

HOUSE OF COMMONS

Friday, January 24, 1975

The House met at 11.00 a.m.

ROUTINE PROCEEDINGS

[English]

AGRICULTURE

ANNOUNCEMENT OF INCREASE IN SUBSIDY FOR INDUSTRIAL MILK

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I would like to announce to the House that the target support price for manufacturing milk is being increased immediately to \$10.02 per hundred pounds from the \$9.41 that has been in effect since August 1 of last year.

The increased returns to producers will be achieved by increasing the support price of butter by 5 cents a pound to 90 cents and by raising the support price of skim milk powder by 5 cents a pound to 59 cents per pound.

However, as hon. members are aware, the federal government subsidizes skim milk powder packaged for consumer sales by 24 cents a pound. In view of the importance of skim milk powder as a staple food, particularly for low income families, the federal government will absorb the price increase by raising the consumer subsidy by 5 cents a pound.

The dairy industry is an important one in this country. The best assurance of top quality dairy products at reasonable prices is a healthy dairy industry, and the dairy industry can only remain healthy if producer returns are kept in line with increased costs.

Last April 1, at the start of the new dairy year, I assured producers that support prices would be reviewed periodically during the year. In June this government made a commitment to dairy farmers that their returns would be related to costs of production. On August 1 a policy change was announced in line with that commitment. This further change is also in line with that commitment. Also last April I announced that a thorough review of the industry would be undertaken by the Canadian Dairy Commission with a view to formulating a national, long-term dairy policy. That review is now complete, and work is advancing towards that long-term policy. I believe that the changes announced today are necessary to meet our commitment to the dairy farmers for adequate returns and to the public for equitable prices.

The only increased costs to the consumers resulting from this policy change will be the 5 cents a pound for butter. As hon. members are aware, the price of margarine has gone up substantially in the last 12 months, and this will tend to restore the competitive position that existed between the two products when the price was last increased.

I think all hon. members are aware that these policy changes apply only to manufacturing milk and will not affect the consumer prices for fluid milk.

Mr. John Wise (Elgin): Mr. Speaker, it is indeed a pleasure for me to reply to the minister's statement today on behalf of my party. I regret that I cannot express my sincere thanks and appreciation to the minister for advance notice or a copy of the report. On that count, I must express my appreciation to my own party whip.

Some hon. Members: Hear, hear!

Mr. Wise: Although we generally support the contents of this statement, we on this side of the House have felt for some time that such a reaction would fall far short of meeting the requirements of those in the dairy industry, and it would fall far short of meeting the rising costs of production in that industry. Representations by dairy farmers have been to a large extent overlooked and ignored in the past.

● (1110)

In Ontario, one of Canada's two main producing provinces, representing about one-third of the production of industrial milk, some 2,200 producers representing 8 per cent of the total, left the industry between 1972 and 1973. In the province of Quebec, which is responsible for the production of about 50 per cent of all industrial milk, over 3,000 producers representing 10 per cent of producers in the province, felt there was no longer room for them in the industry. The total number of dairy farmers decreased from 220,000 to 144,000 between the years 1966 and 1973. National production has decreased from about 19 billion pounds to about 16 billion pounds in recent years.

On June 20, 1974, a group of cabinet ministers announced that a re-elected Liberal government would move immediately if re-elected to raise industrial milk prices high enough to offset increases in dairy production costs. The minister said in a statement issued in Ottawa that the government would respond to representation by dairy producers to "ensure that the commitment of relating producer returns to the cost of production be met."

Dairy producers have asked recently for \$11.50. The minister today promises \$10.02, thus his election promise has not been met or, at the very best, is related only to figures of one year past which are no longer relevant in this current period of spiralling production costs. It is thus urgent that the government act upon its responsibility to announce the types of programs and the general magnitude of the financial commitments it will authorize for the Canadian Dairy Commission over a long range period.

We have heard, and continue to hear, words from the minister that the government is looking at and working on a long term dairy policy, yet the numbers of cattle contin-