

Manufacturing Milk and Cream Policy

Mr. R. E. McKinley (Huron): Mr. Speaker, I will not go into the question of whether or not the supply-management concept should be applied to agricultural products. It appears that that concept, as operated under the Dairy Commission and under this minister, has not worked out too well.

Some hon. Members: Hear, hear!

Mr. Horner: It has been an obvious failure.

Mr. McKinley: The statement the minister made today amplifies the statement that was made about three weeks ago in this regard. I submit that if there is to be a supply-management operation in this country, it ought to come under the Canadian Dairy Commission and, as well, under the control of the Canadian dairy producer. It seems to me that much more work must be done in finding markets and the Canadian Dairy Commission ought to explore export markets for dairy products produced in this country.

I know that a great deal of money was deducted from the payments for surplus milk in order that producers could gain the markets that we now enjoy. We acquired those markets by using the producers' own money. At the same time, however, we told them to cut back production. Now we have the markets but we do not have enough product to fill the demand in those markets, and consequently the dairy producers of this country have been losing millions and millions of dollars.

Mr. Horner: Let no more small farmers be driven out of business before the election.

Mr. McKinley: May I also say that our Canadian cheese is selling well. Nevertheless, for a considerable period of time the cheese factories have encountered great difficulties. I know that factories in Ontario, and factories in other provinces as well, are having a difficult time filling the demand for cheese. This has meant losses to farmers. They could have earned extra money from exports. These difficulties, of course, have affected the smaller cheese factories which could not keep up their levels of production.

Mr. Horner: The government wants to take them out of production.

Mr. McKinley: I see that you are about to rise, Mr. Speaker. I am not supposed to speak for a longer time than the minister spoke. Sometimes I think he makes his statements brief so that we must be brief. I suppose he has done so to protect himself, ever since Your Honour's ruling on this matter.

The milk processing plants have been facing difficult times because of the shortage of milk. The markets are there for us, but now we are short of butter. We are away behind in our efforts to meet the demand. I say to the minister that his announcement allowing producers to raise their production levels before over-quota holdbacks are applied has come too late. He should not have waited until an election is almost upon us before making it. That is not the way the people of his department should operate. They should operate in a way that will be of benefit to all producers and make sure that farmers in Canada get

as much money for their agricultural products as possible at all times.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, we would have appreciated it if, in the statement, there had been an indication of how great the reduction in the holdback is to be. It is generally well known, I presume, that the holdback can run as high as \$2.40 per hundred pounds for over-quota deliveries. This has been a serious factor in the expansion of the manufacturing milk industry. Of course, the minister's statement raises two questions. Has the holdback been too high, and is the purpose of the holdback to restrict the amount of manufacturing milk produced? This restriction has been made effective in two ways. First, that has been done by imposing a holdback of \$2.40 per hundredweight and, secondly, by eliminating a large number of very small farmers in the country. That is how the supply-management concept has been operated. It is the type of management that will become available under the piece of legislation that we will be discussing later today. All this raises a problem. We must ask whether there is a close enough relationship between levels of production and the needs of the market on a national basis.

For instance, a shortage of milk has developed in Canada. So great is that shortage that we are paying to the United States at present 64.5 cents per pound, plus transport charges, for 10 million pounds of butter. There has not been such a shortage in Canada for many, many years. The shortage is evidence, of course, of the fact that the supply-management program has worked. However, it has worked at considerable cost to the Canadian dairy industry, both through the loss of small farmers and the \$2.40 holdback which has been imposed. This has meant that in the area you represent, Mr. Speaker, and in other areas of eastern Canada, a number of cheese factories have had to close as well as other outlets that handle the surplus production of the Canadian dairy industry.

I suggest that the Dairy Commission should assess the present domestic and export markets for dairy products and assess, as well, what the long term needs of both domestic and export markets will be. It seems to me that, as a Christmas present to the country, the minister could, through the Dairy Commission, have allowed a number of young farmers, under suitable conditions and regulations, to make their contribution to the market at this time. It seems to me that the minister had an opportunity for allowing the small farmers to get back into the business. I am pleased to say that the Canadian Dairy Commission has given consideration to this aspect of the business in a pronouncement that it made recently. I suggest that the farmers are waiting to see how much the reduction holdback will be. We, too, will await that announcement with considerable interest.

• (2:40 p.m.)

[Translation]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to comment very briefly on the statement the Minister of Agriculture (Mr. Olson) has just made to the House.

We are advised that quotas will be changed by 10 per cent during the winter months, that is, during the season