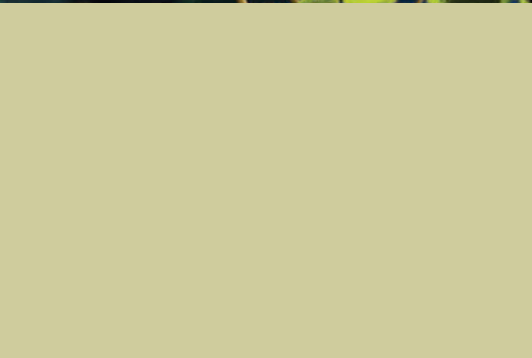
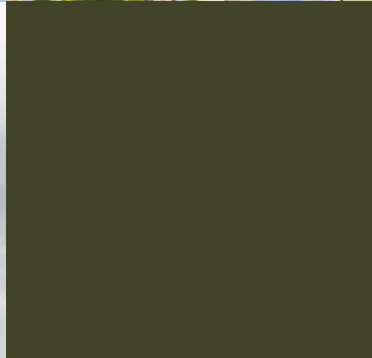


2014

YEAR IN REVIEW
BUSINESS RISK
MANAGEMENT BRANCH



Ministry of
Agriculture








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BC offers proactive risk management products to help farming businesses protect themselves from severe financial loss.

In 2014 the Province covered \$783M of risk through production insurance and income stabilization for BC producers.



THE DIRECTOR, BRMB

Helping producers manage risk where service, results and team-work drive delivery.

Business risk management programs provide BC farmers with tools that enable them to manage economic and weather risks that are beyond their control. This provides a foundation for strong, sustainable economic growth throughout the agricultural sector and is an important part of farmers' overall risk management strategy.

2014 was another successful year for the Branch. Good growing conditions and stable markets resulted in fewer program payments in both of the main programs (Production Insurance and AgriStability). This allowed the Branch to focus on improved delivery mechanisms in an effort to serve our clients as efficiently and effectively as possible.

The front line team was extremely successful in the first full year of marketing the Western Livestock Price Insurance Program with a very strong initial uptake. This was accomplished by shifting the service delivery model from a focus on specific programs to a focus on all BRM programs when interacting with farmers.

I am proud of the efforts and results of the Branch over the last year. I hope this report sheds light on the Branch's successes and challenges and that it will provide our stakeholders, and other interested parties, with useful information about our business.

On behalf of our Management team and the dedicated staff across the Branch, I am pleased to present the 2014 Year in Review.

A handwritten signature in dark ink, appearing to read "Gary Falk", written in a cursive style.

Gary Falk, Director
Business Risk Management Branch

BRANCH OVERVIEW

MINISTRY VISION

"An innovative, adaptive and globally competitive Agrifoods sector valued by all British Columbians"



BRMB PURPOSE STATEMENT

"Helping farmers manage risks through an organization where service, results and teamwork drive the delivery of Business Risk Management programs"

MINISTRY MISSION

"Cultivate a competitive and socially responsible Agrifoods sector"



The Business Risk Management Branch (the Branch or BRMB), and the programs it delivers, serve to achieve the policy objectives of the Ministry of Agriculture (AGRI) and the BC provincial government. The Ministry of Agriculture's Service Plan supports the government's priorities for jobs, the economy, families, and open government by stabilizing and expanding Agrifoods production and incomes, promoting environmental stewardship and safeguarding animal, plant and human health. The benefits of a stable and growing Agrifoods sector in BC include: steady jobs and revenue for farm families, healthy and secure local food supply, and diversified rural economies.

Risk management is a key component to every successful business and the Branch offers risk management programs to producers to help them manage the diverse risks they face. The ability to manage risks enables producers to be innovative and adapt their businesses to improve competitiveness. Business Risk Management (BRM) programs help producers to access the large capital requirements needed to succeed in farming today.

BC operates its BRM programs from within the Ministry. This allows BC to align Branch business and service priorities more closely with the rest of the Ministry and government. Other provinces run their BRM programs from a crown corporation or commission.

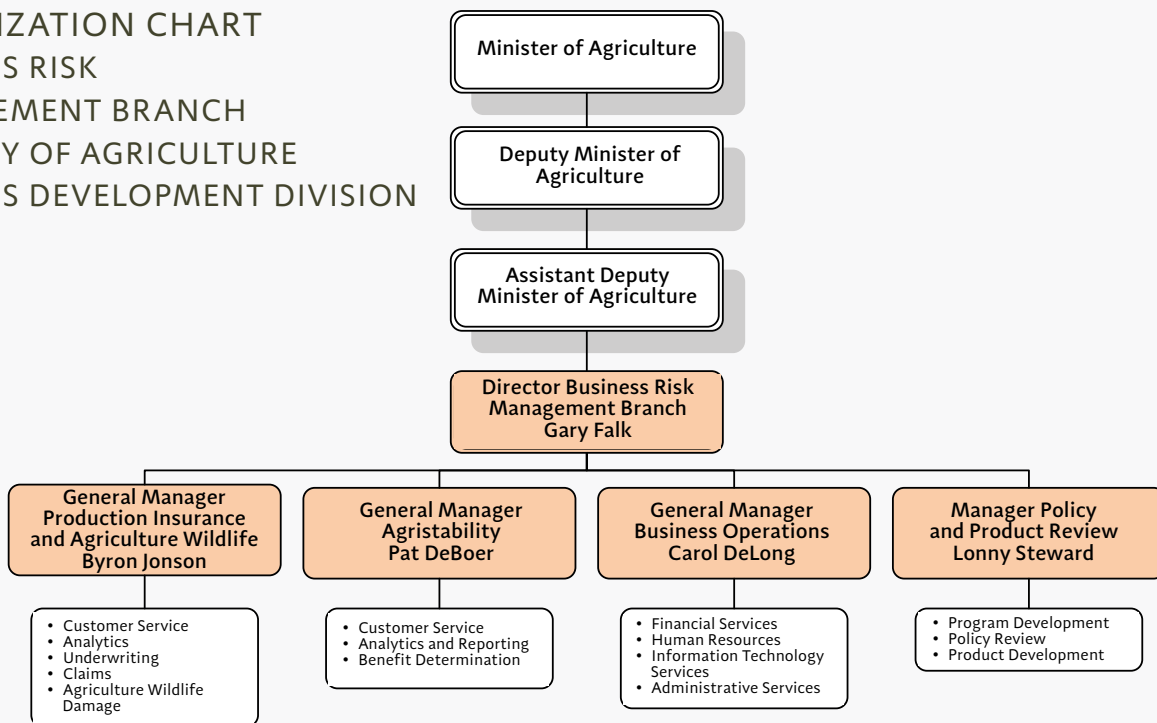
BRM programs are funded through the Growing Forward 2 (GF2) agreement, a national multilateral framework agreement between the provinces and the Government of Canada that came into effect April 1, 2013. This five-year agreement renewed the financial commitments of the federal and provincial governments to BRM programs.

The GF2 agreement obligates the Province to fund and deliver the suite of BRM programs. The Province has relinquished some control over costs and flexibility in program design in order to have 60% of program costs paid by Canada.

A key Branch objective is to adapt the design and delivery of BRM programs within the framework agreement parameters to meet the unique needs of BC producers. Regular consultations with industry leaders identify emerging issues and industry needs and help shape Branch priorities and our Province's position in national negotiations around program design.

The Branch strives to find the appropriate balance between demands for programs and services, fiscal responsibility, and national program parameters.

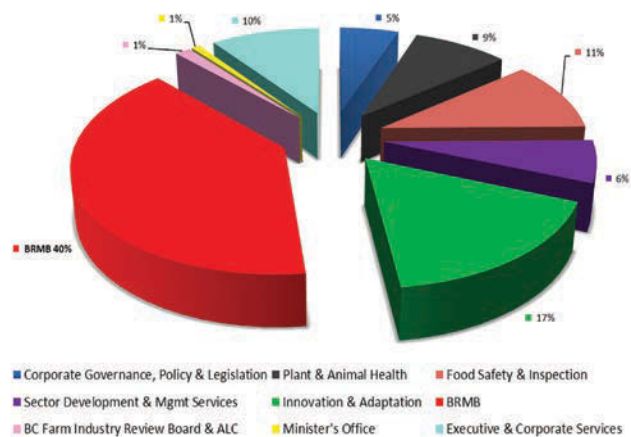
ORGANIZATION CHART
BUSINESS RISK
MANAGEMENT BRANCH
MINISTRY OF AGRICULTURE
BUSINESS DEVELOPMENT DIVISION



As shown in the chart to the right,
BRMB remains a major component of
the Ministry.



Fiscal 14-15 Ministry of Agriculture Operating Budget



BRMB is headquartered in Kelowna and has about 90 positions in 8 offices across the Province



BUSINESS PLAN REVIEW

Described below are some of the goals in the 2014/15 Business Plan along with results:

Goals	Results
BRMB has an enhanced performance management program beyond the government's program. This program emphasizes teamwork, results and service orientation as well as identification of training and development plans for future opportunities.	<ul style="list-style-type: none">• All staff are successfully using the system created two years ago. The system is designed to focus on the Government's Core Values and the Branch's core competencies as well as career development for staff.• Leadership, supervisory, team and business focused development through the Public Service Agency and outside contractors is ongoing.• Cross training was undertaken as part of the strategy to integrate the delivery of BRM programs in the field offices.
Implement a client web tool.	<ul style="list-style-type: none">• Enabling client self-service has been a key long term goal for the Branch. Some initial work was undertaken such as creation of on-line fillable Declarations of Production.• This target remains a longer term goal as the Branch continues to update and upgrade its software.
Improve service and work quality through efficiencies gained from technology projects and process reviews.	<ul style="list-style-type: none">• Work began on new software modules for the Branch's Production Insurance software system (CIRRAS). The "Inspection Module" manages field inspections; and work began on another module that helps to automate the underwriting process.• A work process review was undertaken in the following areas:<ul style="list-style-type: none">•improvement to the Declaration of Production processes•form review and standardization•claims procedures review•Policy Wording updates.• AgriStability undertook a "Lean" project to implement a new pre-verification process.• Work continues on developing formal Policy & Procedure manuals for all program areas.• The Branch began work to implement the Province's electronic records management system called "E-TRIM".• Good progress made on integrating program delivery across all field offices including implementation of a client triage inquiry approach.• An on-line professional accountant information session on AgriStability was delivered to about 75 attendees.• In AgriStability, 90% of 2012 and 35% of 2013 applications were completed as at March 31, 2015.• AgriStability was able to meet its target of completing 2013 interim applications within 30 days of receipt.

Goals	Results
Lead Branch collaboration with commodity groups to identify and develop improvements to PI products.	<ul style="list-style-type: none"> A Cherry Subcommittee was established that narrowed down program design options. The Subcommittee is on track to implement a revised program for crop year 2017.
Monitor the performance of the Western Livestock Price Insurance program and continue collaboration with Canada and other western provinces.	<ul style="list-style-type: none"> The program showed strong performance in its first year and is now reinsured. 204 producers enrolled in the program purchasing 292 policies and paying \$579.3K in premiums. No claims were paid out.
Manage New Ventures program.	<ul style="list-style-type: none"> Two policies were successfully delivered (green peppers and grapes in a new growing area).
Reinsurance program review.	<ul style="list-style-type: none"> A new “Net Quota Share” reinsurance product was successfully implemented. This product will help to stabilize the Ministry budget.
Improve AgriStability benefit determination quality and assurance processes and implement audit capacity of individual benefits.	<ul style="list-style-type: none"> Progress has been made and all performance measures were completed on schedule with no errors from accuracy auditing sampling.
Develop and seek endorsement for a government wide policy framework to reduce and manage agriculture wildlife damage issues and conflicts.	<ul style="list-style-type: none"> The Ministry put together an AWP task team to evaluate current program delivery and identify areas of concern or improvement.
Deliver the agricultural wildlife damage mitigation initiative to reduce high and chronic crop losses due to designated wildlife.	<ul style="list-style-type: none"> Two projects were delivered and others in the Quesnel area were undertaken in partnership with the Ministry of Forests, Lands & Natural Resource Operations.

BRMB’s purpose statement is achieved through a series of goals and strategies as identified in the annual business plan. Beyond program delivery, the desired outcomes are:

- Staff and decision makers have the tools and information required to do their jobs effectively;
- Employee engagement continues to rise;
- Data and information is integrated, accessible and transparent;
- Reduced duplication and manual effort for staff and increased consistency and productivity across the branch through process re-design and system consolidation;
- Timely and responsive client service increases self-serve opportunities.

FINANCIAL RESULTS



The cash balance in the Agriculture Income Stabilization (AIS) Trust Fund represents the reserve required to pay out future benefits. The Fund operates on a zero net equity basis as expenses are covered 60/40 by Canada and BC.

The 2014 crop year was a relatively low claim year for Production Insurance. As premium income exceeded expense the Production Insurance Special Account (PISA) fund balance increased by \$6.2M.

FINANCIAL MANAGEMENT

The management team at BRMB is responsible for the integrity, objectivity and reliability of the financial statements, notes and financial information. As a requirement under Growing Forward, BRMB is obligated to engage an independent auditor to audit our financial statements. The Branch's Business Operations group is responsible for preparing the annual financial statements for audit.




Set out below is a statement of financial operations as at fiscal year end March 31, 2015.

	STATEMENT OF OPERATIONS									
	FISCAL PERIODS ENDING MARCH 31, 2015 AND 2014 \$,000									
	AGRIINSURANCE (PRODUCTION INSURANCE)		AGRISTABILITY		AGRICULTURAL WILDLIFE DAMAGE COMPENSATION		AGRIRECOVERY		AGRIINVEST	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES										
PREMIUMS FROM INSURED PRODUCERS	\$6,507	\$6,312								
ENROLMENT FEES FROM PARTICIPATING PRODUCERS			\$1,286	\$1,213						
INTEREST	\$444	\$438	\$345	\$373						
CONTRIBUTION FROM PROVINCE OF BC	\$10,303	\$10,668	\$2,122	\$5,953	\$977	\$1,146	\$273		\$2,560	\$3,415
CONTRIBUTION FROM CANADA	\$13,879	\$13,790	\$3,840	\$9,400	\$1,452	\$1,718	\$410			
OTHER INCOME										
TOTAL REVENUES	\$31,133	\$31,208	\$7,593	\$16,938	\$2,429	\$2,864	\$683		\$2,560	\$3,415
EXPENSES										
INSURANCE CLAIMS	\$11,507	\$15,582								
PROGRAM BENEFITS			\$3,309	\$12,586	\$1,209	\$1,586	\$675		\$2,321	\$3,160
GENERAL AND ADMINISTRATIVE COSTS	\$3,918	\$4,085	\$4,394	\$4,233	\$828	\$927	\$8		\$239	\$255
LOSS ADJUSTING COSTS	\$955	\$1,051			\$392	\$351				
REINSURANCE PREMIUMS	\$8,711	\$2,805								
TOTAL EXPENSES	\$25,091	\$23,523	\$7,703	\$16,819	\$2,429	\$2,864	\$683		\$2,560	\$3,415
CASH BALANCE	\$35,912	\$40,264	\$35,430	\$30,437						
FUND BALANCE - PISA	\$50,250	\$44,208								


*Note the table does not represent audited statements and is presented as interim information only.

BRM PROGRAMS

The national suite of BRM programs is comprised of AgriInsurance (commonly known as Production Insurance or Crop Insurance), AgriStability, AgriInvest and AgriRecovery. The Branch operates an Agriculture Wildlife Damage Compensation program, which is enabled under the AgriInsurance program within the GF2 agreement.



The intention of BRM programs is to provide risk management tools and expertise to support innovation and development in the agriculture sector of BC.



In BC, the level of government support is highest for protection against severe losses.

BRM programs are designed specifically so they do not mask market or production signals. Farm businesses that fail to adapt and innovate to changing conditions or that are chronically unprofitable do not receive ongoing support. Coverage and program payments are reduced and can disappear entirely as productivity or profitability diminishes.

The suite of BRM programs allows viable farming businesses to protect themselves from severe financial losses. Farms that proactively manage risk can more effectively undertake activities to seek profits. The programs are geared to enable farm businesses to adapt, innovate, plan and invest in their future by providing a firm base and level of security against severe losses. Financial institutions recognize the security provided by BRM programs when evaluating the risk of providing capital to farm businesses.





PROGRAM GOVERNANCE

The GF2 agreement mandates the requirement for performance measures. Canada and the Provinces have agreed to a set of specific measures for each BRM program with results reported nationally for each program. The Branch must always be conscious of these measures as well as any additional performance measures developed within the Province. Tracking, auditing and reporting nationally and provincially is important work within the Branch and a requirement to receive funding from Canada.

BC has two key pieces of legislation that enable BRM programs: The Farm Income Insurance Act and the Insurance for Crops Act. The legislation and corresponding regulations authorize the Minister of Agriculture to enter into agreements with Canada around BRM programs.

Programs must also comply with the Financial Administration Act. AgriInsurance functions as a legal contract between BC (the insurer) and a producer (the insured). As such, AgriInsurance is subject to contract and insurance law. The parameters of BRM programs are described in the GF2 agreement.

Included in the agreement are references to regulations and guidelines that further define the programs. Provinces do not have the flexibility to design programs outside of the regulations and guidelines without a corresponding loss of funding from Canada. A fundamental principle of these agreements is that there is a level of equity in programs across the country. As a signatory to the agreement, BC is obligated to incur the costs of programs over the term of each agreement.

Each BRM program is subject to Federal audits that validate compliance with defined program parameters. BRMB prepares financial statements for each program which are audited by an independent auditing firm. Provincial billing must reconcile to the financial statements to ensure federal costs are accurately billed.

THE PAST

The initial financial programs in Canadian agriculture were developed with mainly social objectives in mind. Agriculture was viewed as an effective way to develop rural areas and producers were brought up to a standard of living comparable to the rest of society. These social objectives have mostly given way to economic objectives as agriculture has become an important part of the Canadian economy. Indicators now show that farm families are no longer economically disadvantaged.



The policy direction in GF2 is to encourage producers to adapt their businesses to capitalize on these opportunities. Governments are re-evaluating their role in agriculture and how BRM programs can encourage and support a competitive sector. GF2 includes a provision to review the impact of changes made to BRM programs under GF2. This work began in 2014 at a national level and is requiring additional efforts from BRM staff to provide data and participate in its evaluation.

Many agriculture sectors are doing well while others struggle to find their niche in a global economy. Severe financial losses for producers will still occur due to weather, disease, and market variability.

BRM programs will continue to evolve toward facilitating appropriate risk taking by focusing protection on severe losses. The responsibility for normal variations in income will continue to shift away from governments onto producers and private sector risk management tools.



THE FUTURE

External pressures demand that BRM programs evolve and change with the evolution of the agriculture sector and the policy priorities of governments. Expanding economies and higher disposable incomes in Asia, Eastern Europe and South America provide opportunities for Canadian agricultural products. The desire for fresh locally grown food also provides opportunities for BC producers.

PROGRAM FUNDING

BRM program costs are highly variable from year to year. Programs are intended to help cover the costs of severe losses. The frequency and severity of loss events drive program costs.

The two biggest factors that dictate costs are commodity prices and weather. These factors are obviously unknown at the start of a fiscal year and cannot be reliably predicted. Two funds have been developed in an attempt to buffer cost variability to the Province: Production Insurance Special Account – commonly referred to as “PISA”; and the Agricultural Income Stabilization Trust – “AIS Trust”.

The AIS Trust and PISA have proven to be workable mechanisms to smooth Ministry expenditure on BRM programs. They do, however, require considerable effort to manage effectively. The effort is justified given that annual variability in program costs often exceeds \$20 million which represents close to 25% of the Ministry’s total budget. Without smoothing mechanisms other Ministry programs and all spending outside GF2 obligations would be jeopardized.

The PISA, while workable, previously had an additional challenge. By design, all special accounts within BC have an expenditure budget limit. In the case of PISA that budget limit is only 80% of the average expenditure which results in expenditures often exceeding the budget. An innovative reinsurance solution was implemented in 2014 which triggers a reinsurance payment when the expenses in PISA are exceeded which brings the expenditure back to within the PISA budget.



The Agriculture Wildlife Damage Compensation program is a relatively small program and is managed from the Branch operating budget.

AgriRecovery does not have a designated budget. Each initiative is individually approved by both BC and Canada with a fixed maximum amount. Once funding is secured, BC makes the payments and recovers 60% of the costs from Canada.

Federal cost-sharing is a critical component of all the BRM programs. Canada contributes 60% of all administrative costs as well as a significant portion of AgriInsurance premiums. The cost-sharing received from Canada is dictated by actual program costs and is only received after those costs are known.

This means that federal recoveries are as variable year to year as program costs. Managing the relationship with Canada and developing the systems to bill Canada are key priorities for the Branch. Guiding this relationship is a tight framework of legislation, regulation, agreements, guidelines, performance measures and



Tracking and reporting on the performance of BRM programs has inherent complexities because the programs run on a crop year basis (November to October) or on a program year basis (January to December) while the provincial government's fiscal year is April 1 to March 31.



AGRIINSURANCE (PRODUCTION INSURANCE)

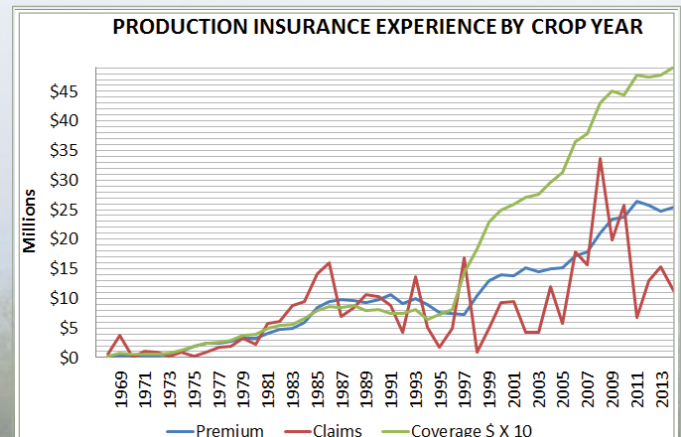
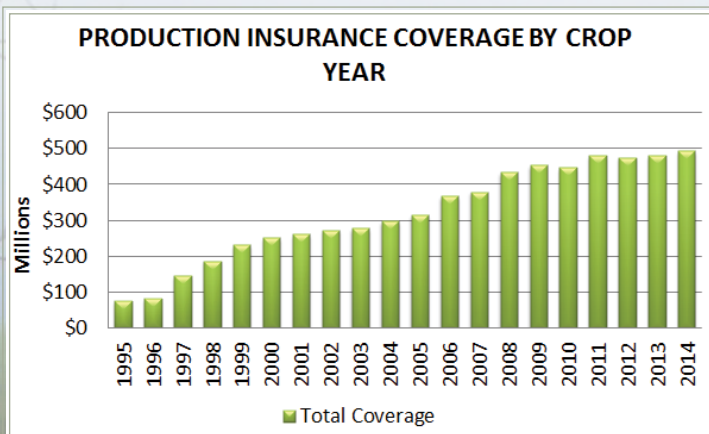
Crop losses due to drought, flooding and other natural disasters can destroy producers' livelihoods and result in political pressure on governments to make direct payments to those affected. AgriInsurance (commonly known as Production Insurance) provides a predictable, timely and budgeted mechanism for governments to respond. The Province offers financial protection against crop losses due to uncontrollable weather events. AgriInsurance provides insurance for 42 different crops throughout the Province.

The program operates very much like any commercial insurance organization. A level of production is guaranteed in exchange for a premium. Premiums are cost-shared between producers and both levels of government. However, all administration costs are borne by government. The GF2 agreement specifies what coverage Canada will cost-share.

All ten provinces have AgriInsurance programs and there is considerable flexibility as to which crops will be insured and at what value. However, they all share a common primary principal that Agriinsurance is to cover catastrophic loss events. The products in BC are regularly compared and contrasted to the products offered in other provinces. This often results in pressure on BC to adopt program features offered in other provinces.

PREMIUMS

As the principal focus of AgriInsurance is to cover catastrophic loss events and as such the premium cost of catastrophic coverage is almost wholly paid by government. This structure encourages participation in the program and provides a planned response to disasters. At higher coverage levels, both government and producers share premium costs.



Premium rates must be actuarially sound so that sufficient premiums are charged to ensure that the insurance program is self-sustaining in the long run. Program methodologies (premium rate, probable yield, self-sustainability) are certified by an independent actuarial assessment generally every five years.

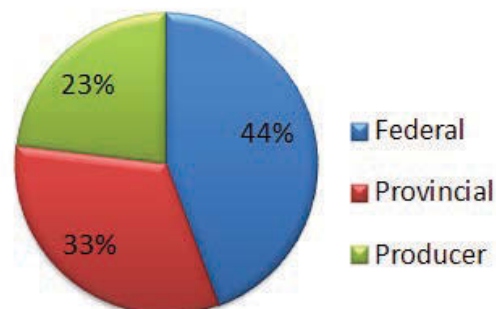
Premium amounts vary year to year and are influenced by participation, coverage options, loss rates and commodity prices. The Provincial budget allocation for premiums must be updated periodically to accommodate shifts in these variables.

Premiums from producers and both levels of government are paid into a fund from which claims are paid from. This fund is designed to be self-sustaining over time and is referred to as the Production Insurance Stability Account (PISA).



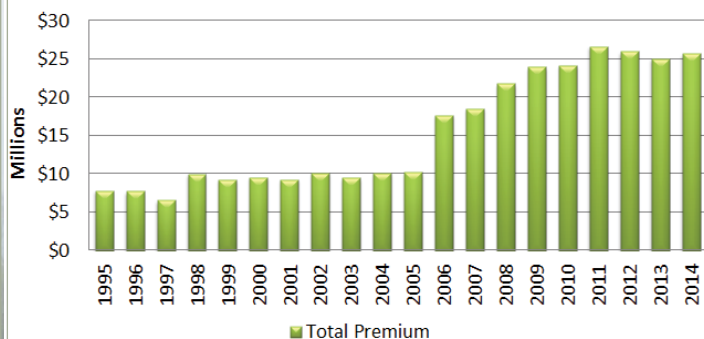
AgrilInsurance was established in BC in 1967.

2014 PRODUCTION INSURANCE PREMIUM COST SHARE

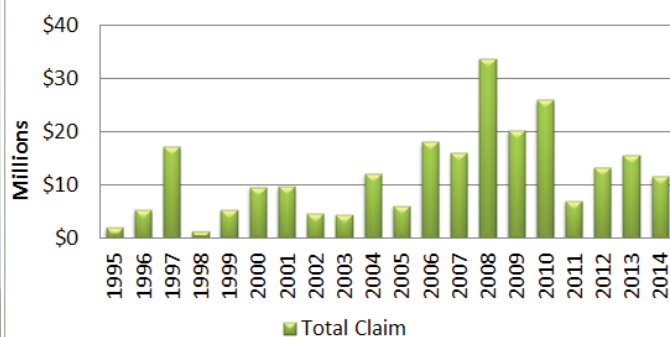


The Federal Government and the Province both contribute substantial premiums to the fund. The Provincial share of premiums is paid into PISA as a transfer from the Ministry of Agriculture operating budget. The federal share of premiums is paid only after the Branch bills Canada, which can be done as soon as insurance coverage is purchased by a producer but is typically done once or twice per year.

PRODUCTION INSURANCE PREMIUMS BY CROP YEAR



PRODUCTION INSURANCE CLAIMS BY CROP YEAR



COVERAGE

In BC, coverage is established on an individual basis using a producer's historical production records. Where an individual does not have historical records, area average yields are used to determine coverage. The Province relies on staff, working throughout the province, to evaluate the risk of individual producers and to then determine how much risk to transfer from the producer to the program.

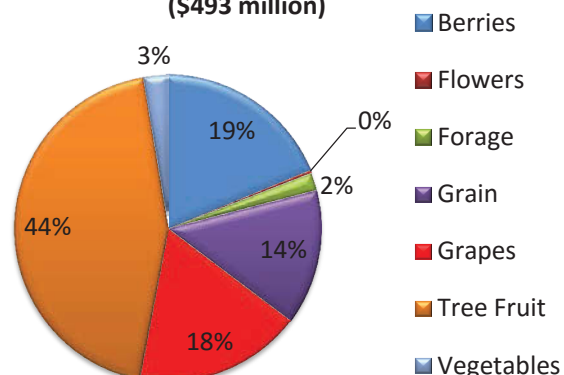
LOSS ADJUSTMENT

Indemnities are only paid for claimed losses due to perils specified in the contract policy wording. AgriInsurance claim indemnities are paid from the Production Insurance Stability Account (PISA). Reinsurance is purchased in the private market to protect the Province in extreme loss years. Reinsurance premiums are paid from and reinsurance claims are paid into PISA.

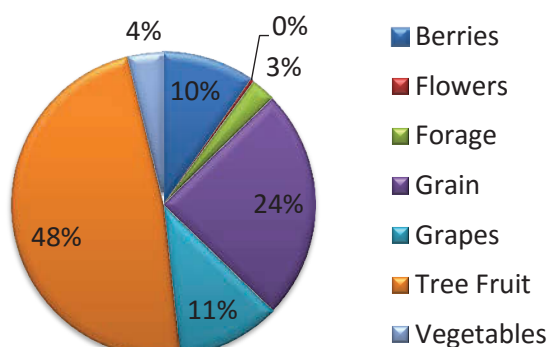
A detailed Notice of Loss specifying the peril, the date and the location of the damage must be provided by the insured producer. Following notification, losses, and cause of loss, are confirmed by on-farm inspections. When losses are widespread they are sometimes confirmed by area wide inspections in order to economize costs.

Normally, crop loss claims are finalized by confirming final harvested production. Final production is determined by verified sales receipts where crops are sold by third parties. For hail claims in tree fruits and grain, representative fields are sampled and damage is calculated using standard techniques. Field adjusting inspections are carried out by trained contractors.

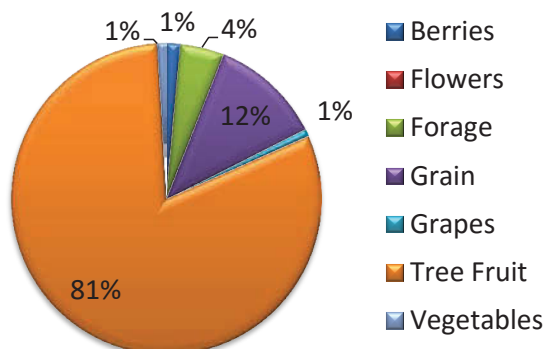
PRODUCTION INSURANCE 2014 COVERAGE
(\$493 million)



PRODUCTION INSURANCE 2014 PREMIUMS
(\$26 million)



PRODUCTION INSURANCE 2014 CLAIMS
(\$12 million)



2014 PROGRAM EXPERIENCE

In crop year 2014 more than 2,119 policies were issued generating \$26M in premiums and covering \$493M in risk. Growing conditions in 2014 were generally good across the Province and this was followed by good harvest conditions for most crops. As a result, Crop Loss Indemnities were \$12M for 2014; down from \$16M in the prior year.

Tree fruit crop quality losses accounted for 81% of 2014 indemnities. These quality losses stemmed from hail and rain events in the Okanagan region. The Kelowna, Cawston, Oliver, and Osoyoos areas experienced two significant hail events in May. Crop in some orchards located in these areas were completely written off. Another late season hail storm in September hit the orchards in the Summerland and Kelowna areas. In addition to the quality losses, there were limited losses due to damage from spring frost in the Okanagan.

Grain yields were reduced somewhat by drier than normal conditions. In the South Peace, canola yields were average to below average. Crops in the North Peace were more variable, as some areas received rain, while other areas experienced losses due to drought and grasshoppers. Harvest was hampered for some crops, primarily oats, due to an early snow event. There were very limited losses of yield or quality due to frost.

Overall forage yields were reported to be average. However, some farms in the Highway 16 area of the province suffered losses due to drought and grasshoppers. The southern interior region experienced sporadic losses due to winterkill.

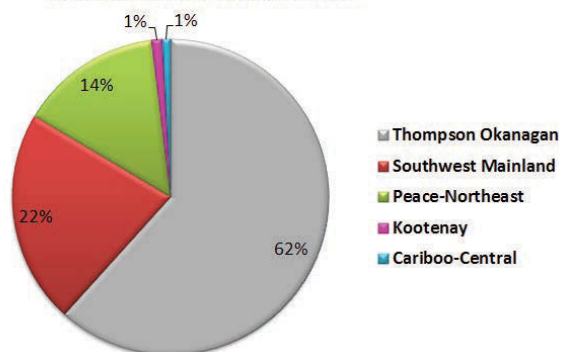
Blueberries experienced record yields in 2014. Excessive moisture, however, in the spring caused minor crop losses. There were some reports of berry softening due to heat during the growing season. Isolated cases of winter damage to raspberries and cranberries were also reported.

Very limited losses were seen in grapes and vegetables. Winter and spring freeze resulted in some grape vine damage in the Thompson Okanagan region. Rainfall in the spring and excessive moisture in the fall also caused some damage to potatoes, carrots and Brussel sprouts in the Fraser Valley area.



In crop year 2014 more than 2,100 policies were issued generating \$26M in premiums and covering \$493M in risk.

**PRODUCTION INSURANCE 2014
REGIONAL RISK DISTRIBUTION**



REGION	CROP PLANTS	2014 COVERAGE (MILLIONS)
Southwest Mainland, Vancouver Island	Berries, Vegetables, Flowers, Grapes, Forage	\$108
Kootenay	Tree fruit, Grain, Forage, Grapes	\$5
Thompson Okanagan	Tree fruit, Grapes, Forage, Vegetables, Grain	\$304
Cariboo-Central	Forage, Grain	\$4
Peace-Northeast	Grain, Forage	\$72



The Agriinsurance program is actuarially sound and has collected sufficient premium to cover costs since inception.

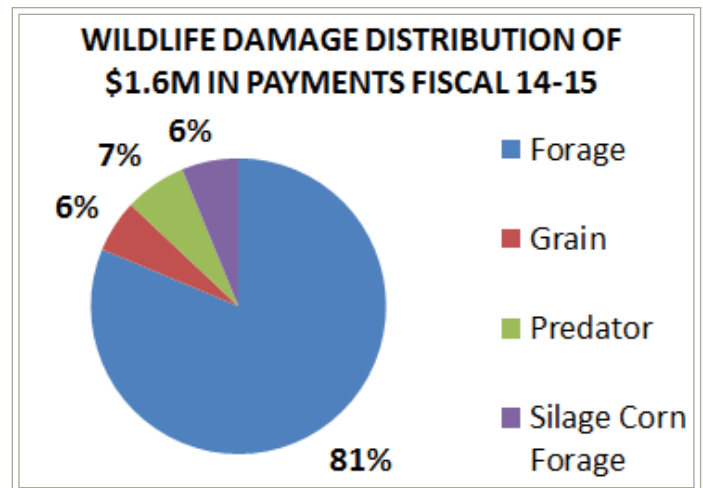
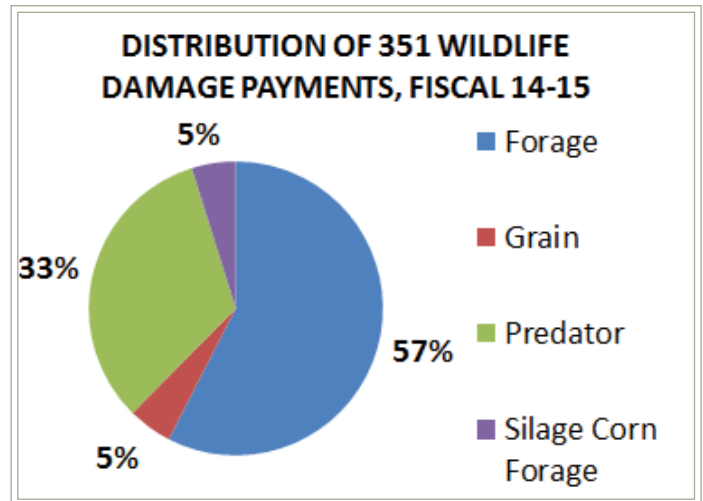


AGRICULTURE WILDLIFE DAMAGE COMPENSATION

This program (AWP) provides assistance to forage, grain, and livestock producers for verified crop and livestock losses. The program includes compensation for wildlife damage to standing forage and grain, separation of excreta contamination from grain, and livestock losses due to wild predators. Wildlife consumes or damages crops and compensation is paid to producers for a portion of that loss.

Wildlife management is the responsibility of the Ministries of Environment; and Forests, Lands & Natural Resource Operations. The program does not shift those responsibilities; it only provides a financial buffer as affected producers work with the responsible Ministry(s) to find appropriate mitigation or prevention methods. The Branch actively works with industry and the other Ministries to find and develop loss reduction strategies in order to reduce the amount of compensation.

BC's experience with agricultural losses due to wildlife is unique as a majority of the agricultural activity in BC occurs on, or around, land that is favorable as wildlife habitats. Because of this, interaction between wildlife and agriculture is a frequent occurrence, often resulting in negative consequences for wildlife, agriculture or both. The Federal and Provincial governments' commitment to provide compensation for agricultural losses due to damage from wildlife is enabled through GF2. One of the requirements of GF2 is that compensation can only be paid if there have been efforts made to avoid or reduce damage such as: hunting strategies; lure crops or fencing. Working in collaboration with industry stakeholders, the Ministry of Agriculture; the Ministry of Forests, Lands, and Natural Resource Operations; and the Ministry of Environment, AWP staff develop policies to ensure compensation programs are integrated with initiatives for the prevention and mitigation of damage.



AWP staff are responsible for the development and delivery of policies and programs that will address the consequences of BC's unique agriculture wildlife interface issues. Program staff provide leadership on agricultural issues related to wildlife damage, prevention, mitigation, and compensation.

PROGRAM PARTICIPATION		
CROP YEAR	REGISTERED PARTICIPANTS	PAYMENTS
2008	250	\$1,230,000
2009	544	\$1,644,000
2010	598	\$1,306,000
2011	530	\$2,231,000
2012	515	\$1,500,000
2013	503	\$1,300,000
2014	410	\$1,600,000



GF2 requires efforts to be made to avoid or reduce damage by wildlife in order for benefits to be paid.



AWP is a program that compensates producers for losses due to wildlife. Producers are expected to manage their farms to minimize losses. Compensation is considered a last resort and will not be paid where losses could have been reasonably avoided.

AgriStability is a business risk management program that protects against large declines in a producer's net farming income.

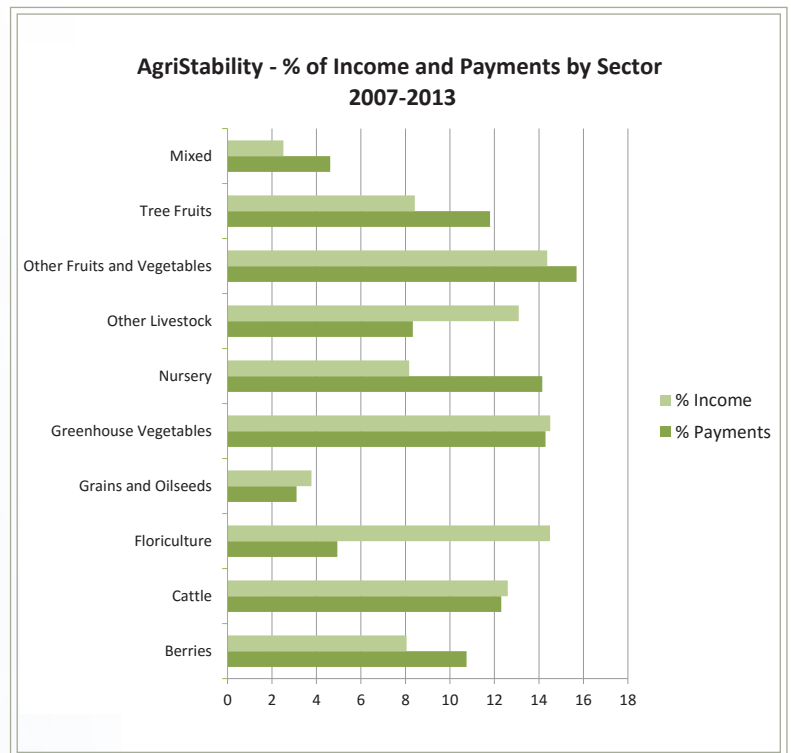
AgriStability support is provided on a whole farm basis. The farm may trigger a benefit caused by significant drops in production or commodity price, an increase in allowable expenses, or a combination. AgriStability is intended to work in conjunction with AgriInsurance and AgriInvest to provide producers with maximum risk protection and financial stability.

As the program is margin based, the current program year margin is compared to the reference margin and if it is more than 30% less than the reference margin, a payment is made. The program year margin is the difference between allowable income and allowable expenses. The reference margin is the average of the 5 years' program margins prior to the current program year with the lowest and highest margins dropped.

Allowable income includes commodity sales and some program payments, e.g. AgriInsurance. Allowable expenses include commodity purchases and the direct input costs incurred in producing agricultural commodities, e.g., fertilizer, feed, arm's length labour. Margins are adjusted to an accrual basis to account for changes in inventory value, changes in accounts payable and receivable, and purchased inputs.



Each year approximately 2,800 enrolment notices are issued.



Coverage drops as margins and profitability drop. When a farm ceases to be profitable, coverage eventually becomes unavailable.

The design of AgriStability is consistent across the country. There is little flexibility for provinces to alter program design. In BC, the program operates from data provided to Canada Revenue Agency by farm producers and is closely linked to income tax filing. This linkage affects the timing of payments as program year margins cannot be calculated until program forms are filed which means that payments cannot be finalized until the year following production.

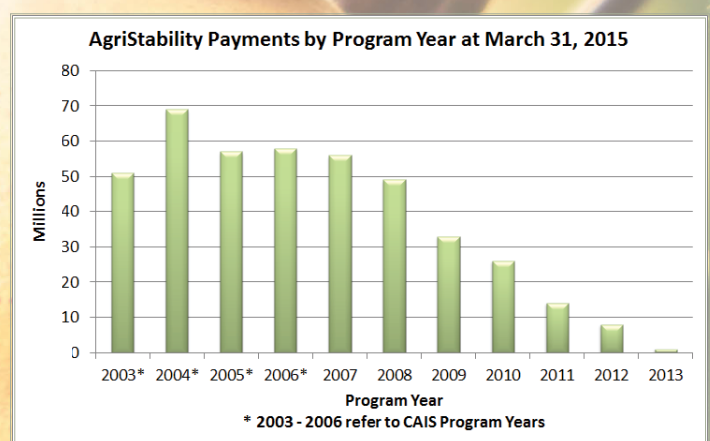
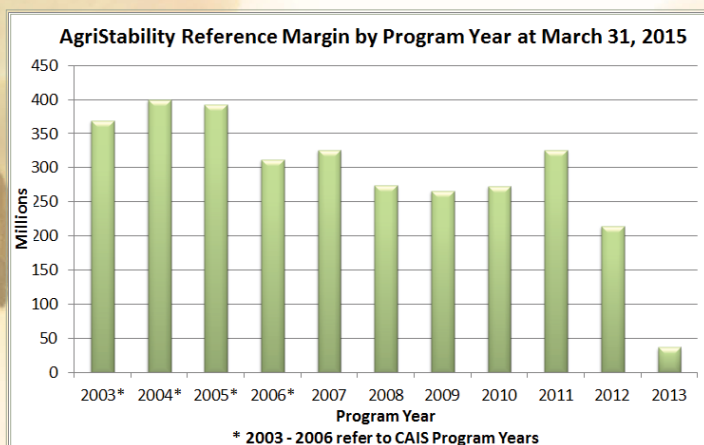
AgriStability program enrolments generally start in March and are complete by the end of June. About 80% of those who receive enrolment notices provide complete applications. 30% of participants receive a benefit in any given year. 30% of program participants are in the cattle sector; the Berry and Tree Fruit sectors are next highest at 20% each. The dollar amount of reference margin coverage is highest in the Berry sector at 20%, the Cattle and Greenhouse Vegetable sectors are approximately 15% each and the Tree Fruit and Nursery sectors are 10% each.

Prior to filing to CRA, participants can apply for an interim payment and receive 50% of their estimated final benefit. The final benefit can only be determined after the participant has submitted the necessary income and expense information on the appropriate program forms to CRA.

Originally, AgriStability was delivered by Canada to BC producers. At the request of industry, and in order to be more responsive to the customer, BC took over delivery of the program in 2010.

Governance of the AgriStability administration is established at the national level through working groups with representatives from each province and Canada. The AgriStability and AgriInvest Administrators Working Group (AWG) drafts program guidelines, provides a forum for sharing of best practices between administrations, endeavors national consistency in the application of program guidelines and agreements and informs the national Business Risk Management Working Group of administrative impacts of policy changes.

The AgriStability unit is functionally organized under the General Manager and consists of Customer Service, Benefit Determination, and Analytics.



Reference margins refer to the result of allowable income minus allowable expenses. The Program drops the lowest and the highest from the prior 5 years' of margins and averages the remainder. It is an indication of the total financial support provided to participants by the AgriStability Program.

The Customer Service team provides the foundation client service work of communications and program promotion as well as supporting the benefit determination activities.

The Benefit Determination team carries out the application processing which includes verification of producer's financial information, determining the amount of the benefit and quality assurance processes.

The Analytics and Reporting team establishes the economic values required for benefit calculations, performs national and internal reporting requirements for program metrics, and performs the analysis to report for national and internal performance measures such as payment accuracy. It also collaborates with Agriculture and Agri-Food Canada to validate program payment forecasts and manages the participant appeal and adjustment request process.

AGRISTABILITY STATISTICS BY PROGRAM YEAR

(ROUNDED TO NEAREST MILLION (M) OR THOUSAND (K))

	2009	2010	2011	2012	2013	2014
FINAL APPLICATIONS						
COMPLETE APPLICATIONS	2,704	2,739	2,443	2,200	1,773	
NUMBER OF APPLICATIONS PROCESSED	2,704	2,732	2,414	1,915	532	
REFERENCE MARGIN FOR APPLICATIONS PROCESSED	\$266M	\$273M	\$326M	\$214M	\$37M	
PERCENT OF APPLICATIONS PROCESSED	100%	99.7%	99%	87%	30%	
NUMBER OF APPLICATIONS WITH PAYMENTS	1,054	834	477	470	90	
TOTAL VALUE OF BENEFITS PROCESSED & APPROVED *	\$34M	\$26M	\$14M	\$8M	\$1M	
INTERIM APPLICATIONS						
NUMBER RECEIVED	227	179	107	57	41	19
NUMBER OF PAYMENTS	105	119	55	22	20	8
TOTAL VALUE OF BENEFITS PROCESSED & APPROVED *	\$4M	\$4M	\$3M	\$1M	\$1M	\$85K

** This represents the value of payments processed and approved for payment; not necessarily payments actually paid out by March 31, 2015.*

OTHER PROGRAMS

THE BC FEEDER AND BRED HEIFER ASSOCIATION LOAN GUARANTEE PROGRAM

BRMB has assumed the responsibility for this loan guarantee program from another part of the Ministry. The program allows cattle producers to purchase feeder cattle and bred heifers at more favorable terms than they could obtain as individuals. Daily management of the program is conducted by regional cooperative associations. The program operates from a series of tripartite agreements between the regional associations, lending institutions and the Province. The role of BRMB is to ensure regional associations have adequate management, follow program rules and the required Treasury Board approvals are in place to authorize the loan guarantees. There are currently seven feeder and five bred heifer associations that in total can access up to \$42M in loan guarantees.



WILDLIFE DAMAGE MITIGATION INITIATIVE

Compensation has been the main tool for assisting producers who suffer loss and damage due to wildlife. Without mitigation and prevention options, the cost of compensation is likely to continue increasing. The Wildlife Damage Mitigation Initiative (WDM) is a proactive policy option to reduce the high cost of compensation. WDM provides funding to individual producers or organizations to make investments to reduce losses due to wildlife. The program is specifically targeted at investments that will reduce or eliminate compensation payments. The program has an annual budget of \$300,000.

NEW VENTURES

Insurance programs are typically based on vast amounts of data with losses pooled across many participants. This has excluded from Production Insurance many emerging and specialty crops being commercially produced in BC. New Ventures is an innovative approach to Production Insurance that reduces the traditional barriers to offering insurance. Exemptions were granted by Canada to allow cost-sharing on products based on proxy crops and agronomic evaluation.

New Ventures is intended to help producers invest in enterprises where insurance has not traditionally been available. The program is more labour intensive than regular Production Insurance. Limited staff resources prohibited a wholesale roll out of the program. Coverage on grapes in a non-traditional territory and on green peppers in the South Okanagan was in place in 2014.

WESTERN LIVESTOCK PRICE INSURANCE PROGRAM (WLPIP)

Alberta has been offering livestock price insurance products since 2009. Alberta's program resulted from an industry-driven initiative designed to provide producers with an easy to use risk management tool. The program offers simple, bankable and market-driven ways to

manage market price without limiting any upside price potential. The four western provinces have collaborated to adapt the existing Alberta products to the rest of western Canada. The federal government is participating in the program by cost-sharing administration and providing a level of deficit financing. Alberta is delivering the program for BC while BRMB staff provide marketing and customer service support.

The Program was launched April 8, 2014. Response from the cattle sector was positive as noted below:

CALENDAR YEAR 2014	
# of Participants	204
Coverage	\$45.5M
Premium	\$579.3M
Claims	\$0

Cattle markets were very strong throughout 2014 due to low supplies of cattle and a weakening in the Canadian dollar. Producers seized the opportunity to lock in returns by using WLPIP. Markets continued to strengthen throughout the year resulting in no claims being paid.

WLPIP is funded and managed through four inter-related agreements between Canada, Alberta and the other western provinces. Most of the work of developing agreements and obtaining approvals and funding occurred through 2013.

WLPIP is a unique approach to program delivery in Canada and a step toward more industry driven and funded risk management programming. The design of the program came largely through the cattle and private sectors and premiums are paid entirely by insured producers. Centralized delivery across western Canada by the Alberta crown corporation (AFSC) is a very efficient delivery model.

AGRIRISK INITIATIVES (ARI)

ARI is a new program created within GF2 that provides funding to producer organizations and private companies to investigate, develop and launch new risk management programs. It has two components; Research and Administrative Capacity Building.

The research portion is funded by Canada and capacity building is cost-shared between Canada and provinces. BC has adequate budget to cost-share initiatives but has been unable to proactively engage with industry due to limited staff resources. No projects have been undertaken in BC.

AGRIINVEST

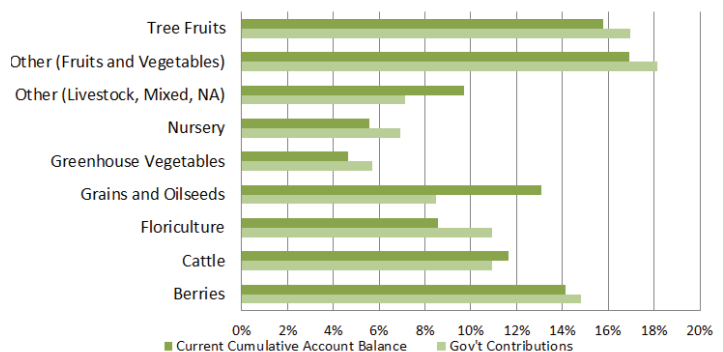
AgrilInvest is a savings account program through which governments match producer deposits up to a prescribed percentage of allowable net sales. Under Growing Forward 2, the government matching contribution is limited to 1% of allowable net sales and capped at \$15,000. Canada delivers the AgrilInvest program to producers in BC and across the country with the exception of Quebec, which has its own administration.



The purpose of AgrilInvest is to help producers develop financial reserves to cover smaller income declines or to make strategic investments.

\$43.8M in government matching contributions have been made to producer accounts for the 2009 to 2013 program years. BC's share is \$17.5M. 3,822 producers have a current cumulative balance of \$46.4M in their AgrilInvest accounts.

AgrilInvest - % of Total Gov't Contributions and Current Cumulative Account Balances by Sector 2009-2013



AGRIRECOVERY

AgriRecovery is a framework that allows governments to help producers recover from disasters by providing funds to help cover extraordinary costs required to return to production. The impacts and costs of each disaster event are evaluated and a response is designed to specifically address the circumstances around each disaster. Every AgriRecovery response requires its own contribution agreement with Canada that specifies eligibility and support levels.



AgriRecovery is an ad hoc program developed to help with extraordinary costs incurred as a result of disasters.

Avian Influenza was discovered in BC in early December of 2014. BRMB, in collaboration with Canada, immediately started the process of evaluating losses and developing an AgriRecovery response to the event. This work continued well into 2015 and a program was agreed to with Canada and announced in May of 2015.



APPENDIX 1 PERFORMANCE MEASURES

A logic model for BRM programs was developed as a way to provide an integrated and consistent approach for the development of indicators for each BRM program.

The Branch is obligated to provide the data and analysis that demonstrates compliance with regulations and performance against specified measures. This requires significant resources in systems, analysis and administration. The Agreements also describe the development of and reporting against performance measures which are developed jointly and agreed to by Canada and the Provinces.

LOGIC MODEL						
OBJECTIVE OF BRMB PROGRAMS	PROGRAMS	OUTPUTS	END OUTCOMES	PROGRAM SUITE END OUTCOMES	STRATEGIC OUTCOME	
To provide producers with tools to manage financial risks and impacts of natural disasters while allowing adaptation to market signals	AGRIINVEST	Provides a tool to facilitate producers' savings and investments	Producers have funding and flexibility in managing risks	Financial risks and impacts of natural disasters are mitigated while allowing adaptation to market signals	A competitive and market oriented agriculture, agri-food and agri-based products sector that proactively manages risks	
	AGRISTABILITY	Provides a tool to help manage large margin declines at the whole farm level	Short-term large income losses are mitigated while allowing adaptation to market signals			
	PRODUCTION INSURANCE	Provides an insurance tool to protect against production losses	Financial impacts of production losses are mitigated by providing insurance			
	AGRIRECOVERY	Initiatives that respond to extraordinary costs resulting from natural disasters	Producers have the capacity to cover the extraordinary costs of necessary activities associated with a natural disaster	Farms are competitive, seeking to earn income from the market		
	AGRIRISK INITIATIVES	Initiatives that facilitate the development of private sector led risk management tools	Industry's understanding of risk exposure and their level of engagement with risk management tools is increased	Farm businesses have access to effective tools to assist in managing their farm business risks		
	WESTERN LIVESTOCK PRICE INSURANCE	Provides an insurance tool to protect against price declines	Financial impacts of revenue losses are mitigated by providing insurance	Farm businesses risks are proactively managed		
	AGRICULTURE WILDLIFE PROGRAM	Provides compensation for production losses caused by wildlife	Financial impacts of production losses are mitigated by providing compensation	BRM programs complement private sector risk management approaches		
	WILDLIFE DAMAGE MITIGATION PROGRAM	Provides funds for projects that will prevent production losses caused by wildlife	Producers have funding to mitigate production losses			
	BRED HEIFER AND FEEDER ASSOCIATION LOAN GUARANTEE	Provides certainty to associations who facilitate loans to producer for investment in cattle	Producers have access to investment funding that enables them to respond to market signals			

APPENDIX 2 AGRIINSURANCE CLAIM STATISTICS

CLAIM STATISTICS									
2007 to 2014 \$,000									
CROP PLAN	CROP	2007	2008	2009	2010	2011	2012	2013	2014
BERRIES	BLUEBERRY	2,753	6,716	1,268	356	687	173	1,883	122
	BLUEBERRY PLANT	34		12		8	3		
	CRANBERRY		850	332	891	255			
	RASPBERRY	444	109	64	24	10	58	35	45
	STRAWBERRY		4	18					
	STRAWBERRY PLANT			141	83		25		
BERRIES TOTAL		3,231	7,820	1,777	1,272	985	234	1,918	167
FLOWER BULBS	TULIP BULB	45							
FORAGE	FORAGE	919	853	1,527	1,594	103	350	43	175
	SILAGE CORN	82	51		43	15	71	2	2
	UNSEEDS SILAGE CORN		3			3			
	WINTER SURVIVAL	39	6	48	27	18	20	11	20
	FORAGE ESTABLISHMENT	83	445	146	524	142	238	17	330
FORAGE TOTAL		1,122	1,357	1,721	2,188	282	679	73	527
GRAIN	BARLEY	46	1,274	184	577	276	125	23	70
	CANOLA	19	3,219	129	4,469	682	71	48	530
	FALL RYE	2	3					15	14
	FIELD PEA	1	173	88	112	45	4	10	82
	OAT	13	244	57	257	30	131	7	179
	UNSEEDS GRAIN	163		28	21	32	7	200	
	WHEAT		1,256	109	578	15	21	5	84
	GRAIN BASKET		2,308	1,046	5,385	92	229		381
GRAIN TOTAL		244	8,478	1,642	11,399	1,172	588	308	1,340
GRAPES	FRESH GRAPE	33	36	103	54	31	4	141	
	VINE	206	42	3,573	1,324	296	75	2	68
	WINE GRAPE	158	46	1,049	865	329		63	19
GRAPES TOTAL		397	124	4,725	2,243	656	79	207	87
TREE FRUIT	APPLE	4,974	7,961	9,120	1,754	1,282	6,143	8,533	5,961
	APRICOT	139	274	53	69	92	136	79	103
	FRUIT TREE	69		139	429	130	28	4	9
	PEACH	518	1,455	777	133	59	643	559	634
	PEAR	158	161	20	43	70	293	475	132
	PLUM	216	289	91	14	55	47	84	113
	SWEET CHERRY	3,904	5,895	1,110	2,331	1,890	4,033	3,053	2,349
TREE FRUIT TOTAL		9,977	16,035	11,310	4,774	3,579	11,323	12,787	9,300
VEGETABLE	BROCCOLI	39		6	117	28	11		5
	BRUSSELS SPROUTS		182		345		117	41	14
	CARROT	147	25		241	115	23		49
	CAULIFLOWER		9	2	7		10		
	CORN	3	-	-	-	-	-	-	-
	ONION			27	6		1		
	POTATO	710	11		3,117	56	82	257	34
	RUTABAGA	-	-	-	-	-	5		
	BEAN	1	6	9	68			-	
	PEA	16	16				6		
	CABBAGE				149	65	56		
VEGETABLE TOTAL		917	248	44	4,049	264	311	298	102
GRAND TOTAL		15,934	34,062	21,219	25,925	6,936	13,213	15,590	11,524



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This report is available online at www.gov.bc.ca/agribusinessriskmanagement

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