THE ROLE OF CO-OPERATIVES IN REDEFINING RURAL DEVELOPMENT

Reflections from Atlantic Canada

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[Draft]

1. Introduction

- The co-operative summit held in Quebec City, Canada, in October 2012, as part of the celebration around the UN's International Year of the Co-operative, saw many speakers calling for a new people-centred sustainable paradigm.
- This search for a new paradigm especially holds true for the contemporary rural world in OECD countries.

1. Introduction

- Two Canadian Senate Reports issued in recent years (2006; 2008) delineate a circle of declining rural regions: low population density, lack of critical mass for social services and infrastructure, low rate of business creation, fewer jobs, out migration and aging.
- The farm income crisis has seen incomes since 1987 at or below 0 (offset with government programs). There are fewer but larger more capital intensive farms, driven by technological change and global competition; there is growing concentration in supply and food distribution.

1. Introduction

- In 2011, Canada had 205,730 census farms, a decrease of 10.3% since the last census (StatsCan).
- Although Atlantic agriculture is smaller in scale than in other provinces, the trends facing food, farms, and farmers are similar - depressed farm product prices induced by global commodity pricing and trade issues, consumer demand for the cheapest food regardless of its origin or cost/conditions of production, and continued consolidation among retailers and processors (Scott and Coleman, GPI Report 2008).
- Nova Scotia bucked the national and regional trends in census farms with a total of 3,905 farms reported in 2011, 2.9% more than in 2006 (StatsCan).

1. Introduction

- How do we re-think the co-operative effect in rural Canada in light of the challenges and opportunities confronting agriculture?
- Regionally, does small size, localism, a rich co-operative history and a relatively small commodities sector offer innovative possibilities for agriculture in Atlantic Canada?

1. Introduction

- Local food systems would be a critical component of such a shift and hence figured prominently in our research design.
- The goal of the research centred on two related objectives:
- 1. To evaluate the capacity of agricultural co-operatives to affect food security at the local and regional level.
- 2. To identify political, social and economic challenges and opportunities for the success of local-scale agricultural co-operative enterprise in Atlantic Canada.

1. Introduction

- This research employed semi-structured key informant interviews with a representative of each co-operative council in the 4 Atlantic provinces.
- Supplemented by two key informant interviews in federal and provincial government departments.
- Stakeholder sessions were also held with the Rural Research Centre, Dalhousie.
- Grey literature reviewed: CCA, Roundtable etc.

2. Overview of Agricultural Co-operatives

- Agricultural co-operatives are the largest sector among non-financial co-operatives in Canada, representing a larger share of employees (37.4% of the total) and a larger share of revenues (46.1%) than any other sector.
- According to the Co-operatives Secretariat, there are currently 1,309 agricultural co-operatives.

2. Overview of Agricultural Co-operatives

- Agricultural marketing co-operatives market, distribute, process and add value to the farm products of members.
- Numbering 291 nationally, they encompass diary (32), vegetables (35), fruit (51), fruit and veggies (4), greenhouse vegetables (9), grains and oilseeds (18), livestock (63), poultry and eggs (11), honey and maple (12), other marketing (56) (CCA).
- In Atlantic Canada Scotsburn Co-op Services Limited and Farmer's Co-operative Dairy Ltd. coming in at 8th and 10th of the top ten agricultural co-operatives, respectively (CCA).

2. Overview of Agricultural Co-operatives

- Agricultural supply co-operatives number at 235 nationally and focus on the provision of farm inputs including fertilizer, chemicals, animal feed, seed, building materials, and petroleum.
- Agricultural service co-operatives number at 223 nationally: seed cleaning (84), farmers' markets (75), soil conservation (4), other (60).
- Agricultural production co-operatives assist farmers in undertaking agricultural activities with the break down being: animal reproduction (12), grazing (162), feeder finance (234), farm (34) machinery (77), tree farming (17), other (24) (CCA) .

3. Trends and Perspectives on Agricultural Co-operatives

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- Challenges identified in the research include the threat to Supply-managed (SM) conventional marketing co-operatives, the weakening of supply and grocery co-operatives, the fledgling alterative service co-operatives, and the peripheral nature of production co-operatives.
- Co-operative councils interviewees strongly supported SM.
- But SM is under pressure from free trade pacts and (e.g. the Trans pacific Partnership) that would help pry open Canada's diary and poultry markets to U.S. Dairy interests.

3. Trends and Perspectives on Agricultural Co-operatives

- Consolidation in the grocery industry has been a major barrier to farmers accessing markets. Co-operatives have been key to accessing those markets.
- The challenges facing some co-operative retail stores include low member base and low patronage dividends in stores.
- Also there is general perception in society that co-operatives are old-fashioned.

3. Trends and Perspectives on Agricultural Co-operatives

- Crucially raised was the implication of Growing Forward 2 on Canada's long term food security.
- Some interviewees noted that federal government tends to emphasize competition and innovation. There's very little in agricultural policy, either federally or provincially, around food security.

3. Trends and Perspectives on Agricultural Co-operatives

- The CCA and Atlantic Co-operative Council were unanimous in their calls for agricultural policy to support a diversity of farm sizes, and production approaches.
- This should involve regional approaches, local municipalities, economic development organizations, food security groups, community groups and consumers, and domestic markets.

3. Trends and Perspectives on Agricultural Co-operatives

- Farmers' markets co-operatives, small scale organic and energy co-operatives ('new co-operatives') were models that interviewees identified as having future potential.
- Other interviewees cautioned that it is not easy to get fruit and market growers to farmers markets; and consumers may not always support local produce if there are cheaper products in the big grocery chains.

3. Trends and Perspectives on Agricultural Co-operatives

- In regards to production co-operatives, an informant brought CEDIF and land trusts into potential relationship. Land trusts were related to the crisis of farmland disuse and farmer exit strategies. A land trust model could provide access to capital through co-operative/community ownership as opposed to outsider ownership of agricultural land.
- The land trust model is seen in certain community quarters as a solution, though the relationship to farming co-operatives may need to be more fully pursued.

4. Fundy Farm Business Concept

- A representative of the NS Co-operative Council has begun the tentative steps of addressing this critical issue of land farms as a way to re-boot local food systems.
- Fundy Farms Co-operative is a concept for a 10,000 acre, 100 member proposed agricultural land co-operative in Nova Scotia. Because the farm intends to pursue a variety of agricultural activities (beef, sheep, chickens, hogs, blueberries, pasture, hay, carrots, fruit, woodland, grain, vegetables, canola, Christmas trees and ornamentals), a variety of land types are required, ideally within one geographic area of the province.
- The strengths of the system would be in its ability to provide a large retail outlet in up to fifteen communities in Nova Scotia.
- Members would have comprehensive benefits package, health, life insurance and pensions.

4. Fundy Farm Business Concept

- The authors explored the land options for Fundy Farms Co-op, as one aspect of a feasibility study, because the land question pre-determined the other business aspects of the plan such as crops, machinery, membership, and market.
- Financing for land purchases by farms, including co-operative farms, is available through Farm Credit Canada and the Nova Scotia Farm Loan Board, as well as credit unions and private banks.

4. Fundy Farm Business Concept

- In the scenario proposed, individual member farms would own the land. Ownership of land by member farm families would mean that the co-operative would need to raise less capital to buy and own farmland, and would avoid the complications of determining home ownership because homes would be built on private, rather than on cooperatively-owned land.
- The disadvantages of privately held farmland are the recurring costs of leasing land from members, and the potential risk of losing access to land where longer-term investments have been made (i.e. building soil nutrients, orchards, woodlots, etc.).

4. Fundy Farm Business Concept

- According to a provincial representative in relation to the Fundy Farms concept, 10,000 acres of woodland is possible, but it's hard to think of being able to get 10,000 acres of agricultural land.
- Community Land Trusts and Crown Land leases were suggested as other possible land acquisition strategies.
- There is also potential for staged cooperation. The interviewee opined that it might make more sense to start smaller and scale and grow—either in land base, number of families, or activities.

5. Discussion and Conclusion

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- Conventional farming is still resilient but is lodged between old state-support models and 'get-big-or-get-out' neo-liberalism. For rural co-operatives in Canada the implications are profound.
- The political will and/or capacity of federal and provincial governments to sustainably support co-operatives in the age of austerity, corporate value chains, export competition, and free trade pacts may require wider political reform.
- A complacent view exists among some activists that a post-peak oil world would automatically transform the corporate food regime hence making more viable local and organic agriculture. This is by no means assured.

5. Discussion and Conclusion

- The Fundy Farm business concept to promote farming co-operatives lacks a clear identifiable group to champion greater common farming in the region.
- The conventional and 'new' co-operatives seem to be still of two solitudes.
- There remains the need for re-thinking a new model of co-operation that addresses rural transformation, family farm decline, and food sovereignty.
- Co-operative supporters and allies need to generate more evidenced-based policy, and knowledge mobilization, around transition pathways towards a more sustainable paradigm.