

*Supply—Agriculture*

**Mr. Hays:** I could not tell the hon. member about the expansion of the factories, but I would be glad to look into it and give him this information later.

**Mr. Ricard:** I would say there were none.

**Mr. Peters:** I should like to continue the few remarks I was making about cheese earlier this evening. I did not complete my remarks on the first item because I knew this item would be coming up. I find, from speaking to the cheese producers, that they have been very diligent in obtaining markets. They have been able to develop an excellent market in Great Britain. This is one fact hon. members should remember because this is one agricultural commodity that has been sold at good prices in Great Britain. Last year there was a premium of 17 cents a pound on Canadian cheese sold in Great Britain and there was almost an assured market for that commodity.

I think the Ontario cheese producers should be complimented on the way they have run their agency. Hon. members may be aware of the fact this agency held large quantities of cheese last year to maintain the price and maintain a market. The market in Britain cannot be expanded rapidly, although by very good management the board was able to obtain a market for an extra 10 million pounds of cheese in Great Britain last year. Production had increased by more than that amount, so there was some cheese held in storage. They held it themselves in order to maintain the market. The producers believe that the subsidy on butter made a difference in the price of cheese.

The cheese producers have asked the government to increase the subsidy on the export of premium cheese by 1 cent a pound. They expect this year that they will have to increase their share of the market in Great Britain by 7 million pounds, and they believe production of cheese this year will be 10 million pounds over that of last year, and 20 million pounds over that of two years ago.

The cheese producers work out long term sale contracts with their buyers, with delivery guaranteed at a specified date, something in the way that the wheat board has been able to sell grain on a guaranteed forward price, but they have only been able to do this because they have been able to guarantee that an additional quantity of cheese will not be put on the British market, which would lower the price agreed upon with those buyers who have made advance orders. They are to be commended on doing this, and the minister should be very interested in co-operating with them.

The British market is the type of market upon which our cheese producers should concentrate. It is one that is very stable and warrants the expectation of more exports from Canada. We should look at this amount of \$97,000, not in terms of the subsidy we are paying, but in terms of the terrific surplus we had a few years ago and the problem of disposing of surplus dairy products in other ways.

The government is to be commended on the fact that we have been able to increase the amount of the product that can be sold and at the same time not interfere with other dairy commodities. I was always very surprised to find that when the government said it had solved the problem of skimmed milk this was doing nothing to solve the butter problem, and when it was solving the butter problem it was at the same time creating a terrific problem for the cheese industry.

Unless I am very badly misinformed this is a field in which the government has done a good job in assisting the cheese producers. I am pleased the minister has told us we are getting rid of large surpluses we had in the butter field, particularly of butter oil, but I would like him to tell us whether the cheese producers have contacted him about their problem and requested a 1 cent subsidy increase for premium cheese on the export market.

**Mr. Hays:** In reply to the hon. member's query, as a matter of fact we were paying a premium of 4 cents, and after May 1 we reduced it to 3 cents. We feel that 3 cents is ample, and the cheese board has been able to send quite a bit more cheese to Great Britain. However we feel that an increase of something like 2 million to 4 million pounds of cheese a year is all that can be expected or else the British market may be flooded.

Our cheese is a raw milk cheese. It is produced at the time when the cows are out on grass, and the minute they return to the barn this is the end of the production of cheese that is acceptable for export to Great Britain. We feel that probably the producers of milk for conversion to cheese should take into account this geographical factor, that when the cows are out on grass they produce this cheese which is acceptable for export, and I think the producers are realizing this much more each year.

I do not know how many times I have met with the cheese people, the soft cheese people and the people interested in manufactured milk, and I think we are on top of the problem. At present we have about 50 million pounds of cheese in storage, but we do not want to overproduce because it is much more difficult to store than butter.