

area. It is interesting to note that the average amount of coverage provided for farmers in 1964 was just over \$2,000.

This act is designed to provide assistance to provinces who enter into crop insurance programs, to make it possible for farmers to ensure a return of the costs of production of their crops. It is not the intent of the legislation to insure profits, but rather to enable provinces to provide insurance which will protect farmers' working capital.

Three provinces—Manitoba, Saskatchewan and Prince Edward Island—have crop insurance programs in operation, and some 8,600 farmers purchased coverage for crops in 1964 totalling \$18,000,000. It is expected that Nova Scotia and Alberta will commence the operation of insurance schemes in 1965.

From the beginning provinces were hesitant greatly to expand crop insurance operations because they feared that widespread disaster in the early years, before reserves were accumulated, would create a serious financial problem for the provincial governments. As a result the provinces requested that the federal Government, with its far greater resources, provide reinsurance for a large part of the provincial liability. The amendments before us are designed to provide that reinsurance and thus enable provinces to make crop insurance available to a great many more farmers.

The amendments are for the purpose of adding additional provisions to the Crop Insurance Act. Nothing is taken from the original act. All that is done is to create a new alternative to assist the provinces, so that the provinces will be able to introduce their own crop insurance scheme, without any fear of financial disaster.

Finally, honourable senators, let me say a few brief words about each of the several sections of the bill before us.

Section 1 provides an alternative to the present loan provision, whereby the province may reinsure a portion of its liability to its own farmers who have taken out crop insurance. The existing loan provisions are left unchanged.

Section 2 provides for the establishment of a special account in the Consolidated Revenue Fund to be known as the Crop Reinsurance Fund. The reinsurance premiums paid by the provinces will be paid into this fund, and in the event of claims, if there are any deficiencies, interest free, advances will be made from the Consolidated Revenue Fund.

New section 4B of the act—In the event of a claim the province is solely liable up to:

(i) the total of all premiums collected in that year; plus

(ii) any amount available in the reserve fund of the province Crop Insurance Fund; plus

(iii) 2½ per cent of the total liability under all policies in force that year.

When all these amounts are exhausted, the federal authority pays 75 per cent of the amount remaining unpaid and the province the remaining 25 per cent.

Section 3 provides that the premiums collected may only be used to pay losses, reinsurance expenses and 50 per cent of administration expenses.

Section 4 provides that insured farmers will receive back the full amount of the Prairie Farm Assistance Act levy.

Honourable senators, should the bill receive second reading I will move that it be referred to the Standing Committee on Banking and Commerce.

Hon. John Hnatyshyn: Honourable senators, first I would like to congratulate the sponsor, Senator Cook, on the very concise and clear manner in which he presented this bill.

I am a great believer in crop insurance. Ever since I was a young boy I have heard farm organizations and farmers as individuals ask for crop insurance. I think crop insurance is good legislation and I support it wholeheartedly.

As the sponsor has pointed out, crop insurance was first introduced and placed on the statute books in 1959, being chapter 42, and since that time three provinces have tried it out on an experimental basis. These have been sort of pilot projects, because there are many difficulties to overcome in crop insurance that only experience can solve.

I certainly hope the amendment we have before us today is not the last one we shall have, because I think many others will be necessary.

Probably the most progressive province with regard to crop insurance has been the province of Manitoba, because of the three provinces that have passed complementary legislation, which is necessary before crop insurance can function, Manitoba during the last crop year covered 6,400 farmers, while Saskatchewan covered 2,200 and Prince Edward Island 75. As a matter of fact, Manitoba started in the crop year 1960-61 with 2,500 farmers, covering a liability of \$4 million. Now, as I stated before, they have some 6,000 farmers and the liability covered is \$14 million. According to the Minister of Agriculture of Manitoba they are hoping that with this amendment, which in part has been suggested by the Manitoba Minister of Agriculture, it will be possible next year to cover 50 per cent of all farmers in Manitoba, with a liability of some \$25 million.