

Summary

SERC 2: Natural Resources, Local Development, Social Economic Enterprises and Rural Revitalization in Alberta

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Preliminary Background to Co-operatives in Alberta

The following provide the preliminary background regarding the establishment of the cooperative movement in Alberta. It also identifies the current state of the kinds of cooperatives linked to traditional natural resource and identifies where further research regarding the transitions or potential for social economy enterprises may exist or are emerging. Additional primary research is needed with Subject Matter Experts (SME) to determine additional details and possible case studies of interest to the BALTA SERC 2 research.

Establishment of Cooperative Movement In Alberta¹

Co-ops pre-date the establishment of Alberta as a province (1895) and remain a vital part of the Alberta economy. Coops formed when discontent farmers trying to sell their grain turned to co-operative marketing as a solution to sell their crops and also used these same co-ops to purchase the products they required. Many cooperatives are still active like the United Farmers of Alberta. New co-ops have are also emerging in sectors, such as health care and financial services, to serve urban residents.

Coop Membership

Coop membership in Alberta is significant with 65% of all adults having at least one co-op membership. ² There are approximately 800 non-financial co-ops and 61 individual credit unions

¹ Canadian Cooperative Association – Coops in Alberta Sector Fact Sheet (December 2005)
<http://www.coopscanada.coop/pdf/Sector/FactSheet/Alberta%20co-ops.pdf>

² Can this be further broken down my sector or services?

in the province.³ The credit union system in Alberta provides comprehensive financial services to over 635,000 Albertans through 201 branches in 125 communities.

Trends in Coops

Trends in Alberta coops indicate that while the number of credit unions has decreased, the number of points of service has increased and membership in credit unions continues to rise.⁴ Credit unions are a leading provider of personal, small business, and agri-business financial services in the province.

Revenue and Five Top Non-Financial Co-operatives

With a combined total revenue of \$2.4 billion (2003), the five top non-financial co-operatives in Alberta are United Farmers of Alberta⁵, Calgary Co-operative Association Limited⁶, Western Co-operative Fertilizers⁷, Western Drug Distribution Centre Limited⁸, and Red Deer Co-operative Limited⁹. (See Co-operatives Secretariat Secrétariat aux coopératives: Top 50 Non-financial Co-operatives in Canada 2005).¹⁰

³ (Find the comprehensive list of these references. Determine sectors, services, and rural linkages relevant to SERC BALTA research).

⁴ (Why has there been in decrease in the number of credit Coops? What is the impact, if any, if this decrease?).

⁵ 35 farm supply stores throughout Alberta and over 120 petroleum outlets in Alberta, British Columbia and Saskatchewan (www.ufa.net)

⁶ Locally owned and operated, Calgary Co-op is one of the largest retail co-operatives in North America, with 413,000 members, 4,000 employees, \$314 million in assets and annual sales of \$884 million (www.calgarycoop.com).

⁷ Established in 1964, Western Coop Fertilizers (Westco) is a major fertilizer distributor and supplier of agronomic information in Western Canada, and is owned by Agricore United and Saskatchewan Wheat Pool (www.westcoag.com).

⁸ Western Drug Distribution Centre Limited was formed in 1983 and has since grown to become Western Canada's Largest, Single Source of products and supplies for Veterinarians (www3.wddc.ca).

⁹ Red Deer Co-op was incorporated in February 1956, it originally provided Food, Hardware and Family Fashions. Over the next few years, membership increased and in 1969 the Home & Garden Centre was added. Red Deer Co-op saw continued growth with the addition of the Lacombe branch in 1979 and Deer Park Centre in 1989. The membership of Red Deer Co-op now exceeds 34,000. Total sales for 2006 were \$93 million, up \$14 million or 17% from 2007 (www.reddeercoop.com).

¹⁰ Co-operatives Secretariat Secrétariat aux coopératives: Top 50 Non-financial Co-operatives in Canada 2005 http://www.coopscanada.coop/pdf/aboutcoop/Top_50_co-ops_2005.pdf (What are the five top non-financial co-operatives in 2007? What are the impacts on the local communities in which they are located?)

Electricity and Gas Distribution Co-operatives

Electricity and gas distribution co-operatives have been quite successful in Alberta. At one time the rural electrification program carried out by co-operatives accounted for about 90% of the electricity supplied to Alberta farmers. Rural electrification associations today represent more than 45,000 electricity users in the province¹¹. Natural gas co-ops increasingly supply the rural areas of Alberta¹². In the 1990s these co-ops accounted for over 54% of the total sales of energy co-operatives in Canada. Currently Alberta has the most utility co-ops (249) in the country and the largest number of seed cleaning co-ops (74).

The Size and Scope of the Alberta Co-operative Movement

The Alberta Community & Co-operative Association (ACCA)¹³ is one of a number of regional co-operative organizations in Canada providing service to its member organizations and

¹¹ Formed in 1948, the Rural Electrification Associations were and are a very important part of Alberta's history, providing rural communities with support for their electricity needs and services. The Alberta Federation of REA's (AFREAs) is a strong voice for the farming communities of Alberta and recognizes the needs of its members by effectively dealing with the electrical issues that impact the REAs and their members. The Alberta Federation of REA's has grown to serve more than 45,000 members throughout the Province of Alberta (www.afrea.ab.ca). For a complete listing of Alberta Rural Electrification Associations see (http://www.ucahelps.gov.ab.ca/documents/REA_contact_10_11_07.pdf).

¹² In Alberta natural gas services may be provided by:

Investor-owned gas utility companies regulated by the Alberta Energy and Utilities Board (EUB). For example, ATCO Gas North, ATCO Gas South, AltaGas Utilities. As of June 2004, consumers served by ATCO received their EUB-regulated gas supply service and billing from Direct Energy Regulated Services.

Municipally owned gas utilities owned and regulated by a municipality. For example, the City of Medicine Hat; the county of Smoky Lake; the town of High Prairie; or village of Boyle.

Rural gas co-operatives owned by the members they serve and regulated by the elected co-op board members. For example, Ankerton Gas Co-op Ltd. and Little Bow Gas Co-op Ltd.

Competitive retailers offering natural gas contracts. Service Alberta licenses retailers under the *Fair Trading Act*. The terms and conditions of the sale are set in the contract. If you purchase gas from a competitive retailer, the gas is still delivered by the gas distribution company who owns the pipeline system that delivers the natural gas to your house. Examples of competitive retailers are Alberta Energy Savings L. P., ENMAX Energy Corp. and Direct Energy Essential Services (www.ucahelps.gov.ab.ca).

For a complete listing of Alberta Natural Gas Cooperatives see (http://www.ucahelps.gov.ab.ca/documents/Gas_Co-op_Federation_Members_Oct_07.pdf).

Rural gas co-operative: Most gas co-operatives acquire their natural gas supply from Gas Alberta Inc., a brokerage operation owned by the co-ops (www.gasalberta.com). See detailed history of Alberta's rural gas development (www.gasalberta.com).

¹³ Alberta Community & Cooperative Association (ACCA) <http://www.acca.coop/whatisacca.html>

promoting co-operatives. ACCA was formed in 2005 through the merger of the Rural Education and Development Association and the Co-operative Council of Alberta. Its purpose is to strengthen Alberta communities through co-operative and agricultural awareness, training and development. Members include agriculture, finance, insurance, consumer, supply, and service co-ops.

Alberta Co-operative Representation Through Sectoral Federations

There are also a variety of sectoral federations which represent and serve groups of co-operatives, including the Association of Alberta Co-operative Seed Cleaning Plants¹⁴, Alberta Federation of Rural Water Co-operatives¹⁵, Alberta Federation of Rural Electrification Associations¹⁶, Alberta Federation of Gas Co-ops¹⁷, and two regional co-operative housing associations. Francophone co-operatives are represented by the Conseil Albertain de la Coopération, a committee of La Chambre économique de l'Alberta.¹⁸

Alberta Rural Natural Gas Cooperatives System Largest in the World

Providing rural Alberta with natural gas, the members of the Federation of Alberta Gas Co-ops Limited created the largest rural gas system in the world. The Federation is composed of 92 natural gas utilities throughout the province of Alberta, including 62 gas co-ops, 19 towns and municipalities, four counties, six Native Bands, and one private utility. The first co-ops were incorporated in 1973 and they now serve over 100,000 customers with over 100,000 kilometers of pipe. Members of the gas co-operatives are involved in the running of their co-op through

¹⁴ Association of Alberta Co-operative Seed Cleaning Plants (http://www.seed.ab.ca/about_us/index.asp).

¹⁵ Alberta Federation of Rural Water Co-operatives (<http://abwaterco-op.com/about.htm>). The Alberta Federation of Rural Water Co-operatives Ltd. (AFRWC) was formed in 1994 to address the diverse water needs of Alberta's rural residents. The water co-ops were formed to pool resources, to share ownership and costs, and to share the benefits of a self-owned system. Today there are over 170 water co-ops in the province, 75 of which are members of the Federation with over 3600 connections.

¹⁶ Alberta Rural Electrification Associations (www.afrea.ab.ca)

¹⁷ For a complete listing of Alberta Natural Gas Cooperatives see (http://www.ucahelps.gov.ab.ca/documents/Gas_Co-op_Federation_Members_Oct_07.pdf).

Rural gas co-operative: Most gas co-operatives acquire their natural gas supply from Gas Alberta Inc., a brokerage operation owned by the co-ops (www.gasalberta.com). See detailed history of Alberta's rural gas development (www.gasalberta.com).

¹⁸ Review Agricultural Co-ops Revitalizing Our Rural Communities (April 2007) http://www.coopscanada.coop/pdf/aboutcoop/sectorprofiles/agriculture_coops_apr07.pdf

providing rights of ways for the pipes, volunteering time, labor and equipment putting in the systems, and participating on boards and committees.¹⁹

BALTA Natural Resources Sector Linkages

Federated Co-operatives Limited provides central wholesaling, processing, manufacturing, and administrative services to its more than three hundred retail co-operatives across Western Canada and Northwestern Ontario. It has regional offices, distribution centres, and feed plants in Calgary and Edmonton. Goods and services range from food, petroleum, and general merchandise to crop supplies, feed, and forest products. The *National Post's Business Magazine* included Federated Co-operatives on its list of Canada's top 500 corporations. FCL's 2003 net income of \$284 million ranked 56th over-all, sales of \$3.55 billion ranked 76th overall, and the co-op's 34.6% return on shareholders' equity ranked 18th overall. Nearly 6,000 people are employed in Alberta retail co-operative stores and their branches and distribution centres. In addition Federated Co-operatives' retail members returned \$96 million of equity in cash to their members last year, bringing the five-year total to \$460 million.

United Farmers of Alberta, formed in 1909, is based in Calgary, and is one of Canada's largest agri-cultural co-operatives. It has over 110,000 active members. With 34 farm supply stores and 115 petroleum and fuel outlets located throughout the province, UFA offers a wide range of products and services for farms, ranches, homes and businesses in Alberta, BC and Saskatchewan. UFA employs over 1,100 people and is Alberta's 34th largest company. UFA recently added grain handling systems, computerized feeding systems and a complete product line for intensive livestock operations.

¹⁹ What are some of details around the key features and characteristics of these gas coops that link them to success SEE? Are there models and lessons learned that could be transferred to alternative renewable energy coops? Does this kind of potential for success exist for alternative renewable energy? Who would have to champion this kind of energy coop movement for the alternative renewable energy sector? Does this willingness and expertise exist? Does provincial legislation and policy enable alternative renewable energy sectors to emerge as viable cooperative movements?

East Peace Water Co-op: In the East Peace River region, the member-owned East Peace Water Co-op brings piped water into the homes of members. In the past, farmers and other residents in Northern Sunrise County have been dependent on dugouts and trucking their drinking water supply from filling stations. One of the larger water co-ops in Alberta, it operates in an area east of Peace River where the communities of Harmon Valley, St. Isadora and Three Creeks are located. In 1996, in conjunction with Northern Sunrise County, the co-op embarked on a nine-year project to pipe drinking water to country residents. It received funding support through the Rural Municipal Green component of the Infrastructure Canada-Alberta Program (ICAP). Piped water has improved health and has meant that some area residents such as seniors will be able to continue living independently and comfortably.²⁰

Alberta Producer Processing Co-operatives

A recent new development in Alberta is beef producers organizing co-operatives to slaughter and process livestock, including beef, elk, bison, lamb and goat. Spurred on by the BSE crisis and the US border closing, the new groups continue to organize and plan their slaughterhouses because they want more control over their industry and a bigger share in the profits of value-added products. The new co-ops include **Alberta Value Chain Co-op Ltd** (Fort Assiniboine)²¹, **New Generation Processor's Co-op** (Pincher Creek)²², **Peace Country Tender Beef Cooperative Ltd** (Peace River)²³, and **Prairie Prime Processing Co-operative Ltd** (Beaver

²⁰ How has this Water Coop, if at all, benefited from the Alberta Rural Development Strategy or the Alberta for Life Strategy? Are their aspects of SEE from this model that can be utilized to solve water management and servicing issues elsewhere in the province?

²¹ **The Alberta Value Chain Cooperative Ltd** (<http://www.albertavaluechaincoop.com/>). The Alberta Value Chain Cooperative Ltd. is a profit-focused collaboration of independent livestock producers, who, after building their own processing plant, will work together with specialty value added product fabricators, and target market specialists to provide the consumer with a full line of safe nutritious table ready products, which are designed to meet the needs of a healthy modern lifestyle. See details of coop structure *A new Generation Cooperative* (<http://www.albertavaluechaincoop.com/coop.html>).

²² Cooperative Program in Agricultural Marketing and Business Newsletter, Volume 5 No. 1 (<http://www.coop.re.ualberta.ca/PDFs/Newsletter0501.pdf>).

²³ **Peace Country Tender Beef Cooperative Ltd** (Peace River) (<http://www.pctb.coop/>) Peace Country Tender Beef Coop Ltd. - P C T B - is a producer cooperative under development in north western Alberta and north eastern British Columbia. P C T B will bring to market high-quality grass-fed and grain-fed, hormone-free meats produced and processed locally. The coop is currently selling meat in Alberta only.

County)²⁴. They have had difficulty accessing the required capital to build their plants and are in different stages of development.²⁵

Industry Led Local Environmental Co-ops

Area T Oil Spill Co-op received the media spotlight in the summer of 2005 for its efforts in cleaning up the massive oil spill on Alberta's Lake Wabamun. Members of the Area T Oil Spill Co-op are all volunteers from local oil companies. They work under the umbrella of the Western Canadian Spill Services and receive annual training to operate and maintain the equipment stationed in the area. While all oil companies are legislated to have access and training to oil cleanup equipment, other industries, such as trucking companies have also come on board with the oil spill co-op even though they are not mandated to do so. Companies that are not a part of the co-op can access the equipment for a fee. (Follow up with more details – Interesting response to an environmental crisis. Why the need for a voluntary oil spill disaster recovery coop when the oil industry has millions in Alberta? What motivates these volunteers and this “bottom up” response?).

Worker Coops

See Worker Co-ops: Bringing Employee Control and Democracy to the Workplace (April 2007) http://www.coopscanada.coop/pdf/aboutcoop/sectorprofiles/worker_coops_apr07.pdf

In a worker co-op, each member has one vote, no matter how many shares he or she has purchased; all members have an equal say in the way the business is run and in the decisions affecting their everyday work lives. Members combine their skills, interests, and experiences to achieve mutual goals, such as creating jobs for themselves, providing a community service, or increasing democracy in the workplace. Because they develop the policies that determine the co-op's daily and long-term operation, trust, communication, and co-operation are vital elements in the co-op's success. There is no limit to the type of business that can be established as a worker co-op. In Canada there are close to 330 worker co-ops in sectors as diverse as forestry, fishing, travel, retail, manufacturing, information technology, publishing, entertainment, and home care.

²⁴ Cooperative Program in Agricultural Marketing and Business Newsletter, Volume 5 No. 1 (<http://www.coop.re.ualberta.ca/PDFs/Newsletter0501.pdf>).

²⁵ (Follow up with more details of these Co-ops and their success and support).

These co-ops have a total membership in excess of 13,000 with revenues of \$553 million and assets of \$343 million. Worker co-ops employ almost 9,498 people with 94 per cent working on a full-time basis.²⁶

Case Study: Non-Timber Forest Product Co-operatives

Alberta Government Advanced Education and Technology

Alberta Forestry Institute

http://www.innovation.gov.ab.ca/res/sec/alb_res_com/afri_suc_sto_001_1.cfm

Aurora Natural Products and Essentials Oils Cooperative

Peace River Economic Development Alliance

http://www.peacecountrycanada.com/page.aspx?page_id=65

Progress Report

<http://www.peacecountrycanada.com/files/Essential%20Oil%20Quality%20NPARA%20Aug%2005%20update.pdf>

June 1, 2006 A walk in the woods can be heaven-scent

A walk in the woods always feels good – but Albertans are also finding that tree needles can be converted into essential oils and sprayable products with valuable therapeutic properties. “Our goal is to provide the public with natural health and wellness products that are made in Alberta and that make the best use of the whole tree,” said Pat Coulter, secretary-treasurer of the Aurora Natural Products and Essentials Oils Cooperative. The multi-stakeholder venture in Manning is now gearing up for its first year of marketing and mass production.

Testimonials from those using the cooperative’s products range from a grandmother who applies white spruce hydrosol to relieve the pain of arthritis in her knees to elementary school teachers who burn essential oils in their classrooms to clean the air and calm the children. A hydrosol is a solution consisting of water that has picked up some of the oils during the distillation process. The Manning project was initiated by the North Peace Applied Research Association as part of its agro-forestry and economic development programs and was backstopped with financial support from Manning Forestry Research Fund and Peace Region Economic Development Alliance. The Alberta Forestry Research Institute provided support in the early phases of the project.

²⁶ Research linkages to Alberta-based worker coops and natural resources. Need to identify a subject matter expert in this area. (Bill Reimer references).

During the process of distillation, water is boiled by a gas burner and the steam travels up through the plant material, collecting oil and water-soluble compounds on its way up to the condenser. As the steam enters the condenser, it is cooled and slows down, condensing to form an aqueous liquid that is collected in a separator. In the separator, the oil rises above the water fraction or hydrosol. This way, when botanicals are extracted with steam, two products are generated: essential oil and hydrosols.

Coulter said one distiller holds about 45 to 50 kilograms of plant material. The distillation process usually takes about five hours. In a black spruce extraction, about 250 to 300 millilitres of oil are produced per distillation. The cooperative uses the first 20 litres of hydrosols from each distillation. Hydrosols can be sprayed directly on the skin while the highly concentrated oils must be mixed with a carrier oil such as olive oil before application. The cooperative was formed in 2005, and since then has purchased four distillers and rented a production facility in Manning.

The volunteer-based group has also hired a manager to run the facility. Canada is still working to develop a bioproducts strategy, and in the meantime Alberta and British Columbia might find advantage in working together on some initiatives, Saddler said. The workshop ended with formation of a Task Group that will strategize some potential next steps in biorefinery development within the forestry and agriculture sectors.

The Alberta Forestry Research Institute is a resource to government and industry in the development of research priorities for forestry innovation.

For more information, the institute's secretariat can be reached at (780) 427-2567 or Don.Harrison@gov.ab.ca Aurora Natural Products and Essential Oils Cooperative can be reached at (780) 836-0006 or visit www.auroraessentialoils.ca. More follow up required. Web-link does not work contact Don Harrison directly to determine status of this project.

Other Rural and Natural Resource Based Cooperatives In Alberta

Alberta Wapiti Products Co-op (www.wapitiriver.com)

Since 2001, Alberta Wapiti Products Co-op (AWAPCO) has grown exponentially to become an international elk meat supplier, supplying exotic cuts of meat and health food supplements to markets in Europe, the United States and Canada.

Alberta Wapiti Products Co-op

#202 5904A - 50 Street

Leduc, Alberta T9E 6J5

Phone: 780-980-7589

Canadian Co-operative Wool Growers Ltd. (<http://www.wool.ca/>)

918 - 1 Ave. S Lethbridge, AB T1J 0A9

Phone: 403-327-3760 Fax: 403-380-6982 Toll Free: 1-800-567-3693

The Co-operative was established in 1918 by the sheep industry as a national system of collecting and marketing its members' wool on a co-operative basis. This meant that regardless of the size of the wool clip, the time of year received or distance from the market, each member was paid the same price for the same grade of wool. Being merely an instrument of the growers, the company is non-profitable and thus operates quite simply. It collects, grades, measures and markets the wool and after deducting the cost of operations returns the entire difference to the growers. The Co-operative grades and markets approximately 3 million pounds of raw wool each year; the majority of this coming from Quebec, Ontario and Alberta. Each of the three general classes of wool (fine, medium and coarse) are sold wherever the best price is available. Wool is received directly from the producer by way of truck or rail. It is then graded according to type classification, quality and method of preparation. Wool of similar types and quality are hydraulically packed in bales weighing 600lbs or more. They are stored until sold. In addition to handling wool, the Co-operative operates Stockman Supply outlets across the country and a Real Wool Boutique at Carleton Place. The Co-operative also publishes an annual magazine entitled The Canadian Co-operative Wool Growers Magazine which is designed to assist the wool producer with information and a mail order catalogue for sheep supplies. The company's mandate is to be a producer co-operative endeavouring to market wool at the top price it deserves while operating the business efficiently to maximize returns to the wool producer.

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Alberta Energy Savings L. P., ENMAX Energy Corp. and Direct Energy Essential Services
www.ucahelps.gov.ab.ca.

Alberta Federation of REA's (www.afrea.ab.ca). For a complete listing of Alberta Rural Electrification Associations see
http://www.ucahelps.gov.ab.ca/documents/REA_contact_10_11_07.pdf.

Alberta Federation of Rural Water Co-operatives (<http://abwaterco-op.com/about.htm>).

Association of Alberta Co-operative Seed Cleaning Plants
http://www.seed.ab.ca/about_us/index.asp.

Alberta Rural Electrification Associations (www.afrea.ab.ca)

The Alberta Value Chain Cooperative Ltd (<http://www.albertavaluechaincoop.com/>). See details of coop structure *A new Generation Cooperative*
<http://www.albertavaluechaincoop.com/coop.html>.

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<http://www.coopscanada.coop/pdf/Sector/FactSheet/Alberta%20co-ops.pdf>

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Co-operatives Secretariat Secrétariat aux coopératives
http://www.coopscanada.coop/pdf/aboutcoop/Top_50_co-ops_2005.pdf

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Peace Country Tender Beef Cooperative Ltd (Peace River) (<http://www.pctb.coop/>)

Red Deer Coop www.reddeercoop.com

Rural gas co-operative: Most gas co-operatives acquire their natural gas supply from Gas Alberta Inc., a brokerage operation owned by the co-ops (www.gasalberta.com). See detailed history of Alberta's rural gas development (www.gasalberta.com).

United Farmers Association (www.ufa.net)

Western Coop Fertilizers (Westco) (www.westcoag.com).

Western Drug Distribution Centre Limited www3.wddc.ca