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# Fédérés

1957

## ANNUAL REPORT

LA COOPÉRATIVE FÉDÉRÉE DE QUÉBEC

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Pres-Cooperative Fédérée de Québec - Aug. 27 58

*Fédérée*



**A N N U A L  
R E P O R T**

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L A C O O P É R A T I V E F É D É R É E D E Q U É B E C

# 1957

## *board of directors*

ADÉLARD BELLEMARE, President

OMER DESLAURIERS, Vice-President

ROLAND BELCOURT

J.-EUGÈNE BELZILE

LÉONCE BELZILE

ALEXIS CHAMBERLAND

SIMON FORTIN

ALBERT GINGRAS

JOSEPH GRENIER

JOSEPH LALIBERTÉ

J.-Bte.-CHARLES LABERGE

GÉDÉON LAROCHE

LOUIS LAROCHELLE

P.-E. MALTAIS

DAMIEN MARTIN

JOSEPH MASSON

LUCIEN MICHON

HENRI MIREAULT

GENERAL MANAGER  
RAYNALD FERRON

ASSISTANT GENERAL MANAGER  
ROMÉO MARTIN

ASSISTANT GENERAL MANAGER  
J. ARTHUR COURTEAU

SECRETARY  
LÉO FILION

TREASURER  
HENRI BEAUREGARD

## *executive committee*

ADÉLARD BELLEMARE, President

RAYNALD FERRON  
JOSEPH LALIBERTÉ

OMER DESLAURIERS  
ALBERT GINGRAS

SECRETARY  
ROMÉO MARTIN

ASSISTANT SECRETARY  
LÉO FILION

Only farmers, directors of member co-operatives, are eligible to act as directors.

Dear Members,

IT IS WITH CONFIDENCE that I present to you the 36th annual report of La Coopérative Fédérée de Québec.

All year long, we have had to work hard, for the difficult situations and the thorny problems have not been lacking. Due to our common efforts, Providence helping, the over-all results exceed the expectations which, at the same time last year, were permitted by the situation of the agriculture.

At La Coopérative Fédérée de Québec, it must be always borne in mind, that we are, as in the case of the local co-operatives, at the same time an association and an enterprise.

Our association is formed of more than fifty thousands (50,000) farm owners and tenants in the Province of Quebec, grouped in almost four hundred (400) local co-operatives. In this field of association, mention must be made that despite a decrease in the number of farmers, the number of co-operators, on the other hand, has increased. And the phenomena of concentration of the co-operatives which is taking place, appears to us as a demonstration of our association's progress and an indication of a greater unity of thought and action.

Our enterprise is made up of the sum of the assets which we own and of the economic, technical and social services which we have organized in common. The sharing of these assets and services has for object to enable us to continue the utilization of our farms while bringing to the economy of the Province and the country, the maximum which we can supply. For instance, let us mention that, due to the association of our locals and our Central, the erection of an important processing meat-packing plant has been made possible in Montreal during the year.

The evolution of our economy continues at an accelerated pace; agriculture has not escaped this evolution. More than ever, the farm must produce to sell. More than ever also, production and marketing problems — choice of production, grading, transportation, processing, disposal — are intimately mixed. In fact, they are all parts of a single problem.


It appears more clearly that we must, not only associate in greater number but also in such a way as to strengthen our ties, just as much in the field of association as in that of enterprise, so that our co-operatives become stronger and function with increased efficiency. This means that we, farmers, must take in our co-operatives equal participation and responsibility to that taken in the management of our farms, since our co-operatives are the continuation of our farms.

The concrete, rational and orderly application of the best techniques, just as much on the farm as in the co-operatives, is proving more essential than ever. In the past, we have largely benefited from our association with agricultural, commercial and industrial technicians. I would like to tell them that we appreciate their past collaboration and that we still count on it for the future.

In the name of my colleagues on the Board of Directors and the Executive Council, and also personally, I wish to express my most sincere thanks to all the agricultural co-operators and to all their collaborators. I desire also to underline the excellent work of our Officers and employees who apparently have appreciated the social security measures adopted during the year.

The Agricultural Co-operative, which is the continuation of the farm, justifies its existence, in our opinion, in the measure by which its activities are oriented in function of the needs of the farm itself and are integrated into the economic and social problems of man which, each day, causes his land to produce, without exhausting it, to feed other men.

The President,



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*Gentlemen,*

**O**n the whole, the 1957 Crop Year has been slightly more favourable for farmers of this Province: crops were generally good and prices of agricultural products slightly higher than those of the previous year.

Despite this improvement, the farmers' income is not commensurate with the production cost, owing to unbalanced prices of their products and farm supplies.

There is no doubt that the farmer, who wishes not only to survive but show progress, meets with difficult problems of readjustment with changes in the economy; he needs greater financial resources to improve production efficiency and counteract the effects of the disquieting decrease in available farm labor. Consequently, he is attracted more and more towards specialization in production and must lean more heavily on the organizations most adapted to provide him at the lowest possible cost with the essential processing and marketing services for his products.

During the year, co-operative life has shown a marked intensity just as much at La Coopérative Fédérée as at the affiliated Co-operatives. It seems that the agricultural Co-operators are more and more conscious of the necessity and the role of their own enterprises in finding solid and lasting solutions to their problems. We are beginning to reap the fruits of the aggressive policies established in collaboration with our members — the affiliated Co-operatives — regarding especially the dairy, meat and poultry industry. The guidance given to our business

during the last few years is proving itself more and more obviously the right answer to the most urgent and vital needs of our members.

If it is good and even necessary to study at its annual meeting the financial situation of La Coopérative Fédérée, it is no less good and necessary to determine if the enterprise fulfils its essential role which is the continuation of the farm.

On the farm, the farmer produces to sell; a glimpse at our operations reveals that two-thirds of our business is derived from the sales of farm products. The farmer must also buy to produce; one-third of our business is derived from the sale of farm supplies. These are facts which should not be forgotten.

The similarity of our activities and our operations with those of the Co-operators' farms and of their Co-operatives results in La Coopérative Fédérée living of the same breath as the ones and the others. If it is affected just as directly and widely as they are by the production, marketing and price fluctuations, on the other hand, due to the tools which it possesses, the Fédérée can soften the bad effects just as it can increase the good ones.

This brings me to say a word of our turnover and of our surplus. You have probably seen that there is a slight decrease in the first case, and a relatively sizable increase in the second case. The explanation is just as easy to give as to understand if you bear in mind what I have already pointed.

Last year, cereal crops were generally good. Our members therefore bought less grains and feeds for their cattle. Even if we feel happy together at this situation, it has had some effects on our grain and feed department. Butter is another product which has contributed to the decrease in the total business. As you all know, the Federal Government modified last year its policy for disposal of accumulated surplus under the Price Support Act; this change in policy, together with the decrease in production, has cut down the quantity of butter which we used to handle. On this matter, you will receive during this meeting further explanations which will show you that despite this exceptional situation, the Fédérée has continued to fulfil its role of protecting the Quebec farmers.

But for these two exceptions, the other departments of the Fédérée have shown increases.

The increase in our surplus will no doubt have been noted with satisfaction. This is not a stroke of luck or simply an accident. Let me emphasize first that this increase does not result from an increase in the mark-up in our business. This is a direct result, as I have noted before, of the guidance given to our business. The increase is due to the efficiency of our departments coupled with our policy to carry further the processing of agricultural products. Farmers have simply succeeded through their Central in obtaining for themselves part of the mark-up paid by consumers. It is known that in Canada, approximately 55% of each dollar paid by the consumer

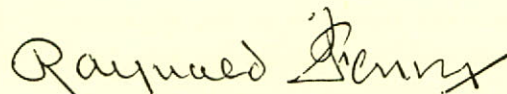
for food (retail level) represents marketing expenses. On the other hand, each Canadian consumer devotes approximately 22% of his disposable income for the purchase of food. Therefore, it is important for the farmer to look after his products past the production stage.

For, if the role of the State remains principally that of creating conditions which favour an equitable balance between agriculture and other sectors of the economy, it must be recognized that real and lasting progress cannot be achieved without the active and enlightened participation of the farmers, the most interested parties. In this connection, individual efforts are insufficient; organized, concerted action is a must. This is the reason behind unification of co-operatives. It is the corner stone of efficiency and success.

The true value of Co-operatives lays in the fact that they are service and savings enterprises. Farmers owe it to themselves to take full advantage of their beneficent and irreplaceable role in order to live and live well, while remaining masters of their destiny.

It has been a privilege for me during the year to have the full co-operation of the Administrators, my colleagues of Executive Council, my immediate collaborators, all the employees of the Fédérée, the directors, managers and employees of our member Co-operatives.

I want to extend to everyone my sincere thanks.



General Manager.

# COOPÉRATIVE FÉ

FINANCIAL POSITION AS AT

## ASSETS

### **Current assets**

Cash on hand and in bank .....	\$ 41,266	
Prepayment on consignments .....	178,563	
Prepayment on goods in transit .....	557,877	
Accounts and notes receivable .....		
(after deduction of doubtful accounts: \$85,955)	5,477,760	
Merchandise and products .....	4,263,322	
Operating supplies .....	226,105	
Deferred expenses :		
Insurance, maintenance materials, taxes, stationery, etc.; cost allocable to future operations .....	193,323	
		\$10,938,216

### **Investments**

Shares and notes at cost		
Legrade Inc.		
Interprovincial Co-operatives Ltd.		
National Co-operatives Inc.	1,672,976	
United Co-operatives of Ontario, etc.		
Mortgage loans and deposits .....	62,786	
		1,735,762

### **Fixed assets**

Land, buildings machinery, equipment, rolling stock, etc.;		
initial cost .....	4,535,225	
Less: Amortization allocated to operations of 1957 and previous years .....	2,204,107	
		2,331,118

### **Discount on bonds**

Unamortized balance .....		35,985
		<u>\$15,041,081</u>



# D É R É E D E Q U É B E C

AT OCTOBER 31st 1957

## — LIABILITIES —

### **Current liabilities**

Bank credits on merchandise and other assets .....	\$ 3,891,723
Other bank credits .....	771,074
Accounts payable .....	1,596,056
Bills payable .....	359,461
Accrued interest .....	87,787
Miscellaneous deposits .....	40,766
Other current liabilities .....	8,589

\$ 6,755,456

### **Long term debt**

Bonds,	
3½% to 4½%, maturing from 1958 to 1966	1,519,800
Patronage refunds,	
4% to 5%, maturing from 1958 to 1967	1,528,052
Notes,	
3½% to 5¼%, maturing from 1957 to 1966	1,126,651
Mortgage loan,	
4% maturing from 1958 to 1967	112,302

4,286,805

\$11,042,261

## CAPITAL AND SURPLUS

### **Capital stock**

Paid up :	
Common shares — (\$10.) .....	25,130
Common shares — Affiliation (\$25. par) .....	521,356
Common shares — Class B (\$25. par) .....	690,659

1,237,145

### **Surplus**

Reserves .....	1,886,517
Net earnings — year 1956-1957	
(before patronage refunds and Income Tax)	875,158

2,761,675

3,998,820

\$15,041,081

# SURPLUS AS AT OCTOBER 31st 1957

<b>Balance as at November 1st 1956</b>		<b>\$ 2,528,489</b>
Deduct :		
Income tax for year 1956 .....	<b>\$ 71,732</b>	
Patronage refunds on operations of 1956 .....	<b>578,859</b>	<b>650,591</b>
		<b>1,877,898</b>
Add :		
Profit on disposal of fixed assets .....		<b>8,619</b>
		<b>1,886,517</b>
<b>NET EARNINGS for year 1956-1957</b>		
(before patronage refunds and income tax) .....		<b>875,158</b>
		<b>\$ 2,761,675</b>



## AUDITOR'S REPORT

To the President and  
Shareholders of

La Coopérative Fédérée de Québec.

We have examined the consolidated Balance Sheet of La Coopérative Fédérée de Québec and two of its wholly owned subsidiaries (Dominion Elevator Limited and Canadian Livestock Co-operative of Quebec Limited) as at October 31st 1957, and the Statement of Earnings and Surplus for the year ended on that date.

La Coopérative Fédérée de Québec also holds the whole of the capital stock of Legrade Inc. This capital stock is shown at cost under the heading of Investments.

We have obtained all the required information and explanations.

We have not made a detailed audit of all the transactions but we have verified, by means of such tests as we considered necessary in the circumstances, the accounting procedure and records.

In our opinion, the attached consolidated Balance Sheet of La Coopérative Fédérée de Québec, as at October 31st 1957, is drawn up so as to exhibit a true and correct view of the state of the affairs of the Society, according to the explanations and information submitted and as shown by the books of La Coopérative Fédérée de Québec on that date.

PELLETIER, GRAVEL, DESLIERRES,  
Chartered Accountants.

Montreal, January 13th, 1958.

## CAPITAL, SURPLUS, NET EARNINGS AND PATRONAGE REFUNDS FOR THE LAST 20 YEARS

Financial Year	Capital	Surplus	Capital and Surplus	Net earnings before Patronage refunds and Income Tax	Patronage refunds to affiliated co-ops
1938	\$ 254,583	\$ 255,244	\$ 509,827	\$ 89,540	\$ 33,608
1939	256,970	339,503	596,473	129,806	48,010
1940	229,239	395,622	624,861	115,787	60,403
1941	229,946	447,169	677,115	121,416	78,913
1942	238,883	474,531	713,414	115,293	97,841
1943	255,906	748,759	1,004,665	373,437	272,121
1944	279,499	801,641	1,081,140	369,766	282,342
1945	183,860	889,376	1,073,236	348,667	287,309
1946	202,409	876,549	1,078,952	271,198	205,830
1947	223,927	1,196,715	1,420,642	495,030	393,743
1948	248,053	832,296	1,080,349	88,227	46,761
1949	258,962	1,101,936	1,360,898	242,008	204,306
1950	276,863	1,319,961	1,596,824	230,612	180,687
1951	307,815	1,667,341	1,975,156	468,538	382,171
1952	437,940	1,726,254	2,164,194	481,808	393,808
*1953	570,227	1,731,944	2,302,171	322,484	246,342
1954	646,888	2,120,380	2,767,268	496,978	398,131
1955	888,661	2,291,545	3,180,206	**713,265	492,453
1956	1,049,861	2,528,490	3,578,351	**813,486	578,859
1957	1,237,145	2,761,675	3,998,820	**969,180	***

\* Ten months of operation.

\*\* Including Legrade Inc.

\*\*\* Patronage refunds will be determined at the occasion of the Annual Meeting.

# GLANCE AT AGRICULTURE

The following information has been obtained from the best available sources and rests on Federal and Provincial statistical data for 1956.

## FARMS AND FARM POPULATION

	CANADA	QUEBEC	% QUEBEC
Farm population	2,750,000	765,000	28
Farm labour	809,000	171,400	21
Number of farms	575,000	122,600	21
Total area (acres)	174,000,000	16,000,000	9
Developed area (acres)	100,000,000	8,600,000	9
Area under crops (acres)	63,000,000	5,500,000	9
Average area per farm (acres)	300	130	

In the Province of Quebec, 88,200 farms are classed as commercial, that is to say with a farm cash income of \$1,200 and more. 86% of the cultivated farm area is devoted to oats and hay.

The Canadian farm population is equivalent to 17% of the total population; that of Quebec to 16.5%, or 1 person out of 6 in both cases.

Since 1951, the number of farms has decreased by 48,000 for Canada, a decrease of 8%; in the Province of Quebec, the decrease was 12,000 farms, or 9%.

In Canada, the farm labour has decreased since 1951 by 123,000, or 13%. This decrease is equivalent to the population of Sherbrooke and Three Rivers taken together. In the Province of Quebec, the decrease has been of 24,000 or 12%, equivalent to the population of Chicoutimi.

## LIVESTOCK AND MACHINERY

	CANADA	QUEBEC	% QUEBEC
<b>LIVESTOCK</b>			
Dairy cows	3,164,000	1,054,000	33
Swine	4,730,000	887,000	19
Hens and Chickens	68,000,000	11,000,000	16
Turkeys	5,000,000	630,000	13
<b>MACHINERY</b>			
Tractors	500,000	54,000	11
Automobiles	352,000	53,000	15

In Canada, we thus find three farms out of five with an automobile, and in Quebec almost one out of two.

Electrified farms:	73%	88%
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## PRODUCTION

The volume of agricultural production, as compared with the base period of 1935-39, has increased by two thirds in Canada and almost by half in the Province of Quebec.

In view of the importance of dairy production in the Province of Quebec, the following information is considered of much interest.

For Canada : 1 cow in production for 4.7 inhabitants

In Quebec : 1 cow in production for 4 inhabitants

With only 30% of the Canadian population, the Province of Quebec contributes 36% of the Canadian dairy production.

	CANADA	QUEBEC	% QUEBEC
Total milk production	17.3 billion lbs.	6.2 billion lbs.	36
<b>How is this production handled ?</b>			
Fluid milk	5.6 billion lbs.	2.1 billion lbs.	37
Butter	324,000,000 lbs.	126,000,000 lbs.	39
Cheese Cheddar brand	84,000,000 lbs.	22,000,000 lbs.	26
Ice Cream	33,000,000 gls.	8,200,000 gls.	25
Concentrated whole milk	365,000,00 lbs.	122,000,000 lbs.	33
Other milk products	118,000,000 lbs.	52,000,000 lbs.	44

### PRICES

From 1951 to 1956, in Eastern Canada, **PRICES received** by farmers for their products have decreased by approximately 15%, whereas **PRICES paid** by them for supplies and services have increased by approximately 7%.

(Basis : 1935-39 = 100 converted to 1951 = 100)

Farmers are then squeezed between the prices which they receive and those they have to pay. It is the "price-cost-squeeze."

### INCOME

	CANADA	QUEBEC	% QUEBEC
Farm cash income	\$2,662,000,000	\$441,000,000	17
Net farm income	\$1,573,000,000	\$286,000,000	18
Gross income per farm	\$ 4,630	\$ 3,596	78
Net income per farm	\$ 2,736	\$ 2,330	85

	CANADA	QUEBEC
	Income per dollar of sale	
Dairy products	.18¢	.38¢
Livestock	.29¢	.28¢
Eggs and Poultry	.11¢	.11¢
Forestry products	.03¢	.11¢
Vegetable and other field crops	.07¢	.05¢
Miscellaneous	.04¢	.04¢
Fruits	.02¢	.02¢
Grains - seeds - hay	.26¢	.01¢
	\$1.00	\$1.00

These few figures indicate that during the last few years, agriculture has undergone an unusual transformation.

This transformation gives rise to numerous and complex problems to which a solution must be found.

It is impossible to conceive of a truly efficient and lasting solution without the active participation of farmers.

In making fuller use of Co-operation, farmers will be guaranteed the continuance and efficiency not only of their own efforts but also of all displayed elsewhere to settle their problems.

# OUR SALES FOR THE LAST 20 YEARS

<u>Year</u>	<u>Farm Supplies</u>		<u>Livestock and Meats</u>		<u>Dairy Products and other Farm Products</u>		<u>TOTAL SALES</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
1938	4,200,000	36%	2,500,000	21%	5,000,000	43%	11,700,000
1939	4,000,000	34%	3,200,000	27%	4,700,000	39%	11,900,000
1940	4,800,000	34%	4,000,000	28%	5,200,000	38%	14,000,000
1941	5,100,000	29%	4,700,000	26%	7,900,000	45%	17,700,000
1942	5,700,000	27%	4,900,000	22%	11,300,000	51%	21,900,000
1943	10,100,000	33%	6,300,000	21%	14,000,000	46%	30,400,000
1944	12,500,000	32%	9,300,000	24%	16,700,000	44%	38,500,000
1945	12,400,000	31%	8,400,000	22%	18,300,000	47%	39,100,000
1946	12,100,000	33%	9,300,000	25%	15,600,000	42%	37,000,000
1947	12,900,000	31%	11,400,000	27%	17,500,000	42%	41,800,000
1948	14,000,000	30%	15,100,000	32%	18,300,000	38%	47,400,000
1949	16,000,000	31%	15,200,000	29%	20,600,000	40%	51,800,000
1950	17,500,000	33%	19,000,000	36%	16,800,000	31%	53,300,000
1951	19,600,000	32%	22,500,000	37%	18,300,000	31%	60,400,000
1952	19,100,000	33%	18,800,000	33%	19,500,000	34%	57,400,000
*1953	15,900,000	34%	12,500,000	28%	17,700,000	38%	46,100,000
1954	21,100,000	35%	15,400,000	26%	23,600,000	39%	60,100,000
**1955	24,200,000	32%	26,200,000	36%	23,800,000	32%	74,200,000
**1956	28,000,000	35%	26,900,000	33%	26,300,000	32%	81,200,000
<b>**1957</b>	<b>27,200,000</b>	<b>35%</b>	<b>27,100,000</b>	<b>35%</b>	<b>23,700,000</b>	<b>30%</b>	<b>78,000,000</b>

\* Ten months of operation only.

\*\* Including Legrade Inc.



