

*We in CED get kind of irritated, frankly, by silo-government. We deal with complex issues and projects whereas the designers and managers of individual government programs seek simpler tasks. We sigh and wish that they would recognize that CED does not fit the hermetic boundaries of thought and outcome that typically characterize government programming.*

*So it was with great curiosity and eager expectation that I took on an invitation from Making Waves to look at a very different sort of situation in Nova Scotia, where two provincial government departments have been happily and fruitfully integrating their CED efforts. And some of their best work has also involved the collaboration of several federal and provincial departments!*

This story is indeed worth telling, especially if it offers encouragement and a model for civil servants at any government level who truly want to help communities undertake efficient, effective renewal strategies. It is not a story of steady progress, but of starts and lurches and starts again. But it is a process maintained by the steady interest of committed champions.

In fact, everything depends upon enterprising people both inside and outside government. That's the secret. Nothing would have happened had there not been the real, honest-to-goodness people involved who wanted solutions, not reasons to avoid them. I'll begin the story in Canso, Nova Scotia in 1997.

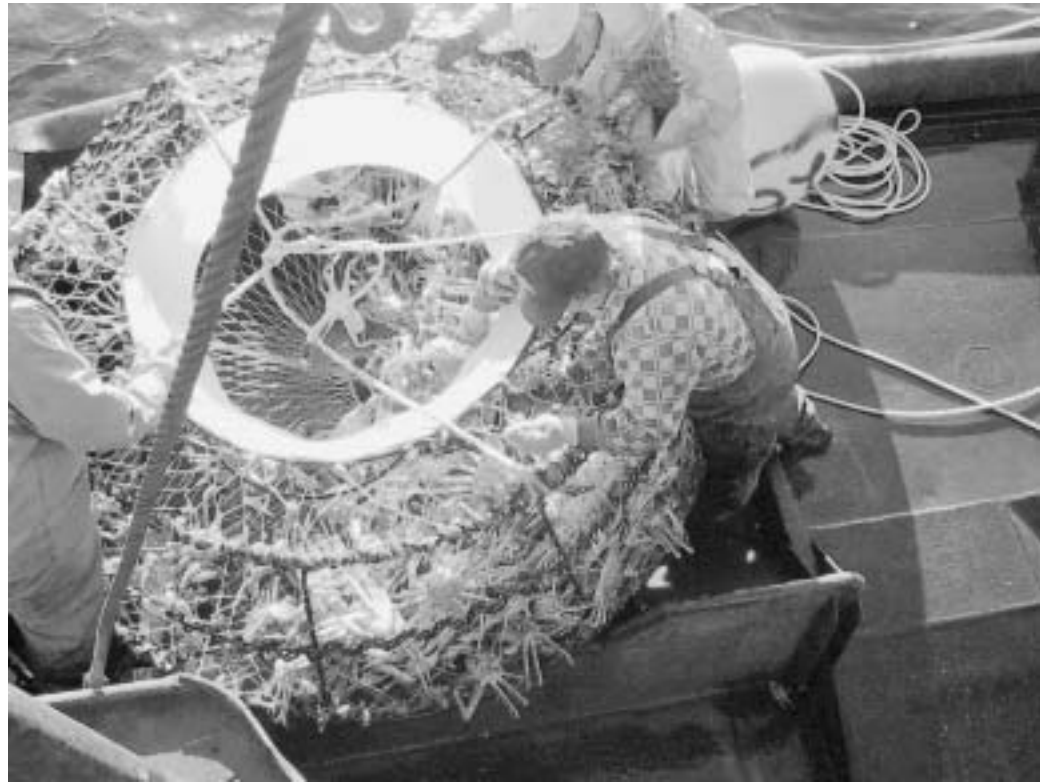
### **Canso Trawlermen's Co-op**

Like so many of the Atlantic region towns, Canso was on the brink of devastation in the late '90s because its fish packing plant was downsizing drastically. The company had sold off the last of the trawlers that had supplied the plant with fish. With fish scarce from other sources, jobs inside the plant were now at stake. The town was

## Team Players

*Good news from Nova Scotia about the role of government in CED*

BY STEWART E. PERRY



absolutely dependent upon the plant for its economy. Indeed the whole surrounding county of Guysborough had no other major industry. Hundreds of jobs would be wiped out in one moment.

Citizens of the area took their views to the premier, who set up an intergovernmental committee to see what could be done. The local district manager for the provincial Department of Community Services (DCS), Harold Roberts, was selected as co-chair of that committee.

Roberts was not content with just planning for a large influx of clients needing income assistance. He wanted to

prevent the impoverishment of the town. So he responded eagerly when Pat Fougere came to the committee with an idea for a co-op of redundant trawlermen, like himself. Together they would buy a boat and go back to work. Fougere's proposal already had won major support from the provincial Fisheries and Aquaculture Loan Board, but not enough to swing the deal. Roberts figured that his department ought to help them create their own jobs, and he forwarded the proposal to his head office in Halifax.

Crabbing aboard the *Cape Ryan*. Photo courtesy of the Canso Trawlermen's Co-operative.

There it was received with enthusiasm by Mike Townsend, head of DCS Employment Support Services. Townsend, making an innovative use of DCS funds, released \$75,000 to help finance purchase of the boat. But Townsend went further than that. A recent field trip to Michigan that he and Lori Nearing (who was to become his key staff person but was then with the Department of Economic Development) took with officials from other departments had established new channels of communication with various officials in matters of CED. Townsend put these and other connections to work, and the CED division of the provincial Department of Economic Development came up with an additional loan of \$84,000 for the necessary licenses.

If these departments were going to make a difference, why not others? A local “place-based” inter-departmental, inter-governmental policy group (the “Team Guysborough”) included staff from Human Resources Development Canada (HRDC) and other federal and provincial departments. Working with Roberts, these HRDC managers used a federal benefits package to assist the trawlermen while they were fixing up their boat. Co-op members got wage subsidies for training, especially in the co-op’s managerial and board responsibilities. The local Business Development Centre provided basic business modules, as well as courses on legal issues, office management, and computers.

The trawlermen did their own research on the co-op model and enlisted the help of Fred Pierce, head of co-op development for the CED Division. Pierce came to Canso on a number of occasions to give training in the co-op model. The trawlermen put together a business plan that projected success for one vessel concentrating on shrimp and crab. There were special provisions of the plan that made it feasible. For one, it foresaw a vessel that was exactly 64 feet, 11 inches in length, so that it could qualify for the in-shore fishing license that a boat of 65 feet or more would not. The vessel would give jobs to perhaps 12 crewmen in teams with three captains, working in rotation. Each team would spend a week or so at sea and then another would take over.

The plan worked – and has kept on working. Despite the ups and downs of the fishing industry since then, the co-op has been successful, keeping its members in jobs, seeking out expertise when needed, recognizing conservation issues, building their own headquarters building, repairing their own equipment. Today the co-op is collaborating with a Cape Breton Aboriginal group on scientific studies of potential additional shellfish resources and hopes to add another boat.

Team Guysborough also remains in place. And well it should, because the fish plant remains under constant pressure. Its groundfish operations have closed, and it is currently using a very reduced staff to pack shrimp. Other programs had helped the plant and its workers survive for some years, but the reduction in the fish available to the plant has been disastrous. As this is written, the team is planning a joint presentation to their ministers on alternatives. Private local groups have also involved in a comprehensive approach to local development “to plant the seeds of a new kind of Canso.” A significant element

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in the mix has been the initiation of the annual Stan Rogers Festival, a music event that now draws 8-10,000 people each July 1.

Despite these and other successes over the years, the Team Guysborough model has only been replicated in one or two other localities in the province. Why? Maybe local people are not insisting that their government agencies collaborate. Or maybe other areas are not as economically threatened (although that hardly seems possible given the state of the Nova Scotian economy outside the Halifax Metro area). Or maybe the necessary atmosphere of mutual trust and collaboration just has not been created. Perhaps it all depends upon someone who makes a long-term commitment, like Harold Roberts, who remains co-chair of Team Guysborough.

## Co-op Mutual Assistance

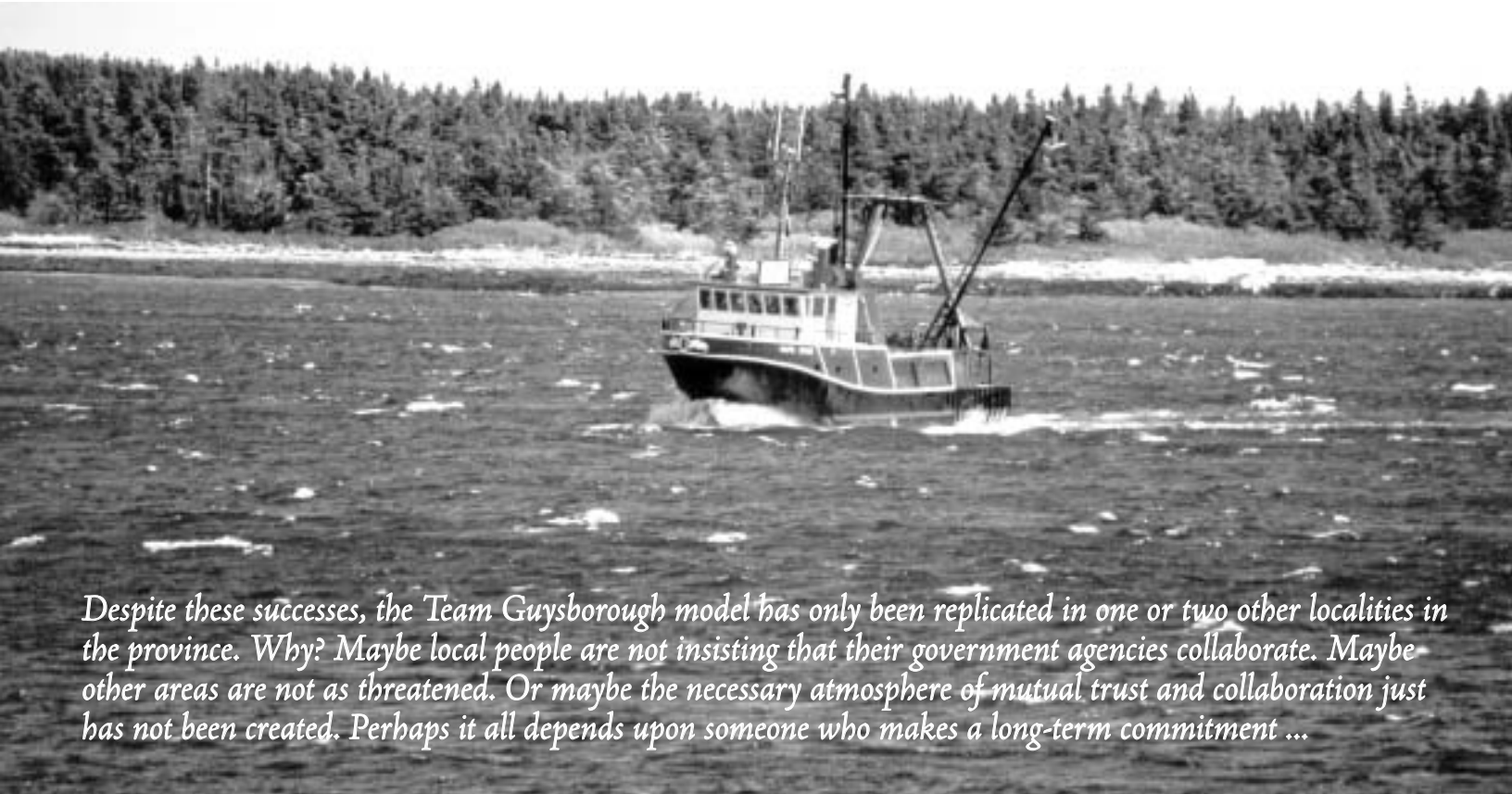
But the idea of using co-ops to fend off joblessness has been more vigorous. Here another civil servant was crucial. As Chris Bryant, head of the CED Division, says, “You have to give credit to Fred Pierce. He was the sort of person who never paid any attention to the rules. If it would work, he’d do it. He was always looking for new ways to do things.”

In 1997 Townsend had been asked by his Minister to work up an idea for organizing social assistance recipients into co-ops for mutual services, e.g., for information on the helping agencies and on ways to help each other. For advice on this, Townsend went to Pierce, who told him: “I have a better idea.” It was to create jobs by means of a co-op business whose worker-owners would be drawn from social assistance rolls. Townsend and Pierce worked out a plan.

In a pilot program, DCS would use its funds for each co-op member to buy a share in a co-op that would be expected to provide a job to the social assistance

recipient for at least two years. (Actually DCS had been offering private industry just such a subsidy for any company that would employ a social assistance recipient. But employers had only used it to hire a person here and there, never on a large-scale basis.<sup>1</sup>) The co-op sector was expected to undertake to organize support for the workers. Townsend and Pierce moved ahead with the idea. “We didn’t tell

<sup>1</sup> A nonprofit group, the Human Resources Development Association (HRDA) of Halifax, pioneered this approach in the early 1970s, before the Province assumed total responsibility for social assistance. HRDA started its own businesses, recruited the income assistance recipients, and provided them with the necessary training and social supports. It was and remains a financially successful welfare-to-work program. Again, private industry never found a way to use this experience.



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anybody about the proposal, until it was all set. So we avoided a lot of nay-sayers.”

A study indicated that an equity stake of \$20,000 for each member would finance the most likely types of businesses. In those years \$10,000 was a major annual allowance for a family, so the equity offer might be equivalent to two years of such assistance. The co-op would get good management from one or another long-successful co-op, which would be rewarded for its work by 50% of any profits, plus the salaries of the managers themselves.

Pierce tried to sell the idea to individual co-ops but with very little response. Finally they went to the Regional Co-operative Development Center, headed by Dianne Fitzgerald. And there they struck a gold mine. Although her organization was not very enthusiastic, she herself recognized that the idea was good and went to work on it.

In 1998 what had come to be named the Co-operative Employee Partnership Program launched its first business. Rounded Wood Co-op turned pulpwood logs into standard diameters with flattened sides, for sale mostly in the U.S. Rounded Wood lasted only three years, when, in bad financial shape, its manager

bought the co-op out. Today, the company is operating successfully and still employs about half the original co-op members.

The Rounded Wood experience taught Fitzgerald many lessons. She can tick them off rapid fire. First, it takes special skills and aptitudes for a business and its workers to survive in seasonal work. Second, workers were recruited who had no prior interest (or mutual acquaintance). They were all DCS clients lacking prior experience in the work world and the life-skills that go with it (like how to handle a regular paycheque). The training period was too short to offset this. A share in ownership is too much to offer people who do not have a clear idea of what ownership entails. For example, the member/owners thought they could each do whatever they thought best. They didn't know that they had to work in concert with the management that they had hired to do the planning and day-to-day supervision. And for that matter, some people do not take to teamwork and prefer a more individual task. Thus it is necessary to screen for and attract people who are more prepared for a co-operative approach.

These insights notwithstanding, Fitzgerald's organization did not want to sponsor other co-ops. It was a time in that region of the country when co-ops did not think that they had a serious

responsibility to foster community economic development or other co-ops. Once she moved to the Nova Scotia Co-operative Council (NSCC), however, Fitzgerald began working on the idea again. She involved herself in a campaign to orient provincial co-ops (including credit unions) to the idea that they themselves were strengthened when they fostered new co-ops that were relevant to their own operations – for example, co-ops that could furnish them with needed services or products. That would also supply the new co-ops with a ready market.

Ultimately, the model was taken up by the NSCC, where Pierce continues to work on the project since his recent retirement from government. The Council now helps develop the plan for each worker co-op. One or another successful co-op sponsors the new co-op, receives a fee for services (and a percentage of profits) as the initial manager of the business, and provides financial and business expertise until the workers feel ready to take over full administrative responsibility. Credit unions offer financial analysis of the draft business plans, a line of credit, and asset financing. The Department of Economic Development has helped to find any further financial support that the business needs.

The *Cape Ryan*. Photo courtesy of the Canso Trawlermen's Co-operative.

In this later evolution of the program, after three years of experience, the CED Division and DCS each now annually contribute \$100,000 for NSCC's operational expenses. When worker-owners are clients or likely clients of DCS services, they can buy their equity share with a credit union loan guaranteed by NSCC. To make things simple, there is a single financial reporting system for both government departments: DCS shifts its funds to the CED Division of Economic Development, which administers them for both departments. This is convenient, and has a symbolic value. It also allows time for DCS to re-orient its dispersed staff to the new possibilities for their clients that this program might offer.

Interestingly enough, DCS also has joined with the CED Division in work with the Regional Development Authorities that promote social and economic improvements throughout the province. Here again DCS transfers funds to the CED Division. In a single contract the regional agencies, in accordance with their own strategic plans, get the funds to do any needed tasks in community development, not just business facilitation.

Moreover, the aim of the CED Division is to support and expand what NSCC can do so it can supply developmental assistance to *all* potential co-op referrals, not just those in this program. In this wise, the Economic Development Department will be able to depend upon a nonprofit CED partner to work with community and co-op groups. It is also negotiating a major commitment for a large loan guarantee fund for co-op development. Recently, an agreement signed by the ministers of the two departments and by the premier with NSCC sealed a 5-year standing arrangement to carry on beyond the original pilot project.

## Cultural Shift

As Chris Bryant says, what needs doing "can only be done by mechanisms way beyond the usual scope of our department." He sees what is happening as "a cultural shift." Mike Townsend agrees, "We have moved from 'How can we help people?' to 'How can we empower people?'"

To date the result is seven operating co-ops of varying success and prospects, although an independent evaluation has

documented an overall positive cost/benefit and significant qualitative benefits. (See sidebar at right for a brief description of four of the co-ops. The positive evaluation probably depends primarily on the greater success of Quickstuff Foods.) And none of them, of course, have had the advantages that the trawlermen's co-op has enjoyed.

If there is an overall lesson to be learned in this story, it is the importance of champions: Harold Roberts responding humanely at the local level to the trawlermen's needs; Fred Pierce using the mandate of his branch in innovative ways; Chris Bryant responding and reaching out to other departments and nonprofits; Mike Townsend all along the way supporting new ways of doing things so that the social assistance clients' abilities were recognized; Lori Nearing who worked on the project first at DCS and then at the CED division, helping to bridge the two departments; and Dianne Fitzgerald (now Kelderman) finding ways to "get to Yes" with her fellow co-op leaders.

And of course the story goes back to local leadership and innovation, with Pat Fougere organizing his fellow trawlermen to suggest new ways to economic development at the community level.




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STEWART E. PERRY has been active in community economic development in the United States and Canada for over 35 years. He is an associate of the Centre for Community Enterprise and member of the Canadian CED Network. For further background information about the Human Resources Development Association, see "HRDA Enterprises, Ltd.: Using Welfare Funds as Venture Capital," in Perry and Mike Lewis, *Reinventing the Local Economy* (Centre for Community Enterprise, 1994). For an early description of the Co-operative Employee Partnership Program, see Dianne Fitzgerald, "Co-operativism at Its Best," *Making Waves* (1999) 10,1:17-19. Contact Stewart at (e-mail) [stewartp@igc.org](mailto:stewartp@igc.org).

Stewart thanks the following people for assisting him with the research for this article: Chris Bryant, then head of the Community Economic Development Division of the Department of Economic Development and Tourism; Lori Nearing, Employment Support Services of the Department of Community Services; Mike Townsend, head of Employment Support Services of DCS; Harold Roberts, Guysborough district manager for the Community Services Department; Fred Pierce, former head of Co-operative Development for the CED Division, now with the Nova Scotia Co-op Council; Dianne Fitzgerald Kelderman, CEO of the Nova Scotia Co-op Council; and Pat Fougere, organizer and first head of the Canso Trawlermen's Co-operative.

## Co-op Sponsorship

These are four of the co-ops currently fostered under the program of the Nova Scotia Co-operative Council.

### Quickstuff Food Co-operative Ltd.

Mental health service consumers (5 initially, later 13) opened a convenience store at a residence for 200 seniors, and upon proven performance, opened a second at another residence for 150 seniors. The co-op members get their own psychosocial supportive services from the Dartmouth Connections Clubhouse. (Began operations February 2001.)

### Co-operatives Resources Services Ltd.

Three co-op members (only one of whom currently works full-time) publish a 12-16 page monthly newsmagazine for Pictou County (circulation: 19,000), supported by advertising sales. One co-op member is disabled, and other marginalized people are targeted for employment. (Began operations January 2002.)

### Nell's Garden Co-operative Ltd.

One of the three organizing members is leaving this summer-season café and bakery, but at peak operations last year two additional people were hired as temporaries. The business also sells local arts and crafts. (Began operations August 2002.)

### Services Plus Co-operative Ltd.

One member is working, when contracts come in; one volunteers time on administrative tasks; and one has left the co-op, which in fact has had very little business. Offering initially to take care of private homes, the co-op has switched to offering repair and maintenance services to contractors. (Began operations 2002.)