

CO-OPERATIVE DEVELOPMENT

STARTING A CO-OPERATIVE IN SASKATCHEWAN

Saskatchewan has a strong co-operative sector, made up of about 1,200 co-operatives and credit unions operating in virtually every economic and social sector and virtually every community. These co-operatives range in size from small community service organizations to one of Saskatchewan's largest businesses, Federated Co-operatives Limited, with sales of over \$4 billion. Co-operatives are unique business structures established by members to meet their needs, operating on a democratic basis, and where earnings are distributed based on use of services rather than the amount of investment or equity held.

WHAT IS A CO-OPERATIVE?

The International Co-operative Alliance (ICA), which represents co-operatives around the world, defines a co-operative as:

“An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.”

Co-operatives operate according to seven basic principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Co-operation among Co-operatives
7. Concern for Community

SASKATCHEWAN CO-OPERATIVE LEGISLATION:

Co-operatives are a form of corporation and can be incorporated under the following Acts:

The Co-operatives Act, 1996

The New Generation Co-operatives Act

The Canada Co-operatives Act

Corporations Branch, Saskatchewan Justice is responsible for registering and regulating co-operatives in Saskatchewan. With each Certificate of Incorporation, Saskatchewan Justice provides new co-operatives with a fact sheet entitled *General Information* setting out their basic legal requirements.

STARTING A CO-OPERATIVE:

The basic requirements to establish a co-operative are:

- Members, individuals or, in some cases, groups of organizations. The above Acts require at least six members to form a co-operative, although the Registrar of Co-operatives may permit as few as three;
- An objective or need for the organization to be established. Examples could be to process and/or market agricultural products, provide consumer goods, housing, health care, child care and/or any other product or service.
- A successful co-operative must be able to develop both an effective democratic governance structure and a viable business plan and access to capital needed to acquire assets and initiate operations. It will also need knowledgeable directors, management and staff with the capacity to operate the co-operative.

TYPES OF CO-OPERATIVES:

Co-operatives not only operate in virtually every economic and social sector, but they can be structured as both for-profit and not-for-profit. (*The New Generations Co-operative Act* provides a third model.)

The key difference between the first two is that, in a for-profit co-operative, any surplus or profit (subject to certain limits) may be distributed to members either in cash or in the form of additional shares. Unlike conventional corporations, dividends are paid based on the member's use of the services of the co-operative and not the number of shares held. The most common example of this type of co-operative is the retail or consumer co-operative.

Not-for-profit co-operatives do not permit the payment of surplus to members and require it to be kept in reserve. These co-operatives are very diverse, ranging from small community centres to cable television co-operatives.

New Generation Co-operatives or NGCs provide a more flexible structure for raising capital from both members and non-members, while retaining the basic principles of a co-operative.

Care must be taken in selecting the appropriate structure to meet the long term needs of the co-operative and its members.

PROGRAMS AND SERVICES TO SUPPORT CO-OPERATIVE DEVELOPMENT:

1) Department of Regional Economic and Co-operative Development Advisory Services - Regional Development

Co-ordinators are located in eight locations to provide advice and assistance to groups seeking to organize or expand their co-operatives operations.

Fact Sheets on issues related to developing and expanding a co-operative can be accessed from all Regional Economic and Co-operative Development offices and on our website at www.recd.gov.sk.ca.

The Co-operative Development Assistance Program (CDAP) provides grants of up to \$10,000 to support required organizational and business development. Information is available at Regional Economic and Co-operative Development Offices.

2) Department of Agriculture and Food, Agricultural New Generation Co-operative Development Program (AnGen) – This

program supports the development of New Generation Co-operatives in Saskatchewan by providing financial assistance to support organization and business development. Information is available from:

Saskatchewan Agriculture and Food
3085 Albert Street
REGINA SK S4S 0B1
Phone: 306-787-4322 Fax: 306-787-2654
E-mail: angen@agr.gov.sk.ca

3) Co-operative Development Initiative –

Co-ordinated by the national Co-operatives Secretariat, eligible co-operatives may apply for funding to assist in organization and development related activities. Information is available from:

The Co-operatives Secretariat
1341 Baseline Road
OTTAWA ON K1A 0C5
Phone: 888-787-2222 Fax: 613-759-7489
Email: coops-progr@agr.gc.ca

REGIONAL ECONOMIC AND CO-OPERATIVE DEVELOPMENT CONTACT LIST

Head Office:

Wayne Thrasher
Manager, Co-operative Development
Regional Economic and
Co-operative Development
200-3085 Albert Street
Regina SK S4S 0B1
Phone: (306) 787-0190

GENERAL INQUIRIES

Please contact us toll free at: 1-800-265-2001 or
call the regional office in your area.

Estevan

303 Wicklow Centre
1133 – 4th Street
Box 5000
Estevan SK S4A 0W6
Phone: (306) 637-4505
Fax: (306) 637-4510

Moose Jaw

88 Saskatchewan Street East
Moose Jaw SK S6H 0V4
Phone: (306) 694-3623
Fax: (306) 694-3500

North Battleford

1202 – 101st Street
North Battleford SK S9A 1E9
Phone: (306) 446-7444
Fax: (306) 446-7442

Prince Albert

3rd Floor, City Hall
1084 Central Avenue
Prince Albert SK S6V 6G1
Phone: (306) 953-2275
Fax: (306) 922-6499

Regina

1925 Rose Street
Regina SK S4P 3P1
Phone: (306) 787-2753
Fax: (306) 787-1620

Saskatoon

345 - 3rd Avenue South
Saskatoon SK S7K 2H6
Phone: (306) 933-5750
Fax: (306) 933-7692

Swift Current

885-6th Avenue North East
Swift Current SK S9H 2M9
Phone: (306) 778-8415
Fax: (306) 778-8526

Yorkton

Condessa Plaza
23 Smith Street West
Yorkton SK S3N 0H9
Phone: (306) 786-1415
Fax: (306) 786-1417



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Regional Economic
and Co-operative
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