

Simpson, Don (1982)

An assessment of farming co-operatives in New Zealand



AN ASSESSMENT OF FARMING  
CO-OPERATIVES IN NEW ZEALAND

D.B. SIMPSON

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## ACKNOWLEDGEMENTS

Whilst a number of Co-ops were contacted, only 22% ever got around to replying. If some Co-ops are not mentioned or the information is somewhat brief it wasn't because I didn't try. Such a response gives more than a little credence to the term, puppet directors.

There were, however, many people who made available their considerable knowledge of the co-operative movement. I would like to thank the following :- H.B. Anderson, D.G. Baker, J. Bruarton, A.J. Dunlop, P.H. Elworthy, Nelsyn Grigg, D.H. Kirke, D.S. Knowles, A. Marshall, J.G. Pryde, R. Ritchie, S. Ryan, A. Reid, G. Thompson.

While I am aware that this is a document of modest proportions and many short-comings, it is none-the-less a base on which something more substantial may be built.

D.B. Simpson.

The co-operative movement in New Zealand has been going for over 100 years. During this period of time there have been many notable achievements and also failures. One of the saddest aspects of this period is the lack of documentation. With my somewhat limited resources I will endeavour to do an assessment of farming co-operatives in New Zealand. I will highlight some of the strong points of the co-operative movement, some of the features, but also some of the weaknesses and pitfalls, as well as looking at the future trends of co-operatives and the co-operative movement generally. We will also look at the capital structure of various individual co-ops, taking into account the reserves, share holder equity, assets and liabilities.

The history of the co-operative movement in N.Z. dates back more than 100 years. The reasons for establishing co-ops then are much the same as they are today:

- 1) Lack of service
- 2) High costs through lack of competition
- 3) High capital cost and low utilisation.

The pioneering farmers formed a number of co-ops to provide a service. These co-ops were never designed to last and eventually people came along with sufficient capital and expertise and took over the roles of the early co-ops as one would expect in a developing country. Some trading co-ops such as Canterbury Farmers Co-op Assn Ltd., and North Otago Farmers Co-op Assn Ltd., gradually developed into fully fledged public companies. Many co-ops were formed for a host of different reasons, for example; the battle for a better deal for fire insurance cover for farmers led to the establishment of the first Farmers Mutual Fire Insurance Association in New Zealand in 1904.

The first known dairy co-op, the Otago Peninsula Cheese Factory Ltd., was established in 1871, this being the first recorded link with the foundations of the co-op dairy movement. By 1894 40% of the 124 dairy companies were co-ops and by 1900 there were 152 proprietary companies while the number of co-ops had grown to 111. The dairy industry continued to develop along co-op lines until complete control was achieved.

The history of other co-op enterprises is relatively recent. The rural trading societies, a movement that has continued to grow, was established in 1962 along the lines of similar British co-ops.

The Aerial Topdressing Co-ops began in the late 1970's when the licensed operators made it almost impossible for any new companies to get into the industry. The Marakau Lime decision 1973, which stated that co-ops may operate, providing they don't provide a complete service, has allowed the Aerial Topdressing Co-ops to establish and flourish. With some 85,000 tonnes sown 1981-82 with savings ranging from \$60-\$100 per hour, they have brought about competition and savings in a time of high inflation.

The N.Z. Co-op Wool Marketing Association was established in Auckland 1931 and by the mid 1950's was direct selling and scouring wool at Onehunga. This co-op has four scours operating, Onehunga, Waitara, Timaru and Otago which was opened in 1981 and is one of the most modern in the country with a maximum throughput of 60,000 bales per year.

Although the Alliance Freezing Company Ltd (Southland) has been operating for 33 years with a high proportion of farmer shareholders, it was only in 1980 that it became a fully fledged co-op. In that year the company was able to give a rebate of 50 cents a lamb totalling \$1.2 million and at the time 26.7% of the Southland kill of sheep and lambs.

Other co-ops in this field include Auckland Farmers Freezing Co-op Ltd., and N.C. Kaiapoi Ltd. The formation of Ravensdown in 1978, after a series of dramatic events dating back to 1977, caught the imagination of all New Zealanders. The success of that venture provided a psychological breakthrough for farmers by proving they could foot it with big business, providing sound business principals were applied.

During the mid to late 1970's, the big growth area in the co-op movement has been in the field of marketing, with meat and horticulture most prominent.

Whilst I have only covered a small proportion of the co-ops operating today one can see diversity and vigour in this continually growing movement.

We will now look at the financial structures and various features of a number of co-ops in different fields of endeavour. First of all we will look at a consolidated balance sheet representing the New Zealand Co-op movement.

CONSOLIDATED BALANCE SHEET IN CONDENSED FORM OF ALL  
CO-OPERATIVE COMPANIES WHO HAVE ELECTED TO SUPPORT  
THE ACTIVITIES OF THE STEERING COMMITTEE ON AGRICULTURAL  
CO-OPERATIVES AS AT 30 MAY, 1982

	\$	\$
	000	000
Current Assets		470,372
Investments and Advances		51,015
Fixed Assets		494,550
<u>TOTAL ASSETS:</u>		<u>1,015,937</u>
<u>LESS:</u>		
Current Liabilities	425,518	
Fixed Term Liabilities	230,376	
<u>TOTAL LIABILITIES:</u>		<u>655,894</u>
<u>NET ASSETS:</u>		<u>360,043</u>
<u>REPRESENTED BY:</u>		
<u>SHAREHOLDERS' FUNDS:</u>		
Paid up capital		59,803
Capital and General Reserves and other Retained Earnings		300,240
<u>TOTAL SHAREHOLDERS' FUNDS</u>		<u>360,043</u>

Above figures were extracted from balance sheets  
for periods ending during 1981 year.

Membership of participating  
Co-operatives amounts to: 124,000 (approx)

Gross Sales Amounted to: \$1,925,000,000  
The Gross Domestic Product for New Zealand  
as at 31 March, 1982 amounted to: \$23,920,000,000

Participating Co-operatives' volume of sales  
therefore amounts to 8% of the G.D.P.

Frank Ryan - 14/5/1982

COMPARISON OF FINANCIAL STRUCTURES IN THE MEAT INDUSTRY

	<u>Public Companies</u>		<u>Farmers Companies</u>	
	<u>CIM</u>	<u>W-NZR</u>	<u>AIC</u>	<u>AFCO</u>
Current Assets	22.6%	39.8	43.5	46.9
Investments	3.1	5.8	0.9	0.8
Fixed Assets	74.3	54.4	55.6	52.3
<u>Total Assets</u>	100.0	100.0	100.0	100.0
Current Liabilities	21.5	30.1	29.0	46.0
Term Liabilities	18.5	15.0	28.7	24.5
Deferred Taxation	3.5	2.0	-	-
Shareholder Funds	56.5	52.9	42.3	29.5
<u>Total Liabilities</u>	100.0	100.0	100.0	100.0
Current Ratio	1.05	1.32	1.5	1.02

NOTE

1. Based on most recent published information
2. CIM - Canterbury Frozen Meat Co Ltd
3. W-NZR - Waitaki New Zealand Refrigeration Ltd
4. AIC - Alliance Freezing Company Ltd
5. AFCO - Auckland Farmers Freezing Company Ltd.

ALLIANCE FREEZING CO (SOUTHLAND) LTD. 1981

Current Liabilities		Current Assets	
	10,505,469		15,741,823
Long Term Liabilities	3,329,160	Investments & Advances	500,768
Capital & Reserves	27,190,173	Fixed Assets	24,782,211
	41,024,802		41,024,802
Turnover		94,796,237	
Net Profit After Tax		4,091,006	
Issued & Paid Up Capital 30/9/81		8,397,322	
Shareholder Funds		27,190,173	
Dividends Paid to Shareholders		487,000	
Dividend Rate		10%	

Although this Company has been operating for 34 years it is only since 1980 that it became a co-operative. The first year as a co-op was successful with a record tax paid profit of \$4,091,006. This profit after tax was achieved after providing \$1,018,842 for depreciation and a rebate to suppliers of \$1,258,000. Comparable figures for the previous year were \$2,948,108 tax paid profit after providing \$1,051,104 for depreciation and there was no rebate.

Production and throughput is the lifeblood of Alliance and for these reasons a satellite plant is being built at Lumsden. This bold new concept could become the future pattern of the freezing industry in New Zealand. Along with Ocean Beach this company has the capacity to handle over 54% of the total Southland kill and well over 10% of the New Zealand total.

One of the major issues within the company has been between dry and wet shareholders. The directors believe it is essential that the control of the company be retained in the hands of the producers of stock and the registration of the company as a co-operative will ensure this policy is carried out. There have been a number of takeovers and mergers within the freezing industry which have not always been to the advantage of the local farmers.

BANKS PENINSULA MEATS LTD.

Current Liabilities

	39,776
Term Liabilities	50,000
Shareholder funds	119,278
	209,054

Current Assets

	32,905
Fixed Assets	176,149
	209,054

Turnover	262,247
Net Profit After Tax	10,237
Total Shareholder Funds	119,278
Proposed Dividend	9,280
Dividend	8%
Return on Shareholder Capital	8.6%

39% Increase

57% Equity

Banks Peninsula Meats Ltd is a butchers shop with killing facilities of two years standing. It is registered as a producer co-op with 95 ordinary shareholders and 32 preference shareholders. Because this company has not been able to achieve the 80% trading with shareholders, it was not able to take advantage of the tax concessions available which would have improved the financial results considerably. A feasibility study by a private consultant has been undertaken to look at the possibility of new killing facilities taking into account throughput and expected demand. This venture is expected to cost in the region of \$1.6 million. Whilst this company might seem to be small to an outsider, it is none the less important to the people of Banks Peninsula for the service provided. With a delicensed freezing industry the possibilities of an enterprise such as this could be significant for producer shareholders.

DRYSDALE CARPET WOOL CO-OPERATIVE COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 1982

1981

Shareholders Funds:

<u>Authorised Capital</u>			
500,000 \$1. shares		500,000	500,000
		=====	=====
<u>Issued Capital</u>			
48700 \$1. Voting Shares	48,700		43,100
Less Uncalled Capital	24,850		20,650
	-----		-----
	23,850		22,450
252292 \$1. Non Voting shares	252,292		99,835
	-----		-----
Paid Up Capital		276,142	122,285
Applications in Advance		-	50
Retention on Account of Growers		69,018	28,118
Appropriation Account			
Balance 1.4.81	37,667		
Surplus for year	2,594	40,261	37,667
	-----	-----	-----
TOTAL SHAREHOLDERS FUNDS		\$385,421	\$188,120
		=====	=====

REPRESENTED BY:

<u>Current Assets</u>			
Australia & N.Z. Banking Group	13,510		8,609
Sundry Debtors	73,355		101,323
N.Z. Wool Board - Short Term			
Deposits	399,951		187,121
Shares Consumers Co-op. Socy Man.			
Limited	6		6
Stock on Hand (Publicity Materials)	7,364		6,420
Mounted Rams	1,176		-
	-----		-----
		495,362	\$303,479
			=====
<u>Less Current Liabilities</u>			
Sundry Creditors	104,144		103,860
Provision for Taxation	2,121		-
Less Paid Prov.	1,536	585	91
Growers Current Accounts	144		143
Growers Deposit Accounts	-		9,552
Slink Skins A/c to date	5,068		1,713
	-----		-----
		109,941	\$115,359
		-----	=====
NET ASSETS		\$385,421	\$188,120
		=====	=====

DRYSDALE CARPET WOOL CO-OPERATIVE COMPANY LTD.

Drysdale wool production commenced in 1962 and by 1966 the decision was made to expand the project. A co-operative was set up in 1975. Negotiations with the Wool Marketing Corporation were concluded whereby the corporation would market the wool if 90% of the growers joined.

The two assembly points for wool were:- South Island, Waihi Scour, Winchester; North Island, Dalgety NZ, Napier. UFB, who originally bought all wool under contract agreed to allow the co-op to purchase a quantity of wool at cost to establish a marketing procedure. Profits of \$72,000 from this venture enabled establishment costs to be paid and retain \$39,000 as a reserve.

Members joining were charged a \$20 fee plus a voting shareholding of \$100 share for every 50 bales or part of their annual production of which only 50% has been called up. Voting shares per person are limited to 4. Four monthly mini pools are now run with a 95% payout of realisations one month after closing off with a final twelve month allocation of mini pool retention, either to share capital or cash payments to growers. Total co-op funds have accumulated to \$600,000 which are lodged with the Wool Board to offset drawings. With 55% of growers calling for a provisional payment, overdraft figures have been reduced dramatically to a point where an alternative source of finance could be considered.

It is the intention of the co-op to become independent of the Wool Board as soon as possible. Present throughput is running at 15,000 bales. The establishment of markets for Drysdale wool has taken time.

The co-op has had a number of difficulties to overcome.

- 1) The introduction of a new fibre to a number of manufacturers who are not familiar with its performance compared with blends in use before.
- 2) The co-op became the stockholder to guarantee a supply and could hopefully expect some recognition in price for this service.
- 3) Currency fluctuations allowed similar types of overseas wool to be imported at 20c a Kg below crossbred with overstocking of these wools by manufacturers.
- 4) Fluctuations in the auction prices for crossbred in recent years has seen manufacturers reluctant to buy Drysdale forward on a falling market so that Drysdale stocks were high requiring high interest payments.

The fact that no Drysdale wool has gone into Wool Board stock piles speaks for itself. Stocks of wool held by the co-op are at present insufficient to supply all the requirements of manufacturers.

FARMERS MUTUAL INSURANCE

31/3/80

Current Liabilities		Current Assets	
	974,347		1,966,797
Term Liabilities	2,918,782	Investment	3,142,671
Total Reserves	2,577,459	Fixed Assets	1,877,848
Life Assurance		Life Assurance	
Fund Liabilities	4,760,523	Fund Assets	4,760,523
	11,767,839		11,767,839
Premium Income			10,258,852
Claims			3,389,369
Rebate to Members			815,628
Unearned Premiums			2,068,587
Investments			3,142,671
Life Funds			4,317,627

This company is in its 77th year and was established because farmers throughout New Zealand had been protesting to the proprietary Insurance Companies at the high cost of their fire insurance. The rate charged was \$1.85 on farm dwellings and contents and in some cases as high as \$2.00. Representations of a deputation from the New Zealand Farmers Union were declined by the Insurance Underwriters Council after which the Farmers Union asked Parliament to pass legislation to enable farmers to set up their own insurance organisation.

In November, 1903 the Mutual Fire Insurance Act was passed and in January, 1905 the Farmers Mutual Insurance Associations were registered under the act. Farmers were then in the business of insurance, accepting business at half the cost of the rates charged by the proprietary Companies.

Farmers Mutual Insurance Associations moved forward steadily, and independently in the South Island, Taranaki and Wellington, until they amalgamated on 1/4/78.

Initially farmers entered into an undertaking to provide a pool of funds to pay claims by guaranteeing to pay ten times the amount of their annual premiums if called upon to do so.

Such a call was never made and so, virtually out of faith in each other, their enterprise and nothing else, farmers today own an organisation with a premium income of 10 million dollars.

Total reserves of \$2.5 million and assets of \$11.75 million.

With a solvency ratio to retained premiums of 60.7% and a ratio of current assets to current liabilities of 1.5 to 1, it reveals a sound financial base and good management.

FORT EXPORT LTD.

Current Liabilities		Current Assets	
	1,631,973		1,834,909
		Net Assets	202,936
Issued Capital			222,000
Less uncalled capital			111,000
Paid up Capital			111,000
Retained Earnings			94,836
Trading Profit available for distribution 1980			382,926
Distributions to shareholder suppliers			382,926
Capital Turnover			15,000,000

Perform or perish could well be the motto of this company, and perform they have.

Early in 1978, in culmination of a growing dissatisfaction with the options open to farmers for the effective marketing of meat products, a small group of farmers formed Fort Export Ltd. The company was registered as a co-operative under the Co-operative Companies Act 1960. Interest in the concept of a relatively small, closely-knit marketing group gained momentum and new shareholders were progressively enlisted. In the 1980/81 season, membership had grown to 141 and export sales had increased to \$15 million. To facilitate a low cost efficient administration system, Cattle Services Ltd., a farmer owned private company involved in farming and local meat marketing was appointed managing agent to Fort. This arrangement has been most satisfactory and has allowed the Board of Fort Export to develop and co-ordinate company policy and marketing strategies in an independent and positive way.

Fort set a share subscription criteria of 2000 \$1 shares per shareholder and called up 50 cents per \$1 share. The \$1000 paid up per shareholder made it possible to pursue an independent and enterprising stance in the market place.

Fort export pioneered a new market in Italy for 5-7kg very young lambs, a market which promises good potential. Particular attention has been devoted towards developing markets for lamb cuts and the specialised nature of this activity helps to insulate the company's trading results from violent price fluctuations so much the pattern in the commodity type carcass lamb market.

Profitability has been good even during the period of intensive market development. A 4 for 11 bonus issue was declared from 1980 profits and this increased the tax paid equity shareholding in the Company by 727 fully paid \$1 shares per shareholder. Thus some form of share capital growth is assured.

Fort Export has recently acquired a financial interest in a new development encompassing a meat cutting and packaging facility. This will greatly improve the Company's ability to meet stringent market specifications and delivery deadlines, problems that have caused frustrations in the past.

PRIMARY PRODUCERS CO-OPERATIVE SOCIETY LTD.

THIRTY-FOURTH YEAR

Balance Sheet as at 31 August, 1981

1980		\$	\$	1981
\$				\$
	AUTHORISED CAPITAL			
10,000,00	10,000,000 Ordinary Shares of \$1 each			<u>10,000,000</u>
<u>3,220,266</u>	Issued Capital at 31/8/81	4,367,465		
27,191	Deduct Uncalled Capital	<u>32,745</u>		
3,193,075	PAID UP CAPITAL			4,334,720
171,184	Capital Reserve (Note2)			2,178,319
1,257,382	Revenue Reserve	1,257,382		
1,900,000	Currency Reserve	1,900,000		
1,500,500	Insurance Reserve	1,500,500		
1,206,829	Profit and Loss			
	Appropriation (Note1)	<u>5,227,994</u>		<u>9,885,876</u>
<u>9,228,970</u>	TOTAL SHAREHOLDERS FUNDS			<u>16,398,915</u>
	WORKING CAPITAL			
	Current Assets			
3,924,732	Sundry Debtors (Note4)		3,577,149	
23,412,776	Stocks on Hand (Note5)	29,040,397		
<u>1,750,000</u>	Less Stock Reserve	<u>1,750,000</u>		
25,587,508			<u>27,290,397</u>	30,867,546
	Deduct Current Liabilities			
2,706,445	Sundry Creditors (Note4)		4,458,444	
4,485,707	Bank of New South Wales (Note6)		4,953,135	
12,539,908	Provision for Distribution (Note7)		17,884,928	
7,176	Provision for Taxation		<u>122,126</u>	
<u>19,739,236</u>				<u>27,418,633</u>
5,848,272	TOTAL WORKING CAPITAL			3,448,913
3,669,185	Investments and Advances (Note3)			13,869,151
483,061	Fixed Assets (Note11)			523,513
<u>771,548</u>	Less Term Liabilities (Note10)			<u>1,442,662</u>
<u>39,228,970</u>				<u>16,398,915</u>

R.A. Burnside (Director)  
J.O. Acland (Director)

PRIMARY PRODUCERS CO-OPERATIVE SOCIETY LTD.

Total Shareholder Funds	16,398,915
Capital Turnover	158,207,048
Gross Surplus	21,256,745
Taxation	129,302
Net Surplus after Tax	21,127,443
Investments	13,869,151

Rebates Distribution Analysis 1981

Lamb	\$1.70
Mutton	\$0.25
Prime Beef (Jan-June 1981)	\$5.52 per 100 Kg
Boner Beef (Jan-June 1981)	\$1.10 per 100 Kg
Prime Beef (July-Dec 1980)	\$1.14 per 100 Kg
Boner Beef (July-Dec 1980)	\$0.37 per 100 Kg

Primary Producers Co-operative Society Ltd was established 35 years ago in 1947 at a time when the freezing industry was mainly controlled by overseas interests. It was felt at the time that there must be a more profitable way to market our meat for the producer hence FPCS was born. It has not been easy going and one of the long standing problems has been the killing and processing of members' stock and in more recent times meeting the stringent market specifications and delivery deadlines.

It is for these reasons that this company has been putting money aside and investing in various freezing companies. The processing sector of the meat industry has become vulnerable to changes in attitudes of the investing public. In this regard the investing public has a different point of view and set of interests to that of the producers. Because freezing companies have become relatively less profitable, the larger shareholdings in insurance companies and superannuation funds and the like have been available to potential raiders and asset strippers. At the present time FPCS holds approximately 49% of the voting stock of CFM and has relinquished its 12% holding in Southland Frozen Meat. Suppliers have a significant financial stake in CFM, the present market value of which exceeds the total capitalisation in the mid 1970's. CFM is part of old Canterbury and this move provoked a strong reaction from some producers and investors. In spite of this the share value of CFM has remained at a high level since the buying was completed.

In the 1980/81 year the distribution above schedule to suppliers was \$9,944,461. In addition the company allocated a 1.5 bonus issue of shares from realised capital gains, to those shareholders who have 100 shares or more. In order to make provision for the bonus issue and the effects of inflation on the Co-op capital structure, it was decided to increase the maximum capital requirements from 2000 to 5000 shares. Share capital requirements were increased 10 years ago.

FPCS has achieved much in the past 35 years, it is a well managed forward thinking company. It is a financially strong marketing orientated organisation and is able to represent farmer suppliers' views and interests from a position of strength.

RAVENSDOWN SUPPLY CO-OPERATIVE LIMITED

Current Liabilities		Current Assets	
Term Liabilities	9,426,201	Fixed Assets	22,362,810
Shareholder Funds	9,240,978		19,288,485
Interest of Minority Shareholders	11,798,183		
	10,632,401		
	41,797,763		41,797,763
Capital Turnover			53,462,770
Net Profit			4,635,695
Rebates to Shareholders			1,153,134
Reserve for Development Expenditure			915,800
Retained Earnings			1,739,607

The saga of Ravensdown caught the imagination of many New Zealanders. In 1977 the Board of KP looked at a highly profitable two works company, Dominion Fertiliser, which was established in 1929, with the view to a takeover. The advantages to KP would have been enormous, as it would tie up an essential farming service industry with a monopoly covering two thirds of the country.

Strong farmer reaction led to the establishment of the Ravensdown Fertiliser Co-operative with the single aim of trying to takeover Dominion by counterbidding KP. Although Ravensdown announced its withdrawal on the 13/9/77 giving KP a shortlived victory, the planning for something very much bigger was already taking place. On the 14/10/77 Ravensdown went public stating that they wanted KP shares for farmers and farming interests to enable farmers to obtain the benefit of KP's fertiliser rebate.

The response was successful beyond expectations with a total of 1.6 million KP shares being offered to Ravensdown in 48 hours. If the Ravensdown Board had been flying hopeful kites up to that stage, the eventual takeover was virtually forced on the co-op by a great many angry farmers. In the next stage of the takeover the co-op began negotiations with a strange friend, Srierly Investments. This stage brought a Supreme Court injunction which sought to restrain both KP and NZFI from transferring on shares and from casting votes in respect of the shares that were subject to a share swap. It also brought bid and counter bid accusation and counter accusation, as both parties fought desperately for control.

Finally on the 16/3/78, for a cost of a little under \$8 million, Ravensdown had acquired absolute control of the fertiliser manufacturing plants at Dunedin, Hornby, Wanganui and Seadown, plus mixing stores at Nelson, Burnside, McNab and bulk depots at Taihape, Rakaia, Timwald, Millers Flat, Inverfield and Clinton.

Whilst this is a brief account of what happened I feel it is a story that needs to be told as it provided the farming industry with an important psychological victory. It proved that farmers could foot it with big business provided sound business principles were applied.

From the settlement of the takeover in November, 1978 to the end of May, 1979, a seven month period, a net profit of \$2,686,356 on sales of 354,671 tonnes of fertiliser, was recorded. Compare this result with KP's last report which showed an after tax profit of \$2,930,993 on all activities.

These results astounded many farmers and certainly surprised the commercial world.

Although principal repayment to the Meat Board is not due to commence until September, 1982, \$1,000,000 has already been repaid. In addition \$1.3 million has been accumulated and held on short term deposit.

Shareholders may appreciate an example of the effect of the falling value of the New Zealand dollar and the part it has played in causing the rise in the price of superphosphate. In March, 1974 the New Zealand dollar purchased 1.4669 US dollars. In July this year the New Zealand dollar purchased 0.7359 US dollars. If the 1974 NZ/US exchange rate was used instead of July, 1982 rate then the present price of superphosphate to a farmer would reduce by \$42.50 per tonne.

The Company is increasing its range of farm chemicals and to service these products, has a research and development team who promote these products direct to shareholders. With a downturn in sales due to economic and climatic conditions as well as fertiliser price increases, we might well ask what would we be paying for fertiliser had the inefficient MF still been in control?

RURAL CO-OPERATIVE SOCIETY LIMITED

TIMARU

## Current Liabilities

	2,105,694
Term Liabilities	50,791
Paid Up Capital	193,200
Reserves	166,244
	2,515,930

## Current Assets

	2,375,793
Fixed Assets	118,999
	2,515,930

Rebates	895,247
Deferred Rebates	55,934
Gross Profit	1,009,421
Net Profit after Tax	24,822
Taxation	20,309
Turnover	10,500,000

Membership 1295

Average Rebate per Member 11.04%

This trading co-op was established in 1962 as a result of a visit to Britain by a Nuffield Scholar from South Canterbury. This co-op was modelled on similar British trading co-ops at that time. Like many South Island trading co-ops it has a close liaison with the Dunedin based proprietary company, Producers Ltd and has a director on the Producers Ltd Board. Producers Ltd lease the building from the Rural Co-op Society and provide much of the stock.

Rebates are paid every 6 months and from this is deducted a deferred rebate of 15% to assist in financing the operation.

This year the rebate for a 6 month period amounted to \$419,338, or a return on paid up capital of \$193,200, or 217.05%.

Directors consider that too many retailers are carrying their stock at the present time and there is a strong case for a South Island trading co-op organisation to give core strength to their purchasing power.

Another reason for a co-ordinating organisation is the fragmentation of these co-ops throughout New Zealand. Because of the high turnover the management must be spot on, and more use will be made of computers for stock taking and accounting purposes.

The Rural Co-op Society recently embarked on a special promotion which is so much part of the modern scene only to find they were left holding thousands of dollars of dead stock at the end of the promotion. It is ironical that it was the stock firms who introduced these special promotions (John Hore, etc.) to counter the effects of the rural trading co-ops, only to find that it was a co-op on this occasion that got its fingers burnt. The success of the rural trading co-op has been a high throughput of bread and butter items and this problem is unlikely to change.

SOUTH CANTERBURY AERIAL TOPDRESSING CO-OPERATIVE

<u>Current Liabilities</u>		<u>Current Assets</u>	
	20,236		58,573
Reserves	28,400	Fixed Assets	112,189
Shareholders Funds	122,126		
	170,762		170,762
Cash Surplus			36,022
Paid UP Capital			107,150
Rebates to Members			19,709
Gross Charges for Plane Hire			121,896

This co-op was formed in December, 1979 as a result of rapidly increasing costs in the Aerial Topdressing industry, an industry which had become very much a closed shop amongst the licensed operators. It wasn't until the late 1970's that the first co-ops began to operate.

The Karakau Lime Decision 1973 allowed unlicensed operators to operate provided they did not provide a complete service. Whilst this decision has been tested by the licensed operators, to date it has stood the test of time. In the 1981/82 year the unlicensed operators spread 32,300 tonnes of fertiliser at an average saving of \$4.60 per tonne.

In two years the South Canterbury Aerial Topdressing Co-op provided savings of \$75,000 for shareholders.

The Aerial Topdressing Industry is a volatile industry subject to financial downturns more than most and for this reason it is necessary to have a high equity. A high equity means a minimum amount of borrowed money and greater farmer loyalty.

In such an operation the accumulation of reserves is vital. Reserves are required for engine overhaul, frame overhaul, propeller overhaul, replacement of aircraft and loaders. It is a high cost operation and provision must be made for its continued success. With the exception of one co-op the remainder are one aircraft operations and this enables them to run a tight administrative operation. Whilst one aircraft may seem to be a weakness, the majority of co-ops can get back-up aircraft and pilots within a matter of hours.

Another major advantage enjoyed by the co-ops is the compactness of the areas they service and this enables them to keep unproductive ferry time down to a minimum. The South Canterbury co-op has a ferry time of 40 while a local proprietary company is 18%. The confined areas also mean less time involved in shifting loaders from airstrip to airstrip.

The main impact of the aerial topdressing co-ops has been to provide competition in an area where there was very little which has had a flow-through benefit throughout the aerial topdressing industry.

N.Z. CO-OPERATIVE WOOL MARKETING ASSOCIATION LTD.

Current Liabilities		Current Assets	
	6,540,100		8,305,025
Term Liabilities	864,334	Fixed Assets	4,078,123
Total Shareholder Funds	5,918,351	Investments	38,996
	13,322,785		13,322,785
Capital Turnover			55,492,366
Profit			159,893
Distribution to Shareholders			146,428
Paid up Capital			4,174,536
Shareholders	10,206		

Subsidiary Companies wholly owned :-

Mt Maunganui            Waitara  
 Washdyke                Mosgiel

Associate Company 50% owned :-

Onehunga

It was first proposed in 1931, to found a scouring and carbonising company to treat wool for growers who, at the time, were concerned with seed and bidi bidi rife in sheep pastures. The NZ Scouring and Carbonising Company Limited was formed and capital was raised by agents selling shares on a commission basis throughout the North Island and Marlborough Sounds. The amount of capital raised was not, however, sufficient to import the expensive plant that would be needed to scour and carbonise. In the meantime, pastures were becoming cleaner and shearing was being carried out earlier, so that some doubts were being raised as to whether a carbonising plant would in fact obtain sufficient output to make it a paying proposition.

Late in 1932, by special resolution of members, the name of the company was changed to N.Z. Co-op Wool Marketing Association Ltd., and the preparing and marketing of growers clips, in the grease, was undertaken as the company's main operation.

The first scouring plant was opened at Onehunga in 1935, a cove which has continued until the present day. In 1961 the Mount Maunganui Scour was opened, in 1965 Waitara, in 1967 Mosgiel, in 1972 Timaru and in 1980 a modern wool scouring complex constructed at Mosgiel to replace plants of Mosgiel Woollen Mills.

Today over 90% of the companies wool is sold in scoured state while the national average is just over 50%. Priority is given to export sales, with some selling to the local trade when advantageous.

It has not always been easy for W.M.A., and it could be said they went too far too quickly in building scours before the demand was there. Wool scouring is something that will become even more widespread in the future because of the efficiency of the trade in New Zealand and ever increasing freight rates.

One of the major problems is grower support with 10,500 members and only 3,000 as consistant suppliers. Total wool handled amounted to 117,000 bales, of which 70% was received from growers, with the balance being purchased from auction and dealers. Just imagine if the 10,500 current members all supplied consistantly. No doubt the seasonal financing arrangements of sheep farmers with stock firms and such has much to do with these figures. Some scare tactics employed by stockfirms and others have done nothing to increase supplier confidence. In spite of this the Directors have a responsibility to improve the image and to increase grower support.

Co-operative involvement in the wool industry is 12.5% which makes it essential that the present operations be maintained. The key to any business is throughput and wool scouring and exporting is no exception. Without more grower support in today's commercial climate it could mean further rationalisation in order to return an acceptable profit.

I would like to discuss the strengths and weaknesses of the Co-op movement under the following headings :-

1) Capital Quite clearly a number of Co-ops in New Zealand are under capitalised, a situation that has become more apparent in recent times with high interest rates and a shortage of working capital. Let us examine the situation in which many Co-ops are formed. There is generally a small band of enthusiasts, who, in order to sell the concept of their various co-ops, have to make it as attractive as possible to a disinterested majority. In essence this means the minimum amount of capital input for maximum return, which also means a high proportion of borrowed money. This situation has put many co-ops in an extremely vulnerable position if they hadn't increased the capital of the company over a period of time.

Some co-ops require a high equity for their continued successful operation. An serial topdressing co-op would be a good example. This industry is noted for its sharp ups and downs and a high equity is essential for survival. A high equity also means greater shareholder loyalty!

Marketing co-ops requiring large amounts of working capital to purchase, process and market their product, have been hard hit by increasing interest rates. The M Co-op Wool Marketing Association faced this problem, plus increasing wool prices, which substantially increased the working capital, and forced directors to go back to shareholders to increase the capital of the company at the request of their bankers.

<u>Mixed Term Liabilities:</u>	\$	%
Dairy Board Loans	54,412,808	15.2
Veterinary Services Council	57,200	-
Banks	17,151,317	4.8
State Advances	941,568	0.3
Other	2,971,561	0.8
<u>Total Mixed Term Liabilities</u>	75,535,154	21.1
Shareholders Funds		
Paid UP Capital	12,253,622	3.4
Reserves & Appropriation Account	109,771,227	30.7
<u>Total Shareholders Funds</u>	122,027,849	34.1
<u>Total Liabilities</u>	357,945,222	100.0

The following aspects are notable :-

- Dairy company shareholders are providing only slightly more than one third of total funding.
- The liquidity ratio is extremely low, indeed the companies are almost insolvent if rigorous standards are applied.
- Dairy board loans are a major component (15.2%) of the total funding.

At this stage it might be useful to consider some of the conventional rules which can be applied to the financial structure of business organisations of various kinds. The rules of thumb suggest that shareholders should provide at least half the required total investment. Unfortunately these conventions have been almost swamped in recent years by the flood of inflation. In this context there is a strong case for co-operatives to merge, either with other co-ops, or proprietary companies with similar interest to give a stronger economic base.

The New Zealand dairy industry and its constituent companies comprise an outstanding model of co-op activity. For this reason it is particularly interesting to examine the total financial structure as set out below.

Financial Structure of the N.Z. Dairy Industry Co-ops 1977/78

<u>Current Assets</u>	\$	%
Prepayments	28,947	
Cash in Hand at Bank	12,956,340	3.6
Short Term Investments	7,171,880	2.0
Debtors	84,352,809	23.6
Stocks	48,673,259	13.6
<u>Total Current Assets</u>	153,183,235	42.8
 <u>Investments</u>		
Government & Local Bodies	291,446	0.1
Other	5,720,584	1.6
Shares in subsidiary & other companies	16,459,160	4.6
<u>Total Investments</u>	22,471,190	6.3
 <u>Fixed Assets</u>		
Land & Buildings	73,170,923	20.4
Plant & Equipment	102,298,133	28.6
Other Fixed Assets	6,821,741	1.9
<u>Total Fixed Assets</u>	182,290,797	50.9
<u>Total Assets</u>	357,945,222	100.0
 <u>Current Liabilities</u>		
Provision for Taxation	249,619	0.1
Bank Overdraft	18,616,865	5.2
Rebates	1,159,152	0.3
Creditors	34,866,525	9.7
Owing to Subsidiaries	1,499,121	0.4
Suppliers	103,990,937	29.1
<u>Total Current Liabilities</u>	160,382,219	44.8

2) Reserves There are many people, both within and outside the co-operative movement who have a phobia about the accumulation of reserves, considering that all profits should be returned to shareholders. In 1981 when PPCS were purchasing CIM shares, the Chairman of CIM, Mr Ian McKellar, strongly attacked the directors of PPCS for building up sufficient reserves to take over a proprietary company. The other side of the story was that the directors of PPCS needed a sufficient share in a company, to kill the stock of their shareholders, which also happened to be in the best interest of their shareholders. In the early stages, a co-operative can be extremely vulnerable without reserves. Not everyone who joins a co-op is enthusiastic about the cause. Some join because they don't want to see the venture fall through, or some other reason. Whatever the reason these people are usually vocal in getting their pound of flesh by way of rebates.

One of the great dilemmas that directors are confronted with in the early stages of a co-op are such pressures. Some directors decide to keep everyone happy by giving maximum rebates with a minimum amount going into reserves. They usually plan to reverse this trend after a few years, but of course they never do. East Coast Fertiliser Company for years paid excellent rebates but when confronted with the replacement of plant, they had to go back to shareholders and raise capital for this work.

It is almost impossible to generalise as to what a suitable ratio of reserves should be as this varies from co-op to co-op. In the case of Farmers Mutual Insurance the minimum ratio of reserves is 40% before the distribution of profits.

In summary it is advisable to establish a satisfactory ratio of reserves as soon as possible before the distribution of profits.

3) Directors and Management Directors and management reflect the success or otherwise of co-ops, just as they do for public companies. There are cases, however, where directors have stayed too long and have lost their initial drive and enthusiasm and in turn reflects in the performance of the companies. The courses run by the N.Z. Dairy Board for directors has significantly improved the performance of directors in that industry. This is something that could be used with similar success in other industries.

Many co-op members take their directors for granted and expect of right, that they will continue to provide the expertise, time and energy for little or no financial reward. Farmers are notoriously tight fisted when it comes to paying people and this is especially so when it comes to paying management and directors of some co-ops. In two recorded cases this attitude led to the downfall of co-ops. One case involved enthusiastic directors of a medium sized co-op who were given no remuneration whatsoever, all of whom resigned and were replaced by directors of lesser ability and enthusiasm and within a short period of time the co-op folded. The other case involved an excellent manager who was expected to do the jobs of three men for average wages. After two years he resigned in frustration. His replacement accurately reflected the wages paid in ability, he proceeded to make two bad financial decisions which were approved by the directors which led to the downfall of the co-op. Whilst some co-ops virtually run on shoe string in the early stages, it is important that they have the best directors and management available with suitable remuneration.

The primary duty of a director is to become familiar with the company and with its people. The director is there to both guide and support management as well as to audit its performance. Too often top management are confident of what new developments their company needs, but their biggest problem is not with their competitors or with the unions but rather in convincing their Board of Directors. Directors of a co-op have higher responsibilities than public companies, for they must not only hold their trusteeship on behalf of the investors in the business but also on behalf of the customer. One of the great strengths of the co-op movement is that any problem or complaint is only as far away as the nearest director.

4) National Association At the present time there is a steering committee looking at the possibility of forming a co-ordinating national body. As co-ops cover a very wide and diverse field of interest it would be difficult to effectively represent the views of all. Some co-ops have national bodies. Many of the directors of co-ops are strongly individualistic who have a fear of bureaucratic empires. One of the biggest weaknesses of the co-op movement in New Zealand is the almost total lack of information available for anyone forming a co-operative. In a number of cases, extensive ground work was unnecessarily repeated time and time again, through the lack of some information bureau. These performances are expensive to the individual and the co-op.

There are a lot of people who consider the co-op movement as being socialistic and therefore bad for so called free enterprise. These people range from important politicians, people in commerce, to Joe Bloggs on the street. In the foreseeable future the biggest problems are likely to be in the taxation field.

For the reasons that I have outlined I feel there is a strong case for a co-ordinating national body capable of representing the views of member organisations. Such an organisation would need an effective political lobby and be strongly orientated towards public relations in line with efficient modern pressure groups.

5) The Impact of Co-ops on the Rural and Economic Community Just imagine the rural and economic community without the New Zealand Dairy Board, Ravensdown, Rural Trading Societies, etc. It is not until you do this, that you realise the tremendous impact that the co-op movement has had on the employment of people, the providing of a service and providing competition.

Let us look in detail at the New Zealand Dairy Industry. While it was the Dairy companies that established the New Zealand Dairy Industry all would have been in vain had it not been for their controlled marketing. Because of the worsening financial position of the Dairy Industry in April, 1934, the Dairy Industry Commission was asked to highlight problems and solutions. The conclusions were as follows :-

Conditions confronting the N.Z. Dairy Industry have assumed the proportions of a national crisis. The critical position in regard to prices has been brought about through the flooding of the UK market by the dumping of subsidised dairy produce from the northern hemisphere and Australia, and by the increase in our own supply.

Recommendations :-

(1) Establish a rural mortgage corporation through which farmers could obtain long term mortgage credit at the lowest interest rates and on easy terms of repayment.

(2) The Dairy Produce Control Board be empowered to control the local marketing of butter and cheese and thereby to save, for the benefit of the individual as a whole, a large sum which is lost annually through wasteful competitive practices, which are considered to be specially undesirable in a co-operatively organised industry.

(3) Setting up a new Dairy Produce Control Board with a different constitution and wider powers than that of the present Board shall be so constituted to be given such powers as to enable it to deal effectively, in the interest of producers and of the state, with all the activities and problems of the dairying industry.

I think it is important that we understand the reasons for the establishment of the Dairy Board in its present form. Had there been no change in marketing at that time, the industry would have continued to kill itself with its own wasteful competitive practices. The industry at all levels would have suffered. Perhaps after forty five years there is still a relevant lesson here for other industries!

While it is difficult to measure the exact financial benefits, the mere fact that the membership co-operatives is approximately 124,000 people. Gross sales amounted to 8% of Gross domestic product. These figures provide tangible evidence of the very significant impact on the rural and economic community.

The future The reasons for the establishment of co-ops are just the same today as they were 100 years ago.

- (1) Lack of service
- (2) Lack of competition
- (3) High capital cost of machinery or plant and low utilisation.

As these reasons are still relevant today we are likely to see a steady, if not dramatic, growth in the co-op movement. The emergence of multi-national companies, monopolies and an inherent dislike for centralised bureaucracy are further reasons. A potential growth area is in the field of farm machinery. With the increasing costs of replacement and low utilisation of farm machinery, the scope is enormous. Many arable farms in New Zealand are over capitalised with machinery and buildings.

Historically the New Zealand farmer is a strong individual whose idea of paradise is to be completely self sufficient regardless of the cost. He has always been distrustful of group schemes and will only enter one as a last resort. He is generally lazy when it comes to personal relationships and will usually take the easy way out! These attitudes are changing and younger farmers are more orientated towards co-ops and are prepared to look at them in a business like manner. Other potential growth areas are marketing, retail and road transport.

Whatever does happen in the future it is important that a balance be maintained between the co-ops and public or private companies. If the co-operative movement were to become too dominant it could have serious implications on the economic community. It could get to a stage where public or private companies are forced out of business and in some cases this has happened already. If this happens farmers must be prepared to put up the capital for these ventures which is sometimes at the expense of on farm development.

The amount of money syphoned off farms into co-ops to the detriment of farm production is a statement that is often highlighted by critics of the co-operative movement. In a healthy and competitive economy it is necessary to have a balance of co-ops and public and private companies for the mutual benefit of rural and urban communities.

The co-operative movement in New Zealand is not conspicuous and maintains a low profile. It is a movement that historically gains momentum during hard times while interest and support appears to evaporate during periods of economic buoyancy. There is evidence that with better financial structures and economic management these fluctuations have disappeared and a more stable growth pattern is predicted.

In the final analysis, the loyalty of the members determines the strength of the co-operatives.

In Summary the Main Points Raised were as follows :-

1) Capital Many New Zealand Co-ops are under-capitalised which in turn severely restricts the management and full potential of the Companies. This factor can be overcome by :

- a) Initially raising more shareholder capital
- b) By merging with a proprietary company with similar aims and objects to provide a stronger financial base for the mutual benefit of both.

These moves may be necessary where large amounts of working capital or medium or long term borrowed money are required for the successful operation of the company.

2) Reserves Generally there are many, both within and outside the co-op movement who have a phobia about the accumulation of reserves for replacement of plant or other purposes. Without a suitable ratio of reserves a company is vulnerable with the only alternatives being :

- a) Raise money for replacement of plant
- b) Go back to shareholders to continually ask for more capital.

Sometimes both may be necessary.

Very early in the piece directors should face up to establishing a minimum ratio of reserves before the distribution of profits.

3) Directors and Management Directors should be remunerated for services rendered and management should be paid wages in line with management in other sectors. The director is there to guide and support management as well as to audit its performance. Too often they are confident of what new development their company needs, but their biggest problem is not with their competitors or with the unions, but rather in convincing their Board of Directors.

Directors of a co-op have higher responsibilities than public companies, for they must not only hold their trusteeship on behalf of the investors in the business, but also on behalf of the customer.

4) National Association One of the weaknesses of the co-op movement is the almost total lack of information available for anyone forming a co-op. It may be necessary to represent the views of co-ops on any adverse legislation affecting co-ops and particularly changes in the taxation field.

5) The Impact of Co-ops on the Rural and Economic Communities Whilst it is difficult to measure the exact financial benefits, the mere fact that the membership of co-ops is approximately 124,000 people speaks for itself. Gross sales amounted to 8% of G.D.P. These figures provide tangible evidence of the very significant impact.

6) The Future Potential growth areas likely to be :

- a) Farm Machinery
- b) Marketing
- c) Retail
- d) Road Transport

It is important, however, that a sensible balance be maintained between co-ops and proprietary companies. If the co-op movement becomes too dominant then farmers could be asked to provide a lot more capital for services, formerly provided by others, which could be to the detriment of farm production.

## LIST OF AGRICULTURAL CO-OPERATIVE COMPANIES

<u>COMPANY</u>	<u>ADDRESS</u>
Auckland Farmers' Union Co-op. Society Ltd	P.O. Box 383, AUCKLAND
Auckland Farmers' Freezing Co-op. Ltd	P.O. Box 90, AUCKLAND
Bay Farmers' Trading Society Ltd	P.O. Box 1549, ROTORUA
The Bay of Plenty Trading Society Ltd	P.O. Box 140, TE PUKE
Bay of Plenty Co-op Fertiliser Co Ltd	Private Bag, MT MAUNGANUI SOUTH
Drysdale Carpet Wool Society Ltd	P.O. Box 1232, PALMERSTON NORTH
East Coast Trading Society Ltd	P.O. Box 282, HASTINGS
Farm Products Co-op (Gisborne) Ltd	P.O. Box 148, GISBORNE
Farmers' Mutual Insurance Group	P.O. Box 1943, PALMERSTON NORTH
Fieldair Holdings Ltd	P.O. Box 369, PALMERSTON NORTH
Fruitpackers' Co-op (Hawkes Bay) Ltd	P.O. Box 44, WHAKATU
N.Z. Co-op Wool Marketing Association	P.O. Box 13-440, ONEHUNGA
Producer Meats Ltd	P.O. Box 893, AUCKLAND
Graingrowers' Co-op Te Awamutu Ltd	P.O. Box 313, TE AWAMUTU
Fort Export Ltd	P.O. Box 25-128, CHRISTCHURCH
Marlborough Farm Trading Society Ltd	P.O. Box 240, BLENHEIM
Nelson Packhouse Co-op. Ltd	P.O. Box 2067, NELSON
Otago Rural Trading Society Ltd	P.O. Box 5346, DUNEDIN
Primary Producers' Co-op Society Ltd	P.O. Box 941, DUNEDIN
Rural Co-op Society Ltd	P.O. Box 440, TIMARU
Ravensdown Supply Co-op Ltd	P.O. Box 540, TIMARU

Bruntwood Co-op Dairy	P.O. Box 510,	CAMBRIDGE
Dalefield Co-op Dairy	P.O. Box 13,	CARTERTON
East Tamaki Co-op Dairy Co Ltd	P.O. Box 9,	MANUREWA
Egmont Co-op Dairy	P.O. Box 58,	OPUNAKE
Golden Bay Dairies Co-op Ltd	P.O. Box 165,	TAKAKA, NELSON
Hikurangi Co-op Dairy Co Ltd	P.O. Box 5,	HIKURANGI
Kaikoura Co-op Dairy Co Ltd	60,	WEST END, KAIKOURA
Kaipara Co-op Dairy Co Ltd	Private Bag,	HELENSVILLE
Karamea Co-op Dairy Co Ltd	P.O. Box 2,	KARAMEA
Kiwi Co-op Dairies Ltd	P.O. Box 444,	HAWERA
Manawatu Co-op Dairy Co Ltd	P.O. Box 125,	Longburn, PALMERSTON NORTH
Marlborough Cheese Ltd	P.O. Box 542,	BLLENHEIM
Moa-Nui Co-op Dairy Co Ltd	P.O. Box 29,	INGLEWOOD
Morrinsville Co-op Co Ltd	P.O. Box 15,	MORRINSVILLE
N.Z. Co-op Dairy Co Ltd	P.O. Box 459,	HAMILTON
Northern Wairoa Co-op Dairy Co Ltd	P.O. Box 93,	DARGAVILLE
Northland Co-op Dairy Co Ltd	P.O. Box 640,	WHANGAREI
Okato Dairy Co-op Ltd	P.O. Box 33,	OKATO
Opotiki Dairy Association Ltd	P.O. Box 142,	OPOTIKI
Otago Co-op Dairy Co Ltd	P.O. Box 430,	DUNEDIN
Plains Co-op Dairy Co Ltd	P.O. Box 6048,	CHRISTCHURCH 4
Rangitaiki Plains Co-op Dairy Co Ltd	EDGECEMBE,	BAY OF PLENTY
Southland Dairy Co-op Ltd	P.O. Box 844,	INVERCARGILL
Sunny Park-Hinuera Co-op Dairy Co Ltd	Te Poi,	MATAMATA

Producers Ltd	P.O. Box 5158, DUNEDIN
South Canterbury Aerial Topdressing Co-op Ltd	P.O. Box 540, TIMARU
✓ Opotiki Fruitgrowers' Co-op Ltd	P.O. Box 170, OPOTIKI
Whangarei Co-op Milk Marketing Co Ltd	P.O. Box 8010, WHANGAREI
Auckland Co-op Milk Producers Ltd	P.O. Box 12005, PENROSE, AUCKLAND
North Shore Co-op Milk Producers Ltd	P.O. Box 85, ALBANY
Western Bay of Plenty Co-op Milk Producers Ltd	R.D. 5, TAURANGA
Rotorua Co-op Milk Producers Co Ltd	P.O. Box 1144, ROTORUA
Dargaville Milk Producers' Association Ltd	P.O. Box 241, DARGAVILLE
Tokoroa Co-op Milk Producers Co Ltd	P.O. Box 461, TAUPO
New Plymouth Town Milk Co-op Ltd	P.O. Box 57, NEW PLYMOUTH
Wairarapa Town Milk Ltd	P.O. Box 269, MASTERTON
Blenheim Co-op Milk Supply Co Ltd	P.O. Box 240, BLENHEIM
Canterbury Dairy Farmers Ltd	P.O. Box 6027, UPPER RICcarton CHRISTCHURCH.
✓ South Canterbury Co-op Milk Supply Co Ltd	P.O. Box 540, TIMARU
Southland Co-op Milk Producers Ltd	P.O. Box 1611, INVERCARGILL
Nelson Co-op Milk Producers Ltd	P.O. Box 386, NELSON
Warkworth Co-op Milk Producers Ltd	P.O. Box 155, WARKWORTH
Alton Co-op Dairy Co Ltd	P.O. Box 77, PATEA
Awatuna Co-op Dairy Co Ltd	P.O. Box 122, ELTHAM
Bay of Plenty Co-op Dairy Association Ltd	P.O. Box 140, TE PUKE

-28-	Tai Tapu Central Co-op Dairy Co Ltd	P.O. Box 2102, CHRISTCHURCH
	Taranaki Co-op Dairy Co Ltd	P.O. Box 97, STRATFORD
	Tatua Co-op Dairy Co Ltd	Tatuanui, MORRINSVILLE
	Te Aroha-Thames Valley Coop Dairy Co Ltd	P.O. Box 141, TE AROHA
	Temuka Co-op Dairy Co Ltd	P.O. Box 33, TEMUKA
	Tui Co-op Dairy Co Ltd	P.O. Box 45, PAHIATUA
	Waikato Co-op Dairy Co Ltd	P.O. Box 27, CAMBRIDGE
	Waimea Co-op Dairy Co Ltd	P.O. Box 12, BRIGHTWATER
	Westland Co-op Dairy Co Ltd	P.O. Box 96, HOKITIKA
	South Island Export Barley Society,	P.O. Box 414, ASHBURTON
	N.Z. Honey Producers Co-op	P.O. Box 206, TIMARU
	N.C.F. Kaiapoi Ltd	P.O. Box 104, KAIAPOI

LIST OF CO-OPERATIVES

ASTA AERIAL CO-OPERATIVE LTD  
P. O. BOX 241,  
KAIKOHE

FARMERS' AIR PARTNERSHIP  
C/- MR. I. W. MACKAY,  
10 FROMOW ROAD,  
OPOTIKI

MR. G. KITTO,  
P. O. BOX 199,  
BALCLUTHA (Helicopter)

TAURAMANUI AERIAL CO-OP. INC.,  
P. O. BOX 384,  
TAURAMANUI

OTAGO FARMERS HELICOPTER HIRE,  
C/- S. R. SMITH,  
"BIRCHMERE"  
NO. 2 R. D.,  
MOSGIEL

CENTRAL AERIAL CO-OP. SOCIETY LTD,  
P. O. BOX 248,  
WANGANUI

MR. WAYNE ASHWORTH,  
P. O. BOX 199,  
MOSGIEL (Helicopter)

RURAL AERIAL CO-OP. LTD.  
C/- MR. F. J. ATKINS,  
PUKETAWA, NO. 3 R. D.,  
EKETAHUNA

KAIKOURA AERIAL TOPDRESSING CO-OP. LTD.,  
C/- MR. R. J. ACTON-ADAMS,  
MAHUNGA, R. D. 4,  
KAIKOURA

NORTH CANTERBURY AERIAL CO-OP. LTD  
C/- MR. G. R. PALMER,  
BELLEFIELDS R. D.,  
HAWARDEN

SOUTH OTAGO AERIAL TOPDRESSING CO-OP.  
C/- MR. B. J. HOLGATE,  
HILLEND, R. D. 2,  
BALCLUTHA

SOUTHLAND AERIAL CO-OP. SOCIETY LTD.,  
C/- MR. JOHN MACDONALD,  
"BELLFIELD"  
NO. 1 R. D.,  
TE ANAU