

# Livestock Owners Compensation Board

## Annual Performance Report 2020-21





## Chairperson's Message

The Honourable Derrick Bragg  
Department of Fisheries, Forestry and Agriculture  
Petten Building  
30 Strawberry Marsh Road  
P.O. Box 8700  
St. John's, NL A1B 4J6

Dear Minister Bragg:

I am pleased to submit the Annual Performance Report for the Livestock Owners Compensation Board, a Category Three public body under the **Transparency and Accountability Act**. This report covers the period April 1, 2020, to March 31, 2021.

The Livestock Owners Compensation Board recognizes its legislative role under the **Livestock Insurance Act** to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister.

The Board has prepared this report to outline its activities during the 2020-21 fiscal year in fulfillment of the objective established under the 2020-23 Activity Plan. The government's commitment to increasing the province's food self-sufficiency has been considered in the preparation of this report.

As Chair of the Livestock Owners Compensation Board, my signature on behalf of the Board signifies its accountability for the preparation of this report and the results reported herein.

Respectfully submitted,

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

Cynthia MacDonald  
Chairperson

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## Overview

Subsection 3(2) of the **Livestock Insurance Act** provides for the membership of the Livestock Owners Compensation Board (LOCB). The membership of the LOCB shall consist of not less than three, and not more than five members to be appointed by the Lieutenant-Governor in Council to hold office at pleasure.

As of March 31, 2021, the LOCB consisted of the following members:

Name	Position	Appointment Term	Community*
Cynthia MacDonald	Chairperson, Director of Agriculture Business Development, FFA	At Pleasure	Corner Brook, NL
Nathan Dennis	Producer Representative	March 5, 2018- March 5, 2022	Cormack, NL
Melvin J. Rideout	Producer Representative	March 5, 2018- March 5, 2022	Cormack, NL
Gerald Wicks	Vice-Chairperson, Retired Provincial Representative	At Pleasure	Mount Pearl, NL

\* Note: Community means place of residence as of March 31, 2021.

Livestock owners throughout Newfoundland and Labrador are able to purchase insurance at reasonable rates for dairy cattle, beef cattle, sheep and goats through the Livestock Insurance Program. Livestock Insurance offers financial protection against losses from predatory animal attacks. Losses due to other factors such as disease or fire are not covered by the Livestock Insurance Program.

The LOCB operates on a budget of \$10,550 annually, dependent upon the number of indemnity payments made in the year, and falls under the Department of Fisheries, Forestry and Agriculture (FFA). Annual revenues in 2020-21 were \$10,509 and included administrative costs paid by the Provincial Government of \$9,986 and premiums received from livestock owners of \$523. Annual expenditures in 2020-21 were \$11,159, which includes administration costs and bank fees. The LOCB revenues and expenditures vary from year to year due to changes in program participation and degree of livestock losses. Due to impacts of the COVID-19 pandemic, application information including premium/coverage rates, application forms and other program details were e-mailed to Agricultural Development Officers, the Newfoundland and Labrador Federation of Agriculture for distribution, and any returning or new producers who requested information. Application packages were mailed to producers upon request. Eight producers availed of the program in 2020-21.

Indemnity claims for 2020-21 totaled \$1,170 with one producer claiming a total of \$750 due to a severe loss from several coyotes.

Agricultural Development Officers employed by FFA carry out field work for the LOCB. The Program Manager is also employed by FFA. Administration expenses consist of a salary allocation and professional services. Revenues are premiums paid by applicants to the program.

The trend in the provincial industry over the last two decades has been a gradual decrease in the number of animals insured under the Livestock Insurance Program, from more than 1,200 provincial animals in 1999-2000 to a low of 66 in 2019-20. The overall decrease in the number of animals insured and the downward trend in indemnity claims is likely a result of producers putting more focus on mitigating risk in the form of predator control fencing, use of guard animals, and keeping their animals closer to their homes. The increased indemnity claim amount of \$1,170 for 2020-21 is not normally expected, and occurred due to a group of coyotes in close proximity to a farm.

The 2020-21 premium and indemnity rates are detailed in Appendix A. See Appendix B for audited 2020-21 LOCB financial statements.

**Table 1: 2020-21 Livestock Insurance Specifics**

	Sheep	Lambs	Goats	Beef Cattle	Total
Insured Animals (#)	36	107	5	3	151
Premiums Collected (\$)	151	358	12	2	523
Coverage (\$)	7,560	13,375	1,150	210	22,295
Indemnity (\$)	420	750	0	0	1,170
Claims (#)	2	6	0	0	8

This report is available in alternate formats. Please contact the LOCB, headquartered in Corner Brook, at (709) 637-2077 or by emailing [amullins@gov.nl.ca](mailto:amullins@gov.nl.ca).

### Lines of Business:

The Board provides compensation to owners of sheep, goats and cattle in the unfortunate event that their animals suffer injury or death by roaming dogs or other predators such as coyotes, lynx and bears. All types of predator attacks are compensated for provided that the carcass of the injured or dead animal and corresponding ear tag are available for inspection. These program requirements are necessary to reduce the moral hazard that

may affect indemnity claims.

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

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

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

#### **Vision:**

Through the Livestock Insurance Program, the LOCB protects investments in livestock. By easing the financial burden caused by livestock loss, the program helps ensure resources are available for future generations and helps ensure prospects for future development. This contributes to the vision of the Department, stated as follows:

The vision of FFA is that of sustainable renewable resources that are responsibly developed for the social, cultural, ecological, and economic well-being of the province.

#### **Mandate:**

The mandate of the LOCB is to establish and carry out a Livestock Insurance Program under the direction, supervision and control of the Minister of FFA. The Board shall:

- Administer plans of livestock insurance established under the **Livestock Insurance Act** or the regulations;
- Fix by order, and publish in the Gazette the prescribed amount in respect of each class of livestock that may be paid out of the fund for losses caused by dogs or predators;
- Conduct surveys and research programs relating to insurance and obtain statistics for the purposes of the Board;
- Evaluate and determine livestock losses and pay claims under a plan;

- Enter into agreements with, or retain persons for the soliciting and receiving of applications for instance, the collecting of premiums and the adjusting of claims under plans for and on behalf of the Board, and other tasks on its behalf that the Board considers necessary;
- Require an applicant for livestock insurance or an insured person to provide the information, statements and reports that the Board may require;
- Exercise the powers and perform the duties that are conferred or imposed upon it under the **Livestock Insurance Act** or another Act;
- Perform the other functions and discharge the other duties that are assigned to it by the Lieutenant-Governor in Council; and
- Make the orders and directions that are necessary to enforce the observance of the **Livestock Insurance Act**, the regulations or a plan.

Please refer to Appendix C for the Board's legislated mandate. The **Livestock Insurance Act** can be found at <http://www.assembly.nl.ca/legislation/sr/statutes /l23.htm>.

## Highlights and Partnerships

Throughout the 2020-21 fiscal year, the LOCB continued to partner with members of the livestock industry to promote and deliver a risk management product to livestock producers. The program provides producers with the opportunity to implement financial safeguards in the event of an animal loss, and enhances the sector's capacity for agricultural growth and food self-sufficiency.

## Report on Performance

In its 2020-23 Activity Plan, administration of the Livestock Insurance Program was identified as the key priority of the LOCB for the 2020-23 planning period.

Through the administration of the Program, the LOCB's activities during 2020-21 directly supported primary agriculture production, thus supporting government's commitments to increasing the province's food self-sustainability. Activities also contributed to overall agrifoods resource management and provided direct support to industry to help strengthen competitiveness, both factors that support the commitments of the Provincial Government toward food self-sustainability.

The LOCB's 2020-23 Activity Plan can be found on the FFA departmental website at: <https://www.gov.nl.ca/ffa/files/LOCBActivityPlan2020-23.pdf/ffa>.

### Issue 1: Management and Administration of the Livestock Insurance Program

The primary issue of the LOCB is to deliver the Livestock Insurance Program to the livestock producers of Newfoundland and Labrador who choose to participate, and to

monitor the sustainability of the insurance fund, which accumulates premiums and pays indemnities. The LOCB will report on the same objective and indicators each year, as described in its 2020-23 Activity Plan.

**Objective:** By March 31, 2021, the Livestock Owners Compensation Board will have continued to offer an insurance plan to producers under the Act and performed ongoing monitoring and assessment of the insurance fund.

**Indicators:**

- **Registered all applications**

The LOCB sent paper and electronic applications to livestock producers and industry representatives during the 2020-21 fiscal year. Eight producers who were interested in participating in the Program returned completed applications by the application deadline of April 1, 2020. Upon receipt of these applications, participants were registered in the LOCB's databank.

- **Issued contracts**

For each of the eight participants that registered with the Program in 2020-21, a contract was issued and a copy placed in the participant's file. The contract outlines the terms and conditions of the Program, and the responsibilities of both the participant and the LOCB.

- **Inspected all livestock claims**

All livestock claims in 2020-21 were reported to the LOCB within 48 hours and inspections were carried out by Agricultural Development Officers.

- **Reviewed all claims**

Eight indemnity claims were made during the 2020-21 production year. Six claims were approved for payment for a loss of lambs in the amount of \$750 and two claims were approved for a loss of sheep in the amount of \$420. All claims were inspected by Agricultural Development Officers and approved by the Board.

- **Communicated decisions to applicants and paid indemnities, where applicable**

Throughout 2020-21, all notice of claim payments and indemnity cheques were mailed to the insured producers upon Board approval of the claim.

- **Monitored insurance fund for sustainability, recommended changes as necessary, and implemented approved changes.**

During 2020-21, the Program Manager of the LOCB continued to monitor the insurance fund for sustainability. There have been no changes to the Program since 2012. At the annual Board meeting in December 2020, there were no



recommended changes to the premium and indemnity rates.

## **Opportunities and Challenges**

As producers move towards more intensive and indoor production practices the requirement for protection against predators tends to diminish. Animals may be kept inside barns to protect from predators which results in limited losses due to predator attacks.

In recent years there has been some interest from goat producers who are planning to grow and expand their production units. This represents an opportunity for increased client base for the Livestock Insurance Program. In the past five years the LOCB has updated the goat compensation rates to be more reflective of industry prices making the program more appealing to current goat producers.

As the beef cattle industry grows in the province there may be a demand for predation insurance to protect calves from predator attacks.

As the Agriculture Development Officers become aware of new livestock producers, they forward contact information to the LOCB for Spring mail-outs of Livestock Insurance Program Applications, which helps ensure that all new producers are made aware of the Program. Information related to livestock insurance is posted on the Government of Newfoundland and Labrador webpage, as well as the Departmental Twitter account.

The COVID-19 pandemic has had minimal impact on the delivery of the Livestock Insurance Program, with service being delivered to producers similar to previous years. Departmental staff were cognizant of physical distancing, personal protective equipment and sanitation procedures while performing on-farm inspections. Producers were encouraged to submit applications via email, and consultations with producers were carried out over the phone. Moving forward, the LOCB will continue to follow COVID-19 guidelines and deliver the Livestock Insurance Program with little to no negative impact to producers.

## Appendix A:

### 2020-21 Premium and Compensation Rates for Livestock Insurance

#### SHEEP

CLASS	BASE PREMIUM	COMPENSATION
Grade Ram	\$4.20	\$210.00
Grade Ewe	\$4.20	\$210.00
Grade Ram Lamb	\$3.35	\$125.00
Grade Ewe Lamb	\$3.35	\$125.00
Registered Ram	\$4.50	\$450.00
Registered Ewe	\$4.00	\$400.00
Registered Ram Lamb	\$6.00	\$600.00
Registered Ewe Lamb	\$5.30	\$530.00

#### GOATS

CLASS	BASE PREMIUM	COMPENSATION
Grade Bucks	\$2.00	\$200.00
Grade Does	\$2.00	\$200.00
Grade Buck Kids	\$1.00	\$100.00
Grade Doe Kids	\$1.00	\$100.00
Registered Bucks	\$2.50	\$250.00
Registered Does	\$2.50	\$250.00
Registered Buck Kids	\$2.00	\$200.00
Registered Doe Kids	\$2.00	\$200.00

#### BEEF CATTLE

CLASS	BASE PREMIUM	COMPENSATION
Grade Bulls	\$4.00	\$400.00
Grade Cows	\$4.00	\$400.00
Grade Heifers/Steers (1-2 yr)	\$2.00	\$200.00
Grade Calves (M/F < 1yr)	\$0.70	\$70.00
Registered Bulls	\$6.50	\$650.00
Registered Cows	\$6.50	\$650.00
Registered Heifers/Steers (1-2 yr)	\$4.00	\$400.00
Registered Calves (M/F < 1yr)	\$1.00	\$100.00

**DAIRY CATTLE**

CLASS	BASE PREMIUM	COMPENSATION
Grade Bulls	\$5.00	\$500.00
Grade Cows	\$5.00	\$500.00
Grade Heifers/Steers (1-2 yr)	\$3.00	\$300.00
Grade Calves (M/F < 1yr)	\$0.70	\$70.00
Registered Bulls	\$7.50	\$750.00
Registered Cows	\$7.50	\$750.00
Registered Heifers/Steers (1-2 yr)	\$5.00	\$500.00
Registered Calves (M/F < 1yr)	\$1.50	\$150.00

	COST	MINIMUM TRIGGER
Tier 1	Base Premium	—
Tier 2	Base Premium + \$1 additional for each head insured	3 claims or 8 animals in previous insured year
Tier 3	Base Premium + \$2 additional for each head insured	4 claims or 10 animals in previous insured year
Tier 4	Base Premium + \$3 additional for each head insured	5 or more claims or more than 10 animals in previous insured year

**Tier 2 Duration:**

Insured would stay at Tier 2 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Tier 3 Duration:**

Insured would stay at Tier 3 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Tier 4 Duration:**

Insured would stay at Tier 4 until they have maintained Tier 1 requirements of less than 3 claims and less than 8 animals each year for five consecutive insured years at which time they return to Tier 1.

**Appendix B:**  
**2020-21 Livestock Owners Compensation Board Financial Statements**

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

Office of the Auditor General

## Management's Report

### Management's Responsibility for the Livestock Owners Compensation Board, Livestock Owners Compensation Fund Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Livestock Owners Compensation Board in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Livestock Owners Compensation Board.

On behalf of the Livestock Owners Compensation Board.



Ms. Cynthia MacDonald, P.Ag.  
Director of Agriculture Business Development



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Livestock Owners Compensation Board,  
Livestock Owners Compensation Fund  
Corner Brook, Newfoundland and Labrador

### Opinion

I have audited the financial statements of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund (the Board), which comprise the statement of financial position as at March 31, 2021 and the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2021, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (cont.)**

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Independent Auditor's Report (cont.)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



**SANDRA RUSSELL, CPA, CA**  
**Deputy Auditor General**

July 2, 2021  
St. John's, Newfoundland and Labrador



**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
STATEMENT OF FINANCIAL POSITION**  
As at March 31

2021

2020

**FINANCIAL ASSETS**

Cash	\$ 14,825	\$ 15,482
	<u>14,825</u>	<u>15,482</u>

**LIABILITIES**

Accounts payable	-	7
	<u>-</u>	<u>7</u>
<b>Net financial assets</b>	<b>14,825</b>	<b>15,475</b>

**NON-FINANCIAL ASSETS**

Accumulated surplus	\$ 14,825	\$ 15,475
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The accompanying notes are an integral part  
of these financial statements

Signed on behalf of the Board:

*C. MacDonald*

Chairperson

*Melvin J. Stewart*

Member

Office of the Auditor General

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
STATEMENT OF OPERATIONS  
For the Year Ended March 31**

	2021 Budget	2021 Actual	2020 Actual
	(Note 6)		
<b>REVENUES</b>			
Province of Newfoundland and Labrador			
Payments on behalf of the Board (Note 5)	\$ 10,000	\$ 9,986	\$ 5,757
Premiums from livestock owners	550	523	239
	<u>10,550</u>	<u>10,509</u>	<u>5,996</u>
<b>EXPENSES (Note 4)</b>			
Indemnity claims	500	1,170	-
Administration	10,005	9,989	5,759
	<u>10,505</u>	<u>11,159</u>	<u>5,759</u>
Annual surplus(deficit)	45	(650)	237
Accumulated surplus, beginning of year	15,475	15,475	15,238
Accumulated surplus, end of year	\$ 15,520	\$ 14,825	\$ 15,475

The accompanying notes are an integral part  
of these financial statements

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021**

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**1. Nature of operations**

The Livestock Owners Compensation Board, Livestock Owners Compensation Fund (the Board) operates under the authority of the Livestock Insurance Act. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Board.

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**2. Summary of significant accounting policies**

**(a) Basis of accounting**

The Board is classified as an Other Government Organization as defined by the Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of change in net financial assets (debt) and a statement of cash flows as this information is readily apparent from the other statements. In addition, the Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are being addressed by the statement.

**(b) Financial instruments**

The Board's financial instruments recognized in the statement of financial position consist of cash and accounts payable. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all of its financial assets and financial liabilities at cost. Financial assets measured at cost include cash. Financial liabilities measured at cost include accounts payable.

The carrying value of cash and accounts payable approximates current fair value due to the nature associated with this instrument.

**(c) Cash**

Cash includes cash in bank.

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

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**2. Summary of significant accounting policies (cont.)**

**(d) Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers (Payments on behalf of the Board) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

**(e) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

The Board is administered as a division of the Department of Fisheries and Land Resources. Expenses related to salaries are paid directly by the Department of Fisheries and Land Resources and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

Indemnity claims are reported on an accrual basis. Indemnity claims are paid to insured persons upon approval by the Board of submitted insurance claims.

**(f) Measurement uncertainty**

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates are the allocation of salaries to the Board for employees of the Department of Fisheries, Forestry and Agriculture that administer its programs.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2021**

**3. Financial risk management**

The Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The only risk that the Board is exposed to through its financial instruments is liquidity risk. There was no significant change in the Board's exposure to this risk or its processes for managing this risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its financial liabilities as they come due. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities.

**4. Expenses by object**

The following is a summary of expenses by object:

	<u>2021</u> <u>Budget</u> <u>(Note 6)</u>	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
Bank charges	\$ 5	\$ 3	\$ 2
Indemnity claims	500	1,170	-
<u>Salaries (Note 5)</u>	<u>10,000</u>	<u>9,986</u>	<u>5,757</u>
	<u>\$ 10,505</u>	<u>\$ 11,159</u>	<u>\$ 5,759</u>

**5. Related party transactions**

The Board is administered by employees of the Department of Fisheries, Forestry and Agriculture. Estimated salary costs of \$9,986 (2020 - \$5,757) applicable to the operation of the Board have been paid by the Department of Fisheries, Forestry and Agriculture and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

**6. Budgeted figures**

Budgeted figures, which have been prepared on a cash basis, are provided for comparison purposes and have been approved by the Board of Directors.

## **Appendix C:**

### **Legislated Mandate**

Source: Livestock Insurance Act Board

#### **Board**

3. (1) The Livestock Owners Compensation Board is continued.

(2) The membership of the board shall consist of not fewer than three and not more than five members to be appointed by the Lieutenant-Governor in Council to hold office during pleasure.

(3) The board shall be under the control of and be responsible to the Minister in carrying out the powers, functions and duties conferred by this Act or the regulations.

(4) The board is, for the purposes of this Act and the regulations, an agent of the Crown and may exercise its powers under this Act and the regulations only as an agent of the Crown.

#### **Chairperson and vice-chairperson**

4. (1) The Lieutenant-Governor in Council may designate one of the members of the board to be chairperson and another to be vice-chairperson of the board.

(2) A majority of the members of the board shall constitute a quorum.

(3) Where, at a meeting of the board, there is an equality of votes inclusive of his or her own vote, the member of the board presiding at the meeting has a second or casting vote.

(4) Where a vacancy occurs in the membership of the board because of the death, resignation or illness of a member, the Lieutenant-Governor in Council may appoint a person to replace the member.

#### **Remuneration of members**

5. A member of the board, who is not an officer of a department under the control of a minister of the Crown, may be paid the salary or other remuneration and expenses that the Lieutenant-Governor in Council may determine.

#### **Chairperson to be chief executive officer**

6. (1) The chairperson shall be the chief executive officer of the board, shall be charged with the general direction, supervision and control of the business of the board and shall have other powers that may be conferred on him or her by the regulations.

(2) During the incapacity or absence of the chairperson or a vacancy in the office of chairperson, the vice-chairperson, or one of the other members of the board designated by the Lieutenant-Governor in Council, has and may exercise the powers of the chairperson and shall discharge his or her duties.

(3) The exercise of the powers of the board shall not be impaired because of a vacancy in its membership.

(4) All acts done by the board shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment or qualification of a person purporting to be a member of the board, be as valid as if that defect had not existed.

## **Seal**

7. (1) The board shall have an official seal which shall be judicially recognized.

(2) Where the official seal of the board is used, it shall be authenticated by the signature of the chief executive officer of the board.

## **Appointment of staff**

8. Subject to the approval of the Lieutenant-Governor in Council, the Minister may appoint, in the manner authorized by law, those inspectors, officers and other employees that may be considered necessary for the board, and may pay those persons the remuneration and expenses that the Lieutenant-Governor in Council may determine.

## **Powers and duties**

9. (1) The board shall

- (a) Administer a plan;
- (b) Undertake studies and research programs relating to livestock insurance;
- (c) Evaluate and determine livestock losses and pay claims under a plan;
- (d) Require an applicant for or a holder of livestock insurance under a plan to provide the information, statements and reports that the board may require;
- (e) Make those orders that are necessary to enforce the observance and carrying out of this Act or the regulations or a plan; and
- (f) Exercise and discharge the other powers, functions and duties that the minister assigns to it.

(2) An order of the board made under subsection (1) may be made with retroactive effect.

10. [Rep. by 1996 cR-10.1 s44]

### **Appeal board**

11. (1) The Minister may appoint an appeal board consisting of three persons, one of whom shall be designated as chairperson.

(2) At least one of the persons appointed under subsection (1) shall be a person who is or who has been engaged in the production of livestock.

(3) Persons appointed under subsection (1) shall hold office at the pleasure of the minister.

(4) Each member of the appeal board has, in relation to the hearing and determination of a matter, all the powers that are or may be conferred upon a commissioner under the *Public Inquiries Act*.

(5) Subject to the approval of the Minister, the members of the appeal board shall make rules of procedure to govern hearings of the appeal board.

### **Appeals**

11.1 (1) An owner of livestock who is registered under a plan, may file an appeal in respect of an action, finding, order or decision of the board, its officers or agents, within 14 days of the disputed action, finding, order or decision.

(2) An appeal is filed under subsection (1) by serving the chairperson of the appeal board and the chairperson of the board with a statement setting out the grounds for the appeal in writing.

(3) The chairperson of the board shall respond to an appeal filed under subsection (1) by serving a written response on the chairperson of the appeal board and on the appellant within seven days of receiving the appeal.

(4) A decision of a majority of the members of the appeal board is final and binding.

### **Voluntary arbitration**

11.2 (1) An owner of livestock who files an appeal under section 11 and the chairperson of the board may agree to resolve the dispute by voluntary arbitration on those terms as are agreed by the parties.



(2) Where an agreement under subsection (1) provides that no appeal from the arbitration may be made to the appeal board, that provision is valid and the decision of the arbitration is final and binding.

### **Payment of money**

12. All money required by this Act to be paid in respect of registration fees under plans shall be paid to the board.

### **Fund continued**

13. (1) The Livestock Owners Compensation Fund is continued and shall be under the control of the board on behalf of the Crown.

(2) The Minister of Finance, with the approval of the Lieutenant-Governor in Council and on the written request of the Minister, may advance to the board for use as working capital those sums that may be stated in the requisition, but the total advances made in each financial year under this subsection shall not exceed \$50,000.

(3) The Minister of Finance, on the written request of the Minister, shall pay from the Consolidated Revenue Fund, with money appropriated for the purpose, to the board in each year an amount equal to the amount determined to be the cost to the board of administering this Act and the regulations during that year and for the purpose of the determination, the board shall not later than December 31 in a financial year, prepare, adopt and submit to the minister a budget containing estimates of all sums required by it during the next financial year for the administration.

(4) The board shall credit to the fund:

- (a) All money advanced or paid under subsections (2) and (3);
- (b) The total of all registration fees; and
- (c) All other amounts received by the board.

(5) The board shall deposit and keep all amounts credited to the fund in a Canadian chartered bank.

### **Minute books and accounts**

14. The board shall keep regular minutes of all meetings of the board and shall ensure that complete books of financial and other accounts and records are established and maintained.

### **Administration of fund**

**15. (1)** The board shall administer the fund and pay from it all amounts required to be paid under this Act and the regulations.

(2) Notwithstanding another Act, the money in the fund does not form part of the Consolidated Revenue Fund, and the fund is not a division or part of the Consolidated Revenue Fund, but the money in it is the property of the Crown.

(3) The board may, and shall if so directed by the minister, pay to the Minister of Finance for investment on behalf of the board any money in the fund not immediately required for expenditure, and the Minister of Finance may invest the money or part of it by any or all of the methods by which the Consolidated Revenue Fund may be invested.

(4) Money paid to the Minister of Finance for investment under subsection (3) shall form a trust or special fund and any interest and earnings shall be credited to the account of the board, and the earnings, or a part of them, shall be paid over to the board by the Minister of Finance on the request of the board.

(5) The minister may authorize the Minister of Finance to realize sums invested under subsection (4) and sums so realized shall be paid to the board for the purposes of the administration of this Act and the regulations.

### **Financial year**

**16. (1)** The financial year of the board shall correspond to the financial year of the province.

(2) The board shall not later than September 30 in each year prepare and submit to the Minister a financial statement setting out the assets and liabilities of the board and the receipts and expenditures of the board for the previous financial year, together with a report concerning the work of the board during the previous financial year, and the statement and report shall be laid before the Legislature within 15 days after they are submitted to the minister if the Legislature is then sitting, and, if not, then within 15 days after the beginning of the next session.

(3) The financial statement referred to in subsection (2) shall be signed by the chairperson and one other member of the board and certified by the auditor general and shall have attached to it a report which the auditor general may have made to the board.

(4) The auditor general shall audit the accounts of the board and has authority to call for and shall be supplied by the board with all books and vouchers which he or she considers necessary for this audit.

(5) The Lieutenant-Governor in Council may, at the times and as often as he or she considers necessary, require the board to provide him or her those reports or information respecting the business and operations of the board, that the Lieutenant-Governor may direct.

## Payments from fund

17. (1) Where it is shown to the satisfaction of the Minister that livestock:

- (a) Have been killed or injured by dogs or predators; or
- (b) Have died from an injury inflicted by dogs or predators within seven days from the date on which the injury was inflicted,

the board may, where the owner of the livestock is registered under a plan, on application of the owner compensate the owner from the fund.

(2) The board shall not pay compensation from the fund, unless the owner of the livestock is registered under a plan and unless

(a) The owner has notified the board or a representative of the board in person, by telephone, facsimile, telegram or by letter of the killing or injuring, within 48 hours of the discovery;

(b) The owner has filed with the board an affidavit showing

(i) The name, address and insurance contract number of the person making the claim,

(ii) The number, age and sex of livestock killed or injured by 1 or more dogs or predators in respect of which compensation is claimed,

(iii) The date of the killing or injuring of the livestock, if known or, where the date is not known, the date of the discovery of the killing or injuring,

(iv) The breed of the livestock and whether it is grade or registered, and

(v) The name, if known, of the owner of the dog or predator involved in causing the damage; and

(c) The board has received an affidavit in verification of the matters stated in the owner's affidavit made by a Provincial Court judge, justice of the peace, notary public, commissioner for oaths or an official of the department, and the affidavit required under this paragraph may be made according to the best of the information and belief of the deponent.

(3) In calculating the period of 48 hours referred to in paragraph (2)(a), Sundays and holidays shall not be counted.

(4) Notwithstanding anything to the contrary in this Act, the board shall not pay out of the fund in respect of a claim more than a sum to be determined in accordance with the amounts prescribed under section 20.

### **Payment of government debts**

18. Where the board is required to pay money out of the fund to a claimant who is indebted to the Crown or to a department of government or to a board or other body which is an agent of the Crown, the board shall, notwithstanding anything to the contrary in this Act, retain from that money and forward to the Minister of Finance for credit to the Consolidated Revenue Fund an amount equal to the indebtedness of the claimant.

### **Subrogation of board**

19. (1) Where compensation is paid under section 17, the board is subrogated to all rights of recovery of persons receiving the compensation against the owner of a dog which caused the loss in respect of which the compensation was paid and the board may bring an action in the name of the board to enforce those rights against the owner of that dog in respect of the compensation so paid.

(2) All money recovered by the board under subsection (1) shall be paid into the fund.

### **Amount of compensation to be prescribed**

20. The minister shall, not later than March 31 in each year, prescribe the amount in respect of each class of livestock that may be paid out of the fund for losses caused by dogs or predators during the period from April 1 to March 31 following.

### **Non-application of Acts**

21. Without prejudice to the rights, privileges, benefits or exemptions which may be vested by law in the board because of its being an agent of the Crown, nothing contained in

- (a) *The Insurance Adjusters Act;*
- (b) *The Insurance Companies Act;* and
- (c) *The Insurance Contracts Act,*

Shall apply to the board or a matter or thing done under this Act or the regulations.