
Appropriation 2 Risk Management, Credit and Income Support Programs

Appropriation 2 (a) - Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation (MASC) provides risk management solutions for farmers, financing options for agricultural and rural businesses, and other programs and services that support the development and sustainability of rural Manitoba. MASC's governance and responsibilities are outlined in *The Manitoba Agricultural Services Corporation Act*.

Insurance

MASC is responsible for developing and delivering Production Insurance in Manitoba. In 2006/2007, about 13,100 farmers (over 9,700 separate production units) were insured with a total liability of \$1.03 billion. Insurance was provided on 56 different crop types, covering nine million acres. Over 85% of Manitoba's cultivated land is covered by Production Insurance.

MASC offers separate spot loss insurance for hail losses. Farmer premiums cover all of the related costs, including administration. In 2006/2007, 3,900 farmers were insured with a total liability of \$364 million.

Lending

MASC provides direct loans, operating loan guarantees, livestock association loan guarantees, and diversification loan guarantees to the agricultural industry. Special emphasis is placed on young and beginning farm operations. MASC also focuses on farm diversification and value-added production, which are vital to the future of rural communities.

MASC provides Young Farmer Rebates and Management Training Credits to eligible young farmers (39 years of age and under). In 2006/2007, payments from these programs totalled \$1.3 million.

During 2006/2007, MASC's lending activity included 694 loans totalling \$54.1 million. A total of 257 guarantees were approved on \$101.7 million of loans, with the contingent liability of these guarantees being \$25.4 million. In addition, MASC administers the Rural Entrepreneur Assistance (REA) program. As part of the Rural Economic Development Initiative, REA's 2006/2007 activity involved providing guarantees on \$1.9 million of loans (contingent liability of \$1.5 million) to small businesses in rural Manitoba.

As of March 31, 2007, MASC was involved in a total lending portfolio of \$646 million. This includes 6,891 loans totalling \$330 million and 543 loans with guarantees totalling \$316 million.

Other Initiatives

MASC provides inspection services and administers a number of other initiatives.

The Wildlife Damage Compensation Program provides compensation for losses to agricultural products caused by big game animals and migratory waterfowl. Compensation is also paid for domestic animals killed or injured by natural predators. Over 2,200 claims were paid in 2006/2007, totalling \$1.4 million.

The Alternative Land Use Service (ALUS), an ecological goods and services research project in Manitoba, was administered by MASC on behalf of the Province of Manitoba and the Government of Canada in 2006/2007. The goal of this pilot project is to evaluate the concept of paying farmers for

specified land management practices that have environmental benefits. A total of \$294,000 was paid to participating farmers in 2006/2007.

More information on MASC's 2006/2007 insurance activities and lending results can be found in the MASC Annual Report.

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| Expenditures by Sub-Appropriation | Actual 2006/2007 \$(000s) | Estimate 2006/2007 FTEs | Estimate 2006/2007 \$(000s) | Variance Over/(Under) \$(000s) | Expl. No. |
|---|--|--|--|---|----------------------|
| Grants/Transfer Payments: | | | | | |
| (1) Administration | 8,772.1 | 150.00 | 10,094.5 | (1,322.4) | 1 |
| (2) Insurance Premiums | 28,268.3 | | 27,065.0 | 1,203.3 | |
| (3) Wildlife Damage Compensation | 714.7 | | 732.4 | (17.7) | |
| (4) Net Interest Costs, Loan Provisions and Program Incentives | 1,053.7 | | 1,571.0 | (517.3) | 2 |
| Total Sub-Appropriation | 38,808.8 | 150.00 | 39,462.9 | (654.1) | |

1. The under expenditure authority is mainly due to 2006/07 being a significantly lower than average claim year, as well as the deferral of costs pending the implementation of Manitoba Agricultural Services Corporation's (MASC) new strategic plan.

2. The under expenditure is due to higher than expected investment and loan interest income and lower than expected costs related to program incentives. These decreases were partially offset by a net increase in loan and guarantee provisions.