

COOPERATIVE SOLUTIONS FOR ALBERTA'S INFRASTRUCTURE NEEDS

The Problem

Alberta's strong economic growth and immigration has made it one of the best economies in the world but it has begun to strain the Alberta Government's capacity to keep up with infrastructure demands.

The Alberta Government and its agencies have experimented with a variety of investment vehicles whereby Albertans can direct investment into infrastructure e.g. Alberta Capital Bonds for seniors accommodations / AFSC supported investment bonds for agricultural infrastructure, but these have achieved only limited success.

Creative solutions need to be found to meet Alberta's growing infrastructure needs. Solutions that don't rely exclusively on government investment.

The Solution

There has been a resurgence in the growth of cooperatives in Alberta in recent years which has resulted in the development of new models by which local residents can direct their capital towards local economic infrastructure. Both Westlock Terminals New Generation Cooperative and the Battle River Railway New Generation Cooperative are very successful examples of how the cooperative model can galvanize the interest and financial resources of local community members to ensure a more prosperous economic future for their communities, with each generating economic returns well beyond what was originally anticipated in their business plan. The more recent example of the Sangudo Opportunity Development Cooperative investment in the revitalization of their local abattoir indicates that these investments can be made at a smaller scale.

Working in close collaboration with a range of organization partners, the Alberta Community and Cooperative Association Unleashing Local Capital initiative has helped establish a range of Opportunity Development Cooperatives where local community members can direct their RRSPs. Some of the

investments that have been completed or are under consideration include:

1. the purchase and renovation of buildings in depressed areas for use as retail businesses, arts and culture centres and accommodation
2. seniors housing projects in smaller rural communities which lack the local construction/development capacity
3. communication technology including internet access (with some initial discussions of cooperatively owned cell phone services)
4. business development parks including road and service infill
5. tourism infrastructure including ski hill development
6. health services infrastructure including Primary Care or Family Care clinics where the communities invest in and build the purpose built medical facilities for lease by Primary Care or Family Care Clinics
7. recreation infrastructure including sports complexes and libraries

These are just some of the examples of the investment targets being considered by communities exploring the possibilities of establishing their own Opportunity Development Cooperative, and they are arising without any specific promotion of such investment targets on our part, or in the absence of any specific government supports to encourage such developments, indicating there is some thirst on the part of Albertans to invest in the infrastructure of their communities.

We believe there is an opportunity to more consciously and actively align this resurgent interest in the coop model with Alberta's growing infrastructure needs, in a form of a Public-Cooperative Partnership.

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The Approach

How could such partnerships occur? As an example, we understand that the Government of Alberta issued Alberta Capital Bonds to support the development of seniors accommodations. From our perspective, and from our experience in recent years, the program would have been more successful had it been more directly linked to specific seniors' accommodation in the bond buyer's community. People are more likely to invest if the results of their investment can be directly tied to their local community while such localized bond issues can be more expensive in terms of transaction costs; one of the goals of Unleashing Local Capital has been to significantly reduce the transaction costs of localized securities issues. The ACCA and its partners have made significant strides in reducing these transaction costs.

Given the success of new cooperative models such as New Generation Cooperatives and the Opportunity Development Cooperative model, we believe there is strong potential to direct the new proven potential of cooperatives for raising capital to meet some of Alberta's broader infrastructure needs. The ACCA is currently working in three areas which may have near term potential for success, including:

1. Development of seniors' accommodations where local investment is funnelled through an Opportunity Development Cooperative or through the creation of a new multi-stakeholder cooperative along the lines of New Generation Cooperatives. The ACCA is currently a partner in the Elder Care project which is exploring a range of strategies for cooperatives to meet the needs of our aging population.
2. Promotion and development of Opportunity Development Cooperatives designed specifically to invest in the construction of health care clinics tied to long term operating leases with Alberta Health Services. The ACCA has met with Alberta Health and the Alberta Medical Association in this regard.

3. Development of a hybrid between Opportunity Development Cooperatives and Alberta Capital Bonds which combine the autonomy of the locally owned cooperatives share issues with some form of government guarantee. Initial explorations with the Alberta Financial Services Corporation have taken place in these areas.

These are just three potential strategies which, once piloted, could potentially be adapted to provide the capital requirements for a much wider range of infrastructure needs in the province.

We would welcome the opportunity to explore the potential with whichever Ministries you think most relevant.

For more information, please contact,

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