

Dairy Policy

[Translation]

Mr. Fortin: Mr. Speaker, I am coming back to my first question.

The minister said in his statement that he would consider a number of other factors related to supply and demand. In these other factors, does he consider the export and transport costs of these products and, if so, in what proportion?

[English]

Mr. Whelan: Mr. Speaker, the judgment factors we speak of arise from the world supply of industrial milk powder. At the present time I believe the producers subsidize export sales of that at 16 cents a hundredweight out of the returns they receive. There is a world supply position of milk powder that is greater than it was before, so this could affect the returns to the farmers if they have to contribute more to be able to compete in the world export market. By the producers contributing we do not get into any trouble with GATT or any of our international trading partners, and the dairy farmers are quite responsive to the suggestion.

Mr. Speaker: Order. It is in the discretion of the Chair, under the terms of the provisional order, to limit debate or the question period as the Chair sees fit. This is the first of such periods and I do not propose to limit debate severely. However, in my opinion, I must say frankly that the subject seems to have been covered pretty thoroughly in questions.

There are three other members seeking to ask questions, the hon. member for Red Deer (Mr. Towers), the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) and the hon. member for Hamilton Mountain (Mr. MacFarlane). I propose to allow those members to ask their questions, but I would ask them please not to repeat any of the ground gone over already. If they have fresh ground they want to cover with the minister, would they please ask brief questions so we can conclude the matter? The hon. member for Red Deer.

Mr. Gordon Towers (Red Deer): Thank you, Mr. Speaker. Would the minister tell the House, when a price change is to be made, what will trigger the action and who will have input into establishing the cost of production? Will it be the national farm organizations, or the provincial agricultural departments, or is it wholly within the federal Department of Agriculture?

Mr. Whelan: It is mainly the Canadian Dairy Commission which has worked out the formula. It was said earlier that there had been no consultation. If there was any more consultation on any subject than there has been on this, then I do not know what it is. We will continue on with our discussions and work on the formula, but we have made a commitment that our findings will be published every quarter.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I hope you will not feel that I am abusing the guidelines you set by asking questions respecting the eventual elimination of subsidies, but I want to approach the matter from a different angle. In light of the minister's announced intention eventually to

phase out the subsidies and have all the increased costs to producers met at the consumer level, what assurances can the minister give milk producers that as the cost of milk, both fluid and industrial, rises at the consumer level and becomes less economic to buy compared with competing products on the market shelf, consumption of milk will not drop and that they will be forced to curtail production as a result?

Mr. Whelan: Mr. Speaker, the total program is geared to guaranteeing that there will be constant production. As a result of the measures we took last year, Canada has had a lesser reduction in production than nearly every other nation of the world. Our dairy products also, even with the present program, are comparable with any nation of the world, and in most instances at a lower price to the consumers. Last year when we used the subsidy of five cents a quart, costs were rising faster than the general CPI. That has changed at the present time.

I repeat that we never said that we would discontinue the subsidy to producers. We said we would not enlarge it, and we hope that as a result of our programs more of it will be passed on to the consuming public. I know I am repeating myself, but these social programs will take over the extra cost to consumers on fixed and low incomes, etc., who cannot afford this commodity. They will be taken care of by that kind of program.

Mr. Beatty: I have a brief supplementary question, Mr. Speaker, with respect to the subsidy on skim milk powder. In light of the fact that experience in many cities has been that the introduction of the federal subsidy on skim milk powder has trapped supermarkets, so that if they are to take advantage of the subsidy they are required to take a loss on the sale of skim milk powder, and as a consequence they dropped certain brands and sizes of packages affected by the government refusal to allow them to increase prices at the consumer level, is the minister reconsidering representations made by the National Dairy Council and by the Retail Council of Canada suggesting that the retailers be allowed, if they collect the subsidy, at least to cover their costs?

Mr. Whelan: In the first place, Mr. Speaker, the retailers do not collect the subsidy; we pay it to the processors. In turn, the processors apply it to the retail outlets. The retailer is allowed a margin on this. Some do not think they are getting a big enough margin, and in some instances they are selling it as a stock loss leader. There is no real way they are bound by what they can do with it except sell it. I should not say there is no way; there is a certain margin they are allowed to have, but no higher than that.

Mr. Beatty: Some of them, when the price was frozen, sold it as a loss leader.

Mr. Whelan: There is an inquiry going on at the present time by the Food Prices Review Board just on this very point, and it is quite detailed. I know there are some difficulties but I do not foresee them to be insurmountable. They are difficulties that can be overcome. We agreed today to work out a proper program with the trade so they are treated in a fair fashion.