

## **ARMSTRONG CHEESE CO-OPERATIVE ASSOCIATION**

1939 – 1961

by Mary H. E. Blackburn

First settlers in the Armstrong district undoubtedly had cows, for milk, for butter and for meat. The area lent itself to the keeping of dairy herds. As early as 1902 settlers organized to build a creamery, money to be raised by the sale of shares. The Municipal Council of the time was asked to support the project, but turned it down. Later, the Council was asked to help by way of exemption from taxes on the building to be erected. This assistance also was refused. Despite these setbacks, the settlers persevered and a creamery was built and equipped and a buttermaker hired. The first buttermaker was a Mr. Hughes and later Mr. Alfred Slater took over full control of the venture which prospered under his management. By 1923, the creamery, which was situated on Davis Creek, just north of the city, was producing 12,000 lbs. of butter per month. In 1924, after a great deal of controversy, the business was sold outright to Pat Burns and Company, who took over on July 1, 1925.

On Saturday, September 3, 1927 a fire completely destroyed the plant of the Okanagan Valley Co-operative Creamery, as it was then called. The Vernon City Council lost no time in giving Pat Burns and Co. large facilities and concessions to centre the creamery business at Vernon and, as no such inducements or co-operation was forthcoming from the Armstrong City Council, the creamery located in Vernon and Armstrong dairymen had to ship to Vernon or Salmon Arm or go out of business. Armstrong lost one of its most vital industries.

This is the background to the establishment, in 1938, of a cheese factory in Armstrong. The farmers, most certainly, and many of the businessmen of the time felt very keenly the loss of "their dairy" as an outlet for their milk and as a viable business for the community.

In 1937 Mr. Charles Busby, a cheese maker of good repute, moved to Armstrong. He could see the possibilities of starting a cheese plant in Armstrong and, after much talking, planning and organizing, the idea was accepted. Money was very scarce indeed and they managed with considerable difficulty to raise, by sale of shares of \$10.00 each, enough money to cover the cost of construction of the first plant. Messrs. Geo. Bawtinheimer and A. E. Warner loaned money to pay for the machinery. There were many difficulties to overcome as this was the only cheese factory in the province making cheese on a large scale. The lack of working capital made things extremely difficult. The project was also hampered by wild, unfounded speculation and rumour, as is often the case when new things are attempted. In spite of all this, the cheese factory commenced operation on Tuesday, February 1, 1938 with Charles Busby as cheesemaker, with A. P. Slade of Vancouver as promoter and with the entire output to be purchased by Slade and Stewart of Vancouver. Some of the interim Directors during the planning period were: Stan Noble, A. E. Sage, E. A. Norman, Donald Graham, Geo. Bawtinheimer and Ed Rochester.

The Armstrong Cheese Co-operative Association was formally incorporated in 1939. Its first Board of Directors were:

President: A. E. Sage

Secretary-Treasurer: J. W. (Jack) Evans

Board Members: Edgar Dockstader

A. E. Warner

E. A. Norman

H. W. (Bert) Pritchard

Mr. Evans served as Secretary- Treasurer until 1942. Then Mr. Pritchard took on this office and served until 1945.

In 1941, Mr. A. P. Slade, on behalf of the Board of Directors, hired Mr. Joe Mullen of Didsbury to take over as cheesemaker to improve the quality of the product. Mr. Mullen had eleven years of experience with Burns and Company and was most highly recommended by the chief produce grader, who was in the best position to know the quality of the cheese Mr. Mullen was producing. It is an interesting side-light that, in the letter to Mr. Mullen offering him the position in Armstrong, two of the inducements listed were that Armstrong boasted seven churches and also had running water. Mr. Mullen accepted the position, sight unseen, and he and his wife Blanche moved to Armstrong in November 1941.

Joe Mullen arrived to find the following situation:

On the positive side of the ledger:

1. There was plenty of milk available

2. He was offered excellent co-operation from the producers of the area

On the negative side:

1. The financial affairs of the Association were in poor shape because at the time of the original borrowing some funds had been borrowed at an exorbitant rate and these debts could not be retired until later borrowings, at a lesser rate, had been repaid. This meant that the young Association was carrying a very heavy load of debt.

2. There was inadequate space in the building for the proper manufacture of cheese and for the curing and storing of the finished product.

3. Very little credit was available from the local banks and this meant that the Association had to proceed very slowly indeed. Their only source of funds was the Producers' Reserve Fund, a fund created by holding back a small percentage from payments to producers for butterfat shipped. This fund was the only money available for capital expenses, except for some very small borrowing as the business gained in assets. Later, a small Dominion Government grant was available to assist in the building of a cheese storage facility.

In 1941 the staff of the Armstrong Cheese Co-operative Association was as follows:

Joe Mullen - Cheesemaker - His contract called for him to supply and pay for all the help required in the manufacture of cheese. In return he was to be paid 10<sup>f</sup> per pound on the cheese manufactured.

Syd Nash - Assistant Cheese Maker- \$90.00 per month

Warren Graves - helper - \$60.00 per month

Truckers - Ken Nash and Dan Popowich who were paid 15<sup>c</sup> to 18<sup>c</sup> per cwt. of milk hauled.

During the next four years the business prospered. The volume of cheese manufactured increased phenomenally as the following figures show:

1941 190,000 lbs.

1942 480,000 lbs.

1943 820,000 lbs.

By 1943 the co-operative was the second largest producer of cheese in Canada.

In 1941 the Association constructed a controlled temperature cheese curing room. In 1942 at the British Empire Show held at Belleville, Ontario, the Association's cheese won two second prizes in an open competition for all Canada in which there were 385 entries. In 1943 there was a fire in the plant which caused some damage to the building. It was a matter of pride with management that milk was shipped to Vernon for only one day after the fire and then the plant resumed operation and commenced rebuilding on a larger scale. During this rebuilding the plant was equipped with a larger boiler. During the next few years a can washer was purchased and more milk vats were added. Also added to the Association's equipment was a butter churn and a whey separator. This last item enabled the dairy to recover butterfat heretofore lost in the whey. This recovered butterfat was made into whey butter and marketed under the name of "Victory Brand", a name suggested by Mrs. Stan Noble.

By 1944, Joe Mullen was named Manager as well as cheesemaker. "Armstrong Cheese" had now acquired a name for superb quality and was very much in demand throughout the province.

In 1948 Armstrong Cheese Co-operative Association expanded into fluid milk processing by purchasing the City Dairy from Myers Fransden of Armstrong. This move resulted in increased returns to producers. A steady expansion into fluid milk processing in valley markets was as follows:

Penticton in 1951      Kamloops in 1953      Salmon Arm in 1954

Vernon in 1952      Kelowna in 1953

The Association was now producing a full line of dairy products including ice cream and cottage cheese which were marketed under the brand name of VALLEY DAIRY.

In 1950 Joe Mullen became General Manager and his contract was changed from the percentage of cheese manufactured to a salary.

In 1952 the employees were experiencing considerable unrest. Union organizers were working to set up locals. Noca Dairy had been unionized for some time prior to this and were in the throes of negotiating a new contract with the union. Not all Armstrong Cheese employees, by any means, favoured joining a union and the matter was strongly argued over several months. Considerable pressure was put upon the staff and, finally, Armstrong Cheese Cooperative Association voted to form a union. This was early in 1953.

In 1954 Armstrong Cheese Co-operative Board of Directors, acting for fluid milk members of the Association, asked and received the consent of the B.C. Milk Board to control the Association's fluid milk production. The Milk Board established the price paid to the producers each month for their milk.

These two factors, the unionization of employees and the control of fluid milk prices by the Milk Board, drastically changed the operation of the Association. The Association had started and operated successfully as a co-operative, where, to put it in simple terms, the co-op purchased milk from producers, processed the milk, paid all costs and expenses and returned the remaining profits to the shareholders (the producers). Now, the producers were paid a price set by the Milk Board; the employees

were paid wages agreed to with the union. Neither figure bore any relation whatever to what profits, if any, the Association's business was producing. This might appear to be an over-simplification of the situation, but it is certainly true that the Association was started on a downhill course.

For the years 1958, 1959 and 1960 the Association's books showed a loss. Management instituted economies where possible, but their hands were tied by the following irrefutable facts: the selling prices of manufactured products had to be competitive; wages and conditions of employment were set by the B.C. Milk Board. Any small economies seemed fruitless.

General Manager Joe Mullen advised the Directors that the Association should retract rather than continue to expand and that one or more of the branch businesses should be sold. The Directors of the time did not agree with this solution and felt that more expansion was the answer. As Mr. Mullen felt that he could not continue as General Manager under these circumstances, nor could he pursue a management policy so diametrically opposed to what he felt was needed, he gave his notice to the Board.

Allen Sheardown was hired by the Board of Directors to pursue their chosen policy. The business continued to lose. B.C. Central Credit Union, the bankers for the Association, warned that the heavy overdrafts could not continue. Finally, on July 12, 1961, B.C. Central Credit Union called the overdraft which resulted in immediate closure of the plant. This foretold closure was carefully timed to take effect when the accounts receivable funds were most healthy and the Credit Union were able to recoup their loans. However, the milk producers lost thousands of dollars that they never recovered.

This was the end of Armstrong-cheese Co-operative Association. From an idea, to a very small beginning, this co-operative effort of farmers and businessmen and hundreds of enthusiastic employees had grown far beyond the wildest dreams of its original organizers. The Association had stimulated the growth of dairying in the region and had provided employment. Armstrong Cheese had become renowned for its superb quality and Valley Dairy products were enjoyed all over the interior. The failure of this Association was a crushing loss to many dairymen and a very cruel blow to the business life of the community.

#### NOTE

The buildings of Armstrong Cheese Co-operative were purchased by Dutch Dairies of Kamloops and operated under that name. They continued to make Armstrong Cheese and had the foresight to register the trade name "Armstrong Cheese" in every Province in Canada.

The business has since been sold to Dairyland together with the registered trade name "Armstrong Cheese" and it is still possible to purchase this excellent cheese in Western Canada.