

*Supply—Agriculture*

**Mr. Danforth:** May I just question the minister a little further on this inventory? I am not clear on this. The minister referred to the revaluation of the inventory and this loss of \$48 million. Does this mean that if these products were offered for sale there would be this loss, or can the minister give me more information about this revaluation of the inventory?

**Mr. Hays:** Probably I could best explain it this way. Take 1958, and we find the butter oil inventory amounts to 561,990 pounds. Our sales of butter oil were made at something over 27 cents, 27½ cents. Last year, if my memory serves me correctly, we had 81 million pounds of butter oil. Throughout the year we were able to sell, along with some we lost in the fire, something like 18 million or 19 million pounds. The remainder of that amount of butter oil, about 61 million pounds, is now valued, or the 1958 part of it is valued at 27 cents. This would be the seaboard price, possibly on board ship. We wrote it down at \$398,000, and 1959 was written down at \$11 million. The same is true of butter solids. The estimated selling price is 52 cents a pound, and if we moved any butter, as we did into the United Kingdom this year there would be a further loss if we were to receive less than 52 cents a pound. But at the moment the butter oil in storage is valued at 27 cents per pound or some such amount, and the butter at 52 cents a pound.

**Mr. Danforth:** In effect this is just a book or estimated loss of roughly \$48 million and not a real loss.

**Mr. Hays:** Yes, that is correct.

**Mr. Thomas:** There is another point I should like to clear up. Last evening I asked if the amount of \$122 million included the consumer butter subsidy. The President of the Privy Council said no. However, from the minister's explanation today I gather there is about \$41 million for the consumer butter subsidy involved in the amount of \$122 million.

**Mr. Hays:** Probably the President of the Privy Council did not quite understand the information I gave him. This \$122 million includes all programs as well as the write-down. It includes all programs as well as inventory adjustments.

**Mr. Thomas:** And this goes all the way back to the beginning of operations under the stabilization act?

**Mr. Hays:** No, this is for the year 1963-64.

**Mr. Thomas:** And only for 1963-64.

**Mr. Hays:** Yes.

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**Mr. Douglas:** If I understood the minister correctly, the breakdown of this \$122 million is roughly something over \$73 million for deficiency payments—

**Mr. Hays:** Of one kind or another.

**Mr. Douglas:** I do not think there is any need to question those. They are a very good investment in providing agricultural stability. The balance is some \$48 million in inventory losses on agricultural products in storage.

**Mr. Hays:** And the operating charges.

**Mr. Douglas:** Yes. I wonder whether the minister has a breakdown of how much of the \$48 million is due to price changes and how much is due to spoilage or loss of the actual products themselves. Would it be all due to price changes?

**Mr. Hays:** I think this is correct. There probably has been some spoilage. We lost some in a fire, of course, and in canned pork and that sort of thing there has been some spoilage, but other than that there has been very little spoilage up until this time. This is why we were so very anxious to start moving some of the butter oil that has been on hand since 1958. The butter that we have sold has been very well received.

**Mr. Douglas:** I take it there is no breakdown as between the loss due to spoilage and the loss due to price changes.

**Mr. Hays:** No, there is no breakdown.

**Mr. Langlois:** With regard to the spoilage resulting from the fire, if I remember correctly the minister gave some figures not too long ago. Was the loss by fire in that particular storage in the millions of dollars?

**Mr. Hays:** I do not remember the total amount involved in that fire. There was not too much that we were able to recover because the product was in the form of butter oil and it was almost impossible to put the fire out. Most of it was destroyed. We did sell some of it that was not fit to restore. I do not have the exact figures but I will be glad to get them.

**Mr. Douglas:** Does the stabilization board carry insurance on products in storage?

**Mr. Hays:** No.

**Mr. Ricard:** Mr. Chairman, I had a question along the line of the one just asked. I understand that the minister has no definite figures with him with regard to the fire at St. Denis Sur Richelieu. I also wanted to ask him about insurance. Why does the government not have insurance on these stocks?

**Mr. Hays:** I suppose it would be because the government of Canada is the largest business in Canada and probably the feeling is