

## **2.13 Newfoundland and Labrador Farm Products Corporation**

In October 1997, the operations of Newfoundland and Labrador Farm Products Corporation in St. John's were privatized and Integrated Poultry Limited (IPL) became the operator. In February 2000, IPL went into receivership and in March 2000, the assets were sold by the receiver to Country Ribbon Inc.. As part of this sale, in March 2000 the Province entered into an agreement with Country Ribbon Inc.. This agreement had a number of conditions, including one that stated that the company would not seek any loan guarantees, grants or other forms of financial assistance from the Province in respect of the purchase of the business or in respect of the operation of the business to the end of the agreement on 9 March 2005.

However, in March 2003 Government gave approval for Country Ribbon Inc. to assign chicken quotas as security for raising long-term capital, in July 2003 Government provided a loan of \$1.9 million for the purchase of grain, and in November 2003 Government provided financial assistance of \$2.6 million. The \$2.6 million was provided in exchange for shares in the company and at the same time, the \$1.9 million loan from July 2003 was converted into shares.

## **2.14 Newfoundland and Labrador Liquor Corporation**

The Newfoundland and Labrador Liquor Corporation (the Corporation) is an agency of the Crown incorporated under the *Liquor Corporation Act* of the Province of Newfoundland and Labrador. In 2003, the Corporation paid \$93 million to the Province's Consolidated Revenue Fund.

### **Financial Position and Operating Results**

There is an issue with the inventory levels maintained by the Corporation. During the five years ended 31 March 2003, the Corporation's inventory turnover rate averaged approximately 2 times per year. This would suggest that the inventory level maintained by the Corporation is much too high or that the Corporation maintains a considerable amount of slower moving stock. Inventory levels and turnover has been considered by the Corporation and a new point of sale system is expected to help determine the types and optimum levels of inventories.