

*Supply*

man stood up and said: "Yes, we know all about the budget. We don't have a problem with the budget. We would like to have you discuss with us the challenge the United States is putting forward as far as supply management in Canada is concerned." There were no objections at all to what he said.

That is significant and indicative that the dairy farmers have accepted it. They recognize that we are in a time of tremendous change, tremendous opportunity and tremendous and unprecedented challenges. The key words are that we are in a time of unprecedented opportunity.

I had the opportunity yesterday to visit three family dairy farms in the Ormstown area. They are excellent dairy farms, tremendous dairy farms. They were not milking what I would consider to be a lot of cows. They were getting excellent returns, excellent production, and they were very well-managed farms.

I assured them this government understands and recognizes the importance of those types of farming operations, the importance of supply management, and that we are here to support them.

I will put in context some of the figures the members opposite have been throwing out—yes, throwing out. I can see the member for Frontenac smiling right now. He is probably going to try to quote some more from the newspaper he just quoted from. He is smiling all the more; I know he is. He just cannot wait until I get my 10 minutes in so he can get his 5 in. I would ask him to quote completely.

I was simply stating the facts, that if 100 per cent of the milk from the average cow in Canada today was used in the industrial milk market, the 81 cents per hectolitre would mean \$56 per cow. I said in that article, and I believe I was quoted in that article as saying, that yes, we recognize that is not a small amount of money, but we have to put it in perspective. Any decrease in anybody's income is significant. There is no question about that.

However, I want to put it in perspective. For the average producer in the province of Quebec, the decrease in their income because of this change in the support to the industrial milk will be \$1,341 based on the production of industrial milk in the 1993-94 dairy year. I am not making light of the fact that this is \$1,341. It certainly is considerably different from an addition; it is less.

As I said to the producers I chatted with yesterday, do not underestimate or undersell what they in their industry have done in the last number of years, including the manner in which they have used the genetic gene pool in Canada to increase production and the manner in which they have used management practices to increase production in this country. If we look at what our dairy industry has done in the last 12 to 15 years, they have increased their production by incredible amounts.

I was in a barn yesterday near Ormstown, Quebec. I saw a cow there and she was the best cow in the barn, I admit. If my memory serves me correctly, that cow, in her last 365 days of production, produced 30,000 pounds of milk. When my father sold our dairy herd, a commercial working herd, in the mid-1960s, I do not think my father had a cow that produced over 8,000 or 9,000 pounds.

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At that meeting of dairy farmers yesterday—I put this to them—how many people would have thought 15 years ago that we would see cows in Canada, the very top ones, producing 30,000 pounds of milk? The efficiency, and what the industry has done, is absolutely phenomenal. I am proud to say they are not finished yet. Yes, this is a challenge to the dairy industry, but I have every confidence that it is one they can meet and beat.

Leading up to the budget we all said, in all parts of the House, including the opposition in question period, that the budget, in all aspects, must be fair, it must be equitable and it must be effective. When we look at what we have done in agriculture, it meets all those tests.

In question period and in the late show period I have addressed to the member for Frontenac the concern about the WGTA and how it affects the west versus eastern Canada, in particular the province of Quebec. I want to state it again. Let us make it clear that the \$1.6 billion *ex gratia* payment that is being made to the western Canadian grain growers is a one-time payment. It is over. They get no further support on transportation as of August 1 of this year.

The support to the industrial milk portion of the Quebec production as of August 1 this year is still at 85 per cent of where it was before versus zero to the grain export in western Canada. The payment in western Canada is roughly equivalent to ratcheting that payment down at the rate of about 10 per cent per year over the next 10 years.

I have been asked by the minister to lead the consultation that must take place over the next few months as far as what we collectively, the government, the industry and all stakeholders in the industry, do with the support to the industrial milk program as time goes on. As we know, the budget stated very clearly a 15 per cent reduction this year, a 15 per cent reduction next year, but it does not address the size of the amount or if there is money left after that.

The first meeting happened this morning in my office with the chairman of the National Dairy Council. Meetings are being arranged with the president of the Dairy Farmers of Canada, the Grocery Products Manufacturers, the Canadian Federation of Agriculture, UPA, OFA and the different provincial marketing boards so that we can continue having consultations with all of