

CANADA-NOVA SCOTIA
Crop Insurance

ANNUAL REPORT

for the year 2007–08

The Nova Scotia
Crop & Livestock
Insurance Commission



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



CANADA-NOVA SCOTIA
Crop Insurance

ANNUAL REPORT
for the year 2007–08

The Nova Scotia
Crop & Livestock
Insurance Commission



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

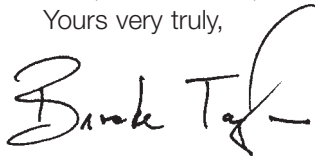


Her Honour
The Honourable Mayann E. Francis
Lieutenant-Governor of Nova Scotia

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, 2008.

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, 2008. 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

TABLE OF CONTENTS

Commission Officers . . . . .	.8
Program Background . . . . .	.9
Objectives and Responsibilities . . . . .	.9
Financial Participation . . . . .	.10
Insurance Plans in Force . . . . .	.10
Features of the Crop Insurance Plans . . . . .	.11
Statistical Summaries . . . . .	.13
The 2007–08 Season . . . . .	.19
Performance Measures . . . . .	.23
Financial Statements . . . . .	.25
Auditor’s Report . . . . .	.29

GRAPHS

Fund Revenues . . . . .	.10
Number of Contracts by Year . . . . .	.11
Acres Insured by Year . . . . .	.12
Risk by Year . . . . .	.14
Premiums and Claims by Year . . . . .	.16

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

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

A. Parsons-Lushington—Acting, Research and Development Coordinator

N.B. Sinclair—Database Administrator

AUDITOR

Auditor General, Province of Nova Scotia

SOLICITORS

C. Thompson

L. MacLeod

B. Kerr

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 dairy and poultry 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.

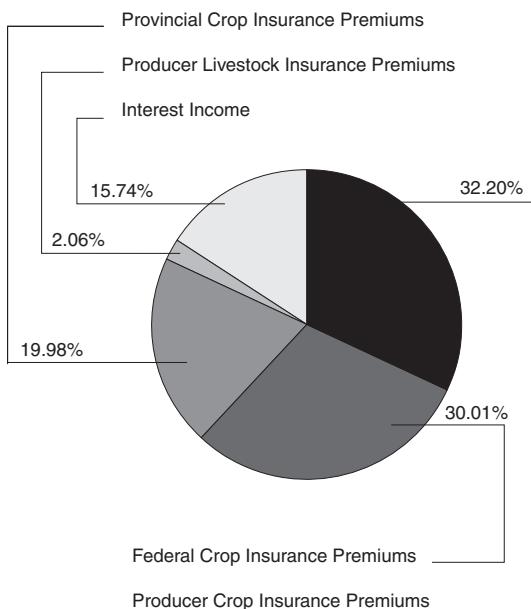
FINANCIAL PARTICIPATION

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 2007–08, 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

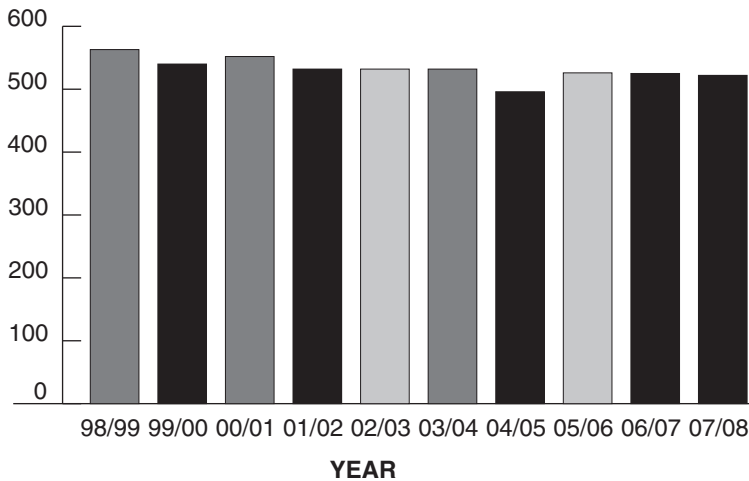


INSURANCE PLANS IN FORCE

- 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
- Soybeans:

Potatoes:	processing, seed, table
Vegetables:	broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas, and winter squash
Livestock:	dairy, poultry

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

For yield-based plans, 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.

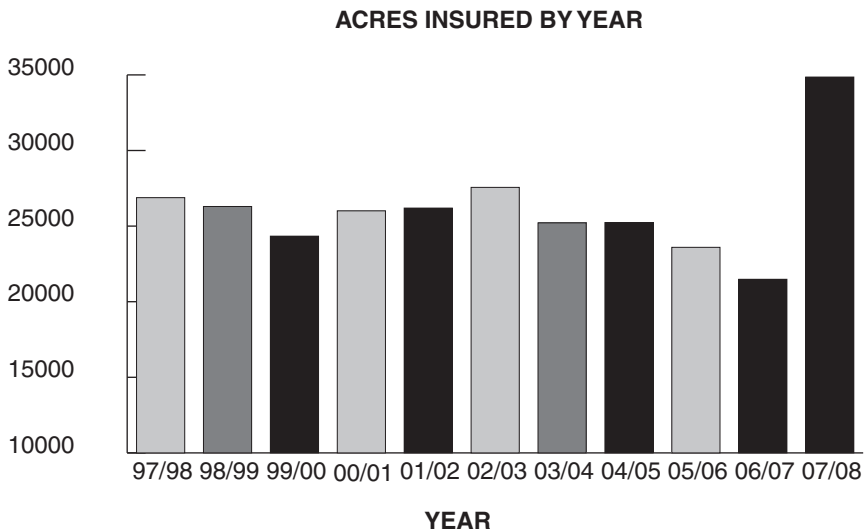
For non-yield based plans (weather) the guarantee is based on other specific measureables, such as total precipitation (or lack of) for a specified area that results in a loss of crop production or quality.

Quality Guarantee

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

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage and poultry, 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.



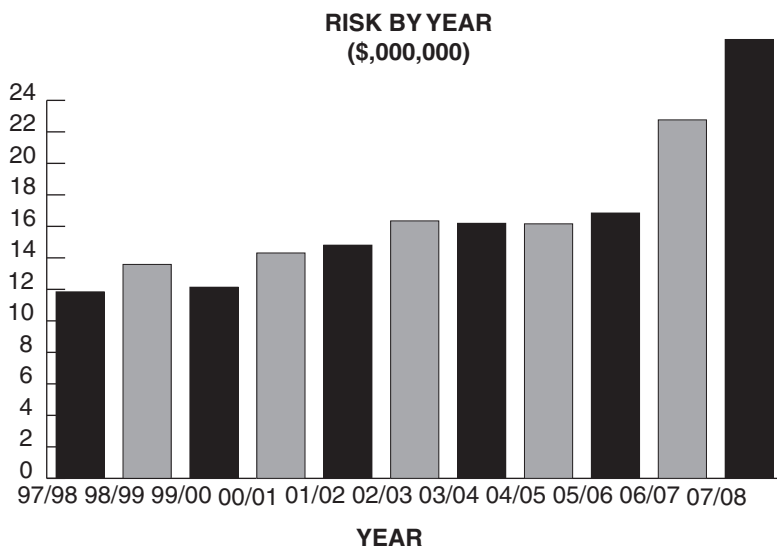
STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2007-08

Plan	No. Growers	No. Acres	Total Coverage	Total Premium	Total Indemnities
Spring Grain	66	2,675.98	367,507.07	33,690.20	106,048.69
Tree Fruit	46	2,935.91	5,660,662.23	308,754.75	296,783.14
Tree Ins. End. (Trees)	44	606,293.00	8,441,904.00	33,767.63	1,253.57
Peas & Beans	0	0	0	0	0
Forage Est.	3	164.11	22,975.40	1,957.50	0
Corn	67	7,675.68	2,127,357.49	107,406.81	61,881.66
Blueberries	177	6,671.69	6,562,251.73	419,971.31	1,297,744.49
Strawberries	2	17.93	69,567.90	7,468.77	42,807.90
Raspberries	0	0	0	0	0
Winter Grain	22	1,436.44	279,278.38	26,359.89	19,401.06
Potatoes	6	567.80	707,793.03	52,886.82	0
Soybeans	16	1,395.38	221,522.88	15,194.23	68.16
Vegetables	16	920.34	1,256,447.75	128,968.70	70,168.75
Weather Derivative	24	7,459.40	2,148,307.20	99,700.85	134,665.38
Crop Summary	579	34,856.57	27,865,575.06	1,236,127.46	2,030,822.80
		Herds Animals/Birds			
Loss Income			9,980,967.22		
Livestock	128	18,163	24,732,600.00	46,957.60	174,473.03
			34,713,567.22		
Poultry	51	6,090,671.00	8,198,822.47	1,739.15	
Totals			\$70,777,964.75	\$1,284,824.21	

Note: Winter Grain claims belongs to crop year 2007.

**SUMMARY OF CROP INSURANCE PLANS
(1969–1970 TO 2007–08 CROP YEARS INCLUSIVE)**

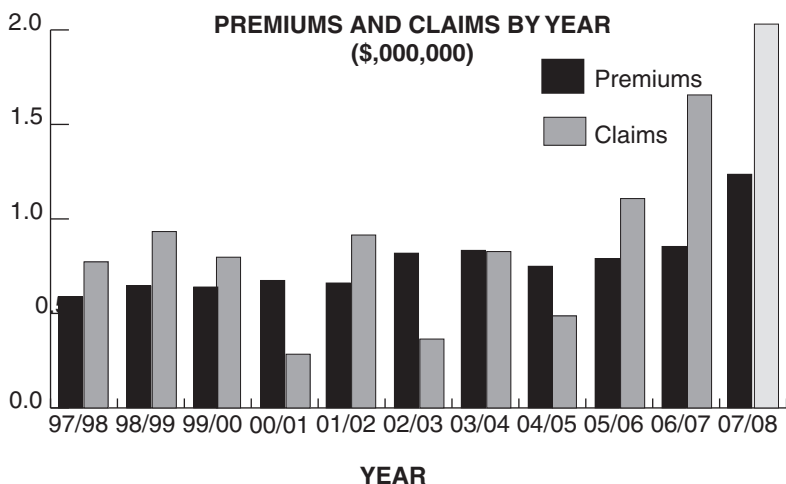
Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Spring Grain	39	1703	\$1,571,906.19	\$1,688,207.97	1.07
Winter Grain	38	339	\$717,886.49	\$771,517.56	1.07
Tree Fruit	38	605	\$5,407,172.58	\$5,515,766.79	1.02
Tree Rider	24	22	\$242,666.05	\$90,705.16	0.37
Tobacco	25	21	\$767,809.39	\$561,296.33	0.73
Corn	37	558	\$1,814,742.04	\$1,399,141.10	0.77
Peas & Beans	32	629	\$3,140,338.94	\$3,315,484.65	1.06
Blueberries	35	879	\$2,889,507.14	\$3,952,524.68	1.37
Strawberries	34	123	\$334,388.73	\$381,767.02	1.14
Forage Est.	31	150	\$102,439.94	\$84,397.92	0.82
Soybeans	22	64	\$169,679.77	\$98,857.14	0.58
Potatoes	21	31	\$951,554.99	\$1,284,623.26	1.35
Raspberries	6	4	\$1,429.44	\$3,216.60	2.25
Forage Prod.	3	1	\$16,983.20	\$4,551.38	0.27
Vegetables	8	40	\$733,224.21	\$868,171.81	1.18
Weather Derivative	1	10	\$99,700.85	\$134,665.38	1.35
TOTAL		5179	\$18,961,429.95	\$20,154,894.75	1.06



**OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969–1970 TO 2007–08 CROP YEARS INCLUSIVE)**

Crop Years	No. Contracts	Total Coverage	Total Premium	Claims Paid	Loss Ratio
2007–2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
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	13,893,446.80	646,821.92	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		\$368,542,706.56	\$18,961,429.95	\$20,154,894.75	1.06

Since the program's implementation in 1969, for every dollar collected in premium \$1.06 has been paid out in claims.



SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 2008)

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2007–2008	128	18,163	\$ 30,051.17	\$174,473.03	5.81
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			\$1,066,811.69	\$995,409.99	0.93

Since the program was implemented in 1978, for every dollar collected from the insured farmer, \$0.93 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY (APRIL 1, 2007-MARCH 31, 2008)

Insurable Perils	Number Animals	Total Claims Paid
1. Shipping fever	54	\$60,640.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	0	0
4. Other	0	0
5. Loss of Income	0	\$113,833.03

**CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 2008)**

Insurable Diseases	Number Animals	Total Claims Paid
1. Acute Mastitis*	108	\$104,291.40
2. Shipping Fever	445	472,065.54
3. Infectious Bovine Rhinotracheitis	53	41,337.18
4. Brucellosis	2	810.70
5. Loss of Income	0	360,705.17
6. Other	14	16,200.00
Total	622	\$995,409.99

* This peril no longer covered.

**SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(OCTOBER 1, 2007–MARCH 31, 2008)**

Years	No. Insured Flocks	Insured Birds	Total Premium	Claims Paid	Loss Ratio
2007–2008	170	6,090,671	\$1,739.15	\$0.00	0.00
TOTALS			\$1,739.15	\$0.00	0.00

**SUMMARY OF POULTRY INSURANCE PLAN
(2007–2008 POULTRY YEARS INCLUSIVE)**

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler (CHK)	1	0	\$1,739.15	0.00	0.00
Commercial Pullet (PUL)	1	0	0	0	0
Broiler Breeder (BRB)	1	0	0	0	0
Breeder Pullet (BRP)	1	0	0	0	0
Commercial Layer (CLR)	1	0	0	0	0
Integrated Layer (ILR)	1	0	0	0	0
TOTALS		0	\$1,739.15	\$0.00	0.00

THE 2007–08 YEAR GROWING SEASON

The Commission wrote just under \$70 million dollars in coverage in 2007–08, this represented a 25 per cent increase in coverage over the previous year. Insurance coverage was broken down as 39 per cent to crops, 49 per cent to dairy, and 12 per cent to poultry. The total premium collected was just under \$1.3 million dollars, a 41 per cent increase from the previous year. This increase was a result of increased premium for almost all crops, as well as the addition of the weather derivative insurance plan.

The 2007 crop year saw relatively good growing conditions for many of the province's field crops. This resulted in average production losses for most crops. The growing season was generally favourable for the province's apple crop, which resulted in moderate indemnity claims. Lowbush blueberries, which account for 25 per cent of the Commission's crop premium basket, saw very high yield losses. This was primarily due to poor pollination conditions. Excess rainfall during forage harvest also resulted in increased indemnity payments as a result of reduced quality.

As a result, these conditions along with the claims in the dairy plan contributed to 238 indemnity payments representing \$2.21 million dollars in payments to producers. This made 2007–08 the highest indemnity payments in the 39-year history of the crop insurance program, surpassing the previous years record claim payment. As noted, record payments were made in the blueberry sector of \$1.298 million. Crop losses were also recorded in Spring Grain (\$106,049), Tree Fruit (\$298,037), Weather (\$134,665) and Strawberry (\$42,808).

During the year, the Commission continued with developmental work in a number of areas. A new poultry insurance plan was introduced and implementation began late in 2007–08. The final developmental work on a wildlife compensation plan was also completed this year and it is expected this program will be offered early next year. Plan Development work also continued with consultations with industry on options for a stone fruit, maple, hog, and improvements to our horticultural plans. Key staff were also involved nationally on Production Insurance issues including a Livestock Insurance Task Group and a review of the National Growing Forward Agreement.

The Commission continued to make slow progress at completing development of a new information management system that would replace the numerous systems currently being used. While this project has been plagued with a number of delays, progress is being made with delivery of a fully functioning system now expected in 2008.

TABLE 1. ESTIMATE – ACTUAL 2007–08

	Estimate 07-08 (000)s	Actual 07-08 (000)s
Revenues		
Insurance Premiums Paid by Clients	357	511
Insurance Premiums Contributed by Govt (Federal)	322	448
Insurance Premiums Contributed by Govt (Provincial)	215	298
Interest Income	135	285
Total Revenues	1,029	1,542
Expenses		
Indemnity Claims	1,300	2,205
Reinsurance Premiums	0	0
Bad Debt Expense	5	14
Total Expenses	1,305	2,219
Net Income From Insurance Activities	(276)	(677)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	5,817	6,037
End of Year	5,541	5,359
Administrative Expenses		
Government Contributions (Canada)	580	465
Government Contributions (Nova Scotia)	481	326
Total Administrative Expenses	1,061	791
Net Govt Expenditure		
Canada (Premium + Administration)	902	913
Nova Scotia (Premium + Administration)	696	624
Total Program Expenditure	1,598	1,537

The Commission's 2007–08 business plan presented the following priority areas aimed at increasing the coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of products offered and the range of options available to clients. In support of government's goal of developing a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the Commission will pursue increased program participation through Program Expansion/Enhancements, including the following.

1. Program Expansion/Enhancements:

Introduction of a more flexible weather-based product 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 per cent government cost sharing on premiums.

- Introduction of a poultry livestock insurance plan to cover infectious laryngotracheitis, a disease that has caused significant hardship to our poultry sector in recent years.
- Introduction of a wildlife and waterfowl compensation program that will allow compensation for agriculture products destroyed by uncontrollable wildlife and waterfowl. Regulations will be finalized and submitted for approval early in 2008.
- Introduction of risk-splitting benefits made possible by recent improvements to federal cost-sharing guidelines. Specifically, the Commission will offer separate insurance coverage for high-value apples in support of growers who are actively seeking high margins.
- The Commission will continue the development of more flexible coverage options for horticultural crops. These may include value-based coverage and programs for commercial scale market garden operations that grow a small acreage of many different crops.

2. Improving Customer Service

- The Commission will continue with a major replacement of its database platform with a more robust system that will allow faster access to reports and underlying data. Certain reports and procedures required for other business risk management programs will be automated, thus reducing customer wait times. Completion of this system is anticipated in 2008.

PERFORMANCE MEASURES

The core business of the Crop and Livestock Insurance Commission is to deliver 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 (2004-05)	Target 2007-08	Future Direction? Target 09-10	Comments
Number of Farms Using Production Insurance	600	700	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> 52.5	<i>(Millions)</i> 72	<i>(Millions)</i> 84	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.	80%	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, 2008

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2008**

INDEX

	Page
Auditors' Report .....	.29
Balance Sheet .....	.30
Statement of Surplus and Fund Balances .....	.31
Statement of Cash Flows .....	.32
Notes to Financial Statements .....	.33
Schedule A - Premium Revenue and Indemnity Claims .....	.38
Schedule B - Administrative Expenses .....	.39

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Agriculture

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2008, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Nova Scotia
May 9, 2008

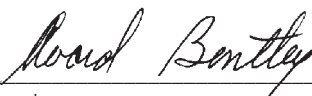
**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 2008**

ASSETS		
	2008	2007
Current Assets		
Cash	\$ 149,855	\$ 125,994
Short-term investments (note 3)	5,193,436	5,825,330
Receivables, trade	95,049	24,509
Accrued interest receivable	665	132,505
	5,439,005	6,108,338
Equipment (note 4)	318,477	202,536
	<u>\$5,757,482</u>	<u>\$6,310,874</u>


LIABILITIES		
Current		
Deferred revenue	\$ 53,427	\$ 49,261
Deposits for insurance	21,483	22,454
Unsettled indemnities (note 5)	5,225	-
	80,135	71,715
Deferred Contributions Related to Capital Assets (note 6)	318,477	202,536
	398,612	274,251
Contingency (note 10)		

FUND BALANCES		
Fund Balances		
Crop insurance	4,397,477	4,981,264
Livestock insurance	959,616	1,055,359
Poultry insurance	1,777	-
	5,358,870	6,036,623
	<u>\$5,757,482</u>	<u>\$6,310,874</u>

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, 2008**

	Totals				
	Crop Insurance	Livestock Insurance	Poultry Insurance	2008	2007
Revenue					
Insurance premiums (Schedule A)	\$1,226,535	\$ 29,031	\$ 1,739	\$1,257,305	\$ 890,442
Interest income	234,865	49,699	38	284,602	224,771
Amortization of deferred contributions (note 6)	63,099	-	-	63,099	32,188
	<u>1,524,499</u>	<u>78,730</u>	<u>1,777</u>	<u>1,605,006</u>	<u>1,147,401</u>
Expenses					
Indemnity claims (Schedule A)	2,030,823	174,473	-	2,205,296	1,674,430
Loss on disposal of investments	-	-	-	-	94,461
Bad debt expense	14,364	-	-	14,364	(102)
Administrative expenses (note 7) (Schedule B)	775,265	15,822	-	791,087	928,828
Amortization of capital assets	63,099	-	-	63,099	32,188
	<u>2,883,551</u>	<u>190,295</u>	<u>-</u>	<u>3,073,846</u>	<u>2,729,805</u>
Surplus (deficiency) before Government contributions	(1,359,052)	(111,565)	1,777	(1,468,840)	(1,582,404)
Government contributions (note 8)	775,265	15,822	-	791,087	928,828
Net surplus (deficiency)	<u>(583,787)</u>	<u>(95,743)</u>	<u>1,777</u>	<u>(677,753)</u>	<u>(653,576)</u>
Fund balances, beginning of year	4,981,264	1,055,359	-	6,036,623	6,690,199
Fund balances, end of year	<u>\$4,397,477</u>	<u>\$ 959,616</u>	<u>\$ 1,777</u>	<u>\$5,358,870</u>	<u>\$6,036,623</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2008**

	2008	2007
Operating Activities		
Net surplus (deficiency)	\$ (677,753)	\$ (653,576)
Amortization of capital assets	63,099	32,188
Amortization of deferred contributions	(63,099)	(32,188)
	<u>(677,753)</u>	<u>(653,576)</u>
Net change in non-cash working capital balances related to operations (note 9)	69,720	77,077
	<u>(608,033)</u>	<u>(576,499)</u>
Investing Activities		
Sale (purchase) of short-term investments	631,894	574,201
Purchase of capital assets	(179,040)	(205,511)
Deferred contributions related to capital assets	179,040	205,511
	<u>631,894</u>	<u>574,201</u>
Increase (decrease) in cash during year	23,861	(2,298)
Cash, beginning of year	<u>125,994</u>	<u>128,292</u>
Cash, end of year	<u>\$ 149,855</u>	<u>\$ 125,994</u>

See accompanying notes to the financial statements

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

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 policies:

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. Interest revenue is recorded in the accounts as it is earned.

Change in Accounting Policy

Financial instruments

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on the financial statements and the disclosure requirements. The Commission has adopted both of the sections effective April 1, 2007.

Under the new guidance, all financial assets must be classified as available-for-sale, held-for-trading, held-to-maturity, or loans and receivables. All financial liabilities must be classified as held for trading or other. All financial instruments classified as available-for-sale or held-for-trading are recognized at fair value on the balance sheet while financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities will continue to be measured at amortized cost using the effective interest rate method.

In accordance with this new Handbook Section the Commission has designated all financial assets as either held-for-trading or loans and receivables. Financial instruments designated as held-for-trading except those that are not traded in an active market, are measured at fair value. Equities not traded in an active market are carried at cost.

On adoption of financial instruments, the Commission's cash, short term investments and receivables reported as at March 31, 2007 were recorded at market value and no adjustment to recorded amounts was required.

3. Short-term investments

The Commission invests excess funds to be used to pay future indemnity claims. At March 31, 2008 these funds were invested in various GIC's and provincial promissory notes maturing in fiscal 2009 with yields from 3.80% to 4.68%.

4. Equipment

	2008	2007
Equipment and furniture	\$ 480,160	\$ 336,732
Accumulated amortization	(161,683)	(134,196)
	<u>\$ 318,477</u>	<u>\$ 202,536</u>

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.

	2008	2007
Balance, beginning of year	\$ 202,536	\$ 29,213
Add: Capital assets acquired	179,040	205,511
Less: Amounts amortized to revenue	(63,099)	(32,188)
Balance, end of year	<u>\$ 318,477</u>	<u>\$ 202,536</u>

7. Related party transactions

Administrative expenses include \$30,000 (2007 - \$30,000) for rent that was charged to the Commission by the Nova Scotia Department of Agriculture.

8. Government contributions

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. If an insurance premium contains a hi-cost portion, the Federal and Provincial government pay a reduced proportion of the hi-cost portion of the insurance premium. The proportion of an insurance premium that is hi-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance program or in non-refundable deposits.

For the 2008 fiscal year, the Federal government contributed 60% (2007 - 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 and poultry insurance programs.

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

	2008	2007
Increase (decrease) in cash from changes in:		
Receivables	\$ (70,540)	\$(7,586)
Accrued interest receivable	131,840	80,534
Increase in deposits for insurance	(971)	7,570
Unsettled indemnities	5,225	-
Unearned premiums	4,166	(3,441)
	<u>\$ 69,720</u>	<u>\$ 77,077</u>

10. Insurance Coverage

The total insurance coverage as of March 31, 2008 was \$70,817,637 (2007- \$56,401,119), comprising crop insurance of \$27,905,247 (2007- \$22,685,467), livestock insurance of \$34,713,567 (2007- \$33,715,652) and poultry insurance of \$8,198,822 (2007- \$NIL).

The Province was 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, 2008. 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 \$36,661 (2007 - \$41,702).

12. Economic dependence

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

13. Future changes to accounting standards

The CICA has reissued Section 3861 of the CICA Handbook as sections 3862 and 3863, Financial Instruments - Disclosure and Financial Instruments - Presentation, respectively, which establish standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Section 3862 Financial Instruments - Disclosures provides standards that will require entities to provide disclosures that will enable users to evaluate the significance of financial instruments and the nature and extent of risks arising from financial instruments. Section 3863 Financial Instruments - Presentation establishes standards to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. These sections are effective for fiscal periods beginning on or after October 1, 2007 and will be adopted on April 1, 2008. The effect of adopting these sections has not yet been determined.

SCHEDULE A

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2008**

	Farmer	Premium Revenue			Indemnity Claims		
		Federal	Provincial	2008	2007	2008	2007
Crop Insurance							
Spring grain	\$ 14,430	\$ 11,555	\$ 7,705	\$ 33,690	\$ 24,007	\$106,049	\$150,008
Winter grain	12,181	9,919	6,616	28,716	24,622	19,401	81,149
Tree fruit	123,914	130,216	86,587	340,717	316,919	298,037	397,191
Corn	43,053	38,626	25,728	107,407	68,722	61,882	136,044
Weather derivative	39,880	35,892	23,928	99,700	-	134,665	-
Blueberries	157,437	151,323	100,759	409,519	254,654	1,297,744	471,992
Strawberries and raspberries	3,185	2,572	1,712	7,469	6,681	42,808	29,471
Forage	905	817	545	2,267	3,706	-	2,584
Soybeans	6,191	5,400	3,603	15,194	8,332	68	2,517
Potatoes	22,911	17,992	11,985	52,888	80,618	-	172,449
Vegetables	56,433	43,526	29,009	128,968	72,683	70,169	212,625
	480,520	447,838	298,177	1,226,535	860,944	2,030,823	1,656,030
Livestock Insurance							
Dairy	29,031	-	-	29,031	29,498	174,473	18,400
Poultry Insurance	1,739	-	-	1,739	-	-	-
Total	\$ 511,290	\$447,838	\$298,177	\$1,257,305	\$890,442	\$2,205,296	\$1,674,430

SCHEDULE B

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2008

	Crop Insurance	Livestock and Poultry Insurance	Totals
	2008	2007	2007
Personnel	\$567,405	\$11,580	\$ 578,985
Transportation and communication	58,805	1,200	60,005
Information	9,911	202	10,113
Professional and special services	97,901	1,998	99,899
Office accommodation and equipment rental	34,190	698	34,888
Repair and maintenance of equipment	2,399	49	2,448
Materials and supplies	4,654	95	4,749
Central government services	-	-	-
	\$775,265	\$15,822	\$ 791,087
			\$928,828

