

Committee Reports

Mr. Towers: Mr. Speaker, I rise on a point of order. Would it be possible to ask one short question?

The Acting Speaker (Mr. Charest): Yes, if there is unanimous consent. Is there unanimous consent for the Hon. Parliamentary Secretary to the Solicitor General (Mr. Towers) to ask a short question?

Some Hon. Members: Agreed.

Mr. Towers: Mr. Speaker, I congratulate the Hon. Member for Swift Current—Maple Creek (Mr. Wilson) for the effort he has put forth. During the hearing, was there any discussion that the actual amount of flour going into a loaf of bread would mean an increase in the cost of the loaf of bread of only 4.5 cents if the bushel of wheat were raised by \$3? Most of the processors say the price will increase 15 per cent, when in actual fact it will be less than 4 per cent as far as the extra cost of the flour is concerned.

Mr. Wilson (Swift Current—Maple Creek): Mr. Speaker, in response to the question put by the Hon. Member for Red Deer (Mr. Towers), I think I can tell him that for each \$1 per bushel increase in the domestic wheat price, the impact on the wheat flour component in a loaf of bread is 1.5 cents on a 16 ounce loaf, but bread in Canada is packaged in different ways. In western Canada it is generally, I am told, in 16 ounce loaves. In the east, it is 24 ounce loaves. For each \$1 increase per bushel in the domestic wheat price you would see a 1.5 cent increase in the wheat flour component on a 16 ounce loaf and a 2.25 cent increase in the pricing of a 24 ounce loaf. If you are talking about an increase from \$7 to \$10 a bushel, this could manifest itself in about a 4.5 cent increase in the wheat flour component of a 16 ounce loaf of bread and about 6.75 cents or 7 cents in the pricing of a 24 ounce loaf.

In addition to that, the processors indicated there were other items such as selling commissions, returns, discounts, production waste and other things. I, for one, would be interested in pursuing that further to learn more about how these things are structured and why they would have to increase proportionately with any increase in the domestic wheat price.

The Acting Speaker (Mr. Charest): Debate.

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, first I want to pay tribute to the committee. As everybody knows, the committee did a very good job. On reading its report and seeing the work that went into it and the information provided, you cannot help but congratulate the Members who served, especially when you consider the amount of time the committee was given to perform its task. Let me mention the members of the committee: the Hon. Member for Crowfoot (Mr. Malone), Chairman; the Hon. Member for Gatineau (Mrs. Maily), Vice-Chairman; the Hon. Member for Huron—Bruce (Mr. Cardiff); the Hon. Member for Moose Jaw (Mr. Gottselig); the Hon. Member for Yorkton—Melville (Mr. Nystrom); and the Hon.

Member for Swift Current—Maple Creek (Mr. Wilson). They all deserve some thanks and gratitude.

It is interesting to note that the Hon. Member who just spoke pointed out that this was an interesting committee and report. It effectively made use of one of the new House rules for the first time that allows a private Member to bring forward a motion, have it proceed, with the potential that it could end up as a Bill to influence what goes on. There have been some changes in the House in the way the place operates. When you see the results, it is a step in the right direction in having this place function and perform in the way the people who sent us here expect it and in many ways have a right to expect it.

● (1350)

In my remarks I would like to do two or three things if time permits. The first is to give some perspective on Canada's position as a wheat producer. About 500 million tonnes of wheat are produced in the world every year. Of that, Canada produces between 4 and 5 per cent. Our production over the last number of years has varied between 20 million and 25 million tonnes. That is not a lot of wheat when you think about it. We like to think that western Canada is the bread basket, but those figures put that in a different perspective. The amount of wheat that we trade is much more significant. About 100 million tonnes of wheat are traded in the world every year. Of that amount, Canada contributes up to 20 per cent. We are, therefore, much more significant in terms of trade than in terms of total production. That is one of the reasons we find ourselves in considerable difficulty with regard to prices.

Due to our soil, climate and efficiency, I believe that Canadian producers are as efficient as producers anywhere in the world. We are not being hurt because we are inefficient but because of circumstances outside of normal market forces. I am referring to the subsidies in the European Economic Community and, to a lesser extent and more recently, in the United States. As an illustration, Europe used to be a major customer of Canadian wheat growers in particular. In the last 20 years Europe has moved from being a major customer of ours to being a major competitor. In fact, two years ago the European community exported more wheat than did Canada. That is very interesting to note.

In 1984-85, Canada exported 16.9 million tonnes and the European Economic Community exported 18.5 million tonnes. Europe has become a major exporter of wheat almost totally through subsidies. The subsidy on a tonne of wheat moving out of the European community on to international markets is now around \$120. Our initial prices are now \$160 a tonne and will move to \$130 on August 1. That says something about the subsidies which we face on international wheat markets.

We do not think that we, as a country, have much business telling the European community what to do internally. What they do and how they pay their producers is their business. However, we think it is legitimate for us to be interested in the