

**NEWFOUNDLAND AND LABRADOR
LIVESTOCK OWNERS COMPENSATION BOARD**

ANNUAL PERFORMANCE REPORT

APRIL 1, 2009 - MARCH 31, 2010



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Chairperson's Message

August 2, 2010

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 the Annual Performance Report for the Newfoundland and Labrador Livestock Owners Compensation Board, a category 3 public body under the *Transparency and Accountability Act*. This report covers the period April 1, 2009 to March 31, 2010.

The Livestock Owners Compensation Board recognizes its legislative role under the *Livestock Insurance Act* to establish and carry out a livestock insurance plan under the direction, supervision and control of the Minister. The Board has prepared this report to outline its activities during the second year in fulfillment of the objective established under the 2008-2011 Activity Plan.

My signature below is on behalf of the Livestock Owners Compensation Board and indicative of the Board's accountability for preparation of this report and the results reported on its activities.

Respectfully submitted,

A handwritten signature in blue ink that reads "C. MacDonald".

Cynthia MacDonald, P. Ag.
Chairperson

Overview

Section 3(2) of the *Livestock Insurance Act*, R.S.N. 1990, c.L-23 provides for the membership of the Newfoundland and Labrador Livestock Owners Compensation Board. The membership of the Board shall consist of not less than 3 and not more than 5 members to be appointed by the Lieutenant-Governor in Council to hold office during pleasure.

The Board 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

Junior Eveleigh – Producer Representative member

Elaine Wells – Producer Representative member

Gerald Wicks – Provincial Representative member

Livestock owners throughout Newfoundland and Labrador are able to purchase insurance at reasonable rates for dairy cattle, beef cattle, sheep and goats through the Livestock Insurance Program to protect against losses from predatory animal attacks.

In 2009-10, eleven producers availed of the program with \$7,595 paid out in indemnities. The Board operates on a budget of approximately \$7,000 annually and falls under the umbrella of the Forestry and Agrifoods Agency. Agriculture Development Officers employed by the Forestry and Agrifoods Agency carry out field work for the Board and the Secretary/Manager, who administers the program, and is also employed by the Forestry and Agrifoods Agency. The Livestock Owners Compensation Board, headquartered in Corner Brook, may be reached at (709) 637-2077. Expenses consist of a salary allocation, auditor's fee and legal search fee. Revenues are premiums paid by applicants to the program.

The trend in the industry over the last decade has seen a gradual decrease in the number of animal insured under the Livestock Insurance Program from more than 1200 animals in 1999-00 to just 338 in 2009-10. Over the same period of time, program revenues from premiums have declined by more than 70 per cent and indemnities paid outstrip premium revenues at an increasing rate each year. The decrease in the number of animals insured likely reflect smaller and fewer sheep herds and the increasing number of coyote attacks have attributed to the recent increases in indemnities paid to producers under the Livestock Insurance Program.

Table 1 presents a brief summary of the 2009-10 Livestock Insurance Statistics:

Table 1

	Sheep	Lambs	Goats	Beef Cattle	Total
Insured Animals	173	165	0	0	338
Premiums (\$)	553.60	330.00	0	0	883.60
Coverage (\$)	24,220.00	12,375.00	0	0	36,595.00
Claims	33	33	0	0	66
Indemnity (\$)	5,120.00	2,475.00	0	0	7,595.00

Mandate:

The mandate of the Livestock Owners Compensation Board is to establish and carry out a Livestock Insurance Plan under the direction, supervision and control of the Minister. The Board shall;

- administer plans of livestock insurance established under the *Livestock Insurance Act* or the regulations,
- fix by order and publish in the Gazette a final date in each year for the receipt of applications for insurance under a plan,
- conduct surveys and research programs relating to insurance and obtain statistics for the purposes of the Board,
- evaluate and determine livestock losses and pay claims under a plan,
- enter into agreements with or retain persons for the soliciting and receiving of applications for instance, the collecting of premiums and the adjusting of claims under plans for and on behalf of the Board, and the doing of other things on its behalf that the Board considers necessary,
- reinsure with another insurer the risk or a portion of it under a contract,
- require an applicant for livestock insurance or an insured person to provide the information, statements and reports that the Board may require,
- exercise the powers and perform the duties that are conferred or imposed upon it under the *Livestock Insurance Act* or another Act,
- perform the other functions and discharge the other duties that are assigned to it by the Lieutenant-Governor in Council and,
- make the orders and directions that are necessary to enforce the observance of the *Livestock Insurance Act*, the regulations or a plan.

Vision:

Through the Livestock Insurance Program, the Newfoundland and Labrador Livestock Owners Compensation Board protects investments in livestock. By easing the financial burden caused by livestock loss, the Livestock Insurance Program helps ensure resources are available for

future generations and helps ensure prospects for future development. This contributes to the vision of the Department of Natural Resources, stated as follows:

“The vision of the Department of Natural Resources is of a province that is realizing the full benefit from the sustainable development of its natural resources.”

Mission:

The mission statement is the priority focus area of a public body over its planning cycle. It represents the key longer term result that the public body and the responsible minister will work towards to achieve a component of government’s Strategic Directions. The statement also identifies the measures and indicators that will assist a public body and the public in monitoring and evaluation success.

The Livestock Owners Compensation Board has determined that an applicable mission statement would be unduly repetitive of its mandate. It has opted to forgo development of a mission statement at this time.

The Livestock Owners Compensation Board considered its role in assisting the Forestry and Agrifoods Agency in achieving its mission for the planning period. The Board has a role in facilitating opportunities for agricultural and agrifoods resource development and diversification by administering the Livestock Insurance Program, thereby helping protect producers from financial livestock losses due to predation. Aspects of the following general statement from the mission of the Agency related to agriculture and agrifoods sectors apply to the Board:

“By March 31, 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.”

The Board has determined that it has no material impact on achievement of measures and indicators of the Forestry and Agrifoods Agency’s mission statement.

The complete mission of the Forestry and Agrifoods Agency is found in its Strategic Plan for the period covering April 1, 2008 to March 31, 2011 and can be accessed through the internet at www.nr.gov.nl.ca.

Lines of Business

The Livestock Owners Compensation Board provides compensation to owners of sheep, lambs, goats and cattle in the unfortunate event that their animals suffer injury or death by roaming dogs or other predators such as coyotes, lynx and bears. All types of predator attacks are compensated for provided that the carcass of the injured or dead animal is available for inspection. This program requirement is necessary to reduce the moral hazard that may affect indemnity claims.

Applications for Livestock Insurance are mailed to the producers at the end of each fiscal year, for the upcoming fiscal year. Livestock owners must file identifying tag numbers with the Board at that time along with the premiums payable to the Livestock Owners Compensation Board. The producers forward the completed application to the Agriculture Development Officers who verify the livestock tag numbers. Any claims for livestock loss is reported to the Agriculture Development Officers who are responsible for verifying the claim and the tag number of the insured livestock and taking pictures where possible.

The majority of livestock insured under the program are sheep due mainly to their vulnerability to attack on private and community pastures by roaming dogs and other predators such as coyotes, lynx and bears. A small number of goats and cattle have been insured under the program. The relatively small number of cattle insured is due to their larger physical size compared to most predators.

The premium rates are announced by the Minister of Natural Resources in March prior to the fiscal year. Producers pay one hundred per cent of the livestock insurance premium and the Department of Natural Resources is responsible for the costs to administer the Livestock Insurance Program.

Outcomes of Activities

In consideration of the Strategic Direction of the Minister responsible for the Forestry and Agrifoods Agency to work toward increased forestry, agrifoods and agriculture development and diversification over the planning period, as well as the mandate and financial resources of the Newfoundland and Labrador Livestock Owners Compensation Board, the following area has been identified as the key priority of the Board for the three year period April 1, 2008 to March 31, 2011. The objective, measure, and indicators below applies to each year covered by this plan and will be reported on in relevant annual reports.

Issue 1: Administered the Livestock Insurance Program

Objective: The Newfoundland and Labrador Livestock Owners Compensation Board will have processed applications under the Livestock Insurance Act.

Measure: Processed applications

Indicators:

- **All applications registered**

The Livestock Owners Compensation Board sent applications to all livestock

producers by March 31. Producers who were interested in participating in the program returned a completed application by April 30. There were eleven applications. Upon receipt of these applications, participants were registered to the Board's databank.

- **All contracts issued**

A contract between the Board and each of eleven participants was issued and a copy was placed in the participant's file. The contract spelled out, in detail, the terms and conditions of the program, and the responsibilities of both the participant and the Board.

- **All tagged livestock inspected**

Upon applying for insurance coverage, an applicant must have listed the tag numbers of the animals to be insured. An Agriculture Development Officer, employed by the Forestry and Agrifoods Agency, inspected the animals to be insured and verified the tag numbers. In total 10 grade rams, 163 grade ewes and 165 grade lambs were insured in 2009-10.

- **All livestock claims inspected**

There were 51 claims filed for seven contracts. Participants reported destroyed animals within 48 hours. Agriculture Development Officers inspected the dead animals and confirmed the tag numbers. Claim forms were forwarded to the Board. Of the 51 claims submitted, 49 were approved for indemnity payment on 66 animals.

- **All claims reviewed by the Board**

All claims were sent to the Board on an ongoing basis. As claims were reviewed by the Secretary/Manager, employed by the Forestry and Agrifoods Agency, and then forwarded to the Board members for a decision as to whether or not the claim was approved for indemnity payment.

- **Decisions communicated to applicants and indemnities paid**

The Secretary/Manager of the Newfoundland and Labrador Livestock Owners Compensation Board communicated the decisions of the Board to the applicants who were in a claim position. The total indemnity paid was \$7,595.00.

The Livestock Owners Compensation Board has prepared an Activity Plan for the period 2008-2011 which provides the objective and indicators. The Activity Plan can be accessed through the internet at www.nr.gov.nl.ca.

Opportunities and Challenges

The challenges facing the Livestock Insurance Program are the continuing decline in the number of enrolled producers and decreasing size of livestock herds as a consequence of producers reaching retirement age, rising producer costs and increased livestock losses from predation. There is also a challenge in keeping the program viable with ever increasing indemnity payments along with fairly static enrollment and unchanging premium rates.

Despite the decline in the number of producers enrolled in the Livestock Insurance Program, there are many small herd producers that are becoming aware of the program through promotions. With the increasing coyote population and losses from predation, there is an opportunity to attract such producers to help manage risks to losing livestock to predators.

Appendix A

Announced Premium/Indemnity Rates for Livestock Insurance for 2009-2010

CLASS SHEEP	PREMIUM	COMPENSATION
Registered Ram	\$4.50	\$450.00
Grade Ram	\$3.20	\$160.00
Registered Ewe	\$4.00	\$400.00
Grade Ewe	\$3.20	\$160.00
Reg. Ram Lamb	\$6.00	\$600.00
Grade Ram Lamb.	\$2.00	\$75.00
Reg. Ewe Lamb	\$5.30	\$530.00
Grade Ewe Lamb	\$2.00	\$75.00

CLASS GOATS	PREMIUM	COMPENSATION
Registered Bucks	\$1.00	\$100.00
Grade Bucks	\$0.50	\$50.00
Registered Does	\$1.00	\$100.00
Grade Does	\$0.50	\$50.00
Reg. Buck Kids	\$1.00	\$100.00
Grade Buck Kids	\$0.50	\$50.00
Reg. Doe Kids	\$1.00	\$100.00
Grade Doe Kids	\$0.50	\$50.00

CLASS	PREMIUM	COMPENSATION
BEEF CATTLE		
Registered Bulls	\$6.50	\$650.00
Grade Bulls	\$4.00	\$400.00
Registered Cows	\$6.50	\$650.00
Grade Cows	\$4.00	\$400.00
Registered Heifers	\$4.00	\$400.00
Grade Heifers	\$2.00	\$200.00
Reg. Heifer Calves	\$1.00	\$100.00
Grade Heifer Calves	\$0.70	\$70.00

CLASS	PREMIUM	COMPENSATION
DAIRY CATTLE		
Registered Bulls	\$7.50	\$750.00
Grade Bulls	\$5.00	\$500.00
Registered Cows	\$7.50	\$750.00
Grade Cows	\$5.00	\$500.00
Registered Heifers	\$5.00	\$500.00
Grade Heifers	\$3.00	\$300.00
Reg. Heifer Calves	\$1.50	\$150.00
Grade Heifer Calves	\$0.70	\$70.00