

# The Social Economy



**A Dynamic Force in Nunavik's Economy**

All commercial activities conducted by collective enterprises:

- Co-operatives
- Non Profit Organizations
- Mutuels, such as member-owned banks and insurance companies
- Technological hubs, incubators and accelerators

## What is the Social Economy?

Socio-economic firms have **different objectives** from for-profit enterprises

- Aim to meet the needs of its members, or the community where it operates
- Sustainability is targeted, rather than return on investment and maximizing shareholders value
- Follows democratic rules where the members are the decision-makers

## What is the Social Economy?

**Quebec** is a leader globally in the Social Economy:

- Over 7,000 firms
- Annual revenue of more than \$40B
- The sector employs over 210,000 – about 5% of the workforce

How Important is the Social Economy?

Many **Nunavimmiut** are employed in the Social Economy:

- Co-op stores and their subsidiary operations



How Important is the Social Economy?

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Many Nunavimmiut are employed in the Social Economy:

- Landholding Corporations



How Important is the Social Economy?

Many Nunavimmiut are employed in the Social Economy:

- Daycare Centres



How Important is the Social Economy?

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Many **Nunavimmiut** are employed in the Social Economy:

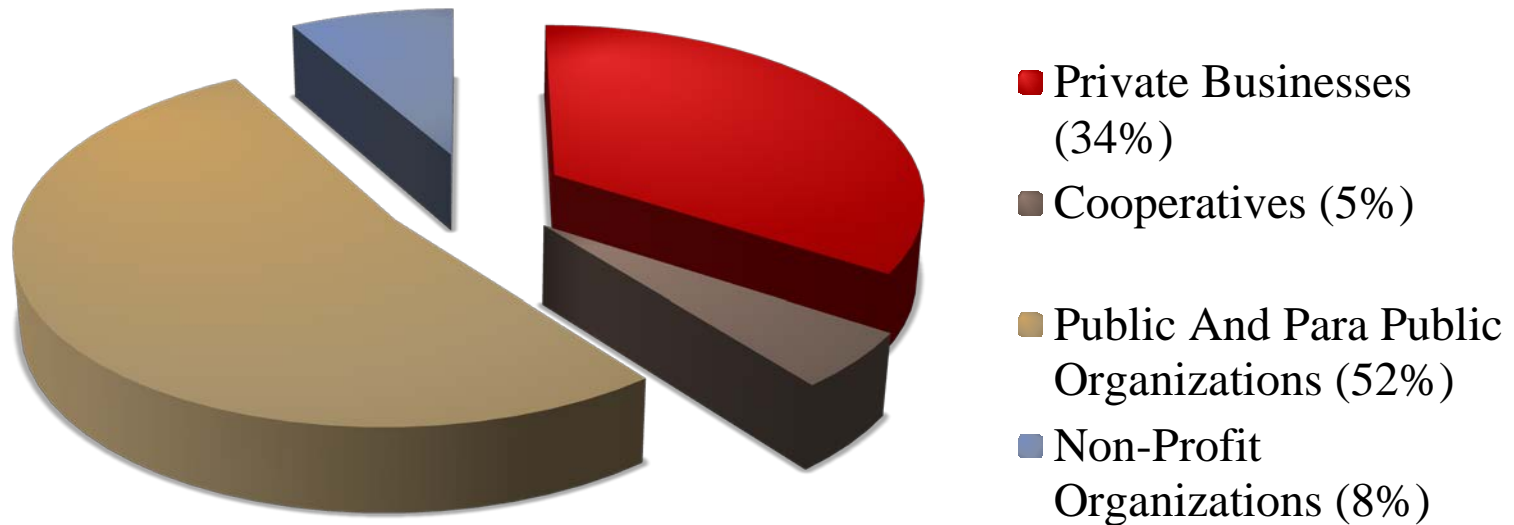
- Hunter Fisher Trapper Associations



How Important is the Social Economy?



## **Full-time Employees in Nunavik**



*Source: Jobs In Nunavik (2011)*

# How Important is the Social Economy?

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There are situations where the social economy is very **effective**.

- Initiatives where social objectives are the primary consideration
  - Creation of employment
  - Delivery of goods and services to targeted sectors
  - Assisting the local economy structurally (i.e. daycares)
- Specific services are too expensive for the public or private sector to deliver
- Margins are unacceptably slim to the entrepreneur
- End-users are needed to design services tailored to their needs

**When is the Social Economy Appropriate?**

## Case Study: The Kangirsuk “Think Tank”



## Social Economy in Local Development

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## Case Study: The Kangirsuk “**Think Tank**”

### Background

- Observation that smaller communities lack the critical mass to create new enterprises and employment
- An initial “think tank” was held in Umiujaq in early 2017
- In February 2017 the Regional and Local Development Department of KRG proposed a second think tank in Kangirsuk

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Participants

- Presidents of the 3 local social enterprises – Kangirsuk Co-op, Saputik Landholding Corporation, Kangirsuk Hunter fisher Trapper Association
- Mayor and youth representative
- Local Employment Officer, KRG-RLDD staff, lawyer, economist, and Makivik Corporation

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Socio-Economic Profile

- Data from special survey as well as from Statistics Canada, Nunivaat, etc. was analyzed by an economist.
- FINDINGS:
  - Most of the employment is in the Public and Para-Public sector, as are most of the salaries
  - The social economy is present; however doesn't account for as much of the salaries
  - Private sector very small

## Social Economy in Local Development



# Case Study: The Kangirsuk “Think Tank”

## Activities – Socio-Economic Profile

Sectors - Impact			
ESTABLISHMENTS/SECTOR	JOBS	Yearly operational budget (\$)	% (jobs/\$)
<b>PUBLIC SECTOR:</b>			
<b>Municipal sector</b>	56 full time 20 part time	\$4.1 M pending	31.7%/31%
<i>Other public services</i>	10	\$1.1 M	4.2%/8.3%
Public security, airport services, employment, housing, Hydro Kangirsuk			
<b>Health and Social Sector</b>	22	\$1.675M	9.2%/12.7%
<i>CLSC Kangirsuk</i>			
<b>Child Care &amp; Education</b>	54	\$4.6M	22.5%/34.8%
<i>Kangirsuk - CPE Amaartuavik Kangirsuk Sautjuik School</i>			
<b>SOCIAL ECONOMY:</b>			
<b>Payne Bay Cooperative Association</b>	38	\$619K	15.8%/4.7%
Co-op Store, Co-op Hotel, Cable services, Payne River Fishing Camp, Distribution Petroleum Products and Postal Office.			
<b>Saputik Landholding Corporation of Kangirsuk</b>	10 full time 8 part time	\$600K	7.5%/4.5%
<b>Hunter Fisher Trapper Association (HFTA)</b>	6	\$60K	3.3%/2.8%
<b>Hunter Support Program</b>	2	\$310K	
<b>Sewing Group (municipality)</b>	6	\$12K	2.5%/0.09%
<b>OTHERS:</b>			
<b>Northern Store</b>	8 plus part time	\$50k	3.3%/0.4%
<b>TOTAL ACTIVITIES</b>	240	\$13.2M	100

Public S.  
67.8% Jobs  
86.8% (\$)

Social Ecn  
29.2% Jobs  
12% (\$)

N.Store  
3.3% jobs  
0.4%

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Local resource inventory

- A list of local resources was assembled by the working group in a brain-storming exercise
- FINDINGS:
  - Kangirsuk has a number of exploitable resources
  - The majority of the opportunities involved renewable resources; however, there are some buildings which can be re-utilized

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Local resource inventory



Berries

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Local resource inventory



Berries



Eider Down

## Social Economy in Local Development

## Case Study: The Kangirsuk “Think Tank”

### Activities – Local resource inventory



Berries



Eider Down



Seaweed Processor

## Social Economy in Local Development



## Case Study: The Kangirsuk “Think Tank”

### Activities – Local resource inventory



Berries



Eider Down



Seaweed Processor



Arctic Char

## Social Economy in Local Development



## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Structure

- Since there will be more than one activity, the working group decided to form a common entity owned by the Co-op, LHC and HFTA
- A corporate lawyer explained the possible structures for this type of enterprise:
  - Not-for Profit Association
  - For Profit Corporation
- A decision was made by the co-op, LHC and HFTA to consult with their respective Board of Directors and members for the best structure.

## Social Economy in Local Development

## Case Study: The Kangirsuk “**Think Tank**”

### Activities – Financing

- The initial capitalization of this entity would involve a relatively small investment by each “partner”
- This in turn can leverage further capital from loans and grants by a factor of 4
- Depending on the type of business being initiated, there are additional funds available at the regional, Quebec and federal level. Commercial loans are also a possibility

## Social Economy in Local Development



# The Social Economy – QUESTIONS??

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