

Agricultural Products Board

Brant-Wentworth, there was a reduction in production in the last three years to the extent of about 40 million pounds.

Again last year the floor was established under the Agricultural Prices Support Act at 58 cents a pound, to be effective for the next two years. Again the dairy producers, particularly the cream producers, whose product is used in the making of butter, approached the government and stated that this price was too low to bring about increased production or even to maintain the production we then had. This, too, has proven to be true.

The government admitted the truth of it when, a month or two ago, it offered to purchase in Canada up to 10 million pounds of butter at 63 cents a pound. So that at this time we have an effective floor under butter of 63 cents—at least we have it until the order in council is repealed, or the government decides it has enough butter. I do not believe it is receiving any butter under that offer at the moment. Butter is going to the regular trade at something slightly above that price.

At the same time the government decided there was a shortage of butter, and established a policy of making butter purchases abroad. If my information is correct, that purchase is costing the government something slightly less than the 63 cents they are offering on the domestic market. I do not know just how accurate that figure is, but perhaps the minister will tell us when he speaks.

Anyway butter is being imported. I would suppose that one of the first functions of the board to be set up under this legislation, and perhaps one of the first expenditures out of the \$15 million suggested in the resolution, may be in connection with the purchase or sale of butter. I do not know whether the government will suffer a loss on the purchase—I do not think it will, as a matter of fact, under present conditions. At the moment I believe it is offering butter to the trade at 66 cents. Then that butter finds its way to the domestic market through the regular channels. I do not know how the butter that is being purchased is to be sold. I hope the minister will tell us on what graded basis it is being sold to the trade. I should like to know whether it is being sold on the basis of Canadian standards of grades or on some other standards of grades that the government may have set up for the sale of that butter. I think the dairy producers of Canada would be interested to know to what grades that butter must conform before it enters the retail trade.

[Mr. Wright.]

The seriousness of the situation in the dairy industry, as outlined by the hon. member for Brant-Wentworth, is such that we must give some consideration to it. There has been a drastic reduction in the production of dairy products, more particularly butter. As I see it, the situation is that the present price for butter in Canada is not attractive enough to the dairy industry to bring about an expansion of production. Even with the present floor price of 63 cents, it is quite evident that production is not increasing. As a matter of fact 63 cents for butterfat works out to approximately \$2.25 a hundred for milk. According to the last market report that I saw, the average price paid for butterfat in most of the dairy districts of Ontario was 66 cents, and I believe 60 cents in northern Ontario. Even at 66 cents for butterfat, that still leaves whole milk at about \$2.50 a hundred.

Milk is going into the whole milk trade in Canada at an average price of approximately \$4.35 to \$4.50. That means that milk going into the whole milk trade is bringing approximately twice as much as milk sold for its butterfat content to enter into the production of butter and cheese. What is the result? Many farmers in the outlying areas who are not in the whole milk trade find that it is not very remunerative to them to maintain even the herds that they have at the present time. They are being offered pretty fair prices for their breeding stock and as a result it is being depleted both for export and to enter into herds that are engaged in the whole milk trade. There are a large number of commercial herds in Canada, especially in northern Ontario and in other areas that are engaged solely in the production of milk for the whole milk trade. They buy a lot of their concentrates and all their breeding stock. The only place where they can purchase breeding stock is from farmers who are engaged in the production of milk for its butterfat content.

As their herds are depleted the source of breeding stock is drying up, and we are also exporting breeding stock to the United States. This must result in a serious situation. It has been gradually developing over the last two or three years with the result that the whole dairy industry is becoming disorganized. It is easy enough to review what is happening. We can see that, but it is another thing to suggest an intelligent remedy, something that will stop the decrease in the production of breeding stock in Canada and in our ability to produce the essentials of life. The reduction in the consumption of whole milk in Canada is a serious thing to the health of our people. I do not think that the continued use of substitutes for our