CO-OPERATIVE IDENTITY AND SURVIVAL RATE
Co-operative Identity and the Co-operative Act

• The Co-operatives Act of the province of Quebec, « Loi sur les coopératives» is the main tool used to ensure the preservation of the co-operative identity of non-financial co-operatives (2895 in 2013)

• All non-financial co-operatives incorporated under this Act must provide their annual report to the Minister (including annual financial statements, # members, …)
Co-operative Identity and the Co-operative Act

• The co-operative principles are integrated into the Act.
• The « Direction du développement des coopérative » is responsible for the administration of this act, including:
  - Incorporation
  - Co-operative recovery
  - Dissolution
Co-operative Identity and the Co-opertative Act

**Incorporation:**

Before receiving its articles of incorporation, a co-op must demonstrate that it has an authentic co-operative project.

The Minister may refuse to incorporate a co-op that could not demonstrate the authenticity of its co-operative project.
Co-operative Identity and the Co-operative Act

Co-operative recovery:

After analysis of the annual report, if it is found that a co-op fails to meet the requirements of the Co-operatives Act*, the Minister may require a co-operative recovery

* Minimum number of members, annual general meeting, annual report, % operation with members (min 50%)
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Dissolution:

If a co-op fails to meet the requirements of the Act, the Minister gives to the co-op a notice of default.

After 60 days, the co-op may be dissolved by the Minister if it has not corrected the alleged default.
Active Co-operatives: the Directory

• All active co-ops complying with the Co-operatives Act are listed in a directory published on the website on the Ministry.

https://www.economie.gouv.qc.ca/objectifs/informer/cooperatives/page/repertoires
Co-operatives survival rate study

• Since the Minister is responsible for the incorporation and dissolution of non-financial co-ops and the transmission of the annual report to the Minister is a requirement of the Co-operatives Act, valuable data can be collected.

• In 1999: Publication of the first study on co-operatives survival rate in Quebec (updated in 2008).
Co-operatives survival rate study

• Since 1995:
  - increase in creation of new non-financial co-ops (160 vs 85)
  - emerging of new sectors, new type of co-op (solidarity)
  - Increase support of co-ops (CQCM, CDR)
Co-operatives vs businesses survival

Difference in favor of co-operatives: 25.3 on 10 years
Co-operatives survival after 10 years

- Construction: 11.1%
- Manufacturing: 17.2%
- Commerce: 17.6%
- Recreational: 25%
- Other sectors: 41.3%
- Consulting services: 41.7%
- Transportation: 43.5%
- Forestry: 50%
- Agriculture: 51.9%
- Education: 55%
- Food and accommodation: 56.5%
- Personal and social services: 66%
- Telecommunications: 87.5%
- Housing: 94.2%

Average survival rate of Québec businesses: 19.5%
Factors explaining sustainability

• The co-op “business” model:
  - Services to members rather than return on capital
  - Members: investors and customers
  - Legal framework promoting the co-operative principles (especially democracy and accountability to members)