



AGRICULTURAL CO-OPS

REVITALIZING OUR RURAL COMMUNITIES

One hundred years ago most Canadians lived and worked on farms. They needed fair marketing organizations that would not cheat them out of the profits of their work and they needed fairly priced farm inputs. Co-operatives provided the solution.



Co-operatives are continually evolving to meet the changing needs of people and communities. There are over 1,300 agricultural co-ops in Canada employing over 3,500 people.

In 2002, agriculture co-ops reported combined revenues of \$14 billion. Marketing co-ops accounted for 80 per cent of revenues, particularly dairy, and grains and oilseeds. Farm supply co-operatives reported revenues of \$4.3 billion, up 12.1 per cent from 2000. Total membership in agricultural co-ops was 389,677 with 67 per cent of that reported by farm supply co-ops.

Farm supply co-ops, including Co-op Atlantic, Federated Co-operatives Limited and GROWMARK, Inc, supply farm inputs, such as fertilizers and chemicals, feed and seed.

Agricultural product marketing co-ops exist in all provinces and provide significant economic benefits to the member-farmers they serve. Collectively their volume of business in 2003 was \$9.6 billion. Co-operatives market 22 per cent of all western grains and oilseeds, about 39 per cent of milk products, and 57 per cent of all poultry and eggs produced in Canada.

Examples of marketing co-ops:

- In the dairy sector during 2000, co-operatives accounted for 59 per cent of the market share; Atlantic Canada's dairy co-operatives, led by Scotsburn Co-op Limited and Farmers' Co-op Dairy Limited, accounted for \$443 million in revenues. In 2002, Ontario's Gay Lea Foods Co-operative Limited reached record sales of \$272.6 million.
- Co-operatives in Ontario and in the four western provinces provide selling services for replacement and finished cattle. Coopérative Fédérée de Québec and several of its member co-ops process about 25 per cent of all meat in that province.
- Co-op Fédérée controls half of the retail poultry market and 65 per cent of the slaughtering market in Quebec. ACA Co-operative Association Limited has a leading role in poultry processing in Nova Scotia.
- Co-operatives linked with the BC Tree Fruit Marketing Board account for the largest fruit and vegetable co-op marketing effort in Canada. Norfolk Fruit Growers in Ontario and Scotian Gold in Nova Scotia also have substantial market shares in their regions.



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- Vineland Growers Co-operative has the distinction of being the longest continually run farm co-operative in Ontario. With facilities located throughout the Niagara Peninsula's fertile fruit belt, it provides service to more than 300 members.



In recent years, agricultural co-operatives have started to market non-traditional farm commodities, such as organic dairy, as well as new types of services related to the production and marketing of new types of fibre products — alpaca, llama, hemp, and alfalfa pellets.

There are also a number of newly incorporated co-operatives that focus on value-added agriculture, such as the development of biofuel production facilities. The co-operative business model is a good vehicle for this type of industry as the primary producers who will supply the feed-stocks can benefit from on-going ownership, and rural communities also gain from the spin-offs and local economic development.

With all the changes that have occurred in the agricultural marketplace over the past 20 years, many farmers have decided they need to be closer to the consumer. To do this they are forming new generation co-ops. These co-ops share many of the key attributes of traditional co-operatives including democratic control based on one vote per member, distribution of earnings based on use of service or sales to the co-op, and a board of directors elected by the membership. Yet new generation co-ops also have attributes that distinguish them from traditional co-ops including:

- a commitment to process commodities into higher-value products, thereby providing a greater return to producers,
- a tied contract, setting out producer delivery rights and obligations,
- a membership limited to those who purchase delivery rights, and
- higher levels of equity investment by individual members.

The major changes facing agriculture and rural communities can be grouped into three broad categories: market specifications, environmental and food safety requirements, and service access issues. For more information on how farmers are dealing with these changes, refer to *Producer Adaptation to the New Agriculture: Application of the Co-operative Model to Changes in Market Specifications, Regulation and Service Access* (www.coopscanada.coop/pdf/Resources/speechpresentations/producerAdaptationversion2ENG.pdf). This presentation examines the ways in which co-operatives can be used as a mechanism to deal with the changes underway in the three areas of major change identified above.

DO YOU WANT TO KNOW MORE ABOUT CO-OPS?

For more information, please contact the

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