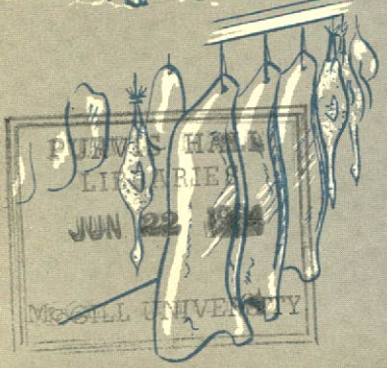
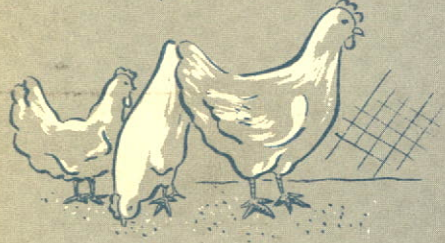
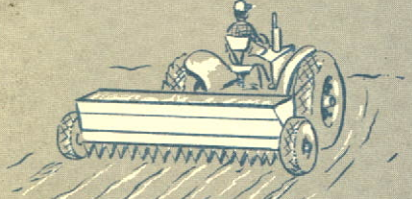
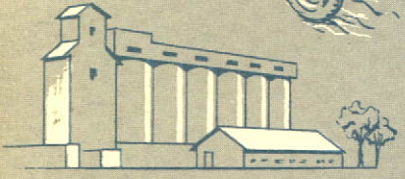
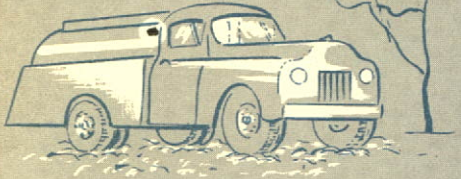


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1961

ANNUAL
REPORT

COOPÉRATIVE FÉDÉRÉE DE QUÉBEC

1961

board of directors

ADÉLARD BELLEMARE, President

ALBERT GINGRAS, Vice-President

ROLAND BELCOURT
J.-EUGÈNE BELZILE
LÉONCE BELZILE
GEORGES CHÉNARD
OMER DESLAURIERS
ARMAND DUBOIS
SIMON FORTIN
LOUIS-PHILIPPE GRONDIN

JOSEPH LALIBERTE
LOUIS LAROCHELLE
PAUL-ÉMILE MALTAIS
DAMIEN MARTIN
ROLAND PIGEON
HENRI MIREAULT
ANDRÉ POISSANT
JULES ST-GERMAIN

GENERAL MANAGER
RAYNALD FERRON

ASSISTANT GENERAL MANAGER
ROMÉO MARTIN

ASSISTANT GENERAL MANAGER
HECTOR NADEAU

SECRETARY
LÉO FILION

TREASURER
HENRI BEAUREGARD

executive committee

ADÉLARD BELLEMARE, President

RAYNALD FERRON
LOUIS LAROCHELLE

OMER DESLAURIERS
ALBERT GINGRAS

SECRETARY
LÉO FILION

ASSISTANT SECRETARY
ROMÉO MARTIN

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

Dear Members,

9 IN presenting this fortieth annual report of "La Coopérative Fédérée de Québec", I cannot help drawing to your attention that it reflects in general the results obtained in 1961 by the average affiliated co-operatives.

Our business volume has increased slightly because the increase which occurred in the sale of farm supplies has more than compensated for the decrease in the turn-over of animals and meats, above all, hogs. Moreover, the decrease in earnings is explained by the general narrowing of profit margins, the growing cost of finance and the burden of credit. Just the same, everything considered, our results compare with those obtained by enterprises with commercial activities identical to ours.

Notwithstanding, the financial results, which we would have desired to be more satisfactory, are within the limits of the forecast which the general agricultural situation permitted us to make. In fact, during the period ended 31st of last October there was no shortage of difficult situations and thorny problems. Thanks to our joint efforts, and with the aid of Providence, the Fédérée completed the year without these troubles affecting either the efficiency of its services or the strength of its resources.

It is often in time of greatest difficulty that efforts find the source of revival. Thus, in the course of the past year, while continuing with the work of the material organization of the business your officers accorded special attention to dairy problems. In a brief to the Provincial Committee on the Marketing of Dairy Products, they expressed their views on these questions. The organization of production plans for hogs, poultry and eggs was the object of special effort. In order to increase them, and by so doing, to raise the income of our family farms, the Fédérée and its affiliated co-operatives promoted co-operative production plans among co-operators.

In the brief which they submitted to the Provincial Department of Agriculture, your officers expressed, on behalf of the 55,000 farmers which they represent, their point of view concerning livestock production and the food requirements of the population. They suggested measures which they think favourable for the economic improvement of the family farms.

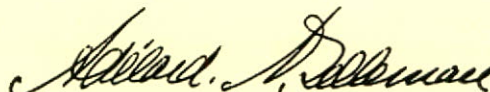
The Fédérée collaborated with those who serve our agriculture by presenting a brief to the Study Committee on Agricultural Education.

In the face of the present agricultural problem, our co-operatives must become more powerful. They must work with increased efficiency. We have the responsibility of participating in our co-operatives as much as in the operation of our farms since co-operatives are an extension of our farms.

In the name of my colleagues on the Administrative and Executive Councils and also on behalf of myself, I express my most sincere thanks to all those agricultural co-operators and to all their associates. I wish also to mention the excellent work of our officers and our employees.

May divine Providence bless our deliberations and continue to aid us.

The President,



7he year 1961 was characterised by a moderate economic upturn. Activities commenced to right themselves in the second quarter. It is expected that the gross national product will be slightly higher than that of the preceding year. In the investment sector, gains have been rather weak. The expenditures of consumers for goods and services have been maintained. Credit has been more abundant, and easier. Unemployment is everpresent.

The monetary policy relative to the exchange rates has been modified with the aim of stimulating exports, reducing imports and making the commercial balance less unfavourable. As you know, the Canadian dollar passed from a premium of 2 per cent to a discount of 5 per cent. Our purchases abroad of agricultural machinery and a few other products have been more costly, and the increases in price have been sudden. As for exports, we have been little affected as in Quebec the most of our agricultural products are deficient. Nevertheless, the new rates of exchange will make it more difficult to export to our country.

Quebec Agriculture is passing through difficult times

For the past few years, the agricultural problems have been piling up, complicating and aggravating one another. At the farm level, the margins, the profits per unit, have lessened. For the last ten years, the prices of agricultural products have tended to decline. On the other hand, production costs have soared.

To increase their revenues, farmers must produce more. This increase of production presupposes the adoption of proved techniques, a higher capitalization and sufficient operating credit. At the same time, farmers can with difficulty invest more capital in their farms and rapidly adopt advanced techniques because of the low returns which they obtain from their operations. Even if they had more disposable capital, they would still need sufficient production credit.

Farmers normally obtain an appreciable part of their revenues outside of agriculture. To meet the requirements, of their family and their farm, a large number of them have no other choice. Unhappily, the part-time employment opportunities are less abundant due to unemployment. This situation, it goes without saying, has immediate repercussions on their purchasing power and their capacity to pay.

One of the marked events of the year has been the drought experienced by the Western provinces. While having decisive effects for the grain producers of the Canadian West, it contributed much to increase the cost of purchases by Eastern farmers of food-stuffs for livestock.

In our Province, except for a few regions, the harvests of grain were abundant enough. Nevertheless, the quality of the harvest suffered from the rain and lodging in several places. The yields of hay in the east of the province are lower than those of the preceding years, following a wet spring and dry period during the summer. The conditions of pastures were excellent during the autumn.

The market for the most categories of animals has remained virtually unchanged in 1961. Had it not been for hog cholera, the marketing of hogs would have been slightly higher than that of 1960. It remained at about the same level as that of the annual average for the period 1951 to 1960. The price to producers for hogs — premiums excluded — moved up by about 10 per cent. Note, all the same, that during the financial year of the *Fédérée*, the production of hogs in the province declined by about 10 per cent.

The dairy industry, which has passed through a period of remarkable stability, is now facing a critical situation. Although the production of milk is only slightly excessive, the surplus of butter and of powdered milk is accumulating. Sources of fat are abundant in the world, and the dairy problem is today a world problem. The problem is complex and solution of it is not easy.

Prices for powdered milk have reached very low levels, and the prices of other manufactured dairy products have been affected by this decline. The production of butter in the province has increased by 12 per cent and that of cheddar cheese by nearly 20 per cent. Temperatures were ideal in the autumn and contributed to stimulate milk production.

Production of poultry was considerable, about 35 per cent more than in 1960. This increase came about in broilers. The production obtained was almost double that of the average for the years 1954 to 1958. The prices of broilers were extremely low for certain periods of the year, and 15 per cent inferior to those of the preceding year. The *Fédérée* provided substantial help to its integrated producers in this field.

The production of eggs and turkeys was marked by increases of 6 and 12 per cent respectively. Note that in the case of eggs, the production is a

little greater than that of the average for the years 1954 to 1958. The average price of eggs to the producers for the year 1961 was slightly superior to that of the preceeding year.

The production of apples was 20 per cent below normal. In the case of market garden products, production was abundant, principally for potatoes; a record year. The prices of this commodity have been very low. The harvest of onions has been below normal.

Adaptation to new conditions

In the course of the past few years, the Central has experienced a rapid expansion at the same time as agriculture was passing through a profound transformation which have led us to rethink general policies. There has been an effort to better coordinate the activities of the Central and to improve the organizational set-up. With a view to making the operations of the enterprise flexible, a broad program of restructuring administrative and commercial services has been carried out, which we have commenced to put in operation. Moreover, special attention has been directed to diverse measures designed to make certain expenses less onerous and more productive.

In the Personnel Division studies have been completed which are intended to assure greater efficiency of employees, make them better acquainted with the goals and activities of the Central and, consequently, to help them work as a team. The Social Security Service has been amalgamated with that of Personnel. In the field of Social Security progress continues. The number of co-operators insured has reached 18,000; the number of children insured, 8,000 and the number of families who have insured their children has risen to 6,000 (about 25,000 children), which is, in total, 50,000 persons. We are happy to announce to you that the Central will return a substantial sum in rebates, to holders of life insurance policies and that it has just established a new plan of health insurance for members.

The volume of business has increased slightly

The total of business has increased a little, in spite of a sharp drop in the production of hogs (for the Fédérée financial year). Increases in the Departments of petroleum, agricultural machinery, grains and feeds, agricultural hardware, and fertilizers have more than compensated for this decrease.

In the processing of meats, margins have narrowed. Farmers will obtain from their abattoirs all the advantages which they have a right to expect by shipping all their animals. And to do this, they must participate actively in co-operative production plans. The co-operative plans are conceived by their directors for them.

Integration in the hog industry is developing in the Province, principally in the region of Montreal where the largest concentration of hogs on farms is found. In this region the farmers have an even greater need for co-operative production plans as their marketing power on these markets is more limited.

In order to stimulate production and to augment the revenues of farmers, the Fédérée has adopted emergency measures. It is well known that hog production in the Province of Quebec only equals two-thirds of the consumption of pork meats. Since last July, the Meat Division of the Fédérée has placed a good number of breeding sows with producers. This program is beginning to produce results. Incidentally, Fédérée meats are more and more in demand by consumers.

In the poultry industry, the year has been marked by important events. The poultry abattoir at Victoriaville operated at full capacity. Production of eggs has been developed in a few deficient regions of the Province. The results obtained are satisfactory. During the year, there will be an effort to establish centres of laying hens in some regions and to stimulate production of large roasting birds and of turkey broilers.

We are happy to state that at the farm level there has been a great effort to apply better feeding methods. Our nutrition service is improving. Thus, we have entirely renewed our programme of hog feeding and have made important changes in our poultry feeding programme.

We are conscious of the rapid progress which is being made in animal nutrition. In the past we have often been initiators of new services. Our line of thinking has not varied. With the aim of better serving our producers, we have decided to make the operations of our St. Henri feed mill automatic. We are pleased to tell you that it will be in production a few months hence.

In the case of petroleum products, the objectives forecast have been attained. The service has been extended to several new regions, among others, Abitibi. Special attention has been given to setting up precise administration methods at the level of local co-operatives and to improvements in the conditions of sale to co-operatives.

The sales of farm machinery have increased noticeably. In this field there has been an effort to improve the administrative service of local co-operatives. Courses on agricultural machinery have been given. Let us note also that there has been a greater use of the facilities of the Central Metropolitan Market which has permitted speedier supply and delivery and a better distribution of stocks across the Province.

The fruit and vegetable Department has, at the beginning of the year, taken possession of new quarters at the Central Metropolitan Market. It has, for the benefit of co-operatives, participated in the negotiation of sales contracts with processing plants. It has also developed new outlets beyond our borders for Quebec products.

Protection and improvement of the position of the family farm

We have just passed through one of the most arduous years of our history. The net results are much lower than those of the preceding years. However, they do not give a true, precise or correct idea of the efforts of the Central to protect and improve the position of the family farms.

The main reasons for this situation have been noted. I would like to draw your attention to a few other points. Certain activities are very difficult but they do much to contribute to normal competition on the markets and to increase the marketing power of farmers. If co-operatives were not present in most of the regions of the Province, and if they were not engaged in a great number of activities, would farmers obtain services equal to those which we give? Would they benefit from the same economic advantages? Let us also remember that it has been necessary in the past five years to spend large sums to keep our services up-to-date and to assist in the consolidation of the economic forces of farmers.

Now that agriculture is evolving rapidly in a world characterised by a greater concentration of economic power and a greater diversification of services, and now that consumption, production and distribution have become massive and margins have narrowed both at the production and marketing levels, farmers, if they wish to improve their economic situation, have no other choice than to give their full support to co-operatives. If they do this, many difficulties will be lessened.

Concentrations of capital are extending their grip and their methods of action to farm products at the same time and even right to the farms. The procurement of farm supplies and the production and marketing of farm products have a tendency to link together. Faced with such a situation, I do not see a better element of protection for farmers than family farms grouped in progressive and efficient co-operatives.

Is it necessary to restate it? To us the family farm is a farm where the family supplies more than half of the labour and makes most of the important decisions. In our agricultural context, the same person owns, cultivates and manages the farm; the family resides on the farm; and the owners of the family farms possess, administer and control the local co-operatives and the Central.

The family farm has survived technical progress. It has adapted to changing conditions because of a better co-ordination of work and of interest which it has in a progressive agriculture and in a sound marketing system. In spite of progress which has been accomplished, the family farms will not develop themselves fully except on condition that they unite their resources in agricultural co-operatives.

It has often been repeated that the farm co-operative is the extension of the farm to the supply markets for agricultural materials and on the consumer markets. It is, in fact, an integral part of the farm. The feedmills, the warehouses, the hatcheries, the grading stations, the dairy factories, the slaughter houses of the co-operative farm movement — to mention only those — represent a part of the family farm as much as do the land, the farm buildings, the farm machinery and the livestock.

It is in this spirit that the goals of the Fédérée are conceived. The thinking of the Central with respect to agriculture is as follows:

- 1° The agricultural co-operative movement is an integral part of Quebec agriculture. The agricultural co-operatives are basically service enterprises based on the real needs of the family farms;
- 2° The local co-operatives and the Central are principally multiple service enterprises;
- 3° Agricultural co-operatives strive to stimulate agricultural production in order to raise farmers' revenues to the maximum. Nevertheless, they take into account that the increase in agricultural production should be proportionate to the needs of the population for good;
- 4° Agriculture, as an industry, does not stop at the farm gate. Co-operatives are the extension of the farms and form a component part of the food industry.

In effect, we strive together to raise the living standard of farmers. This improvement of the levels of living rests with the efforts of the farmer himself and the efforts of farmers as a group.

The farmer must try to obtain greater efficiency on his farm. He must be an adept administrator in the organization of his productive resources. He must be alert and prompt to act as far as the marketing of his products is concerned; he must also be a watchful accountant; he must be judicious in the use of credit; he must be a competent salesman and a first class mechanic in the use of complex machinery. He must look to the expansion of his operation if he wishes to lower production costs. You will see immediately that the farmer, left to himself, must face powerful forces on the markets.

The co-operative cannot substitute itself for the farmer in carrying out his functions. It can, nevertheless, orient him, from a technical point of view,

and furnish him with services which will help him to make his operation more efficient and permit him to play an important role on the markets.

With our co-operative production programmes we have helped farmers to increase their production of commodities in short supply in the Province. There is enormous room for expansion. Quebec farmers only supply pork meats for two out of three families — and in addition about 200,000 piglets come to us from outside — in lamb, hardly one family in three, in eggs, one family in two, in turkeys, two families in five and in beef, a small part of the population.

Yet we have at our doors the largest consumers market in the country, 55,000 affiliated members of co-operatives of which a large number are engaged in the hog and poultry industries, distribution centres across the Province, complete facilities for livestock feeds, readying plants for meat and poultry products. When co-operators obtain all their supplies from their co-operatives and trust the marketing of all their products to their co-operative, they are integrating their resources to their advantage and raising their economic standards.

Outlook

The year 1962 has announced itself more favourably for our economy than that through which we have just passed. The vigour of the economic upturn will depend on, among other factors, the level of investments in the country, the expansion of outside markets and a better balance between production costs and prices.

In agriculture there will still be difficult times. Even if net farm income gained a little last year it remains one of the lowest on record for the period 1948-61 and disproportionately so in relation to those of other classes of society. Taking into account variations in climate, production of most agricultural commodities should be higher, outside of broilers and a few other products. It will be necessary, on the farm, to keep a close watch on production costs.

As for the dairy industry, it is tied to agricultural policies.

Competition will be sharp, notably among those products to which integration has been applied. The local co-operative and the Central have in their hands the necessary tools to meet this situation. We have the physical facilities and the needed technicians to permit producers to integrate their resources for both production and marketing as far as the deficient commodities are concerned, pork and poultry products. The improved flexibility of our administrative and commercial services, the important changes which we are bringing to our nutrition service and the construction of a modern feed mill permit us to play a considerable role as far as expanding our production contracts are concerned, and to strengthen the family farms.

More than ever, it will be necessary for us to concentrate all our efforts towards the same objectives. The agricultural co-operatives, the locals and the Central, are part of the same system based on the real needs of the farmers. For the owners of family farms the co-operative movement represents an element of protection, a store of technical, commercial and financial advice in the field of agricultural production and marketing and in line with the best of professional ethics.

Farmers must make more use of the services of their businesses both at the level of the locals and of the Central. It is important that the locals complement the technical work of the Central, by assuring, where necessary, the services of competent technicians. It is necessary, besides, for us to work together always to improve administrative methods in order to obtain maximum service from personnel, physical facilities and financial resources. In the field of credit, all possible means should be studied which might obtain for farmers the production credit which they require, in order to increase production and yet lighten the financial load of co-operatives and stabilize the financing of local co-operatives in planning new developments.

Farms are less numerous. The volume of production per farm increases noticeably from year to year. The work of consolidation on the farms should proceed parallel at the level of the co-operatives. We will need, in the future, co-operatives more powerful, adapted to changing conditions of the economy and of agriculture and assuring farmers a greater bargaining power on the markets.

In spite of the numerous problems which have confronted us in the course of the year, the farm co-operative movement demonstrates vigour, dynamism and continuity. We continue to improve our facilities on the Central Metropolitan Market and in other places. There remains considerable work ahead. Agricultural problems are still complex and numerous. However, thanks to the active and enlightened participation of farmers in co-operative life, we look to the future with confidence.

I have had the advantage, during the past year, to benefit from the loyal assistance of administrators, of my colleagues on the Executive Council, and my immediate associates, the employees of the *Fédération*, and the managers and directors of member co-operatives. Their team spirit and their devotion has been a valuable comfort to me. I count, more than ever, on their entire co-operation.

To each and all, my most sincere thanks.

The General Manager

Raymond Perry

C O O P É R A T I V E F É

CONSOLIDATED BALANCE SHEET

— ASSETS —

Current assets

Cash on hand and in bank	\$ 2,075,436	
Accounts and notes receivable (doubtful accounts deducted: \$188,212)	8,607,588	
Merchandise on hand and in transit	6,605,367	
Operating supplies	68,771	
Deferred items: Insurance, taxes, maintenance materials, etc. (cost allocable to future operations)	<u>269,134</u>	
		\$17,626,296

Investments

Shares and notes at cost: Eastern Abattoirs, Ltd. Legrade Inc. Interprovincial Co-operatives, Ltd., etc.	3,964,690	
Mortgaged loans and miscellaneous deposits	<u>430,913</u>	4,395,603

Fixed assets

Land, buildings, machinery, equipment, rolling stock, etc. — initial cost	6,584,173	
Less: Amortization allocated to operations of year 1961 and of previous years	<u>2,992,471</u>	3,591,702

Discount on bonds when issued

Unamortized balance		<u>179,687</u>
		<u>\$25,793,288</u>

PROVINCE OF QUEBEC

AS AT OCTOBER 31st., 1961

— LIABILITIES —

Current liabilities

Bank credits on merchandise and other assets.....	\$ 6,617,933	
Accounts payable.....	6,231,303	
Notes payable.....	393,219	
Miscellaneous deposits.....	228,103	
Other current liabilities.....	12,249	
		<u>\$13,482,807</u>

Long term debt

Bonds — 1st mortgage, serials		
4% maturing from 1962 to 1966 incl.....	546,500	
1st mortgage, serials and sinking fund		
5½%, 5¾%, 6%, maturing from 1962 to 1971 incl.....	1,600,000	
General mortgage sinking fund		
5¾%, maturing in 1969.....	1,974,000	
	<u>4,120,500</u>	
Patronage refunds,		
5%, maturing from 1962 to 1969 incl.....	1,336,527	
Notes,		
4% to 5¼%, maturing from 1962 to 1969 incl.....	1,234,484	
Mortgage loan,		
4%, maturing from 1962 to 1967 incl.....	79,804	
	<u>6,771,315</u>	\$20,254,122

CAPITAL AND SURPLUS

Capital stock

Paid-up:		
Common shares — \$10.....	24,960	
Common shares — \$25.....	778,360	
Common shares — class "B" — \$25.....	1,137,265	
	<u>1,940,585</u>	
Preferred — \$10. shares:		
Series "A" 1960.....	750,185	
Series "A" 1961.....	470,918	
	<u>1,221,103</u>	
	<u>3,161,688</u>	

Surplus

Reserves.....	2,320,229	
Net earnings — year 1960-61.....	57,249	
(before patronage refunds and income tax)		
	<u>2,377,478</u>	

\$ 5,539,166

\$25,793,288

SURPLUS AS AT OCTOBER 31st, 1961

Balance as at November 1st, 1960		\$ 2,863,760
Deduct:		
Loss on disposal of land and buildings	\$ 25,875	
Income tax for year 1960	46,590	
Patronage refunds on operations of 1960	<u>540,646</u>	
		<u>613,111</u>
		\$ 2,250,649
Add:		
Profit on disposal of:		
Office furniture	405	
Rolling stock	<u>3,801</u>	
	<u>4,206</u>	
Profit on redemption of Bonds before maturity	2,993	
Refund of income tax for previous years	<u>62,381</u>	
		<u>69,580</u>
		2,320,229
NET EARNINGS for year 1960-61		
(before patronage refunds and income tax)		<u>57,249</u>
		<u>\$ 2,377,478</u>

AUDITOR'S REPORT

To the President and
Shareholders of
Coopérative Fédérée de Québec.

We have examined the consolidated Balance Sheet of Coopérative Fédérée de Québec and of two of its wholly owned subsidiaries (Fédérée Elevators, Limited and Canadian Livestock Co-Operative of Quebec Limited) as at October 31st, 1961, and the Statement of Earnings and Surplus for the year ended on that date. The Financial statements of Canadian Livestock Co-operative of Quebec Limited were certified by Messrs. Boulanger, Fortier, Rondeau & Co., Chartered Accountants.

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

Coopérative Fédérée de Québec has guaranteed the repayment of capital and interest on the \$1,586,500.00 outstanding bonds of Legrade Inc., together with the bank loan obtained by this affiliated Company to the extent of \$1,500,000.00. Coopérative Fédérée de Québec has also guaranteed, jointly with the Coopérative Agricole de Granby, the repayment of a loan obtained by La Compagnie Immobilière Viger Ltée from the Caisse Populaire Régionale de Joliette, of which \$70,000.00 is outstanding.

Coopérative Fédérée de Québec has signed a long-term lease with The Greater Montreal Central Market Co. Ltd., under the terms of which it has agreed to pay for a period of at least thirty years an annual amount of \$172,200.00: this amount is sufficient to reimburse the capital and interest on a bond issue sold by the Greater Montreal Central Market Co. Limited. An amount of \$2,076,000.00 is still outstanding as at October 31st, 1961.

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 Balance Sheet of Coopérative Fédérée de Québec, as at October 31st, 1961, together with the statement of Earnings for the year ended on that date, are drawn up so as to exhibit a true and correct view of the state of the affairs of the Society, as at October 31st, 1961 and the results of its operations for the year ended on that date, according to the explanations and information submitted and as shown by the books of Coopérative Fédérée de Québec.

PELLETIER, GRAVEL, DESLIÈRES,
Chartered Accountants.

Montreal, January 26, 1962.

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>	
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
**1957	27,200,000	35%	27,100,000	35%	23,700,000	30%	78,000,000
**1958	31,200,000	33%	32,300,000	34%	31,600,000	33%	95,100,000
**1959	37,900,000	33%	45,900,000	40%	31,200,000	27%	115,000,000
***1960	38,500,000	33%	43,700,000	37%	34,500,000	30%	116,700,000
****1961	42,600,000	36%	39,300,000	33%	36,000,000	31%	117,900,000

* Ten months of operation only.

** Including Legrade Inc.

*** Including Legrade Inc. and Eastern Abattoirs Ltd.

**** Including Legrade Inc. and 18 months of operation of Eastern Abattoirs Ltd.

CO-OPERATIVE PRODUCTION PLANS

A project of farmers — a sure method of increasing farm incomes

Do Quebec Products crowd our Markets?

Everyone agrees that to increase his revenue, the Quebec farmer must strive to lower his production costs and to produce more. Yet some people fear that if production is raised, the Quebec agricultural industry will eventually find itself faced with problems of over-production. The truth is quite the opposite. If a few dairy products and broilers are excluded, production of most other products is not sufficient to meet the needs of the population of the province. *There is room for expansion and our farmers and their families should be the first to profit from the possibilities offered to them by their own markets.* They should profit even more since they are close to the largest consumers' market in the country. Moreover, it is important to stress that their sales are more and more linked to volume, to the quality and to the regularity with which they put their products on the markets.

Let us take the case of hogs. The shortage commences with the piglet; 200,000 of them were imported from outside last year. There were 1,150,000 hogs marketed when we should have marketed 1,900,000. At the present rate of population increase and at present levels of consumption of pork meats per person, we must count on 2,100,000 hogs in 1966 and 2,400,000 in 1971. *It is therefore necessary for us to double the production of 1961 if we wish, in 1971, to equalize production with consumption.*

In the case of eggs, 62,100,000 dozens were produced in 1961, for a total market of 125,000,000 dozens. In 1966, we will need 140,000,000 dozens and in 1971 157,000,000 dozens. It is known, also, that our farmers supply only 40 per cent of the population in the case of turkeys, and hardly a third of the lamb meats and a very small percentage of beef. We also have a deficiency in the case of veal.

The co-operative production plans of the Central and of the locals aim precisely to augment the net

revenue of farmers, to make them benefit more from their own markets and to supply consumers with quality products.

Is Integration something new for Co-operatives?

No — co-operatives, being the extension of the farm have always involved integration. *They have united under a single directing body, that of farmers, the functions of production, of processing and of distribution.* If contract agriculture is referred to, the same remark applies. Contracts have long existed. The new production contracts only offer a new means of using the services which co-operatives were already providing.

In co-operative integration, farmers put together the resources of small economic units, their farms, to provide themselves with services comparable to those of large enterprises engaged in distribution and processing. It is well known that a farm taken individually has little influence on the market. By joining their means of action, the farms represent a formidable power on the markets for supplies and for agricultural products. When a farmer decides to take part in a co-operative production program, he is taking care of his best interests. He decides to purchase his own supplies, manage his farm himself and to put his products on the market. When a farmer signs a co-operative production contract, he does not do business alone, but with all the members of his co-operative and those of other co-operatives. He contributes by so doing to strengthen the power of farmers.

The co-operative production plans are conceived in the best democratic spirit. This is easily recognized because it is the farmers themselves who confide the preparation and the operations to their own co-operative enterprises. The plans are approved by the directors of the Central and of the locals. *It is really the farmers who have made this decision, and who are giving themselves plans for integration, or more exactly co-operative plans for production.*

Are Co-operative Production Plans in the Best Interest of Farmers ?

Highly advantageous. The farmers are making use of their own services. They assume it is true, some risks, but the economies and other advantages resulting from the marketing process, are returned to them.

As a proof:

1 - At the producer level.

- a) **Increase of revenues.** Hogs and poultry are at the moment the only types of production to which Quebec farmers can, in a general way, have access to increasing their returns;
- b) **Better direction of production.** The co-operative production plans are set up in keeping with the general outlook of the market, and with regional or local conditions of farms where they are put into practice;
- c) **Satisfaction of a larger part of our market.** In 1960, with respect to consumption, our province had a deficit of 700,000 hogs, 65 millions dozens of eggs and of 50 millions pounds of poultry meat. The producers in other provinces and in the United States were successful in supplying the deficits;
- d) **Better financing.** The production plans determine ahead of time the cost of rearing, and suggest available sources of credit;
- e) **Survival of the family farm.** The co-operative production plans are set up in keeping with our system of the family farm which depends upon the sense of responsibilities and the right of property of the operator;
- f) **More efficient and more stable production.** This advantage is achieved because in co-operative integration, production plans contain arrangements to provide the producers with producing techniques and look to the marketing of the animals.

2 - At the level of local co-operatives.

- a) **A greater interest in production.** Local co-operatives who have producers under contract interest themselves more actively in production.
- b) **A greater efficiency of operation.** In supplying themselves at their own co-operative feed mill with the grains and feeds necessary for their herds, the producers under contract contribute to a more efficient operation of their local co-operative and help improve its situation.

3 - At the level of the Central.

- a) Assurance of being able to supply its markets regularly with quality products coming from Quebec farms, and also of being able to operate its processing plants at a better capacity;
- b) To benefit affiliated societies and their members with its market facilities.

Do Co-operatives have everything needed for Integration ?

Too often during discussions on integration, it is forgotten that the chief participant, the one most interested in this question, is the farmer himself. The agricultural co-operative movement of Quebec represents basically an organization of bona-fide farmers. There are 55,000 farmer members of affiliated co-operatives. The door is wide open to thousands of other farmers.

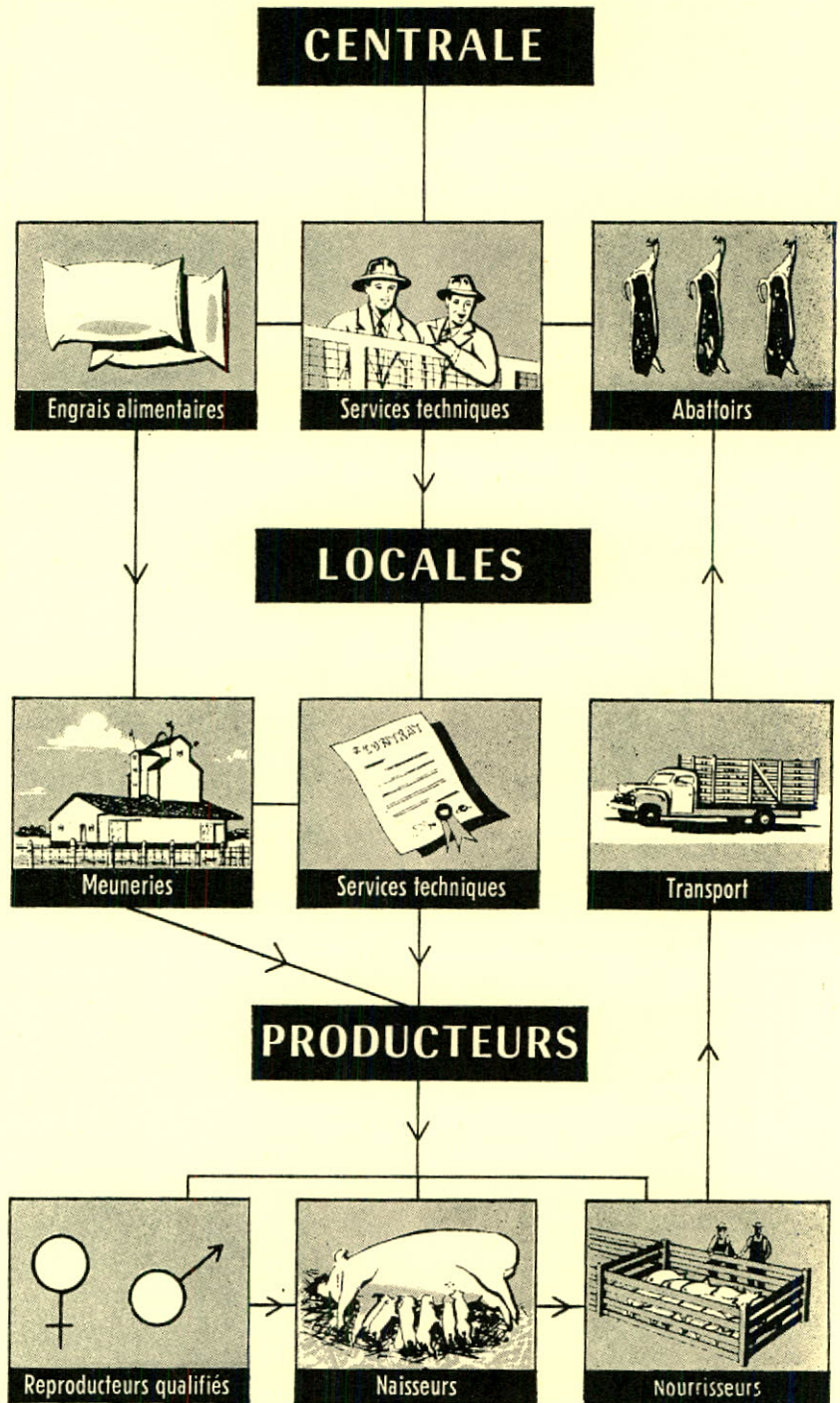
To co-operate is to integrate. This affirmation is more than ever true with us since rare indeed are the co-operatives on the North American continent which possess as many possibilities for integration. The 350 affiliated co-operatives constitute as many distribution centres. A large number can serve as nuclei of centres of production, and moreover a good proportion are already doing so. A good third of the affiliated co-operatives have a milling department which provides multiple services. About 250 co-operatives are organized for the transport of animals. In the poultry division, there are hatcheries, killing plants, and grading stations. A growing number of co-operatives retain the services of extension technicians.

The Fédérée has, on its side, well-balanced services which complete the activities of the locals, and helps to direct them in their developments. They constitute a first class asset:

- specialists aware of the problems and of the needs of Quebec agriculture;
- qualified technicians in animal nutrition, animal and poultry industry (nutritionists, veterinarian, technical fieldmen, etc.);
- regional supervisors, technical advisors in administration;
- a complete poultry service (hatchery, grading station, abattoir). The facilities of Victoriaville are among the most modern in the country. Legrade birds are products of highest quality and well presented;
- a hatchery and a grading station at St-Anselme;
- a network of abattoirs and of packing houses putting products with the Legrade brand name (which is gaining in popularity) on the market;
- four feedmills. The feedmill in Montreal, when it is completed will be among the most versatile and up-to-date feed-mills in the country;
- the integration contracts or cooperative production plans adapted to the needs of our agriculture;
- plans for expansion in the deficient regions.

In their application, the co-operative production plans aim first at the security of farmers. The Fédérée, in as much as it is an organization of farmers, identifies itself with the progress of the family farms and with the well-organized marketing of the products from our farms.

INTÉGRATION PORCINE COOPÉRATIVE



Contrôle : CULTIVATEURS → LOCALES → CENTRALE
Économies : CENTRALE → LOCALES → CULTIVATEURS

Fédérée