

LOBBYING

Co-ops key to building nation of innovators

By MICHAEL BARRETT MAR. 12, 2019

Co-operatives often fail to fit program or policy criteria as a “business,” or face costly delays and barriers to growth, such as those that result from disparities between the Canadian Cooperatives Act and individual provincial acts, which limit co-operatives’ ability to trade and expand across provinces.



In his department's Building a Nation of Innovators report, Innovation Minister calls for innovators who are 'ready, willing and determined to play a long game to achieve sustainable and economic social success,' writes Gay Lea Foods' president, Michael Barrett. *The Hill Times* photograph by Andrew Meade

When the average Canadian hears the word co-operative or “co-op,” they may think of anything from mountain equipment, to housing, to, I would hope, dairy products. Co-ops bring key services and products to Canadians, benefitting entrepreneurs and communities along the way. Their democratic ideals mirror those of our own country and see shared profits reinvested into communities from coast to coast. Despite successes across all industries, there is one barrier that prevents co-ops from reaching their full potential: Canadians and the government don’t fully understand what they are or how they differ from other business models. This misunderstanding means inadequate support and missed innovation opportunities.

After 60 years as a leading Canadian co-op, Gay Lea Foods has lived the great things co-ops can accomplish, both locally and nationally. Our commitment to innovation is led by principles that prioritize the empowerment of member owners who lead, invest, and direct the business; partnerships that bring stakeholders together from across the sector; and, a dedication to bolstering co-ops and empowering youth through top-notch education and training. This happens all while supporting business, community, and economic sustainability. There is no better sector to meet the government's goals around innovation, diversity, youth, climate change, standard of living, and rural economic development than the co-op sector. Gay Lea Foods is a prime example that it can be done.

Canada's innovation goals and co-ops' are one and the same

By their very nature, co-ops are about innovation and creating opportunities.

It starts with Canadians identifying a need in their community, banding together to create solutions to improve their lives, and the lives of those around them.

Whether it's Teeswater Creamery, which Gay Lea Foods acquired in 1981 and continues to invest in, sustaining local jobs and demonstrating that innovation can thrive in rural Canada, funeral co-ops, which reduce funeral costs by [nearly 60](#) per cent, making them more affordable for families in rural communities, co-ops are transforming communities all across Canada. There's also the example of Arctic Co-operatives Ltd., which co-ordinates resources, consolidates purchasing [power](#) and provides operational and technical support to 32 independent, community-based co-ops in Nunavut, Northwest Territories, and the Yukon, covering more than 40 per cent of our nation's landmass.

These co-ops aren't in it for the short-term. They're already "ready, willing and determined to play a long game to achieve sustainable economic and social success," as Innovation Minister Navdeep Bains calls for in encouraging innovation in the [Building a Nation of Innovators](#) report.

So why aren't we seeing more of them in Canada?

Let's plan for more of them in Canada

Through the report of the Economic Strategy Tables and the creation of the multi-year Innovation and Skills Plan, it is clear the government understands that Canada needs every fibre of its economic strength to be fully marshalled if we are to remain prosperous as a nation. In this context, our sector has been encouraged by the ongoing work to develop a federal co-operative strategy to remove some of the barriers that prevent co-operative businesses from participating fully in our country's economy, but these are only the first steps.

To successfully realize the government's innovation mandate, we need to see more co-ops in Canada, and the innovation successes they bring. For this to happen, there must be changes to the systems surrounding them—changes we see dovetailing with several ongoing initiatives designed to build on Canada's strengths and address areas of weakness that prevent

traditionally underrepresented groups from participating in the innovation economy.

Innovative principles, outdated regulations and a government that needs to act quickly

The government recently implemented support systems for small- and medium-sized enterprises (SMEs) to address their untapped potential for new export and innovation opportunities. Small Business Minister Mary Ng's mandate letter states that she will "ensure that government programs support the success of small businesses and ... help Canadian SMEs seeking to grow, scale up, and become more productive, more innovative and more export-oriented." Additionally, International Trade Diversification Minister Jim Carr tweeted during Small Business Week that they "are the heart of our communities – supplying goods & services, generating employment and creating meeting places." This recognition is welcome, however, our diverse and unique business models don't always fit within the government's stock requirements for support.

Co-ops deliver the same benefits and face similar challenges as corporations or partnerships—access to capital, opportunities to scale up, international market access. However, co-operatives often fail to fit program or policy criteria as a "business," or face costly delays and barriers to growth, such as those that result from disparities between the Canadian Cooperatives Act and individual provincial acts, which limit co-operatives' ability to trade and expand across provinces.

One of its greatest benefits—the focus on bolstering local communities—also contributes to barriers stopping co-ops from scaling up and reaching their full potential, including lack of affordable business development and management resources. Co-ops have the potential to increase export opportunities, yet knowledge about international business development opportunities and resources are lacking. With the right understanding, co-ops will be able to receive the support they need to grow.

To fully realize the potential of co-ops, the government needs to understand the model and respond to how wide reaching it is. We need to modernize the outdated Canada Cooperatives Act and work to harmonize disparate provincial acts. And we need to ensure that current government programs supporting businesses, including the recently implemented support systems for SMEs and the multi-year Innovation and Skills Plan, are developed in a simplified, partnership-driven approach that supports the co-operative stream.

With the right education, understanding and resources, the co-operative business model has the potential to bridge the gaps between ideas, commercialization and investment scale-up, ensuring our country remains competitive and prosperous in a rapidly changing global economy.

Michael Barrett is the president & CEO of Gay Lea Foods.