

Agricultural Co-operation in the U.K.HELPING THE SMALL SOCIETIES IN WALES

by

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The aims of agricultural Co-operatives have always been simple. They have generally been established to strengthen the economic position of farmers who are engaged in a highly fragmented industry. They allow a farmer to achieve economies of scale, to obtain lower costs for goods and services and to exercise a greater say in the market place than would otherwise be possible.

Advantages of Small Societies - and Disadvantages

Wales is a country of small farmers and their need for agricultural Co-operatives is usually greater than elsewhere.

It is inevitable therefore given the nature of Welsh agriculture that Welsh Co-operatives should reflect a similar pattern. The majority of them are small with few being termed of medium size when compared with Co-operatives outside the Principality. In some circumstances, however, the "smallness" of such societies can confer advantages upon them, but can create problems in others.

Agricultural Co-operatives should be run for the benefit of its farmer members, by those members. Although management of such societies should be left in the hands of professional managers, power to decide upon overall policy is in the hands of members. If farmers feel that they have some influence upon "their" society, they invariably

feel a greater sense of loyalty and commitment to that society and are more likely to use its services than they would otherwise. Such a sense of belonging is far easier for a small society to generate than a larger one and this is the main advantage of small societies. It is generally accepted that farmers look upon some large societies just as they would upon any other business with whom they deal.

However, there are a number of disadvantages to being a small society. Over the years there has been a movement towards much larger businesses. Those involved in agriculture have followed this trend and we now have large national and multinational firms involved in the business of buying from and selling to farmers. Small Co-operatives can find it difficult to face such competition and may fail in achieving their goals of providing a countervailing balance for farmers in the agricultural supply and marketing industries. The smaller society lacks the facilities and expertise available to its larger brothers. They may not be large enough to support qualified accountants or specialised salesmen; they do not have the resources to promote their members' produce to as wide an audience as possible to obtain the best, most profitable results for their members; they cannot buy in the quantities required to obtain the discounts offered to others.

Welsh Agricultural Organisation Society

Nearly every agricultural Co-operative society in Wales is a member of the WAOS. The WAOS offers a wide range of services to its affiliated members, representing and promoting their interests in many places including London and Brussels. Inevitably however, much of WAOS's time is spent in helping small societies. Its policy is to try and nurture the advantages these small societies

have while at the same time, try and overcome their inherent weaknesses. The WAOS feels that in some situations, a small society may be too small to operate effectively and would serve its members' interest better by merging with another society but at the same time it does not accept that all small societies should merge or that being small is, of itself, bad. In order for these small societies to survive therefore, the WAOS feels that it should be responsible in some part for providing and organising the services which the small society could not afford to have on its own.

The WAOS has on its staff a fully qualified accountant to help with any financial problem that may arise and it has access to legal advice from a leading authority on Co-operative law.

A wide range of management services are available and newsletters are sent out to highlight changes in employment law, taxation, health and safety legislation, road transport requirements etc, which is necessary information for the running of every business. At the same time, the WAOS is aware that any Co-operative is only as good as its employees. It has been instrumental in encouraging Co-operatives to pay their workers more while at the same time, it has successfully established a permanent health insurance scheme and a pension fund for employees of societies that would otherwise be too small to develop them. The most recent venture along these lines has been the provision of a joint private health scheme for Co-operative employees which the WAOS hopes to expand over the next few years.

Further Service in Prospect

Another area which the WAOS hopes to enter further into is the training of staff, which would be highly beneficial to the smaller Co-ops. The WAOS has been involved with such schemes in the past but with the disbandment of the Food, Drink and Tobacco Training Board recently, this role is likely to meet an increased demand.

The WAOS is also keen to develop a concept of employee sharing. As agriculture adopts a more scientific and technological approach, so specialist knowledge is essential if salesmen are to succeed in selling many lines. Animal health products and crop protection chemicals are an example of an area where such specialised knowledge is essential. There are not many societies in Wales who could afford to employ someone profitably to concentrate on this aspect of business. The WAOS has been promoting the idea of the smaller Co-operatives working together to jointly employ someone with specialist knowledge. This has worked very successfully in North Wales where three societies employ a man as an agro-chemical specialist who shares his time between the three. The WAOS aims to encourage this development as more and more complicated products are launched, making it even more difficult for small societies to compete.

Applying the Concept of Federal Societies: in Livestock

The WAOS has also been actively promoting the concept of federal societies, Co-operative societies that are owned by other societies. Just as it is convinced that working together makes economic sense for farmers, so it believes that pooling their resources makes economic sense for Co-operative Societies.

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This has been the WAOS's main contribution to helping the small Co-operative develop.

Livestock is the dominant sector of agriculture in Wales. When it was decided to set up Co-operatives to help market the products of this sector, the WAOS decided to promote a federal concept. There are a number of small Co-operative groups throughout Wales, who operate mainly in the areas of the old counties such as Anglesey, Radnor, Glamorgan, Pembroke etc, and whose function is to create a strong local foundation for the national federal Co-operative. Welsh Quality Lamb is the fatstock Co-operative and it has developed remarkably during the 1970s to provide a strong and effective outlet for meat. WQL now owns two abattoirs and has captured 20% of the Welsh lamb market. A similar success story applies to Welsh Store Stock which operates to sell store stock and which has found a profitable outlet in Italy for the previously unwanted very small lambs, sometimes found on Welsh hills. Both these organisations allow the small county based Co-operative groups to have greater commercial viability and influence in marketing Welsh livestock than would otherwise be possible. Although the WAOS provide these Co-operatives with many services, it was felt that the federal society was necessary for their survival.

- And in Supplies

The Welsh supply societies have followed a similar pattern. A number of them are too small to buy in quantities that would allow them to obtain the sizeable discounts that are available for bulk purchases from manufacturers. Collect-

ively however they were quite capable of making up large orders and so, in 1972, the WAOS encouraged the formation of Welsh Farm Suppliers, a federal society owned by the requisite societies whose purpose was to buy in bulk on their behalf. This venture is now bearing fruit and is proving its worth in reducing the purchase price paid by the member societies, both large and small.

The WAOS is convinced that such schemes of working together are the key to the survival of the small societies. Despite all the work that the WAOS does on behalf of the Welsh Co-operatives in meetings throughout the UK and in Europe, despite its representation to government and negotiations with everyone involved in agriculture, despite the wide range of financial, legal, management and other help that it provides, the WAOS is convinced that the greatest service it can provide to the small society is encouraging it to work with other Co-operatives. In that way, societies will help themselves by helping one another.

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