

the sales requirement and the surplus of No. 1 butter is placed in storage. A review is frequently made of our total storage holdings and if these holdings plus the estimated production are inadequate to meet our sales requirement for the period of October 15 to March 30 inclusive further purchases for storage of No. 1 grade butter are made from the general market. It is required about October 15 that withdrawals of storage butter be made to assist in meeting the sale requirement. These withdrawals from storage are made monthly, as required, to meet our sales requirement, in order that a service of guaranteed quality and quantity to our regular clientele of customers may be assured. Our company has not practised the storing or buying of butter for speculation or have our holdings and/or purchases been in excess of our actual sales requirement.

*Butter Price to Retail Trade* (We mean by that particular expression, groceries, butchers, restaurants and so on).

The selling price to the retail and store trade for No. 1 grade butter in one pound prints is two (2c.) cents per pound over No. 1 grade butter solids to cover the cost of printing, wrapping and delivery.

*Butter Price to Consumer*

The selling price to the customer by milk route delivery is three (3c.) cents per pound over the price to the retail and store trade. This margin cares for one (1c.) cent per pound commission to milk route men and one (1c.) cent per pound for the carton. The other one (1c.) cent to cover other costs of distribution.

*Rise in Butter Prices*

Subsequent to decontrol in early June, 1947 the market price was comparatively inactive for two months dating from June, 1947, due to:

- (a) A lack of storage space,
- (b) The uncertainty of production versus decontrolled and increased consumption.

In early August, 1947 and for certain months thereafter a marked increase in prices was evident due to basic factors beyond the control of the industry:

- (a) A definite increase in consumption without a relative increase in production.
- (b) The assurance of adequate storage space.
- (c) The evidence of a shortage of feed grains.
- (d) The anticipated withdrawal of government subsidy on feed to make for increased cost of production.
- (e) The relative value of butter to cheese to fluid milk and concentrated milk prices.

The advance in butter prices was temporarily retarded in October, 1947 due to the uncertainty of government policy as to imports of butter or reimposition of ceiling prices.

The quantity in storage was not abnormal. Any stocks acquired were in accordance with an established practice to care for consumer requirement during the subsequent months of low production. Obviously it would not be logical to sell or market storage stocks of butter at a price in variance with the prevailing market values.

Mr. HOMUTH: I wonder if I might just at this point ask the witness, did he have abnormal stocks of butter?

Mr. SILVERWOOD: No.