

your price for butterfat? You have referred to that phase in the memorandum and I would like you to give the members of the committee some information as to your method of fixing the price for butterfat?

Mr. SILVERWOOD: There is no definite uniform price set for butterfat in the butter business. The butterfat price is actually based on the solids market in Toronto and Montreal. In our case we usually refer to the Toronto market because we are operating only in Ontario. That is the basic factor but the matter of competition enters it and we find different prices paid for butterfat in different parts of the province.

Mr. IRVINE: How do you distinguish between competition and the market?

Mr. SILVERWOOD: The market has to do with butter—the selling price for butter—and there is no market price for fat. The basic factor in setting the fat price is the butter market. Actually the fat price may vary and it does vary considerably from one section of the province to another.

Mr. MONET: That is a feature I would like you to explain. What would make the price vary? Would you give the factors that make the price vary because I think it is very valuable information for the members of the committee.

Mr. SILVERWOOD: Well I think competitive factors can make it vary.

Mr. MONET: Competition between the creameries?

Mr. SILVERWOOD: Yes, competition between the creameries.

Mr. MONET: And would there be any other factors? Would the price fixed by the different control boards have any effect?

Mr. SILVERWOOD: Well there is no price fixed as far as butterfat is concerned.

Mr. MONET: No, but was there not a price fixed for milk?

Mr. SILVERWOOD: Yes.

Mr. MONET: Would that be an influence?

Mr. SILVERWOOD: I do not think so, no. If the producer is selling his cream to a creamery he cannot switch over to a fluid milk market just because the price is better. As a matter of fact the price is always better on the fluid milk.

Mr. MONET: You are a man who can tell us these things and I am trying to find out the factors which produce an influence on price variation.

Mr. SILVERWOOD: In certain parts of the province where cheese and butter are manufactured in the same factory, and where you have a combined operation of cheese and butter, the price of butterfat might influence the production of butter. I mean they might switch over from cheese to butter if the price of fat was better than the return on the milk itself.

Mr. MONET: You mean to say that cheese production might influence the price for butterfat?

Mr. SILVERWOOD: Well it would influence production but I do not know whether it would influence the price.

Mr. MONET: If it did influence production, would it not influence price? From what has been said here the law of supply and demand would play a great part in the price.

Mr. SILVERWOOD: I do not think it would be of sufficient importance to actually influence the price of fat.

Mr. MONET: Well that is what we would like to know and you are the man who can tell us. Some witnesses have said here that the cheese and butter operation has a lot to do with determining the price for butterfat. I would like to know whether you agree with that statement or not?

Mr. SILVERWOOD: I agree to the point that if the farmer can make more money from his milk by selling it to a cheese factory than he can by selling it to a creamery—