

**The Canadian Worker Co-op Federation –  
The Growth of a National, Second-Tier Co-operative Organization  
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Founded in 1990, the Canadian Worker Co-operative Federation (CWCF) is the national federation of worker co-operatives, representing both English and French speaking worker co-operatives in all regions of the country.

CWCF's Vision is: "To be a growing, cohesive network of democratically controlled worker co-ops that provide a high quality of worklife, and support the development of healthy and sustainable local economies, based on co-operative values and principles."

CWCF's Mission is:

- 1) To work in solidarity with our members to achieve our Vision of a Co-operative Economy;
- 2) To support the development of new worker co-ops;
- 3) To strengthen the Federation, to animate the worker co-operative movement; and
- 4) To represent and promote the Canadian worker co-op movement in Canada and internationally.

CWCF has, from its inception, been focused on the development of worker co-operatives, and on providing services to existing worker co-ops. The worker co-operative sector in Canada may be characterized as an "emerging" sector, for which CWCF has been successful in designing, developing, delivering, and administering programs.

At a meeting in February of 1990, representatives of worker co-operatives from across Canada came together for the first time to discuss whether there was a need to develop a national organization to represent their interests. Although worker co-ops had been on the agenda of the Canadian Co-operative Association and the federal Co-operatives Secretariat (part of Agriculture Canada), which saw them as having the potential to lead a new wave of co-op development, worker co-operators themselves had little input on the national level and only marginal communication among themselves. It became clear after a couple of days of meetings that there was an opportunity that could only be met by forming a national organization. Further discussion led to outlining the objectives which guided the CWCF into formation at a Conference held the following year in the spring of 1991, in Antigonish, Nova Scotia.

## **The Growth of a National, Second-Tier Co-operative Organization**

In its first decade, CWCF was run on an extremely modest budget of members' and associate members' dues, small fee-for-service contracts, and donations from supporting organizations in the established co-op sector, most significantly The Co-operators Group Ltd. For the first two years, its operations were carried out entirely by its volunteer board of directors. For the following eight years, a part-time executive director was employed to guide the activities and coordinate the volunteer efforts of the board members and others.

During this initial decade, CWCF learned two important lessons: one was that it was essential for the fledgling federation to live within its means - although revenues were low, expenses were closely monitored and budgets were generally balanced through holding almost all board meetings by conference call, having most of the work done by volunteers, and through creativity. Through those years, the board president often said, "CWCF has a huge mandate, but tiny resources." This meant it was essential to pick the most important things to accomplish. One of their first priorities was setting the stage for a self-sustaining federation once the sector was large enough, and then lobbying to secure government resources, primarily at the federal level. The second lesson was the importance of perseverance; approximately eight years were spent on substantial lobbying efforts with little results. The board believed that there was a lot that the sector could contribute to communities across Canada with regard to employment maintenance and creation, and that the best chance of kick-starting the fledgling sector was through government support; they were not prepared to give up.

In the year 2000, CWCF's long years of lobbying efforts finally resulted in obtaining the pilot project Worker Co-op Development Fund, which was called the "Tenacity Works" Fund. This began a period of significantly expanding services and the hiring of two full-time-equivalent staff members. The following is a brief description of some of the major accomplishments of CWCF. It should be noted that the consistent support of the federal Co-operatives Secretariat over the years contributed to making many of these accomplishments possible, through (among other types of support) the provision of financing to carry out various research studies and projects.

### **Worker Co-operative Development Fund**

"Tenacity Works," the Worker Co-op Fund, is an investment fund whose purpose has been to create new worker co-ops and to expand existing ones in all regions of Canada. The Fund was developed as a research/ pilot project by the Canadian Worker Co-op Federation and funded by Human Resources Development Canada, as it was called at the time. The objective of the pilot project was to assess the viability of creating a permanent self-sustaining fund to support the development and expansion of worker co-operative enterprises in Canada.

The pilot project was based upon an original proposal developed by CWCF, which outlined an approach for creating a permanent, self-sustaining investment fund. The fund provides three key development components. The first component is to assist with each co-op's capitalization by providing up to 35% of the required capital as a foundation to lever the additional required capital from the co-op's members (15% target) and other

## **The Growth of a National, Second-Tier Co-operative Organization**

conventional financial partners. The second is technical assistance, in other words, funding to assist developing co-ops to complete feasibility assessments and business plans. The third component is to assist with the co-op's organizational development and training requirements, (incorporation, policies, administrative systems, board training, etc.). Throughout the development process of the pilot Fund, CWCF took a staged approach; the developing co-op needed to do well in the feasibility process in order to get support for business planning, and then do well in the business plan to receive an investment; and if all went well they were eligible for management after-care and training assistance.

The pilot project was very successfully implemented and met or exceeded all identified targets. At this point, only investments are available. The funds continue to revolve. It was not expected that the funds would last until now, but due to careful management of risk, there is still \$500,000 in the Fund, in both investments and cash. Funds are still available for loans to worker co-ops.

### **Worker Co-op Developers' Network**

It was apparent to the CWCF that there was a real need for locally based, worker co-op development expertise that was committed to building the worker co-op sector. In 1997, CWCF carried out a survey of worker co-operative developers and potential developers and found there was interest in creating a Worker Co-op Developers' Network that would provide service to developing worker co-ops, and create a forum for information exchange and professional development. However, the resources to do this were not available at that time, but with the creation of the Worker Co-op Fund, CWCF was able to make the Network operational. It was made up of individuals and organizations that are working at the grassroots level doing worker co-operative development across Canada. This continues as a member category in CWCF, and is closely linked to CoopZone.

### **Managing CoopZone**

CoopZone is a network of co-operative developers that covers all co-op sectors, not only worker co-ops. CWCF managed CoopZone from September, 2005 until early 2018, on behalf of the broader co-operative movement, providing a single entry point to co-op development expertise in Canada and a common forum for developers to enhance their practices through information sharing and collaboration. CoopZone was incorporated as a co-operative in 2009.

CoopZone's bilingual web site [www.coopzone.coop](http://www.coopzone.coop) contains information on training opportunities, a help wanted forum, and relevant annotated links and resources. It is useful for anyone looking for information on co-op development; and for those who seek to find a co-op developer. As the site becomes richer with resources, it is an increasingly useful tool to those involved in co-op development. The CoopZone Co-operative Developers' Network now involves over fifty developers, including some who are staff developers in co-op associations or CED organizations as well as independent developers. CoopZone is a meeting place for everyone involved in development, facilitating communication and collaboration. Since 2011, CoopZone also offers an on-line distance training program with

## The Growth of a National, Second-Tier Co-operative Organization

three levels: Basic Introduction, Foundations, and Advanced. See: [www.coopzone.coop/Courses](http://www.coopzone.coop/Courses) . Since 2012, CoopZone also hosts a Co-op Legal Network, <http://www.coopzone.coop/legal-network> .

Starting in early 2018, CoopZone hired its own part-time Executive Director. The relationship between CoopZone and CWCF continues to be strong, with the members of CoopZone eligible to automatically be members of CWCF in the member category of “Worker Co-op Developers”, the hosting of joint Conferences, and CWCF maintaining membership in CoopZone.

### RRSP Lobby and Program

CWCF and the *Fédération québécoise des co-opératives forestières* lobbied in the 1990s to secure changes that would allow members of worker co-operatives to invest the shares of their co-op in a self-directed RRSP. The lobby was successful, and a program was developed by the CWCF and Concentra Financial to enable worker co-ops to take advantage of these changes to the RRSP regulation. Co-ops other than a worker co-op (e.g., a producer co-op, a renewable energy co-op) as well as CED Investment Funds or CEDIF’s (currently in place in Nova Scotia, and gradually spreading to other provinces) are also eligible to take part in this program, as long as they become associate members of CWCF. It should be noted that in 2011, Finance Canada changed the regulations such that (in summary) investors who hold 10% or more of any class of shares in a co-op or other business are not allowed to hold RRSPs in that co-op or business. This has decreased the number of worker co-ops which can use this self-directed RRSP program. However, some worker co-ops are able to use CEDIF’s to take advantage of this program. Primarily through associate members, this program has grown very significantly and now has approximately 3,500 plan-holders who take part in it.

### Employment Insurance Brief

Many worker co-ops have difficulties with rulings from the Canada Revenue Agency regarding the nature of the employment relationship between the members and the co-op. By working with federal officials, CWCF was able to clarify various options for structuring a worker co-op to ensure that the members have the relationship they desire: either an employer-employee relationship (insurable employment) or an independent contractor relationship (self-employment.)

### Co-operative Development Initiative

After several years of lobbying by the co-op sector, the federal government in 2002 announced the Co-operative Development Initiative (CDI). CWCF was chosen by the Canadian Co-operative Association and *le Conseil canadien de la co-opération et de la mutualité* as one of the delivery partners for the Advisory Services component. This program allowed CWCF to offer technical assistance to developing and pre-existing worker co-ops, primarily through members of the CoopZone Developers’ Network. It was disappointing when the federal Government ended the CDI in 2012. This removed a key

## **The Growth of a National, Second-Tier Co-operative Organization**

component of support, in a minor way for CWCF but more importantly for the worker co-op sector as a whole. Many worker co-ops benefited not only from CWCF's and Provincial Associations' CDI Advisory Services program but also by obtaining support through the Innovative Co-op Projects component of the CDI, which was an important program for the co-op sector.

### **Technical Assistance Program**

After the end of the CDI program, the CWCF decided to provide small grants to co-op members of CWCF to hire professional help (developers and lawyers who are members of CoopZone, and potentially others, if necessary) to deal with challenging issues they are facing. In addition, CWCF staff can directly provide technical assistance in some cases. More information on CWCF's Technical Assistance Program is available [here](#).

### **Succession Planning Using the Worker Co-op Option**

Completed in 2005, a study on this topic focused on the sale of a business by a business owner, to its employees as a worker co-op. It documents the information, knowledge, and strategies involved in reaching such a decision for both the owner and for the workers. It explains the functions of a worker co-operative, as well as the various options available to a business owner when facing retirement. This approach is potentially very significant due to the large number of retirements by business owners expected in the coming years. CWCF in conjunction with Quebec's RÉSEAU, CoopZone etc., also held a major international Conference on this topic in the fall of 2011, in Quebec City. All of the available presentations can be found at this [link](#). In 2012, CWCF created a Worker Co-op Business Succession Committee. This Committee drafted a proposal to the federal government to support successions to worker co-ops. In 2016, the Committee agreed to harmonize its proposal with that of Co-operatives and Mutuels Canada. The Committee continues to meet and has shepherded work on this federal proposal as well as provincial proposals, and to seek other ways to promote and encourage worker co-op business successions.

### **Annual Conference - AGM**

CWCF has prioritized its annual fall Conference, held jointly with CoopZone for the past several years, as an opportunity for training and networking of all members. The Conferences are moved around among the different regions of the country, typically held in late October or November, and are generally given great reviews by participants.

### **Participation in broader Co-operative and CED Sectors**

On behalf of CWCF, staff members, board members and regular members have participated on a variety of other boards and committees, including:

- Board of Directors, Co-operatives and Mutuels Canada (current)
- Executive Committee, International Worker Co-op Federation (CICOPA) (current)
- The Co-operators Group Ltd. (current)

## The Growth of a National, Second-Tier Co-operative Organization

- Most Co-op Provincial Associations (current)
- Board of Directors, CCEDNet (current)
- Board of Directors, Canadian Co-operative Association (past)
- Board, Conseil canadien de la coopération et de la mutualité (past)
- Canadian Community Economic Development Network Policy Council (past)

### Lessons Learned

The most important factors that lead to CWCF's success are:

- Building upon the common vision and commitment of the people involved - from board, to staff, to advisors, to worker co-op members, and to co-op developers;
- Identifying key services to members such as the RRSP program, the Tenacity Works Fund etc. and delivering them effectively and efficiently;
- Building links with the broader co-operative sector, and other CED organizations; and
- Maintaining an entrepreneurial culture focused on developing and supporting worker co-ops.

CWCF has a vision to be an integrated service federation, encompassing service to worker co-op members, development of new worker co-ops, and after-care in management and governance. CWCF is a successful example of a sector federation, or a co-op of co-ops, in the long co-operative tradition of sector-specific federations. The leadership at the (volunteer) board level has been extraordinary, notably by the founding President, Mark Goldblatt who served for 14 years, and by our first Quebec president, Alain Bridault who was President for 7 years until November 2016. There has consistently been relatively slow turnover on the board. In 2007, CWCF changed its governance structure to add two at-large board members, a diversity policy and also to make it easier for regional federations to join, following which all three of the Quebec Worker Co-op Federations joined. Since that time the early / founding directors all retired from the board. CWCF continues to thrive under the direction of the new board – which is more diverse, and includes presence from the large worker co-op movement in Quebec.

One challenge for CWCF is that financial resources remain rather limited for a national Federation. CWCF currently has under 3 Full-Time Equivalent staff members, spread over 4 people. However, due to CWCF's capacity to offer effective, efficient services to members, its future is relatively secure. The withdrawal of the federal Government from (worker) co-op development programming does, however, mean that it is increasingly challenging for under-employed Canadians to develop worker co-ops in order to save or create their own jobs.

There are a couple of lessons which we have learned along the way, although they may at first seem contradictory: first, it is important to have a clear vision towards which the co-op continually strives and that the group supports the mandate which it has given itself: yet at the same time, the co-op must look for opportunities which allow it to meet its mandate, or be better governed, in ways that may not have been part of the original conception. In other words, a co-op needs to stay true to its vision while remaining flexible in how it is

## The Growth of a National, Second-Tier Co-operative Organization

achieved.

The heart of CWCF is the deep commitment to the worker co-op movement: to the co-operative principles: to the development of the co-operative sector: and to commonly agreed upon strategies. Even at those frequent times when it seems that the available resources cannot possibly meet the mandate, CWCF members have found the commitment, drive, and entrepreneurial spirit to make the seemingly impossible, possible. In sum, at CWCF, *tenacity works!*