
Aaron Welch, Environmental Law Centre

Provided by the ELC with the assistance of

The British Columbia Institute for Co-operative Studies

BC Institute for Co-operative Studies
UNIVERSITY OF VICTORIA

Environmental Law Centre
UNIVERSITY OF VICTORIA
ORGANISING FISHERY CO-OPERATIVES IN BRITISH COLUMBIA:

A Handbook
Produced by the Environmental Law Centre

for the

BC Institute for Co-operative Studies

Researched and written by Aaron Welch, with the assistance of Jesse Gelber on the Malcolm Island Shellfish Co-operative case study.

© 2001, the Environmental Law Centre and BC Institute for Co-operative Studies
### How Does a Co-op Work? 26

2.1 The Structure of a Co-operative................................................................. 26

2.2 Members........................................................................................................ 27
   Who can be a Member................................................................. 27
   Membership Classes................................................................. 27
   Register of Members................................................................. 27

2.3 Directors........................................................................................................ 28
   The First Board of Directors......................................................... 28

2.4 Meetings........................................................................................................ 29
   The First Meeting................................................................. 29
   Quorum........................................................................................ 29
   Meetings by Telephone............................................................ 29
   Voting......................................................................................... 29
   Special General Meeting.......................................................... 30

### Organising a Fishery Co-op 31

3.1 Step One: Identify a Common Economic Goal and Assemble a Group of Interested People........ 31
   “Visioning”.................................................................................. 31
   Develop a Core Group................................................................. 32
   Hold an Organising Meeting....................................................... 32

3.2 Step Two: Conduct a Feasibility Study....................................................... 33
   Don’t Reinvent the Wheel.......................................................... 33
   Hire a Consultant or a College Student........................................ 33
   The Contents of a Feasibility Study................................................. 33
   Why a Quality Feasibility Study is Important.............................. 34

3.3 Step Three: Develop a Business Plan......................................................... 35

3.4 Step Four: Obtain Fish Licenses (if necessary).............................................. 37
   The Nature of a Fish License....................................................... 37
   The Federal and Provincial Government Relationship: A Tangled Net........ 38
   Licenses in the Commercial Fisheries: Wild Harvesting.............. 38
   Tidal Water Commercial Fishing............................................... 38
   Non-tidal Commercial Fishing.................................................... 38
   Shellfish and Invertebrates......................................................... 39
   Marine Plant Harvesting............................................................. 39
   Licenses in the Commercial Fisheries: Aquaculture.................... 40
Licenses in Fish Processing and Selling.................................................................40

3.5 Step Five: Obtain Financing..................................................................................40
The Problem of Raising Capital for Co-operatives......................................................40
The Situation Today: Investment Shares......................................................................41
External Financing: The Provincial Government..........................................................41
  Co-op Advantage....................................................................................................41
  Community Enterprise............................................................................................42
  Community Solutions.............................................................................................42
  Fisheries Renewal BC............................................................................................42
External Financing: The Federal Government...............................................................42
  Community Futures Development Corporations....................................................43
  Human Resources Development Canada...............................................................43
Credit Union and Non-Governmental Organisation (NGO) Financing........................43
Effective Grant Proposal Writing.................................................................................43

3.6 Step Six: Incorporate the Co-op and Complete other Legal Requirements.............44
Naming Your Co-operative.........................................................................................44
Incorporating Your Co-operative...............................................................................45
The Memorandum of Association..............................................................................45
Rules of Association..................................................................................................47
List of First Directors..................................................................................................47
Notice of Registered Office.........................................................................................48
Statement of Incorporators........................................................................................48
Holding the First Annual General Meeting...............................................................48
Ensuring Proper Licensing and Registrations are in Place..........................................48

3.7 Step Seven: Recruit and Train Staff and the Board................................................49

3.8 Step Eight: Start the Co-op’s Business..................................................................49

The Co-operative Board...............................................................................................50
4.1 A Recap of the Board’s Responsibilities.................................................................50

4.2 Directors................................................................................................................51
  Qualifications to be a Director................................................................................51
  Registered List of Directors......................................................................................51
  Directors’ Legal Duties and Responsibilities............................................................52

4.3 The Line Between Board and Staff........................................................................53

4.4 Having Productive Board Meetings......................................................................54

Pitfalls and Keys to Success.........................................................................................57
5.1 Keys to Success ......................................................................................................57

5.2 Possible Pitfalls......................................................................................................58

Appendices..................................................................................................................59
6.1 Appendix 1: Contacts............................................................................................59
  Fisheries Co-operatives in BC................................................................................59
Preface

The Environmental Law Centre (ELC) is a student run, non-profit society dedicated to research and education on environmental issues from a public interest perspective. Its one-of-a-kind programme provides University of Victoria law students with hands on experience working in environmental law in a clinical setting.

This handbook is a production of the ELC on behalf of the British Columbia Institute for Co-operative Studies. Dr. Ian MacPherson, a historian who is an expert on co-operatives, founded the Institute at the University of Victoria in the spring of 2000 to further the study of the co-operative movement in BC. The Institute is a catalyst for research, learning, and teaching about co-operative practice and thought. The Institute collaborates with other post-secondary institutions, the co-op sector, governments, and people and communities interested in co-operative development. The aim of the Institute’s research is to understand how the co-operative model functions within different contexts and how it can contribute to meeting economic and social needs. Most importantly, the Institute aims to find out how the co-operative model can help to empower people and communities in controlling the forces that shape their lives.

The ELC was interested in doing this project because it recognised the very real possibilities for the co-operative structure to foster a more locally controlled and sustainable fishery industry in BC. Three case studies of fishery co-ops in BC appear to bear this out. These case studies are used as examples throughout this handbook and are printed in their entirety in an appendix.

This handbook provides a step-by-step guide to developing a fishery co-operative. Although the steps are numbered, it is not necessary, or even desirable, to follow the steps in order as many of them can be worked on concurrently. In addition, it must be remembered that there is no one recipe for developing a co-op and that the strategies you take will largely depend on the circumstances you face.

The information contained in this handbook is not legal advice, but information provided by students who are not qualified to practice law. The information contained in this handbook is current to the date of our printing—Spring 2001. The sections quoted (for example, s. 8(2) refers to section 8, subsection 2) are from the new BC Cooperative Association Act (BCCA), Bill 98, which was given third reading on July 14, 1999, and came into force January 2001. It should also be noted that this information applies to co-operatives incorporating in British Columbia only, as variations in co-operative law exist among provinces.

Comments and questions are welcomed at the ELC and the BCICS:

Environmental Law Centre
University of Victoria
Fraser Building — Room 153
PO Box 2400
Victoria, BC, V8W 3H7
P: 250.721.8188
F: 250.472.4528
E: elc@uvic.ca
http://www.elc.uvic.ca

BC Institute for Co-operative Studies
University of Victoria
University House 2 — Room 109
PO Box 3060 STN CSC
Victoria, BC, V8W 3R4
P: 250.472.4539
F: 250.472.4541
E: rochdale@uvic.ca
http://web.uvic.ca/bcics
CO-OPERATIVES

This section provides a brief explanation of what a co-op is and what it is not; co-operative principles and values; a brief history of BC fishery co-ops, the different types of co-ops; what it means to incorporate as a co-operative; how a co-op is different from a corporation or society; the advantages and disadvantages of incorporating as a co-operative; some statistics on the number of fishery co-ops in Canada and BC; and a summary of the opportunities for fishery co-ops in BC.

1.1 What is a Co-operative?

Some people hear the word “co-operative” and think of communism or hippy communes from the 1960s. This is unfortunate, because co-operatives have nothing to do with either. Others think that co-ops are government organisations. Again, this is not true. While some co-ops may receive government support, they are not part of government. Many co-operatives are highly successful business ventures, such as the Island Farms Dairies Co-op Association on Vancouver Island or Mountain Equipment Co-op, which has stores across Canada.

A co-operative is an incorporated organisation that is owned and democratically controlled by its members. The purpose of a co-op is to fulfill some common need of its members. This common need may be just about anything imaginable, although commonly co-ops are founded to provide:

- goods and services to their members;
- joint marketing or processing for their members’ products;
- employment to their members;
- social necessities, such as housing, health care or child care to their members.

Co-ops operate on the core principle of “one member, one vote.” This principle gives all members an equal opportunity to have a say in how the co-op is run. It means that at the co-op’s annual general meeting you have as much a say in the operations of the co-op as the person sitting next to you. Underlying this principle is a desire to bring “fairness, justice and equity to the marketplace” (Ministry of CDCV, Website). This is what attracts many to the co-operative way of doing business.

Co-operatives operate in almost all sectors of BC’s economy. In 1998
there were 679 registered co-ops employing more than 13,000 people (Ministry of CDCV, Website).

1.2 Co-operative Principles and Values

Worldwide Co-operative Principles

Co-operatives worldwide generally operate using the same principles as those adopted in 1995 by the International Co-operative Alliance, a global organisation of co-operatives. Those principles are:

1. **Voluntary and Open Membership.** Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2. **Democratic Member Control.** Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

3. **Member Economic Participation.** Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. **Autonomy and Independence.** Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
5. **Education, Training and Information.** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.

6. **Co-operation among Co-operatives.** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7. **Concern for Community.** While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

**British Columbian Co-operative Principles**

The principles that guide co-operatives in BC are found in section 8(2) of the provincial law called the *Cooperative Association Act (BCCAA)*. This law governs how provincially incorporated co-operatives are founded, formed, and run in BC. In starting your co-op you will probably get to know this law intimately.

Section 8(2) of the *BCCAA* lays out the various principles an organisation must follow to be legally registered as a co-op in BC. This section states that an association, which does business on a “co-operative basis,” must be substantially organised, operated, and administered on the following principles and methods:

- membership is open in a non-discriminatory manner to everyone who can use the association’s services and accepts the responsibilities of membership;
- each member or delegate has one vote;
- members contribute to the capital of the association;
- members receive limited or no return on capital provided as a condition of membership to the association;
- surplus funds are used for any (or all) of the following purposes:
  1. developing the association;
  2. providing or improving services to members;
  3. establishing reserves;
  4. paying dividends;
5. community welfare or the propagation of co-operative enterprises;
6. distribution to the members as a patronage return; and,
• education is provided on the principles and techniques of co-operative enterprise.

1.3 A Brief History of Fishery Co-operatives in BC

Originally, fishers founded co-operatives to deal with the exploitation they faced in their industry. Fishers had very little bargaining power when negotiating with large canning and processing companies for the price of their fish. In addition, because of the high costs of boats, gear, and supplies, fishers would often buy these items on credit with the companies. The hook was that, in return, the fishers had to deliver all of their catch to the company that gave them the credit. Moreover, gear suppliers would often have a monopoly in certain areas, which would result in higher prices for the fishers’ gear, which increased the fishers’ cost of harvesting and further increased their reliance on the companies’ lines of credit (I. MacPherson, personal communication, May 2000).

The Antigonish Movement

Fishers responded to this exploitation by forming themselves into unions and co-operatives. On the East Coast, this was fueled by Moses Michael Coady, the founding director of St. Francis Xavier University’s Extension Department in Antigonish, Nova Scotia (Clement, 1986). Coady’s extension department “had pioneered a credit union and co-op movement so successful in raising the living standards of the depressed fishing villages that it has now become internationally renowned” (Hill, 1967, p. 22) as the “Antigonish Movement.”

The Antigonish Movement spread to the West Coast when the Department of Fisheries and Oceans granted the University of British Columbia $5,000 to administer educational programmes to West Coast fishers. The fishers asked that these programmes provide information on co-operatives. As a result, the UBC Extension Department began a programme of “adult education in the co-operative production and marketing of fish” (Hill, 1967, p. 2). To deliver this programme, UBC brought one of the members of the Antigonish Movement from Nova Scotia to UBC. Members of this programme journeyed to various fishing communities on the coast spreading the word about co-ops.
The First Fishery Co-operative Formed in BC

The first fishery co-operative formed in BC was started on Malcolm Island by Finnish immigrants in the 1920s. It was officially registered with the provincial government on January 9, 1929 as the British Columbia Fishermen’s Co-operative Association (Hill, 1967). The fishery co-operative tradition continues to this day on Malcolm Island, as can be seen by the recent formation of the Malcolm Island Shellfish Co-operative. (For more information on this co-op, see Case Study C.)

Canoe Pass Fishermen’s Co-operative Association

Another early co-operative is the Canoe Pass Fishermen’s Co-operative Association. This co-op is an excellent example of a co-op that was founded in response to the exploitation the fishers faced. As one of the earlier members of the co-op explained, “we formed the co-op so we could get a better price for our fish.” Many members of this co-op, which was formed in 1944, described bitterly how the processing companies would pay a different price for fish caught upriver past a certain bridge on the Fraser River. This arbitrary and unreasonable pricing structure was part of what instigated the fishers to form the co-op. (For more information on the Canoe Pass Fishermen’s Co-operative Association, please see Case Study A.)

The Prince Rupert Fishermen’s Co-operative Association

Those who have been in the fishing industry for a while will probably have heard of another one of the first fishery co-ops, the Prince Rupert Fishermen’s Co-operative Association. This co-op was registered with the government on December 1, 1939 and, although it is still registered, it exists in name only for it declared bankruptcy and sold its assets to J. S. McMillan Fisheries in 1994.

In light of the collapse of the Prince Rupert co-op, some fishers will be suspicious when they hear about co-operatives, especially as some fishers lost money when the co-op went under. However, it must be remembered that failure is not inevitable when starting a fishery co-op, although some will point to the Prince Rupert co-op as evidence that this is so. Co-operatives are like any business venture—sometimes they succeed and sometimes they fail. It should also be remembered that the Prince Rupert co-op did survive
and prosper for nearly sixty years and was the largest fish co-op, for many years, in North America. This is an impressive record, as most businesses don’t last sixty years. In addition, the collapse of the Prince Rupert co-op was due to several unique circumstances, including the fact that the co-op overextended itself in a shrinking global economy and that it became involved in business ventures outside of its core expertise. These unique circumstances would not apply to a fishery co-op just starting out.

Regardless, the Prince Rupert Co-op may be used as an example of how fishers can join together to reduce the exploitation they face in their industry. As one fisher stated:

I was pleased and proud to grow up in family that fished the co-operative way. I fished co-op from the first time I was old enough to go fishing until the co-op voted to sell its property and other assets to J. S. McMillan Fisheries. And while there may have been problems and difficulties (I would have done many things differently had I been in a position to do so), the co-op truly shows that ordinary people can stand up to private capital and take control of their livelihood. For 50 years, the co-op was living proof that you didn’t have to fish for the companies in order to make a decent living.

1.4 The Different Types of Co-ops

People may start a co-op for any reason or purpose. To make sense of all the different types of co-ops that are out there, people generally sort co-ops into seven different categories based on the co-op’s purpose. Some co-ops may have characteristics of more than one category, as some co-ops have more than one purpose. It is hoped that this list will provide you with some insight into the flexibility of the co-op structure and maybe even provide you with some ideas for starting a co-op.

**Consumer Co-op**

This type of co-op sells goods and services to its members. In many cases the co-op will be able to sell its goods and services to its members at a reduced rate. For example, some fishers may form a consumer co-op to purchase gas in bulk at a reduced rate. Mountain Equipment Co-op is an example of a successful consumer co-op.
Financial Co-op

This type of co-op provides banking or insurance services. Banking financial co-ops are better known as credit unions. Van City Credit Union in Vancouver, Island Savings Credit Union and the Co-operators Insurance Agencies are all examples of financial co-ops.

Marketing Co-op

This type of co-op allows producers to jointly sell their products. The Saskatchewan Wheat Pool and Island Farms Dairies Co-op Association on Vancouver Island are examples of marketing co-ops.

New Generation Co-op

This type of co-op allows producers to jointly process their raw materials to increase the value of their products. Members typically make substantial investments in this type of co-operative and agree to a minimum level of participation through the co-operative for a specific number of years.

Service Co-op

A service co-op provides services to its members, usually at a not for profit rate. This includes housing co-ops, such as the Fernwood Housing Co-op in Victoria, childcare co-ops, car share co-ops, and health care co-ops, such as the Rainbow Community Health Co-op in the Lower Mainland.

Worker Co-op

A worker co-op is a co-operative where the workers are the owners and members. The co-op may be involved in any type of business, from selling natural foods to publishing. The Uprising Breads bakery in Vancouver is an example of a worker co-op.
Multi-Stakeholder Co-op

A multi-stakeholder co-op is usually set up to achieve some form of community development goal. Members of the co-op are often organisations, including companies.

1.5 What it Means to Incorporate as a Co-operative

Co-operatives are created by fulfilling the formal requirements of a federal or provincial statute. In fulfilling these requirements, the co-operative becomes incorporated. Incorporating your co-operative means that you have created a separate, distinct legal entity. In many ways, this distinct entity can hold the same rights as a real person. For example, a co-operative can sue, sign a contract, and own property. It can also employ you.

The Advantages of Incorporating

When you incorporate your co-operative you gain the following benefits:

Separate Legal Entity
In general, a co-operative or corporation has the legal ability to do anything that a natural person can do.

Limited Liability
One of the benefits of the co-operative structure is limited liability. This means that the members or investment shareholders are only liable for the debts and obligations of the co-op up to the amount that they paid for their shares—s. 55(1). If the co-operative goes bankrupt, the creditors cannot get at the personal assets of the shareholders or members, beyond what they paid for their shares, (unless a shareholder or member has signed a personal guarantee of some sort).

Immortality
Unlike a natural person, a co-operative or corporation can “live” forever. This occurs because the company or co-op can replace members and directors who leave. For example, a grocery co-op in Sointula on Malcolm Island was formed in 1909 and continues to exist today and the Hudson’s Bay Company is over 300 years old.
Taxed as a Separate Entity
A corporation or co-operative is taxed separately from its members, which may allow for some tax advantages.

Disadvantages of Incorporating

Higher Start-up Costs
Incorporating as a co-operative may create higher start up costs for the members because of the possible increased need for professionals to handle the legal and accounting issues. However, the current provincial government is quite eager to promote the co-operative model and attempts to provide information on incorporating a co-operative that is easy to understand, so it may not be necessary to seek legal advice.

1.6 The Differences Among a Co-operative, Corporation, and Society

Now that we have some idea what a co-operative is, it is useful to compare and contrast the co-operative model with the corporate and society structures to gain a clearer understanding of how a co-operative works.

When thinking of the differences among a co-op, corporation, and society, it is best to think of a co-op as a legal entity that has some of the attributes of a corporation and some of the attributes of a society—a “mishmash” of the two organisations.

Three different statutes govern corporations, co-ops, and societies in BC: the Company Act, the Cooperative Association Act and the Society Act, respectively. Each of these statutes outlines how the entity is incorporated.

Co-operatives vs. Corporations

The central difference between a co-op and a corporation is the principle of “one member, one vote.” In the traditional corporate structure the number of votes you have usually depends on the number of shares you hold. Thus, control of a company could be obtained by purchasing 51% of the company’s shares. In a co-op, this cannot occur because no matter how many shares you
own, you are still limited to one vote. This means that no one from outside the co-op can assume control of it by purchasing 51% of the shares, and no one within the co-op can dominate the co-op without the support of a majority of the co-op’s members (OWCF, n.d.).

Another difference between a co-operative and a corporation is what a co-operative does with its surplus, or profits. In a corporation, the primary goal is to make a profit for the shareholders. In a co-op the primary goal may be to make a surplus to distribute to members, but oftentimes there will be other goals, too, such as providing employment, jointly marketing and processing the members’ products, providing goods and services at cost or providing essential services, such as housing or health care, to the members.

If a co-op distributes part, or all, of its surplus to its members it usually does so in the form of a patronage refund, which is quite different from how a corporation distributes its profits. A patronage refund has this name because the amount of the refund is determined by how much the member has been a patron of the co-op. In other words, the more you have used the co-op, the more of the surplus you will receive. This is different from a corporation where, generally, the more shares you have, the more profit you will receive.

**Co-operatives vs. Societies**

Section 2(1) of the *Society Act*\(^\text{12}\) states that a society may be incorporated for “any lawful purpose” such as “national, patriotic, religious, philanthropic, charitable, provident, scientific, fraternal, benevolent, artistic, educational, social, professional, agricultural, sporting or other useful purposes…”

Section 2(1)(f) of the *Society Act* specifically prevents an organisation from incorporating as a society if it has the purpose of carrying on a business for profit or gain. Co-operatives and societies are similar in that each person is usually entitled to only one vote; however, the big difference is that a member of a society has no ownership in the organisation. Thus, any profit generated by the society cannot be distributed to the members in the form of a patronage refund (in the case of a co-op) or a dividend (in the case of a corporation), but must be returned in full to the society.

The following table, a modified version of two tables (one from the federal government’s co-operatives secretariat website,\(^\text{13}\) and one from the BC provincial government’s website\(^\text{14}\)), outlines the central differences between a corporation, co-op, and society:
### Co-operative Business

- **Objectives**: For profit service, economic, or social gain for members.
- **Ownership**: By members: the share is listed in the member's name.
- **Liability**: Member's responsibility is limited to share subscription.

### Investor-Owned Business (Corporation)

- **Objectives**: Profit for shareholders on investment of time or money.
- **Ownership**: By shareholders: generally, a share carries no name. Unless registered, it belongs to the bearer.
- **Liability**: Shareholder's responsibility is limited to share subscription.

### Non-Profit Organisation (Society)

- **Objectives**: Activities for purposes other than personal or financial gain.
- **Ownership**: By members: members are taken on (or membership accepted) when they agree to pay annual dues conferring member status, or a one-time membership fee.
- **Liability**: Member's responsibility is limited to the investment.
## Organising Fishery Co-operatives

<table>
<thead>
<tr>
<th>Co-operative Business</th>
<th>Investor-Owned Business (Corporation)</th>
<th>Non-Profit Organisation (Society)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voting</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A member is entitled to only one vote at a general meeting, regardless of the number of shares he or she holds.</td>
<td>The number of votes a shareholder is entitled to at a general meeting is equivalent to the number of shares held in the company.</td>
<td>As specified in the society’s bylaws, but generally, one person, one vote.</td>
</tr>
<tr>
<td>Certain co-operatives with a large and dispersed membership may introduce a delegate structure for representing members (eg. delegates representing multiple members from a geographic district).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proxy voting allowed only in certain circumstances.</td>
<td>A shareholder may obtain a proxy to vote for other shareholders.</td>
<td>Delegates or proxies may be used depending on the governing legislation.</td>
</tr>
<tr>
<td><strong>Sharing in the surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operative legislation in B.C. limits the payment of interest on share capital.</td>
<td>There is no limit on share capital.</td>
<td></td>
</tr>
<tr>
<td>Surpluses may be paid into the form of patronage returns proportional to the business done by each member with the co-operative.</td>
<td>Profits may be distributed in the form of dividends according to the provisions for each class of shares, or reinvested in the company.</td>
<td>Surpluses do not belong to the individual members but to the society. They may, therefore, not be redistributed among the members but must be returned in full to the organisation.</td>
</tr>
</tbody>
</table>
| Some co-operatives, such as housing health, and daycare co-operatives, are structured as non-profit co-ops. Surpluses are not distributed to members. | | }
1.7 Advantages of Working Co-operatively

Co-ops have several advantages over a traditional business venture.

Harnessing Community Skills and Resources

The key advantage of a co-op is the ability of members to pool their resources and expertise. Unlike a business, a co-op will potentially have several members, many of whom will have different skills, knowledge and resources. A co-op is an excellent tool to harness these resources. For example, in the Malcolm Island Shellfish Co-op members take on different tasks depending on their areas of expertise. (For more information on this co-op, see Case Study C.)

Reduced Risk

Another advantage of the co-op model is that there is less risk for those who become involved. Because a co-op generally involves many people, the risk to any one member is reduced.

More Flexibility

Another advantage of the co-op model over the corporate structure is that a co-op is a more flexible organisation. Generally, the primary goal of a business will be to make money. However, as revealed by the list of the different types of co-ops in section 1.4, a co-op can have wide and varied goals, including everything from better purchasing power through buying supplies in bulk to providing jobs for unemployed fishers. As one of the members of the Cortes Island Shellfish Growers’ Co-operative said:

The other part I like about [the co-op structure] is the flexibility of it…. I’m in a partnership, too… and I find those [business] structures much more rigid. You really have to make huge changes to the structure to accomplish something different, whereas with a co-op… it just works. You can just do it within the structure and you don’t have to go back and rewrite the constitution.
Local Control: Meeting Community Needs and Keeping Money in the Community

A co-op’s flexibility allows it to meet any number of community needs, which ties in to another advantage of the co-op model: local control. Generally, because a co-op’s members are usually from the local community, and it is the members who control the co-op, a co-op is more likely to act in the best interests of the community than a large shareholder controlled company. This increases the community’s control over its economic future.

This was one of the key attractions of the co-op model to the members of the Malcolm Island Shellfish Co-operative, who have included a rule in their co-op that the number of members who are not resident of Malcolm Island cannot reach more than 49% of the total number of members. This local control of the co-op creates a sense of ownership, which, in turn, creates a sense of mutual support and solidarity in the community.

A further advantage of a co-operative’s local nature is that it keeps money in the community: surplus from the co-op will be reinvested in the community. One study states that, “every dollar invested in a local co-op has a multiplier effect of five dollars for the community” (CCA, Website).

1.8 Disadvantages of Working Co-operatively

Unfamiliarity with Working Co-operatively

A consultant who was involved with the founding of the Quesnel Hardwood co-op observed, “The biggest problem with co-operatives is you have to co-operate.” For fishers who are used to being their own bosses, there can be a significant adjustment to working in a co-operative, where decisions are made jointly and democratically. Listening, communication, and conflict resolution skills are key. Fortunately, these skills may be taught. For more information on these skills see section 4.4.

Difficulty Obtaining Financing

Many banks, and even some credit unions, are hesitant to finance co-operatives because they are unfamiliar with the model. For more information on obtaining financing, see section 3.5.
1.9 Fishery Co-ops in Canada and Opportunities for Fishery Co-ops in BC

Summary of Fishery Co-operatives Reporting in Canada, 1996

<table>
<thead>
<tr>
<th></th>
<th>West &amp; Ontario</th>
<th>Quebec</th>
<th>Atlantic</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Co-operatives</td>
<td>21</td>
<td>5</td>
<td>32</td>
<td>58</td>
</tr>
<tr>
<td>Membership</td>
<td>2,953</td>
<td>90</td>
<td>5,778</td>
<td>8,821</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>5</td>
<td>13</td>
<td>117</td>
<td>135</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>36</td>
<td>-</td>
<td>2,037</td>
<td>2,073</td>
</tr>
<tr>
<td>Salaries &amp; Wages ($M)</td>
<td>0.4</td>
<td>0.3</td>
<td>9.6</td>
<td>10.3</td>
</tr>
<tr>
<td>Volume of Business ($M)</td>
<td>19.9</td>
<td>5.1</td>
<td>124.5</td>
<td>149.5</td>
</tr>
<tr>
<td>Assets ($M)</td>
<td>3.0</td>
<td>2.0</td>
<td>47.8</td>
<td>52.8</td>
</tr>
<tr>
<td>Members' equity ($M)</td>
<td>-0.4</td>
<td>0.5</td>
<td>27.8</td>
<td>27.9</td>
</tr>
<tr>
<td>Fish &amp; Fish Products Sold ($M)</td>
<td>17.5</td>
<td>5.1</td>
<td>106.3</td>
<td>128.9</td>
</tr>
</tbody>
</table>


Opportunities for Co-operatives in the Fishing Industry

This section will provide some ideas for where there are opportunities to develop a co-op in the fishing industry in BC.

Small Scale Fisheries

Many fishers interviewed suggested that there might be possibilities for small-scale co-ops producing and marketing specialty fish products. Small-scale fishers would find it easier to tear themselves away from the companies because their overhead costs would not be as great as the fishers with the larger boats and, thus, they would not be so reliant on the companies’ capital resources. As one former fisher stated:
Organising Fishery Co-operatives

Say I was trying to set up a co-op in the fishing industry. I would look to underutilised species or underutilised market potential that existed: what are the big companies… not doing? What type of fish am I catching that isn’t getting the full market value? And can I, by combining with other fishermen, find a more profitable market for this product and will I be able to sustain myself in that way?

This same former fisher mentioned that some fishers are already partnering on a small scale with two or three other boats to do some joint marketing and custom processing of specialty fish products. The next logical step would be for these partnerships to evolve into co-ops. He also suggested that small-scale fishers interested in starting a co-op link up with First Nations, as many First Nations have fish licenses and a territorial base, key tools to starting a fish co-op.

The availability of licenses in the shellfish industry provides another opportunity for small-scale fish co-ops. More importantly, some shellfish are the jurisdiction of the provincial government, which is currently very keen to promote co-ops. As a result of these two factors, many shellfish co-operatives have been formed in BC in the past few years. There are now five shellfish co-ops in existence in BC and there may be opportunities for more. For more information on these types of co-ops, see Case Studies B and C.

A Shared Service Fishery Co-operative for BC
Another current opportunity for fishery co-operatives in BC involves a shared purchase co-op, whereby fishermen join a co-op, which then purchases fishing gear or other supplies at a reduced bulk price. This would reduce fishers’ reliance on the companies for credit and resources. The BC region of the Canadian Co-operative Association is currently working on developing just such a co-op in the fishing industry.

Increased Bargaining Power
A group of fishers organised into a co-op could increase their bargaining power when negotiating with the companies over the price of their fish. However, some fishing boats would find it difficult to tear themselves away from companies and start their own co-op to market and process their own fish because they would then lose access to the capital, credit, and resources provided to them by the companies. The Canoe Pass co-op has bypassed this problem by ensuring that all members have a certain level of self-sufficiency in terms of resources, so that they are not reliant on the companies. (For more information on the Canoe Pass Fishermen’s Co-operative Association, please see Case Study A.)
Co-operatives’ Role in Co-Management
Another opportunity for fishery co-ops may be found in their role as co-managers of the fisheries. In Japan, exclusive fishing rights for certain inshore waters for non-migratory fish are held by local fishers co-operatives. These co-operatives wield a great deal of power in managing the fisheries on both a formal and informal level.

In British Columbia, the Department of Fisheries and Oceans (DFO) is also promoting a co-management model, although not as sophisticated as the Japanese model. Under the DFO model the purpose of the co-management scheme is “to manage Canada’s fisheries co-operatively, with all stakeholders, to conserve the resource and achieve sustainable use for the people of Canada” (DFO, 1999, p. 4).

One of the keys to this co-management strategy is that each fishery organise itself into some legal entity based on the type of fish they harvest, for example, the Pacific Coast Shrimpers’ Co-operative Association. This legal entity then participates in the co-management strategy by providing input into the Integrated Fisheries Management Plan for its fishery. It also participates in co-management by entering into joint project agreements with DFO to undertake some part of the management of the fishery, such as data collection or analysis. Some fishers have chosen the co-operative model as their legal entity for participation in the co-management scheme and there are opportunities for more.
HOW DOES A CO-OP WORK?

This section provides some brief information on the structure of a co-op, who can be a member of a co-op, the first board of directors of a co-op, and the types of meetings held by co-ops.

2.1 The Structure of a Co-operative

In most co-ops, the co-op is made up of its members, a board of directors, and, in some cases, its staff:

Members

\downarrow

Board of Directors

\downarrow

Staff

The members vote to choose the board and the board hires the staff.

In a worker co-operative there is no bottom box, as the staff are also the members:

Membership/Staff

\downarrow

Board of Directors
2.2 Members

The success of a co-op depends on its members. The members of a co-op are those persons and eligible organisations admitted to membership according to the rules of the co-operative—s. 29.

Who Can Be a Member?

Anyone at least 16 years old may be admitted as a member if this is provided for in the rules of the association. In addition, a member does not have to be a person, but may also be a corporation, the government, a municipality, a First Nation, or another association or co-operative—s. 32. Under the former Act (1996), a First Nation, municipality, or government could not join a co-operative.

Members have one vote, regardless of who or what they are or how many shares that member owns. At meetings, an authorised individual represents Government or a First Nation. This authorised individual has the power to vote on behalf of the government or First Nation s/he is representing.

The $BCCAA$ allows for joint members; i.e., two or more persons who jointly hold one membership in the co-operative (for example, a “family membership”). Joint members are jointly and separately liable for any debts to the co-op. In addition, unless the rules of the co-op state otherwise, only one of the joint members can vote and only one can be a director.

Membership Classes

The $BCCAA$ also allows co-ops to change their rules to divide their membership into classes. Each class may have different rights, obligations, and limitations.

Register of Members

A co-op must keep a register of members at its registered office. The register must set out the names and addresses of the members and the number of shares held by each member of each class of shares and the amount paid on those shares. It must also show the date that the member was registered and
the date that the member ceased to be a member—s. 124.

2.3 Directors

A Board of Directors governs a co-operative. The Board is elected by the membership; it is a co-operative’s policy making and administrative body.

The Board acts on behalf of the membership and is accountable to its members. Board directors have the collective right to make decisions and to operate the co-operative and they are legally responsible for their decisions: the buck stops here, so to speak.

A Board may choose to delegate some of its administrative authority to committees, or, in large co-operatives with paid employees, boards may make policy and delegate the administration of those policies to management.

For more information on running a Board of Directors, please see the section entitled “The Co-operative Board.”

The First Board of Directors

The first directors are determined in writing by a majority of the members who have signed the memorandum of association.\footnote{16} These first directors hold office until the first general meeting. After that, the directors must be appointed or elected according to the rules of the co-operative.

A co-operative must have at least three directors. Under the previous \textit{BCCA}A (1996) every director was required to be a member of the co-operative. Under the current \textit{BCCA}A (1999) up to 1/5 of the directors may be non-members—s. 72(4).
2.4 Meetings

The First Meeting

The first meeting of the co-operative must be held within three months of the date of incorporation. The date, place, and time of the general meeting should be set out in the co-operative’s rules. After that, a general meeting must be held at least once every calendar year and within four months of the end of the co-operative’s fiscal year—s. 143.

Every member must receive at least fourteen days notice of every annual general meeting and seven days notice of every general meeting (unless a special resolution is to be proposed at the general meeting, in which case fourteen days notice is required). The notices should specify the place, day, and hour of the meeting and the nature of any special business—s. 146.

Quorum

The rules of an association should set out the quorum for meetings. Quorum is the number of members who must be present in order to conduct any business at a meeting of the association.

Meetings by Telephone

The current BCCAA has modernised how meetings may take place. For example, the Act allows for meetings by telephone or other communications media—s. 149(1)(b). In addition, the Act allows an association to choose in its rules how it wishes to give notice of a meeting, whether it be by e-mail, advertisements, or other means—s. 147. The Act also allows a membership meeting to be held outside BC, so long as the Registrar pre-approves it in writing—s. 148.

Voting

As for voting, the BCCAA permits co-ops, if they specify it in their rules, to allow members the choice of voting in person or by mail. Proxy voting is prohibited unless the member lives a certain distance from the nearest meeting place. The co-op may set this distance in its rules.
Organising Fishery Co-operatives

Special General Meetings

Directors must call, subject to certain exemptions, a special general meeting if requested to do so by a certain number of members in writing. The required number of members who must make this request before the directors are legally required to call the special general meeting depends on the size of the co-op. Please see s. 150 of the BCCAA for more information.

Even if the correct number of members makes a written request for a special general meeting, the directors may refuse the request on one of the grounds outlined in s. 151 of the BCCAA.
ORGANISING A FISHERY CO-OPERATIVE

There are many resources available to assist those interested in starting a co-operative in British Columbia. The following list of steps to take in forming a co-op is a summary of information found in those resources. For a list of some of those resources, please see the “Resources” section.

It must be remembered that there is no set recipe for developing a co-op and that the strategies taken will largely depend on individual circumstances. In addition, it is not necessary, or even desirable, to follow the steps in order as many of the steps should or may be worked on currently. Regardless, several general steps are important.

3.1 Step One: Identify a Common Economic Goal and Assemble a Group of Interested People

“Visioning”

Interested people should identify their common need or problem and how a co-op would address it. Through this, the members can identify a common goal. This identification of a common goal is often described as “visioning.” It is worth taking the time to obtain a shared vision, as it is highly important to the success of the co-op. Identifying a common goal will reduce conflict later in the project. This is because incompatible goals can create conflict, while a common goal can build commitment.

Develop a Core Group

Members should next attempt to develop a core group of people to support and work with the co-op. One way of doing this is to make a list of potential members, including organisations, to invite to join the co-op. In developing a list of potential members, organisers should aim for a mix of skills and not overlook the abilities of retired people. Organisations that could join the co-op include:

- other co-ops or credit unions;
- the local chamber of commerce;
- local businesses;
Organisers of the co-op should personally contact each prospective member of the co-op identified in the list and set up a face-to-face interview to discuss the idea and ask for their support. Before the interview, it is helpful to send the person some general information on co-ops and any research on the needs or problems identified by the organisers of the co-op that the co-op will address.

**Hold an Organising Meeting**

After building a core group of supporters, members should hold an organising meeting in the local community to further build community support. The primary purpose of this meeting is to explain the identified need or problem and how the co-op will address it. Organisers should prepare handouts to distribute at this meeting, explaining what a co-op is and how it could address the identified problem or need. If possible, invite people from other successful co-operatives to speak at the meeting about their experiences with the co-op model. As it is important that community members have an opportunity to fully participate and speak during this meeting, it is a good idea to allow plenty of time for questions and answers.

The ultimate goal of this meeting is to build community support and organise a steering committee to guide the activities of the group. Other sub-committees may also want to address other issues such as developing the business plan, incorporating, developing bylaws and policies and obtaining financing (UWCC & CDS, 1998a).

**Goals of Step One:** To have identified a common goal, developed a core group of supporters, and organised a steering committee to build the co-op.
3.2 Step Two: Conduct a Feasibility Study

Don’t Reinvent the Wheel

The next couple of steps (conducting a feasibility study and writing a business plan) are steps that everyone starting a small business has to go through. As a result, there are numerous models, books, and college courses that can assist you in completing these steps. In addition, both the provincial and federal governments have numerous programmes and services to assist people starting up small businesses. So, don’t reinvent the wheel, but make use of all of these resources: check the public library for books on writing a feasibility study or business plan, surf the web for government information, or take a college night course. But most importantly of all, check to see if any members of your steering committee or any other members of the community who are sympathetic to your cause have business expertise and can assist you in completing these steps (or, even better, taking on the task themselves). (For a list of some government resources available to you, please see the “Resources” section.)

Hire a Consultant or a College Student

Alternatively, if you do not feel the members of the steering committee have the skills to complete the feasibility study themselves, you may wish to hire a consultant to complete it or, if there is a nearby university or community college, organisers may be able to enlist business students to aid in completing the study. If organisers do not have the expertise to complete a feasibility study, but cannot afford to pay a consultant to complete one, it may be possible to obtain government funding to hire a consultant (see section 3.5 for more information on obtaining financing).

The Contents of a Feasibility Study

A feasibility study will analyse the co-op’s critical issues, including the number and interest of potential members, market issues, operating costs, start-up costs, and financing. Such a study may include the following steps:

1. Clarify the business. Define the intended benefits of the co-op for members and the proposed services and/or products.
2. **Industry research.** Research the industry you plan to enter, if it is new to you. Check the Internet, business databases, trade organisations, and similar businesses. Be a customer in your competitor’s business.

3. **Market research.** Define your potential markets and conduct market surveys for each. Perform a competition analysis and speak with potential customers.

4. **Operational needs.** Identify the required licenses, paperwork, and other legal requirements that must be completed to operate the co-op. In addition, identify staffing and other resource needs. A key operational need of some fishery co-operatives may be obtaining fish licenses. For more information on obtaining fish licenses, see Step #4 below.

5. **Financial tests.** Analyse the co-op’s start-up costs, operating costs, revenue projections, sources of financing, and profitability.

6. **Organisational analysis.** Determine if a federally or provincially incorporated co-op is the best way to deal with the need or problem the co-op is trying to address. For assistance in trying to determine this it may be helpful to analyse the advantages and disadvantages of using other organisational structures, such as a society or corporation. (For information on the differences in these organisations, see section 1.6 of this handbook.) Also determine who will serve on the board of directors and who will manage the co-op.

7. **Decisions and recommendations for next steps.**

---

**Why a Quality Feasibility Study is Important**

A quality feasibility study is key because it will influence all future decisions of the development of the co-op, such as the most important decision of all—whether or not to proceed with the co-op in the first place. If the feasibility study is inconclusive, the group should re-evaluate its idea. If the study shows that the co-op is feasible, the group should proceed to the next step.

**Goal of Step Two:** To have completed a quality feasibility study.
3.3 Step Three: Develop a Business Plan

A business plan outlines the resources and proposed strategies to assist the group in achieving its goals with the co-op.

The business plan will be the key document that the co-op will use in applying for funding or loans from government, banks, or credit unions. Thus, it is important that the business plan has a professional appearance and be reviewed by a qualified third party, such as a lawyer or accountant. The business plan should convince a potential investor to invest in the venture.

As with a feasibility study, there are numerous government and popular resources available to assist groups in completing a business plan. (Please see section 7.1 for some of these resources.) There is an excellent interactive business planner on the web produced by the federal and provincial governments at the Canada/BC Business Service Centre website, www.sb.gov.bc.ca.

The following list outlines the general topics, which should be included in every business plan:

1. **Executive summary.** This should summarise the body of the report.

2. **Business description.** This should include the name, address, and description of the co-op, including a bit of background and the objectives of the co-op. It should also include the number of members in the co-op.

3. **Market analysis.** This should include a brief description of the products or services offered and these should be compared with similar products or services available on the market. The market analysis should also include a description of the market, including market size, parts of the market held by competitors, and market trends. The analysis should also include a description of the co-op’s sales strategy and a description of the co-op’s proposed clientele, including the demographics of its clientele. Lastly, the analysis should include the price of the co-op’s products or services.

4. **Products and services.** This section should describe the originality of the co-op’s proposed products and services in comparison to what is currently available from the co-op’s competitors.
section should also include a description of any required research and development activities that must be completed before the products or services may be marketed.

5. **Marketing strategy.** This section should provide projections of sales and market share, as well as identify the co-op’s target market. The strategy should also include a list of potential buyers who have expressed interest in purchasing the products or services. The strategy should also describe the co-op’s advertising plan to promote the product or services. It should also demonstrate that the co-op has the capability to produce, sell, and deliver the product.

6. **Operations.** This should include a description of how the product is to be manufactured or how the services are to be performed. This section should include a description of the building and equipment that is already owned and that will need to be purchased to begin operations. This section should also describe the business advantages of the co-op’s location. Lastly, the operations section should describe the staffing required for the co-op.

7. **Management and organisation.** This section should describe the management team and board of directors and the skills and responsibilities of each person. This section could also include an organisational chart and an identification of required professional resources, such as a lawyer or accountant.

8. **Timing schedule.** This should illustrate the timing of important activities for the first three years of the co-op. The timetable should be in a graph or some other aesthetically appealing form.

9. **Financial information.** This should include a statement of assets and liabilities for the first three years, as well as a statement of earnings for the first three years and a projected, cash budget for the first year. This section should also include an analysis of the break-even point, the point at which the level of revenue will be such that the co-op will generate a surplus. Moreover, this section should include a cash flow forecast.

10. **Financing plan.** This section specifies the amount of funds required, when they will be needed, and how they will be used. The plan should outline the total investment needed for start-up, the
investment plan, and the sources of funds.

11. Summary.

12. Attachments. This should include the articles of incorporation of the co-operative and its bylaws (if the co-op has been incorporated), the data from the market survey, resumes from the main people in the co-op, and a list of members, letters of support, and any other relevant information.

Goals of Step Three: At the end of this step you should have completed a professional-looking business plan that is capable of convincing people, whether they be lenders or volunteers, to support the co-op.

3.4 Step Four: Obtain Fish Licenses (if necessary)

One of the main barriers to entry into the fishing industry is the expense of a license. All fisheries regulated by the provincial and federal governments, from octopus harvesting to salmon fishing, require a license.

The Nature of a Fish License

A license is a piece of paper that gives you permission to do something that would otherwise be illegal. Licenses in the fishery industry are generally specific to a single species of fish and must be renewed annually. A fishing license is granted by the government (i.e., a “Crown grant”) and is a privilege, not a right. This has important legal consequences because it means that the government, either the provincial or federal Minister of Fisheries (depending on who issued the license), may suspend or revoke a license: the license-holder is not protected in his or her right to use the resource. In addition, the government could unilaterally change the amount of fish the license permits you to catch.

Although the holder of a fish license is not protected, the license may be bought, sold, or leased. However, because the license may be revoked or suspended or the amount of fish it permits to be caught can be changed at any time, purchasing or leasing a license is a risky business, which affects the actual value of the license.
The Federal and Provincial Government Relationship: A Tangled Net

The federal and provincial governments share responsibility for the management of fisheries in British Columbia.

Under the Constitution Act, (1867), the federal government has jurisdiction over the “sea coast and inland fisheries.” The Department of Fisheries and Oceans Canada exercises this authority with the Fisheries Act. The federal government’s jurisdiction does not include non-tidal waters and waters “within the jaws of the land.” Thus, for example, the wild salmon fishery is federal jurisdiction, while farmed salmon, which are usually farmed in cages in bays, are provincial jurisdiction.

Licenses in the Commercial Fisheries: Wild Harvesting

The various types of licenses required for harvesting wild species of fish can be broken into four types of fisheries: tidal water commercial fishing, non-tidal water commercial harvesting, wild shellfish and invertebrates, and marine plant harvesting (BC Fisheries, Website).

Tidal Water Commercial Fishing

Generally, these fisheries are federal jurisdiction and include the mainstays of the fishing industry in BC: salmon, herring, halibut, and groundfish.

In the last few years, these fisheries have faced a significant shakeup. Government restrictions on the total allowable catch of these species have resulted in some licenses plummeting in value, while other licenses have seen their value dramatically increase. For example, the salmon industry is in a slump, while the commercial groundfish trawl industry is doing quite well. The groundfish trawl industry is doing well partly because of the introduction of the Individual Vessel Quota System. This system means that each vessel is given a quota of fish it may catch. This means that with a license in the groundfish trawl, you are “almost guaranteed” to obtain a certain number of fish. As a result, the value of these licenses has increased dramatically. The groundfish trawl industry has the most complicated individual vessel quota system in BC “with fully transferable quotas set out for 25 different species” (DFO, Website).

Non-tidal Commercial Fishing

This fishery is provincial jurisdiction.
Shellfish and Invertebrates
The shellfish and invertebrate industry in BC includes everything from shrimp to octopus.

Both the federal and provincial governments have a role in managing these species. DFO is responsible for all tidal invertebrate species, except for Pacific oysters, which are managed by the BC government. Thus, for the harvesting of all species, except Pacific oysters, a license is required from DFO. In the case of wild oyster harvesting, an application must be submitted to the Ministry of Agriculture, Food and Fisheries for the harvesting of oysters from the foreshore.

Marine Plant Harvesting
A license is required for the harvesting of any marine plant. This license details the species, quota, method, and area of harvest. A license is required from BC Fisheries for the harvesting of all marine plants, except for the commercial spawn on kelp fishery, which is managed by DFO.

Licenses in the Commercial Fisheries: Aquaculture
Unlike the previous fisheries canvassed, an aquaculture operation requires more than one license. The most important of these licenses is a lease. Generally, an aquaculture operation will occur on provincial Crown land and waters. This requires permission, a lease, from the provincial government, who has jurisdiction over this land. These leases are usually obtained from the British Columbia Assets and Land Corporation. (For more information on this organisation, see the contact list at the end of this handbook.) Aquaculture leases are given for more than a year, some for as many as 10 years.

As noted in the Malcolm Island Shellfish Co-operative case study, the provincial government has formed a Rural Development Office in the Ministry of Agriculture, Food and Fisheries. This office provides “one stop shopping” for obtaining the various licenses for starting a shellfish co-op, so that organisers do not have to contact all the individual government Ministries for these permits and licenses. For the contact information on this office, please see the contacts section of this handbook.

Finfish aquaculture operations have encountered a great deal of controversy due to their environmental implications. Shellfish aquaculture operations have not been as controversial.
Organising Fishery Co-operatives

Licenses in Fish Processing and Selling

With several memorandums of understanding with DFO, the provincial government regulates “all fish processing plants, fish buying stations, fish vendors, and brokers” (Ministry of AFF, 1994). Several ministries of the provincial government are involved in the regulation of fish buying and processing, including the Ministry of Health and the Ministry of Environment, Lands and Parks. The type of license required will depend on the type of operation.

Goals of Step Four: At the end of this step you should have identified the necessary licenses required for your fishery and begun the process of obtaining them.

3.5 Step Five: Obtain Financing

The Problem of Raising Capital for Co-operatives

Co-operatives, like any other business venture, need equity (usually in the form of cash) to begin their enterprise and to continue in their growth. Within a general business association the equity to initiate the venture is usually raised by selling shares to outside investors whose primary goal is profit acquisition. In the past, co-operatives have found outside investment more difficult to obtain than other business ventures for two reasons.

First, a co-operative does not usually carry a high rate of return on its capital. For example, the BCCAA specifically limits any dividend returns from membership share capital. Section 66(1)(c) of the Act states that an association “may pay dividends at rates not exceeding 8% yearly, or higher limits that the association may set out in its rules.”

Second, co-operatives have voting restrictions imposed by the BCCAA that limit members to one vote, regardless of the amount of shares held or capital contributed. Because of the voting limitations, co-operatives are also seen as less attractive to investors who want greater control of their equity (Ish, 1981, p. 71).

As a consequence of these two factors, the initial capital in a co-operative was usually raised by direct contributions from the members, not outside investment. This form of equity capital is also known as risk capital because the co-operative must liquidate all other obligations for liabilities, costs, and expenses
that must be paid before the capital is returned to the members (Abrahamsen, 1976). In other words, if the co-op goes bankrupt, the members are the last ones to get their money back.

**The Situation Today: Investment Shares**

To solve this problem of raising capital, co-ops worldwide have lobbied governments to modernise the statutes that govern them. BC is no exception. The current *BCCAA* provides for a new source of capital for co-operatives: investment shares. The *Act* allows non-members to purchase investment shares in the co-operative, if the co-operative’s memorandum and rules permit it. Alternatively, the co-operative could limit the availability of investment shares to members only. In addition, it is not necessary for the co-operative to limit the return the investor receives on these shares, as is required for membership shares.

The authorisation for issuing investment shares must be found in the co-op’s memorandum. This means that a currently existing co-operative would be required to amend its memorandum if it wished to issue investment shares. Unlike membership shares, each investment share entitles the owner to one vote—s. 61. Thus, the more shares, the more votes. However, investment shareholders can only vote on a limited number of issues at general meetings: matters affecting their class rights as investment shareholders, disposing of all of the assets of the co-op, waiving the appointment of an auditor, transferring from BC to another jurisdiction, or amalgamating with another co-op (Ministry of CDCV, Website).

**External Financing: The Provincial Government**

The BC government has several programmes available to provide funding to co-operatives. These programmes include:

- **Co-op Advantage.** This programme provides funding for
  1. innovation and demonstration projects which use new, innovative models of co-operatives;
  2. the development of *business plans* and training for starting new co-operatives; and,
  3. training and development to strengthen existing co-operatives. For more information on this programme, please consult the Ministry of Community Development, Co-op-


Organising Fishery Co-operatives

• **Community Enterprise.** This is an umbrella programme of the Ministry of Community Development, Co-operatives and Volunteers whose purpose is to “encourage greater economic diversification in coastal and rural resource based communities” (Ministry of CDCV, [www.cdcv.gov.bc.ca/ComEnterprise/default.htm](http://www.cdcv.gov.bc.ca/ComEnterprise/default.htm)). Underneath this umbrella are two programmes relevant to those wishing to start a co-op in BC: Community and Co-operative Business Development, and Community Capacity Building. The Harrop-Procter Community Co-operative received $40,026 from this programme to help it develop a community-run herbs business and value added wood production plant. For more information on this programme, consult the Ministry. (Contact information may be found in Appendix 1.)

• **Community Solutions.** This is another programme of the Ministry of Community Development, Co-operatives and Volunteers. Its purpose is to fund organisations, such as co-operatives, to “develop and implement locally designed and driven projects that support and empower multi-barri ered, low-income residents to participate in their communities…. (Ministry of CDCV, [www.cdcv.gov.bc.ca/Community_Solutions/Default.htm](http://www.cdcv.gov.bc.ca/Community_Solutions/Default.htm)).

• **Fisheries Renewal BC.** This organisation may be able to fund everything from business planning, to marketing and research for co-ops involved in the fishery industry. For contact information, see Appendix 1.

**External Financing: The Federal Government**

• **Community Futures Development Corporations (CFDCs):** These organisations are funded by Western Economic Diversification Canada (a federal initiative). They may provide loans to assist co-ops in starting out. For contact information, please consult Appendix 1.
Human Resources Development Canada. This federal government ministry provides wage subsidies for organisations such as co-operatives. For contact information, please consult Appendix 1. Many co-operatives have been successful in accessing funding from this source.

Credit Union and Non Governmental Organisation (NGO) Financing

Numerous credit unions and NGOs provide funding and financing to co-operatives. An excellent resource to find these sources of funding is the BC Funders Council, which was founded by the Canadian Co-operative Association—BC Region. The BC Funders Council produces a funding directory entitled BC Funders Council for Co-op and Economic Development which lists credit unions, trusts, foundations, co-operatives, and NGOs, which may provide funding or financing to a co-operative (CCA, Website).

One key organisation is the Co-operative Development Foundation. This organisation is a national registered charity that is run by Canadian co-ops and credit unions. It may provide funding for assistance in community outreach, board training, or other assistance in running a co-op. For more information on them, please consult Appendix 1.

Effective Grant Proposal Writing

Applying for grants or loans can be tricky. Luckily, there are numerous resources available online and in your local library that can assist you in writing your proposals.

When writing a proposal the key is to carefully read the guidelines written for the grant. In addition, do not be afraid to call the agency offering the grant if you have any questions or need clarification about something. Go through your written proposal with them to see where it can be improved.

For more information on grant writing, consult the “Resources” section at the end of this handbook.

Goals of Step Five: To have obtained adequate financing for the co-op from external and internal sources.
3.6 Step Six: Incorporate the Co-op and Complete other Legal Requirements

The Ministry of Community Development, Co-operatives and Volunteers produced an excellent guide to navigating the legal requirements to successfully incorporate your co-op in BC. The booklet is called *Step-by-step Guide: How to Incorporate a Cooperative in British Columbia* (1999) and is available from the Ministry. The Ministry Guide provides examples of the required legal documents and identifies some issues you may want to consider in drawing up these documents.

**Naming Your Co-operative**

The first step in incorporation is to decide on a name. In order to receive approval of the name, an application must be made to the Names Unit of the Registrar of Companies. However, approval of a name by the Registrar does not provide a proprietary right or interest in the name. The approval of any name is at the discretion of the Registrar. Three different names should be provided to the Registrar in descending order of preference. These names can be checked for conflict prior to filing by searching telephone listings, business directories, and other publications (Ministry of FCR, 1997).

An association formed under the *BCCAA* must include the word “co-operative,” or “co-op” (spelt with or without the hyphen), in its name, according to s. 23 of the *Act*. It may also use any one of the following words: “association,” “society,” “union,” “exchange” or a similar word approved by the Registrar. The name must not include the words “company” or “limited” or the words “not for profit” or “nonprofit.” In addition, s. 25 of the *Act* prohibits any business or activity from using the words “co-operative” or “co-op” unless it is registered under the *BCCAA* or is a federally incorporated co-operative. There is a fee for filing a name approval request form.

The name of the association must be affixed to the outside of every office or place in which the business of the association is carried on. The name must also be mentioned in all notices, advertisements, and official publications and all bills, invoices, receipts, and letters of credit of the association, according to s. 26 of the *Act*.
Incorporating Your Co-operative

Once a name has been approved, the association should be incorporated. In British Columbia, co-ops must be incorporated and registered under the province’s Cooperative Association Act. Under s. 10 of the Act, any three or more people or eligible organisations can form an association. The former Act (1996) required five people to form a co-operative. In order to incorporate a co-operative association, four documents are needed:

1. Memorandum of Association—as set out in s. 12.
2. Rules of Association—as set out in s. 13.
3. Notice of Registered Office—s. 27.
4. List of First Directors—s. 73.

These four documents must be sent to the Registrar of Companies at the BC Ministry of Finance and Corporate Relations with the appropriate fee. Note that the position of Superintendent of Co-operatives has been eliminated in the current BCCAA. As of August 2000 the fee for incorporation is $250. Once approved, the BC Registrar of Companies will issue a certificate of incorporation and the co-operative will be entered into the corporate register. On average this process takes up to three months (Ministry of CDCV, 1999). Once a certificate is issued a co-op’s documents become legally binding. They form the foundation of a co-operative’s activities.

Each document will be discussed separately.

The Memorandum of Association

The Memorandum provides information about a co-op’s name, its founding members, the value of their purchased shares, and a statement indicating the limited liability of the co-op’s members. Those persons interested in forming a co-op must subscribe their names to a memorandum relating to their co-operative and send a duplicate copy to the Registrar with the proper fees. The memorandum must contain the following:

- the name of the co-op and the location of the co-op’s registered office;
- a list of every subscriber to the memorandum and the number of membership shares and investment shares taken by each subscriber—s.12(a);
the purpose of the co-op and every restriction, if any, on the business to be carried on by the co-op or the powers of the co-op—s.12(c)(d); 26
• a statement of the par value of the co-operative’s membership shares or a statement that its membership shares are without par value—s.12(f); and,
• a statement of the maximum number of membership shares that the co-op is permitted to issue or that the co-op is permitted to issue an unlimited number of membership shares—s.12(g).

There are several key issues you may wish to consider when writing your memorandum, some of which are dealt with in the Ministry of Community Development, Cooperatives and Volunteers’ publication, Step-by-step guide: How to incorporate a co-operative in British Columbia (1999). 27 You may have already addressed many of these issues in your business plan.

1) Business Restrictions? Do you wish to limit the co-op’s activities to certain business activities for ethical or financial reasons? For example, your co-op may decide not to sell tobacco products.

2) Profit or Not for Profit? If you wish to make your co-operative not for profit then it is in the memorandum of association where you add a statement restricting the co-op from distributing any surplus to its members.

3) Value of Shares? This often causes quite a bit of debate among organisers of a co-op: do you make your membership shares worth a large amount of money (thousands of dollars) or only a few dollars. Obviously, the larger the value of the shares, the fewer potential members.

4) Dissolution clause? Do you wish to include a clause in your memorandum that determines what happens to the assets of the co-op if it dissolves?

In dealing with these issues, one thing to keep in mind is that if you decide to change a clause in your memorandum of association this means you will have to go back to the Registrar, which will take time and money. Thus, it may be better to keep things flexible so that you do not have to constantly change your memorandum.
Rules of Association

The rules set out how a co-op’s founding members wish to govern their business activities. Some rules are required by statute but others can be written to reflect the unique needs of each co-operative. The rules should outline the requirements for membership and directors, provide information about shares in the association, and set out practices for meetings and voting. The rules should also provide detailed financial information and the methods of accounting that the association plans to use.

It is customary for the first rule to define the “terminology” to be used throughout the rest of the document. When drafting rules unique to an association, it is important to use clear and consistent wording throughout the document. This helps to avoid future misunderstandings and disputes over vague or inconsistent language.

The following matters must be provided for in the rules:

1. terms of admission to membership—s. 29;
2. a designation of a class of shares as membership shares—s. 30;
3. a statement of the minimum number of membership shares that must be purchased to join the co-op—s. 30; and,
4. a provision for the election or appointment of the directors of the association other than the first directors—s. 74(1).

Like the memorandum, the rules must be submitted in duplicate to the Registrar.

List of First Directors

The list of first directors provides information on the first Board of Directors. This list must be filed with the Registrar at the same time as the memorandum and rules of association. The list must include the full name and address of each director—s. 14. A minimum of three directors is required. The term of the first directors usually lasts until the first general meeting of the co-operative, which must be held within three months of incorporation. If the number of founding members is small, it is not uncommon for everyone to serve as directors.
Organising Fishery Co-operatives

Notice of Registered Office

The notice of registered office provides an official location address where a co-operative’s mail can be received. The office must be within British Columbia. The Notice must provide an actual location address, not a box number, so that legal notices and other important documents can be delivered by means other than regular mail. In addition, official records required by the Act must be kept on file at the co-op’s registered office—s. 27. The notice of registered office must be submitted to the Registrar at the same time as the memorandum, rules, and list of first directors. Any change of address must be filed with the Registrar.

Statement of Incorporators

The current Act (1999) does not require the submission of a statement of incorporators. Under the former Act (1996), a statement of incorporators, outlining the nature of a co-op’s business and how it would be financed, was required.

Holding the First Annual General Meeting

This meeting will be the transition from the steering committee and interim board to a formally elected board. At this meeting the members of the co-op will adopt the bylaws, business plan, and any desired policies. An external auditor should also be appointed, while the board of directors and members of any other committees should be elected.

Ensuring Proper Licensing and Registrations are in Place

The co-op may also have to register for the Goods and Services Tax if the co-op is generating sales in excess of $30,000 a year. If the co-op is earning less than this amount, it may still register, but it is not mandatory that it do so. In addition, the co-op may be required to apply for a provincial tax registration certificate. For more information, consult a lawyer, the provincial Ministry of Finance and Corporate Relations, or your local government agent.

Goals of Step Six: At the end of this step you should have successfully incorporated your co-operative and nearly completed all other legal requirements to
get your co-op up and running.

3.7 Step Seven: Recruit and Train Staff and the Board

At this step, the board should select and recruit employees and organise and offer a staff training programme. Depending on the experience of the board, board training may also be useful at this stage. Because a smoothly operating board is a key to a co-op’s success there is a separate section in this handbook on “the co-operative board.”

3.8 Step Eight: Start the Co-op’s Business

The planning of the co-op’s business start up should include a detailed list of all that must be done to “open for business.” In addition, as part of this “start-up,” the co-op should inform the community of the co-op’s activities by writing press releases and making presentations to schools, the chamber of commerce, the municipal council, and other community groups. In addition, members of the co-op may be able to gain publicity by celebrating the co-op’s achievements by holding a picnic or reception.
THE CO-OPERATIVE BOARD

4.1 A Recap of the Board’s Responsibilities

A co-operative’s board of directors is key to a successful co-operative. There are countless resources available to assist board directors in fulfilling their roles, so this section is simply a broad overview of suggestions to keep a co-operative’s board running smoothly.

The Board of Directors is the central decision making body of the co-operative. The Board has the following roles and responsibilities:28

1. **“Steer the ship.”** The board acts as the planning body of the co-op. Part of good planning involves always looking to the future to try to anticipate and predict any rocky shoals ahead, so that the organisation can plan to avoid them or minimise their impact.

2. **Protect the co-operative’s assets.** The board is entrusted with protecting the assets of the members and investment shareholders who have invested in the co-operative. Thus, it is a key responsibility of the board to protect the co-op’s assets. One way of doing this is by having the board’s finances independently audited.

3. **Develop policies and procedures.** Policies are written statements that describe the values and principles that should be followed in making Board or staff decisions. An example of a policy would be that “staff shall not undertake any activity which is illegal or unethical.”

4. **Employ management.** If the co-operative is large enough to employ a manager, the board will be responsible for hiring this person. Because the manager will have such an important role in the operations of the co-operative, it is important that the board carefully select a manager that is the right “fit” for the organisation.

5. **Review the co-operative’s operations.** It is the board’s responsibility to be informed of the financial, legal, and operational status of the organisation. Board members cannot make good decisions without this information. To obtain this information, the board may request monthly reports from staff detailing the financial and operational status of the
6. **Keep members informed.** As mentioned in the “Possible Pitfalls” and “Keys to Success” sections below, the board’s role in keeping the members informed of issues, policies, and finances is important to a smooth running co-operative, especially as a method of minimising suspicion and mistrust.

7. **Self-evaluate.** Board members should also evaluate themselves to ensure that they are doing a good job. See Appendix 2 for an individual board member self-evaluation adopted from the Nova Scotia Department of Economic Development and Tourism.

### 4.2 Directors

#### Qualifications to be a Director

In addition to whichever qualifications the association chooses to require in its rules, a director must meet the following criteria:

- must be 18 years of age or older, which is a reduction from the former Act’s requirement that directors be 19 and over—s. 79(4)(a);
- must not have been found by a court in Canada or elsewhere to be incapable of managing the individual’s own affairs—s. 79(4)(b);
- must not be an undischarged bankrupt—s. 79(4)(c); and,
- must not have been convicted of an offence involving fraud or mismanagement of a corporation within the past five years—s. 79(4)(d).

#### Registered List of Directors

An association must keep a register of directors at its registered office, containing the names and addresses of the directors and the dates on which the directors started and ceased to act—s. 125. Within 14 days of an appointment or election of a new director a notice must be filed with the registrar or the association will be subject to a fine of $50 per day.
Directors’ Legal Duties and Responsibilities

In carrying out their responsibilities, directors serve much like trustees; charged with a legal obligation to protect the assets of the members.

In addition, directors’ have a legal duty to avoid conflicts of interest. Conflict of interest situations arise when a director has a personal stake in decisions, which affect the co-operative or if they benefit from “insider information” that they receive as a result of their position. Directors who act outside the parameters of the law or who do not exercise due care in their decision-making may be personally liable for the harm they cause the members, the association, or third parties. The current BCCAA outlines updated disclosure and conflict of interest rules for directors. Upon becoming a director, a person must disclose any other position they hold or property that could directly or indirectly result in a conflict of interest. If the co-op enters into, or proposes to enter into, a material contract or transaction in which the director has a material interest, the director must disclose that specific conflict, unless the conflict is exempted—ss. 86-89. Failure to disclose is an offence.

The current BCCAA clarifies directors’ legal duties. Section 84(1) of the Act states that, a director has a duty to act honestly, in good faith, and in the best interests of the co-operative. She or he must also exercise the care, diligence, and skill of a reasonably prudent person in comparable circumstances. This last standard is usually taken to mean that directors are not personally liable for decisions they make in good faith, but that they can be sued for negligence. There are, however, some liabilities that, on or before the dissolution of a co-operative, can become personal liabilities. These can include unpaid wages and employee benefits, taxes and Workers Compensation payments. To live up to their legal responsibilities, board members must attend regular board meetings, ensure that proper books and records are kept, receive and ask questions about regular reports from staff and committees, supervise and evaluate management, and act to correct problems when necessary.

Under the BCCAA, directors may take out directors’ and officers’ insurance to protect them from any liability they might incur as a result of their work as a director or officer—s. 103. In addition, the Act allows a co-operative to indemnify its directors and officers against any judgment, penalty, or fine awarded or imposed against them arising from the exercise of their duties—s. 98.
4.3 The Line Between Board and Staff

Distinguishing between what is the role of the board and what is the role of staff can be tricky. A board must ride the middle ground between micromanaging the co-operative, which is frustrating for management and a waste of the board’s time, and not providing any guidance at all to the co-operative, which can result in an aimless co-operative and potential legal liability for the board members if something goes wrong. The following is a table, which tries to provide some guidance to determining the board’s and management’s respective roles and responsibilities:29

<table>
<thead>
<tr>
<th>Board Role and Responsibility</th>
<th>Management or Staff Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idea decisions.</td>
<td>Action decisions.</td>
</tr>
<tr>
<td>What decisions.</td>
<td>How decisions.</td>
</tr>
<tr>
<td>Overall goals and objectives of the organisation.</td>
<td>Decisions on how to successfully obtain the goals and objectives of the organisation.</td>
</tr>
<tr>
<td>Long-range decisions, especially those involving commitment and obtainment of future resources, especially financial.</td>
<td>Short-run decisions.</td>
</tr>
<tr>
<td>Selection of manager and salary.</td>
<td>Selection of staff (if any).</td>
</tr>
<tr>
<td>Filling board vacancies and providing board training.</td>
<td>Preparing budgets for board approval.</td>
</tr>
<tr>
<td>Manager evaluation.</td>
<td>Staff evaluation.</td>
</tr>
</tbody>
</table>
4.4 Having Productive Board Meetings

Effective and productive board meetings do not simply happen—they require planning and negotiation skills. We have all attended meetings where, after hours of discussion, nothing has been decided and if anything has been decided no one remembered to write it down.

The following is a list of things to consider in running board meetings:

1) **How shall the board make its decisions?** Some boards, especially in the non-governmental organisation field, run on consensus. What this means is that decisions are made which everyone agrees on. Other boards use a system of voting, otherwise known as “Robert’s Rules of Order.” (For more information on these two systems, please see Appendix 3, which provides an outline on using Robert’s Rules and consensus decision making.) Each system has its advantages and disadvantages.

2) **Agendas.** To keep organised, boards should have an agenda prepared before the meeting. Included with this agenda should be any relevant information required for making decisions. Agendas should be given to directors several days in advance so that they can familiarise themselves with the material and have time to carefully consider the issues.

3) **Minutes.** The minutes describe the discussion of the meeting and the decisions made by the board. The most important part of the minutes is the record of the decisions made. During the board meeting, the minute-taker should read out the proposed decision so that the directors may discuss it and so that they understand exactly what they are agreeing to. Generally, the minutes should include:
   a) the date, time, and place of meeting;
   b) the names of the people who attended the meeting and those who were absent, late, or sent their regrets;
   c) the agenda of the meeting;
   d) discussions arising out of the agenda; and,
   e) the decisions made by the board.
At the next board meeting, the previous meeting’s minutes should be distributed to the directors and any changes should be made.

4) **Board committees.** To more efficiently take advantage of directors’ interests and skills, a board could divide itself into various committees to tackle various responsibilities, such as personnel, finance, or policy-making.

5) **An informed board.** Directors are responsible for keeping themselves informed about the co-operative and its field of endeavor. Board orientation is highly important and may be accomplished, in part, with a board of director’s manual, which would contain the co-op’s policies, minutes of past board meetings, and the co-op’s bylaws. For more information on a board of directors’ manual, please see Appendix 4.

6) **Effective questions.** Good boards ask good questions. Boards have a responsibility to ask questions about the matters presented to them at meetings. For more information on asking good questions, see Appendix 5.

7) **Conflict resolution.** Board meetings may become heated at times, which can disrupt the functioning of the board and cause hard feelings, possibly resulting in permanent damage to the cohesion of the board. There are numerous books written on conflict resolution. Here are some tips from some of those resources. (Please see section 7.2 for more information on resources.)

   a) Acknowledge the dispute.
   b) Gain common ground. One way of doing this may be to return to the common goals of the co-op, which both disputants will (probably) agree on, and move on from there.
   c) Stop and try to understand the other person’s perceptions. The key to doing this is active listening, which involves actually trying to hear what the other person is saying without making assumptions about what the other person is thinking or feeling.
   d) Don’t bargain over positions. When you bargain over positions you are more likely to become entrenched in your viewpoint and not engage in cre-
ative problem solving to resolve the dispute.
e) Separate the people from the problem. All too often we demonise the person we are having the dispute with, which causes us to become too emotional to resolve the dispute.
f) Focus on interests, not positions. This allows for creative problem solving. It forces you to ask yourself what are you really interested in achieving.
g) Invent options for mutual gain. This is the problem solving part, where the disputants brainstorm to develop ideas to solve the problem that will mutually benefit all sides to the dispute.
h) Develop an action plan. Write down the solution to the problem and who will take responsibility for completing each part of the solution. (Avery et al., 1981; Fischer et al., 1995; Patton & Ury, 1981)
PITFALLS AND KEYS TO SUCCESS

5.1 Keys to Success

The following keys to success, for developing and maintaining a successful co-operative, were gleaned from a publication by the Government of Nova Scotia (1996c) and a pamphlet produced by the United States Department of Agriculture (1996):

1. **Use outside and inside advisors and committees effectively.** If you don’t have the expertise on your board or among your members, seek it outside of your co-op.

2. **Keep members informed and involved.** This may be done through email, newsletters, phone calls, or the holding of social events. Members who participate in their co-op are more likely to feel ownership in the organisation, which will encourage them to participate more and stick around if the going gets tough. If members stop attending meetings or asking questions, then it is time to step back and determine ways to better inform and involve the members.

3. **Ensure good board-management relations.** The board-management relations can be a tricky affair—knowing where the board’s role ends and the employee’s role begins. Generally, the board is responsible for setting policy, employing staff, and ensuring financing of the co-op.

4. **Conduct business-like meetings.** Board members should be familiar with running a meeting, whether by consensus or Robert’s Rules of Order. For more information, see section 6.3.

5. **Follow proper business practices.** The co-operative should follow general accounting principles when preparing its financial reports.

6. **Link with other co-operatives.** Ideally, other co-ops in the community can provide mentoring and other assistance to a co-op just starting out. There are also regional, national, and international organisations of co-operatives, which may be able to provide assistance and information.

7. **Group cohesion.** Group cohesion is highly important. A way of unifying the group is a common commitment and understanding of the co-op’s goals.
5.2 Possible Pitfalls

Many of the possible pitfalls that new co-ops may face are simply the absence of one or more of the keys to success:

1. **Lack of commonly agreed upon goals.** It is exceptionally difficult to maintain group cohesion if the group does not understand or is not committed to the organisation’s goals.

2. **Inadequate feasibility study or business plan.** The motto is simple: do your homework! If the feasibility study or business plan is incompetently done or too optimistic it will be useless in assisting the co-op in weathering the inevitable storms that face all new enterprises. Remember that many government agencies and other co-operatives and credit unions have funding available to help pay for professionally produced feasibility studies and business plans.

3. **Failure to use experienced and competent advisors.** Even if it costs money, it is worth getting competent legal and financial advice before setting out. It will save money in the long term.

4. **Lack of member leadership.** Member leadership = member confidence in the co-operative.

5. **Lack of adequate financing.** This lack of financing may arise because of difficulty obtaining credit or loans or from a difficulty in encouraging members to commit their finances to the organisation.

6. **Incompetent management.** In larger co-ops, a manager is hired to perform the day-to-day management of the co-op. Thus, it is key that the manager be patient and has an understanding of how to work in a co-operative environment.

7. **Failure to identify and deal with risks.** Many business risks can be minimised by carefully analysing the problem to develop some strategies for dealing with the risks. In some cases it pays to be pessimistic and look at worst case scenarios.

8. **Inadequate communications.** This is a key job for the board to undertake. Inadequate communications can lead to suspicion and conflict.
## APPENDICES

### 6.1 Appendix 1: Contacts

**FISHERY CO-OPERATIVES IN BC**

<table>
<thead>
<tr>
<th>Contact</th>
<th>Organisation</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Day</td>
<td>BC Fishermen's Independent Co-op Ass'n.</td>
<td>905 Centennial Rd. Richmond BC V2S 4N5</td>
<td>604.254.7600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bryon Barry</td>
<td>Coastal Environmental Restoration Co-op Ass'n.</td>
<td>3970 Hi-Mount Dr. Victoria BC V9C 3X9</td>
<td>250.592.8096</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tony Stich</td>
<td>Cortes Island Shellfish Co-op</td>
<td>Box 14 Manson's Landing, Cortes Island BC V0P 1K0</td>
<td>250.935.6574 or 935.6327</td>
<td>250.935.6580</td>
<td></td>
</tr>
<tr>
<td>Mike Ballard</td>
<td>Cowichan Regional Fishers Co-op</td>
<td>#3 110 Craig St. PO Box 1108 Duncan BC V9L 3Y2</td>
<td>250.715.1167</td>
<td>250.749.4777</td>
<td><a href="mailto:Crlc@seaside.net">Crlc@seaside.net</a> Or <a href="mailto:Profish@seaside.net">Profish@seaside.net</a></td>
</tr>
<tr>
<td>Meg Wheeler</td>
<td>Malcolm Island Shellfish Co-op</td>
<td>Box 182 430 First St., Soointula BC V0N 3E0</td>
<td>250.973.6478</td>
<td>250.973.6479</td>
<td><a href="mailto:abalone@island.net">abalone@island.net</a></td>
</tr>
<tr>
<td>Bob Fournier</td>
<td>&quot;</td>
<td>&quot;</td>
<td>250.973.6723</td>
<td>250.973.6543</td>
<td></td>
</tr>
<tr>
<td>Will Soltan</td>
<td>&quot;</td>
<td>&quot;</td>
<td>250.973.6723</td>
<td>250.973.6543</td>
<td></td>
</tr>
<tr>
<td>Ted Woodard</td>
<td>Pacific Raincoast Shellfish Co-op</td>
<td>Box 38 Madeira Park BC V0N 2H0</td>
<td>604.883.3638</td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Leigh</td>
<td>&quot;</td>
<td>&quot;</td>
<td>604.883.9799</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prince Rupert Fishermen's Co-op Association</td>
<td>Box 520 Fairview Bay, Prince Rupert BC V8J 3R7</td>
<td>250.624.6048 Or 604.255.1336</td>
<td>604.2553162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Malaka</td>
<td>Skeena Wild Co-op</td>
<td>100 First Ave. Prince Rupert BC V8J 1A6</td>
<td>250.627.7798</td>
<td>250.627.8493</td>
<td>250.949.3069</td>
</tr>
<tr>
<td>Paul Tate, Gertie Caumanns</td>
<td>Vancouver Island Shellfish Co-op</td>
<td>#3 7070 Market St. PO Box 1403 Port Hardy BC V0N 2P0</td>
<td>250.949.3093 Or</td>
<td>250.949.1591 Or 250.949.0591</td>
<td></td>
</tr>
</tbody>
</table>
## Organising Fishery Co-operatives

<table>
<thead>
<tr>
<th>Name</th>
<th>Co-op</th>
<th>Address</th>
<th>Phone 1</th>
<th>Phone 2</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Keays</td>
<td>Wilderness Shellfish Co-op</td>
<td>RR 2 Old Mine Rd. Powell River BC V8A 4Z3</td>
<td>604.483.2303</td>
<td>604.485.7735</td>
<td><a href="mailto:Dawson@hotmail.com">Dawson@hotmail.com</a></td>
</tr>
<tr>
<td>Ann Senn</td>
<td>&quot;</td>
<td>&quot;</td>
<td>604.414.0304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edgar Birch</td>
<td>Canoe Pass Fishermen's Co-operative Ass'n.</td>
<td>11660 98A Ave. Surrey BC V3V 2K9</td>
<td>604.584.5198</td>
<td>604.584.5185</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stonecrop Seafarm Co-op</td>
<td>512 4th St. Courtenay BC V9N 1H2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Great West Fishermen's Co-op Ass'n.</td>
<td>2nd Flr., 3711 Moncton St. Richmond BC V7Z 2C4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trevor Hamilton</td>
<td>Canadian Gooseneck Barnacle Harvesters Co-op</td>
<td>C/O 4 4180 Island Highway North Nanaimo BC V9T 1W6</td>
<td>250.722.2171</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lorne Clayton</td>
<td>Pacific Coast Mackerel Co-op Ass'n.</td>
<td>&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quatsino Seafoods Co-operative</td>
<td>#10 201 Harbour Rd. Coal Harbour BC V0N 1K0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Coast Shellfish Management Co-op</td>
<td>337 Quattishe Rd. PO Box 36 Coal Harbour BC V0N 1K0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bruce Burrows</td>
<td>Sointula Seafoods Co-op Ass'n.</td>
<td>265 2nd St., Sointula BC V0N 3E0</td>
<td>250.973.6582</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skeena Wild Seafood Co-op</td>
<td>525 Herman St. Prince Rupert BC V8J 3A6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wild Island Foods Co-operative</td>
<td>35 Hamilton St. PO Box 383 Sointula BC V0N 3E0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Provincial Government Contacts (in alphabetical order)

Two key places to begin your search with the provincial government are the BC government online directory at http://www.dir.gov.bc.ca and the toll free information number of Enquiry BC. (1.800.663.7867)

BC Assets and Land Corporation
This is the organisation you will need to contact for obtaining Crown leases (for fish or shellfish farming).

609 Broughton Street, 5th Floor
PO Box 9475, STN PROV GOVT
Victoria, BC
V8W 9W6
P: 250.952.6246
F: 250.952.6237
E: BCALInfo@gems1.gov.bc.ca
http://www.bcal.bc.ca/

Shellfish Unit
British Columbia Assets and Land Corporation
2080 Labieux Road
Nanaimo, BC
V9T 6J9
P: 250.751.3160
F: 250.751.3116

BC Registrar of Companies, Ministry of Finance
You will submit your legal documents, including the name approval request form, the memorandum of association, rules of association, notice of registered office, and list of first directors, to the Registrar. Call the registrar if you have any questions about these documents.

940 Blanshard Street, 2nd Floor
PO Box 9431, STN PROV GOVT
Victoria, BC
V8W 3E6
P: 250.387.7848 (Victoria) or 604.755.1041 (Vancouver)
F: 250.356.0206
http://www.fin.gov.bc.ca/registries/corppg/

Enquiry BC
Organising Fishery Co-operatives

If you can’t find a provincial government phone number, call Enquiry BC at 1.800.663.7867. Operators at this number have access to the BC government phone directory.

**Important Note:** If you have a provincial government phone number, but it is long distance, call Enquiry BC and ask to be transferred to that number so that it does not cost you anything.

**Fisheries Renewal BC**
Fisheries Renewal BC
405-960 Quayside Drive
New Westminster, BC
V3M 6G2
P: 604.660.0939 or (Toll Free) 1.888.Go Renew (467.3639)
F: 604.660.0938
E: mail@fishrenewal.gov.bc.ca
http://www.fishrenewal.gov.bc.ca

**Government Agents**
Government Agents are located throughout BC and are able to provide you with information on provincial government services. They also have most government forms available. For a location near you, contact Enquiry BC or call the Government Agent’s headquarters at:

P: 250.356.2038
F: 250.387.5633
www.governmentagents.sb.gov.bc.ca/index.html

**Ministry of Community Development, Co-operatives and Volunteers**
Contacts for information on the **Co-op Advantage** funding programme, the **Community Enterprise** funding programme, and general assistance and information in starting your co-operative.

PO Box 9915, STN PROV GOVT
221-560 Johnson Street
Victoria, BC
V8W 9R1
P: 1.877.777.1533
F: 250.356.9467
E: cdev@gems4.gov.bc.ca
http://www.gov.bc.ca/cdev
Ministry of Finance and Corporate Relations
The Ministry of Finance and Corporate Relations issues you the certificate of registration for paying the provincial sales tax.

Consumer Taxation Branch, Vancouver
500-605 Robson Street
Vancouver, BC
V6B 5J3
P: 604.660.4524
F: 604.660.1104

Consumer Taxation Branch, Victoria
Policy and Legislation Section
1061 Fort Street
Victoria, BC
V8V 3K5
P: 250.387.0656
F: 250.387.6218

Ministry of Agriculture, Food and Fisheries
PO Box 9120, STN PROV GOV’T
808 Douglas Street
Victoria, BC
V8W 9B4
P: 250.387.5121
http://www.agf.gov.bc.ca

Licensing Information for fish farms:
2500 Cliffe Avenue
Courtenay, BC
V9N 5M6
P: 250.897.7540 or 250.334.1442
F: 250.334.1410

Rural Development Office
This office is part of the Ministry of Agriculture, Food and Fisheries and can act as a real red tape cutter by linking up your co-op with the necessary agencies and government ministries for obtaining licenses and permits for your co-op. The office is especially helpful for those starting a shellfish co-operative.
Organising Forestry Co-operatives

PO Box 9404, STN PROV GOVT
Victoria, BC
V8W 9V1

Physical Address:
617 Government Street, 4th Floor
Victoria, BC
V8V 1X4
Contact: Dennis Brown, Special Advisor, Coastal Communities,
P: 604.844.1988

One-Stop Business Registration
The provincial and federal governments have set up a network called “one stop business registration.” This system allows you to complete many of the required legal documents to get your co-operative going all at once at one of the designated computer terminals in BC. For more information on the programme, see the website at http://www.tbc.gov.bc.ca/gasbc/osbr/index.html

To locate the one-stop business registration office near you contact:

Mark Timmins
OneStop Business Registration
British Columbia Ministry of Small Business, Tourism and Culture
Small Business Branch
1405 Douglas Street, 6th Floor
PO Box 9805, STN PROV GOVT
Victoria, BC
V8W 9W1
P: 250.565.6339 or (Toll Free) 1.800.988.8299
F: 250.565.6638
E: Mark.Timmins@gems5.gov.bc.ca
Federal Government Contacts

Canada/British Columbia Business Service Centre
This organisation is a partnership of the provincial and federal governments and has excellent information on everything from marketing to business planning to a huge list of government grants and loans available to small business.

601 West Cordova Street
Vancouver, BC
V6B 1G1
P: 604.775.5525 or (Toll Free – BC region only) 1.800.667.2272
F: 604.775.5520
Info-FAX: 604.775.5515 or (Toll Free) 1.800.667.2272
http://www.sb.gov.bc.ca
E-mail Bookstore: crowley.brenda@cbsc.ic.gc.ca
Website Comments: hartley.len@cbsc.ic.gc.ca
Business Start-Up:olson.dave@cbsc.ic.gc.ca
Trade and Markets or Export/Import: waung.mary@cbsc.ic.gc.ca
Statistics: eversfield.mark@cbsc.ic.gc.ca

Community Futures Development Corporations
These organisations may provide loans, information and other resources, including office space, to your co-operative. At last count there were 35 CFDCs across the province. To find the one nearest you, contact:

Community Futures Development Association of BC
1607-1166 Alberni Street
Vancouver, BC
V6E 3Z3
P: 604.681.7130
F: 604.681.9369

The 12 coastal CFDCs joined forces in 1997 to specifically target communities undergoing economic adjustment due to the crisis in the fisheries. The contact list for the 12 coastal CFDCs is as follows:
Organising Fishery Co-operatives

Contact List:

Co-operatives Secretariat

<table>
<thead>
<tr>
<th>Coastal CFDC</th>
<th>Contact Name</th>
<th>Telephone Number</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/37</td>
<td>Joe Whitney</td>
<td>250.635.5449</td>
<td><a href="mailto:1637cfdc@kermode.net">1637cfdc@kermode.net</a></td>
</tr>
<tr>
<td>Alberni-Clayquot</td>
<td>Lori Camire</td>
<td>250.724.1241</td>
<td><a href="mailto:cfdc@cedar.alberni.net">cfdc@cedar.alberni.net</a></td>
</tr>
<tr>
<td>Cariboo-Chilkotin</td>
<td>Doug Frankiw</td>
<td>250.392.3626</td>
<td><a href="mailto:carcfdc@mail.netshop.net">carcfdc@mail.netshop.net</a></td>
</tr>
<tr>
<td>Central Island</td>
<td>Bob Vanschubert</td>
<td>250.753.6414</td>
<td><a href="mailto:info@cfnanaimo.org">info@cfnanaimo.org</a></td>
</tr>
<tr>
<td>Cowichan Region</td>
<td>Joanna Rotherham</td>
<td>250.746.1004</td>
<td><a href="mailto:cfdc@cowichan.com">cfdc@cowichan.com</a></td>
</tr>
<tr>
<td>Haida Gwaii</td>
<td>Art Lew</td>
<td>250.626.5594</td>
<td><a href="mailto:guest1@hjqc.csc.bc.ca">guest1@hjqc.csc.bc.ca</a></td>
</tr>
<tr>
<td>Mt. Waddington</td>
<td>Ken Tully</td>
<td>250.949.7888</td>
<td><a href="mailto:futures@island.net">futures@island.net</a></td>
</tr>
<tr>
<td>North Fraser</td>
<td>Fred Gornall</td>
<td>604.826.6252</td>
<td><a href="mailto:cfdcnf@mindlink.bc.ca">cfdcnf@mindlink.bc.ca</a></td>
</tr>
<tr>
<td>Nuu-Chah Nuulth</td>
<td>Al Little</td>
<td>250.724.3131</td>
<td><a href="mailto:nedc@island.net">nedc@island.net</a></td>
</tr>
<tr>
<td>Pacific Northwest</td>
<td>Maynard Angus</td>
<td>250.622.2332</td>
<td><a href="mailto:cfdpnw@citytel.net">cfdpnw@citytel.net</a></td>
</tr>
<tr>
<td>Powell River</td>
<td>Pam Krompocker</td>
<td>604.485.7901</td>
<td><a href="mailto:cfdprr@prcn.org">cfdprr@prcn.org</a></td>
</tr>
<tr>
<td>Strathcona</td>
<td>George Lerchs</td>
<td>250.830.1141</td>
<td><a href="mailto:futures@oberon.ark.com">futures@oberon.ark.com</a></td>
</tr>
<tr>
<td>Sunshine Coast</td>
<td>Allan Mulholland</td>
<td>604.885.1959</td>
<td><a href="mailto:cfdc@sunshine.net">cfdc@sunshine.net</a></td>
</tr>
</tbody>
</table>

This is the federal agency that regulates federally incorporated co-operatives. Even so, they have an excellent website that has information useful to provincially incorporated co-ops.

Co-operatives Secretariat
Sir John Carling Building
930 Carling Avenue
Room 467
Ottawa, ON
K1A OC5
P: 613.759.7194
F: 613.759.7489
E: co-ops@em.agr.ca
http://www.agr.ca/policy/coop
in British Columbia: A Handbook

Department of Fisheries and Oceans Canada

Licensing Contact Numbers

<table>
<thead>
<tr>
<th>Location</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>604.666.0561</td>
<td>604.666.5855</td>
</tr>
<tr>
<td>Prince Rupert</td>
<td>250.627.3413</td>
<td>250.627.3496</td>
</tr>
<tr>
<td>Nanaimo</td>
<td>250.754.0400</td>
<td>250.754.0403</td>
</tr>
</tbody>
</table>

DFO has offices across BC. To locate the office nearest you, contact the central office or consult DFO’s website:

Communications Branch
555 West Hastings Street, Suite 400
Vancouver, BC
V6B 5G3
P: 604.666.0384
F: 604.666.1847
E: pacdfocommunications@pac.dfo-mpo.gc.ca
http://www.pac.dfo-mpo.gc.ca/
Organising Fishery Co-operatives

Human Resources Development Canada
As part of its mandate, this federal department provides wage subsidies to small businesses. It has offices across Canada.

To find the office nearest you, contact Reference Canada at 1.800.667.3355 or check their website at www.bc.hrde-drhc.gc.ca/common/contct.html

For publications from this Ministry, contact:

Publications Centre
Human Resources Development Canada
140 Promenade du Portage, Phase IV
Hull, PQ
K1A 0J9
F: 819.953.7260
E: info@hrdc-drhc.gc.ca

The Women’s Enterprise Society of BC
This organisation assists “women entrepreneurs to succeed in business,” according to its website. It provides networking, information, and loans.

103-1635 Abbott Street
Kelowna, BC
V1Y 1A9
P: 250.868.3454 or (Toll Free) 1.800.643.7014
F: 250.868.2709
E: info@wes.bc.ca
www.wes.bc.ca
in British Columbia: A Handbook

Co-operative Organisations

Canadian Co-operative Association (CCA)
275 Bank Street, Suite 400
Ottawa, ON
K2P 2L6
P: 613.238.6711
F: 613.567.0658
E: ccainfo@web.apc.org
http://www.coopcca.com/

CCA British Columbia
John Restakis
1800-555 West Hastings Street
Box 12069
Vancouver, BC
V6B 4N5
P: 604.662.3906
F: 604.662.5642

The Co-operative Development Foundation of Canada
Angela Splinter, Manager
275 Bank Street, Suite 400
Ottawa, ON
K2P 2L6
P: 613.238.6711
F: 613.567.0658
E: cdf@co-opcca.com

Co-operative Enterprise Centre
180-3795 Carey Road
Victoria, BC
P: 250.595.6451
F: 250.595.6461

Federated Workers Co-operative, DevCo
This organisation is a worker co-operative that assists people in developing co-ops in British Columbia. It is an excellent resource for information and training to support the establishment of your co-operative.
Organising Fishery Co-operatives

Marty Frost  
P: 604.251.6710  
F: 604.251.6759

Federation of Worker Co-operatives of BC  
Jackie Somerville  
PO Box 3698  
Courtenay, BC  
P: 250.337.8873  
F: 250.337.8873

International Co-operative Alliance  
15, route des Morillons, 1218 Grand-Saconnex  
Geneva, Switzerland  
P: 41.022.929.88.88  
F: 41.022.798.41.22  
E: ica@co-op.org  
http://www.coop.org/ica

Victoria’s Community and Co-operative Enterprise Centre  
100-703 Broughton Street  
Victoria, BC  
V8W 1E2  
P: 250.360.0852  
F: 250.360.0842  
E: cedco@pacificcoast.net
Universities and Colleges

**British Columbia Institute for Co-operative Studies, University of Victoria**
Dr. Ian MacPherson, Director
Room 109, University House 2
University of Victoria
PO Box 3060, STN CSC
Victoria, BC
V8W 3R4
P: 250.472.4539
F: 250.472.4541
E: rochdale@uvic.ca
http://web.uvic.ca/bcics

**Coady International Institute, St. Francis Xavier University**
PO Box 5000
Antigonish, NS
B2G 2W5
P: 902.867.3961
F: 902.867.3907
E: coady@stfx.ca
www.stfx.ca/institutes/coady

**University of Saskatchewan, Centre for the Study of Co-operatives**
101 Diefenbaker Place
University of Saskatchewan
Saskatoon, SK
S7N 5B8
P: 306.966.8509
F: 306.966.8517
coop.studies@usask.ca
http://coop-studies.usask.ca/

**University of Wisconsin, Center for Co-operatives**
E: grinnel@aae.wisc.edu
www.wisc.edu/uwcc
6.2 Appendix 2: Individual Board Member Evaluation Worksheet

Individual Board Member Evaluation


Please review and answer each question. This evaluation is for your own benefit and your answers are for your own knowledge and information. The purpose of this exercise is to help you review your activities and contributions as a board member, as well as to help you identify specific objectives for strengthening your future performance.

I. Board organisation and procedure orientation

1. Have you reviewed and are you familiar with:
   ____ Y es ____ No The organisation’s current mission goals and objectives?
   ____ Y es ____ No The Act, Regulations and bylaws?
   ____ Y es ____ No The corporate organisational structure?
   ____ Y es ____ No The organisation of the board?
   ____ Y es ____ No The list of policies of the board, management?

2. Do you prepare for each board meeting by reading and analysing all materials sent in advance of the meeting?
   ____ Y es ____ No

3. How would you rate your attendance at the participation in:
   ____ Very good ____ Good ____ Poor  Board meetings and discussions?
   ____ Very good ____ Good ____ Poor  Committee meetings and discussions?
   ____ Very good ____ Good ____ Poor  Do you always voice your concerns about (or vote against) proposals with which you do not agree?

4. ____ Y es ____ No Once a vote is taken by the board, do you always support the position, even if you did not vote in the majority?

5. ____ Y es ____ No Have you recommended new or beneficial ideas in the past year for improving the performance of the board?
6. ____ Yes ____ No Have you contributed directly to the achievement of one or more of the board’s annual objectives?

7. What steps will you take in the coming year to increase your knowledge of and participation in the board’s operations and committee structures?
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________
   (c) _______________________________________________________________________

II. External representation

1. In what ways have you been an effective representative of the organisation to the public or specific groups outside the organisation?
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________

2. How have you helped the community to become more aware of the organisation and its role in the community?
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________

3. How have you helped the management to become more involved and better known in the area?
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________

4. What steps will you take in the coming year to increase your effectiveness as a representative of your organisation?
   (a) _______________________________________________________________________
   (b) _______________________________________________________________________

in British Columbia: A Handbook
III Personal development

1. How well do you feel you understand the current issues in your industry/sector and their potential impact on your organisation and its people?
   ____ Very good ____ Well ____ Not well

2. How familiar are you with the services and programs of your organisation?
   ____ Very familiar ____ Familiar ____ Not familiar

3. What steps will you take in the coming year to increase your knowledge of critical issues facing your organisation and their impact on the services and programs of the organisation?
   (a) ...........................................................................................................
   (b) ...........................................................................................................
   (c) ...........................................................................................................

IV Relationships

1. How would you characterise your working relationship with the other board members and the senior management staff?
   ____ Very effective ____ Effective ____ Not effective

2. What steps will you take in the coming year to strengthen these relationships?
   (a) ...........................................................................................................
   (b) ...........................................................................................................
   (c) ...........................................................................................................

V. Tenure on the Board

Based on your response to the questions above;
1. Do you feel you are an effective board member and still the best person to fill your position as a board member?
   ____ Yes ____ No
2. Are you comfortable with the amount of time you devote to being a board member of the organisation?
____ Yes ____ No

3. What steps, in addition to the ones above, can you take to further improve your performance as a board member?
(a)
_______________________________________________________________________
(b)
_______________________________________________________________________
(c)
_______________________________________________________________________

Review your response to this questionnaire in six months in order to track your progress toward the objectives you have set for yourself.

Robert’s Rules of Order
The information on Robert’s Rules of Order is taken from the website: www.cyberbuzz.gatech.edu/apo/robert.html

Robert’s Rules of Order

What Is Parliamentary Procedure?

It is a set of rules for conduct at meetings that allows everyone to be heard and to make decisions without confusion.

Why is Parliamentary Procedure Important?

Because it’s a time tested method of conducting business at meetings and public gatherings. It can be adapted to fit the needs of any organisation. Today, Robert’s Rules of Order newly revised is the basic handbook of operation for most clubs, organisations, and other groups. So it’s important that everyone know these basic rules!

Organisations using parliamentary procedure usually follow a fixed order of business. Below is a typical example:

1. Call to order.
2. Roll call of members present.
3. Reading of minutes of last meeting.
4. Officer’s reports.
5. Committee reports.
6. Special orders — Important business previously designated for consideration at this meeting.
7. Unfinished business.
9. Announcements.
10. Adjournment.

The method used by members to express themselves is in the form of moving motions. A motion is a proposal that the entire membership take action or a stand on an issue. Individual members can:

1. Call to order.
2. Second motions.
There are four Basic Types of Motions:

1. Main Motions: The purpose of a main motion is to introduce items to the membership for their consideration. They cannot be made when any other motion is on the floor and yield to privileged, subsidiary, and incidental motions.
2. Subsidiary Motions: The purpose of a subsidiary motion is to change or affect how a main motion is handled and is voted on before a main motion.
3. Privileged Motions: The purpose of a privileged motion is to bring up items that are urgent about special or important matters unrelated to pending business.
4. Incidental Motions: The purpose of an incidental motion is to provide a means of questioning procedure concerning other motions and must be considered before the other motion.

How are Motions Presented?

1. Obtaining the floor
   a. Wait until the last speaker has finished.
   b. Rise and address the Chair by saying, “Ms. or Mr. Chair.”
   c. Wait until the Chair recognises you.
2. Make Your Motion
   a. Speak in a clear and concise manner.
   b. Always state a motion affirmatively. Say, “I move that we ...” rather than, “I move that we do not ...”.
   c. Avoid personalities and stay on your subject.
3. Wait for Someone to Second Your Motion
4. Another member will second your motion or the Chair will call for a second.
5. If there is no second to your motion it is lost.
6. The Chair States Your Motion
   a. The Chair will say, “it has been moved and seconded that we ...” Thus placing your motion before the membership for consideration and action.
   b. The membership then either debates your motion or may move directly to a vote.
   c. Once your motion is presented to the membership by the chair it becomes “assembly property,” and cannot be
Organising Fishery Co-operatives

changed by you without the consent of the members.

7. Expanding on Your Motion
   a. The time for you to speak in favour of your motion is at
      this point in time, rather than at the time you present it.
   b. The mover is always allowed to speak first.
   c. All comments and debate must be directed to the Chair.
   d. Keep to the time limit for speaking that has been estab-
      lished.
   e. The mover may speak again only after other speakers
      are finished, unless called upon by the Chair.

8. Putting the Question to the Membership
   a. The Chair asks, “Are you ready to vote on the ques-
      tion?”
   b. If there is no more discussion, a vote is taken.
   c. On a motion to move, the previous question may be
      adapted.

Voting on a Motion:

The method of voting on any motion depends on the situation and the by-
laws or policy of your organisation. There are five methods used to vote
by most organisations. They are:

1. By Voice — The Chair asks those in favour to say, “aye”, those
   opposed to say “no”. Any member may move for an exact
   count.
2. By Roll Call — Each member answers “yes” or “no” as his name
   is called. This method is used when a record of each person’s
   vote is required.
3. By General Consent — When a motion is not likely to be op-
   posed, the Chair says, “if there is no objection...” The member-
   ship shows agreement by their silence, however if one member
   says, “I object,” the item must be put to a vote.
4. By Division — This is a slight verification of a voice vote. It does
   not require a count unless the chair so desires. Members raise
   their hands or stand.
5. By Ballot — Members write their vote on a slip of paper, this
   method is used when secrecy is desired.

There are two other motions that are commonly used that relate to voting.

1. Motion to Table — This motion is often used in the attempt to
   “kill” a motion. The option is always present, however, to “take
   from the table”, for reconsideration by the membership.
in British Columbia: A Handbook

2. Motion to Postpone Indefinitely — This is often used as a means of parliamentary strategy and allows opponents of a motion to test their strength without an actual vote being taken. Also, debate is once again open on the main motion.

Parliamentary Procedure is the best way to get things done at your meetings. But, it will only work if you use it properly.

1. Allow motions that are in order.
2. Have members obtain the floor properly.
3. Speak clearly and concisely.
4. Obey the rules of debate.
5. Most importantly, BE COURTEOUS.

Consensus Decision Making

Reproduced with permission from the website http://www.actupny.org/documents/CDdocuments/Consensus.html

What is consensus?
Consensus is a process for group decision-making. It is a method by which an entire group of people can come to an agreement. The input and ideas of all participants are gathered and synthesized to arrive at a final decision acceptable to all. Through consensus, we are not only working to achieve better solutions, but also to promote the growth of community and trust.

What does consensus mean?
Consensus does not mean that everyone thinks that the decision made is necessarily the best one possible, or even that they are sure it will work. What it does mean is that in coming to that decision, no one felt that her/his position on the matter was misunderstood or that it wasn’t given a proper hearing. Hopefully, everyone will think it is the best decision; this often happens because, when it works, collective intelligence does come up with better solutions than could individuals.

Consensus takes more time and member skill, but uses lots of resources before a decision is made, creates commitment to the decision, and often facilitates a creative decision. It gives everyone some experience with new processes of interaction and conflict resolution, which is basic but important skill-building. For consensus to be a positive experience, it is best if the group has 1) common values, 2) some skill in group process and conflict resolution, or a commitment to let these be facilitated, 3) commitment and
responsibility to the group by its members, and 4) sufficient time for everyone to participate in the process.

**Forming the consensus proposals**
During discussion, a proposal for resolution is put forward. It is amended and modified through more discussion, or withdrawn if it seems to be a dead end. During this discussion period, it is important to articulate differences clearly. It is the responsibility of those who are having trouble with a proposal to put forth alternative suggestions.

The fundamental right of consensus is for all people to be able to express themselves in their own words and of their own will. The fundamental responsibility of consensus is to assure others of their right to speak and be heard. Coercion and trade-offs are replaced with creative alternatives and compromise with synthesis.

When a proposal seems to be well understood by everyone and there are no new changes asked for, the facilitator(s) can ask if there are any objections or reservations to it. If there are no objections, there can be a call for consensus. If there are still no objections, then after a moment of silence you have your decision. Once consensus does appear to have been reached, it really helps to have someone repeat the decision to the group so everyone is clear on what has been decided.

**Difficulties in reaching consensus**
If a decision has been reached, or is on the verge of being reached that you cannot support, there are several ways to express your objections:

- **Non-support** (“I don’t see the need for this, but I’ll go along.”)

- **Reservations** (“I think this may be a mistake but I can live with it.”)

- **Standing aside** (“I personally can’t do this, but I won’t stop others from doing it.”)

- **Blocking** (“I cannot support this or allow the group to support this. It is immoral.” If a final decision violates someone’s fundamental moral values they are obligated to block consensus.)

- **Withdrawing from the group.** Obviously, if many people express non-support or reservations, stand aside, or leave the group, it may not be a viable decision even if no one directly blocks it. This is what
is known as a “lukewarm” consensus and it is just as desirable as a lukewarm beer or a lukewarm bath.

If consensus is blocked and no new consensus can be reached, the group stays with whatever the previous decision was on the subject, or does nothing if that is applicable.

**Roles in a consensus meeting**

There are several roles, which, if filled, can help consensus decision making run smoothly. The facilitator(s) aids the group in defining decisions that need to be made, helps them through the stages of reaching an agreement, keeps the meeting moving, focuses discussion to the point-at hand, makes sure everyone has the opportunity to participate, and formulates and tests to see if consensus has been reached. Facilitators help to direct the process of the meeting, not its content. They never make decisions for the group. If a facilitator feels too emotionally involved in an issue or discussion and cannot remain neutral in behavior, if not in attitude, then s/he should ask someone to take over the task of facilitation for that agenda item.

A vibes-watcher is someone besides the facilitator who watches and comments on individual and group feelings and patterns of participation. Vibes-watchers need to be especially tuned in to the sexism of group dynamics.

A recorder can take notes on the meeting, especially of decisions made and means of implementation, and a time-keeper keeps things going on schedule so that each agenda item can be covered in the time allotted for it (if discussion runs over the time for an item, the group may or may not decide to contract for more time to finish up).

Even though individuals take on these roles, all participants in a meeting should be aware of and involved in the issues, process, and feelings of the group and should share their individual expertise in helping the group run smoothly and reach a decision. This is especially true when it comes to finding compromise agreements to seemingly contradictory positions.
6.4 Appendix 4: Possible Contents of a Board of Directors’ Manual


A manual should contain:

1. a brief history of the organisation;
2. a statement of the objectives of the organisation;
3. an organisation chart - board and staff;
4. a list of board committees and their members;
5. names, addresses, and telephone numbers of each board member;
6. job descriptions of the president, the manager, and the board;
7. by-laws of the organisation;
8. current minutes and agendas of the board meetings;
9. board and management policies;
10. financial statements;
11. operating and capital budgets;
12. long range plans; and,
13. special reports.
6.5 Appendix 5: Asking Good Questions at Meetings


Effective Questions

The most effective impact the board has on the decisions and plans of the organisation is through the question process.

Discerning and penetrating questions on all matters presented to the board are the privilege and responsibility of the board.

Good questions
1. focus the issue
2. make more information available
3. make decisions more effective

Good questioning requires directors
1. to study the situation in advance
2. have some experience
3. have tact, judgment, and courage

Discerning questions
1. educate the board and the manager
2. organise the thought of the manager
3. require the questioner to be a good listener

Good managers usually invite discerning questions from the board. The willingness and ability to provide answers to significant questions raised is a test of the qualifications of the manager.

The president must assure that the questions asked are:
1. to the given point; not disconnected, or about two subjects at one time
2. are kept objective and not directed toward personalities

Following are nine types of discerning questions:

1. To clarify data
   What do these figures mean?
   Did you mean .....? or
Did you mean .....?

2. To test the reliability of data
   Is that report dependable?
   How do we know it’s reliable?
   How accurate have these reports been in the past?

3. To get more data
   Can we get more information?
   Are other figures available?
   How does this compare with the national/provincial/municipal average?

4. To stimulate other alternatives
   Isn’t there some other possibility?
   How could we make this idea more acceptable?
   Shouldn’t we study this proposal further so we don’t miss anything?

5. To focus on areas of agreement and away from areas of disagreement
   Could we accept the three points we agreed upon?
   Why not look at it from the angle of what is right rather than who is right?
   How vital do we consider this point on which we don’t agree?

6. To direct attention to the probable effects of a proposal
   How will it affect our finances?
   How will it affect our services?
   Who is the program going to benefit? or hurt?

7. To check the degree of probability of the effects
   How probable is the proposal you predict?
   Is it certain our members will reject the idea?

8. To direct attention to the relative value of probable effects
   Which of these probable outcomes do we think is more important?
   Why don’t we compare the long-term value of one alternative against the other?

9. To terminate a discussion and reach a decision.
   Have we heard all your ideas?
in British Columbia: A Handbook

Are we ready to come to a conclusion?
Is there a point in discussing this matter further?
Organising Fishery Co-operatives

6.6 Appendix 6: Fishery Co-operative Case Studies

Case Study A: Canoe Pass Fishermen’s Co-operative Association

Date of Incorporation: Feb. 7, 1944
Membership: 55 members with 70 salmon licenses
Employees: One (secretary/manager)
Volume of activities ($): 3 million/year (on average)
Type of Activities: Salmon gillnet fishing and rental of barge and packer.
Territory Served: Most of the coast.
Assets ($): $150,000
Equity: One barge (insured for $75,000) and one packer (insured for $65,000)

The Canoe Pass Fishermen’s Co-operative Association (“Canoe Pass”) is arguably the longest running fishery co-operative in British Columbia. Although it has had its ups and downs, it continues to exist as a successful fish co-op. Because of its long-term success, it is a valuable fishery co-operative to analyse in attempting to determine the ingredients that have enabled it to survive and prosper for such a long time.

Canoe Pass was founded by Mike Vidulich, Roy Anderson, and several other fishers in Ladner when they decided that there “was a need for a co-operative approach to fish packing” (Morin, 1996, p. 13). They organised in 1942 against a backdrop of increasing militancy among fishers who were uniting against the exploitative power of the canning and processing industries. In addition, it was during this time that the Extension Department at the University of British Columbia was promoting the co-operative model to fishers across the BC Coast.

On February 7, 1944, the Canoe Pass Fishermen’s Co-operative Association was incorporated. Mike Vidulich was elected the president of the co-op. He also had the central role of head negotiator with the canning companies, when negotiating the price of the co-op’s fish.

Many members of Canoe Pass were also involved in the founding of the Ladner Fishermen’s Credit Union, which today exists as the Delta Credit Union. Mike Vidulich was elected the first president of this credit union (Morin, 1996). In addition to the crossover between the credit union and the co-op, most of the members of the co-op knew each other and many were related to each other in some way. For example, Mike’s brother, Bill, was also a member of Canoe
Why it was Founded
As one of the older fishers explains, Canoe Pass was founded “to get a better price for our fish.” Two of the fishers interviewed recalled bitterly how the canning and processing companies would offer a different price for salmon caught upriver, past a certain bridge on the Fraser River—a completely arbitrary and unjustified discrimination. Joining a co-op and negotiating as a bloc increased the fishers’ bargaining power with the marketing and processing companies. (Today they are contracted to supply their catch to Ocean Fisheries Ltd., based in Vancouver.)

In addition to negotiating as a bloc, Canoe Pass was founded to pack fish cooperatively. To this end, the co-op purchased a packer and, several years later, a barge for packing all of the members’ fish. A picture of this packer, with Mike and Bill Vidulich at the helm, appears on the front cover of the book The History of the Delta Credit Union. The packer, with “Canoe Pass Co-op” emblazoned on its side, is still in use and can sometimes be seen docked at Ladner’s harbour. The co-op financed the packer and the barge through member holdbacks, whereby some portion of the fishers’ bonuses were retained. Today, the co-op owns the packer and barge outright.

The barge and packer have been one of the keys to the co-op’s success because it is an income generator for the co-op: as part of its contract with Ocean Fisheries Ltd., the company must rent the barge and packer from the co-op for packing the co-op’s fish. This rental income is used to pay the one staff person of the co-op, the secretary/manager, who is responsible for the co-op’s finances and ensuring that the co-op fulfills its legal obligations. Any surplus from the rent is divided among the membership based on how much they produced in the past season (i.e., as a patronage refund).

Members of the co-op have made a conscious decision to keep the co-op exclusively involved in fishing and not expand the co-op’s activities into fish marketing and processing. One fisher cited the failure of other fish co-operatives that became involved in marketing and processing as a reason for maintaining the co-op’s narrow focus. Furthermore, this same fisher stated that “fishermen are fishermen….You can’t get fishermen trying to operate canneries….Most of these people [in the co-op] were brought up catching fish; processing and marketing fish is too hard to cope with.”

However, another fisher notes that Canoe Pass’s charter allows them to pro-
cess and market their fish, if they so decide. To this end, the co-op has been involved with the British Columbia Fishermen’s Independent Co-operative, which received $25,000 from Fisheries Renewal BC to conduct a feasibility study for building a fish off-loading and auction facility in Steveston (Fisheries Renewal BC, 1999). Thus, if their agreement with Ocean Fisheries is disrupted in some way, the members of Canoe Pass may have another place to market their fish.

The Organisation of the Co-op
The co-op has one employee, a secretary/manager, who is both a board member and an employee. As such, he is responsible for the finances and legal issues of the co-op. One fisher explains that they made the secretary/manager the same person because quite often decisions made by the manager require information that only the secretary would know. Thus, it made sense to combine the two positions. “If you have a manager, a president, and a secretary, you’ve got a lot of guys with titles, but not a lot of people who know what is happening in the organisation,” he says.

The secretary/manager must be a “producing member” (i.e., a member who is still fishing). This creates an incentive for the secretary/manager to do a good job because a mistake would directly harm the secretary/manager. This would not be the case if the secretary/manager were no longer fishing and derived all of their income from their wages as the manager.

As for the board itself, the co-op has a rule that you may only stand for the board if you have been a member for three years. This allows new members time to become familiar with the organisation. Each board member is responsible for a certain area of the Coast. If a member of the co-op has a question or issue they would like to see addressed, they consult their area representative who deals with the member’s concerns.

Innovative Solutions to Classic Problems with Fish Co-ops
In reading the history of fish co-ops in BC, three key stumbling blocks come up again and again:

1) dependence on the marketing and processing companies for gear, credit, and supplies. Hand in hand with this dependence is usually a company demand that, in return for providing the fisher with credit and gear, the fisher must deliver all their fish to the company, which severely limits the fisher’s bargaining power with the companies;

2) the fact that some members may become greedy and sell their fish to a company offering a higher price, even though they already
have a contract with another processor through the co-op;
3) relations with the fishery union, the United Fishermen’s, and Allied Workers’ Union during strikes, when some co-op members will argue that they should still be able to continue fishing.

To deal with these three issues, Canoe Pass uses three innovative solutions.

First, each fisher must have his or her own facilities and gear to join the co-op. This is important to maintain the autonomy of the fishers because otherwise a fisher becomes dependent on the companies for supplying credit and resources. This dependence eliminates any bargaining power the fishers might have in negotiating for the price of their fish. However, the downside of this requirement is that only the fishers with the requisite resources are able to join the co-op.

Second, the co-op has an incentive bonus written into its contract with the processing company. This incentive bonus states that if the co-op provides the company with a certain number of pounds of a certain species of fish, the members will receive an extra 1%, for example, on the price they receive from the company for ALL their fish. In this way, the co-op is able to discourage members from selling their catch to another company for a higher price.

Third, the co-op has an informal screening mechanism for all new members to ensure that they aren’t the type of fishers who would sell half of their load “down at the wharf,” instead of through the co-op. This screening process works informally, as the fishing community is small, and, as one fisher said, someone in the co-op will know the potential new member and be able to warn the others if the possible new member is “haywire.” “You want new members who are community minded, not crooks,” says one fisher. “You don’t want people in the drug business or who launder money or people who scab during a strike. Then you all get a bad name.”

Fishing during a strike can be a real issue for co-operative fishers. In the past, union-co-op relations have been strained when co-operative fishers continued to fish during a strike, arguing that they weren’t on strike (Hill, 1967). To deal with this issue, Canoe Pass has a policy of not fishing during a strike and not accepting the membership of a fisher who fished during a strike. As one fisher stated:

The problem with scabs is that it is hard to get the group back together after the strike. What happens is if you obey the strike you end up sitting at the [Annual General Meeting of the co-op] next to a member
who went scabbing and made $10,000 while you were tied up. This makes co-operation [among members] too difficult.

Fishers who fish during a strike are terminated for “conduct unbecoming a co-op member.” This has not been much of a problem, as most members are “union minded and live by union principles,” one fisher explained. Moreover, there is overlap between the co-op and the union as some members are active in the union too, serving on its executive.

**Two More Ingredients to Success: A Questioning Board and Member Cohesion**

It is important to remember that the board of directors is not a rubber stamp for decisions made by employees or the manager. The Board must not be afraid to ask hard questions of its manager, especially when it comes to approving expenses incurred by staff for the co-op. In fact, a good manager will encourage the board to ask difficult questions. The current secretary/manager is hard-nosed with the board members:

> The Board of Directors needs to get into its head to ask lots of questions. Many co-ops have failed because their boards haven’t done their jobs…. I encourage the board to ask questions about each bill and what it was for. If they don’t ask the question, I’ll say ‘Look, you guys, just because I’m honest, I’m not going to be here forever. For Christ’s sake, ask your goddamn secretary/manager questions!’

Another factor in the co-op’s success has been its ability to maintain cohesion among its members. This cohesion is easier to maintain in the Canoe Pass co-op because all the members use the same gear and gillnets, and some members are related to each other. Moreover to encourage cohesion, the co-op has a long history of making its annual general meeting into a social event where members of the co-op eat dinner together with representatives of Ocean Fisheries Ltd.

**Canoe Pass: Crypto Co-operative?**

Some have argued that Canoe Pass is a “crypto co-operative.” Hill dismisses Canoe Pass in a chapter on crypto co-operatives in *Tides of Change*, without providing any specific reasons for why he views the co-op as not good enough to be counted as a “real” co-operative. He defines a “real” co-operative as one “whose active principles come fairly close to the main stream of ‘Rochdale’ co-operation” (Hill, 1967, p. 217). His criticisms may have hit home, as one of the fishers interviewed also suggested that Canoe Pass was not a “real co-
However, if one were to apply the Rochdale principles to this co-op, it quickly becomes evident that the co-op is, in fact, a “real” co-operative based on Hill’s definition. Canoe Pass fulfills most, if not all, of these principles. For example, as an incorporated co-op, Canoe Pass has democratic member control (“one member, one vote”) through its board of directors. In addition, Canoe Pass has member economic participation, including a patronage refund system, which is a hallmark of co-operative organisations. And Canoe Pass also fulfills the Rochdale requirement of autonomy and independence, as the entire purpose of the co-op is to maintain a level of autonomy and independence to increase the members’ bargaining power with the companies. Thus, it appears that Hill and the Canoe Pass member do not view Canoe Pass as a real co-op because it is not engaged in marketing or processing, although, as mentioned above, this may change.

Advice for Those Starting a Fish Co-op
Members of Canoe Pass have some advice for those wishing to start a fishery co-op:

You’ve got to have a purpose and a reason to do it and you’ve got to have people with similar interests to get the thing off the ground. It’s not like you send out a mailing list with “do you want to join a co-op?” Co-ops happen through discussions on the wharf and in the restaurants.

When times get tough...people will think about forming a co-op. Each and every one of us went to Canoe Pass because we were unhappy dealing with the companies.
Case Study B: Cortes Island Shellfish Growers’ Co-operative Association

Date of Incorporation: Feb. 11, 1998
Membership: 60 members
Employees: None
Volume of activities ($): $40,000/year (on average)
Type of Activities: Supports local shellfish growers by, for example, assisting shellfish farmers in growing seed and providing them with a setting facility.
Territory Served: Cortes and surrounding islands.
Assets: Tenure, setting facility, generator.
Equity: Roughly $200,000

Crisis in the Local Economy

The Cortes Island Shellfish Growers Co-operative grew out of necessity. For over 15 years, many residents of Cortes Island supported themselves by growing shellfish for a local company, Redonda Sea Farms. The provincial government had granted many of the local foreshore tenures to this company. In turn, the company would hire locals to grow shellfish on these tenures. Redonda supplied the shellfish seed and many other resources to the farmers, who essentially acted as sharecroppers. The farmers would then sell their shellfish to Redonda who would take care of the marketing of the product. In addition, Redonda Sea Farms provided direct jobs to local residents in the oyster processing and setting plants.

All of this came to a crashing halt four years ago when Redonda Sea Farms became partners with Fanny Bay Oysters, which is located on Vancouver Island, near Courtenay. As a result of this partnership, Redonda moved most of its operations to Fanny Bay, including its seed operations. In addition, the company decided that it would no longer have local islanders grow the shellfish, but would instead bring in crews from off-island to look after the tenures. This had a near catastrophic effect on Cortes Islands’ economy: a company that had once contributed nearly $3 million a year to the local economy had relocated its operations.

In response to this crisis, an informal group of shellfish growers attempted to negotiate with the company to try and keep their contracts to grow shellfish.
They were not entirely successful, although some were able to buy some of the tenures.

Some of the growers called various people in the provincial government, looking for help. One of the people they called suggested that if the growers formed a community based organisation, such as a co-operative or non-profit society, the government would be willing to give them, at no cost, a tenure for a deep water site and a beach where they could grow seed for their shellfish. These tenures usually cost anywhere from $25,000 to $400,000, depending on their size and location. The founders researched the various organisations they could form to act as a community-based organisation, focusing on the idea of a co-op.

However, the idea of a co-op didn’t go over that well on the island. As one founder said, “Most of us were pretty uncomfortable with the idea of a co-op, myself included. I had images of the 1960s and 1970s with half-naked people somewhere on a piece of land.” But as the founders started to learn more about co-ops they realised that co-ops are just like any other business structure: “you can have a good partnership or a bad partnership or a good proprietorship or a bad proprietorship,” says one founder.

In addition, when canvassing for support of the co-op, many founders ran into outright hostility. One member said she almost lost friends over forming the co-op. In part, this was because a previous shellfish co-op had been formed on the island in the 1970s and its collapse had left a bad taste in some people’s mouths. The story goes that this previous co-op had also received free tenures from the government, but that some members sabotaged the co-op so that they could then take over the tenures for themselves, leaving other members with nothing. One founder of the co-op notes that it is difficult for people to work closely together if there has been a history of unresolved conflicts.

In addition to this past history, some people were hostile to forming a co-op for purely ideological reasons. “People just assumed that it wasn’t going to work because it’s communism,” says one founder of the co-op. Other locals who owned their own tenures were resentful that the co-op was being offered a tenure for free from the government, while other owners and tenure holders had been waiting for years to be able to expand their sites. These people accused the co-op’s founders of being “lifestylers” in the shellfish industry, not serious entrepreneurs or business people. (In fact, it turned out that the co-op was the only organisation in the province to be granted a
Organising Fishery Co-operatives

tenure in five or six years because of a provincial moratorium on granting new tenures.)

As one founder says, “there were some people who weren’t just nervous about [the co-op] but were openly hostile and would actually phone different agencies and government departments to try and stop us from getting funding and also to try and stop us from getting that tenure.” The founders of the co-op aren’t sure if this hostility would exist in a larger community, but they note that the hostility highlights the need for communication and conflict-resolution when trying to get people in small communities to work together.

The founders received information and encouragement from many sources when trying to surmount this opposition, including the BC Co-operative Association, DEVCO’s Marty Frost, a lawyer in Nanaimo who was a board member of a food co-op, Community Futures, and other oyster and blueberry co-ops. In addition, the co-op worked to develop a memorandum of understanding with the local First Nation.

**Incorporation**

Despite the opposition, members of the co-op took the plunge and incorporated the co-op on February 11, 1998. Originally the co-op was founded to provide shellfish seed to local growers so that they could continue to grow shellfish on their own tenures.

Today the co-op continues to provide seed to its members, if they want it, and it acts as an umbrella organisation to provide support to the growers. “We’ve gotten our price down to almost half of what it would be if we were each purchasing oyster seed on our own,” says one member. “We do bulk purchasing and save ourselves a lot of money.”

The co-op earns its income by taking a percentage from the seed sales, renting out spaces on the tenure for members to grow their seed, and charging for the use of the co-op’s setting facility.

In addition, the co-op is used as a vehicle for growers to share their ideas and research into developing techniques to grow shellfish more quickly and efficiently. One success story in this research and development has been the “bouncy bucket,” which was invented by several members of the co-op with assistance from Malaspina College. Members of the co-op spent four years studying the densities, location, and size of different oysters and the effects of
them being grown in the bouncy bucket. Through this research, the co-op discovered that the bouncy bucket was a remarkable method for increasing the efficiency in growing shellfish.

In keeping with the co-operative spirit, members share their innovations so that they may all benefit. This sharing happens at meetings, through the co-op’s newsletter, or at informal potlucks which the members hold to create a more comfortable and less intimidating atmosphere for people who might be nervous about speaking out at a formal meeting.

**Processing and Marketing**

In the second year of the co-op, some members expressed interest in expanding the co-op into marketing the members’ shellfish. Because Redonda was no longer buying from the growers and marketing their products, it was now up to the individual grower to find a buyer. Two members of the co-op spent a great deal of time and work developing a business plan for the development of processing and marketing the co-op’s shellfish on Cortes Island. However, this proposal ran into several barriers. First, one member of the co-op claims that another nearby shellfish growing co-op ran “interference” in their attempt to start a processing and marketing plant. Several members of the Cortes Island Shellfish Growers Co-op were also members of this other co-op. This member claims that the other co-op wanted to be the sole processor and marketer for both co-ops and that members of this other co-op sabotaged any attempts at starting a processing facility on Cortes Island.

Another barrier was the cost. The business plan estimated that the cost of setting up a processing and marketing facility would have been close to $350,000, which would have worked out to about $2,000 per member. However, this would not have all been paid for in cash. Some of it would have been paid for in the form of guarantees from the growers to supply the facility with their products in exchange for shares in the processing facility. One member says that people balked at the expense because it had been too soon after the economic shock of Redonda pulling back from its operations, which meant that many members still had very little money and were worried about their finances. They were also worried that Redonda would simply undercut the co-op’s prices and drive them out of business:

...it was too soon after the restructuring [of Redonda Sea Farms].
People were still trying to get back on their feet. A lot of these people had…been used to somebody taking care of them. You know, somebody making all of those marketing decisions. You just dropped your oysters off on the beach and a truck came [from Redonda] and picked them up,…

Other members of the co-op cite the individualistic nature of the shellfish grower as another reason why many members were hesitant to expand into processing and marketing:

One of the unique things about the oyster industry in general and especially here…is that growers are very independent. They like to do stuff on their own. And these types of projects, like marketing, wherever I’ve seem them tried, they’ve struggled because growers have a hard time putting all their resources into one basket and trusting that the co-op will work for them.

Another reason why processing and marketing the co-op’s products hasn’t taken off is that many of the growers have been successful in marketing their products on their own. Members have had chefs come up from Florida and California to inspect the oyster sites and arrange to have the members’ products sent directly to their restaurants. In addition, a local trucking company, Cortes Island Transport, markets many of the members’ products to about five different companies in Vancouver.

A final reason for the members’ hesitation to commit to the idea of processing and marketing is that many wanted a guarantee that a certain member would be the manager of the facility. These members had had some problems with some of the management at Redonda Sea Farms and understood the importance of good managing—they didn’t want to invest their money until they were sure they would have a manager they could trust.

One founder of the co-op describes the relationship between the co-op and the community as a “weird kind of symbiotic relationship between smaller independent companies [such as Cortes Transport and the individual members’ shellfish growing operations] that are kind of nested in this co-operative structure.”

The co-op’s future plans include trying to expand their tenure site to allow for a grow-out site. With this expansion, the co-op could then lease out raft spaces to its members on the site to grow shellfish. The co-op would then be able to raise money by charging rent on the leases and by growing some oysters itself.
Maintaining Local Control of Resources

With the experience of a large company pulling out of a community and leaving it high and dry, the founders of the co-op were quite concerned about maintaining local control of the co-op:

...in the Cortes area and a lot of these islands around here, the experience has been a company comes in and clearcuts all the trees and then leaves, or the fishermen from another part of the province come in and they fish all the fish and then go away. So the experience for the individuals that live here is that you have this anonymous group of people come in, extract your resources...and then leave.

But with the co-op structure, all of a sudden people started to realize that...the co-op could make arrangements to manage the tenure with the kind of default that if the co-op breaks up or wants to sell or something, the tenure will go back to the government or the community. So the individuals on the tenure can farm it, but they can’t remove that resource from the community.

And this is what the founders did. They made several rules to maintain local control: members had to be local residents that lived and worked in the area, although non-residents may join the co-op if the members vote to allow them to join.

Setting the Share Price

Another issue that faced the founders of the co-op was setting the share price. Originally, the share price was set at $30 and anyone could join: you didn’t have to be a shellfish grower. However, this share price was not set high enough to meet the basic costs of keeping the co-op running, so there was a push to raise the cost of a share or set up a system of yearly fees to help pay for the co-op’s expenses. This created a great deal of debate:

Some of us wanted to keep the share price really low so that it was accessible to anybody in the community who wanted to join. And then other people wanted to raise it up to keep only the serious people in it, so you don’t have a lot of people involved that never show up for meetings and that sort of stuff. They join and they never worry about it again.
You see what happened when we set up the co-op is that we had people from the community join just to show their support. Personally, I thought that was amazing and I wanted to keep those people. But then other members said ‘no, we’re running a business, you can’t have that, so we’re going to send them a bill like all the other members.’

The co-op decided to send all its members an annual bill of $50 to cover its operating expenses. As a result of this fee increase, the co-op lost 20 members.

One member suggests that maybe the best way to handle the issue is to obtain a loan, instead of constantly asking members for more money. This would allow the co-op to maintain a low share price.

Money issues, such as increasing the cost of a membership, require 75% of the membership to agree. This requirement was adopted after analysing other co-ops’ constitutions and receiving advice from members of other co-ops.

**The Advantages and Disadvantages of the Co-op Model**

Members of the co-op are enthusiastic about the advantages of the co-op model:

[a co-op] is a way of actually becoming an entrepreneur or business person without actually having to do it all yourself…. People have contributed their areas of expertise to make things work…. [For example] the bookkeeper who was laid off from Redonda became a member of the co-op and took on the bookkeeping role in the co-op…. We’ve got one other fellow here who is amazingly handy. He does a lot of the welding and the actual building on the tenure—the hands-on stuff. We have all these different areas of skills that have contributed to the co-op.

Another advantage noted by the members is the co-op’s flexibility:

The other part I like about it is the flexibility of it. It’s sort of evolving as we need it to…. [It] doesn’t seem to be a very rigid structure. I really like that. I’m in a partnership and we also have our own tenure and I find those structures much more rigid. You know you really have to
make huge changes to the structure [of a business] to accomplish something different, whereas with a co-op... you can just kind of do it within the structure and you don’t have to go back and rewrite the constitution. You can always put in an amendment or policy or something.

For some members, exposure to the co-op model has changed the way they perceive co-ops in general. One member notes that “I’m not nearly as skeptical about co-ops as I was and I’m actually looking at joining the Vancouver car co-op and getting a little subsidiary car co-op happening here on Cortes. We’ve joined a credit union now and we’re actually looking at joining a food co-op.”

Members like that a co-op’s bottom line isn’t necessarily profits; as one member says, “I’ve read the seven principles [of co-ops] and those just totally appeal to me. I’ve never liked the way business has isolated itself from social and environmental considerations and I find that the co-op structures don’t do that. I like the fact that membership is not related to how much money you have.”

Another advantage is the advantage to the taxpayer, notes one member. Instead of pumping in millions of dollars of job retraining and compensation to a community in crisis, a co-op gives people a way to make a living without having to spend taxpayers’ money, which is good for the local community.

In addition to the advantages, members recognise that there can be some disadvantages to the co-op structure. For example, some members are concerned about personal liability: if one member goes bankrupt, can the banks come after all the members of the co-op? In addition, the co-op found raising capital to be difficult: the banks and even the credit unions were “shy” about providing loans to the co-op, although one member notes that being a co-op can sometimes be an advantage when seeking capital, as government will sometimes lend or grant money to a co-op simply because it is a co-op, regardless of whether or not it has a good business plan.

Another disadvantage is the “constant bickering” among members. One source of tension seems to be the amount of work that members volunteer for the co-op: “you have people who if they go out to a work bee and Joe doesn’t, they’re miffed about it for a year and they will talk about it on and on and on,” says one member.

To remedy some of these problems, members suggest that some training would have been useful, especially in facilitation, how to run meetings, and how to run a business efficiently. In addition, a mentor would have been useful, someone who could “talk about co-operatives in general, dispel some of the myths and
provide a reality check.” Another member suggests that the co-op could use some training in accessing government funding. He notes that another nearby shellfish co-op has been very successful in raising funds from the various levels of government, while the Cortes Island co-op has raised nothing from government, partly because “nobody in our group really knows how to go at it.” Another member agrees, noting that “you get these grant applications and it’s just unbelievable. You just don’t know what to do with it.”
Case Study C: Malcolm Island Shellfish Co-operative

Date of Incorporation: April 27, 1999
Membership: 75, 65 of whom are residents of Malcolm Island
Employees: Twenty-one people have been employed on contract, including six full-time positions and one half-time position.
Volume of activities ($): $1,076,000
Type of Activities: Abalone farming
Territory Served: Malcolm Island.
Assets ($): $250,000 (including leasehold improvements, hatchery/nursery equipment, pumps, aerators, piping, and plumbing).
Equity: $1.5 million

Background

Pinto abalone is a type of mollusc, found along the coast of British Columbia. It is considered a culinary delicacy and has high demand world-wide. This demand and the concomitant poaching and overfishing have caused the abalone population in BC to decline by over 80 percent in the last twenty years. The creature is now considered threatened and is likely to become endangered.

In response to this crisis, abalone harvesting on BC’s coasts was closed in 1990 by DFO (the federal Department of Fisheries and Oceans, now Fisheries and Oceans Canada) for conservation purposes. However, the low stocks have not recovered, and DFO believes that there is more abalone being harvested illegally now than was harvested legally in 1989. In fact, from DFO’s own statistics, the abalone population declined a further 43% between 1993 and 1997. Recognising the need for intervention, DFO issued a Request for Proposals (RFP) for an 18-month testing phase for the development of abalone hatchery technology. Through this testing, DFO hopes to restore wild stocks of the threatened shellfish and plans to examine the commercial possibilities of farming abalone in BC.

Hatchery technology has never been proven in BC, but it is used successfully in other countries, such as Australia, New Zealand, Japan, and South Africa. Several other countries have tried to create a sustainable abalone fishery and have failed, including Mexico, Chile, and California. There were also attempts
The Co-op

The Malcolm Island Shellfish Co-op (MISC) was one of six applicants to be selected for the project. MISC was started by David Johnstone and Meg Wheeler in 1998 and was incorporated in April of 1999. (However, they have been working directly on the project for over five years and have been developing the idea for close to twenty years). The co-op was finally formed out of necessity in response to the Mifflin Plan and the fisheries crisis. Sointula, its economy based almost entirely on the fishing industry, was one of fourteen communities extremely hard hit by the salmon fisheries closure. Rather than abandon their community in search of employment, these local entrepreneurs investigated a new industry to make a living and create jobs on the Island.

The MISC proposal, which was accepted by Fisheries and Oceans Canada, stipulates an 18-month project to test Pinto abalone hatchery technology. The goal is to produce, at least, 200,000 abalone, by the end of the 18-month trial. Part of the plan is to allow MISC to keep half of the stock that is grown, for use in the hatchery. MISC plans to use this stock to start its commercial operation. The co-op is also developing transferable technology—in the form of a training guide on broodstock handling—that can be used to aid stock rehabilitation and to start future commercial projects in other locations on BC’s coast. The prototype is meant to be duplicated in other interested communities and, if successful, could become a new sector in the aquaculture industry of the BC coast.

The project has the potential to be lucrative; MISC hopes to produce abalone by the end of six years that has a market value of $1.76 million. There is high demand for abalone: annual sales world-wide are in the hundreds of millions of dollars, and producers cannot currently meet market demands. Prices have increased dramatically since the early 1980s, and the global supply is limited because of overharvesting. Eating abalone in Hong Kong, for instance, can cost nearly $5,000 CDN for a single serving. Australia is currently the world leader in commercial abalone farming, with gross revenues of $154 million annually.

The co-op has managed to employ 21 members on the project on contract, including six full time positions and one half time position. This is good news for locals, since record unemployment is threatening the viability of the community.
in British Columbia: A Handbook

The Operation

MISC members have cleared shorefront property and have installed nursery tanks. The co-op also hopes to get access to 30 acres of Crown land on the north side of Malcolm Island, on which more modular units will be installed. This expansion will be started with 100 brood stock from the pilot project.

The system being used by MISC is based on an affordable prefabricated modular design created by Marine Farm Enterprises in Australia. This modular system consists of plastic tanks through which seawater is pumped. The tanks are located on shore, on a descending slope, using gravity to push the water from tank to tank. Very little waste is created in the process, and what waste is created passes through a biological filter before returning to the ocean. The system runs on available three-phase electrical power with diesel generator backup. The abalone eat only kelp, so feeding them is relatively inexpensive.

Obstacles

The most formidable obstacles that have faced and are currently facing the co-op are problems of bureaucratic delay and government red tape. First, MISC has encountered excessive delay in obtaining access to the broodstock it needs to commence the project. DFO maintains that there has not been a delay; rather, the Department must ensure that there are sufficient abalone in the proposed areas to support the removal of 100 broodstock. Members of the co-op argue that the real delay was because no one in DFO was given the mandate to negotiate with the co-operative over the collaborative agreement to harvest the broodstock. In any event, after much negotiation, broodstock collection started at the end of August 2000. By August 30th, the broodstock had successfully spawned 6 million eggs. Of those eggs, two million successfully hatched into larvae. The co-op aims for 10 million larvae by the end of the year.

The operation has also required many permits from the provincial government. This was a time-consuming process, as MISC had to approach the Ministry of the Environment (wastewater permit), BC Fisheries (kelp permits) and the BC Assessment and Land Corporation (aquaculture permit). As one member noted:

People are generally ill-equipped to handle the amount of bureaucracy, paperwork, phone calls….It is probably the single biggest reason for failure [of a co-op] within the first year.
To sort through this bureaucracy, members were able to link up with the new Rural Development Office in the Ministry of Agriculture, Food and Fisheries. This new office was started and promoted by the Minister of Agriculture, Food and Fisheries, Corky Evans. The office acts as an umbrella for the Ministries of Agriculture, Food and Fisheries, Community Development, Co-operatives and Volunteers, and Environment Lands and Parks and such agencies as BC Assets and Lands, BC Fisheries, and Open Learning. The result is “one stop shopping” to obtain permits and licenses for starting a shellfish co-operative. As one member of MISC explained:

Now instead of having to go to half a dozen or more ministries, you go to Rural Development and they link all that you need together… It is fantastic and one of the ways to cut red tape and not discourage fledgling initiative[s].

Second, MISC has complained that DFO has refused to give assurances that the commercial operation will be able to proceed after the 18-month pilot project is complete. DFO is concerned that the pilot project will not be self-sustaining and that it will require further harvesting of already depleted wild stocks to maintain. They are also concerned that hatchery grown shellfish may contain parasites. DFO maintains that the hatchery must meet stringent standards, and that compliance can’t be guaranteed prior to the end of the trial period. Further, Bruce Atkins of the DFO has said that the program has been slow in moving forward because of the sensitive political pressures that surround the issue of aquaculture generally.

The hesitance on the part of DFO, however, has been a deterrent to investors and has made it difficult for MISC to acquire the funding it needs. For instance, Fisheries Renewal BC has consistently turned down MISC’s proposals for funding due to the lack of commitment on the part of the federal government. However, this may soon change because, at long last, and after some tense negotiations that involved DFO investigating one of the co-op members for poaching when he harvested the broodstock, the co-op signed a letter of intent with DFO at the end of August 2000.

Funding

MISC was funded from numerous sources. The bulk of the current funding, a $250,000 loan from the federal government, came from Western Economic Diversification in the form of a Community Economic Adjustment Initiative.
Members of the co-op were able to negotiate the terms of the loan so that they don’t make their first payment until receipt of payment from the first sales of abalone. In addition, interest does not collect on the loan until then, either. Members of the co-op encourage people starting co-ops with government loans to negotiate the terms for payments and interest and not simply take what is offered.

The co-op also received $50,000 from the province, under the Ministry of Community Development, Co-operatives and Volunteer’s Community Enterprise Program (CEP). Human Resources and Development Canada (HRDC) has also been pivotal in granting funding, for a number of small programs connected with the co-operative. These include an administrator’s contract ($18,000), a grant in connection with the RFP ($15,000), an award under the FRAM (a wage subsidy for displaced fishermen) program ($43,000), as well as various wage subsidies, including hire-a-student and the JCP program. MISC is currently waiting on further funding from HRDC as well as a potential $50,000 grant from the Canadian Rural Partnership Program. The co-op is in the process of applying for funding from an array of other sources too, including the Science Council of BC, the Green Economy Development Fund, Fisheries Renewal BC, and the National Research Council.

In addition to this outside funding, the co-operative has invested much of its own resources and assets. The modules are currently located on property owned by Wheeler and Johnstone, complete with a boat launch, office space, and a commercial foreshore lease. Other in-kind contributions have included four fully equipped fishing vessels, excavating equipment, diving gear, and office equipment and supplies. Member investment shares, at $1,000 each, have yielded $75,000, and membership share contributions have contributed over $18,000 to date. MISC has currently raised over $400,000, and, if future and pending applications are successful, the co-op will have raised over $1 million to fund the 18-month operation. The co-op is also hoping to attract private investment to aid in expansion. Wheeler estimates that the co-op will need to raise $5 million to take them from the end of the 18-month trial period to the first sales in six or seven years.

When asked what funding sources or opportunities would have been helpful in the effort to raise capital, Administrator Meg Wheeler responded that more funding from within the industry would have been appreciated, as well as more accessible help from the government, at both levels.
Training and Partnerships

MISC has liaised with many other organisations and people to bring about their abalone hatchery. Island Scallops has been relied upon for hatchery support services and Alby Systems, a biological services company, will be providing expertise on water quality testing. In terms of the physical system itself, MISC has hired Marine Farm Enterprises, an Australian outfit, to deliver the hatchery system, to provide training and construction support on Sointula, to give on-site training in Australia, and to provide operational and husbandry manuals. The consultant from Marine Farm Enterprises, Daryl Evans, who is assisting in setting up the operation, is a pioneer of abalone culture and owns 14 farms in Australia. This consultant will also be assisting MISC in finding a hatchery manager from Australia to work at the co-op for a year. The ‘Namgis First Nation are also interested in the project and are willing to provide access to broodstock and kelp, as well as a possible future hatchery site.

MISC also had Marty Frost, cofounder and director of the Canadian Federation of Workers Co-operatives and the FWC Development co-operatives, come to Sointula twice in 1999 to give workshops on aspects of setting up co-ops. Many groups attended the workshops including the Vancouver Island Shellfish Co-op, North Island Biological (representing the Quatsino Indian Band and the West Coast Shellfish Co-op), the Sointula Seafood Co-operative Association, and the Wild Island Foods Co-op. Frost continues to provide advice and assistance to the co-op over phone and e-mail.

Further, MISC has arranged for training of its own members through ongoing workshops and seminars, employment opportunities, and public awareness campaigns.

Structure

There are presently 75 members in the co-op. Sixty-five of the members live on Malcolm Island and many have a background in fishing. The co-op currently has a four-member board of directors, including the president and vice president who are elected by the membership for a term of two years. The board oversees the activities of the general manager (presently David Johnstone), who is responsible for co-ordinating and hiring senior hatchery technicians, members/contractors, and students. The hatchery technicians are responsible for co-ordinating hatchery personnel. The board and the general manager also oversee the position of secretary/treasurer administrator (currently Meg
Wheeler), who in turn oversees an assistant administrator who is responsible for accounts payable/receivable, member services, and payroll. In addition to this overseeing role, the secretary/treasurer administrator is responsible for advertising, staffing, and writing funding proposals.

The rules of the Malcolm Island Shellfish co-op contain provisions governing membership, shares, general meetings, voting, the directors, dispute settlement, and financial matters. They allow for anyone who is over the age of 16 to be admitted for membership, provided they purchase a membership share, valued at $1,000 each, and that the number of members who are not resident on Malcolm Island does not reach more than 49% of the total number of members. This latter rule ensures that the organisation remains community controlled. There are also, to this same end, restrictions on transferability of member shares. The co-op currently has a waiting list of people who wish to join.

In addition to member shares, the co-op also issues investment shares and producer shares. Investor shares must bear a rate of interest equal to or greater than that of the other classes, and are offered for individuals who wish to provide additional capital to MISC. Producer shares are mandatory for parties who enter into a contract with the association to supply product for processing and sale. No member may own more than 25 of any class of shares, to ensure that no one party controls too great an interest in the co-op. In the event of dissolution of the enterprise, investment shares are to be redeemed first, followed by producer shares and finally by member shares.

The founders of MISC chose the co-operative model for several reasons. They realised that it provided them with more talent pool potential: each member brought their own expertise, experience, and skills to the project. MISC is short on capital but rich with human resources, so by remunerating contracting parties with shares it is able to grow and develop despite being undercapitalised. Forming a co-op also allowed them to retain local control. Since 51% of the members must be locals, there is no risk of power being usurped by other non-local factions.

Also, the co-operative model provides support and solidarity, and a sense of community that would not necessarily be present if other, more conventional, forms of economic organisation were utilised. Wheeler thinks that the co-op model provides solidarity and support because it gives people a sense of ownership in the enterprise. Further, Sointula has a long history of co-operatives, boasting the longest continually running co-op store in Western
Organising Fishery Co-operatives

Canada. The co-operative movement is part of the island’s past and present, and as such is a natural choice to ensure its success in the future.
RESOURCES

7.1 Resources on Starting a Small Business

General Information on Starting a Small Business
The Canada/British Columbia Small Business Service Centre. This excellent website contains a wide array of information on starting a small business:
www.cbsc.org

Another excellent resource is a publication produced by the BC Ministry of Small Business, Tourism and Culture and the federal organisation Western Economic Diversification Canada. This publication is entitled, Solutions for Small Business, BC Business Resource Guide: Guidelines and Requirements for Business, and is available online at: http://www.sbtc.gov.bc.ca/smallbus/publications/index.htm

The provincial and federal governments have set up a network called “one stop business registration.” This system allows you to complete many of the required legal documents to get your co-operative going all at once at one of the designated computer terminals in BC. For more information on the programme, see the website at: www.osbr.sb.gov.bc.ca

The Business Law Clinic at the University of Victoria has a guide for entrepreneurs, called Law of Entrepreneurs, available online at: http://business.law.uvic.ca/

Information on Employing People
Employers Online.
http://employers.gc.ca

Information on Exporting Your Goods
Export Source.
P: 1.888.811.1119
http://exportsource.gc.ca

Information on Finding Sources of Financing
Strategis, a federal government organisation, has an excellent website with information on obtaining financing: http://strategis.ic.gc.ca/sc_mangb/sources/engdoc/homepage.html
The Canada Business Service Centre’s website has a list of funding sources at: www.cbsc.org/fedbis and general information on financing at: http://www.sb.gov.bc.ca/smallbus/workshop/finance.html

**Information on Grant Proposal Writing**
The Corporation for Public Broadcasting, an American organisation, has an excellent document, entitled *Basic Elements of Grant Writing*, available online at: www.cpb.org/grants/grantwriting.html

**Information on Marketing**
The Canada/BC small business service centre has an excellent marketing information session online at: www.sb.gov.bc.ca/smallbus/workshop/pppp.html

The STRATEGIS federal government website has excellent information to assist you in researching your market at: http://strategis.ic.gc.ca


**Information on Taxes**


**Information on Writing Your Business Plan**
The Canada/BC small business centre has an excellent interactive business planer online at www.sb.gov.bc.ca
7.2 Resources on Managing, Running a Board of Directors and Conflict Resolution


7.3 Legislation Relevant to Starting a Co-operative

**Legislation - Federal**


**Legislation - British Columbia**


Official printed versions of the above can be obtained from:

Crown Publications Inc.
521 Fort Street
Victoria, BC
V8W 1E7
P: 250.386.4636
F: 250.386.0221
E: crown@pinc.com
7.4 Resources on Incorporating


Ministry of Community Development, Cooperatives and Volunteers (CDCV). (1999). *Step-by-step guide: How to incorporate a cooperative in British Columbia*. Victoria, BC: Queen’s Printer. At time of press, the guide is being rewritten to conform to the new BC Cooperative Association Act. The new guide is expected to be available in early summer, 2001. We will be updating our resources and website links at that time.


7.5 Resources on Co-operatives in General


Ministry of Community Development, Cooperatives and Volunteers (CDCV) . *Website*. Available Internet: [http://www.gov.bc.ca/cdcv](http://www.gov.bc.ca/cdcv)
Organising Fishery Co-operatives


At time of press, the guide is being rewritten to conform to the new *BC Cooperative Association Act*. The new guide is expected to be available in early summer, 2001. We will be updating our resources and website links at that time.


Mountain Equipment Co-op. *About co-ops and MEC shares*. Pamphlet.


REFERENCES


Canadian Co-operative Association (CCA) – British Columbia. Website. Available Internet: http://www.ccabc.bc.ca


Organising Fishery Co-operatives


Ministry of Community Development, Cooperatives and Volunteers (CDCV) . Website. Available Internet: www.gov.bc.ca/cdev


in British Columbia: A Handbook

Delta, BC: Delta Credit Union.


Notes

1 “Incorporated” means that the co-operative has fulfilled all the necessary legal requirements so that it may be registered with the government and call itself a “co-operative.”

2 For example, Mountain Equipment Co-op sells camping and climbing gear to its members.

3 For example, Island Farms Dairies Co-op Association jointly processes and markets many Vancouver Island farmers’ milk.

4 For example, the Uprising Breads Bakery in Vancouver provides employment to its members.

5 For example, the Rainbow Community Health Co-op in the Lower Mainland provides health care services to its members.

6 These principles are adapted from the International Co-operative Alliance website at: http://www.coop.org/ica/info/enprinciples.html

7 The following list is an amalgamation of information taken from the pamphlet, About Co-ops and MEC Shares, produced by Mountain Equipment Co-op, and the worksheet, Types of Co-ops, produced by Victoria’s Community and Co-operative Enterprise Centre.

8 Much of this information is adapted from Business Law Clinic, 1999.

9 In British Columbia the statute is called the Cooperative Association Act. The federal statute is called the Canada Cooperatives Act.

10 s. 55(1) refers to section 55, subsection 1 of the BC Cooperative Association Act.

11 A “society” is a non profit organisation registered with the provincial government.

12 RSBC, Chapter 433.

in British Columbia: A Handbook

14 http://www.co-op.sb.gov.bc.ca/about.html

15 Note that the former BC Cooperative Association Act required that the members’ occupations also be listed.

16 The memorandum of association is a legal document that must be submitted to the government to incorporate your co-operative. There will be more details about this document in section 3.6.

17 Proxy voting occurs when you sign a document authorising someone else to vote for you.

18 Much of the list is taken from Victoria’s Community and Co-operative Enterprise Centre (For contact information see Appendix 1); University of Wisconsin Center for Cooperatives & Cooperative Development Services, 1998b.

19 This list is an adaptation of information from Co-operatives Secretariat, n.d.; Government of Nova Scotia, 1996a.

20 Remember that the Minister of Fisheries can unilaterally reduce the amount of fish you may catch with your license.

21 http://www.bcfisheries.gov.bc.ca/commercial-commfish.html

22 http://www.bcfisheries.gov.bc.ca/licences-wildoyster.html

23 http://www.bcfisheries.gov.bc.ca/licences-marine.html

24 This is from a Ministry of Community Development, Co-operatives and Volunteer’s news release (2000, August 2), entitled Procter Receives Economic Development Funding.

25 At time of press, the guide is being rewritten to conform to the new BC Cooperative Association Act. The new guide is expected to be available in early summer, 2001. We will be updating our resources and website links at that time.

26 Note that the former Cooperative Association Act did not allow an association to specify in its memorandum the co-operative’s purpose or mission.
Organising Fishery Co-operatives

27 See pages 12-20 of the *Step-by-Step Guide*. At time of press, the guide is being rewritten to conform to the new *BC Cooperative Association Act*. The new guide is expected to be available in early summer, 2001. We will be updating our resources and website links at that time.

28 This information is adapted from Government of Nova Scotia, 1996b; Hoyt, 1995.


31 From the Community Futures Development Association of British Columbia website at: [http://www.communityfutures.ca/provincial/bc/fishing/fish.contact.shtml](http://www.communityfutures.ca/provincial/bc/fishing/fish.contact.shtml)

32 Although, there are two other fish co-ops registered with the Ministry of Finance that have existed longer, one of those, the Prince Rupert Fishermen’s Co-operative Association, collapsed in 1994 and exists in name only, while the other, The Ladner Fisherman’s Co-operative Association, is not involved in fishing at all, but runs a community hall in Ladner.

33 See, for example, Hill, 1967.
in British Columbia: A Handbook