



Innovative Uses of the Co-op Model and Rural Economic Development Opportunities in Alberta and Beyond

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Clark Banack at the 'Reimagining Rural Economic Development' Conference, Presented by the Alberta Centre for Sustainable Rural Communities, Oct. 2023, Camrose AB. Photo: John Ulan

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ABOUT THE ALBERTA CENTRE FOR SUSTAINABLE RURAL COMMUNITIES

The Alberta Centre for Sustainable Rural Communities (ACSRC), located at the Augustana Campus of the University of Alberta in Camrose, has, since its founding in 2009, assisted rural communities in meeting diverse challenges across many areas of public policy through fostering constructive dialogue, promoting interdisciplinary and collaborative research, and developing partnerships. The Centre's mission is to link the research, outreach and educational capacity of the University of Alberta with students, researchers, rural communities, rural community organizations and policy makers at multiple levels across the province, nationally, and internationally in order to support the improved sustainability of rural communities and populations.

Thinking respectfully and reciprocally with, not just for, rural communities is a main objective of the ACSRC. Through dialogue and collaboration, the Centre operates an outreach program that provides direction and stimulates innovation in the development of rural communities.

Recently, we have been engaged in rural-focused projects related to sustainable economic development opportunities, community mental health, the delivery of social services, enhancing inclusivity, advancing the transition to renewable energy, aiding municipal collaboration, and better understanding rural public opinion and rural-based populism. To read more about us and the work we do please visit uab.ca/ACSRC

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Also, thank you to our partners and sponsors of the ‘Reimagining Rural Economic Development: Cooperative Innovation & the Future of Our Communities’ Conference (October 2023), that represented the culmination of this research project:

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|  | <p>The Alberta Real Estate Foundation invests in real estate policy, research, practices, and education that strengthen Alberta’s communities. The Foundation’s revenues come from the interest earned on public money deposited in real estate brokers’ pooled trust accounts. Learn more at aref.ab.ca.</p> |
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Executive Summary

It is well known that many rural communities across North America have, for at least 2-3 decades, faced significant challenges related to declining economic opportunities and shrinking populations. This project takes direct aim at these problems by exploring the emergence of new and innovative local co-operatives that have been generating positive economic growth and enhanced service delivery, and thus a stronger real estate market, in rural communities.

Co-operatives, of course, are not new to rural areas. However, the last few decades have seen the shuttering of several large rural-based co-ops and a notable decline in the number of new co-ops launching across Western Canada. Indeed, it has become somewhat common place to think of co-ops as an “outdated model,” largely unfit for the complexities of the contemporary economy built upon technological innovation, global free trade, fast-moving capital flows, and the growing corporatization of business.

Although not meant to represent the *only* types of co-ops that hold significant potential for stimulating economic activity while retaining local control in rural communities, this report highlights three “types” of co-ops that seem especially promising in this regard: New Generation Agricultural Co-operatives, Community Investment or “Opportunity Development” Co-operatives, and Renewable Energy Co-operatives. We further identify unique examples of each type of co-op as concrete “success stories” in rural communities. Each of these featured co-ops have successfully ensured that more money remains within their communities, increased local employment opportunities, created avenues for local skill upgrading in vital areas such as management, accounting, negotiation and leadership, and, overall, built social capital among members thereby strongly contributing to community self-reliance, resilience and population retention.

The report also includes an examination of the very successful rural co-operative eco-system in Wisconsin, with a particular focus on the lessons that can be drawn for those eager to rebuild the rural co-operative eco-system in Alberta. Especially interesting in this regard was the strong “cross-aisle” support co-ops receive from politicians from all stripes in the state, significantly bolstering the positive role co-ops play in rural communities.

Ultimately, we argue that, although not a panacea for all that ails rural communities, these types of local co-ops do possess much potential as rural economic development mechanisms, with clear “best practices” that are crucial to their success. In addition, our research shows that governments at all three levels can do much to substantially increase the likelihood of success of co-ops by ensuring both a positive policy environment for co-ops, and by increasing the amount of co-op development support for co-ops in both the “start-up” and “growth” stage of their evolution. Moving in these directions would aid rural communities in crucial ways.

Having governments of all levels make commitments toward the co-operative sector would represent an important step toward “community-led solutions,” a concept that, to quote *The Co-operative Innovation Project*, demands that a solution to any particular challenge facing a community “is built from the community perspective, addressing and solving the issue in a way that makes sense, and will work sustainably, for a community.” This, we believe, ought to be the ultimate goal for government with respect to rural communities moving forward. And, as the Wisconsin case exemplified so well, this ought not be a partisan issue – there are good reasons for politicians of all stripes who care about rural communities to support the rural co-operative eco-system.

Introduction

It is well known that many rural communities across North America have, for at least 2-3 decades, faced significant job losses and population decline in the face of globalization, the competitive pressure for economies of scale in agricultural production, and, most recently the gradual erosion of the fossil fuel industry. In addition, government investments in education, health care, childcare, and infrastructure are declining in rural regions in Canada and clear patterns of outmigration of youth are apparent. Overall, the struggle to attract outside investment, the traditional path sought in rural economic development across the continent, continues to grow more difficult for most rural communities going forward. As the Alberta economy continues to trend away from oil and natural gas development and toward technology-based industry often based in urban areas, many rural areas, especially those outside the “Highway 2 Corridor,” will face significant hurdles attracting outside investment, and the good jobs such investment makes possible. Each of these trends contribute to significant downward pressure on real estate prices in several rural communities.

This project takes direct aim at the issues exacerbated by the lack of outside investment by exploring the emergence of new and innovative local co-operatives that have been generating positive economic growth and enhanced service delivery, thus strengthening real estate markets in rural communities. In essence, we wanted to explore the potential role innovative uses of the co-op model could play in increasing both resilience and population retention in rural communities to support a stable real estate market. The results of this work are encapsulated in this report.

The vibrancy of the real estate market in rural communities, like their broader economic well-being, is dependent upon two interrelated factors: the availability of good jobs, and the availability of a variety of services that make a community a desirable place to live. In other jurisdictions across the western world, local co-operatives, properly conceived and supported, have enhanced innovation, entrepreneurship and business retention; service delivery; and investment attraction and the retention of critical infrastructure in many rural communities. Existing research into co-operatives and rural development routinely highlight the significant potential inherent in this model for spurring economic development and service delivery in rural communities, thereby increasing the demand for housing and commercial space. However, it also consistently notes that the most persistent obstacle to the growth of co-operatives in rural communities is a general “lack of awareness” of the co-op model, the “best practices” associated with founding and running a co-op, and the best ways government can design policy to support co-ops.

Co-operatives, of course, are not new to rural Alberta - they played a significant role in the development of the rural prairies, stretching back to the late 19th century. However, the last few decades have seen the shuttering of several large rural-based co-ops and a notable decline in the number of new co-ops launching. Indeed, it has become common place to think of co-ops as an “outdated model,” largely unfit for the complexities of the contemporary economy built upon technological innovation, global free trade, fast-moving capital flows, and the growing corporatization of business.

It was within this context that, in 2016, the Centre for the Study of Co-operatives at the University of Saskatchewan published a lengthy report, *The Co-operative Innovation Project* that asked: is the co-op model still feasible in rural and Indigenous communities in Western Canada within the contemporary economy and, if so, what is needed to inspire communities to explore the concept and create thriving co-ops?¹ They concluded that, yes, the model remains feasible as a locally-driven mechanism to help overcome community-specific challenges, but significant resources need to be expended in support of quality co-op development work and the creation of pan-Canadian support networks to connect co-ops across jurisdictions in nurturing ways. In other words, the report concluded, “people will explore and create innovative and thriving co-operatives if they are inspired to do so.”²

A 2020 national survey adds further evidence to this notion. It found strong support for the idea that the contemporary economy described above is not working well for regular people, with significant numbers of Canadians feeling that “those with power and money have too much political influence [and] that a small number of people benefit from the wealth generated by the economy today.” The survey further noted that an astounding 95% of Canadians agreed that “the world would be a better place if more people collaborated with each other,” 57% have a “deep connection to the same values of the co-operative and mutual sector,” and “61% of them say they are interested in joining a co-operative.” The report concludes that, among this group supportive of co-operatives:

Almost all like to support local whenever they can, they want a say in how the place they work runs, agree that those who support or work in a business should benefit from its success, and agree that when people cooperate to address what they need, it produces better outcomes.

[Furthermore], already one in three Canadians are co-operative members...But...the opportunity for growth is even greater. Millions share the same values of the co-operative model. Millions are interested in learning more and in joining a co-op. And half the country thinks Canada would be better off with more co-operatives.³

1 “Executive Summary,” *The Co-operative Innovation Project*, Centre for the Study of Co-operatives, available at: <https://coopinnovation.wordpress.com/final-report/>

2 “Executive Summary,” *The Co-operative Innovation Project*, p. 1.

3 David Coletto, “Co-operative and Mutuals in the Age of Uncertainty,” *Abacus Data*, March 11, 2020, available at: <https://abacusdata.ca/co-operatives-and-mutuals-in-the-age-of-uncertainty/>

Building directly on these findings, this project had three overarching goals. To:

- 1 Identify co-operative models that are well-positioned to generate economic growth, create and/or retain jobs and services, and support the commercial and residential real estate markets in rural Alberta communities.**
- 2 Identify the “best practices” associated with ensuring the success of these co-operatives.**
- 3 Identify ways by which governments, local, provincial, and federal, can best support the establishment and growth of these local co-operatives in ways that ensure they generate good jobs and enhance service delivery in rural communities.**

After a brief overview of the co-op model, and a quick description of the study methods utilized within this project, this report will highlight several case studies of particular types of co-ops that we see as being especially promising examples of locally-created and owned businesses that have stimulated local economic activity, created jobs in the community and often retained critical infrastructure that, if lost, would have made future economic development in the community immensely more difficult. They have further served as training grounds of sorts, offering real-time experiential learning in leadership, business, marketing, project management and more to swaths of volunteers across numerous rural communities.

Ultimately, we argue that, although not a panacea for all that ails rural communities, these local co-ops do possess much potential as rural economic development mechanisms, there are clear “best practices” that are crucial to their success, and there is much governments at all three levels can do to ensure both a positive policy environment for co-ops, and an increase in the amount of co-op development support for co-ops in both the “start-up” and “growth” stage of their evolution, thereby substantially increasing their likelihood of success in aiding rural communities in crucial ways.

What is a Co-op and What is Co-op Development

The International Co-operative Alliance defines a co-op 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.” Fleshing this definition out, they continue:

Co-operatives are people-centred enterprises owned, controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations.

Cooperatives bring people together in a democratic and equal way. [They are] democratically managed by the ‘one member, one vote’ rule.

As businesses driven by values, not just profit, cooperatives share internationally agreed principles and act together to build a better world through cooperation.

Cooperatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.⁴

Although co-ops come in all shapes and sizes, the most common types are marketing or “producer co-ops”, user or “consumer” co-ops, financial (credit unions) or insurance-based co-ops, and employee-owned or “worker” co-ops. Despite the form they take, because modern co-ops are “driven by values, not just profit,” they are often referred to as “social economy businesses,” hybrid organizations that earn revenue within the marketplace while simultaneously being guided by broader social objectives.⁵ Although accurate, this description has often led to the erroneous belief that co-ops are “not real businesses,” or exist only to the extent that they are subsidized within the market – something that differentiates themselves, in the minds of many critics, from individually owned or corporately structured businesses. In fact, co-op scholars have noted that it is common for co-ops to be put in a position requiring them to demonstrate to politicians that they are, in fact, “fully-legitimate, market-driven, economic organizations.”⁶

⁴ “What is a Co-operative?” International Co-operative Alliance, available at: <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>

⁵ See: “Social Economy Businesses,” in J. Quarter, L. Mook, and A. Armstrong, *Understanding the Social Economy: A Canadian Perspective*, 2nd ed., (Toronto: University of Toronto Press, 2017).

⁶ William D. Coleman, “Globalization, Co-operatives, and Social Cohesion,” in *Co-operative Canada: Empowering Communities and Sustainable Businesses*, (Vancouver and Toronto: University of British Columbia Press, 2014).

This, one author argues, is connected to a broader tendency to “downplay co-ops as minor niche players, an outlook likely related to “neoliberal economic thinking.”⁷

The fact of the matter is, co-ops (with the exception of non-profit co-ops like housing or daycare co-ops) operate within the marketplace like any other business and must operate as a finely-tuned business, capable of generating a sustainable stream of profit, or they will fail. Indeed, every single co-op highlighted in this report is a business seeking a profit and, although several interviewees note different ways certain levels of government can make their life easier, none are seeking direct subsidies meant to prop up a money-losing venture. In fact, co-operatives have been shown to be more resilient compared to other business models, and even more so during a recession.⁸

However, because they are co-operatively owned, generally driven by community-specific needs, and they are organized and governed in such a unique way compared to most private businesses, they represent a distinct type of community economic development, rooted in the concept of “self-help,” and requiring a particular type of business-development support.⁹ This, in short, is captured by the term “co-op development,” a phrase that will appear repeatedly throughout this report. Within this report, co-op development is understood as “a facilitated process whereby the co-operative model is introduced and (if necessary), adapted to suit the needs of a particular community or group, with an aim to creating a viable and thriving co-operative enterprise.” Such “facilitation” is provided by a “co-op developer,” whose “role is to guide, facilitate, advise, or otherwise provide technical services” to new and developing co-operatives. In the ideal scenario, “a range of co-op developers with different skillsets and experiences can work with a growing co-op, depending on where that group needs help within the development process.”¹⁰ Importantly, such “developers” have generally mastered the technical expertise related to how different types of co-ops operate, the legal context that they exist within, and the “best practices” required for co-ops of different kinds to succeed. Co-op developers are thus well versed in the relevant areas of legal, legislative, business, accounting, and human resource knowledge – something that takes considerable effort to acquire. The most successful developers also possess the necessary communication skills required to translate this knowledge in impactful ways to those interested in starting and growing a co-op. As will become clear in so many places throughout this report, co-op development is a critical - perhaps the most critical - factor underlying the successful co-ops highlighted in this report.

7 Ibid.

8 Anne-Marie Merrien, et al., “Literature Review on Co-operative Resilience in Times of Crisis,” *International Centre for Co-operative Management*, Saint Mary’s University, 2021, available at: [https://www.smu.ca/webfiles/CoopsCovid19PartIFindings\(July212020\).pdf](https://www.smu.ca/webfiles/CoopsCovid19PartIFindings(July212020).pdf)

9 See Brett Fairbairn, “Introduction: Where We Stand – Place, Enterprise, and Community,” in *Co-operative Canada: Empowering Communities and Sustainable Businesses*, (Vancouver and Toronto: University of British Columbia Press, 2014).

10 “Co-operative Development,” in *The Co-operative Innovation Project*, Centre for the Study of Co-operatives, pg, 3-4, available at: <https://coopinnovation.wordpress.com/final-report/>

The Study

As mentioned, the central goals of this project were to:

- 1 Identify co-operative models that are well-positioned to generate economic growth, create and/or retain jobs and services, and support the commercial and residential real estate markets in rural Alberta communities.**
- 2 Identify the “best practices” associated with ensuring the success of these co-operatives.**
- 3 Identify ways by which governments, local, provincial, and federal, can best support the establishment and growth of these local co-operatives in ways that ensure they generate good jobs and enhance service delivery in rural communities.**

In order to meet these goals, our research team began with an extensive review of the existing academic literature focussed on local co-operatives and rural economic development across Canada, the United States, Europe, Australia and New Zealand. Our central goal in this work was to identify examples of local co-operatives that had generated positive results for rural communities elsewhere, with a particular interest in co-ops that we felt were most applicable to the economic and cultural realities of rural Alberta, and thereby could be potentially replicated here. We were also interested in learning more about the factors behind the success of these co-ops, the “best practices,” employed, and any lessons from co-op projects that failed.

Once this “desk research” was completed, our team commenced the “interview” stage of the project, eventually conducting 44 semi-structured interviews, ranging in length from 35 -120 minutes, with various founders/members of successful rural co-operatives (co-op “practitioners”), co-op developers with experience working with rural-based co-ops, and co-op academics who could speak to broader issues related to co-ops in rural spaces. Although we highlight three unique models of co-ops in detail in the case studies found in this report, it is important to note that our final results are derived as well from interviews completed with individuals from a wider array of co-ops, including successful Alberta-based co-ops **EQUS** and **The Gathering Place**, in addition to the impressive work being done to support community-owned pubs and shops in rural Britain by the **Plunkett Foundation**.

Table 1: Interview Participants by Role within Co-operative Ecosystem

| ROLES | NUMBER |
|---------------------|--------|
| Co-op Practitioners | 27 |
| Co-op Developers | 13 |
| Co-op Academics | 4 |

The interviews for this project were conducted in-person where possible (our team made several visits to rural co-ops across Alberta, Wisconsin, and even the rural Oxfordshire county of South East Britain), and “online” over Zoom when not possible. All of the interviews were recorded, transcribed and coded for key themes by our research team. It is by way of the analysis of this data, and the broader content provided by the extensive academic literature review, that this report’s findings have emerged.



Andy Metzger, CEO, EQUS, Presenting at the ‘Reimagining Rural Economic Development’ Conference, Presented by the Alberta Centre for Sustainable Rural Communities, Oct. 2023, Camrose AB. Photo: John Ulan

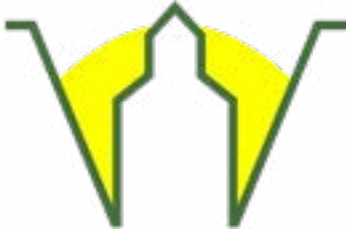
The Case Studies

New Generation Agricultural Co-ops

The New Generation Co-op model is a form of “hybrid” co-op that emerged out of the American Midwest in the 1970s, designed mainly to allow co-operatively owned agricultural businesses to raise higher levels of capital at the outset of their venture, generally to invest in value-added processing of some type. Although there are several ways to structure a New Generation Co-op, generally speaking, the co-op sells multiple versions of “shares,” including basic membership shares that exist in all traditional co-ops, in addition to “delivery shares” required for the individual producer to utilize the services of the co-op, and different types of “investment shares” that allow individuals who will not be utilizing the services of the co-op (i.e.: non-farmers) to make investments in the business with the hope of eventually acquiring a suitable return-on-investment. The board of directors in a New Generation Co-op will generally be made up of representatives from each of these share-buyer groups thereby providing important co-op governance capacity to both users of the co-op and investors – a model somewhat distinct from traditional co-op boards.¹¹

Although the model is more prominent in the United States, there are a variety of New Generation Co-ops in operation across western Canada. For this project, we took a closer look at two New Generation Co-ops that, for over a decade, have been heralded as important rural economic development success stories in rural Alberta because they managed to retain a critical piece of agricultural infrastructure in their communities, and the associated economic benefits of doing so. In each case, studies already exist on their formation and early years in operation. Our goal was to better understand how their operations have evolved over the past decade, and to see whether they would recommend the New Generation Co-op model to other local groups interested in forming a rural-based co-op that required an intensive capital raise.

¹¹ For an in-depth discussion of New Generation Co-ops and their potential role in Alberta agriculture see: Corbett Smith Bresee, “New Generation Co-ops: Alberta’s Newest Option for Agricultural Business,” available at: <https://open.alberta.ca/publications/new-generation-co-ops-alberta-s-newest-option-for-agriculture-business>



WESTLOCK TERMINALS

In the early 2000s, Agricore United announced its intentions to close its grain terminal in Westlock, AB, leaving most local farmers with little choice but to haul their grain to the Edmonton terminals some 100km away. Several local farmers objected – not only would many now be expected to incur substantially higher transportation costs to haul their grain much further, the closure of the terminal also meant the direct elimination of good jobs in their community, and a broader negative impact on the region’s economy. A group of farmers initially set up a committee to find a private buyer in the hopes that the terminal could be saved but were eventually persuaded to pursue a collectively owned operation and, with the help of legal and accounting professionals that specialized in co-operative enterprises, went on to incorporate a New Generation Co-op that purchased the terminal outright. The adoption of the New Generation Co-op model was an especially important part of this story. Having the ability to offer shares that varied in initial investment and incentive structure was crucial in the campaign to acquire capital from the community to fund this project. In other words, the New Generation Co-op model allowed for significant community engagement from local farmers eager to continue shipping their grain through the terminal and non-farmer investors from the community, resulting in a significant initial raise (roughly \$1.2 million). As one long-time board member admitted, this hybrid approach to raising capital within a co-op structure “put the group over the top” in a relatively short period of time, and by December 2002, the newly formed co-operative was accepting grain at the Westlock Terminal that they had purchased and were now operating.¹²

By 2007/08, the Terminal was moving between 60-70 000 tonnes of grain, a respectable number for an operation deemed largely “unprofitable” by Agricore just a few years prior. However, the Canadian government’s decision to end the “single desk” Canadian Wheat Marketing Board in 2012 fundamentally shifted the economics of grain handling on the prairies in ways that favoured large, capital-intensive, corporate terminals who were well positioned to negotiate with large grain buyers and had the deep pockets required to pay farmers in full upon delivery. Several independent terminals across the prairies soon disappeared, and Westlock Terminals felt the pinch as well. However, because they had already established a domestic business connection with a Vancouver-based company that specialised in feed-quality grain outside the parameters of the Canadian Wheat Board, they were able to weather the transition better than most. Although other issues have emerged over the years, there is little doubt that the co-operatively owned Westlock Terminals is a very important success story for local farmers, investors, and the broader rural community. In fact, the co-op has declined several acquisition offers from private corporations over the years. According to those we spoke with, despite receiving reasonable offers, retaining local and collective ownership of the Terminal remains a very important goal of the board and the broader membership.

¹² This history is recounted in much more detail in: Paul Cabaj et al, “Westlock Grain Terminals: A Case Study,” available at: <https://auspace.athabascau.ca/handle/2149/2956>

Thanks to the largely positive relationship between an engaged board made up of both farmers and local business owners, and a talented management team that runs day-to-day operations, the Terminal has successfully expanded in multiple directions. In fact, it was strongly emphasized to us in multiple conversations that the mix on the board of local farmers who use the Terminal and the local, non-farming community investors, has ensured the co-op maintains a direction that serves the needs of farmers, maintains good jobs in the local community, and strives for business growth and profit generation. To this end, at the direction of the board, the Terminal has undergone key physical expansions that have increased their storage and processing capacity and, thanks as well to a broader strategy of significantly widening the area from which they buy grain (made possible in part by a recent investment in a 'grain trucking' side to the operation), the business is now handling between 160 - 170 000 tonnes of grain annually, a nearly three-fold increase from 2007.¹³ In addition, the Terminal now boasts 18 employees, up from just 8 in 2008, has purchased additional property, and is currently considering investments into other "niche" avenues including canola crushing and the specialized loading of sea cans.

Why has Westlock Terminals succeeded in these ways? As noted above, one of the most significant challenges prospective co-ops face is simply getting off the ground. The individuals who were first involved in setting up the co-op were tenacious in pursuing options to keep the Terminal operational and just so happened to believe in the co-op model. Furthermore, they received an immeasurable level of support from legal and accounting professionals who possessed a particular expertise in the co-op model – an expertise that is not widely shared among lawyers and accountants in Alberta. In fact, it was the lawyer who suggested the adoption of the New Generation Co-op model which, as noted, allowed for a very impressive initial capital raise for a co-operatively-owned enterprise - something else that is not common in Alberta business circles. Of course, the New Generation Co-op model provided the structure, but it was the local community members, both local farmers and the local non-farming business community, who actually supported the project with both volunteer hours and significant personal investments. Similarly, both the municipality of Westlock and Westlock County were supporters from the beginning.

As the co-op evolved, it encouraged struggles similar to those faced by other co-ops – there was sometimes disagreement within the board and also occasionally disagreement between the board and Terminal management. In addition, it has been a bit harder to retain the loyalty of some local farmers, especially younger farmers, who may not have been part of the initial struggle to retain the Terminal, and larger farmers who often have access to more profitable marketing options due to their size and connections. However, by and large, the members we spoke with emphasized the general positive nature of the board members, the excellent management in place at the Terminal, and especially, the broad support the enterprise enjoys in the community, both from local investors and from surrounding municipalities.

¹³ Recent statistics on operations can be found in: Les Dunford, "Another Decent Year for Westlock Terminals," *Town and Country Today*, November 18, 2021. Available at: <https://www.townandcountrytoday.com/local-news/another-decent-year-for-westlock-terminals-4769652> and Les Dunford, "Westlock Terminals posts 'pretty good year'," *Town and Country Today*, November 17, 2022. Available at: <https://www.townandcountrytoday.com/westlock-news/westlock-terminals-posts-pretty-good-year-6105899>



BATTLE RIVER RAILWAY

The story of **Battle River Railway** has very strong parallels to that of Westlock Terminals. CN Rail, Canada's largest corporate rail company, announced their plans to discontinue a "shortline" railway that ran some fifty miles southeast of Camrose, Alberta, that served grain farmers near the communities of Rosalind, Heisler, Forestburg, Galahad, and Alliance. The closing of this line would require area farmers to transport their grain, at their own expense, to high-throughput terminals much further way, and would put additional economic strain on the businesses in these communities that enjoyed the peripheral spin-offs associated with farmers making their way into town to deposit their grain at loading sites along the shortline. A group of 185 farmers initially formed a non-profit Producer Car Group that allowed them to order rail cars that, due to an age-old clause in the relevant legislation, forced CN to pull and thus keep the line open. However, in 2008, CN was able to move forward with its plans to discontinue service, at which point those involved in the Producer Group were faced with an existential conundrum: they could attempt to purchase and operate the rail line themselves or allow it to be sold and accept a new reality within which significantly increased transportation costs must be absorbed.¹⁴

According to those involved, various options were contemplated but, in the end, the decision was made to form a co-operative. Although several farmers from the Producer Car Group were members of other co-ops and generally supportive of the model, forming their own co-op, and raising the required capital (roughly \$5 million), was a completely new challenge. Of course, that the group had already formed a Producer Car association and were comfortable working together on this issue was obviously a key foundation to work from. In addition, the association had a small group of very dedicated leaders who were highlighted in our interviews as being especially important in terms of continually pushing the group forward and personally expending countless hours traveling through the countryside, selling membership shares prior to the purchase of the line. As one respondent noted, one individual in particular provided the leadership and persistence "you need to push rocks up mountains." Just as importantly, the group was put into contact with the very same lawyer who helped Westlock Terminals incorporate as a New Generation Co-op and were quickly convinced to follow suit by forming their own NGC, complete with a variety of share offerings—designed to allow farmers who hoped to use the railway, community members who simply wanted to support the venture, and local investors seeking a quality return—to contribute to the capital raise. Like Westlock Terminals, Battle River Railway received considerable support from a wide range of supporters, including both surrounding counties, in their share sale efforts, raising well over \$3 million dollars. With an additional \$2 million dollar mortgage from the Agricultural Financial Services Corporation, the group managed to acquire the necessary capital and, in June of 2010, took possession of the shortline.

¹⁴ For a detailed history and analysis of the formation of the BRR see: Ashley Pillai and Marcelo Vieta, "Battle River Railway New Generation Co-operative: A Rural Community Co-operatively Innovating to Save a way of Life," *The Co-op Convert Project*, June 2021, available at: <https://www.coopconvert.ca/br/>. See also: Darin Barney, "That's No Way to Run a Railroad': The Battle River Branchline and the Politics of Technology in Rural Alberta," in J. Parkins and M Reed eds., *Social Transformation in Rural Canada*, University of British Columbia Press, 2013.

Those we spoke with admitted that the learning curve was sharp. Although almost all the farmers involved in Battle River Railway had extensive experience loading their own producer cars on the shortline, the actual operation of a rail line, governed by a series of regulations that were completely new to the group, proved an immense challenge at the outset. The group's lack of capacity in certain areas led to struggles at points, it took a few tries get the right manager in place, and there was occasional friction between the board and management when it came to strategic decision-making. However, over time many of these issues were overcome, and by 2013/14, the co-op was moving substantially more grain than the same farmers ever had via producer cars, had branched out into the shipping of crude oil, and overall revenues were strong.

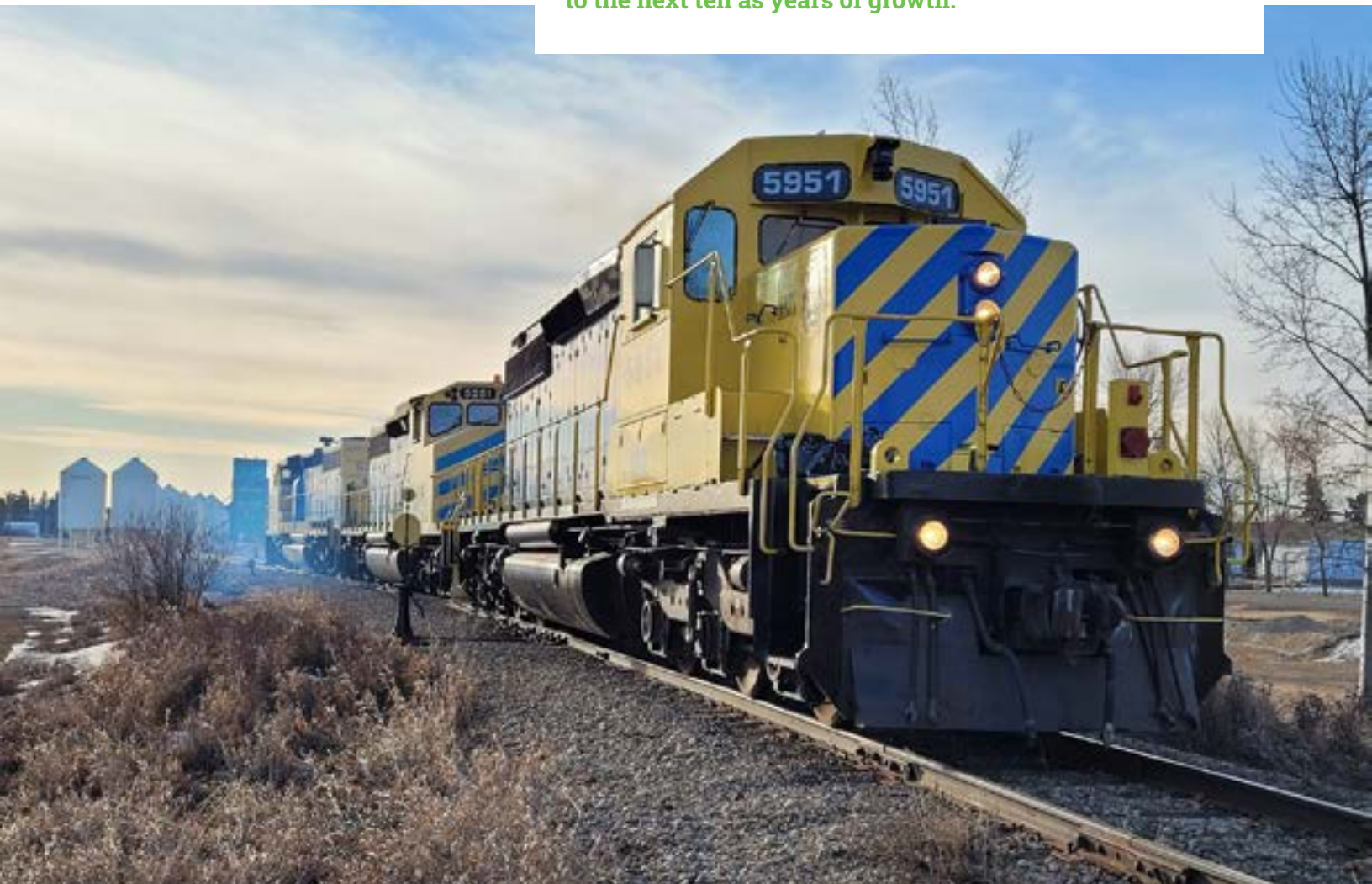
Eventually, Battle River Railway expanded into the direct selling of grains to certain niche markets, began partnering with a local non-profit dedicated to rail-based tourism packages and, just over the last few years, began storing cars on their line as well. This latter activity proved especially profitable for the Railway during the Covid-19 Pandemic when demand for petroleum products nose-dived and rail companies were desperately in need of space to store their idle railcars. In fact, at one-point, Battle River Railway had so many railcars parked on their line, those farmers at the most distant point were unable to access the line and the co-op had to hire trucks to haul their grain to a loading point further up the line. Although these trucking costs were not passed on to the farmers, and the overall business case for Battle River Railway absorbing these trucking costs in exchange for the revenue generated by storing railcars on the line was clear, it raised important questions for the co-op members. As one respondent noted: "When a new opportunity arises that's completely outside the realm of moving grain, outside the realm of what we started this co-op to do, but this new opportunity generates lots of cash, what do you do?" Not all members agreed initially but, overall, the co-op embraced this opportunity and, again, revenues soared. In fact, the most compelling issue Battle River Railway has faced recently was related to the rapid rise in value of their Class A membership shares due to this revenue, which were initially sold for \$1000 each but, by 2022, were worth roughly \$65 000. This was an astronomical rise that speaks to the incredible success of Battle River Railway in general, but also caused a potential liability problem for the co-op, who would face a dire capital crunch should a large collection of those shareholders seek to cash-out at once.

The co-op has since worked with legal and accounting professionals to restructure their share structure in ways that remove such worries and, like Westlock Terminals, there is no real way to interpret the plight of Battle River Railway as anything other than a rural success story. Initial investors faith in the group has been repaid quite handsomely, Battle River Railway is in strong shape financially, and local farmers are still able to access the line to transport their grain some twenty years after CN initially pledged to close it. In addition to lower transportation costs for farmers, the existence of Battle River Railway supports the local economies in several rural towns along the line, it generates tax revenue for multiple municipalities, and the co-op currently has 17 employees (or the equivalent of 10 FTE) – exactly 17 more than would exist had the line been discontinued and dug-up for scrap metal by CN in 2003.

Finally, Battle River Railway continues to explore new ways to grow its business and further diversify its operations in ways that can generate even more economic activity (and jobs) in their local communities.

As the current general manager noted,

“If we just let CN discontinue the rail line, that’s an option for future development for this region that is gone and will never come back. By purchasing it, we maintained several business opportunities now and into the future. We’ve now had ten years of establishing our business and are looking to the next ten as years of growth.”



Battle River Railway

In both cases examined, we see inspirational examples of local groups, and their broader communities, coming together to retain critical pieces of agricultural infrastructure in their region that were initially deemed unworthy of continued operation by massive corporations who answered to distant shareholders rather than local stakeholders. The results of both sets of efforts are nothing short of outstanding. In both cases, local farmers were able to avoid paying the higher transportation costs that were destined to occur had either the grain terminal or the rail line been shuttered. In addition, initial community supporters have reaped a healthy return on investment, both co-ops have created good local jobs that would not be there had they not formed, multiple municipalities benefit from the tax revenue these successful businesses generate, and they help encourage economic activity for local retailers who do business with farmers who come into town with their grain. And these tangible benefits are in addition to the intangible benefits a successful venture like this can generate in a rural town, from the development of skills of those participating in the co-op to the broader community-level social cohesion that can grow out of a collectively owned project such as this.

It is one thing to reiterate the benefits generated by each co-op but it is just as important to highlight the key factors behind their success. In both cases, we see the importance of having key leaders engaged in the process, supportive of the co-op model, and possessing the tenacity required to push such a large collective undertaking across the finish line. Of course, neither project would have gotten off the ground without the help of co-op developers, those with an intricate knowledge of the technical legal and accounting details required for the successful incorporation of a co-operative. It is especially interesting that it was literally the same individual who provided legal advice to both groups and was instrumental in helping them incorporate as New Generation Co-ops in particular, a model that allowed both groups to access a variety of streams of local capital that would not have been available had either group chosen a more traditional co-op model. That both eventually landed strong managers, and were able to build a positive relationship between an engaged board of directors and management, were also key factors in their success, especially when the operations were both negatively impacted (in slightly different ways) by the demise of the Canadian Wheat Board, and they were forced to pivot their business direction to succeed in an altered environment.

Of course, Westlock Terminals and Battle River Railway are certainly not the only examples of successful New Generation Co-ops in rural areas, and few if any rural Alberta communities will have the opportunity to purchase a terminal or railway anytime soon. However, in both cases, it is clear that the model itself was a key factor in the respective co-ops success and, importantly, both cases provide a blueprint to groups in similar situations elsewhere in rural communities who face the daunting prospect of a sizable capital raise necessary to save a source of local employment of any kind.

The Case Studies

Community-Investment or “Opportunity Development Cooperatives

Community Investment Co-ops, often called Opportunity Development Co-ops in Alberta, have been in existence in Canada for over twenty years and are designed primarily as a mechanism to allow community members to invest in local business ventures in need of capital.¹⁵ In essence, these are legally incorporated co-ops that sell memberships to individuals and are collectively governed by a board of directors selected via election by the co-op membership like any traditional co-op. However, members will also generally make a monetary investment in the co-op, similar to what occurs in the New Generation Co-ops discussed previously, but the board then invests the capital accumulated through membership investments in any local venture they deem “investment worthy,” with the intent of both supporting the growth of the local business(es) and providing a modest return on investment to the membership.

Ultimately, such co-ops are intended to act as a community economic development mechanism. The underlying logic of such co-ops are built atop two points: a) it is becoming more difficult for entrepreneurs, especially in small and rural communities, to access investment capital from traditional banks, and b) the annual contributions Canadians make to their Registered Retirement Savings Plans often represent a large stream of capital regularly leaving their communities and ending up in the coffers of publicly-traded companies thousands of miles away. What if, advocates of Opportunity Development Co-ops frequently ask, there was a way to direct a fraction of that investment capital from the individual portfolios of rural and small-town citizens back into their communities by opening avenues for them to invest directly in the very local businesses that are finding it increasingly difficult to acquire necessary capital from banks? This notion seems especially intriguing given the oft-cited statistics related to the number of small and medium sized businesses in Canada expected to transition ownership over the next decade. For rural communities in particular, this coming wave of transitions poses a significant problem given the difficulty owners of existing businesses can have in finding individuals that have access to the capital required to purchase the business – a result that may lead to the closure of a significant portion of existing businesses in small-town Canada. Opportunity Development Co-ops, supporters argue, are tailor-made for this situation. By providing access to capital to local entrepreneurs willing to buy an existing business, the Opportunity Development Co-op is playing a direct role in retaining jobs and wealth in their community while simultaneously avoiding yet another underused commercial space.

¹⁵ Alexandre T. Petric and Ryan F. Gibson, “Embedding rural capital? Community investment funds in Canada and their implications for rural communities,” *Community Development*, 54:2, 2023

SANGUDO OPPORTUNITY DEVELOPMENT CO-OP

The first of these co-ops to be incorporated in Canada emerged in the small rural community of Sangudo, Alberta (pop. 300) in 2009, and it remains the preeminent example of what this model can achieve in a small community. The **Sangudo Opportunity Development Co-op** grew out of a broader organization of local people who were initially pulled together when the local school's future was in doubt, and, thanks to a Government of Alberta program meant to enhance recreation opportunities in rural communities, they were able to build an impressive community playground. A key community leader acknowledged that this experience “essentially got a group of committed people together and got them excited about working together. And suddenly, people could see that you can achieve something together.” Out of this emerged a more concrete desire to work together to support the local economy – “we wanted to figure out how we could be an incubator” for local businesses.

At this point, the Alberta Community and Cooperative Association, the main co-operative development body in the province, came on board and offered the support needed for the initial incorporation of the community investment co-op. The group considered several possible business investments before settling on the local butcher shop that had been for sale for some time and was in jeopardy of being closed for good. Two local entrepreneurs were very interested in taking over the business but “were laughed out of the bank” when they sought traditional financing. Importantly, several local ranchers understood the importance of the butcher shop for the community and were some of the first key investors in the co-op who successfully raised \$220 000 in short order, allowing the co-op to purchase the butcher shop building, before working out a business plan and lease agreement with the local entrepreneurs that allowed them to take control of the business while simultaneously generating a return on investment to members of the Sangudo Opportunity Development Co-op. Sangudo Custom Meats is still in business and the co-op has helped finance additional upgrades to the operation.

Some time later, the Sangudo Opportunity Development Co-op responded to the news that the Legion Hall on Main Street was to be shut down by again raising the requisite capital locally to purchase the building before signing a lease with local entrepreneurs who opened a coffee shop, restaurant and community gathering place. This investment was also successful, allowing the co-op to transition toward a third project: local real estate development. The Sangudo Opportunity Development Co-op raised the cash required to purchase three vacant lots in Sangudo, with the intent of building quality housing for local families. Unfortunately, the real estate market moved into a down cycle and the group was only able to build one house, and had to rent it out for a lengthy period of time before finally finding a buyer. However, overall, the project did again generate a healthy return for Sangudo Opportunity Development Co-op investors. Today, the group is again soliciting pitches from local entrepreneurs eager to borrow the capital required to open or expand their business, and group leaders anticipate making their next investment soon.

This was but a quick summary of the impressive work the Sangudo Opportunity Development Co-op has completed in its rural community, a summary that glosses over a number of small hurdles the group had to clear, and the enormous amount of volunteer work a dedicated group had to put into the co-op to ensure its successes.

But, overall, the co-op has made three major investments, which contributed positively to the economic development of their community and simultaneously generated returns in the 5-7% range for their investors – results that are not to be dismissed lightly. As the key leader of the group told us:

What makes these [investment co-ops] magical is that it's a combination of local people working together, pooling their resources, their money, their knowledge, and tapping into and working with entrepreneurs, to be able to help them to start the business. And to set it up for success right from the get-go, in their local community. And one of the real benefits that I see is that it sparks or invokes a deeper sense of pride in the community. So people come together, they work together, they're not investing their entire fortunes. We know that in most of these communities, these shares are \$5,000 or sometimes even \$1,000. So it can include anybody, most anybody, in that community where people can buy in and be part of this.

“UNLEASHING LOCAL CAPITAL” IN RURAL ALBERTA

Based on the success of the Sangudo Opportunity Development Co-op model, the Alberta Community and Cooperative Association expended significant effort aggressively promoting Opportunity Development Co-ops as a community development tool, especially in rural communities, over the past decade under the banner of its “Unleashing Local Capital” campaign which began in 2012. This resulted in a number of Opportunity Development Co-ops sprouting up in several communities across Alberta, although the results have been decidedly mixed, and no rural-based ones have yet matched the record of success achieved in Sangudo. Over the past year, we have come across mentions of 13 incorporated Opportunity Development Co-ops in Alberta, although only a handful have seemingly produced results.

One noteworthy example of a success, following the Sangudo Opportunity Development Co-op's example, was the Crowsnest Opportunity Development Co-op. Incorporated in 2013 in southern Alberta, this co-op successfully raised the capital within their community required to purchase a large and iconic building on main street in Blairmore that had fallen into disrepair. The co-op was able to move forward with substantial renovations to the building, which not only created attractive main street retail space and four much-needed apartment rentals in the community, it also put some pressure on neighbouring building owners to invest in refurbishing their own storefronts, resulting in an aesthetically appealing refresh of the town's downtown retail district. That said, there is little evidence that the group is close to another local investment. A second example, although not rural, is Invest YYC, a Calgary-based investment co-op that raised \$1.3 million from community members for investment in businesses that are generating positive social and environmental impact. As of late 2023, their website lists 9 businesses that have been supported by the co-op, easily the most successful and diversified of all Opportunity Development Co-ops in Alberta although, again, it is situated in Alberta's largest city and thus does not face many of the rural-specific challenges smaller Opportunity Development Co-ops encounter.¹⁶

¹⁶ For more information, visit Invest YYC's website at: <https://localinvestingyyc.ca/businesses>

VERMILION OPPORTUNITY DEVELOPMENT CO-OP

Beyond these, examples of Opportunity Development Co-op “successes” in rural Alberta have been few and far between until 2021 when the Vermilion Opportunity Development Co-op was incorporated and quickly thereafter made a significant local investment leading to the relocation and expansion of a local artisan cheesery into the community’s downtown. Importantly, this co-op was formed, in large part, due to the support of Peavey Industries, the company that owns Peavey Mart, the ubiquitous agricultural and hardware store popular throughout western Canada. Peavey Industries had been working with the Alberta Community and Cooperative Association in an effort to “sustain, drive and positively impact economic development in towns and communities throughout Canada by initiating, advancing and supporting local investment initiatives.”¹⁷ For Vermilion, this meant supporting the community in the Opportunity Development Co-ops start-up phase and offering to match local investments, up to \$150 000 in an Opportunity Development Co-op that was prepared to invest in a viable local business. This process was kick-started by Peavey and Alberta Community and Co-operative Association reaching out to community leaders to pitch the idea of a local Opportunity Development Co-op, an idea a small group of community leaders quickly latched on to.

It did not happen overnight (in fact, all three founders strongly emphasised the incredible amount of work involved, in addition to significant start-up legal and accounting costs), but, with the help of the Alberta Community and Cooperative Association and Peavey Industries, the Vermilion Opportunity Development Co-op successfully incorporated and sought investments from community members that eventually allowed them to purchase a building and neighbouring lot. The building was then renovated for a retail storefront, before an additional structure was built on the neighbouring lot to serve as an onsite factory where the artisan cheese would be made. A lease was then signed with the cheesemaker ensuring him the opportunity to expand his operation (and eventually buy the property) while simultaneously providing the co-op members a 3-5% return on their investment. The Old School Cheesery celebrated its Grand Opening in its new location in the summer of 2022 and continues to enjoy strong sales, to a large contingent of buyers (including tourist buses!) who regularly come from afar to purchase the artisan products.

In conversation with the key leaders of the Vermilion Opportunity Development Co-op, it was clear that those community members who made the investments in the co-op necessary for this project, generating a very high personal return was not the priority. Rather, the co-op members understood that **“the more businesses you have in your community, the more people will come into town, and that additional activity will be good for all the other businesses in town as well. So the spirit of this was to bring more people into town for the good of the community as a whole, and I’m confident that we have succeeded in this.”**

¹⁷ “Peavey’s ODC Vision” available at: <https://peaveyodc.ca/about-podc>

The co-op is, at this point, still undecided as to what the next steps are in terms of making additional investments but, in general, have bought into the Opportunity Development Co-op model and all agree that “if there is another venture that makes [business] sense, then it would be good to raise capital again and support it in this way.” However, another founder continued:

It has to be a solid business idea and you’ve got to have the right person or people committed to running it. You can’t just say, ‘We’re gonna put money up and build a building and hire somebody to run a business’ without a proper plan in place. That would be a recipe for disaster I think. And I think that it may be a challenge to find another like this one that just kind of fit like glove. [The Cheesemaker] had an existing business and was already somewhat profitable, but he needed to expand and needed a location in town. And this just happened to come along at the right time. That’s probably the central reason this is succeeding. If we’d had to force it then it would’ve been a lot tougher to raise money in the community for a concept, you know?



Old School Cheesery, Vermilion Opportunity Development Co-op. Photo: Toland Cochrane

THE OPPORTUNITIES AND CHALLENGES ASSOCIATED WITH FORMING A LOCAL OPPORTUNITY DEVELOPMENT CO-OP

There is little doubt that Opportunity Development Co-ops represent a very promising and innovative mechanism for rural economic development. By creating a formal avenue for community members to co-operatively invest in local business ventures that maintain and/or create jobs in the community, ensure more wealth remains in local circulation, and thereby support both the commercial and residential real estate market, the formation of Opportunity Development Co-ops is something that ought to be front of mind for most towns throughout Alberta. This is especially so given the fact that so many owners of existing small and medium-sized businesses throughout rural areas are nearing retirement and, without a local buyer, many of these businesses may simply be forced to close for good – something that would be a serious blow for many rural communities already facing considerable economic headwinds, stagnant populations, and declining real estate prices. Investment co-ops have the flexibility and local knowledge required to confidently make investments in local ventures that are denied financing from traditional lenders, making them all the more attractive. Add in the fact that individual investments in Opportunity Development Co-ops can be made “RRSP” eligible, and it seems like this concept should be a clear winner. Yet, as the mixed record of Opportunity Development Co-ops in Alberta over the past 15 years makes clear, the great potential inherent in Opportunity Development Co-ops does not easily translate into community-level successes.

There have been several Opportunity Development Co-ops incorporated in Alberta in the last decade who have not had the success supporting local business ventures seen in Sangudo, Blairmore, Calgary, or Vermilion. In fact, Peavey Industries made similar expressions of potential support in both Stettler and High River Alberta in 2021, support that, one would think, would help put these Opportunity Development Co-ops over-the-top in terms of incorporating and making local investments. However, neither community has, as of late 2023, made a locally sourced investment in a community business. Our research suggests that an Opportunity Development Co-op failing to make an investment in a local business can be related to a variety of factors including interpersonal conflict within the co-op, an inability to raise capital locally, or simply a lack of feasible business ventures worthy of investing in. Indeed, for the group in High River, a number of potential business ideas have been considered as potential local investments but “the business case was simply not there.” In addition, this respondent continued,

“to make an investment is to risk cash put up by friends and family that you know in a rural community. You want to get this right. You can imagine the fallout in cases where you get it wrong a lot of local people lose their money.”

This respondents' experiences mesh well with previous research into community investment co-ops, which found earlier Opportunity Development Co-ops in Alberta encountered barriers related to the difficulty "discussing money" in rural communities, the lack of confidentiality related to the financial transparency required of all investors in a rural Opportunity Development Co-op, and the complicated nature of risk and trust associated with investing money with "friends and family."¹⁸

Furthermore, as one respondent who has long been involved with Opportunity Development Co-ops in Alberta admitted, "people are busy" and it can be very difficult to find the people who have the required time, skill, and level of community trust that is necessary to lead a successful investment co-op. And, even if an Opportunity Development Co-op can be successfully launched and raise a good amount of capital, it makes little sense to turn around and invest that cash in a venture that is unsustainable. Indeed, especially in small communities that face very difficult economic trends related to declining populations, having capital to invest might not be enough to overcome the fact that there is no sound business case for an entrepreneur to take-over a faltering business, let alone launch a new one. As one respondent noted,

"look, there's no magic wand that we can wave that's going to change the fact that, you know, rural is struggling and, in some places, expecting certain businesses to succeed when the population isn't there to sustain them, that's a tough road to march. We can't just magically make rural Alberta how it was in 1970."

This reality can be further complicated by the fact that investment co-ops are structurally unique compared to most traditional co-ops (like a producer or purchasing co-ops), wherein members design a structure that place the members themselves as the primary beneficiaries – an outcome that generates an ongoing incentive for members to continue to support the co-op. In investment co-ops, on the other hand, members make an investment in the hopes of eventually generating a modest return, but they are not generally the recipients of these investments, nor are they required to patronize the businesses that do acquire capital from the co-op. Of course, members have an interest in the business in question doing well - this is the only way they will receive a return on their investment. However, the relationship is far less direct than in traditional co-ops and the long-term sustainability of the co-op may be impacted in a negative way.

Despite all of these challenges, we still conclude that Opportunity Development Co-ops represent an important and innovative use of the co-op model that holds significant potential for rural economic development going forward. That said, care must be taken to ensure a number of factors are addressed to increase the likelihood of success.

¹⁸ Mike Gismondi, Juanita Marois, and Danica Straith, "Unleashing Local Capital: Scaling Cooperative Local Investing Practices," in E. Kennedy, M. Cohen, and N. Krogman eds., *Putting Sustainability into Practice.*, (Cheltenham: Edward Elgar Publishing, 2015), 204-227.

As one long-time supporter of the Opportunity Development Co-op concept noted, community investment co-ops are ultimately held back by a lack of awareness of the model in rural areas, both on the part of community leaders in a position to take the lead in an Opportunity Development Co-op as well as the broader citizenry who have the chance to invest in the co-op. Building this awareness generally begins with the community leaders, and then must be communicated throughout the community in a way that can help ease some of the (quite understandable) hesitation that may exist among potential investors who are much more familiar investing in mutual funds or stocks via a traditional money manager. However, other avenues of awareness building must be investigated. This is a task that is already being undertaken by the Alberta Community and Cooperative Association and the Alberta Centre for Sustainable Rural Communities at the University of Alberta, but could also be done by the long-established co-operatives throughout rural Alberta, the provincial government's rural development arm (housed within the Ministry of Agriculture and Irrigation), the Economic Developers of Alberta, Alberta Municipalities, Rural Municipalities of Alberta, other rural-based organizations in the province, and even individual municipalities across the province.

Ultimately, the goal of these efforts to raise awareness should be that an Opportunity Development Co-op is "part of the idea soup" for community leaders and economic development officers tasked with addressing specific challenges in a community. Once this concept is established as an option, one member of a successful Opportunity Development Co-op in Alberta notes that three additional things need to be in place to increase the likelihood of success:

First, there needs to be a group of champions in the community who understand that there are needs that are not being met. And they're not willing to wait for the cavalry to come. In fact, they know the calvary is not coming. And this group of champions, three, four, maybe half a dozen people who are willing to look at the bigger vision of what their community can be, they are able to set their egos aside and work together. These are people who really understand the ODC concept and are also known, liked and trusted and respected in the community.

The second piece is coming up with a business idea. Now if you drive around any community right now, well, according to Stats Canada, as many as 75%, of existing small to medium enterprises right now will transition ownership within the next five to 10 years. These are the types of businesses that ODCs can really help keep in a community by creating a path for that transition to occur by investing in the new buyer.

The third real important part is to have a talented entrepreneur or entrepreneurs who are willing to run those businesses. The leaders of the ODC can help the entrepreneur in a variety of ways with advice and contacts but it is up to the entrepreneur themselves to run the business so they need to be willing to work hard and follow through.

Of course, having these three components lined-up may still not be enough to ensure success. Every single successful Opportunity Development Co-op we researched made clear that the support of the co-op developers working within the Alberta Community and Cooperative Association was instrumental in getting off the ground. Like the New Generation Co-op cases explored earlier, extensive effort and knowledge is required to incorporate an Opportunity Development Co-op, complete feasibility studies on business proposals, and navigate the complexity of provincial security regulations that apply to investment co-ops. The Alberta Community and Cooperative Association continues to do good work in this regard, but they are a single group with limited resources. Further resources are required to support additional co-op development in the province if more Opportunity Development Co-ops are to launch across rural Alberta.

The federal government's Ministry of Rural Economic Development as well as Alberta's provincial rural development arm are obvious institutions that could provide at least some of this support, although additional investment from existing co-ops operating in rural communities would be welcome as well. This is also an area where rural municipalities themselves could do more. Acknowledging that most municipal budgets are already stretched thin, several rural communities in Alberta have, nonetheless, made local economic development a priority, with several new posts recently created for Economic Development Officers across the province. We applaud these efforts but also suggest that the Economic Development Officers themselves ought to be made far more aware of the potential inherent in Opportunity Development Co-ops, but also should be introduced to some basic co-op development information, thereby equipping them to better assist citizens interested in launching a local Opportunity Development Co-op (or any other type of co-op for that matter). We suggest Economic Developers Alberta, the central support body for economic development practitioners in the province, have an important role to play in this regard. Indeed, several respondents were adamant that municipalities can play a key role by being aware of the Opportunity Development Co-op model, by being supportive of the local investment co-op (perhaps working with them on zoning or taxation issues to help facilitate the investment in the new business), and having a good understanding of which businesses in the community may be entering the early stages of seeking to transition to a new buyer and are therefore possible targets for an Opportunity Development Co-op to work with an entrepreneur to ensure this transition happens and the business continues to operate in the community.

One final avenue of support for Opportunity Development Co-ops that is key is the creation of provincial tax incentives for investors in a local Opportunity Development Co-op. Several provinces, with an eye to driving rural economic development in particular, already offer some form of tax credit to individuals who contribute to a Community Investment Fund.¹⁹ Alberta actually had a similar tax credit program, introduced in 2018 by the NDP government, that offered a 30 per cent tax credit to those who invested in an Opportunity Development Co-op.²⁰ However, the UCP government quickly ended the

19 More details on the variety of provincial tax credits that exist in this regard can be found in: Alexander Petric and Ryan Gibson, "Embedding Rural Capital? Community Investment Funds in Canada and their Implications for Rural Communities," *Community Development* 54:2, 167-186.

20 See "Community Economic Development Corporation Tax Credit Program Information," Government of Alberta, available at: https://open.alberta.ca/dataset/976cd36c-7427-42d8-ae67-4da5617c9b77/resource/11767c0e-ebf2-4c0f-b7ce-33fe096f7dd2/download/cedc-information-for-cedcs_final.pdf

program upon their electoral victory in 2019 and have thus far refused the Alberta Community and Cooperative Association's request that it be re-instated in support of the government's rural economic development goals. We agree with the Alberta Community and Cooperative Association that a tax credit of this type, which has been demonstrated to help spur local investment in rural communities in other provinces across Canada,²¹ ought to be re-instated in Alberta to further incentivize local investing across the rural areas of the province.

Again, we see substantial but, as of yet, largely unrealized, potential in the Opportunity Development Co-op concept. Although a fit for a wide variety of ventures requiring capital, looking forward, we assert that the areas of existing business succession, housing co-ops and private real estate development, new small footprint agricultural operations, and renewable energy co-operatives all seem especially well-positioned to be supported through co-operative community investment in rural communities going forward. In the next section, we explore two ways in which this is already occurring in renewable energy.



Toland Cochrane, Construction Lead, Old School Cheesery, Vermilion Opportunity Development Co-op. 'Reimagining Rural Economic Development' Conference, Presented by the Alberta Centre for Sustainable Rural Communities, Oct. 2023, Camrose AB. Photo: John Ulan

21 See: "The Economic Impact of the Nova Scotia Community Economic Development Investment Fund (CEDIF)," Co-operative Enterprise Council, March 2021, available at: <https://farmworkscoop.ca/wp-content/uploads/2021/04/Report-on-CEDIF-Economic-Impact-March-2021-2.pdf>

The Case Studies

Renewable Energy Co-operatives

There is now no doubt that the world is experiencing a rapid energy transition. Driven by the climate change crisis and international agreements demanding domestic reductions in greenhouse gas emissions, technological innovations are creating significant cost savings for energy generated in renewable ways, leading countries across the world to embrace green energy projects. Canada alone is expected to expand their renewable energy generation totals from 19 GW in 2021 to nearly 45 GW by 2025.²² Alberta is at the forefront of this transition in Canada, accounting for over 75% of all wind and solar energy projects built in 2022, and more than 92% of Canada's overall growth in renewable energy and energy-storage capacity in 2023! This is largely due to our deregulated energy system and the natural abundance of both sunshine and wind²³ This pattern of tremendous growth represents a key pillar of Alberta's economic development potential going forward, with rural areas in particular very well situated to take advantage of these trends given the amount of land renewable energy projects require.

Renewable Energy Co-ops are “community-focussed, democratic, and collectively owned organizations involved in some fashion with the renewable energy sector” that aim to provide energy cost savings and investment returns for their members while also helping to address climate change by directly working to hasten the transition away from fossil fuels. Like other co-ops, Renewable Energy Co-ops are designed to generate a multitude of local benefits. Not only do most Renewable Energy Co-ops provide opportunities for ordinary people to invest in, and thus gain financial returns from, green energy projects, Renewable Energy Co-ops “one member one vote” structure ensures ample local control of the operation and provides an impressive array of “hands-on” business, accounting, and project managements experience to community members. In other words, Renewable Energy Co-ops represent a significant avenue for local groups and communities to position themselves to benefit from the energy transition now underway.

A recent survey found 52 active Renewable Energy Co-ops across Canada in 2021, although they tend to operate in provincial silos given the unique energy grids and regulatory environments that exist across provinces.²⁴ Active Renewable Energy Co-ops in Canada also face a wide variety of barriers that can work to stymie growth. It is within this context we conducted a deep-dive into two rural-based Western-Canadian Renewable Energy Co-ops that have taken very different paths, but both represent key models that are worthy of being closely examined as possible models to replicate elsewhere in the hopes of creating jobs, retaining wealth, and maintaining energy autonomy in rural communities associated with this current boom in renewable energy generation.

22 Gigi Suhanic, “Posthaste: How the ‘Fossil Fuel Heartland’ Will Become Canada’s Green Energy Leader in Three Years,” *Financial Post*, August 11, 2022, available at: <https://financialpost.com/executive/executive-summary/posthaste-how-the-fossil-fuel-heartland-will-become-canadas-green-energy-leader-in-three-years>

23 “Alberta: Clean Energy Snapshot,” Government of Canada, available at: <https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/powering-future-clean-energy/overview-alberta.html>. The Canadian Renewable Energy Association, “New 2023 data shows 11.2% growth for wind, solar, and energy storage,” January 31, 2024. Available at: <https://renewablesassociation.ca/news-release-new-2023-data-shows-11-2-growth-for-wind-solar-energy-storage/>

24 Marc-Andre Pigeon, Martin Boucher and Renata Leonhardt, “A Census of Renewable Energy Co-operatives in Canada,” Canadian Centre for the Study of Co-operatives, February 2022, available at: https://usaskstudies.coop/documents/research-reports/2022.02.08-renewable-energy-co-operatives-in-canada_final.pdf



PEACE ENERGY CO-OPERATIVE

In 2002, a pair of businessmen in Dawson Creek British Columbia, long interested in green energy and energy conservation, began thinking about launching a locally controlled organization capable of producing wind energy in their region. In 2003 **Peace Energy Co-operative** became the first Renewable Energy Co-op incorporated in Western Canada, with the goal of developing a large wind farm on nearby Bear Mountain.²⁵ This timing was motivated in part by the fact that large companies were already purchasing leases on prospective wind farm sites in the area and the initial members of the co-op felt it important to establish a community-controlled organization capable of developing a wind farm that would ensure profits, and control, were retained locally. Following the lead of several similar Renewable Energy Co-ops operating in Europe, and provided valuable advice by the Toronto Renewable Energy Co-operative, Peace Energy was structured as an Investment Co-op wherein members had the right to purchase "investment shares" in each project undertaken by the co-op as a way to raise capital.

The co-op successfully raised the capital required to secure a lease on a windy ridge of Bear Mountain but, facing significant development costs that exceeded initial expectations, and encountering difficulty accessing large levels of capital from traditional lenders, the co-op realized that the only path forward required partnerships with private entities capable of shouldering much of the eventual \$200 million dollar cost. In striking these partnerships, Peace Energy cleared a path for what became British Columbia's first commercial wind facility, a 34-turbine, 102mw solar farm capable of powering roughly 35 000 homes. In other words, the operation is not fully "community-owned" as was first envisioned by Peace Energy founders, but the co-op played a vital role pushing the green-energy project forward and the project now pays the co-op a 25-year royalty income - a meaningful stream of revenue that it has leveraged into new directions, primarily in the area of solar energy.

The co-op has since developed a robust residential, commercial, and on-farm installation division operating in the Dawson Creek area, activities that add a second revenue stream to the co-op and have allowed for the hiring of two full-time paid employees and three or four regularly paid contractors that help with marketing, installation, etc. Peace Energy has now completed multiple installations totalling over one megawatt of combined solar installed in the Peace Regions of Alberta and British Columbia. This includes grid-tied solar arrays on nine municipal facilities totalling 510kw of energy within the Municipal District of Hudson's Hope. The co-op is also a regional leader in solar power education and advocacy.

The most ambitious project undertaken by the co-op, however, is their current work toward developing an \$11 million, 4.99 megawatt solar farm comprised of roughly 12 000 solar panels on a section of land located near Peace River, Alberta. The decision to proceed with a project in Alberta rather than their home province of British Columbia

²⁵ "About Us," Peace Energy Co-operative, available at: <https://peaceenergy.ca/about-us/>

is directly related to the deregulated nature of Alberta's energy grid which, in essence, allows any organization to generate and sell energy within the provincial market provided they receive approval from the Alberta Utilities Commission. In the current regulatory environment, such a project is simply not feasible in British Columbia.

In 2021, a lease was secured on the proposed solar farm site and, with the help of the Alberta Community and Cooperative Association's *Community Investment Solutions Initiative*, the co-op subsequently raised substantial capital from local members and "high worth" community investors, conducted the required (and rather expensive) engineering and regulatory studies across 2022/23, ensured significant community engagement, and devised plans for a solar farm that would implement best practices related to agrivoltaics (essentially a commitment to use land simultaneously for solar panels and agriculture) and biodiversity stewardship on the solar farm site. Unfortunately, despite meticulously preparing their application for development approval for the Alberta Utilities Commission, the co-op was blindsided by the Alberta Government's unexpected decision to have the Alberta Utilities Commission institute a six-month moratorium on approving all wind and solar power projects greater than one megawatt in 2023. Ostensibly, this moratorium was related to the lack of regulations protecting prime agricultural land and ensuring site reclamation policies are in place in the province, although some have speculated that it may also be related to the current Government of Alberta's ideological preference to support its long-established oil and natural gas industries and throw sand in the gears of the Federal Government's hope of a national "net-zero emissions" electricity grid by 2035.²⁶ Although angered by this decision, as of late 2023, the co-op still feels this project is viable and plans to proceed once Alberta Utilities Commission approval is granted – an outcome they hope will allow for construction to commence in 2024.

Assuming the project goes forward, the Peace River Energy Project would be a significant achievement for Peace Energy Co-op, a formidable boon for the surrounding rural areas, and an inspiring example of what is possible via the co-operative model embraced by Peace Energy. Construction of the solar farm, it is estimated, will create roughly 50 jobs over an 8-month period, followed by 3-5 full time permanent jobs going forward for the 25-year life span of the project.²⁷ This is in addition to the investment gains that will be returned to the wide range of community investors who co-operatively own this project.

Of course, none of what Peace Energy Co-op has accomplished has been easy. In addition to countless hours of volunteer work from board members over several years, and multiple hurdles at various stages of their development, the co-op has had to overcome the incredibly high costs associated with these large-scale projects, both in terms of the obvious acquisition of the land and physical construction of, first, a wind and then a solar farm, but also in terms of the less obvious fees associated with the required regulatory, environmental, and engineering studies and the substantial cost of an "Interconnection Study" required by private electricity transmission companies.

²⁶ Bob Weber, "Alberta Announces six-month pause on renewable energy, citing rural concerns," *CTV News*, August 3, 2023, available at: <https://edmonton.ctvnews.ca/alberta-announces-six-month-pause-on-renewable-energy-citing-rural-concerns-1.6505508>. See also: Drew Anderson, "Alberta's renewables pause is leaving billions of dollars in limbo. Here's what you need to know," *The Narwhal*, September 14, 2023, available at: <https://thenarwhal.ca/alberta-moratorium-renewables/>

²⁷ "Peace River Energy Project: Project Overview," Peace Energy Co-operative, available at: <https://peaceenergy.ca/peace-river-energy-project/>

In fact, there is a strong sense within the Renewable Energy Co-op community more generally that large private electricity companies have a vested interest in maintaining the status quo wherein they generate, distribute, and derive windfall profits from, the vast majority of the electricity industry. There is a corresponding sense among those we spoke with for this project, therefore, that such corporations frequently implement roadblocks designed to slow the growth of community-owned renewable energy projects given their potential to re-direct profits toward local investors and communities rather than corporate shareholders. Working with provincial governments to overcome these barriers is a common goal Renewable Energy Co-ops across Canada share, although they have thus far experienced little success in this regard.

The costs mentioned above are in addition to the broader legal and accounting fees investment co-ops also face. One co-op leader estimated that, despite not having built a single physical object on the proposed solar farm site, Peace Energy had already spent roughly \$200 000 to meet various regulations, and they still do not actually have approval to proceed. It is a credit to Peace Energy's previous work to develop multiple revenue streams, as well as the ongoing and tireless work of their board in seeking new members/investors, that the co-op has been able to proceed this far but, clearly, these costs represent a potentially insurmountable barrier for younger and less financially stable Renewable Energy Co-ops interested in developing large-scale renewable energy projects in the future. Indeed, the leader of Peace Energy we spoke with was adamant that provincial governments ought to do more to help with these start-up costs, either through loans and grants or in working to lessen the cost of the various studies and applications required.

Peace Energy Cooperative

102kW SOLAR WAVE,
Hudson's Hope outdoor
swimming pool facility

This unique, one-of-a-kind SOLAR WAVE is a sculpture with a practical purpose: to provide inexpensive solar electricity to the pool complex plus shade and shelter to those using the park area around the pool.



Photo: Ron Moch for Peace Energy Co-op

Despite these challenges, the co-op is committed to building a template, based on their experiences with various projects, to be made freely available to those interested in pursuing similar co-operatively owned renewable energy projects elsewhere in Canada. Speaking to the many challenges they have encountered, and the broader lessons learned, while pursuing, first, the Bear Mountain Wind Project, and now the large Solar Farm, one key Peace Energy Co-op summed up their experiences and their hopes for the future, this way:

It's part of the problem with being the first doing things. We were the first. We were the first wind farm in British Columbia. Now we're the first [co-operatively owned] solar farm in Northern Alberta. Well, I don't know if it pays to be first. We're making history, but there have been so many hurdles. We're doing really cool stuff. We've got 640 members now and more coming in all the time, because this is an exciting project. It'll be the first community co-operatively owned solar facility, solar farm, in Western Canada. We're risking a lot, moving into this so aggressively. But how else do you do this stuff? I mean, somebody's got to start it. We're documenting everything. We're learning a lot. We want this project to be a test case for other co-operatives, especially in Alberta...and we'll be passing on whatever we learn to anybody who is interested.





BOW VALLEY GREEN ENERGY CO-OPERATIVE

Emerging out of a broader interest by the environment-focussed Biosphere Institute in developing “a network of solar panels across our Valley,” **Bow Valley Green Energy Co-operative** began in 2019 in Canmore Alberta.²⁸ Like Peace Energy, Bow Valley Green Energy Co-operative is a Community Investment Co-op that offers lifetime memberships (\$100) to community members which subsequently entitle them to make investments in the co-op (minimum \$1 000), with the expectation that a modest return on investment will be generated on this investment over the coming years from the solar energy generated by solar installations owned and operated by the co-op.

Like so many of those co-ops explored in this study, the Alberta Community and Cooperative Association played a key role in helping the initial group of leaders with a feasibility study and the various requirements for incorporation. Still, despite this assistance, and the fact that the group of co-op founders were not only passionate about the co-ops mission, but also possessed a wide variety of experience in business, law and the energy sector, those involved stressed that “the early days were very intense and demanding,” when it came to the sheer number of volunteer hours required to launch the co-op. Not only did the founders have to navigate the standard legal and accounting hurdles required to incorporate as a co-op, in addition to the complex security regulations required for an investment co-op, they also had to familiarize themselves with the various rules inherent within Alberta’s deregulated energy sector and its laws governing the generation and distribution of solar energy. As one founder admitted, **“it basically took a year to really understand how this could work.”**

Although Bow Valley Green Energy Co-operative considered different models, including a larger-scale generation project similar to Peace Energy’s current solar farm project, a lack of access to significant capital led them to settle on a micro generation, “behind-the-metre” model that involves multiple small-scale solar installations across several commercial sites in the Bow Valley. In essence, Bow Valley Green Energy Co-operative installs a solar array on the roof of a willing commercial “host” (at the co-ops expense), then sells the power generated by the installation to the commercial building owner. As part of this process, a 25-year power purchase agreement is negotiated between the co-op and the building owner, which ensures the latter a stable long-term price for their electricity, while the co-op receives an ongoing revenue stream that allows them to fund further projects and return a modest profit to its investors. This model of solar energy co-op is modeled after similar micro-generation co-operatives that have long been operating across Europe, with the Brighton Energy Co-op in the United Kingdom in particular serving as direct inspiration for the founders of the Bow Valley Green Energy Co-operative. The founders also reached out to leaders of the Ottawa Renewable Energy Co-operative, SES Solar Co-operative (Saskatoon), and the Vancouver Renewable Energy Co-op for advice in structuring their model.

²⁸ See: “Our Story,” Bow Valley Green Energy Co-operative, available at: <https://www.bvgreenenergy.org/our-story>

Having established a financially viable business model within the existing provincial regulations, Bow Valley Green Energy Co-operative signed their first power purchase agreement with the Ralph Connor Memorial United Church in Canmore in 2021, raised the required capital in the community, and installed a 11.25 kw solar array. This was followed by a 127 kw system installed on a newly constructed mixed-use condo and retail complex in Canmore in the fall of 2022. In 2023 the co-op successfully installed two more solar arrays: a 26kw system on Tempe B'nai Tikvah in Calgary and a massive 291 kw system on a magnesium oxide processing factory outside of Canmore, two projects, noted the president of the Bow Valley Green Energy Co-operative, that take the co-op closer to their rather impressive target of "1 Megawatt of installed renewable energy capacity, funded by our community, by the end of 2025."²⁹

Thus far, the speed with which Bow Valley Green Energy Co-operative has been able to finance and install these projects is rather impressive compared to that accomplished by several other Renewable Energy Co-ops in Canada that have been around much longer and have installed far fewer kilowatts of renewable energy capacity. However, the co-op is still not generating the revenue stream required to onboard paid staff, so the significant amount of work that now exists to operate this growing business continues to be shouldered by an already overburdened set of volunteers – a situation that multiple members of the co-op admitted is not sustainable. Equally problematic, after raising the requisite capital for its first two projects from community members, the co-op has encountered problems finding additional investments required to meet the interest they have from local businesses interested in having solar panels installed and signing similar power purchase agreements with Bow Valley Green Energy Co-operative. Indeed, as a relatively young organization with approximately 90 members (as of 2023), the co-op has recently encountered some hesitation among several potential local investors who have questioned the fiscal wisdom of investing in Bow Valley Green Energy Co-operative when more traditional investment options, including commercial-scale green-energy ones, promise higher returns more quickly. Unsurprisingly, Bow Valley Green Energy Co-operative has found their investment pitch to be a tough sell in these cases, especially beyond the limited set of hard-core believers in community controlled and generated green energy in the Bow Valley. Thus, the co-op has resorted to approaching traditional financial lenders in the hopes of acquiring capital, but with a mixed record of success. As an alternative, Bow Valley Green Energy Co-operative has managed to secure financing for some projects through creative financial arrangements with the commercial firms who host the solar arrays, a solution that has allowed certain projects to proceed but simultaneously raises the question of how to scale up this model of co-operatively owned solar energy projects, especially with the backing of the local community investors required to ensure profits generated by the sale of solar energy remain in the community.

²⁹ "Electrification of the Largest Solar Installation in the MD of Bighorn!" available at: <https://www.baymag.com/wp-content/uploads/BAYMAG-Press-release-6-2023.pdf>

Bow Valley Green Energy Co-operative

Bow Valley Green Energy Cooperative's project at Ralph Connor Memorial United Church was the first community-owned renewable energy generation system in the Bow Valley and the first community-owned solar project in Alberta.



Photo: KUBY Renewable Energy Ltd.

Still, Bow Valley Green Energy Co-operative has, like Peace Energy, identified a business model that they believe will be financially sustainable going forward, without the need for additional government subsidies. However, again like Peace Energy, Bow Valley Green Energy Co-operative has found little interest on the part of the provincial government to respond positively to requests for relatively minor policy innovations that could enhance the economic profitability and scalability of either renewable energy generation model. For instance, the co-op made the case to the Government of Alberta to either permit the production capacity within "Microgeneration" regulations (those that govern small-scale arrays on houses or business), to exceed the annual consumption of the host building by 10-25% (a current cap exists that prevents solar arrays from producing more energy than the building uses on an annual rate), a change that would significantly enhance the economics of such installations by allowing them to generate more energy to be sold to the grid. They also raised their concerns with the high costs of having to adhere to the requirements outline in the "Small-Scale Generation" regulations (those that apply to wind or solar farms pursued by Peace Energy). From all accounts, neither request was seriously considered by government. Despite these policy roadblocks, Bow Valley Green Energy Co-operative remains optimistic in the potential of its model and, like Peace Energy, is committed to sharing its experiences with those groups interested in starting their own Renewable Energy Co-op.

ASSESSING THE CHALLENGES AND OPPORTUNITIES FOR RENEWABLE ENERGY CO-OPS IN RURAL ALBERTA

Both Peace Energy Cooperative and Bow Valley Green Energy Cooperative have faced plenty of challenges on their respective paths. Still, like Opportunity Development Co-ops more generally, we see significant potential for rural communities across Alberta in the innovative use of the co-op models employed by both Peace Energy and Bow Valley Green Energy Cooperatives. Notwithstanding what appears to be some “foot-dragging” around renewable energy on the part of the current Government of Alberta with the 6-month moratorium on large renewable energy projects and the broader lack of interest in altering regulations that could make such Renewable Energy Co-ops easier to launch and remain economically sustainable renewable energy projects, we see an increasing demand for solar energy, for both environmental and economic reasons, among businesses and residents in the province, on the horizon. That Alberta’s deregulated energy system (at least prior to the moratorium!) provides ample opportunity for the generation and sale of this energy by multiple players, large and small, and the province (alongside Saskatchewan) enjoys more sunshine than any other region in Canada, only adds to our bullishness. Indeed, prior to the moratorium, Alberta was already leading Canada in attracting new renewable energy investments, mostly on the part of large companies who see the profit potential in this area. What the models incorporated by both Peace Energy and Bow Valley Green Energy Cooperatives offer is the opportunity for ordinary people to become key players in this trend, ensuring both the control and the profits generated by solar energy generation remain in local communities rather than the pockets of corporate executives and distant shareholders. In addition, both co-ops have also been successful in creating good local jobs in their regions given the local solar installation they have been encouraging.

Still, clear challenges for either model persist. A recent study into Renewable Energy Co-ops in Canada identified several areas where either enhanced co-operative development support, or a more supportive policy/regulatory environment, would prove incredibly beneficial for co-ops interested in pursuing either the large-scale model embraced by Peace Energy or the Bow Valley Green Energy Cooperative’s “microgeneration” model, and our findings dovetail nicely with those of this report. In addition to the well-known internal operational and economic challenges all co-ops face (i.e.: the reliance on considerable volunteer hours and the likelihood of ‘volunteer burnout’, the high levels of technical business, accounting and legal knowledge required, the difficulty acquiring capital via traditional lenders, the challenges inherent in convincing community members to invest in an unfamiliar entity, etc.), Renewable Energy Co-ops face the additional challenges related to the high costs of regulatory and “energy interconnection” studies and the costs of purchasing and installing energy generating equipment. In addition, there is a strong sense that both provincial and federal governments are “biased towards large-scale and centralized generation,” a preference that seemingly lessens the interest of relevant governments in tailoring policy that would support the formation and success of co-operatively-owned and locally controlled renewable energy projects that hasten the transition toward renewable energy in a way that retains profits in local communities.³⁰

30 For an excellent and detailed examination of the wide variety of barriers RECs face, see Pigeon, Boucher and Leonhardt, “A Census of Renewable Energy Co-operatives in Canada,” pps, 13-17, available at: https://usaskstudies.coop/documents/research-reports/2022.02.08-renewable-energy-co-operatives-in-canada_final.pdf

What Can we Learn by Studying Co-operative Eco-Systems Elsewhere?

When considering particular countries, states, or regions that have especially robust co-operative eco-systems, most experts in co-ops would quickly point to Northern Italy's Emilia Romagna region or the Mondragon co-ops in the Basque region of Spain as being worthy of study. In Canada, the province of Quebec has long been understood as being especially successful at nurturing a very healthy co-operative sector. For those interested in the best practices and most supportive policy environments for co-operatives, there would be good reason to spend some time attempting to understand the factors at play in any of these regions. Yet, it is important to remember that these regions exist within particular geographic, economic, political and cultural contexts, all of which can play significant roles in the development of their co-operative eco-system. For this reason, it is often difficult to draw too many concrete lessons from examples elsewhere across the globe in the hopes of applying them to one region given just how different those contexts can be across regions. That said, there is one region that quickly stood out to our team as being just similar enough to that of rural Alberta as to warrant further investigation in this regard and it is our view that, after this investigation, there are a set of important lessons one can take from the American state of Wisconsin when it comes to supporting the formation and development of rural-based co-ops in ways that ensure the generation of meaningful rural economic development gains.

WISCONSIN'S RURAL CO-OPERATIVE ECO-SYSTEM

Similar to the Canadian Prairies, cooperatives have long played an important role in the economy of rural Wisconsin. By the late 19th century, farmer-based organizations were advocating for co-operative enterprises to meet rural economic hardships, leading to the formation of co-operative stores, grain elevators and mills. By the early 20th century, nearly half of the state's creameries and cheese factories were cooperatively owned through farming-led cooperative groups. What is especially interesting about co-operatives in rural Wisconsin, however, is how ubiquitous they have remained throughout the state, a trend that diverges from that found in rural western Canada. A 2003 study noted that co-operatives continue to play a significant role in the economy of rural regions across the state, with agricultural-based co-ops in particular accounting for 55 percent of the total economic impact of co-operatives in Wisconsin. Roughly 5900 people were employed by farm supply and service cooperatives alone in 2003, and a further 8000 additional full-time jobs have grown out of this economic activity when accounting for the multiplier effect. The cash patronage refunds and dividends generated by these co-ops in rural Wisconsin was also noted to have significant economic impact.³¹

³¹ Measuring the Economic Impact of Cooperatives: Results from Wisconsin, US Department of Agriculture, 2003, available at: <https://www.rd.usda.gov/sites/default/files/RR196.pdf>

A more recent study noted that, of the roughly 728 co-ops in operation in the state in 2021, 240 were agricultural-based, 30 were rural electric co-ops, and a sizable additional handful were rural-based credit unions, grocery, arts and crafts, and housing co-ops. In fact, Wisconsin led all American states in the number of rural-based co-ops incorporated between 2011-2019, a statistic that further speaks to a strong and growing rural co-operative eco-system in the state.³² The report further notes co-ops in the “Upper Midwest Cluster” of Wisconsin and Minnesota have long enjoyed a supportive policy environment, including flexible co-operative statutes, a robust network of co-operative education initiatives that help maintain a strong awareness of the model throughout the general public (and especially in rural areas of both states), reasonable levels of “co-op friendly capital” that helps co-ops form and grow, and a density of co-ops throughout each state that both helps maintains a general familiarity with the model, ensures a strong network of support for fellow co-operatives in the region, and creates avenues for more effective lobbying of state and federal governments on behalf of the co-op sector. A research trip to rural Wisconsin, hosted by the Center for Cooperatives at the University of Wisconsin-Madison in the Fall of 2022, allowed us to speak at length to a variety of co-op founders, operators, developers and supporters across the state, bringing to the fore some valuable lessons for those interested in supporting co-op development in rural Alberta and elsewhere. Asked why co-ops seemingly continue to flourish in rural Wisconsin, one long time co-op developer, member and founder noted simply:

The co-op model is embedded in the culture here. The ag-co-ops, of course, have always been big, but we use the co-op model in our hospitals and school districts, in transportation (taxis), in housing, in so many areas. There is a high level of knowledge about co-operatives across this state.

Indeed, the agricultural-based and rural electric co-ops have continued to thrive here at a time so many large ag-based co-ops or rural electrification associations on the Canadian prairies were sold off to private companies. It is difficult to overstate how important their continued presence is in terms of the strength of the overall co-operative eco-system in the state. They have helped to maintain a very strong awareness of, and in many cases, a strong allegiance to, the co-op model across rural Wisconsin in ways that are now largely foreign on the Canadian prairies.

Furthermore, their continued success helps support a robust co-operative political lobby presence in the state, with several large ag-co-ops contributing to the Cooperative Network, an influential co-operative lobby group active in Wisconsin and Minnesota. This group, often working in tandem with key co-op leaders from various sectors, and co-op developers from the Center for Cooperatives and the University of Wisconsin-Madison, has been a steady political force for the co-operative movement in the state, doing much to push for legislation deemed beneficial to co-ops, working to “defend” co-ops from legislation deemed harmful, and doing much to “educate” new politicians on the importance of co-ops within the economy of Wisconsin. As a result of this work, the state is generally deemed to be one of the friendliest in North America to co-operatively owned business.

³² Esther West and Courtney Berner, *Collective Action in Rural Communities*, University of Wisconsin Center for Cooperatives, August 2021, available at: <https://uwcc.wisc.edu/research/collective-action-in-rural-communities/>

In addition to co-operatives winning the right not to be taxed in Wisconsin, one of the most important examples of this co-op friendly legislation can be found in the adoption of Chapter 193 in 2007, a statute that essentially removed existing regulations on co-ops issuing securities to raise capital. Several respondents pointed to this statute in particular as the key example of the very supportive policy environment that incentivizes the continued growth of co-ops across the state (although it is worth noting, support for this legislative change was not unanimous because, in the estimation of one opponent, it opened up the potential for co-ops to be controlled in ways that may violate the traditional “one member, one vote” structure of the co-op model by creating pathways for providing voting rights to non-member investors). Nevertheless, recall that existing securities regulations in Alberta are often cited as a central barrier for co-ops hoping to raise capital for various projects. In fact, the Alberta Community and Co-operative Association has repeatedly pointed to this particular relaxation of requirements around the issuing of securities for co-ops in Wisconsin (and Minnesota) as the precise type of policy innovation that they are seeking in Alberta.

The continued presence of ag-co-ops in Wisconsin has further ensured the rather unique situation of “cross-aisle” political support for co-ops in the state. In a country that is often noted as suffering from a deep political polarization across almost every policy issue, co-ops remain an institution that are respected and supported by both Democrats and Republicans in the Wisconsin. Like Alberta, Wisconsin is largely politically divided along regional lines, with a strong Republican (conservative) presence in rural areas and more Democratic (liberal) supporters in urban areas. In urban spaces, support for worker, grocery, transportation, healthcare, housing, and arts co-ops is generally high whereas in rural Wisconsin, the continued presence of ag-co-ops ensures a high degree of political support for the model as well. In fact, one individual who had worked in a grocery co-op for several decades admitted that, politically, those involved in agriculture or rural electric co-ops tended to be “right-wing” voters whereas those involved worker or grocery co-ops were “more left-leaning,” but, importantly,

“the common co-operative association in town does a good job of bringing people and co-ops with different mindsets together.”

Co-ops, they continued,

“give you a language and a way to connect with people on the different side of ideological battles – there is a common language that can act as a bridge. Co-ops are not about politics – they are about a shared need and a shared vision.”

This point was brought together nicely in a long conversation we had with a rural Republican state politician who had recently taken the lead within the Wisconsin State Legislature on a bill, eventually passed, that would commit significant state funding toward feasibility studies for those interested in starting a co-op – a key component of co-op development. We were especially intrigued by this given our sense that, by and large, co-operatives have tended to be labeled a “left-wing” concept by many in Alberta, and one that successive conservative provincial governments, all heavily dependent on votes from rural Alberta, have expressed next to zero interest in supporting.

I mentioned this to the rural Republican lawmaker and, to be frank, he was a bit flabbergasted. As a self-described “co-op man” who still sat on different co-op boards, he responded

“Is it just a learning thing [in Alberta]? Do they not see the connection between rural co-ops and rural business growth? Because it’s as clear as day to me.”

This response, for our team, summed up one of the most important differences between Wisconsin and Alberta in terms of contemporary political support for the co-operative movement, despite both having a very similar shared history of co-operatives in rural areas. In Wisconsin, the concept is understood by left and right leaning politicians alike, to be one that can be a pillar for positive rural economic growth, and in Alberta, this recognition does not seem to be nearly as strong – a dissimilarity that obviously helps to explain the vast differences that exist in terms of policy environments when it comes to co-ops.

Related to this point is the fact that co-op development in general receives far more support in Wisconsin than in Alberta. Part of this is a by-product of the strength of the existing co-op sector in the state that ensures there is more funding available from existing co-ops to support this development, often flowing through organizations like Cooperative Development Services or the Center for Cooperatives at the University of Wisconsin-Madison. Although it fluctuates, a variety of grants and funds flow in this direction from the state of Wisconsin as well (again, largely thanks to the lobbying efforts of the co-operative sector in the state), but also from the United States government. This is a key point that could easily get lost in the mix, especially because a degree of this funding has, in fact, been cut in recent years. Still, the United States Department of Agriculture (USDA) has, for over 100 years, directly funded co-operative development efforts and significant dollars continue to flow in this direction.

As one respondent noted, despite recent cuts,

“the USDA understands the importance of having dollars circulating in rural areas, as a priority for rural economic development, and that co-operatives are a key part of this.”

In fact, until recently, the federal agency ensured that there was at least one federally-funded co-op development specialist working in every single state although, oddly enough, the only state that still maintains this “specialist” is Wisconsin. Although the Canadian federal government has flirted with co-op support in various ways over the past decades, its commitment in this regard has never matched the degree to which the United States government supports this work in rural areas, even when the recent cuts to this funding in the US are accounted for.

This was but a quick summary of various components of perhaps the most successful co-operative eco-system in a rural region in North America. Of course, the co-op eco-system in Wisconsin is not perfect. The consolidation of some large ag-based co-ops has occurred, with some questioning the degree these new very large entities are truly “co-ops”. There can also be a tendency for “sectorization” among co-ops in the region, with certain types of co-ops banding together in search of policy support that is beneficial to their “sector” without much concern for the interests of the broader co-op sector. Finally, just like in Alberta, many successful co-ops in rural Wisconsin are struggling to engage a new generation of rural citizens, with many existing co-op boards desperately in need of younger contributors.

Still, building on a long history of success, co-op developers across rural Wisconsin are still working on a wide variety of innovative uses of the model including supporting the formation of multi-stakeholder co-ops; assisting retiring “baby-boomer” businesses owners with the transition of their operations to an employee-owned co-op model in industries as diverse as meat processing, veterinarian clinics, manufacturing, and solar installation; working on feasibility studies with immigrant communities interested in co-operatively owning small-footprint agricultural operations; and even exploring ways to use the employee-ownership model to take over large-scale operations like logging mills that are at risk of being shuttered by distant corporate owners. Success in any of these cases means a legitimate business is either formed or retained in a rural community.

So, what can be learned from this work?

As we have argued, much of the ongoing success of the co-op ecosystem in rural Wisconsin is rooted in the continued presence of agricultural-based co-ops and the role they play in helping maintain a general awareness of the model in addition to the more practical support they provide to co-operative education and development, and a friendly policy environment. Of course, there is no way to “wind back the clock” in rural Alberta, to a time when large agricultural-based co-operatives were more numerous. That said, there still exists a number of rural-based co-ops in the province that have a role to play. The Wisconsin case clearly highlights the importance of existing co-ops working together to lobby the state government for favourable policy and funding to support co-op development. It also highlights the role existing co-ops can play in support of broad co-op education campaigns which play a significant role in ensuring awareness of the model remains high in the state, especially in rural areas.

Finally, the Wisconsin case highlights the positive role governments (regional and federal) can play in supporting co-op development in rural areas, not through substantial “handouts” to unprofitable operations, but by helping to incentivize the growth of rural co-ops through low-cost, friendly legislation, and by supporting co-op development. That this is an issue political parties of all stripes agree on in Wisconsin is an especially important factor in understanding why this policy environment exists. Clearly, more work needs to be done to convince politicians of both major parties in Alberta that care about the economic prospects of rural communities that supporting co-ops in this way should be a topic they can agree on. There is little doubt in our minds that a more favourable policy environment, combined with increased levels of support for co-op development and more opportunities for co-op education, would lead to a growing co-operative ecosystem across rural Alberta, which, in turn, would positively impact rural economic development outcomes across the province.

Conclusion and Recommendations

At the outset of this project, we highlighted three key goals and, based on our research project, we conclude by providing helpful summaries in response to each of them in turn.

Goal 1

Identify co-operative models that are well-positioned to generate economic growth, create and/or retain jobs and services, and support the commercial and residential real estate markets in rural Alberta communities.

Although these are not meant to represent the only types of local co-ops that hold significant potential for stimulating economic activity while retaining community control, we have highlighted three “types” of co-ops that seem especially promising to us and we further provided multiple examples of each within the report.

New Generation Agricultural Co-ops, although often requiring significant capital investment, and thus significant risk, up front, these co-ops utilize innovative share structures that allow for both the retention of existing businesses and economically relevant infrastructure, as well as the creation of new businesses in rural communities in ways that can meaningfully impact the financial health of a region. Both Westlock Terminals and Battle River Railway represent excellent examples of how this model can serve rural communities in immensely positive ways.

Community Investment or “Opportunity Development” Co-operatives, are an innovative mechanism that create clear pathways for community members to co-operatively invest in local business ventures that maintain and/or create jobs in the community, ensure more wealth remains in local circulation, and thereby support both the commercial and residential real estate market. The Sangudo Opportunity Development Co-op remains the preeminent example of this model at work within a rural community but the Vermilion and Crowsnest Opportunity Development Co-ops are important cases as well of a model that has not yet, we believe, achieved its very high potential in terms of representing a significant economic development tool for rural Alberta communities. That these co-operative investments so often involve real estate, both residential and commercial, they represent an especially unique model worth supporting when thinking about the broader real estate markets in rural communities.

Renewable Solar Co-operatives such as Peace Energy and Bow Valley Green Energy Cooperatives have utilized the community investment model to take advantage of the larger energy transition currently underway on behalf of their communities. By launching unique renewable energy projects, these community-led groups are generating sustainable economic activity in their communities while simultaneously addressing the obvious challenge of climate change *and* ensuring that control over the project and its profits are retained within their local rural communities.

Each of these types of co-ops have successfully ensured that more money remains within their communities, increased local employment opportunities, created avenues for local skills upgrading in vital areas such as management, accounting, negotiation and leadership, and, overall, built social capital among members and strongly contributes to community self-reliance, resilience and population retention. Of course, we are not meaning to suggest that, in replicating these models, the economic prospects of any given rural community will be wholly revived. Rather, they are meant to serve as examples of the positive things that can be accomplished, even if it is simply the retention of 4-5 jobs in the community or the continued presence of an important service or gathering spot, when local people come together to co-operatively address a specific challenge in their community. That is not to downplay the importance of creating 4-5 jobs or maintaining certain services. In many cases, the retention of 4-5 jobs means 4-5 families can remain in a community and the continued presence of a service can give residents one more key reason to stay. In many small communities, this may be enough to ensure the local school does not close, or the local health clinic is not shuttered, outcomes that can lead to a cascade of negative impacts on rural communities that become nearly impossible to rebound from. Preventing this negative cycle is obviously very important when seeking to maintain the stability of the residential and commercial real estate sectors within a rural community.

Goal 2 Identify the “best practices” associated with ensuring the success of these co-operatives.

If there was one message that was consistently and persistently raised in every single conversation we had with founders or members of existing co-ops it was this:

“launching a co-op and ensuring its success is very hard work.”

Simply understanding this at the outset is perhaps the first hurdle that must be overcome for those who hope to tread down this path. Beyond this, there already exists significant academic literature documenting a wide variety of “best practices” for co-ops in general, most focussing on nuanced issues related to co-operative leadership and volunteer recruitment, internal governance, connections with other co-ops within a support network, and the importance of “business capacity” and business planning.³³ There are also many specific items relevant only to specific types of co-ops, some of which are highlighted in the case studies within this report, but in terms of “general best practices,” several themes emerged from our research that dovetail nicely with much of the existing scholarship and are highlighted below:

1. First and foremost, there must be an **awareness of the co-op model** within any given community, to ensure it is both considered as a potential solution to a specific need or challenge within a community *and* that community members will be willing to invest in and support the co-op when the time comes.
2. Successful co-ops do not get off the ground without a **key leader or group of leaders** who:
 - Believe in the co-op model.
 - Are well-liked and trusted in the community and can “sell” the co-op model to a broader audience.
 - Know how to involve other people in meaningful ways.
 - Possess a strong understanding of business principles and entrepreneurship.
3. The completion of a **feasibility study**, that clearly highlights the business case that exists for the co-op, as well as the risks involved.
4. A **committed set of volunteers**, beyond the key leader, who are willing to dedicate substantial time and effort, especially in the early stages of the co-op.
5. An engaged **board of directors** willing to “set egos aside” and work together, a talented **business manager**, and a **process in place** to ensure clear lines of communication between the two and to guide strategic decision making.
6. A **willingness to “move in new directions”** in response to market conditions to ensure the co-op is sustainable as a profitable business into the future.
7. Find ways to **become part of a network of co-ops**, either through a formal organization or via informal channels.

³³ The Co-operative Innovation Project, mentioned earlier in the report, was especially strong in this regard, noting many key points that helped frame out understanding of “best practices” required of co-ops in general.

Goal 3 Identify ways by which governments, local, provincial, and federal, can best support the establishment and growth of these local co-operatives in ways that ensure they generate good jobs and enhance service delivery in rural communities.

Again, there already exists several academic studies that note, in general, the ways governments of different levels could help support the launching and ongoing success of a wide variety of co-ops and many of the themes that emerged in our research fit well with such findings. To simplify slightly, the ways governments can support co-ops generally fall within two categories: 1) ensuring a supporting policy environment for co-ops and 2) supporting co-op development work.

1. Ensuring a Supportive Policy Environment for Co-ops

To ensure a supportive policy environment for co-ops is to use “public policy and legislation to establish the necessary mechanisms to effectively promote co-operative development.”³⁴ The characteristics of legislation in this regard can get complicated quickly, often involving technical adjustments to tax codes and business regulations. These details can also vary widely depending on the type of co-op in question. However, it is in these details that, in many cases, the success or failure of a co-op, especially in its early stages, lie. Although governments rarely act in direct opposition to co-ops (aside from making budget cuts to certain co-op programs described in this report, there are so many ways by which legislation can inadvertently stymie co-op growth.

One of the ways that governments at both the federal and provincial levels can avoid passing such legislation is by **having an institutionalized department or organization within government that understands, and can work directly with and for, co-ops.** Among Canadian provinces, Quebec is, by far, the leader in this regard, with Manitoba also dedicating government staff in this direction. The Alberta government would do well to follow suit in this regard should it be interested in seeing more successful co-ops emerge in its rural communities.

Barring the creation of a type of “co-op team” within government that can work to support co-ops “from the inside,” **governments and politicians being “open” to suggestions from the co-operative sector** is the next best thing. Governments are constantly lobbied by a multitude of interests, and it is easy for many voices, especially those without large financial assets behind them, to get lost in the mix. But, as the case study on Wisconsin’s co-operative ecosystem makes clear, “having the ear of government,” is so important to ensuring a positive policy environment.

³⁴ Monica C. Adeler, “Enabling Policy Environments for Co-operative Development: A Comparative Experience,” *Canadian Public Policy*, April 2014, pg.550.

The American political system is obviously unique compared to Canada's, especially as it pertains to the incredible role played by lobbying interests, but research has also noted the importance of strong relations between the co-operative sector and provincial governments in terms of generating that positive policy environment in Canada.³⁵

More specifically, **the legal recognition of co-ops**, and particularly the socio-economic value they generate for communities is important, as are various **tax arrangements** that, at a minimum, treat co-ops as any other small or medium-sized business when calculating tax rates and eligible deductions and, ideally, in recognizing the broader social value they generate, considering instances where more favourable tax rules make sense.³⁶ As mentioned earlier, community investment co-ops, including the Opportunity Development Co-ops and Renewable Energy Co-ops explored in this report, would clearly benefit from **the reestablishment of the a 30 per cent tax credit to those who invest in a community investment co-op**, established by the Alberta NDP in 2018 but subsequently ended by the Alberta UCP in 2019. This would be a strong step forward in terms of incentivizing the local investing often required to generate economic development in small communities in particular.

In addition, for community investment co-ops, **existing regulations around issuing securities can be complicated and expensive to comply with, often inhibiting their ability to cast a wider net in search of community-based investors**. This in turn limits the amount of capital they can invest in rural-based ventures. The Alberta Community and Cooperative Association has long pushed the provincial government for the relaxation of some of these regulations to make raising local capital easier and we support these calls. Similarly for Renewable Solar Co-ops, existing regulations that limit the amount of energy generated on individual rooftops of businesses and houses, or that require costly studies related to grid connection, act as clear barriers to launching these types of co-ops as well as to their ongoing profitability. Considering relaxing such regulations is also something we support.

Municipalities have far fewer legislative tools at their disposal compared to the federal and provincial government when it comes to ensuring a supportive policy environment for co-ops but one thing they can do is to **remain flexible and committed to working with co-ops, especially those just in the "start-up" phase, on zoning or taxation issues** to help facilitate the early stage of success for the new business. Although this is somewhat general in scope, several interview respondents agreed with the notion that "having local politicians who believe in what you are doing and are willing to support you is really important in the beginning." And, we would argue, that belief and support is a product of, first and foremost, an awareness of the model and an understanding of how it can generate a myriad of economic and social benefits for a community.

35 See: Jen Heneberry and Rachel Laforest, "Co-operatives and the State: The Case of Ontario," *Canadian Journal of Non-profit and Social Economy Research*, 2:2, Fall 2011.

36 Co-operatives and Mutuals Canada recently submitted its recommendations to the Canadian Federal Government. More details on the particular types of tax and business regulations they believe are important for the co-operative sector can be found here: <https://canada.coop/wp-content/uploads/Budget-2024-Submission-Co-operative-Capacity-Building-Program-Policy-Priorities-FINAL-AUGUST-2023-ENG.pdf>. Other technical changes at the federal level in support of the co-operative sector can be found here: Michael Barrett, "An Updated Federal Act for Co-operatives Would Enable National Growth," *Policy Options*, September 28, 2020, available at: <https://policyoptions.irpp.org/magazines/september-2020/an-updated-federal-act-for-co-operatives-would-enable-national-growth/>.

2. Supporting Co-operative Development Work

If the most common message we heard throughout this project was “launching a co-op and ensuring its success is very hard work,” the second was:

“this co-op would not have been possible without the help of a co-op development expert.”

Indeed, that launching co-ops can be so difficult is exactly why co-op developers are key. These are the professionals whose “role is to guide, facilitate, advise, or otherwise provide technical services” to new and developing co-operatives.³⁷ In every single case we examined for this report, the help and advice from co-op developers was crucial. This finding corresponds with an observation that appears in nearly all other research into co-operatives: jurisdictions that invest in co-op development end up with far more successful co-ops than jurisdictions that do not!

However, in most cases, newly formed groups considering the incorporation of a co-op do not have the resources to pay for co-op development assistance. Thus, external support to pay for this advice is critical for individual co-ops and the broader co-operative eco-system. One significant source of the funding necessary for co-op developers to exist and do their work comes directly from the co-op sector itself, with large, membership-based co-op “federations” routinely setting aside funds to support this type of work in the hopes of helping more co-ops emerge and prosper. Federated Co-operatives Limited’s support of the organization **Co-operatives First** is an excellent example of this action.

Traditionally, federal and provincial governments of all stripes have set aside funds for this purpose as well. Unfortunately, this funding has been declining over time. At the federal level, 2012 was an especially dark year in this regard. The *Co-operative Development Initiative*, Canada’s only national program supporting co-op development, was shuttered completely and the budget of the Rural and Co-operative Secretariat, within the federal Agricultural Ministry, was sharply reduced by the Conservative government of Stephen Harper.³⁸ Several provinces have followed suit, cutting support for co-op development in various ways over many years.

Reinvesting in co-op development, especially co-op development focussed on rural communities, is a policy choice by both levels of government we support unequivocally.

This could mean hiring co-op developers directly or offering funding to existing co-operative development organizations like Co-operatives First or the Alberta Community and Cooperative Association, who could then hire their own developers and build programs designed to lessen the administrative burden for co-ops, especially in the “start-up” phase. This type of help was consistently noted as being of significant importance for the co-ops we studied.

³⁷ “Co-operative Development,” in *The Co-operative Innovation Project*, Centre for the Study of Co-operatives, pg. 3-4, available at: <https://coopinnovation.wordpress.com/final-report/>

³⁸ Donna Balkan, “Canadian government cuts co-op development program, slashes Co-operatives Secretariat,” *Coop News*, April 13, 2012.

Municipalities, again, possess fewer resources than federal or provincial governments in this regard but as noted earlier, **equipping Economic Development Officers employed by rural municipalities with some knowledge about co-ops** in general, and some basic advice on how to support those in the community interested in starting one would be a very positive development as well.

One further area that government of all levels could help with, beyond direct co-op develop, is in **supporting co-operative education**. Recall, a general lack of awareness of the model across communities remains perhaps the most widespread barrier to the emergence of more co-ops. Indeed, upon learning more about the co-op model, and concrete success stories, research confirms that people and communities can quickly become excited about them. Generally, existing co-op education programs are hosted by co-operative development organizations. Supporting the efforts of such organizations would be a positive step forward. More radically, provincial governments could consider ensuring that the co-op model is introduced to students within the existing secondary curriculum, and they can further encourage universities, colleges and trade schools to similarly include instruction on co-ops within relevant courses, especially in business, management, entrepreneurship, and rural development.

Finally, it would be prudent to examine potential pathways, in coordination with existing co-operatives and co-operative development organizations, to **fund a centre within an Alberta-based university dedicated to research and education into innovative uses of the co-op model in support of rural economic development**. Such a centre would mimic that of the Center for Cooperatives at the University of Wisconsin-Madison, or the Canadian Centre for the Study of Co-operatives at the University of Saskatchewan, two institutions that support academic level research and teaching on co-operatives with co-op development support aimed specifically at their local regions. Establishing a permanent centre of that sort in Alberta could play a large role in building awareness of the co-op model while simultaneously working towards unique solutions to challenges new and existing co-ops face, thereby supporting rural economic development throughout the province.

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