

**NEWFOUNDLAND AND LABRADOR
CROP INSURANCE AGENCY**

ACTIVITY PLAN

APRIL 1, 2007 - MARCH 31, 2008



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Chairperson's Message

July 30, 2007

Honourable Kathy Dunderdale
Minister of Natural Resources
Natural Resources Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister:

I am pleased to submit a transitional Performance-Based Activity Plan for the Newfoundland and Labrador Crop Insurance Agency, a category 3 agency. This report covers the period from April 1, 2007 to March 31, 2008. Subsequent plans will be submitted every three years beginning April 1, 2008.

The Newfoundland and Labrador Crop Insurance Agency recognizes the vision and mission of the Department of Natural Resources and is committed to its supporting role of carrying out a crop insurance program. The Newfoundland and Labrador Crop Insurance Agency has reviewed all strategic directions from the Minister of Natural Resources and has prepared this plan in accordance with the applicable subsection. Specifically, the Newfoundland and Labrador Crop Insurance Agency plays a role to ensure that primary agricultural production is sustainable.

My signature below is on behalf of the Newfoundland and Labrador Crop Insurance Agency and indicative of the Newfoundland and Labrador Crop Insurance Agency's accountability for the achievement of the objectives contained in this plan.

Respectfully submitted,

Cynthia MacDonald, P. Ag.
Chairperson

Overview

Section 3 (2) of the *Crop Insurance Act*, R.S.N. 1990, c.C-39 provides for the membership of the Newfoundland and Labrador Crop Insurance Agency. The membership of the agency shall consist of not less than 3 and not more than 7 members to be appointed by the Lieutenant-Governor in Council to hold office during pleasure.

The Agency presently consists of the following Board members:

Cynthia MacDonald – Chairperson, Director of Agriculture Business Development Division, Forestry and Agrifoods Agency, Department of Natural Resources

Gary Greenslade – Vice-Chairperson, Inspection Manager, Canadian Food Inspection Agency

Vacant – Provincial Representative member

Junior Eveleigh – Producer Representative member

Elaine Wells – Producer Representative member

Mandate

Under section 3 (1) of the *Crop Insurance Act*, the Newfoundland and Labrador Crop Insurance Agency is mandated to carry out a crop insurance plan. The Agency provides an affordable and effective crop insurance program for vegetable producers.

Values of the Department of Natural Resources

The Newfoundland and Labrador Crop Insurance Agency performs its duties within the core values established by the Department of Natural Resources, Forestry and Agrifoods Agency:

Integrity - Each individual will be honest, dependable, fair, credible and trustworthy. They will openly acknowledge mistakes, seek to correct them and learn from them.

Respect and Professionalism - Each individual will apply departmental legislation and policies equitably to stakeholders. They will serve our client groups to the fullest extent possible.

Timeliness - Each individual will meet specified deadlines in accordance with departmental priorities and follow through on their commitments.

Collaboration - Each individual will seek the opinions and ideas of others in the application of departmental legislation and policies.

Innovation - Each individual will demonstrate initiative and flexibility in responding to challenges and change.

Primary Clients

The primary clients of the Newfoundland and Labrador Crop Insurance Agency are vegetable producers in Newfoundland and Labrador.

Vision and Mission

Given its primary clients, the Newfoundland and Labrador Crop Insurance Agency contributes to the vision and mission of the Department of Natural Resources, Forestry and Agrifoods Agency by creating a successful vegetable sector in Newfoundland and Labrador that can rely on a cost effective and efficiently delivered crop insurance program for all producers.

Vision of the Department of Natural Resources

The vision of the Department of Natural Resources, Forestry and Agrifoods Agency is of a province that is realizing the full benefit from the use of its forestry and agrifoods resources in a sustainable manner.

Mission of the Department of Natural Resources

The Department of Natural Resources, Forestry and Agrifoods Agency, promotes and facilitates the sustainable development of the province's forestry and agrifoods resources through sustainable resource development and development activities for the overall benefit of the

citizens and Newfoundland and Labrador.

The mission of the Forestry and Agrifoods Agency is as follows:

By 2011, the Forestry and Agrifoods Agency will have:

- (i) implemented programs necessary to sustain the province's forest ecosystems;
- (ii) identified and facilitated further opportunities for sustainable agriculture and agrifoods resource development; and
- (iii) optimized the benefits received from these resources.

Measure 1: Implemented programs necessary to sustain the province's forest ecosystems

Indicators:

- Actual harvest levels match sustainable harvest levels for each of the province's forest management districts
- Area planted matches planting levels defined to maintain established sustainable harvest levels
- Area thinned matches thinning levels defined to maintain established sustainable harvest levels
- Promoted the development of increased awareness of value-added wood manufacturing facilities in the province
- All forest management districts have current management plans in place
- Increased kilometers of access road facilitating improved forest protection and improved planting regimes
- Increased the amount of area protected from insects
- Number of programs put in place to protect forests from insects
- Decreased the amount of forested area burnt
- Number of programs put in place to protect forest from fires

Measure 2: Identified and facilitated further opportunities for sustainable agriculture and agrifoods resource development and optimized the benefits received from these resources.

Indicators:

- Increased collaboration with industry and industry associations
- Increased promotion of the agriculture and agrifoods industry
- Increased collaboration with the federal government and provincial government departments and agencies
- Increased availability of agriculture land
- Increased development and implementation of programs and services
- Increased production in agriculture
- Increased employment
- Increased value-added from primary production

The Crop Insurance Agency has a role associated with an increased collaboration with industry and industry associations and an increased collaboration with the federal government in that the Agency is working with industry and federal officials to address increasing demands for more insurance coverage. This issue also identifies the Agency's role associated with increased development and implementation of programs and services.

Goals

Applications and contracts from producers for production insurance are received by the deadline of April 30 each year. The Production Insurance field staff visits each producer's farm to inspect the conditions of the fields before planting and measure the seeded acreages and create field maps using GPS equipment. The acreages for the producer's crops are used to calculate the premiums, guaranteed production and coverage. Producers are sent an invoice for their share of the premiums and are payable to the Agency by September 30 each year.

The Production Insurance field staff completes crop inspections on all the vegetable fields during the crop season and provides advice and assistance to producers on proper cropping procedures and techniques. During harvesting season, all the yields are determined through test dig analysis and compared to the set levels of guaranteed production for each individual crop. All files in a potential claim position are presented to the Board at an annual meeting. The decision of the Board is communicated to the producers and any claim payments are processed. The producers have the right to appeal the decision of the Board and may do so by sending a written letter to the Chairperson. All appeals are reviewed by an arbitrator and those final and binding decisions are forwarded to the producer.

The Production Insurance program offers two program options. One option is the "by-crop" method which sets a guaranteed yield level for each crop individually and the producer is charged based on the amount of coverage he/she would like to have for that individual crop. Producers select the comprehensive coverage insurance option because they consider it to provide better coverage for their specific circumstances. A second option is the "whole farm" method which only covers the producer from revenue or yield dropping below a guaranteed level on a total of all crop basis. Consequently, a guaranteed yield or revenue level is set for the whole farm and actual yield or revenue is calculated for the combination of all crops. Thus excesses over the guaranteed level for certain crops will offset deficiencies in other crops.

Currently, there are insurance plans in place for potato, turnip, cabbage, carrot (separate plans are available for carrot grown on mineral soil and peat land), parsnip and beet.

The cost-shared production insurance program stabilizes a producer's income by minimizing the economic effects of crop losses caused by natural hazards like hail, frost, snow, wind, drought, excessive moisture, plant disease, insect infestation, wildlife and any other condition beyond the control of the insured person. Ultimately the producer benefits by reducing the risk involved in farming that is shared between the producer, the province and the federal government.

Crop loss protection is available to producers in the form of a production guarantee and is made more affordable and flexible to producers through government contributions. A production guarantee is based on a producer's probable yield. The producer will be protected for a yield per acre based on the individual's previous production history or on a provincial benchmark for those producers with less than a fifteen year history for an individual crop. If production falls below that yield, the producer will be eligible for an indemnity.

Insured producers are guaranteed a specified yield in pounds per acre for each insurable commodity. If harvested production falls below the Guaranteed Production, as determined by the Agency at the beginning of the growing season, the producer is paid for the difference at the price option chosen by the insured.

Goal One: By March 31, 2008, the Newfoundland and Labrador Crop Insurance Agency will have carried out its functions under the Crop Insurance Act.

Measure: Carried out responsibilities

Indicators:

- All applications registered
- All contracts issued
- All insured fields measured, inspected
- All test dig and yield calculations completed
- All claims reviewed by the Board
- Decisions communicated to applicants and indemnities paid
- All appeals heard

Conclusion

The Newfoundland and Labrador Crop Insurance Agency is committed to supporting the mandate of the Department of Natural Resources and will continue to do its part to further the vision and mission of the Department of Natural Resources, Forestry and Agrifoods Agency.

Appendix A

Strategic Directions

Strategic directions are the articulation of desired physical, social or economic outcomes and normally require action by more than one government entity. These directions are generally communicated by government through platform documents, Throne and Budget Speeches, policy documents and other communiqués. The *Transparency and Accountability Act* requires departments and public bodies to take into account these strategic directions in the preparation of their performance-based plans. This action will facilitate the integration of planning practices across government and will ensure that all entities are moving forward on key commitments.

Only those items relevant to the Crop Insurance Agency are included from the Department of Natural Resources' overall strategic direction. Additional information can be obtained from the Department.

Title: Sustainable Resource Development

Outcome

Effective and efficient Management of our natural resources to ensure that they are utilized in a sustainable manner such that resources and the economic benefits from these resources are optimized. This outcome supports government direction as outlined in Government's 2003 Policy Document and the 2004 2005 Speech from the Throne.

Focus Areas of the Strategic Direction	Being addressed by other entities reporting to the Minister	This Direction is addressed in the Agency's
		Activity plan
2. Agrifoods <ul style="list-style-type: none"> • Primary Agricultural Production • Secondary Processing and Diversification • Land Development and Sustainability • Research and Development • Food Safety and Quality 	* * * *	*

