

1970 Dairy Support Program

[Translation]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I am pleased to join you in expressing the best greetings of the House to our famous visitor.

I live in the oldest part of the country which was discovered by French pioneers and which is close to the old capital founded by Samuel de Champlain. The presence of our distinguished visitor gives me the opportunity to remind the House of those facts.

Since you extended best wishes to the President of the French National Assembly, I am sure he will be happy to be greeted once more in his mother tongue in Canada.

[English]

ROUTINE PROCEEDINGS**AGRICULTURE****DAIRY SUPPORT PROGRAM FOR YEAR COMMENCING APRIL 1, 1970**

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I wish to inform the House of the dairy support program for the year starting April 1, 1970. Before giving the details, I might refer briefly to the circumstances which have had to be taken into account in the formulation of the program.

The major consideration, to which I have referred on several occasions and which is widely recognized within the dairy industry, is that Canadian production of certain dairy products is substantially above the quantity which can be sold at the Canadian price support levels. This surplus, in the past, has been concentrated mainly in skim milk powder. More recently a surplus of butterfat has developed. Present rates of butter production and consumption are resulting in a surplus to the order of about 10 per cent of Canadian production.

There are continuing heavy world surpluses of dairy products and depressed international prices. The situation on skim milk powder has improved as a result of the minimum price arrangement under the GATT, in which Canada played an important part, but those prices are still well below Canadian levels.

The cost of disposing of Canadian surpluses is a heavy drain on the funds provided to support the dairy industry. This results not only in lower returns to milk and cream producers but also impedes progress towards the long-term objective of a more self-sufficient

[Mr. Lewis.]

dairy industry. The program, therefore, must be designed so as to achieve a closer balance between the production of dairy products and Canadian requirements.

In considering the most desirable program we have had the benefit of thoughtful and useful presentations from many sources, including the report of the Standing Committee on Agriculture.

● (2:20 p.m.)

The dairy farmers' national organization, the Dairy Farmers of Canada, has presented a proposal which has created wide interest and which was endorsed in the report of the standing committee. This proposal is for a system of supply management through market share quotas. Under this, producers supplying milk or cream for processing into manufactured dairy products would have market shares related in total to Canadian requirements. For that quantity they would receive a price based on Canadian market prices for dairy products. Production in excess of that market share would be priced in relation to prices in international markets.

Since this involves pricing within a province, its adoption requires the co-operation of provincial agencies. My department, the Canadian Dairy Commission and the Dairy Farmers of Canada will pursue this actively with provincial authorities.

I turn now to the specifics of the program.

As hon. members know, there are two facets to the policy. One is the support of the market prices of major dairy products, which determines the market value of milk and cream to producers. The other is the direct producer subsidy.

There will be no change, as of April 1, from the product support prices established by the Canadian Dairy Commission for 1969-70. These are 65 cents per pound for butterfat, 20 cents per pound for skim milk powder and 46½ and 47 cents for cheddar cheese during the main producing season.

Producers are eligible to receive subsidy on their deliveries during the year up to the amount of their subsidy quota. The rate of subsidy for the year starting April 1, 1970, will continue at the 1969-70 level of \$1.25 per 100 pounds of milk, or 35.71 cents per pound of butterfat.

Because of the cost of disposing of surplus dairy products there is a holdback, or deduction, from subsidy payments. On deliveries up to quota the holdback will remain at the same