

FACT SHEET: BUSINESS RISK MANAGEMENT - PRODUCTION INSURANCE

Background

- Federal/provincial production insurance programs provide some producers with financial protection in the event of crop losses due to unpredictable weather.
- The current system is a patchwork of production insurance programs, whose coverage varies by province and territory and commodity or crop.
- Coverage is not extended to all commercial horticultural crops in each province and territory. For example, fruit crops are only covered in British Columbia, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and P.E.I. Québec is the only province that covers all horticultural commodities.
- Although production insurance plans may be offered, the current uptake on a number of crops is minimal as the plan does not meet the needs of producers. This must be addressed.

Recent Activity

- At the conclusion of their annual 2007 meeting in June, Ministers of Agriculture from across the country agreed in principle on *Growing Forward*, which is to form the basis of a new action plan on agriculture.
- *Growing Forward* includes the promise of an insurance system (AgriInsurance) that will “include existing production insurance programs and will expand to include other commodities.”
- In early July, the Standing Committee on Agriculture and Agri-Food released its report on “Canada’s New Agriculture and Agri-food Policy”.
- The Committee’s report acknowledged their commitment to the general principles of business risk management program predictability, responsiveness, bankability and flexibility. With regard to flexibility, the standing committee recommended that the federal government ensure a fair balance amongst provinces and between the various types of production.

Canadian Horticultural Council Position

- One of the founding principles and commitments of business risk management, since the development of the original Agriculture Policy Framework, is a recognition that production insurance must be extended to all commodities.
- This principle was reiterated by Canada’s Ministers of Agriculture in *Growing Forward*.
- Access to production insurance will help provide a foundation for sustainable farm income in a sector facing numerous challenges, including escalating production costs.
- Unpredictable weather results in severe challenges for **all** crops and thus **all** crops should have access to the support of production insurance. The challenges faced by the horticultural industry due to unpredictable weather are no different than the challenges faced by the grain and oilseed industry.

- The CHC and its members have long supported the extension of adequate or meaningful production insurance to all crops.

Ask of the Federal Government

- The CHC, on behalf of horticultural producers across the country, asks that the government develop uniform and meaningful production insurance products across the country.
- In a number of instances, uniform has meant that the production insurance products have dropped to the lowest common denominator. For example, Ontario has lost some of the benefits from their apple plan because other provinces did not wish to come up to the product that was being offered in Ontario.
- The CHC, on behalf of horticultural producers across the country, ask that the federal, provincial and territorial agriculture ministers build on the promise of *Growing Forward* and extend production insurance coverage to all commercial horticultural crops.
- In the absence of timely implementation of adequate and meaningful production insurance to all crops, the CHC's longstanding proposal to move towards Self Directed Production Insurance or the expansion of Self Directed Risk Management across the country be implemented.