PROVINCE OF SASKATCHEWAN

MINISTRY OF AGRICULTURE

07-08

ANNUAL REPORT

AGRICULTURAL STABILIZATION ACCOUNT

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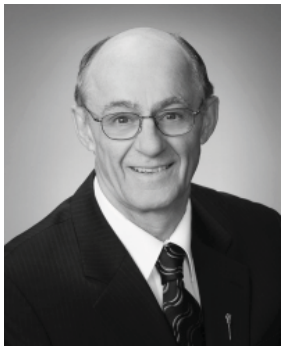
This annual report is also available in electronic format from the department's website at **www.agriculture.gov.sk.ca**.

Letter of Transmittal



His Honour
The Honourable Lieutenant Governor
Dr. Gordon L. Barnhart
Province of Saskatchewan

July 15, 2008

May it please Your Honour:

As Minister of Saskatchewan Agriculture it is my pleasure to submit the annual report for the Saskatchewan Agricultural Stabilization Fund for the year ending March 31, 2008.

Respectfully submitted,

Bob Bjornerud
Minister
Saskatchewan Agriculture

The Saskatchewan Agricultural Stabilization Fund

The Fund is established under *The Farm Financial Stability Act*.

The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers.

The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the Provincial and Federal Governments and pays out these funds according to the specific program regulations.

The Fund operates the following six accounts which are established by the regulations noted:

- New Crops Insurance Account – *The New Crops Insurance Program Regulations*
- Wildlife Damage Compensation Program Account – *The Wildlife Damage Compensation Program Regulations*
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – *The AIDA and CFIP Program Regulations*
- Canada-Saskatchewan Assistance Program (CSAP II) Account – *The Canada Saskatchewan Assistance Program Regulations*
- The BSE (Bovine Spongiform Encephalopathy) Recovery Program Account – *The Canada-Saskatchewan BSE Recovery Program Regulations, 2003*
- The Specified Risk Material Management (SRM) Program – *The Canada-Saskatchewan Specified Risk Material Management Program Regulations, 2007*

New Crops Insurance Program

In 1997, Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC) to expand the list of insurable crops to ones where there was less data available than had historically been required to obtain federal and provincial approval. This allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70 per cent, and not all features of the traditional insurance program are available for these crops. It is expected that, over time, these commodities may be moved into the traditional program.

In 2007-08, the crops covered under the program were alfalfa seed, caraway, coriander, chickpeas (Desi, large and small seed Kabuli), dryland and irrigated dry beans, Khorasan wheat, timothy hay, potatoes and vegetables. All new crops are insured for yield loss. A producer's production guarantee is determined using the provincial average yield for the new crop.

Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. SCIC requires producers who grow these crops to follow a number of industry-recommended agronomic practices regarding seeding dates, seed treatment, crop rotations and other management practices in order to be eligible for insurance.

The New Crops Insurance Account, within the Saskatchewan Agricultural Stabilization Fund is accessed when the indemnities to be paid out by SCIC exceed the premiums collected for New Crops. The resulting shortfall is paid from the Account to SCIC. In addition, the Account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the Account is allowed to carryover to subsequent fiscal years.

Wildlife Damage Compensation Program

The Wildlife Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation under the Agricultural Policy Framework on behalf of the federal and provincial governments. Under this program, compensation is provided for damage caused by ducks, geese, sandhill cranes, white-tailed and mule deer, antelope, elk, bison, moose and bears.

The program is fully funded at 80 per cent coverage, cost shared 60 per cent by the federal government and 40 per cent by the provincial government with a $100 minimum claim per crop. There are no premiums paid by producers and all Saskatchewan producers are eligible for compensation. Producers do not need to be Crop Insurance contract holders. Payments are based on the grade at the time of harvest, reflecting the value of the damaged crop; protein adjustments and malting status are not included in determining compensation amounts.

Though the former waterfowl and big game programs were combined under a single wildlife program in 2007, the compensation funds for each type of loss remain separate.

Wildlife Damage Compensation Program

Year	Waterfowl Claims	Compensation Paid	Big Game Claim	Big Game Compensation Paid*
78-79	1,586	$ 1,836,587		
79-80	908	$ 977,476		
80-81	1,233	$ 1,465,480		
81-82	305	$ 312,061		
82-83	582	$ 684,593		
83-84	541	$ 869,910		
84-85	408	$ 763,530		
85-86	2,544	$ 6,389,022		
86-87	2,950	$ 6,658,769		
87-88	1,210	$ 1,779,933		
88-89	807	$ 1,337,903		
89-90	1,384	$ 3,727,130		
90-91	760	$ 2,138,380		
91-92	392	$ 683,391		
92-93	2,040	$ 5,557,642		
93-94	1,560	$ 3,603,156		
94-95	1,668	$ 1,778,556		
95-96	709	$ 1,352,767		
96-97	2,416	$ 7,951,921		
97-98	1,077	$ 4,361,668	1,671	$ 6,412,426
98-99	298	$ 520,360	264	$ 529,955
99-00	1,600	$ 4,309,428	400	$ 893,760
00-01	1,132	$ 2,559,440	383	$ 968,948
01-02	164	$ 233,093	612	$ 1,306,835
02-03	781	$ 2,368,893	393	$ 1,164,098
03-04	1,028	$ 5,202,721	2,789	$ 10,366,683
04-05	1,654	$ 5,028,034	813	$ 1,594,932
05-06	1,601	$ 4,843,871	1,595	$ 3,567,641
06-07	1,119	$ 4,055,209	1,588	$ 3,890,262
07-08	1,458	$ 7,696,618	1,294	$ 3,721,846
TOTAL	**35,915**	**$91,047,543**	**11,802**	**$ 34,417,386**
Average	**1,197**	**$ 3,034,918**	**$1,073**	**$ 3,128,853**
Five-year average	**1,372**	**$ 5,365,291**	**$1,616**	**$ 4,628,273**

**See notes top of next page.*

***Big Game Damage Compensation Fund**

From 1984 to 1990, the Big Game Compensation Program was administered by Saskatchewan Environment. In 1991, Saskatchewan Crop Insurance took over program administration. No program was offered in 1994 and 1995. The Big Game program resumed in November of 1996 but claims were not paid until 1997. Therefore, 1997-98 included claims from both 1996 and 1997 crop years.

Prior to 1996, the big game program was a provincial responsibility while the waterfowl program was a joint responsibility with the indemnities shared between governments on a 50/50 basis. Payments under both programs were funded pay-as-you-go.

Beginning in 1996, both programs were made eligible for federal and provincial funding.

Canadian Farm Income Program (CFIP)

The Canadian Farm Income Program (CFIP) was announced in July of 2000 and provided assistance to farmers for the 2000, 2001 and 2002 tax years. CFIP was a whole farm income support program that provided payments to producers when their claim year margin dropped below 70 per cent of their previous three-year average or five-year Olympic average gross margin (gross margin is revenue less cash operating expenses). Program payment contributions and administration costs were cost shared 60:40 federal/provincial. The federal government administered the program through the CFIP Administration in Winnipeg with a satellite processing office in Regina.

There is still an amount owing to the Government of Canada for the CFIP program contingent upon the finalization of the Herd Retention Credit amount. Therefore activity in 2008-09 will be limited to program windup.

BSE Recovery Program

No activity occurred in this account in 2007-08.

Canada-Saskatchewan Assistance Program (CSAP II)

The CSAP II Program was in place for the 1999 stabilization year only, and therefore activity in 2007-08 was limited as it dealt with claims outstanding due to various reasons (eg. appeals).

Specified Risk Material Management Program (SRM)

The SRM Program provides funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The total cost for the program is $18.3 million and is cost shared 60:40 between Canada and Saskatchewan. The program was announced March 30, 2007 and, application deadline is December 8, 2008. During 2007-08 payments were made on four projects totaling $3.1 million.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (Fund) have been prepared by management in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments where appropriate.

The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

Alanna Koch
Deputy Minister
Saskatchewan Ministry of Agriculture
June 6, 2008

Laurier Donais, CA
Director
Corporate Services Branch
Saskatchewan Ministry of Agriculture
June 6, 2008

Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2008 and the statements of operations and changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund'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. These 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 Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Canada
June 6, 2008

Financial Statements

Statement of Financial Position

As at March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		AIDA-CFIP Program	
	2008	2007	2008	2007	2008	2007
Financial Assets						
Cash	$ 69,468	$ 19,445	$ —	$ —	$ 296	$ 296
Due from Province of Saskatchewan						
- General Revenue Fund (note 3)	197,497	1,661,357	6,342,447	6,079,494	6,944,000	6,944,000
Due from Government of Canada	421,663	2,625,243	—	—	—	—
Accrued interest and other receivables	24,080	22,811	55,594	63,059	—	—
	$ 712,708	$ 4,328,856	$ 6,398,041	$ 6,142,553	$ 6,944,296	$ 6,944,296
Liabilities						
Accounts payable and accrued liabilities	33,467	9,112	—	—	—	—
Indemnities payable	525,256	4,064,069	—	—	—	—
Due to the Saskatchewan Crop Insurance Corporation	153,985	255,675	—	—	—	—
Due to Government of Canada (note 4)	—	—	—	—	4,882,620	4,945,520
Deferred Revenue	—	—	—	—	—	—
	712,708	4,328,856	—	—	4,882,620	4,945,520
Net Financial Assets	$ —	$ —	$ 6,398,041	$ 6,142,553	$ 2,061,676	$ 1,998,776

See accompanying notes to financial statements

Statement of Financial Position (continued)

Canada-Saskatchewan BSE Recovery Program		Canada- Saskatchewan Assistance Program (CSAP II)		Specified Risk Material Management Program		Total	
2008	2007	2008	2007	2008	2007	2008	2007
$ —	$ —	$ —	$ 2,105	$ 6,477,581	$ 7,333,000	$ 6,547,345	$ 7,354,846
47,059	8,521	—	—	—	—	$ 13,531,003	$ 14,693,372
—	38,538	—	—	—	—	$ 421,663	$ 2,663,781
—	—	—	8	—	—	$ 79,674	$ 85,878
$ 47,059	$ 47,059	$ —	$ 2,113	$ 6,477,581	$ 7,333,000	$ 20,579,685	$ 24,797,877
—	—	—	—	—	—	$ 33,467	$ 9,112
—	—	—	—	—	—	$ 525,256	$ 4,064,069
—	—	—	—	—	—	$ 153,985	$ 255,675
—	—	—	—	—	—	$ 4,882,620	$ 4,945,520
				$ 410,373		$ 410,373	$ –
—	—	—	—	$ 410,373		$ 6,005,701	$ 9,274,376
$ 47,059	$ 47,059	$ —	$ 2,113	$ 6,067,208	$ 7,333,000	$ 14,573,984	$ 15,523,501

See accompanying notes to financial statements

Statement of Operations and Changes in Net Financial Assets

For the year ended March 31

	Wildlife Damage Compensation Program Damage		New Crops Insurance Program		AIDA-CFIP Program	
	2008	2007	2008	2007	2008	2007
Revenue						
Interest income	$ 1,284	$ 1,268	$ 255,488	$ 255,601	$ —	$ —
Province of Saskatchewan						
- General Revenue Fund grant programs	3,161,141	3,269,722	—	—	—	—
Government of Canada	4,741,711	4,904,582	—	—	—	—
Other	—	—	—	—	62,900	—
	7,904,136	8,175,572	255,488	255,601	62,900	—
Expenses						
Indemnities	7,904,006	8,175,361	—	—	—	—
Grants to producers and facilities	—	—	—	—	—	—
Transfers to the Government of Canada	—	—	—	—	—	—
Other expenses	130	211	—	—	—	—
	7,904,136	8,175,572	—	—	—	—
Excess (deficiency) of revenue over expenses for the year for the year	—	—	255,488	255,601	62,900	—
Net financial assets, beginning of year	—	—	6,142,553	5,886,952	1,998,776	1,998,776
Net financial assets, end of year	$ —	$ —	$ 6,398,041	$ 6,142,553	$ 2,061,676	$ 1,998,776

See accompanying notes to financial statements

Statement of Operations and Changes in Net Financial Assets (continued)

Canada-Saskatchewan BSE Recovery Program		Canada-Saskatchewan Assistance Program (CSAP II)		Specified Risk Material Management Program		Total	
2008	2007	2008	2007	2008	2007	2008	2007
$ —	$ —	$ 82	$ 92	$ —	$ —	$ 256,854	$ 256,961
—	—	—	—	—	7,333,000	$ 3,161,141	$ 10,602,722
—	—	—	—	1,861,188	—	$ 6,602,899	$ 4,904,582
—	—	—	—	—	—	$ 62,900	$ —
—	—	82	92	1,861,188	7,333,000	$ 10,083,794	$ 15,764,265
—	—	—	—	—	—	$ 7,904,006	$ 8,175,361
—	—		(39)	3,126,980	—	$ 3,126,980	$ (39)
—	—	1,536	—	—	—	$ 1,536	$ —
—		659	—	—	—	$ 789	$ 211
—	—	2,195	(39)	3,126,980	—	$ 11,033,311	$ 8,175,533
—	—	(2,113)	131	(1,265,792)	7,333,000	$ (949,517)	$ 7,588,732
47,059	47,059	2,1113	1,982	7,333,000	—	$ 15,523,501	$ 7,934,769
$ 47,059	$ 47,059	$ —	$ 2,113	$ 6,067,208	$ 7,333,000	$ 14,573,984	$ 15,523,501

See accompanying notes to financial statements

Statement of Cash Flows

For the Year ended March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		AIDA-CFIP Program	
	2008	2007	2008	2007	2008	2007
Cash Flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ 6,945,291	$ 4,623,924	$ —	$ —	$ —	$ —
Cash receipts from the General Revenue Fund	2,963,644	1,608,365	—	—	—	—
Increase in funds held by the General Revenue Fund	197,497	1,661,357	—	—	26,118	—
Interest received	15	(6,793)	262,953	245,949	—	—
Cash paid to the Government of Canada	—	—	—	—	(26,118)	—
Cash paid to the Government of Saskatchewan	—	—	—	—	—	—
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	(101,690)	212,722	—	(477,781)	—	—
Cash received from (paid to) administration	(130)	(211)	—	—	—	—
Cash received from (paid to) producers	(11,418,464)	(7,937,215)	—	—	—	—
Net increase (decrease) in cash and cash equivalents	(1,413,837)	162,149	262,953	(231,832)	—	—
Cash and cash equivalents at beginning of year	1,680,802	1,518,653	6,079,494	6,311,326	6,944,296	6,944,296
Cash and cash equivalents at end of year	$ 266,965	$ 1,680,802	$ 6,342,447	$ 6,079,494	$ 6,944,296	$ 6,944,296
Cash and cash equivalents include:						
Cash	$ 69,468	$ 19,445	$ —	$ —	$ 296	$ 296
Due from the Province of Saskatchewan – General Revenue Fund	197,497	1,661,347	6,342,447	6,079,494	6,944,000	6,944,000
	$ 266,965	$ 1,680,802	$ 6,342,447	$ 6,079,494	$ 6,944,296	$ 6,944,296

See accompanying notes to financial statements

Statement of Cash Flows (continued)

Canada-Saskatchewan BSE Recovery Program		Canada-Saskatchewan Assistance Program (CSAP II)		Specified Risk Material Management Program		Total	
2008	2007	2008	2007	2008	2007	2008	2007
$ 38,538	$ —	$ —	$ —	$ 2,271,561	$ —	$ 9,255,390	$ 4,623,924
—	—	—	—	—	7,333,000	$ 2,963,644	$ 8,941,365
—	—	—	—	—	—	$ 223,615	$ 1,661,357
—	—	90	84	—	—	$ 263,058	$ 239,240
—	—	(1,536)	—	—	—	$ (27,654)	$ —
—	—	(659)	—	—	—	$ (659)	$ —
—	—	—	—	—	—	$ (101,690)	$ (265,059)
—	—	—	—	—	—	$ (130)	$ (211)
—	—	—	39	(3,126,980)	—	$ (14,545,444)	$ (7,937,176)
38,538	—	(2,105)	123	(855,419)	7,333,000	$ (1,969,870)	$ 7,263,440
8,521	8,521	2,105	1,982	7,333,000	—	$ 22,048,218	$ 14,784,778
$ 47,059	$ 8,521	$ —	$ 2,105	$ 6,477,581	$ 7,333,000	$ 20,078,348	$ 22,048,218
$ —	$ —	$ —	$ 2,105	$ 6,477,581	$ 7,333,000	$ 6,547,345	$ 7,354,846
47,059	8,521	—	—	—	—	$ 13,531,003	$ 14,693,372
$ 47,059	$ 8,521	$ —	$ 2,105	$ 6,477,581	$ 7,333,000	$ 20,078,348	$ 22,048,218

See accompanying notes to financial statements

Notes to the Financial Statements
As at March 31, 2008

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act).

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Wildlife Damage Compensation Program:
The Wildlife Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation and is the successor program to the Big Game Damage Compensation and the Waterfowl Damage Compensation Programs, which were established in 1996-97 and 1997-98 fiscal years respectively, pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by big game and waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act, and is administered by the Saskatchewan Ministry of Agriculture. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative, administered by the Federal Government, to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs are virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program was in place for producers' 2000, 2001, and 2002 claim years.

Canada-Saskatchewan BSE Recovery Program:
The Canada-Saskatchewan Bovine Spongiform Encephalopathy (BSE) Recovery Program was established in 2003-04 pursuant to Part IV of the Act and is administered by the Saskatchewan Ministry of Agriculture. The purpose of the program is to provide assistance payments to producers and packers affected by the closure of the Canada-United States border to eligible livestock exports.

Canada-Saskatchewan Assistance Program (CSAP II):
The Canada-Saskatchewan Assistance Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

Canada-Saskatchewan Specified Risk Material Management Program (SRM):
On June 26, 2006, the Canadian Food Inspection Agency (CFIA) announced enhancements to Canada's feed ban in an attempt to strengthen Canada's safeguards against the spread of BSE and to speed its eradication. The CFIA regulations require all Specified Risk Material (SRM) tissues to be removed and excluded from use in all animal feed, pet food, and fertilizer and disposed in a manner approved by the CFIA by July 12, 2007.

The Canada-Saskatchewan SRM Management Program provides funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The goal is to create viable environmentally safe disposal options across Saskatchewan to reduce the cost of industry adaptation to the new CFIA regulations.

The purpose of the program is to provide assistance payments to eligible applicants who develop the necessary infrastructure to remove, segregate, store, transport, dispose of or destroy specified risk material.

In the event that these programs terminate, any remaining financial net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted, and as a result is deferred until the program itself incurs expenses.

The Wildlife Damage Compensation program is funded 60 per cent by the Federal Government and 40 per cent by the Provincial Government.

The Slaughter and the Packer Incentive, Cull Animal, Fed Cattle Set-Aside, and Feeder Calf Set-Aside elements of the BSE Recovery Program are funded 60 per cent by the Federal Government and 40 per cent by the Provincial Government. The Inventory Set-Aside, Other Ruminant Industry Transitional Element, and Fed Livestock Competitive Market Adjustment elements of the BSE Recovery Program are funded 100 per cent by the Provincial Government.

The CSAP II was funded 70 per cent by the Federal Government and 30 per cent by the Provincial Government.

The New Crops Insurance program was funded 60 per cent by the Federal Government and 40 per cent by the Provincial Government.

The Specified Risk Material Management program is funded 60 per cent by the Federal Government (to a maximum of $11 million) and 40 per cent by the Provincial Government (to a maximum of $7.3 million).

The amount recognized as revenue from the Federal Government is a percentage of the program eligible expenses.

The Fund only administers the Provincial portion of the AIDA and CFIP programs and as a result, the Fund does not record any funding from the Federal Government for its portion of AIDA or CFIP.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria have been met. The return of grant money to the General Revenue Fund is recognized as an expense.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The significant item subject to such estimates and assumptions is indemnities payable. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's 30-day borrowing rate, and is based on the fund's average daily account balance. The average of the 30-day borrowing rate was 4.8 per cent (2007 – 4.15 per cent). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds, the Wildlife Damage Compensation Program funds and the Canada-Saskatchewan BSE Recovery Program funds are deposited in the General Revenue Fund. Interest is not paid on these accounts.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Due to Government of Canada

The amount payable to the Government of Canada for AIDA/CFIP programs is contingent upon the finalization of the Herd Retention Credit amount. The Herd Retention Credit recognizes that the Province of Saskatchewan had a Herd Retention Program that provided financial assistance to livestock producers to relieve financial hardship caused by drought in certain regions of Saskatchewan during 2002. The Government of Canada did not cost share the Herd Retention Program, but the provision of the program by Saskatchewan did reduce the Federal Government's costs under the Canadian Farm Income Program (CFIP) as the program was considered eligible income for CFIP purposes.

In 2004, the Government of Canada agreed to provide an estimated $5 million Herd Retention Credit equivalent to its estimated savings on the CFIP program for those producers who participated in the Herd Retention Program. The exact amount of the Herd Retention Credit is not known until finalization of calculations, but the Federal Government provided an estimate for Herd Retention Credit of $2.3 million (2007 – $2.7 million) which has been recorded in these financial statements as a reduction to the provincial liability to the Government of Canada for AIDA/CFIP programs.

5. Planned results

	Budget 2007-08 ($000)	**Actual** 2007-08 ($000)	**Actual** 2006-07 ($000)
Revenue			
New Crops Insurance	250	255	256
Wildlife Damage Compensation	7,250	7,904	8,175
AIDA-CFIP	-	63	-
Canada-Saskatchewan BSE Recovery	-	-	-
CSAP II	-	-	-
Specified Risk Material Management	-	1,861	7,333
Expenses			
New Crops Insurance	-	-	-
Wildlife Damage Compensation	7,250	7,904	8,175
AIDA-CFIP	-	-	-
Canada-Saskatchewan BSE Recovery	-	-	-
CSAP II	-	2	-
Specified Risk Material Management	4,000	3,127	-

6. Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

7. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Wildlife Damage Compensation, New Crops Insurance, and Canada-Saskatchewan Assistance programs.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established Government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various ministry appropriations and, therefore, no provision for such costs is reflected in these financial statements.

8. Commitments

Grants paid under the Specified Risk Management Program are subject to a 10 per cent holdback. When the program applicant provides final documentation that the project meets all program requirements the holdback will be released. As March 31, 2008, these holdbacks totalled $338,935.

9. Comparative figures

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.