

Supply—Agriculture

account to cover the net operating loss of the agricultural stabilization board, including loss resulting from revaluation of inventory, as at March 31, 1964, \$122,235,000.

Mr. Jorgenson: Mr. Chairman, I wonder whether the minister would care to give the committee a breakdown of the amounts included under this item, which represents the bulk of the supplementary estimates of his department. I think the committee is entitled to an explanation of it.

Mr. Hays: Mr. Chairman, the hon. member for Burnaby-Coquitlam mentioned that possibly there might be some reason why the supplementary estimates were so large in some departments. I recognize the fact that the agriculture estimates represent over half of the total supplementary estimates, and this is due to the way in which the stabilization payments are handled.

There is a "guesstimate" in the main estimates as to how much will be required by the Department of Agriculture under the stabilization act. Since the commencement of this act the amount required by the stabilization board was always included in the supplementary estimates.

The amount of \$73 million in vote 172e represents the total sum required under three different programs, and the difference of \$48 million is due to a suggestion by treasury board that the payments be handled in a different way. They suggested that the amount of butter, butter solids, butter oil, and that type of thing, carried in the inventory should be shown at their market value. Therefore this is shown as a loss in the inventory and is a much truer picture than used to be the case when the cost price was included in the estimates. Therefore the difference between the \$122 million and \$73 million, approximately \$48 million, which is required under the act is a revaluation of the inventory plus storage costs.

The hon. member is asking what this covered. There are three different ways in which the stabilization board operates. The first is the purchase of agricultural commodities at prescribed prices. This method is commonly known as the offer to purchase. The products we handle by the offer to purchase method are creamery butter, cheddar cheese, cattle, oats not under the Canadian wheat board and barley not under the Canadian wheat board.

The second method of support is the deficiency payment method. Products supported by deficiency payments are eggs, hogs, sheep, lamb, sheep wool, honey, soybeans, sunflower seeds, sugar beets and wheat not under the Canadian wheat board. This would be wheat grown other than in the prairie provinces.

Then the third method by which the stabilization board handles some products is by the payment of subsidies. The subsidy payment program covers milk for cheese, milk for butter, butterfat content of cream, dried casein and caseinates and tobacco. The total amount being appropriated is \$122,235,000. I would be glad to give a picture of the inventories if this is what the hon. member wishes.

Mr. Jorgenson: This is what I asked.

Mr. Hays: In so far as butter oil is concerned, that is butter that was converted into butter oil in 1958, we had an estimated 2,124,468 pounds still in storage throughout the year. We sold 1,562,478 pounds and the loss amounted to \$1,042,675. This was the amount of the loss on the 1958 butter oil. The 1959 butter oil amounted to 30,244,506 pounds, and of this we were able to sell 13,984,170 pounds. The loss was \$9,448,661. In 1960 the inventory for butter oil was 47,179,352 pounds and sales amounted to 6,283,280 pounds. The loss amounted to \$4,821,793.

I could go on and give all these figures, but if I may summarize the whole picture, including the amount of canned cuts and canned hams that still remain and that go back I think to some time in the sixties, it amounts to a loss of \$6 million. The losses on this amount of inventory total \$27,824,982. This refers to the program under which we purchase products.

In so far as deficiency payments are concerned, we supported eggs, wool, sugar beets, honey and that sort of thing. The net losses on eggs for 1959-60 amounted to only \$37. The loss on wool for 1962 production year amounted to \$29,912. The total including all the deficiency payments for 1963 amounted to \$700,000, and that is for lamb, wool, and that sort of thing. The payment for sugar beets amounted to \$720, which is down this year because of the high prices for sugar. I believe the floor price is \$13.80 a ton, and I believe that even in Ontario the producers received something over \$15 a ton. In so far as honey is concerned, the deficiency payment amounted to \$75,000. The total cost for deficiency payments on milk used for cheddar cheese amounted to \$4,301,297. Under the program in so far as butter was concerned, that is butter selling to the consumer at 64 cents, the support for the producer under this program cost us \$11,947,372, plus \$22,408,921, and for dried casein the cost was \$1,878,520. The total amount was \$41,353,027.

When you take all the program that I have just mentioned, the total amount was \$73,776,260. The difference between this amount and the \$122 million, is the change