

ARCTIC CO-OPERATIVES LIMITED

Serving the Communities of Canada's Remote North



Who is Arctic Co-operatives Limited?

The Manitoba Cooperative Association had the pleasure of interviewing Duane Wilson, Vice President of Stakeholder Relations Arctic Co-operatives Limited, who explained how communities in Canada's north are working to improve their economic and social well being through the cooperative principles. To understand how the cooperatives developed in the north, we must first look at the history of the Inuit, Dene and Metis people the co-ops serve. The first limited contact the Indigenous people of the Northwest Territories and Nunavut had with other cultures took place more than 300 years ago when European explorers ventured into the Canadian Arctic. This first contact was very limited but it was the start of major changes in the way of life of northerners. Over the next 250 years, the contact increased with explorers, whalers and later, with traders and missionaries.

Canadian Arctic Producers (CAP) was the first federation established in the mid-60s. Originally located in Ottawa, this organization today markets the art and craft products created by members from its showroom in Mississauga, Ontario. The Canadian Arctic Co-operative Federation came next in 1972. This federation enabled our local co-ops to consolidate their buying power for the purchase of products for their retail stores and to also provide services such as accounting, audit, education and management support to help the cooperatives to improve their efficiency to benefit the Members.

In 1981 Canadian Arctic Producers Co-operative Limited and Canadian Arctic Co-operative Federation Limited joined together to form Arctic Co-operatives Limited (Arctic Co-ops).

Cooperative Principles

Cooperative Strength is the Community Itself

As explained by Duane, "as a co-op, the 7 principles are the rock on which we were built. Lines of business might vary over time, but the co-op principles are the north star we anchor back to all the time. The pandemic for many in our co-ops was an opportunity to really make decisions with the co-op principles in mind. For example, the co-op principle 'concern for community.' We do things that are right for the community, not necessarily because they are profitable. In some respects, when you've got the co-op principles that can guide your decision making, it can sometimes make things easier. For example, you don't need to do a cost-benefit analysis or a risk assessment about sending personal protective equipment (masks and sanitizers) into a community. There was never a question about the cost of that, it was just really a principle-based decision."

"Because co-ops in the community have voluntary open membership, the Members are representative of the population in the communities that they serve. The co-ops that are in Inuit or other Indigenous communities, they would reflect the makeup of their specific community. Whether that manifests itself in the goods that they choose to offer to their membership or as it relates to policies and practices or giving priorities to elders. Each co-op has their own DNA of the community who owns it, in which it functions and serves."



"Our long time president Bill Lyall used to speak about this. He talked about the co-op principles and this notion of working together in a cooperative and how it was really aligned with how people have lived for centuries. That's how communities in the north survived for thousands of years. The best hunters hunted for everyone and the best seamstresses made garments for everyone. Everyone had their place and they all benefited together. I really look at the co-ops in Canada's Arctic as a fine example of collective entrepreneurship. There are a lot of obstacles when you are dealing with remote fly-in communities. You are dealing with high costs, poor access, and not readily available support services. Really, the cooperatives are a way for a community to exercise its entrepreneurial spirit in a way that benefits everybody. Because, together, they are able to accomplish things that would be very difficult for individuals to do on their own."

Democratic Functions

Democratic Member Control

"If you look at the principle of democratic member control, typically in the description it says 'one member, one vote.' We deviate from that only slightly, in the sense that when you think about a quarter billion-dollar enterprise, the Arctic Co-op bylaws are not one member one vote, it's one member two votes. As a co-op of co-ops, regardless of size, each member can send two of their delegates to our annual general meeting. That's where the business of the co-op service federation happens. We hear reports, vote on resolutions and elect directors. Our directors are elected from the membership. In essence, the territory that we serve is divided into seven electoral regions, based on the number of co-ops and the business transacted with the service federation. Oftentimes there are common supply chains, to try and have a sense of similar interest within a district. So, you basically have a more diverse base of candidates for district elections but also a more diverse number of views. When you get more diversity into your decision-making process, and if you've got an atmosphere where that diversity can reflect itself, you're probably going to get more well-informed decisions in the long run."



"There is certainly a manifestation of training education and information in attending the annual general meeting. I look at that practice of the two delegates coming to the annual general meeting as really an opportunity for training and education that provides for better resiliency in local co-op boards because you don't have only one person hearing the information. For someone who is newer the board, it's helping to provide them with exposure to the broader democratic structure at the service federation level. That helps enable them to be more informed, and more effective directors in their local co-op. That provides a greater level of resiliency for board turnover, which is a natural part of the board dynamic. It's good to strike an equal balance between consistency and a healthy amount of turnover so you can get those new ideas and perspectives at the local board level and by extension at the service federation."

Collective Entrepreneurship

Retaining Economic Activity

"When I look at the past 60 something years, since the first co-op was incorporated in Canada's arctic, at the time, retailing in the arctic was a pretty basic endeavor. In a lot of cases, it involved a kind of bartering economy. Trading furs or art for staple items such as rifles and ammunition. The vision for Arctic Co-operatives is for people to work together to improve their economic and social wellbeing. By working together and having a measure of control in their local economy, not only could they influence it but also retain some of the benefit from commercial activity within their community. Those humble and basic beginnings of member co-ops may have been to shelf stable goods brought in once a year, and then barter and trade for ammunition, furs and Inuit art. Over the course of time, the co-ops have really used that spirit of collective entrepreneurship to provide other services. These services not only improve those lives in the community but once again help retain more economic activity. For example, hotels, fuel delivery, cable tv service, agencies and other agreements. Some community co-ops are the local airline agents, some serve as the post office, some co-ops even do the school bussing, because they are the best equipped to do it. So, there is an opportunity to fill in the service gaps in the communities."

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The vision for Arctic Co-operatives is for people to work together to improve their economic and social wellbeing.

"From an Arctic Co-ops perspective, if we look at our mission statement, it's to be a vehicle for service to and cooperation among the multi purpose cooperatives of Canada's North. There's two parts to that statement. One is 'the vehicle for service to.' What that is, is looking at the collective business that member co-ops in the arctic deliver, the basket of services. Looking at it from the perspective of trying to achieve economies of scale. They're able to achieve a level of scale by working together that they couldn't otherwise. Now, that provides for a foundation of a suite of services that co-ops can access from their service federation. Some of those are an ongoing, all the time service. For example, member accounting services. Other ones are more of an as needed service like our construction and maintenance department. Not every community co-op builds a store every year. But, when you aggregate out all 32 and multiple hotels and new builds and renovations, they now have a critical mass together to access the service, even if they don't need it all the time individually. They still have access to it any time on an as needed basis."

"The other part of the mission statement is 'cooperation among the multi purpose of Canada's North.' One of the co-op principles is 'cooperation among cooperatives.' Arctic Co-ops itself as a cooperative, as a democratically owned and controlled second tier co-op service federation, is a vehicle for these cooperatives to work together. They have the opportunity to direct the organization in areas of policy and provision of service, etc. Whether that cooperation amongst cooperatives might be seen as an expansion of the service offering or whether it's part of the democratic member control. I sometimes think of it as the perspective of centralizing where its logical for efficiency, but still each co-op retaining its local autonomy so they can be more centralized for efficiency but localized for effectiveness. Each co-op will use the services of their service federation in a way that is helpful to disperse the benefits to their members locally."

Local Autonomous Community

Maintaining Economic Control

Arctic Co-ops is competing against a multinational firm in some of the most challenging retail conditions that you'll find on the planet. "You've got small communities, high operating costs, vast distances, so the normal metrics of retail don't really apply. So, it is a unique place where the north and the south intersect. We are trying to find that area of overlap that we can supply the communities with the things from the south that they want and need. Food products, hunting and power equipment. Things that enable them to try and maintain a traditional lifestyle. Art marketing still survives to this day in the co-op system. Typically the economic transfer south to north is the other way, it's north to south. Sometimes communities can experience what we call economic leakage, where the profits actually ends up leaking out to the south. Because that's where the goods come from. This is trying to turn that upside down."

"How can we be a vehicle that tries to retain as much of the economic activity and wealth in the community? To minimize the leakage and turn it back to the communities in a way that is now in local control. Because each local co-op is an autonomous community owned business that they elect their directors from their peers in the community. They govern their business with an eye on what their community needs. The fact that we're trying to go back to the vision - people working together. We are trying to deliver the economic benefit. Not somebody else making the decision for them. In my estimation, the term reconciliation gets used a lot in today's vernacular. To me, this is really a fine example of what economic reconciliation could and should look like."

