The following revisions to the previous notification (L/2601/Add.11) relate to the subsidies paid during the fiscal year 1965-66.

I. GRAIN AND GRAIN PRODUCTS

Feedgrain assistance regulations

1. Nature and extent of the subsidy

(a) Background and authority

Since 1941, the Government has paid a portion of the freight charges on prairie grains and millfeeds and for livestock feed in other provinces. This legislation is not statutory but is authorized by regulations established by Order in Council.

(b) Incidence

The subsidy is paid to the wholesalers or retailers from whom the farmers purchase western grains or millfeeds. Claims must show that the commodities are to be fed to livestock and that the amount of the assistance has been passed on to the purchaser. No payment is made on grains and feeds for export. The Government also paid winter storage charges on western feedgrains in licensed eastern elevators during 1963/64 and 1964/65 but this policy has been discontinued.

For the purpose of determining the rate of freight assistance payable on a shipment, zones have been established. The rate rises with increased distance from point of shipment but within a zone a flat rate applies. During the 1965/66 fiscal year, freight assistance ranged from $4.80 to $23.40 per ton.
(c) **Amount of subsidy**

The estimated freight expenditure was $19.9 million on 2,518,173 tons shipped in the fiscal year 1965/66.

(d) **Estimated amount per unit**

Freight payments averaged $7.92 per ton in 1965/66.

2. **Effect of subsidy**

The programme helps to equalize the cost of domestic feeds to livestock feeders across Canada.

**Storage on temporary wheat reserves**

1. **Nature and extent of the subsidy**

   (a) **Background and authority**

   In March 1956, the Government passed the Temporary Wheat Reserves Act, "... to relieve producers of burdensome storage charges on wheat in commercial storage ...". The Act was made retroactive from 1 August 1955 and has provided for the payment of storage and interest costs on Canadian Wheat Board stocks of wheat in commercial storage in excess of 178 million bushels at the commencement of the crop year. The average commercial carry-over for the fifteen years prior to the 1951-52 crop year was 178 million bushels and stocks were considered to be at a "normal" level in this period. This policy will expire when stocks at the beginning of a crop year are less than 178 million bushels.

   (b) **Incidence**

   The Federal Government pays the annual carrying charges on Canadian Wheat Board stocks of wheat in excess of 178 million bushels at each 1 August (the beginning of the crop year). These annual payments to the Board are added to the Board's proceeds from the sale of wheat delivered during the crop year and are distributed pro rata to producers on the basis of their total wheat deliveries to the Board. The payments apply only on commercial stocks of wheat and not on stocks held on farms by producers.

   (c) **Amount of subsidy**

   In 1965/66, the Board received $40.9 million as the Treasury payment of carrying charges on about 217.5 million bushels of wheat. The Board allocated $15.4 million of this amount to the 1964/65 Pool Account and $25.5 million to the 1965/66 Pool Account. The total allocation to the 1965/66 Pool Account was $334 million. In 1966/67, the Federal Government will pay $24.3 million on stocks of 127.6 million bushels.
(d) Estimated amount per unit

In the 1965/66 crop year, the per unit subsidy received by producers on the basis of their total deliveries of wheat to the Canadian Wheat Board averaged 5.9 cents a bushel.

2. Effect of subsidy

The payments have relieved producers of burdensome storage charges on wheat in commercial storage by reducing the amount of carrying charges the Pool would otherwise bear.

Crop failure assistance

The Crop Insurance Act and the Prairie Farm Assistance Act are designed to aid farmers in the event of a crop failure. Producers insured under the Crop Insurance Act are not eligible for assistance under the Prairie Farm Assistance Act.

Crop Insurance Act

1. Nature and extent of the subsidy

(a) Background and authority

The Federal Crop Insurance Act was passed in 1959 to assist the provinces in making low-cost crop insurance available to farmers across Canada. The Federal and Provincial Governments pay all administrative costs, contribute to premiums and provide that premiums will, on the average, equal indemnities.

The crop insurance programmes are developed by the provinces in accordance with the Federal Crop Insurance Act and Regulations. Each province is responsible for the administration of the programme and may determine the crops to be insured, the level of coverage and the premiums payable.

(b) Incidence

The Federal Government pays 50 per cent of the province's administrative costs and reimburses the province for payment of up to 25 per cent of the total premiums. Prior to an amendment to the Act in 1966, the Federal Government paid 20 per cent of the premiums. The Act also provides for re-insurance by the Federal Government or the granting of loans to provincial crop insurance agencies in the event of extremely heavy losses in the initial years of the programme.

Provincial crop insurance programmes are in operation in Alberta, Saskatchewan, Manitoba and Prince Edward Island. The 1967 crops of winter wheat and spring grains in Ontario and tree fruits in British Columbia will be insured for the first time. Although crop insurance is not yet available to all producers in all provinces, it is rapidly being extended to new areas each year.
(c) **Amount of subsidy**

In 1965/66 (1 April to 31 March), 13,420 farmers participated in programmes under the Crop Insurance Act. Premiums of $1,735,026 were paid by these producers while the Federal Government's contribution to premiums was $433,757. The Federal Government also paid $311,880 in administrative costs. In 1966/67, 24,519 producers paid premiums of $3,332,102 while the Federal Government's contribution to premiums was $833,026. The Federal Government also paid $452,830 in administrative expenses.

(d) **Estimated amount per unit**

The total Federal Government contribution under the Crop Insurance Act was $745,637 or about $56 for each participating farmer in 1965/66 and $1,285,856 or about $52 per farmer in 1966/67.

**Prairie Farm Assistance Act**

1. **Nature and extent of the subsidy**

(a) **Background and authority**

This programme was designed to aid farmers in the spring wheat area (the three Prairie provinces and the Peace River District of British Columbia) in years where low crop yields result from drought, flood and other conditions beyond their control. It was authorized under the Prairie Farm Assistance Act, 1939, as amended, and regulations established by Order in Council.

(b) **Incidence**

Payments are made to all farms in an area where yields are low or where seeding is impossible. Payments range from $2.00 to $4.00 per acre of cultivated land or one half of the producer's cultivated acreage to a maximum of 200 acres. The rate of payment varies with the degree of crop failure in the area. A minimum payment of $200 per farm is provided for in the regulations for producers who have yields of less than 5 bushels per acre provided that they have at least 25 acres of cultivated land. A 1 per cent levy is deducted from each producer's sale price of western wheat, oats, barley, rye, rapeseed, or flaxseed sold through licensed agencies. Proceeds of this levy are credited to a special fund out of which the awards are paid each December. If the amount in the fund is inadequate to defray the cost of the awards, the Federal Government makes up the deficit.

(c) **Amount of subsidy**

In 1965/66, farmers contributed $10.3 million to the Prairie Farm Assistance Act fund through the 1 per cent levy on their grain deliveries while payments were $5.1 million. In the last ten years farmers have contributed an average of $7.9 million while payments have averaged $17.4 million.
Annual payments have ranged between $2.2 million and $54.1 million in this period.

(d) **Estimated amount per unit**

The Federal Government payment to each eligible producer under the Prairie Farm Assistance Act has averaged $180 in the last ten years. The number of awards has ranged from 13,332 to 146,591.
## ANNEX

### Wheat

<table>
<thead>
<tr>
<th>Crop year 1 August-31 July</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>565.6</td>
<td>0</td>
<td>333.4</td>
<td>138.0</td>
</tr>
<tr>
<td>1963</td>
<td>723.4</td>
<td>0</td>
<td>594.5</td>
<td>156.7</td>
</tr>
<tr>
<td>1964</td>
<td>600.4</td>
<td>0</td>
<td>399.6</td>
<td>147.2</td>
</tr>
<tr>
<td>1965</td>
<td>648.9</td>
<td>0</td>
<td>584.9</td>
<td>156.9</td>
</tr>
<tr>
<td>1966</td>
<td>844.4</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### Oats

<table>
<thead>
<tr>
<th>Crop year 1 August-31 July</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>493.6</td>
<td>0</td>
<td>21.7</td>
<td>400.7</td>
</tr>
<tr>
<td>1963</td>
<td>453.1</td>
<td>0</td>
<td>18.8</td>
<td>405.2</td>
</tr>
<tr>
<td>1964</td>
<td>357.2</td>
<td>0</td>
<td>15.6</td>
<td>390.9</td>
</tr>
<tr>
<td>1965</td>
<td>415.0</td>
<td>0</td>
<td>15.9</td>
<td>401.9</td>
</tr>
<tr>
<td>1966</td>
<td>388.7</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

### Barley

<table>
<thead>
<tr>
<th>Crop year 1 August-31 July</th>
<th>Production</th>
<th>Imports</th>
<th>Exports</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>165.9</td>
<td>0</td>
<td>15.4</td>
<td>119.1</td>
</tr>
<tr>
<td>1963</td>
<td>220.7</td>
<td>0</td>
<td>46.9</td>
<td>144.7</td>
</tr>
<tr>
<td>1964</td>
<td>166.8</td>
<td>0</td>
<td>37.0</td>
<td>159.3</td>
</tr>
<tr>
<td>1965</td>
<td>214.6</td>
<td>0</td>
<td>38.0</td>
<td>167.7</td>
</tr>
<tr>
<td>1966</td>
<td>292.9</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

0 = Less than half the unit shown.