

THE UNITED FARMER



Volume 5, No. 11

NOVEMBER, 1967

FEATURING THE ANNUAL MEETING



Before the Annual Meeting

This issue records for its readers who through their affiliations with United Farmers, played a vital part in the achievement of another successful year for our Company, some of the happenings and highlights from the Annual Meeting.

The Annual Meeting is about to be held at the Calgary Inn. For the very many people that are involved in the Annual Meeting, preparations must be made and arrangements detailed, so that they can attend and give wholeheartedly of themselves at this meeting.

From the north to the south, from the east to the west, from all points in Alberta, the elected voices of the members of the United Farmers have gathered to present their views on policy and to hear about the workings of their Organization throughout the year.

In order for the meeting to be a success, for things to go smoothly, many, many arrangements must be made. Before the Delegates are able to come to our meeting they must delegate their work at home. They must make arrangements so that everything will run smoothly.

The employees of United Farmers have been extremely busy. The fiscal year has ended — the Auditors have thoroughly checked the books and now they have left. The Board Report must be published and presented to the Delegates. The Annual Review goes into print.

Arrangements must be checked for the hotel and its facilities, the banquet and meeting rooms and even a minor detail like the serving of coffee to the Delegates, this too must be checked. Arrangements are made for a press confer-



THE CALGARY INN

ence at which Mr. Sayle and Mr. McCartney will televise to the farmers of Alberta the results of the 1966-67 fiscal year.

For the last few weeks, it would be an understatement to say that the atmosphere around the Head Office has been hectic. Many people are busy doing their respective jobs and in addition, underlying everything, is the Annual Meeting. The desire to present comprehensive reports to our knowledgeable Delegates — the publications that *must* be ready for the Annual Meeting, the preparations to be made at the Calgary Inn — those in charge have one main objective — that the Annual Meeting should run smoothly — that our Delegates should not only have a pleasant time, but that they should come away from the Annual Meeting and be more familiar and more informed and understand more

fully what United Farmers has done in the 1966-67 year and what United Farmers hopes to do in the next year. The Board of Directors and the management must share their views and their hopes with the Delegates who are the elected voices of the members.

The day has finally arrived—it is the Annual Meeting. Mr. George Sayle, President of our Organization, greets the members and it is a delightful experience to see the camaraderie, the rapport, that he has with his members. There are so many bonds that our delegates have. Not only are they an integral part of the industry of farming, they are the leaders and the pioneers of today's agriculture in Alberta — who care and are interested in the practical ways and means to serve this industry of agriculture.

There are many contributing factors to the success of United Farmers, and prominence must be given to the efficiency of an alert management — to the capable guidance of the Board of Directors and to the elected delegates for their counsel and advice in helping United Farmers supply the demands of today's dynamic and increasingly sophisticated agriculture.

Our wholehearted respect to the many people who contributed to the success of United Farmers. We hope they will read this issue so they may become more familiar with the many aspects of our Company and take pride that to the total success, each made his unique contribution.

ALICE SWITZER
Editor
THE UNITED FARMER

Cover
The Head Office of United Farmers

Excerpts from the President's Address to the Annual Meeting

George Sayle, President



"I am very proud to be president of a farmers' organization that during the past year increased sales, obtained new members and saved farmers' money. We had another good year. Each year I enjoy more and more my association with your Board of Directors. They have worked in the interests of Alberta farmers and have given me personally every co-operation and consideration. I have enjoyed my association with this delegate body at our formal meetings here, with your directors in the country and when time permitted on their farms and in my office. I can say with all sincerity that this independently minded group of farm leaders are delightful to work with and a credit to any organization. I have enjoyed meeting the member on his farm, in local meetings and in my office. I have enjoyed meeting with other farm organizations in the Federation and at numerous meet-

ings I have had the opportunity to attend. It has been a good year for me and the United Farmers. The results of all this activity will be reported to you at this meeting.

"United Farmers has a proven record of consistent savings, a substantial percentage of the petroleum market, a record of cash payouts rarely equalled, a complete distribution system covering nearly every Alberta community and a well earned reputation for integrity and service. I find it difficult to believe that this long record can be substantially improved upon by anyone.

"Secondly, farmers have built and paid with their own hard earned money for excellent petroleum facilities. It would seem that any who are not satisfied would be well advised to improve what they have rather than attempt to duplicate facilities.

"Thirdly as I mentioned earlier, despite generally rising costs, petroleum products have improved in quality, and cost no more than they did 17 years ago. It is unlikely that this record can be markedly improved.

"Fourthly, there is lots of competition in the field now. Except for isolated areas all farmers have access to several different supply outlets.

"Fifthly and finally, United Farmers has consistently served sparsely settled

and new areas that have not been attractive to other co-operatives or private marketers. We have been able to do this only because we have a province-wide membership basis of operation.

"Nothing I have said lessens my enthusiasm for co-operatives. These great self-help projects act as a balance wheel in the free enterprise economy. They help prevent monopolies and other abuses and enable groups of people to provide themselves with services tailored to their specific needs. Particularly among farmers, I see great possibilities for co-operatives doing a lot of new things. What we must guard against is the building of rigid co-operative structures that can't change with changing needs and where corporate needs gain priority over members' needs.

"We have people examining new ideas of marketing and new services that we might provide to better serve our members. Certainly we will be expanding. What pleases me most is that we will be expanding by breaking new ground just as we always have. More efficient merchandising, new products from the research laboratories of the world, new services that modern farmers need — this is the direction of our expansion program. I am convinced that we will all gain greater personal satisfaction and more important we will help farmers more by innovating rather than by imitating or duplicating services that someone else is already doing well."



In this edition of The United Farmer, there are some of the excerpts and highlights from the Annual Meeting. In future issues, there will be more about what went on at the Annual Meeting and further commentary on Mr. Milton Ward, who retired after many years of dedicated affiliations with United Farmers.

Coffee and Conversation at The Annual Meeting



10. Andrew Silver, 1st Vice-President; George Sayle, President; Milton Ward, retiring Director. Milton Ward, long time Director of United Farmers addresses the Delegates after the presentation to him of a watch, which was given in honor of the many years that Mr. Ward has been affiliated with United Farmers.



11. Ross Taylor, Delegate from Vermilion River Area; Reg. Steward, Delegate from Kneehill Area.



13. Jim Barlott, Farm Supply Manager at Red Deer; Andrew Silver, 1st Vice-President.

2. James Bentley, Director from North Edmonton; Lawrence Henderson, Delegate from Lacombe area and newly elected to the Delegates' Educational Committee; George Duffy, Manager, Pre-Cutting Plant; Ed McIntosh, Delegate from Grande Prairie East.



7. Alvin Goetz, Information Service Division; Larry Luft, Farm Supply Manager, Grande Prairie; Hans Hasselman, Delegate from Pincher Creek Area; Ed McIntosh, Delegate from Grande Prairie East; Leo Ellert, Delegate from Warner Area; Hugh Thompson, Delegate from Mountain View Area.



8. Howard Haney, Delegate from Lethbridge Area; Hans Hasselman, Delegate from Pincher Creek Area.

Excerpts from Mr. McCartney's Report to the Annual Meeting

"This has been another year of record progress for your Organization. Sales of over \$25,000,000 were the highest in the Organization's history — an increase of \$1,911,000 or 8.3%.

"While expenses increased, control has been good and, as a percentage of sales, the increase was only 19/100 of 1%. Salaries and agents' commissions constitute 72% of total expenses. Neither of these major items will decrease and with the tight labour situation, salaries will unquestionably continue to rise. By hiring the right people in the first place, by providing adequate training, counseling and supervision, by providing a work climate conducive to maximum effort — we are hopeful that productivity gains will match or exceed increased salary expense.

Net Earnings

"Net earnings amounted to \$2,028,000 up \$219,000 from last year. These substantial earnings enabled us to declare a 10.3% dividend on petroleum purchases and a 3.4% cash rebate on farm supplies. The cash payout plan provided 25% of the current patronage dividend allocated together with a payment of 15% of previous patronage loans.

Cash Payments

"Cash payments this year, will amount to \$1,376,000 and in the last five years have totalled over \$6,000,000. This kind of record has real significance in achieving our objective of cutting farm production costs while at the same time it pays back the patronage loans to our members as soon as possible.

Petroleum Division

"The Petroleum Division sales increased by 9%. Even more significant perhaps is the fact that our rate of growth exceeds that of the industry and our share of the market increased. While higher tank wagon prices improved our margins during the year, costs also moved up due to freight rates, higher commission rates and increased administrative costs. During the last five years we have declared patronage dividends of over \$7,000,000 which indicates, we think, that our Petroleum Division is operated with a high degree



William McCartney,
General Manager

of efficiency. We have the best of facilities, equipment, people and products to serve our members and are confident that in spite of increased competition, we can continue to provide savings and service to farmers as we have in the past.

Farm Supply Division

"Farm Supply sales were over 9½ million dollars — up \$634,000 from a year ago. The late spring and drought conditions restricted volume to some extent in the last half of the year. The rebate this year amounts to \$316,000 and in the last five years, rebates have amounted to nearly \$2,000,000. The rebates, of course, are over and above the millions of dollars that have been saved right at the time of purchase. Every farmer in Alberta has benefited from our Farm Supply Division's activities which have lowered prices in every trading area where they have a branch. Expansion has been accelerated and in the last three years, seven new Farm Supply Centres have been opened. Effective planning, building and mechanizing will be even more critical to successful farming in future years and we have every intention of fulfilling our role as leading specialists in these important fields.

Information Service Division

"The information Service Division provided effective liaison with members during the last year through 98 winter

meetings, advisory committee meetings and direct farm calls. It provided assistance in leadership training for your farm people through programs with F.U. & C.D.A., Farm Young Peoples' Week, Goldeye Camp and leadership courses at Banff.

Personnel

"The average number of people in our employ during the last year was 213 — up about 3% over the previous year. Our turnover rate was down and reflects better selection techniques, improved training and competitive salaries. We are very much aware of the fact that people are the key to successful continuation of the Organization's progress and we will continue to devise personnel policies and programs that will assure high standards of performance.

Summary

"Sales figures are at a record level, expenses have been controlled to a reasonable degree and earnings are up sharply. The Organization is in a strong financial position with assets of \$10,700,000. Our ratio of current assets to current liabilities is 2.7 to 1 and 77% of the assets are financed by the membership. While competition will undoubtedly continue to be very keen, we are confident that we have the organization, the people, the facilities and the know-how to meet the challenges that lie ahead."

Excerpts from Mr. Smith's Report to the Annual Meeting

Ward Smith
Manager
Farm Supply Division



"The United Farmers has become a major marketer of farm supplies within the Province of Alberta and in doing so must accept the challenge of competition in the market place. When our Division was small, few competitive organizations considered us a threat to their future growth or their livelihood. As we have expanded and continued to provide our members with farm supplies at the lowest possible cost, we have become a very real and serious threat in the eyes of these same competitors.

"The tactic most frequently used is one of dropping the price on one or two articles to a price lower than that which we are using. Unfortunately, this is sometimes taken by uninformed members that all of our prices are higher and they can therefore do better elsewhere. The reverse is the case and certainly on a variety of purchases, your Organization is well below that of competition.

"I am sure most members would be amazed to know the number of times we are approached by a supplier with the suggestion that our price is too low and that other outlets are complaining. The point I cannot emphasize too

strongly is this: Our prices have not gone up through a change of pricing system during the past 15 years. Our competitors' prices have come down.

"Quality will always remain a very serious consideration when purchasing for the Farm Supply Division. The Division was built on a "Quality Merchandise at the Lowest Price" program and certainly must continue to uphold that reputation. We have found serious deterioration in the quality of lumber we have received from all suppliers with wide variations from load to load. Major producers export most of their top grade to the United States leaving the low end of construction for the home market. Every attempt is being made to assure ourselves of better sources of supply during the coming year.

"Agriculture does not need to stand back when industries are being judged on the soundness and rapidity of their development. It does however, need to consider its future in relationship to our rapidly developing economy. The big word in every industry today is specialization and agriculture is no exception.

"An organization, to be effective, must specialize. All of the planning for the Farm Supply Division is in this direction. You may rest assured that your Organization will be up to date and first in line to serve the Alberta farmer.

"The area of farmstead mechanization ranks top when considering new fields. Side by side with the rapid development of specialized livestock production techniques is the need for technical knowledge, equipment and construction of sound production units on the farm. The future of food production for the world lies here.

"It is extremely encouraging to me to have large manufacturers and distributors of top quality equipment both in Canada and the United States, coming to the United Farmers and asking us to become their exclusive distributors. They look at us, not because we are the largest distributing organization in Canada or even in Alberta, but because we are totally agriculturally oriented.

"We can be very proud of the fact that the United Farmers has become the major builder of farm buildings in the Province of Alberta. This has been accomplished through the development of a program which demanded sound construction of quality buildings, provided to the members with a guarantee that has and will always be honored.

"We have never attempted to use gimmicks or cut corners as have many of our competitors and have always made every attempt to fulfill all guarantees, both written and moral.

"It is our objective to continue to be leaders in the agricultural field by probing every aspect of agricultural production and devoting our entire effort to providing our members with whatever service, material and equipment necessary to reduce their production costs."

Excerpts from Mr. Proudfoot's Report to the Annual Meeting

"Our 1967 fiscal year has been one of accomplishment. Our sales both in dollars and in gallons have reached an all time high. Savings for members are also higher than ever before. By the same token, our expenses are also the highest in our history but happily they have not increased in proportion to our sales.

"Sales of light products totalled 63,587,351 gallons representing an increase of 7.6%. Lubricating Oil volume was 735,260 gallons, an increase of 4.5%. We handled 381,774 pounds of grease, a slight decrease of 2.2%. Our sales expressed in dollars, totalled \$15,433,487, representing an increase of \$1,277,421 or 9%.

"Our report to this Meeting a year ago, indicated the trend to the increased use of Diesel Fuel. In 1967 Diesel Fuel and Heating Oil accounted for 32.7% of our total volume as compared to 31.8% a year ago.

"United Farmers has enjoyed a successful year in the Petroleum Division as far as net earnings are concerned. A patronage dividend rate of 10.3% will make available \$1,468,000 for our members in patronage dividends. This performance has been obtained in spite of increasing costs and one of these costs is higher freight rates. Freight rates have been increased on lower load limit highways — a number of appeals by various companies and organizations have been made to the Provincial Government for some relief on highway load limits. Thus far they have not enjoyed too much success.



Lawrence Proudfoot
Manager
Petroleum Division

"The Cash Plan has been in operation for two years and we are certainly enthused with this change in our policy. This new program provides sales assistance for our Agents as more people are eligible to receive cash in the year in which they purchased their fuel. This is particularly true in the case of the younger farmer and the new member.

"Research and development play an important part in the progress of any business and this is particularly true in the case of United Farmers. In this age of rapidly changing technology, it is essential that the quality of our lubricating oils be constantly upgraded to satisfy the latest requirements. Conferences are continually held with our supplier to insure that highest quality Petroleum products are made available for our members.

"The economics of propane marketing indicates that our Organization should

refrain from this particular market at the present time. The advent of the use of natural gas in rural areas will also have a definite bearing on the propane market.

"A brief review of our operations indicates we now have 163 Agencies in the province with an average Agency volume of 373,000 gallons. This compares favorably to 168 Agencies a year ago with an average volume of 339,000 gallons. Approximately 83% of U.F.A. owned Bulk Plants are the new modern style — a number of the remaining underground plants will be modernized over the next two or three years. We are proud of the appearance of the majority of Company owned facilities throughout Alberta and we would assume that every member shares this feeling of pride as he views the modern up-to-date Bulk Plants owned by him and his neighbors."

Excerpts from Mr. Olson's Report to the Annual Meeting

Personnel

Highlights 1966-67

Average increase of 3% in staff over previous year.

8 employees received Service Awards.

2 employees retired with a combined service of 67 years.

35 employees undertook study courses.

20 people were transferred to other geographic locations.

A study completed of staff benefits showed that the cost to the Company of the Benefit Program was \$76.00 per month per employee.



ARNE OLSON, Manager, Personnel Division

"United Farmers has two kinds of investments that are vital to the Organization. They are:

1. Merchandise (The products we sell)
2. People

"Of the two, people are the most important. It is people, the consideration of people — that is the heart of personnel administration.

"It is important to think of employees in relation to their work and work in respect to the people who perform it.

"Wages, benefits, health, selection, development and placement — all these aspects are concerned with getting people in the position to do their work and to retain them. These considerations are important, but they will not by themselves achieve for us what we want.

"To reach these goals, United Farmers has set out two important areas that require consideration.

1. Standards of Performance

"People must be clear as to what is expected of them and how they are to be judged.

2. Leadership and Direction

"Once a business knows where it is going and what people must do to get it there then it is leadership and direction of management, at all levels, that takes it there.

"The efficiency of our Company in the future will depend directly on how well our employees are trained. Our "standards of performance", pin point the areas where improvements and upgrading of skill are needed. More and more concentration is given to employee training and development programs. There were 35 staff members who

undertook study courses last year. Educational and training institutions utilized were the Universities of Calgary and Edmonton, the Banff School of Fine Arts, Western Co-op College, Mt. Royal College, Technical Schools in Edmonton and Calgary and others.

"Our increase in sales volume of 8.3% was achieved with only an average increase of 3% in staff.

"There were 20 staff members who were moved to other locations with a minimum of disruption in operation.

"Salaries, wages and benefits represent our major items of expense. Salary surveys are conducted continuously and adjustments are made periodically to provide equitable and competitive rates. There were 3 Delegates, 5 Oil Agencies and 6 employees who received awards. Two long service employees retired and were presented awards by the Board of Directors.

More Contact and Communications at The Annual Meeting



1. Gerry McKay, Marketing Supervisor; Oscar Gudlaugson, Delegate from Grande Prairie West; Robert Girard, Delegate from Smoky River.



4. James Gaschnitz, Delegate from Starland; Elza Arthur, Delegate from Wainwright.



6. Sarden Semenuk, Delegate from Westlock Area; Andrew Klak, Delegate from Athabasca Area.



3. Clare Anderson, Director from Barrhead; James Bentley, Director from North Edmonton; Norman White, Delegate from Red Deer East.



5. Paul Nowak, Bonnyville Area; Allan Zwierschke, Delegate from Beaver Area; Director Daniel Manderson, Ryley; Marshall Draganiuk, Delegate from Eagle Area; David Fedun, Delegate from Lamont Area.



9. Daniel Manderson, Director from Ryley; Bill Eaglesham, Delegate from Fairview Area; Norman White, Delegate from Red Deer East Area.

Excerpts from the President's Address to the Annual Meeting

"In so far as the Carter Commission is concerned, the main recommendations which pertain to co-operatives and to co-operative members are:

1. The taxation of patronage refunds derived from consumer transactions as personal income of co-operative members.

"Co-operatives object to this recommendation because it is inequitable. A patronage refund received by shopping co-operatively is not in our opinion, any different than the saving made by buying items at a discount from The Bay or Safeway. Such discount savings are not suggested as subjects for tax.

2. Patronage refunds declared must be paid to the extent of at least 50% in cash to qualify for deductability from co-operative income.

"Co-operatives, by their nature, have only one economical source of capital funds. That source is the retention of



JIM JOHNSON
Accountant
United Farmers

a portion of members' dividends. The report does not recognize this fact when it suggests that one-half of the dividend allocation must be unconditionally paid in cash.

3. The prohibition against setting off losses from consumer transactions against other income of co-operatives.

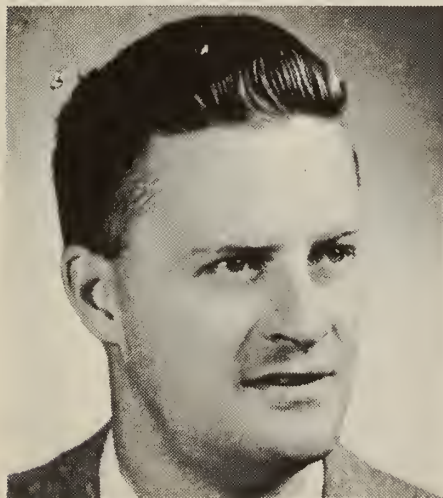
"This recommendation appears to have assumed that co-operatives, by their nature, can sell merchandise at a loss and still make a distribution to members from profits on unrelated activities. Co-operatives object to this because of the problems involved in the definition of unrelated activities. Further, no similar provision is made with respect to corporations.

4. The 15% withholding tax on patronage refunds.

"The main criticism of this was the proposal that all patronage payments regardless of the amount should be subject to withholding tax. The co-operative movement suggested that a minimum of \$100 should be paid before withholding tax is applied."

New Marketing Supervisor Appointed for Petroleum Area No. 3

Mr. Lawrence Proudfoot, Manager of the Petroleum Division of United Farmers, is pleased to announce the appointment of William B. LeBlanc as the new Petroleum Marketing Supervisor for Petroleum Area No. 3.



BILL LeBLANC

He will be replacing Jake Fehr, who will now be Petroleum Agent at the United Farmers' Red Deer Bulk Plant. Mr. LeBlanc was born in Moose Jaw, Saskatchewan, and received his schooling in Medicine Hat, Alberta and Hamilton, Ontario. He joined Imperial Oil in 1952 and was with the Marketing Department, which later became the Comptroller's Department. Mr. LeBlanc was also at the Imperial Head Office in Edmonton. In total he was with this company for 15½ years.

He and his wife, Georgina, have three girls, Janice 12, Nancy 11, and Carol 9. Mr. LeBlanc has been a member of the Junior Chamber of Commerce, the Imperial Oil Club and Credit Union. He loves hunting and is an avid reader. His main interest is the small farm he owns, located north of Edmonton. He wants to cultivate this land, get the farm into shape and hope-

fully make it a model and efficient unit. This is a dream for which he has many plans as he loves working on the land and enjoys the country and the people.

Mr. LeBlanc has undergone intensive area training under the qualified direction of some of the Marketing Supervisors of the Petroleum Division. This has given him the opportunity to meet our oil agents and acquaint himself with their operations. The final week of training will be spent in Head Office learning the internal workings of the Petroleum Division.

With his background in the oil business, his enjoyment of the country and the people, Mr. LeBlanc is a welcome and valuable addition to the Petroleum Division of United Farmers. We wish him every success in his new position as a Marketing Supervisor with the Petroleum Division.

Wetaskiwin Co-op Refinery Association



Mr. A. J. Lillebeum, Oscar Kuester,
John Malmas.



The new 6800 gallon tanker.



"All set to do the job."

The thirtieth anniversary of one of the most efficient Petroleum Co-op Associations was celebrated, this year, by the Wetaskiwin Co-op Refinery Association.

When the Association was started in 1937, it was very small and its operation was almost fundamental compared to the knowledgeable and competent operation that is now at Wetaskiwin.

The original records of the Association were destroyed in fire that consumed the old office buildings. The new site was established in 1940. The first members of the Board were Gus Malmas, John Isley, D. E. Widen, Alex Edlund, A. C. Sproule, Oscar Kuester and William Melton.

Walter Leight was the first manager of the original Barrel Plant operations

situated along the tracks. It is very close to the present location.

There are five hundred farm members of the total seven hundred members in the Wetaskiwin Co-op Refinery Association and they have contributed firmly to the achievement of over one million gallons sold every year for the past five years.

As it was required, the equipment that the Association owns has been improved and added to. The latest addition is a new 6,800 gallon tanker.

On staff are four full time and several seasonal employees. Mr. A. J. Lillebeum has been the manager for 18 years and has contributed extensively to the Association achieving its present prominent position in the Wetaskiwin area. He also acts as secretary of the Association.

Under the careful guidance of the Board, the present plant, which was built in 1960, has developed into a strong Co-op Association. The present Board members are Oscar Kuester, President; John Malmas, Vice-President; Gordon Ballhorn, Treasurer; Les Pritchard, J. Cummings, Bob Scheeler and Lawrence Mososen, are also on the Board. The long association with United Farmers has seen many changes and a great deal of progress in the fuel industry. United Farmers salutes the Wetaskiwin Co-op Refinery Association as a prime example of an efficient plant that has certainly grown and expanded in these competitive times.

Congratulations on a job well done and best wishes that the next thirty years will be as successful as the past thirty have been in the marketing of Maple Leaf Petroleum Products.

COMING EVENTS

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| December 11-15 | Farmers' Union of Alberta
Annual Meeting, Macdonald Hotel,
EDMONTON |
| December 14 | Holiday Theatre,
RED DEER |
| December 14 | Festival Canada on Tour,
STETTLER |
| December 15-16 | Holiday Theatre,
CALGARY |
| December 18 | Holiday Theatre,
LETHBRIDGE |
| December 18 | Holiday Theatre,
CAMROSE |
| December 19 | Holiday Theatre,
MEDICINE HAT |
| December 21-22 | Holiday Theatre,
CALGARY |
| December 25 | Christmas Day |
| December 26 | Boxing Day Celebrations,
RYCROFT |
| December 28-30 | Christmas Pantomime,
LETHBRIDGE |
| December 29 | Centennial Wind-Up Ball,
CALGARY |
| December 30 | Centennial Wind-Up,
RED DEER |
| December 31 | Interdenominational Church
Service, RED DEER |
| December 31 | Centennial Year Closing
Ceremonies, EDMONTON |
| December 31 | Centennial Closing Celebrations,
RYCROFT |