

Section 6.—Bounties and Subventions

Bounties.—In cases where it is considered advisable to encourage the production of a particular commodity, bounties paid by the Government are recognized substitutes for protective duties. In the past they have been used in Canada to a considerable degree*, but the only bounty that has involved payments by the Federal Government during the past ten years is a bounty of 49½ cts. per ton on bituminous coal mined in Canada and used in the manufacture of iron or steel. The bounties paid for the years ended Mar. 31, 1931 to 1941, are given at p. 562 of the 1942 Year Book; those for fiscal years since that time are as follows:—

<i>Year Ended Mar. 31—</i>	<i>Tonnage on Which Bounty Paid</i>	<i>Bounty Paid</i>
1942.....	765,775	\$379,059
1943.....	766,144	379,241
1944.....	646,875	320,203
1945.....	709,091	351,000
1946.....	656,781	325,107

Following the outbreak of war in 1939, Dominion and provincial wartime bonuses were introduced to encourage the production of particular commodities and had an effect similar to that of bounties (the Province of Alberta, for instance, instituted a bonus of 4 cts. per lb. on wool during this period). These bonuses were dealt with in the various sections of wartime editions of the Year Book where they had a direct relationship to production.

Bounties are also paid by certain Provincial Governments. The Government of Nova Scotia, under the Mines Act relating to coal, pays a rebate of lease rental under specified conditions, the amount of which was \$4,140 for each of the years 1943 and 1944, \$4,260 for 1945 and \$4,230 for 1946. In Ontario, under the Iron Ore Bounty Act passed in 1937, the following amounts have been paid: \$118,705 in 1939, \$313,864 in 1940, \$302,016 in 1941 and \$306,090 in 1942; no bounties have been paid since 1942. Provision also exists in British Columbia for the payment of bounties on the production of pig iron from ore and steel, but at present these materials are not being produced in that Province.

Subventions on Coal.†—This form of assistance to Canadian coals was inaugurated in 1926. In that year a Special Committee of the House of Commons recommended that trial shipments of Alberta domestic coal be made by rail and lake to parts of Central Canada and that the Government should consider the question of granting assistance to the carrier or the agency handling the coal in order to enlarge the markets for Maritime coals.

Growing out of test movements then made, a system of Federal aid developed. This assistance took the form of transportation subventions granted by Order in Council. In general, the Federal Government contributed the approximate difference in laid-down costs of Canadian coals compared with imported coals. The methods adopted to achieve this were: (1) Payment on individual movements of the actual difference between the laid-down cost of Canadian coals and imported coals at the point of delivery; (2) reduction of the freight rate on coal by payment to the carrier of either an allowance per ton-mile or a percentage of the set rate; (3) payment of \$2.50 per ton on an \$8 rate offered by the railways for the movement of Alberta coal into Central Canada.

* See p. 563 of the 1942 Year Book.

† This material has been summarized from the "Report of the Royal Commission on Coal, 1946". For detailed treatment of this subject, see Chapter 13 of that Report, pp. 565-577.