

*Supply—Agriculture*

it should be brought up before we pass along to another item. In connection with grants and other assistance under the Cheese and Cheese Factory Improvement Act we have found in the past in our part of the country that these small cheese factories play a most important function in our agricultural economy. Many of these factories were founded not to make large profits to divide among shareholders at the year's end, but to supply a means whereby farmers could have a market for their milk. A number of them barely managed to keep going from one year to another, and I am afraid that is still the situation. Amalgamation has been a great thing. We have found it good in our part of the country. But in many areas amalgamations have run their course and if this government really wishes to help farmers in the cheese producing districts it should turn its attention toward helping to provide the funds needed by these small factories for capital investment.

I beg the minister to pay close attention to the following resolution which was passed recently by the Ontario cheese producers association at a meeting here in Ottawa:

Whereas it is desirable to encourage the diversion of milk to the manufacture of raw milk cheddar cheese

And whereas many of the cheese factories are filled to capacity during the flush season

And whereas it is almost impossible for factories to purchase another plant to form an amalgamation

And whereas the cost of amalgamations are almost prohibitive except with large companies

And whereas the Cheese and Cheese Factory Improvement Act was enacted over 20 years ago

And whereas some of the smaller and medium size plants will require additional plant and equipment facilities to handle the proposed diversion of milk

Therefore be it resolved that the federal government review the Cheese and Cheese Factory Improvement Act and allow subsidization to cheese factories without amalgamation where the need for additional facilities can be proven.

I would underline the importance of action in this regard and suggest to the minister that if he wishes to do something for the cheese industry he should lend his energies along these lines. The country co-operative cheese factories of the type I have mentioned have very little money behind them. If a boiler is condemned by inspectors on the ground that it is unsafe, a real hardship is created because the cost of a new boiler to these small factories is almost prohibitive. In some cases they have been obliged to quit business altogether in situations such as this and I recommend, therefore, that subsidies be allowed to factories of this type with respect to capital investment, excluding trucks.

I do not recommend that any subsidy be given for trucks on the road, but for such things as vats, pumps, pasteurizers, curing room equipment, boilers and the stainless

steel, high priced equipment that it is necessary for these cheese factories to buy, in order to compete in the modern methods of production. I think that now is the time, because of the great importance of our raw Canadian cheddar cheese, which is in such great demand in Great Britain and other parts of the world. Here is the chance to help a great industry, a basic industry, a primary industry and an industry, incidentally, that is celebrating its 100th anniversary in the coming year, an industry that throughout a century has helped make Canada great.

**Mr. Danforth:** Mr. Chairman, I would like to ask the minister whether any progress has been made in negotiations with the United States with regard to increasing their import quota of specialized cheeses from Canada.

**Mr. Hays:** Mr. Chairman, we have a quota with the United States of 500,000 pounds. I believe that last year we imported something like one million pounds of soft cheeses. I am personally quite hopeful that we will be able to resolve some part of this problem. Certainly over the last few years we have lost a great deal of the United States market in agricultural foods. In 1963 we exported something like \$214 million worth; in turn we imported something like \$514 million worth. I think we have a very strong case in this regard. They have surplus problems in the United States. I have discussed this matter with the secretary of agriculture and I think if the hon. member will leave this to us—and the U.S. election is not too far off—we are hopeful of getting something done.

**Mr. Webb:** Mr. Chairman, I would like to ask the minister a question. Because of the proposed action of the governments of Australia and New Zealand to raise their prices to Britain with respect to cheese products, for the first time in four years, and also because of the results of the milk shortage in Britain last year, which resulted in a decline of some 30 per cent in the production of butter and 7 per cent in the production of cheese, would the minister consider offering every incentive to the producers of cheese in order to obtain more of this lucrative business in Britain this year? Last year they were helped to overcome this shortage by the giant surpluses of cheese that they had in stock. I would ask the minister if he would give this matter every consideration.

**Mr. Howard:** Mr. Chairman, is the Cheese and Cheese Factory Improvement Act, and the grants and subventions under it, one of those things that was subjected to the austerity freeze following the 1962 election?

**Mr. Hays:** I think this is so, Mr. Chairman.