

Boisaco, Inc., a Community Owned Industry in Remote Quebec

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Boisaco, Inc. is a fascinating example of a small logging town taking ownership of their economy. Sacre-Coeur (population 1881), situated on the remote north shore of the St. Lawrence River, was like many mill towns. After the third bankruptcy in 10 years, the town's sawmill lay idle for 2.5 years. When the bank tried to liquidate, the community collaborated with the provincial credit union and government to buy the mill for \$1.2 million. The community created Boisaco, Inc. ("bois" means "wood" in French) an ownership strategy composed of three entities (2 co-ops + 1 community investor group):

- 1) COFOR – a worker co-op of 60 loggers harvesting wood in the forests. The co-op holds shares in Boisaco, Inc. and has seats on that corporation's board.
- 2) UNISACO – a worker co-op of 142 millworkers in the processing plant. The co-op holds shares in Boisaco, Inc. and holds seats on that corporation's board
- 3) INVESTRA – a community investor group comprised of 432 small shareholders in the region (local merchants, mayor, business community, and other workers). No family may own more than 5% of shares (to avoid a single family from holding a majority of shares).

The board composition consists of:

- 3 board members representing COFAR
- 3 board members representing UNISACO
- 3 board members representing INVESTRA
- 1 board member from Desjardins Capital de Risqué (the investment tool of Desjardins for venture capital) Desjardin is the powerhouse credit union system throughout Quebec.

A policy for distribution of surplus (profits) was created early on, and has served Boisaco and the entire community well:

18% to the workers in the logger and millworkers co-ops
27% to each shareholder (COFOR, UNISACO, INVESTRA) proportionately
55% to a development fund (after taxes)

That 55% development fund has allowed Boisaco to invest in or acquire five other regional companies (that buy Boisaco's products or by-products) and to modernize equipment. This foresight helped Boisaco diversify and ride out boom and bust cycles typical in the wood products industry. Those five companies include: granite cutting, a molded decorative panel manufacturer, a horse bedding manufacturer, forestry, and a pellet manufacturer.

Also key to Boisaco's success is the long history of transparency, participatory management (30% of workers have at some time served on a board), solidarity, and fairness. Workers are highly invested in avoiding waste and looking for cost savings. Before Boisaco was organized, the mill went through three ownerships and was closed for 30 months. People remember those times and realize how dependent the isolated community of 2,000 is upon this mill. There is also a strong desire to create good jobs to keep young people in the region.

With the crisis in the US housing market and the depressed prices for wood products, four years ago all involved in Boisaco reached an agreement to freeze wages and to implement 5-10% wage cuts when the

foot board measure reaches certain thresholds in the industry. This type of belt tightening has been done with an eye to avoid lay-offs (and what that would do to families and the potential permanent loss of those skilled workers).

For more information (in English) about this 25 year old community venture see:
<http://www.dominionpaper.ca/articles/3558>

Information provided thanks to:

Michel Clement, Director of Cooperative Development with the Quebec Ministry of Finance & Economy.

Case study by Universite de Sherbrooke graduate student Sarah Toulouse
Boisaco; la force d'une collectivité et le pouvoir mobilisateur d'une idée: 25 ans de cooperation
<http://aruc-dtc.uqar.qc.ca/images/stories/ETU-05-2011.pdf>

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