

AGRICULTURAL COOPERATIVES

Agricultural cooperatives have thrived, and continue to prosper, because of the universally appealing concept of people working together. Cooperatives are created as individuals with common needs band together to form an independent business entity to serve the needs of the collective membership. Cooperatives, like other businesses, are continually evolving to meet those needs and to respond to ever changing markets. Co-ops are typically formed when the marketplace fails to provide needed goods or services at affordable prices or of acceptable quality.

One local example of a successful agricultural cooperative is Intermountain Farmers Association (IFA). Originally organized as the Utah Poultry Co-op, this business met the supply and marketing needs of the Utah poultry industry for many years. Over time, fewer farmers raised chickens. As chicken coops became empty or were used for other purposes, IFA had to recreate itself to meet the evolving and diverse needs of agricultural producers in Utah and surrounding states. Though it is quite different today from what it once was, IFA continues to be a progressive and successful agricultural coop. Valley Wide Co-op in Preston has followed a similar pattern of growth. Mergers, consolidations, acquisitions, and restructuring are ongoing processes for successful agricultural cooperatives.

Cache Valley Breeders Association (CVBA) was organized locally by progressive dairy and beef producers who saw the benefits of artificial insemination. Independent producers seldom had the financial resources needed to purchase bulls with superior genetics. As an organized group, however, these cattlemen were able to acquire supreme sires, collect and process the semen, and then market the product to members of the cooperative. Over time the Board of Directors, elected by the members, made the decision of merging with other reproductive cooperatives. The expanded co-op became known as Cache Valley Select Sires (CVSS). Today the original CVBA is known as Mid America Select Sires. As a federation of nine farmer-owned and controlled cooperatives this successful agricultural co-op has provided exceptional bovine genetics at reasonable prices, thus enhancing the productivity and profitability of beef and dairy producers world- wide. Much of the progress made with increased growth rates in beef cattle, and improved milk production in dairy cows, has come as a result of this successful agricultural cooperative.

Cache Valley Cheese became famous through the cooperative efforts of Cache Valley dairymen who organized Cache Valley Dairy Association (CVDA). Without this agricultural supply, processing and marketing co-op, the dairy industry of Cache Valley would be very different than it is today. Over time there have been mergers, consolidations, and acquisitions to this co-op. Today, Dairy Farmers of America (DFA), with more than 14,000 producer members nation-wide yet processes some of the milk in this valley. Not everyone is convinced that mergers are beneficial to local cooperative members, but that appears to be the process that many business entities follow. This agricultural cooperative, like all others, is member owned and controlled. Elected Boards have substantial responsibilities as they represent the membership in making weighty decisions.

Western AgCredit is another local example of a successful agricultural cooperative. As part of the nationwide Farm Credit System established in 1916 this member-owned and member-controlled

cooperative provides financial services specifically to agricultural producers. They don't finance farmers and ranchers in good times and abandon them during difficult years. At one location, customer members can obtain competitive financing for real estate, livestock, equipment and operating expenses.

Cooperatives follow seven internationally recognized principals as the basis for doing business. These include; (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence; (5) education, training and information-sharing; (6) cooperation among cooperatives; (7) concern for the community.

At the end of the fiscal year, or when the Board of Directors approves distribution of profits, the co-op distributes net earnings equitably on the basis of member use or patronage. Such patronage dividends help boost the income of farmers directly or may reduce the effective cost of the goods and services provided. Cooperatives pay taxes on income retained for investment and reserves. Surplus revenues returned according to patronage to individual members are also taxed.