

Based on a 90 percent participation rate, Wharton Econometric Forecasting Associates completed in March 1991 an analysis of expected payouts under the GRIP program for the 1991-92 crop year. Their analysis would indicate that total payouts for all crops in western Canada will be \$1,314 million in 1991 and \$310 million in eastern Canada, for a total of \$1,624 million for all of Canada. (WEFA does not provide the basis for their yield and price estimates).

2.0 Case Farm Analysis

Under the GRIP, each individual situation will be unique and influenced by yields, marketing skills, level of input and financial situation.

An analysis has been done of a 1,000 acre prairie wheat farm. The analysis evaluates the risk management features of this revenue protection program. Table 4.17 shows the financial impacts of a 25 percent reduction in either price or yield. The Table compares the financial situation of the farmer in the program and without program coverage. The farm has been structured under alternative financial conditions of high and low debt. The high debt situation comprises \$375,000 worth of debt on approximately \$1,000,000 in total assets. The low debt situation is for a level of \$125,000 of debt.

The farm economic conditions were simulated for the next two years for each of these two situations, and also for conditions where the farmers choose GRIP, and crop insurance alone.

The results of the analysis for the farm under both low and high debt are shown in Table 4.17.