring and reporting results
- reporting financials
- human resources management

For details on the Co-operative Development Curriculum, go to: www.gov.mb.ca/housing/coop/coop_curric.html#intro; or call 204-945-3379 in Winnipeg; toll free 1-866-479-6155.

Taking action:

- **The Economic Development Council for Manitoba Bilingual Municipalities (CDEM - Conseil de développement économique des municipalités bilingues du Manitoba)** has started a youth services co-op program to encourage young people to start co-ops in their local communities. With funding from the Manitoba government, the program will help young people better appreciate and understand the co-op model.

For details on CDEM, go to: www.cdem.com or call 204-925-2322.

- **The University of Winnipeg (UW)** offers an undergraduate Management of Co-operatives course (Business and Administration Department). The course provides the preparation, skills and information that are needed to advance and support the tradition of co-ops in Manitoba and to create a new generation of co-op leaders.

For details on UW's Management of Co-operatives course, go to: www.uwinnipeg.ca/index/cms-filesystem-action?file=pdfs/calendar/bus.pdf.

Priority area number three: Improve infrastructure and services for co-ops.

Taking action:

- **Co-operative Development Services**

A broad, comprehensive range of support services is provided to new and existing co-ops, including development, expansion, policy, structure, financing and development of articles of incorporation and by-laws.

For details on Co-operative Development Services, go to: www.gov.mb.ca/housing/coop/index.html, or call 204-945-3379 in Winnipeg; toll free 1-866-479-6155.

- **The Co-operative Loans and Loans Guarantee Board** provides loans and loan guarantees for existing and emerging co-ops.

For more information on the Co-operative Loans and Guarantee Board, go to: www.gov.mb.ca/housing/coop/coop_financialprograms.html, or call 204-945-3379 in Winnipeg; toll free 1-866 479-6155.

- **The Co-operative Promotion Board** The Co-op Promotion Board has funds available for grants, generally up to \$5,000, to develop co-op research, information and education, to develop new co-ops and to promote the general welfare of rural Manitobans.

For more information on the Co-operative Promotion Board, go to: www.gov.mb.ca/housing/coop/coop_financialprograms.html, or call 204-945-3379 in Winnipeg; toll free 1-866 479-6155.



Tips on Starting a Co-op in Manitoba

Developing a vision

Have you identified a local need that people are willing to work together to address? Begin by gathering a group of like minded people who are willing to work together on it over the long term. Decide how the issue might best be addressed. A co-op model is one option in meeting the need your group has identified.

Do your research

As you consider if a co-op model is the best way to achieve your goals, find out more about what it involves. With a clear goal in mind, talk to other co-ops in your area and contact co-operative organizations to get some expert advice. For example, if you are starting a child care co-op, you need to learn about child care. If you are starting a bookstore co-op, you need to learn how bookstores are run. Visit other co-operatives, talk to other co-op members and invite them to speak to your group.

Find the resources to start the project

Once you agree a co-op is the best choice for your group, you'll need help finding the right resources to make it happen. Check out the resources listed in this manual, and look for other great community resources like the Manitoba Cooperative Association, SEED Winnipeg, or CDEM, the Conseil de développement économique des municipalités bilingues du Manitoba.

Write your business plan

Your business plan will be informed by a feasibility study and have several components, including:

- Financial: how you will finance the start up, how shares will be sold, how people will invest, what kind of ongoing financing is needed.
- Legal issues and bylaws: how to set up the co-op legally, how the co-op board will look, how members will work together, how the constitution will be written, what bylaws and rules must be followed.

Implement your plan and start your co-op

With your research and finances in place and constitution set out, it's time to implement your plan and start your co-op.



Types of Co-operatives

Co-ops in Canada are as varied and versatile as the people and communities they serve. While they have a shared philosophy, there are many different ways co-ops are organized and managed.

Producer and marketing co-ops

These are most often found in the agriculture sector. Members generally co-operate to meet a common need. These needs include common services such as a poultry processing plant, commodities marketing board, or shared transportation and marketing for similar products.

Consumer and retail co-ops

These are commonly formed by consumers who want affordable services or goods. They fill gaps in available products and services, especially in rural communities, while offering urban centers with local, value-added alternatives.

Worker and employment co-ops

These are owned by the people who work in the co-op business. These co-ops give workers a voice in how the business is run. These workers-owners control the management and administration of their enterprise. Manitoba has the second highest number of worker co-ops in Canada, outside of Quebec.

Community services co-ops

These are non-profit co-ops and can take the form of worker, consumer or producer co-ops without profit sharing. Many child care centres incorporate as community service co-ops and members can be either the children's parents (like a consumer co-op) or the day care providers/staff (like a worker co-op). There are gardening co-ops that operate as producers and consumers. They provide land for members to grow food and also have a food buying club.

Housing co-ops

There are different types of housing co-ops. All of them allow members a say in how the building is run with members contributing to landscaping, painting, or building repairs. In non-profit housing co-ops, when the members leave, they only get their share price back. In equity housing co-ops, when members leave, they get back their share price plus market value for their share of the co-operative.

Financial co-ops

These are caisses populaires and credit unions. They provide members with financial services. The profits these co-ops make go back to the shareholders or members. Other co-op organizations will often become members in these co-ops and use their banking services for their co-op organizations.



New generation co-ops

New generation co-ops have been in Manitoba since 1999. They are commonly found in agricultural production. Producers can capture a greater portion of the value chain that exists between the production of raw goods and retail sale. For example, rather than producing raw food for food producers, a new generation co-op may produce the raw food and then process it into a retail or wholesale product themselves.

Multi-stakeholder co-ops

Provincial legislation was passed in Manitoba in 2011 to support the creation of these types of co-ops. The legislation allows more than one class of membership within one incorporated co-op. It allows the co-op to provide a wider variety of services to members and people who use or support the business of the co-op. For example: a producer class co-op can be combined with a worker class co-op.

Succession planning using co-ops

Employees can form business co-ops to buy a business when an owner retires. Retiring business owners can plan the succession of their business by working with their employees to explore the option of forming a co-op. This allows valued employees to continue the legacy of the former owners and retain their jobs.



Applying Co-op Principles

The majority of successful co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Their members follow seven internationally recognized principles:

1. Voluntary and open membership
2. Democratic member control
3. Financial participation by members
4. Autonomy and independence
5. Education, training, information for members
6. Co-operation with other co-ops
7. Concern for the community

Co-ops: Champions of Community and Economic Development

The unique social benefits of the co-op model naturally support community economic development (CED) strategies. Community economic development promotes positive, concrete changes in our communities by creating employment, reducing poverty, stabilizing local economies and increasing the control communities have over their own economies.

Co-ops are particularly important in northern and remote communities that are focusing on community economic development and allow members/owners to retain and share their profits collectively at the local level.

The co-operative difference

The International Co-operative Association (ICA) defines a co-operative as an autonomous association of people who unite voluntarily to meet common economic, social and cultural needs through a jointly owned, democratically controlled enterprise.

Co-ops are democratic organizations owned and controlled by the people who use their services. They are typically formed to meet the democratic needs of their members and allow people to pool their resources and skills to build a strong, sustainable community. Many co-ops are innovators and leaders in environmentally sustainable or green approaches to business, food security and help for vulnerable people. Some examples are: bicycle courier services, food share co-ops, car share co-ops, Aboriginal business co-ops and wind energy co-ops.

Co-ops ensure that every member, regardless of financial contribution or compensation, has an equal vote in the management of the co-op. These members jointly own and control their co-operative and are the primary beneficiaries of the services it provides.

Co-operatives have helped many people in the province to create effective solutions to community challenges, while building local leadership skills and maintaining local autonomy and control.

Cette information existe également français
www.gov.mb.ca/housing/coop

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