

CANADA-NOVA SCOTIA
Crop Insurance

ANNUAL REPORT
for the year 2006–07

The Nova Scotia
Crop & Livestock
Insurance Commission



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



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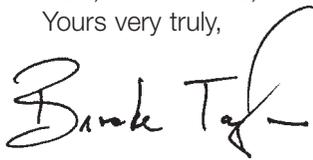


Her Honour
The Honourable Mayann E. Francis
Lieutenant-Governor of Nova Scotia

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2007.

I am, Your Honour,
Yours very truly,

A handwritten signature in black ink, appearing to read "Brooke Taylor". The signature is fluid and cursive, with a long, sweeping flourish extending from the end of the name.

Brooke Taylor
Minister of Agriculture

The Honourable Brooke Taylor
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the thirty-eighth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2007. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission

A handwritten signature in black ink, appearing to read "A. Bentley".

A. Bentley
Chair

A handwritten signature in black ink, appearing to read "B. MacLeod".

B. MacLeod
Acting CEO

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COMMISSION OFFICERS

BOARD OF DIRECTORS

Avard Bentley, Chair
Westchester, Cumb. Co.

Phillip Stead
Truro, Colchester Co.

Michael Johnson, Vice-Chair
NS Department of Agriculture

Greg Coldwell
Port Williams, Kings Co.

R. Michael Walsh
Berwick, Kings Co.

James Baillie
Tatamagouche, Colchester Co.

PRINCIPAL OFFICERS

B. MacLeod—Acting, CEO
G.A. Post—Manager
T.D Mitchell—Secretary
B.A. Whidden—Accounting Clerk
B.J. Nelson—Clerk
J.R. Gilmore—Supervisor, Field Services
G.D. Macintosh—Acting Supervisor, Field Services
N.B. Sinclair—Database Administrator

AUDITOR

Auditor General, Province of Nova Scotia

SOLICITOR

J.R.M. Akerman, Q.C.
C. Thompson

FIELD STAFF

D.R. MacKenzie
M.J. Blenkhorn
J.M. Peill

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978 and in 2005 to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture.

The Commission administers crop insurance coverage to 14 crop insurance plans and a livestock insurance program

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

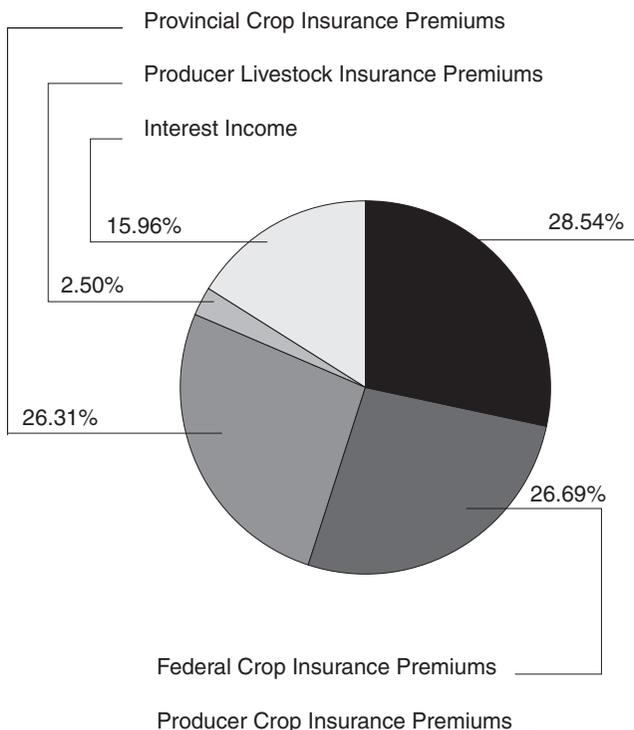
FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canada–Nova Scotia Implementation Agreement under the National Agricultural Policy Framework. Crop and Livestock Insurance in Nova Scotia is delivered under the authority of the Crop and Livestock Insurance Act.

The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance. Administration expenses for other programs administered by the Commission are the responsibility of the province.

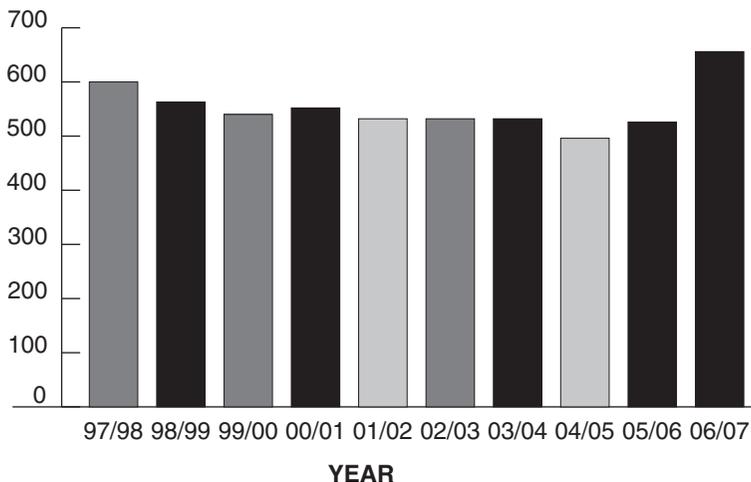
For 2006–07, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.

FUND REVENUES



INSURANCE PLANS IN FORCE

Spring Grain:	oats, barley, wheat, and mixed grain
Winter Grain:	rye, wheat
Tree Fruit:	apples, pears
Tree Insurance:	tree protection
Corn:	silage, grain, high moisture
Peas and Beans:	processing
Blueberries:	lowbush and highbush blueberries
Strawberries:	
Raspberries:	
Forage:	establishment year
Forage Production:	
Soybeans:	
Potatoes:	processing, seed, table
Vegetables:	broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas, and winter squash
Livestock:	dairy

NUMBER OF CONTRACTS BY YEAR

FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

Each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no past records are available, a benchmark, either provincial or industry averages, is used.

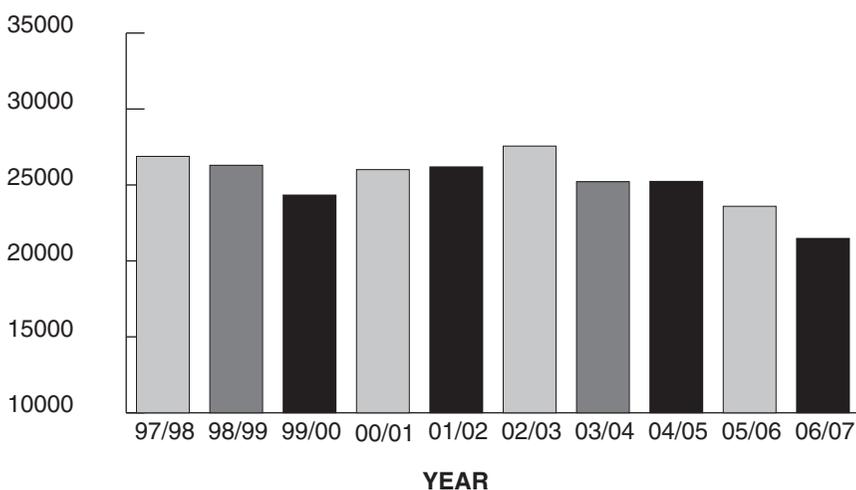
Quality Guarantee

Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain.

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage, is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. The maximum discount shall be 50 per cent and the maximum surcharge shall be 100 per cent.

ACRES INSURED BY YEAR



**STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2006-07**

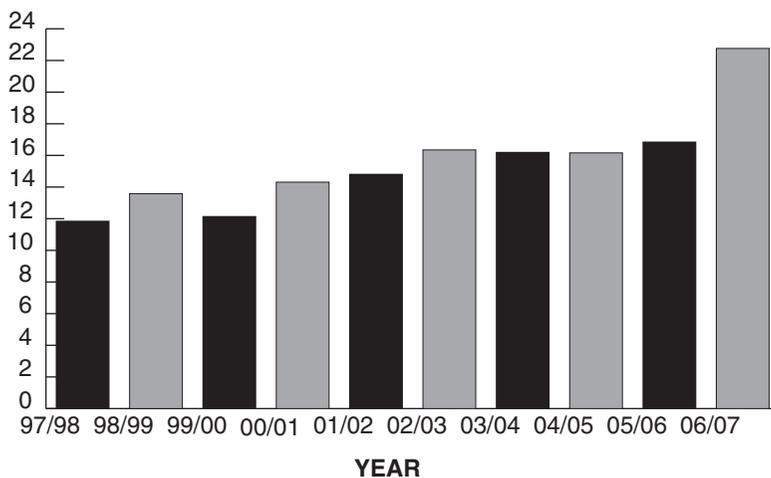
Plan	No. Growers	No. Acres	Total Coverage	Total Premium	Total Indemnities
Spring Grain	52	2,371.18	334,720.40	24,007.21	150,007.65
Tree Fruit	47	2,921.05	5,459,639.73	281,667.09	397,191.48
Tree Ins. End. (Trees)	44	541,822.00	7,764,845.00	31,059.37	0
Peas & Beans	0	0	0	0	0
Forage Est.	10	377.13	52,798.20	3,660.17	2,594.40
Forage Prod.	0	0	0	0	0
Corn	54	5,195.13	1,450,819.30	68,722.29	136,044.13
Blueberries	164	6,476.31	5,326,521.04	254,653.72	471,991.72
Strawberries	3	24.16	84,542.60	6,680.67	29,470.90
Raspberries	0	0	0	0	0
Winter Grain	24	1,614.02	355,052.57	22,186.97	81,148.84
Potatoes	6	685.06	866,407.35	80,617.76	172,449.23
Soybeans	14	1,014.10	155,192.59	8,332.76	2,517.20
Vegetables	15	804.05	910,702.89	72,683.47	212,624.52
Crop Summary	433	21,482.19	22,761,241.67	854,271.48	1,656,030.07
	Herds	Animals			
Loss Income			9,070,517.92		
Livestock	131	17,790.00	24,101,000.00	46,404.76	17,000.00
			33,171,517.92		
Totals			\$55,932,759.59	\$900,676.24	

Note: Winter Grain claims belongs to the 2006/2007 crop year.

**SUMMARY OF CROP INSURANCE PLANS
(1969–1970 TO 2006–07 CROP YEARS INCLUSIVE)**

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Spring Grain	38	1661	\$1,538,215.99	\$1,582,159.28	1.03
Winter Grain	37	333	691,526.60	752,116.50	1.09
Tree Fruit	37	597	5,098,417.83	5,218,683.65	1.02
Tree Rider	23	21	211,606.68	89,451.59	0.42
Tobacco	25	21	767,809.39	561,296.33	0.73
Corn	36	546	1,707,335.23	1,337,259.44	0.78
Peas & Beans	32	629	3,140,338.94	3,315,484.65	1.06
Blueberries	34	752	2,469,535.83	2,654,780.19	1.08
Strawberries	33	121	326,919.96	338,959.12	1.04
Forage Est.	30	150	100,482.44	84,397.92	0.84
Soybeans	21	63	154,485.54	98,788.98	0.64
Potatoes	20	31	898,668.17	1,284,623.26	1.43
Raspberries	6	4	1,429.44	3,216.60	2.25
Forage Prod.	3	1	\$16,983.20	\$4,551.38	0.27
Vegetables	7	37	604,255.51	798,003.06	1.32
TOTAL		4967	\$17,728,010.75	\$18,123,771.95	1.02

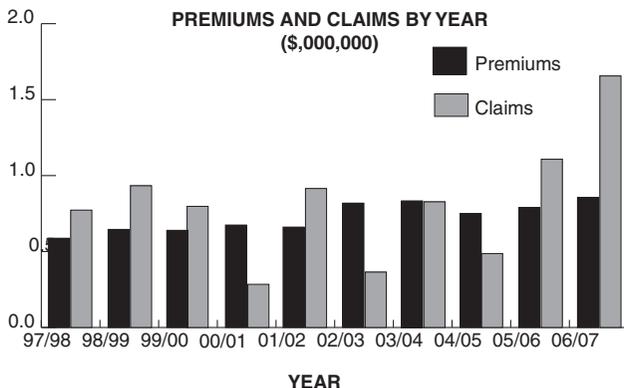
**RISK BY YEAR
(\$,000,000)**



OPERATIONS SUMMARY OF CROP INSURANCE YEARS (1969–1970 TO 2006–07 CROP YEARS INCLUSIVE)

Crop Years	No. Contracts	Total Coverage	Total Premium	Claims Paid	Loss Ratio
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2003-2004	532	16,193,016.04	833,525.55	827,284.94	0.99
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
1998-1999	563	13,583,764.80	645,583.16	933,129.48	1.45
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
TOTAL		\$341,354,190.50	\$17,728,010.75	\$18,123,771.95	1.02

Since the program's implementation in 1969, for every dollar collected in premium, \$1.02 has been paid out in claims.



**SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 2006)**

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2006–2007	131	17,790	\$ 28,564.70	\$ 17,000.00	\$ 0.60
2005–2006	140	18,670	\$ 30,530.51	\$ 10,800.00	\$ 0.35
2004–2005	148	19,807	33,767.77	4,000.00	0.12
2003–2004	165	20,749	34,980.83	47,640.00	1.36
2002–2003	179	21,769	32,864.20	30,144.00	0.92
2001–2002	184	21,640	20,858.02	14,210.00	0.68
2000–2001	182	20,252	19,538.76	197,632.22	10.11
1999–2000	203	21,531	17,108.54	17,400.00	1.02
1998–1999	212	22,087	17,475.34	55,104.68	3.15
1997–1998	232	22,857	17,797.26	44,679.34	2.51
1996–1997	240	22,801	25,891.18	47,960.58	1.85
1995–1996	252	22,866	26,219.52	7,270.22	0.28
1994–1995	263	23,053	26,720.66	6,400.00	0.24
1993–1994	231	20,572	24,979.34	16,400.00	0.66
1992–1993	242	21,224	26,093.76	3,752.66	0.14
1991–1992	259	22,739	28,987.80	17,157.20	0.59
1990–1991	282	23,771	30,883.99	7,600.00	0.25
1989–1990	217	26,221	35,295.12	10,130.00	0.29
1988–1989	313	25,913	35,507.84	7,639.50	0.22
1987–1988	306	25,500	39,104.26	3,200.00	0.08
1986–1987	300	24,705	38,929.11	17,593.05	0.45
1985–1986	265	22,662	39,200.03	36,775.90	0.94
1984–1985	219	18,263	42,042.80	14,459.00	0.34
1983–1984	209	18,037	43,820.40	3,400.00	0.08
1982–1983	205	17,253	42,423.00	21,133.16	0.50
1981–1982	249	20,480	53,326.15	16,120.35	0.30
1980–1981	284	22,817	77,919.61	53,089.50	0.68
1979–1980	403	29,491	86,731.88	60,501.10	0.70
1978–1979	352	26,121	59,198.14	31,744.50	0.54
TOTALS			\$1,036,760.52	\$820,936.96	\$0.79

Since the program was implemented in 1978, for every dollar collected from the insured farmer, \$0.79 has been paid out in claims.

**DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 2006–MARCH 31, 2007)**

Insurable Perils	Number Animals	Total Claims Paid
1. Shipping fever	13	\$17,000.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	0	0
4. Other	0	0
5. Loss of income	0	0

**CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 2007)**

Insurable Diseases	Number Animals	Total Claims Paid
1. Acute mastitis*	108	\$104,291.40
2. Shipping fever	391	411,425.54
3. Infectious bovine rhinotracheitis	53	41,337.18
4. Brucellosis	2	810.70
5. Loss of income	0	246,872.14
6. Other	14	16,200.00
Total	568	\$820,936.96

* This peril no longer covered.

THE 2006–07 YEAR GROWING SEASON

The Commission wrote \$56 million in coverage and \$861,000 in premium income. Dairy livestock insurance adds another 140 clients, \$34 million in coverage, and \$29,500 in premium.

The 2006 crop year started out poorly in Nova Scotia. A harsh winter left many blueberry vines damaged or weakened coming into spring. Similar to the previous crop year, a cold wet spring delayed pollination in blueberries and tree fruits and caused delays in spring seeding for all areas of the province. Excess moisture during the 2006 growing season contributed to lower than normal yields in corn, potatoes, strawberries, vegetables and grain crops. Wildlife damage was also noted as a cause of reduced yield in some crops such as corn.

Combined, these conditions contributed to 197 indemnity payments totaling \$1.674 million, the highest indemnity total in the 37 year history of the Crop Insurance program. Record payments were made to the blueberry sector at \$471,992. Major crop losses occurred in tree fruits (\$397,191), vegetables (\$212,625), potatoes (\$172,449), spring grains (\$150,008) and corn (\$136,044).

In addition to developmental work on new features of existing plans, staff were heavily involved in the design of new insurance solutions for fruit trees, forages, poultry, and damage caused by wildlife. Staff also lead the national re-design of production insurance features that enable greater flexibility in risk splitting and catastrophic loss coverage. Key staff also played a major role in the design of Business Risk Management programming, the linkage between Canadian Income Stabilization Program (CAIS) and Production Insurance (PI), and the national review of the Agricultural Policy Framework (APF).

A major effort was made to replace the information management system in place at the Commission. While current and historical data was archived and transported to a temporary program solution, work continued on developing a project that would see development of a stable permanent replacement system. Following a number of delays, completion of the new system is anticipated in 2007.

TABLE 1. ESTIMATE – ACTUAL 2006–07

	Estimate 06-07 (000)s	Actual 06-07 (000)s
Revenues		
Insurance Premiums paid by Clients	\$311,000	\$365,846
Insurance Premiums Contributed by Govt (Federal)	295,000	314,540
Insurance Premiums Contributed by Govt (Provincial)	197,000	210,056
Interest Income	160,000	32,188
Total Revenues	963,000	\$922,630
Expenses		
Indemnity Claims	1,101,000	1,674,430
Reinsurance Premiums	0	0
Bad Debt Expense	13,000	(102)
Total Expenses	1,114,000	1,674,328
Net Income From Insurance Activities	(151,000)	(751,698)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	6,755,000	6,690,199
End of Year	6,604,000	6,036,623
Administrative Expenses		
Government Contributions (Canada)	534,000	546,151
Government Contributions (Nova Scotia)	360,000	382,677
Total Administrative Expenses	894,000	928,828
Net Govt Expenditure		
Canada (Premium + Administration)	829,000	860,691
Nova Scotia (Premium + Administration)	557,000	592,733
Total Program Expenditure	1,386,000	1,453,424

The Commission's 2006–07 business plan presented two priority areas. Progress on these related to program enhancements and improving customer service.

1. Program Expansion/Enhancements:

- Replacement of its under utilized forage plan with a more flexible weather based product which will offer protection against drought and quality loss during critical harvest periods.
- Inclusion of the Dairy Livestock Insurance Plan in the Production Insurance platform which will allow full cost sharing by both levels of government. This will allow producers to take advantage of the 60% government cost sharing on premiums.
- Introduction of a Poultry Insurance Livestock insurance plan to cover infectious laryngotracheitis a disease which has caused significant hardship to our poultry sector in recent years.
- Expanding coverage for fruit trees to include all trees insured for fruit production through new government cost sharing opportunities.
- Introduction of a Wildlife and Waterfowl Compensation Program which will allow for compensation for agriculture products destroyed by uncontrollable wildlife and waterfowl.
- Introduction of risk splitting benefits made possible by recent improvements to federal cost sharing guidelines.

2. Improving Customer Service

- The Commission will continue with a major replacement of its database platform with a more robust system which will allow faster access to reports and underlying data. Certain reports and procedures required for other BRM programs will be automated thus reducing customer wait times. Completion of this system is anticipated in 2007.

PERFORMANCE MEASURES

The Core Business of the Crop and Livestock Insurance Commission is the Delivery of Insurance Products to the agriculture sector. As one of the pillars of Canada's financial system, insurance plays a key role in stabilizing business incomes by providing opportunities to manage or lay off risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes.

Measure	Base / Target (2005-06)	2006-07 Target	Future Direction? Target 07-08	Comments
Number of Farms Using Production Insurance	600	690	750	Improve program effectiveness and flexibility through introduction of non-production based plans. This is in response to client requests for more options in insurance coverage.
Value of Insurance Coverage Written: The total dollar value of risk the Commission has accepted from its clients.	<i>(Millions)</i> 50	<i>(Millions)</i> 55	<i>(Millions)</i> 70	Introduction of Poultry Insurance, weather based forage insurance, expanded tree coverage, and higher unit prices and coverage options.
Aggregate Coverage Level: The % of total insurable value covered by the program.	82%	83%	84%	Introduction of more flexible risk splitting benefits for all crop plans and higher unit prices in response to market conditions.
Number of Insurance products available	14	15	17	Introduction of a Weather Based Forage product, Poultry Insurance, Wildlife Compensation product.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
FINANCIAL STATEMENTS**

MARCH 31, 2007

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2005**

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AUDITOR'S REPORT

To the Members of the Nova Scotia Crop and Livestock Insurance Commission:

We have audited the balance sheet of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 2007 and the statements of surplus and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2007 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Nova Scotia
May 15, 2007

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 2007**

	ASSETS	
	2007	2006
Current Assets		
Cash	\$ 125,994	\$ 128,292
Short-term investments (note 3)	5,825,330	6,399,531
Receivables, trade	24,509	16,923
Accrued interest receivable	132,505	213,040
	<u>6,108,338</u>	<u>6,757,786</u>
Equipment (note 4)	202,536	29,213
	<u>\$6,310,874</u>	<u>\$6,786,999</u>

LIABILITIES AND FUND BALANCES		
Current Liabilities		
Unearned premiums	\$ 49,261	\$ 52,703
Deposits for insurance	22,454	14,884
	<u>71,715</u>	<u>67,587</u>
Deferred Contributions Related to Capital Assets (note 6)		
	<u>202,536</u>	<u>29,213</u>
	<u>274,251</u>	<u>96,800</u>
Fund Balances		
Crop insurance	4,981,264	5,667,101
Livestock insurance	1,055,359	1,023,098
	<u>6,036,623</u>	<u>6,690,199</u>
	<u>\$6,310,874</u>	<u>\$6,786,999</u>

Commitments (note 10 and 13)

APPROVED ON BEHALF OF THE COMMISSION



Director



Director

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF SURPLUS AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2007

	Crop Insurance	Livestock Insurance	Totals	
			2007	2006
Revenue				
Insurance premiums (Schedule A)	\$ 860,944	\$ 29,498	\$ 890,442	\$ 821,574
Interest income	188,116	36,655	224,771	215,060
Amortization of deferred contributions (note 6)	32,188	-	32,188	11,183
	1,081,248	66,153	1,147,401	1,047,817
Expenses				
Indemnity claims (Schedule A)	1,656,030	18,400	1,674,430	1,114,807
Loss on disposal of investments	78,969	15,492	94,461	-
Bad debt expense recoveries	(102)	-	(102)	(13,001)
Administrative expenses (note 7) (Schedule B)	910,252	18,576	928,828	785,516
Amortization of capital assets	32,188	-	32,188	11,183
	2,677,337	52,468	2,729,805	1,898,505
Surplus (deficiency) before Government contributions	(1,596,089)	13,685	(1,582,404)	(850,688)
Government contributions (note 8)	910,252	18,576	928,828	785,515
	(685,837)	32,261	(653,576)	(65,173)
Net surplus (deficiency)	(685,837)	32,261	(653,576)	(65,173)
Fund balances, beginning of year	5,667,101	1,023,098	6,690,199	6,755,372
Fund balances, end of year	\$4,981,264	\$1,055,359	\$6,036,623	\$6,690,199

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2007**

	2007	2006
Operating Activities		
Net surplus (deficiency)	\$ (653,576)	\$ (65,173)
Amortization of capital assets	32,188	11,183
Amortization of deferred contributions	(32,188)	(11,183)
	(653,576)	(65,173)
Net change in non-cash working capital balances related to operations (note 9)	77,077	(87,261)
	(576,499)	(152,434)
Investing Activities		
Sale (purchase) of short-term investments	574,201	108,148
Purchase of capital assets	(205,511)	(2,913)
Deferred contributions related to capital assets	205,511	2,913
	574,201	108,148
Increase (decrease) in cash during year	(2,298)	(44,286)
Cash, beginning of year	128,292	172,578
Cash, end of year	\$ 125,994	\$ 128,292

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following accounting policy:

Capital Assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

Revenue

Revenue relating to insurance premiums is recorded in the accounts once coverage is written and the insurance certificate is issued to the producer.

3. Short-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2007 these funds had a market value of \$5,825,330 (2006 - \$6,238,094) and were invested in various GIC's and provincial promissory notes maturing in 2007 with yields from 3.75% to 4.28%.

4. Equipment

	2007	2006
Equipment and furniture	\$ 336,732	\$ 131,779
Accumulated amortization	(134,196)	(102,566)
	<u>\$ 202,536</u>	<u>\$ 29,213</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

5. Provision for Payment of Unsettled Indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year end have been estimated and recorded as a liability in the financial statements, with the exception of indemnities for Winter Grain.

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture on behalf of the Commission.

	2007	2006
Balance, beginning of year	\$ 29,213	\$ 37,483
Add: Capital assets acquired	205,511	2,913
Less: Amounts amortized to revenue	(32,188)	(11,183)
Balance, end of year	<u>\$ 202,536</u>	<u>\$ 29,213</u>

7. Related Party Transactions

Administrative expenses include \$30,000 (2006 - \$30,000) for rent and \$44,240 (2006 - \$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture.

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

8. Government Contributions

Under the crop insurance programs, producers now pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectfully. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2007 fiscal year, the Federal government contributed 60% (2006 - 60%) of the total administrative expenses for the crop insurance program with the Provincial government funding the remainder. The Provincial government funds all of the administrative costs of the livestock insurance program.

9. Net change in non-cash working capital balances related to operations

	2007	2006
Increase (decrease) in cash from changes in:		
Receivables	\$ (7,586)	\$15,013
Accrued interest receivable	80,534	(110,523)
Increase in deposits for insurance	7,570	140
Unearned premiums	(3,441)	(8,109)
	<u>\$ 77,077</u>	<u>\$ (87,261)</u>

10. Insurance Coverage

The total insurance coverage as of March 31, 2007 was \$56,401,119 (2006 - \$56,145,854), comprising crop insurance of \$22,685,467 (2006 - \$21,702,008) and livestock insurance of \$33,715,652 (2006 - \$34,443,846).

The Province is party to an agreement with the Government of Canada, whereby, the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund was to assist the Province of Nova Scotia when there was a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund were recorded by the Province as a loan receivable, although they have not been reflected in the accounting records of the Commission.

The total re-insurance premiums paid by the Province have amounted to approximately \$709,345. Management holds the opinion that the payment of these premiums was the responsibility of the Province. The matter remains unresolved as of March 31, 2007. The amount, if any, to be repaid to the Province will be recorded by the Commission at that time.

11. Pension and Post-retirement Benefits

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability or other obligations related to post-retirement benefits. The pension expense incurred in the current year was \$41,702 (2006 - \$35,531).

12. Economic dependence

The Commission is economically dependent upon the ongoing and future funding of the Nova Scotia and Federal governments.

13. Commitment

The Commission has entered into an agreement to have AG Research Inc. develop a customized computer system for a total value of \$249,000. As at March 31, 2007, \$199,619 had been paid for work completed to date. The remaining balance of \$49,381 will be paid once the final phases of the computer system have been completed and accepted by the Commission.

SCHEDULE A

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2007

	Farmer	Premium Revenue			Indemnity Claims		
		Federal	Provincial	2007	2006	2007	2006
Crop Insurance							
Spring grain	\$ 10,200	\$ 8,285	\$ 5,522	24,007	\$ 35,297	\$150,008	\$ 44,846
Winter grain	10,287	8,599	5,736	24,622	29,274	81,149	104,382
Tree fruit	112,725	122,292	81,902	316,919	262,122	397,191	272,023
Corn	27,484	24,745	16,493	68,722	76,303	136,044	43,978
Blueberries	101,978	91,607	61,069	254,654	235,580	471,992	449,401
Strawberries and raspberries	2,668	2,408	1,605	6,681	16,021	29,471	5,448
Forage	1,498	1,326	882	3,706	3,939	2,584	2,617
Soybeans	3,358	2,985	1,989	8,332	10,927	2,517	6,723
Potatoes	36,557	26,452	17,609	80,618	45,169	172,449	169,389
Vegetables	29,593	25,841	17,249	72,683	74,510	212,625	6,600
	336,348	314,540	210,056	860,944	789,142	1,656,030	1,105,407
Livestock Insurance							
Dairy	29,498	-	-	29,498	32,432	18,400	9,400
Total	\$ 365,846	\$314,540	\$210,056	\$890,442	\$821,574	\$1,674,430	\$1,114,807

SCHEDULE B

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2007**

	Crop Insurance	Livestock Insurance	Totals	
			2007	2006
Personnel	\$662,019	\$13,511	\$ 675,530	\$593,256
Transportation and communication	66,189	1,351	67,540	74,244
Information	6,469	132	6,601	10,350
Professional and special services	75,160	1,534	76,694	11,993
Office accommodation and equipment rental	49,773	1,015	50,788	33,432
Repair and maintenance of equipment	2,907	59	2,966	2,126
Materials and supplies	4,380	89	4,469	15,875
Central government services	43,355	885	44,240	44,240
	\$910,252	\$18,576	\$ 928,828	\$785,516