

*Dairy Policy*

from time to time, will have to be reviewed in the year-end review.

**Mr. Jarvis:** The minister's aim in the long haul, to use his words, is to have the producers get every cent from the marketplace. What target date does the minister have in mind for the complete elimination of the subsidy on industrial milk?

**Mr. Whelan:** It should be quite a number of years. There is really no set time. We are thinking in terms of possibly ten years. The program we have set up now will be reviewed from time to time; it is for five years.

**Mr. Jarvis:** What was the response from the dairy industry? Was it acquiescent or enthusiastic this morning?

**Mr. Whelan:** The meeting was still going on when I left there. The dairy industry all over Canada was well represented, both the producing side and the processing side. I would say the reception was exceptionally good.

**Mr. J. R. Ellis (Hastings):** I am intrigued, Mr. Speaker, that the minister should still be making statements outside the House albeit to a very receptive audience, one I could not object to, but could the minister tell us how he intends to determine the costs which will go to make up the input? Does he propose to use figures supplied by Statistics Canada? How is he going to dream up these costs?

**Mr. Whelan:** We use 35 per cent for wages etc. on the CPI index. The rest will come from the input costs the producers have to bear.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** I have three short questions to ask the minister. The first has to do with his statement, "Consumers should realize that this also will protect them from rip-off milk prices at the farm gate." What indication is there that rip-off milk prices have been charged at the farm gate? To what extent will the measure he has just proposed remove such an occurrence if it has actually taken place?

**Mr. Whelan:** Dairy products are sold under the Dairy Commission. The formula is based on a set price with set margins. There have been instances every now and again when skimmed milk powder sold for consumer use has not been sold taking into consideration the subsidy we pay on skimmed milk powder for human consumption. If we did not have this formula, if we did not have this commission, it would not be easy to make sure that all consumers in Canada are treated in the same way.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** When the minister talks about reducing direct support payments to dairy producers, what reduction will there be, what form will that reduction take, and over what period of time will it be made?

**Mr. Whelan:** That would depend upon the conditions existing in the country at that time. We do not intend to add any more money to the subsidy, but the wage index in Canada, the CPI in Canada, will all be affected by what the market can bear and by what our supplies are; if we have an abundance of supply and we are over-producing,

[Mr. Whelan.]

we can be in real difficulty if we do not have markets for those programs. That, too, will affect the price set for producers. The producers recognize this. I do not think there is any more I can say on that aspect at this time.

**Mr. Douglas (Nanaimo-Cowichan-The Islands):** My final supplementary has to do with the minister's statement that producers will have to get every cent of their income from the marketplace. In answer to the hon. member for St. John's East, (Mr. McGrath) the hon. gentleman said it would now be up to the provinces, with their various social welfare departments, to make sure that adequate dairy products are available to those with low incomes. If that is the policy of the government I want to ask the minister why, only last year, the government introduced a subsidy for milk? At that time the minister felt that the government had some responsibility for seeing to it that milk prices, for low income families particularly, were kept at a level they could afford. Why has the government changed its policy and now says it has no responsibility in this matter?

● (1230)

**Mr. Whelan:** Mr. Speaker, I want to make one thing clear and plain. I did not isolate the government's social service responsibility to the provinces. If I did say that, I did not mean to. The federal government has a certain responsibility and we pay into provincial programs. I am sure the hon. member knows that as well as anyone. Why we put the five cent a quart consumer subsidy on milk was because the other programs had not moved. We had not moved on indexing pensions and so on, we had not changed family allowances, we had not lowered income tax. All these things we have done have benefited people much more than the \$100 million. The criticism that this government gets most of all is for spending. I point out that over 50 per cent of the extra spending by the government has been on social services.

[Translation]

**Mr. Fortin:** Mr. Speaker, on page 2 of his statement, the minister said he would consider a number of other factors concerning supply and demand. Can the minister say if these factors include those relating to export and transportation and, if so, in what proportion?

[English]

**Mr. Whelan:** Mr. Speaker, the pageboy was handing me a note and I did not get the full context of that question. I apologize.

[Translation]

**Mr. Fortin:** Mr. Speaker, I have another question. Does the minister mean that, under the general philosophy of this statement, the dairy policy is going to be revised every three months to ensure a minimum income to the producers?

[English]

**Mr. Whelan:** Only if it changes more than 4 per cent, Mr. Speaker. If it does not change any more than 4 per cent, there will be no change in the price of the commodity.