The following notification relates to subsidies paid during the fiscal or crop year 1974-75, as indicated. In the appendix, information is also provided on subsidy payments for certain programmes for the fiscal or crop year 1975-76.

I. GRAIN AND GRAIN PRODUCTS

FEED FREIGHT ASSISTANCE

1. Nature and extent of the subsidy

(a) Background and authority

This programme assists livestock producers in Eastern Canada and British Columbia by subsidizing freight and storage costs on feed grain used by them for livestock feed. It also ensures reasonable stability in the price of feed grain, and fair equalization of feed grain prices in Eastern Canada and British Columbia.

This programme was placed under the jurisdiction of the Canadian Livestock Feed Board in April 1967, although the programme has been in existence since 1941.

The authority is the Livestock Feed Assistance Act, R.S.C. 1970, L-9 and regulations established by order in Council, and the National Feed Grains Policy 1974.

Modifications to this programme have been announced effective August 1976.
(b) Incidence

The subsidy is paid to wholesalers or retailers from whom farmers purchase grains or mill feeds. Claims must show that the commodities are fed to livestock and that the amount of assistance has been passed on to the purchaser. No payment is made on grains and feeds for export, nor on cereals used for domestic feed consumption.

(c) Amount of subsidy

The estimated freight expenditures on the quantity shipped during the crop year 1974-75 were $21,035,694 compared with $21,164,466 in 1973-74.

(d) Estimated amount per unit

Freight payments averaged $7.40 per ton during the 1974-75 crop year as compared with $7.31 per ton in 1973-74.

2. Effect of the subsidy

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

CASH ADVANCES ON FARM STORED GRAINS

1. Nature and extent of the subsidy

(a) Background and authority

The Prairie Grain Advance Payments Act, 1970 allows cash advances to be made in direct relationships to anticipated deliveries of cash grain for the crop year and ensure repayment at the same rate per bushel rate of advance.

(b) Incidence

The rate of advance payment authorized in relation to each grain on a per bushel basis is the same as the rate per bushel to be deducted in repayment of the advance. Thus, the advance and repayment provisions are related to delivery opportunities and afford the producers a better chance to repay. The maximum advance in 1974-75 was $6,000 per individual permit holder based on minimum quota levels of each grain as announced in each year. The time-limit of the advance is variable as repayment must begin as soon as Canadian Wheat Board elevator space becomes available. The Governor-in-Council is also empowered to provide emergency payments for unthreshed grain to a maximum of $3,000.
Rates of advance for 1974-75:

- Wheat $1.50 per bushel, 10 bushels per acre
- Barley $1.00 per bushel, 20 bushels per acre
- Oats $0.70 per bushel, 20 bushels per acre

Total advances made to producers by Canadian Wheat Board in 1974-75 were $46,635,399.

(c) Amount of subsidy

Interest costs paid by the Federal Government for the 1974-75 crop year amounted to $1,920,322. Payments for defaulted accounts were made for 1974-75 totalling $1,265,943.

No emergency payments were enacted during 1974-75.

(d) Estimated amount per unit

Not applicable.

2. Effect of the subsidy

Grain producers in Western Canada where the bulk of Canada's grain is produced, do not receive any income until they deliver their grain to the country elevator and the excess of production over marketable quantities must be stored on farms at the producer's expense.

Cash advances are, in effect, a prepayment of a portion of the initial payments guaranteed by the Government on the basic grades of wheat, oats and barley when delivered by producers. The programme has a twofold effect on the economy of Western Canada. Farmers are able to obtain a portion of the price for their grain when delivery opportunities are restricted instead of having to borrow money at commercial interest rates. Secondly, millions of dollars are put into circulation during periods when the cash flow to the grains sector of the economy would otherwise be seriously restricted due to reduced marketing.
INITIAL PAYMENTS

1. Nature and extent of the subsidy

(a) Background and authority

Under the terms of the Canadian Wheat Board Act, initial payments on the basic grades of wheat, oats and barley are established each crop year by the Government having regard to current and prospective market demand and to any other circumstances which may render a specific level of initial payments advisable. These initial payments are, in effect, Federal Government guaranteed floor prices, since any deficit incurred by the Canadian Wheat Board in its marketing operations is paid by the Government, i.e., if the sales price obtained by the Board is insufficient to cover its operating costs plus the initial payment already received by producers, the deficit is met by the Government.

(b) Incidence

Very few payments have been necessary to cover deficits during the thirty years of operation. When a deficit occurs, the Government payment is made to the Canadian Wheat Board, but the ultimate benefit goes to the producers in the Wheat Board designated area who have grown the grain in the particular pool.

(c) Amount of the subsidy

No payments were necessary for the 1974-75 pool accounts.

(d) Estimated amount per unit

Not applicable.

2. Effect of the subsidy

When operative, this subsidy helps to cushion to some extent the effects of very low prices for grain that may prevail during the period of the pool's operation.
CROP FAILURE ASSISTANCE

1. Nature and extent of the subsidy

(a) Background and authority

The Crop Insurance Act, R.S.C. 1970 enables the federal government to enter into agreement with any province to make contributions towards the premium costs or operating costs of that province's insurance scheme. Risk-sharing agreements can also be made by way of loans or reinsurance of part of the provinces' liability whenever indemnities greatly exceed premiums and reserves.

(b) Incidence

Two options are available in this federal-provincial, cost-sharing programme. The federal government will contribute 25 per cent of the total premium and half of the provincial administrative costs; or where it is to the financial advantage of the province, will contribute 50 per cent of the total premium if the province will pay all of the administrative costs.

By 1974-75, shared-cost agreements were operative with all ten provinces. Four provinces received contribution of 25 per cent total premium costs and 50 per cent of the administrative costs. The remaining provinces received 50 per cent of the total premium costs and paid their own administrative costs. In all provinces the individual farmer pays only 50 per cent of the total premium.

(c) Amount of the subsidy

In 1974-75 the federal government contributed $31,236,048 compared with $16,654,929 the previous year.

2. Effect of the subsidy

The programme encourages production by sharing with farmers the risk of intensive crop loss due to natural hazards and provides protection against a financial loss which, although beyond producer control, might normally force him out of business.
GRASSLAND INCENTIVE PROGRAMME

1. Nature and extent of the subsidy

(a) Background and authority

This special programme originally designed as an incentive to divert grainland to grass in 1970 in order to control Canada's grain surplus at an acceptable level was continued for a further four years to assist expansion of the livestock industry to meet the increasing demand for beef. This programme was authorized under the Appropriation Act by P.C. 1971-892 on 11 May 1971.

(b) Incidence

The programme involved a payment of $10 for each acre diverted from grain to grass and forage. The payment programme was concluded during 1974.

(c) Amount of the subsidy

In total, payments amount to some $57 million of which approximately $17 million was paid in 1974-75.

(d) Estimated amount per unit

This sum amounts to an average of $10 per acre diverted from grain production to grass during the programme.

2. Effect of the subsidy

An estimated 6 million acres of grainland has been diverted to grass under this programme to assist in the expansion of the Canadian livestock industry. Some 50-60,000 farmers have received payments during this programme's operation.

TWO-PRICE WHEAT PROGRAMME

1. Nature and extent of the subsidy

(a) Background and authority

By fixing the domestic price of wheat for human consumption, the Two-Price Wheat Act is intended to protect Canadian consumers against high wheat prices and to protect producers from unusually low prices.
The programme establishes a guaranteed price floor of $3.25 for top grade milling wheat sold for domestic human consumption within Canada. Canadian millers will pay this price regardless of world wheat price levels. When the world wheat price is above $3.25 a bushel, the federal government will pay the producer the difference between $3.25 and the world price up to a maximum payment of $1.75 per bushel.

The programme operates in a similar manner for domestic durum sales. However, millers buying durum within Canada will pay at least $3.25 a bushel and up to a maximum of $5.75 a bushel, depending on the current world price. If the world price is above $5.75 per bushel, the federal government will pay the producer the difference above $5.75 up to a maximum payment of $1.75 per bushel.

Provisions exist within the programme to allow for review and adjustment of these set prices.

(b) Incidence

In 1974-75 world prices were above the maximum prices paid by Canadian millers for both types of wheat as set under the Act, thus requiring federal payments to the producers.

Payment is made to western producers through the Canadian Wheat Board, to eastern producers through the Ontario Wheat Producers Marketing Board for those delivering to that Board and, other eastern producers in Quebec and the Maritimes who receive payment directly.

(c) Amount of subsidy

In 1974-75 a total of $126,627,209 was paid for the crop year, $109,363,999 to producers in Western Canada, and $17,263,210 to producers in Eastern Canada. This represents an increase compared with the 1973-74 total payment of $78,068,082.

(d) Estimated amount per unit

For milling wheat the average payment in 1974-75 was $1.75 per bushel plus interest costs, for a payment on average of about $1.80 per bushel.

For durum wheat the average payment in 1974-75 was $1.35 per bushel.

In 1974-75 the average payment including both types of wheat was $1.75 per bushel plus interest cost for a payment on average of $1.78 per bushel in both the East and West.
2. Effect of the subsidy

The Two-Price Wheat Programme has operated as a consumer subsidy by reducing the total cost to consumers for bread and other wheat flour products when wheat prices have been high.

II. DAIRY PRODUCTS

1. Nature and extent of the subsidy

(a) Background and authority

The Canadian Dairy Commission was established by the Canadian Dairy Commission Act in 1966. The Commission's responsibilities include the purchase and disposal of products, the making of direct payments to producers, the investigation of any matter relating to the dairy industry, the promotion of dairy products and other related activities. Since 1970 the Commission has added to its operations the administration of a federal-provincial supply management programme, under which each producer has a share of the available market. Under the Act, dairy support programmes are funded by the Agricultural Stabilization Board under the Agricultural Stabilization Act, R.S.C. 1970.

(b) Incidence

Federal dairy stabilization policy consists of supporting the market price of butter, skim milk powder and Cheddar cheese through an "offer-to-purchase" programme and making direct subsidy payments under a quota system to farmers for milk and cream used for manufacture into dairy products. In order to finance the Commission's losses on skim milk powder exports, a levy is applied against an eligible producer's entire deliveries of milk.

(c) Amount of subsidy and per unit estimate

(i) Direct manufacturing milk subsidy payments

In April 1974 the rate of direct subsidy payments to producers was set at $2.30 per hundred pounds of milk. In June 1974 this was increased to $2.56 per hundredweight which remained in effect until April 1975 when the subsidy was increased to $2.66 per hundredweight.

Direct subsidy payments on manufacturing milk and cream by the Commission to dairy producers in 1974-75 amounted to $238,491,346.
(ii) Market operations

1. Butter

The C.D.C. supported butter prices through a purchase programme. The support price for butter in 1974-75 was 77¢ a pound which was increased in August 1974 to 85¢ and in January 1975 to 90¢. The C.D.C. purchases butter on the domestic market as part of the support programme and also imports butter as necessary. All butter purchased by the Commission is offered for resale into the domestic market in carlot quantities at the support price. The market operations for butter during 1974-75 produced a profit of $8,056,609.

2. Skim milk powder

The C.D.C. supported skim milk powder prices through a purchase programme. The support price for skim milk powder was 50¢ per pound in April 1974 and increased to 54¢ per pound in August 1974 and to 59¢ in January 1975. The Commission purchases skim milk powder and resells it on the export market. To finance losses on disposal of skim milk powder producers pay a specified levy on deliveries of milk. In 1974-75 the market operations for skim milk powder produced a loss of $7,800,870 for the Commission.

3. Cheese

The Commission continued the support programme for Cheddar cheese at 60¢ a pound for the 1974-75 dairy year, but did not purchase any Cheddar cheese as domestic market prices continued above the support price.

The support programme for these dairy products incurred a cost of $3,066,636 to C.D.C. in 1974-75 for interest on loans needed for the market operations. Including profit on butter, loss on skim milk powder and cost of loans the net loss on marketing operations for the 1974-75 year was $2,745,626.
2. Effect of the subsidies

A fundamental objective of the aggregate Canadian dairy support programme is to provide milk producers 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. Although direct subsidy payments have increased producer returns, the programmes of the C.D.C. have been broadly oriented to discourage the surpluses which high support levels tend to generate. The entire system of subsidies, quotas and levies has been designed to provide lower prices at successively higher levels of production, thereby discouraging over-production.

III. CATTLE

BEef STABILIZATION PROGRAMME

1. Nature and extent of the subsidy

(a) Background and authority

Under the jurisdiction of the Agricultural Stabilization Act the beef stabilization Plan was implemented to provide fair returns to producers in a period of low prices and thereby maintain production levels. The programme covered all cattle grading A, B, or C sold for slaughter during the period 12 August 1974 to 11 August 1975. This programme was later extended to 31 December 1975.

(b) Incidence

The plan gave producers a guaranteed price support based on a formula incorporating 90 per cent of the past five-year average for A1 and A2 cattle plus anticipated changes in input costs as measured by the Farm Input Price Index. The deficiency payment to the producer equals the difference between the national average price and the support price. Deficiency payments are the same amount per hundredweight to all eligible producers on A, B or C grade cattle sold for slaughter.

(c) Amount of subsidy

In 1975-76 (fiscal) deficiency payments totalling $6,310,010 were made for this programme. It is estimated that the total payments for the programme will be approximately $9 million.

1These programmes were implemented during the 1974-75 year, however, actual payments under stabilization programmes are normally made the following year.
(d) **Estimated amount per unit**

Approximately $0.18 a hundredweight (live weight) was paid to producers eligible under the programme.

2. **Effect of the subsidy**

The programme has provided the stability that the beef industry has required to remain strong and viable. It has prevented reductions in breeding herd size because of unstable markets and ensures the availability of beef in the future.

**BEEF QUALITY PREMIUM PROGRAMME**

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

   (a) **Background and authority**

   Under the jurisdiction of the Agriculture Stabilization Act the federal government implemented a premium programme for top quality beef in order to ensure a continuous supply of top quality beef for the consumer, while at the same time preventing retail prices from rising and to tide beef producers over a cost-price squeeze. The programme was in effect for the period 4 March 1974 to 24 August 1974 covering cattle for slaughter, grades A1, A2 to C at various premium levels for specified periods of time.

   (b) **Incidence**

   A quality premium of 5 cents a pound live weight was paid for all slaughter cattle grading A, B or C marketed between 4 March 1974 and 17 March 1974 or if a producer sold A1 or A2 the premium was 7 cents a pound live weight. From 17 March to 27 April 1974 the premium was 5 cents a pound on all beef grading A, B and C. After 28 April the premium was 3 cents per pound on all A, B and C cattle slaughtered until 12 August when the programme was phased out by 1 cent per week. The premiums were paid to the producers by the packer at the time of sale and the packers were reimbursed by the government.

   (c) **Amount of subsidy**

   Payments under this programme totalled $46,332,268 during the fiscal years 1974-75 to 1975-76.
(d) Estimated amount per unit

Premium payments were 3, 5 or 7 cents a pound live weight, before the phasing out period where the premium was reduced from 3 cents a pound by 1 cent a pound each week.

2. Effect of the subsidy

The programme reduced the cost of high quality beef to the consumer while providing fair returns to the producer during a period of rising costs.

SLAUGHTER COW PROGRAMME

1. Nature and extent of the subsidy

(a) Background and authority

Under the jurisdiction of the Agriculture Stabilization Act, a slaughter cow stabilization programme was implemented to provide some price protection to farmers while allowing them to cull their herds in an orderly manner. The programme was in effect for the period 16 November 1974 to 30 April 1975 covering slaughter cows grades D1 to D4 marketed during the period. Producers could claim on all cows marketed from 16 November 1974 to 13 December 1974. From 14 December 1974 to 30 April 1975 producers could claim on 2 per cent of their cow herds marketed each month to a maximum of 5 per cent of their herd size during the period. Regardless of herd sizes producers could claim on at least two cows marketed during 14 December 1974 to 30 April 1975.

(b) Incidence

A support level was established on the basis of 100 per cent of the five-year average price weighted across Canada. Deficiency payments equal to the difference between the support level and the average market price during the period 16 November 1974 to 30 April 1975 were made directly to a producer upon submission of a proper claim.

(c) Amount of subsidy

In 1975-76 deficiency payments totalling $5,285,905 were made for this programme. It is estimated that the total payments for the programme will be approximately $6.3 million.
(d) Estimated amount per unit

Approximately $5.08 a hundredweight (live weight) was paid to producers for their marketed cows.

2. Effect of the subsidy

The purpose of this subsidy has been to provide compensation for producers who have received unusually low returns due to high costs of feed, coupled with low culling rates and international restrictions on exports. At the same time, this programme has permitted the market price to adjust as warranted by market conditions and therefore has also benefited the consumer and increased beef consumption.
<table>
<thead>
<tr>
<th>Commodities</th>
<th>Years 1 Aug.-31 July</th>
<th>Beginning stocks</th>
<th>Production</th>
<th>Imports</th>
<th>Domestic disappearance</th>
<th>Exports</th>
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<td>Wheat</td>
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<td>593,738</td>
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<td>169,048</td>
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<td>-</td>
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<td>Rapeseed</td>
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<td>Flaxseed</td>
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<td>17,500</td>
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<td>3,344</td>
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Source: Supply and Disposition Stats of Major Grains of Canada, Statistics Canada.

Note: 1975-76 figures are preliminary.
### MILK PRODUCTS

('000 lb.)

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<thead>
<tr>
<th>Commodity</th>
<th>Calendar year</th>
<th>Beginning stocks</th>
<th>Production</th>
<th>Imports</th>
<th>Domestic disappearance</th>
<th>Exports</th>
<th>Ending stocks</th>
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<tr>
<td>Butter</td>
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<td>75,668</td>
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<td>Cheddar cheese</td>
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<td>Skim milk powder</td>
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<td>-</td>
<td>103,373</td>
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<td>200,991</td>
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<td>Condensed milk</td>
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<td>20,328</td>
<td>-</td>
<td>20,186</td>
<td>-</td>
<td>875</td>
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<td>1974</td>
<td>875</td>
<td>18,909</td>
<td>-</td>
<td>18,923</td>
<td>-</td>
<td>861</td>
</tr>
<tr>
<td></td>
<td>1975</td>
<td>861</td>
<td>16,734</td>
<td>-</td>
<td>16,694</td>
<td>-</td>
<td>901</td>
</tr>
</tbody>
</table>

1 Selected issues of: Dairy Statistics - Statistics Canada
Dairy Review - Statistics Canada
Stocks of Dairy and Frozen Products - Statistics Canada
Dairy Produce Market Report - Statistics Canada/Markets Information Service,
Agriculture Canada
## MANUFACTURING MILK, SUBSIDY LEVEL AND TARGET RETURNS
### FROM 1972-73 TO APRIL 1976

<table>
<thead>
<tr>
<th>Date effective</th>
<th>Announced manufacturing milk price[^1]</th>
<th>Subsidy $/100 lb. milk</th>
<th>Subsidy cents/lb. butterfat</th>
<th>Target returns $/100 lb. milk</th>
<th>Holdback/levy $/100 lb. milk</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1972</td>
<td>4.44</td>
<td>1.25</td>
<td>35.71</td>
<td>5.69</td>
<td>0.10</td>
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<tr>
<td>April 1973</td>
<td>5.10</td>
<td>1.45</td>
<td>41.43</td>
<td>6.55</td>
<td>0.30</td>
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<tr>
<td>August 1973</td>
<td>5.25</td>
<td>1.45</td>
<td>57.43</td>
<td>7.26</td>
<td>0.10</td>
</tr>
<tr>
<td>April 1974</td>
<td>6.20</td>
<td>2.01</td>
<td>65.71</td>
<td>8.50</td>
<td>0.15</td>
</tr>
<tr>
<td>June 1974</td>
<td>6.20</td>
<td>2.56</td>
<td>73.14</td>
<td>8.76</td>
<td>0.15</td>
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<tr>
<td>August 1974</td>
<td>6.85</td>
<td>2.56</td>
<td>73.14</td>
<td>9.41</td>
<td>0.15</td>
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<tr>
<td>January 1975</td>
<td>7.46</td>
<td>2.56</td>
<td>73.14</td>
<td>10.02</td>
<td>0.15</td>
</tr>
<tr>
<td>April 1975</td>
<td>8.36</td>
<td>2.66</td>
<td>76.00</td>
<td>11.02</td>
<td>0.45</td>
</tr>
<tr>
<td>July 1975</td>
<td>8.36</td>
<td>2.66</td>
<td>76.00</td>
<td>11.02</td>
<td>0.65</td>
</tr>
<tr>
<td>April 1976</td>
<td>8.79</td>
<td>2.66</td>
<td>76.00</td>
<td>11.45</td>
<td>1.35</td>
</tr>
</tbody>
</table>

[^1]: Announced manufacturing milk price is market return to dairy producers based on support price of butter and skim milk powder after an allowance for processing margin.
## CANADIAN DAIRY COMMISSION

### STATEMENT OF OPERATIONS

<table>
<thead>
<tr>
<th>Parliamentary appropriations:</th>
<th>1975</th>
<th>1974</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Stabilization Board</td>
<td></td>
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<tr>
<td>Agriculture vote 20</td>
<td>251,100,000</td>
<td>143,400,000</td>
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<tr>
<td>(Vote 15 in 1974)</td>
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<tr>
<td>Agriculture vote 45</td>
<td>894,728</td>
<td>751,466</td>
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<tr>
<td>(Vote 35 in 1974)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>251,994,728</td>
<td>144,151,466</td>
</tr>
</tbody>
</table>

| Cost of operations:          |            |            |
| Dairy price support programme|            |            |
| Subsidies to producers on milk and cream for manufactured products | 238,491,346 | 147,116,858 |
| Loss on marketing operations | 2,745,626   | 2,311,754  |
| Miscellaneous loss on marketing dairy products: |         |            |
| Skim milk powder             | 79,719     | 67,299     |
| Cheese                       | -          | (2,940)    |
| Subsidy on skim milk diverted to production of casein | -        | 661,802   |
| Miscellaneous expense        | 9,333      | 17,421     |
|                              | 241,326,024| 150,172,194|
APPENDIX

Available information on subsidy payments for certain programmes for the fiscal or crop year 1975-76.

I. GRAINS

FEED FREIGHT ASSISTANCE

1. (c) Amount of subsidy

The estimated freight expenditures on the quantity shipped during the crop year 1975-76 were $18,440,220.

(d) Estimated amount per unit

Freight payments averaged $7.58 per ton during the 1975-76 crop year.

CASH ADVANCES ON FARM STORED GRAINS

1. (b) Incidence

The maximum advance, as of 1 August 1975 has been increased to $15,000 per individual permit holder and the Governor-in-Council is now authorized to provide emergency advance payments for unthreshed grain to a maximum of $7,500 and unharvested grain due to wet conditions to the lesser of 25 cents/bu. or $1,500.

Rates of advance for 1975-76 were the same as 1974-75:

- Wheat $1.50 per bu., 10 bu. per acre
- Barley $1.00 per bu., 20 bu. per acre
- Oats $0.70 per bu., 20 bu. per acre

In 1975-76 the total advances made to producers by Canadian Wheat Board were $20,236,528.

(c) Amount of the subsidy

Interest costs paid by the federal government for the 1975-76 crop year were $757,282. Payments for defaulted accounts were made for 1975-76 totalling $9,805. Payment to date by the government for defaulted account amounts to $3.8 million.

No emergency payments were enacted during 1975-76.
INITIAL PAYMENTS

1. (c) Amount of the subsidy

No payments were necessary for the 1975-76 pool accounts.

GRASSLAND INCENTIVE PROGRAMME

This programme terminated in 1974 and the last payments were made during 1974-75.

TWO-PRICE WHEAT PROGRAMME

1. (b) Incidence

In 1975-76 world prices were above the maximum prices paid by Canadian millers for both types of wheat as set under the Act, thus requiring federal payments to the producers.

(c) Amount of the subsidy

A total of $95,176,005 was paid for the crop year 1975-76, $82,523,176 to producers in Western Canada and $12,652,829 to producers in Eastern Canada.

(d) Estimated amount per unit

In 1975-76 the average payment for milling wheat was $1.50 per bushel and for durum $0.92 per bushel. The average payment including both types of wheat was $1.49 per bushel in 1975-76.

IV. OTHER PRODUCTS

POTATO STABILIZATION PLAN

1. Nature and extent of the subsidy

(a) Background and authority

This programme was established in March 1975 to provide some stability to Eastern potato producers who were receiving depressed prices which threaten to force many of them out of business. This programme is under the jurisdiction of the Agricultural Stabilization Act, R.S.C. 1970.
(b) Incidence

The plan paid all Eastern potato producers $1.67 for each hundred pounds of Canada No. 1 potatoes sold on the fresh market for the duration of the season. In addition, all Eastern potato producers were eligible to receive $1.80 for each hundredweight of Canada No. 1 potatoes which were diverted to livestock feed and starch. (The livestock feed provision was extended to cover Ontario, Quebec, Nova Scotia and Newfoundland on 28 April.) Producers selling uncontracted potatoes to processors also received a payment of $0.77 a hundredweight. The maximum eligibility for producers for all elements of the programme was 10,000 hundredweight from 1 April 1975 to the close of the season.

(c) Amount of the subsidy

Under this programme $13,759,580 has been paid to Eastern potato growers by the federal government.

(d) Estimated amount per unit

See (b) Incidence.

2. Effect of the subsidy

This programme brought some stability to the Eastern potato industry, especially in the Maritime Provinces, where potatoes are the backbone of the agricultural economy.

SWEET CHERRY PROGRAMME

1. Nature and extent of the subsidy

(a) Background and authority

Under the jurisdiction of the Agricultural Stabilization Act a programme was announced to stabilize producer returns for the 1975 sweet cherry crop.

(b) Incidence

A support price was established based on 90 per cent of average market prices for the previous five years adjusted upwards to reflect increased cash production costs in 1975 over the average of the previous five years. The deficiency payment represents the difference between the support price and the average returns to producers in 1975. Payments were made to producers through three marketing groups - the British Columbia Fruit Growers' Association, Ontario Tender Fruit Growers' Marketing Board and the Ontario Fresh Fruit Growers' Marketing Board.
(c) **Amount of subsidy**

Payments under the programme were made in 1975-76 totalling $622,981. It is estimated that the total cost for the programme will be approximately $674,000.

(d) **Estimated amount per unit**

The deficiency payment amounted to 3½ cents per pound for sweet cherries.

2. **Effect of the subsidy**

Because of market oversupply prices for sweet cherries were depressed. The programme had the effect of maintaining fair returns to the producer for the 1975 crop.