

Stabilization of Milk and Cream Prices

Motion agreed to and bill read the first time.

DAIRY COMMISSION**PROVISION FOR STABILIZATION OF MILK AND CREAM PRICES**

Hon. J. J. Greene (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a Dairy Commission for Canada to administer funds made available to it for the purpose of stabilizing the price of milk and cream so as to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality; to provide that all expenditures for the purpose of the said measure, excluding those that in the opinion of the minister are directly attributable to action taken by the commission to stabilize the price of any dairy product, shall be paid out of moneys appropriated by parliament therefor; to provide also for the establishment in the Consolidated Revenue Fund of a special account to be known as the Canadian Dairy Commission account, for credits and charges thereto; and to provide further for the making of loans to the commission and for the terms and conditions thereof.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

Mr. Greene: Mr. Chairman, the resolution and bill presently before the committee breaks new ground in agricultural legislation for Canada. It is the first bill that will provide a legislative base for the establishment of a commission with Canada-wide responsibility for an agricultural commodity.

One of the major problems of the Canadian dairy industry, a problem common to dairy industries in all countries and in fact to agricultural production of almost all types, is the cyclical nature of production patterns and, with it, price instability. While the length of the cycle may vary from product to product, the cycles have common characteristics: a period of high production coupled with falling prices; then a period of readjustment which often results in excessive curtailment of production and subsequent high prices. This period seems to be inevitably followed by surging production induced by the high prices, which in turn generate consumer resistance and decreased consumption. And so the cycle starts anew.

Many devices have been and are being used to meet this problem. Paramount among these are support measures and rational marketing. Earlier this year a major change in the government's approach to dairy support was announced. This announcement

[Miss LaMarsh.]

represented the first stage in the government's dairy program. Under it, shippers of manufacturing milk will receive direct payments from the government of 75 cents per hundredweight, which will result in a national average return of \$4 per hundredweight for 3.5 per cent milk, f.o.b. the factory. An equivalent payment will be made to shippers of farm-separated cream.

This program was implemented because producer income from dairying was such that there had been a sharp cutback in production. In other words, the production cycle was approaching the stage where curtailed production and high consumer prices would result. The program has been in effect only since April of this year and production patterns in the dairy industry change slowly. But it is of interest to note that figures for the month of May indicate that the downward trend in butter production has been curtailed, restoring a measure of stability to this product.

The second phase of the government's dairy program is the establishment of a Canadian Dairy Commission, and perhaps it would be useful at this point to review briefly some of the events leading to the development of this legislation.

In 1963 the Canadian dairy industry was plagued with low prices and surpluses. At that time a meeting was called at which the various segments of the industry, both producer and processor, as well as federal and provincial governments, were represented. The conference agreed that the forming of a body or organization to perform a co-ordinated and advisory function for the dairy industry was a requirement. The conference recommended that a co-ordinating and advisory committee called the Canadian dairy advisory committee be established with representation from the various groups. Subsequently this committee met on many occasions. Subject matters covered by the committee included research, dairy quality and marketing. A basic recommendation in the latter category was that a national dairy authority be developed.

• (8:10 p.m.)

On March 26, 1965, when the dairy support program for the forthcoming year was announced, the announcement included a statement that it was the intention of the government to introduce legislation to provide for a Canadian Dairy Commission. Many groups, including the Dairy Farmers of Canada and the Canadian Federation of Agriculture, have