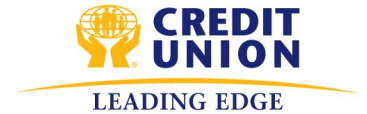


Leading Edge Credit Union

# Board Highlights



## LECU and CO-OPERATIVE PRINCIPLES

[Board Highlights](#) for August 2015 made reference to co-operative principles and social responsibility, in particular Co-operative Principle 6, Co-operation among Co-operatives, and Co-operative Principle 7, Concern for Community. Did you wonder about principles 1 through 5 and whether or not they applied to or were a concern for your credit union?

Let me assure you that your directors are quite conscious of them. This was especially evident during the session in which they considered direction for 2016. Have a look at all seven and what each means, as they greatly influence the business decisions and governance of your company. Adherence to these principles makes LECU different from other financial institutions.

### 1. Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership.

### 2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected

representatives are accountable to the membership. In such primary co-operatives as your credit union, members have equal voting rights (one member, one vote).

### 3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative (Last year under this heading your co-operative distributed over \$280,000); and supporting other activities approved by the membership.

### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their

members and maintain their co-operative autonomy.

### 5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### 6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

### 7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

*Source of [Seven Co-operative Principles](#):  
International Co-operative Alliance*

## CREDIT UNIONS versus NON-FINANCIAL CO-OPERATIVES

In Newfoundland and Labrador there are dozens of co-operatives, based both within and outside our province. They offer to their members very diverse goods and services, ranging from social justice, to day care for children, to housing for seniors, to transportation, to film production, to fish processing, to food sales, to outdoor supplies, and to financial services. While different pieces of legislation - both federal and provincial - govern their operations, the co-operative principles play a very significant role in all of them.

In our province, the *Co-operatives Act* lays out the conditions under which a group of three or more persons 19 years of age or older may incorporate a co-operative enterprise. The *Credit Union Act, 2009* specifies the path by which twenty or more persons 19 years of age or older may seek to incorporate a credit union. Thus, while the co-operative principles guide the governance and operations of all

types of co-operative companies, the set of laws and rules which regulate credit unions is completely different from the laws and rules which regulate co-operatives.

In our province, credit unions fall exclusively under provincial legislation. This enables our government to provide for such special conditions as enhanced deposit protection for members. (**The Credit Union Deposit Guarantee Corporation insures deposits of Members and Associate Members of credit unions in Newfoundland and Labrador up to \$250,000. per type of deposit.**) While the provincial government must also authorize (register) the operations of all non-financial co-operatives, some may have their headquarters outside our province.

## GOVERNANCE - A REMINDER

An earlier edition of **Board Highlights**, the one for 16 December 2013, which you may find here:

[Board Communication Vol 1 No 5 Dec 16, 2013.docx](#) has outlined the cyclical nature of the governance of your credit union.

With respect to governance, now is a good time to begin thinking of the way you wish to participate. Will you offer yourself for election to the Board of Directors; will you nominate someone else to fill a vacancy, will you vote in the election?

Should you wish to comment, please do so at this address:  
[lecucorrespondence@lecu.ca](mailto:lecucorrespondence@lecu.ca)