

May 24/67  
Intell

# Outdated Farm Policies

policies into line with the concept of the modern business farm, be it public or private.

"Farm policies predicated on the pioneer family-farm concept are no longer valid today, even though many are still in use," warned Mr. Joss.

Meantime, the 1967 market outlook again is clouded by "more governmental activity and interference" in the dairy industry.

Farmers' demands for higher milk prices likely will result in further government subsidies, and a probable increase in fresh cheese prices up to 46 cents, the report states.

In 1967, this could further complicate reasons for a "noticeable decline" in domestic

cheese consumption noted last year.

The United Kingdom, traditional big customer for Canadian cheddar, maintained a strong demand last year, because an export subsidy was maintained.

"If this export market is expected to be maintained and increased, an increased subsidy will have to be implemented," claimed Mr. Joss. "It is unlikely that the United Kingdom buyer will pay very much more for Canadian cheese, especially in view of the weakening world price on cheese generally."

Meantime, hopes for increased U.S. sales have proven premature, the chairman confessed.

Mr. Joss said an unfortunate situation had developed, whereby the market has been weakened by surplus.

"It is unlikely that an improvement in the export situation to that country will take place during the year."

Meantime, company policy has been actively pursued to eliminate slow-moving and unprofitable lines, and introduction of new products to match rapidly-changing demands of the Canadian consumer.

Net earnings of the company at \$67,126 were slightly under one per cent of sales.

"As we pointed out last year, this is about one-half the industry average, and must be considerably improved," said Mr.

Joss.

Production difficulties in mid-year led to excessive loss through spoilage.

Among the year's problems was the discovery that the claims of Canadian packaging suppliers for their material had not been borne out.

Black Diamond subsequently had to switch to American sources for its wrapping material.

Other financial statistics produced in the report, with comparisons for 1965 in brackets, included:

Net earnings per share, \$7.46 (\$7.28); cash dividends per share, \$2 (unchanged); working capital, 311,400 (312,760) wages, salaries, employee benefits \$541,400 (\$485,100).

Black Diamond