

*Milk Producers*

tion costs rise constantly with costs going up for feed, fertilizers, chemical products, energy, fuel, farming equipment and so on.

In other words, the situation has become a catastrophe because, on the one hand, the cost of production goes up continually, while on the other hand, the producers see their income decrease. No one can suffer losses and stay in business especially in the milk industry, because the production of milk requires huge investments, it entails numerous risks such as cattle diseases, and the weather on which good crops and the cost of feed depend.

● (1610)

I see that the hon. member for Richelieu (Mr. Côté) is listening. Since he is a producer, he must be quite interested. During the six-month period alone extending from the third quarter of 1974 to the first quarter of 1975, production costs have increased by 8.95 per cent, that is 84 cents a hundredweight. If we add those 84 cents to the set price for the third quarter of 1974, that is \$9.41, we get a net price of \$10.25 a hundredweight of milk, while the producer actually gets \$9.97, less the 90 cents which the federal government must withhold for that famous export of powdered milk, less the transport cost of his milk to the dairy averaging 75 cents a hundredweight, which leaves a gross amount of \$8.32 a hundredweight and this for 3.4 of fat matter.

This suggests, as indicated by the APU in its brief dated July 15 last, that the producer was in a better posture last year. Mr. Speaker, if the minister does not react as a result of such serious conclusions, I wonder when he will do so and what could make him move.

For instance, in January last, a press release from the Department of Agriculture on the outlook of the industry for 1975 indicated that gross farm income would increase by 4 per cent, but that, on the other hand, net farm income might tumble down by 12 per cent, due mostly to the rising costs of production. The Department of Agriculture itself admitted by this statement that there was real cause for concern. And at that time, there was no mention of this illogical rise in export costs nor of the price increase of gas that the government might pass on Monday.

Let us be realistic, Mr. Speaker, even if the Minister of Finance (Mr. Turner) indicated that farmers could recuperate at the end of the year the 10 cents tax on gas, they will nevertheless suffer from the increase in fuel prices on account of all petroleum by-products used on the farm.

Therefore, it is obvious that the imbalance is increasing in an intolerable manner in the area of industrial milk and that the efforts undertaken to stabilize the prices in this industry have collapsed merely on account of the last increase of 45 cents per hundredweight of powdered milk to cover export costs.

The situation being such, Mr. Speaker, I therefore strongly recommend that my motion be agreed to because it is absolutely necessary and even vital for industrial milk producers. It is imperative that the House realize that, deal with those problems and immediately correct them before it is too late.

If the situation is left uncorrected and things are allowed to deteriorate from day to day, farmers will leave

[Mr. Beaudoin.]

their farms and those who will dare stay on will accumulate deficits for as long as they will have the courage to keep on feeding the population and after a while, they will go bankrupt because there is not any manufacturing or other business where one can sell products below the cost of production and stay in business.

Today a purebred cow costs approximately \$1,000, a half-bred cow about \$700. I am referring to a dairy cow and the way cows are looked after today, the average milking period lasts about six years, which means that the farmer has large investments with regard to his dairy cows only. That also means that a good herd takes years to get established and requires very particular attention and care.

In addition, the dairy producer has the responsibility for coverings that must be done at the right time to get a continuous production and he must take the risks. Dairy production is really a profession.

A farm that works well must spend each year about \$4,000 on general repairs and maintenance, exclusive of machinery depreciation. A farm with a dairy herd of 100 requires an investment of \$200,000 approximately. At an interest of 8 per cent, this means \$16,000 in interest charges only. However, you have to add \$4,000 for maintenance and upgrading, and \$6,000 for cattle turnover, including heifer breeding to replace cows, that is breeding and buying young cows. This means approximately \$26,000 of unavoidable expenses, not including municipal and school taxes, seed costs, harvesting expenses and so on. All in all, the cost of operating a farm with 100 dairy cows amounts in fact to approximately \$40,000 a year.

Mr. Chairman, in my opinion, those figures deserve consideration, and I would like to have that matter debated if my motion is agreed to by the House. There are a number of particulars I would like to mention and a number of remarks I would like to make in that respect, since I happened to be in the dairy business for several years, and I am familiar with the question. I would also like other members with experience in that area of production to speak up and contribute to the debate after the motion has been agreed to, in order to make the House fully aware of the real nature of the problem and to help it take appropriate corrective measures.

One must admit that today, industrial milk producers as well as farmers in general no longer have a net income that would merely match the interest on their investments, especially since the government, in 1969, allowed interest rates on agricultural loans and machinery to go up through bank loans. Input costs keep on rising, and income is being cut down while powdered milk export costs are left to increase immoderately. I dare say most industrial milk producers would be better off and would have a happier life with both feet in the stove, Mr. Chairman, as they say in Quebec, content with the interest of their money instead of working themselves to death night and day on their farm only to get the results that we know.

Just to show how serious the problem is, allow me to say that over the past ten years, the price of corrugated iron for instance and the cost of repairing buildings increased by 400 per cent, while the prices of machinery went up by 450 per cent. And what about salaries for farm hands?