

*Supply—Agriculture*

the most fortunate ministers in the cabinet in that I do have an outstanding group of civil servants. Perhaps it was my fault that I did not make a better distribution of the breakdown. It is all in the annual report of the stabilization board, and possibly I should have had this report distributed to all members, knowing that the supplementary estimates were coming up for consideration.

Canned pork which we still have in stock amount to 503,352 pounds and we value them at \$227,968; canned hams account for 1,969,054 pounds and they are carried on the inventory at \$1,076,284.

**Mr. Peters:** Are any of these goods being disposed of by selling them to the companies which had produced them for distribution by those companies?

**Mr. Hays:** I do not wish to mislead the hon. member, but I think most of the canned goods have been tentatively sold on an option basis to firms awaiting an opportunity to sell them. This was arranged some years ago and now we are cleaning up. Today pork is supported under a deficiency program, so we do not have to buy it as such. When the price falls below a certain point we make a deficiency payment to the hog producers.

**Mr. Peters:** Mr. Chairman, I realize it is a little early to ask about this, but has any consideration been given to disposing of our canned meat products and shipping them to the armed services overseas, in Cyprus for instance? I do not suggest that we should revive the bully-beef program of the first world war, or anything like that, but hon. members will recall that a few years ago small cans of pork were put on the market and those which carried the government of Canada label were a very good buy. I think most housewives missed these products when they were taken off the market. They were not a substandard grade of product but were an excellent grade. It might be possible for us to utilize some of these products for our armed services, military hospitals and some of the other agencies and dispose of them in that way. This would be a disposal at the market cost of the product.

I would suggest that we take a look at some of the ways in which we have been disposing of these products in the past and substitute for them other methods that will eliminate the surplus without causing havoc in the particular industries concerned. At the same time we could provide a product that would be sold on its true valuation. In other words, instead of writing off, in this case almost \$500,000 in our inventory, we could utilize

the products that we have and would probably recoup this half a million dollars. It would seem to me this idea is well worth investigating.

We would not like this to be the sole diet of the troops, or anything of that nature; but I would think some of these products could be utilized in this manner. We could arrive at a much better method of disposing of them than has been the case in the past.

**Mr. Danforth:** Perhaps, Mr. Chairman, it is because I do not understand this matter thoroughly but I am still rather disturbed about this revaluation of inventory when it deals with a sum in excess of \$40 million. The minister has stated that this in itself can be characterized as a book loss and this loss will not be accrued by the government until the stock is moved. In other words, we have over \$40 million put down here as a charge when, in effect, it is not a loss until this stock is moved.

Furthermore, if my understanding is correct this \$40 million is based upon the present market value of the inventory as compared with the value when these things were purchased. I believe I am right in this. In two months the market value could change upward 10 per cent or 20 per cent, or downward 10 per cent or 20 per cent, which would mean that this estimated inventory loss in excess of \$40 million would be very wrong. I hope the minister will give us a little more detail on this matter. I would like to know why, in regard to this particular estimate, this new system was introduced, this change in policy, which in effect gives us \$40 million that can be played with in the manipulation of the figures of the Department of Agriculture, because it is not a loss until this product is moved or sold.

**Mr. Hays:** I think it is quite a normal procedure in accounting practice to deal with something at the market value or the lowest cost. It is just the same as on any statement. If bonds drop \$10, you value them accordingly and suffer a loss; and if they go up, you have made some gain. I think this was the thought treasury board had in mind when they asked the Department of Agriculture to take another look at the stocks they were holding.

**Mr. Danforth:** Can the minister say why this was done, Mr. Chairman? I am interested in this matter.

**Mr. Hays:** I suppose, Mr. Chairman, because it is good accounting practice; this is probably the main reason. It shows a much truer picture. We have disposed of some 18 million pounds of butter oil, as I said, at around 27 cents a pound. With regard to the