

# Accountability Report

2016-2017

Nova Scotia Farm Loan Board



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## Accountability Statement

The Accountability Report of the Nova Scotia Farm Loan Board (NSFLB) for the year ended March 31, 2017 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the NSFLB Business Plan for the fiscal year just ended. The reporting of the NSFLB outcomes necessarily includes estimates, judgments and opinions by the NSFLB management.

We acknowledge that this Accountability Report is the responsibility of NSFLB management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Nova Scotia Farm Loan Board 2016-17 Business Plan.

Minister \_\_\_\_\_  
Honourable Keith Colwell, E.C.N.S.

Board Chair \_\_\_\_\_  
Arnold Park

Director \_\_\_\_\_  
Greg Cox

## Directors Report

It is a pleasure to present this Accountability Report to demonstrate the significant effort and diligence applied by the Board of Directors; Management; and staff of the Nova Scotia Farm Loan Board on behalf of the citizens of Nova Scotia. During the past year, as the Management and staff transitioned to a new operational format that sees a much closer relationship and integration of management roles between the two Boards; the Nova Scotia Farm Loan Board and the Nova Scotia Fisheries and Aquaculture Loans Board.

This will be the 85<sup>th</sup> Accountability Report that the Nova Scotia Farm Loan Board has presented. The NSFLB has a storied history in the development of Agriculture in Nova Scotia. From 1932 until the early 1970's the NSFLB was the main source of long term financing for Nova Scotian farmers. The commercial banks played their role as supplier of working capital and equipment financing but it was the NSFLB that held the past majority of long term, mortgage debt. In the early seventies, Farm Credit Canada enhanced its offerings into Eastern Canada and now play a significant role in long term financing in the Province parallel to the NSFLB. In more recent years, particularly with low interest rate after 2008, the commercial banks have become more aggressive in the longer-term financing of supply managed commodities.

Over the long history of the NSFLB the agricultural scene has changed radically and the need for long term stable capital has followed these changes. In the early days of the Board, loans were itemized for such things as a bag of oats, or a single horse, with loans often less than \$50.00. In the 70's a large debt load would have been \$500,000. We now have farms in Nova Scotia that are carrying more than \$10 million in long term debt. One would be hard pressed to find a commercial scale farm in Nova Scotia that has not used the financial tools of the NSFLB to help develop the operation at some point in the farm's history. The impact of this developmental lending has led to the very significant improvement, not only on the individual farm, but to the overall impact on the Provincial economy.

The need to manage risk is taken very seriously by the Board of Directors and Management of the NSFLB. With the scale of farming today the risk profile on a given farm has increased and can impact the quality of the Board's entire loan portfolio. The Board utilizes strong risk management methodologies and has a dedicated Special Credit unit to deal with arrears in a timely fashion. Maintaining the balance between conservative, disciplined lending, and developmental, high risk lending, remains an ongoing challenge for the Nova Scotia Farm Loan Board.

Greg Cox  
Director Crown Agencies

## Nova Scotia Farm Loan Board Accountability Report 2016-2017

### Board Directors as March 31, 2017:

Chair	Arnold Park
Vice-chair	Andrew Vermeulen
Director	William Versteeg
Director	Greg Sheffer
Director	Lee Thompson
Director	Stephen Brown

### Principal Officers & staff as March 31, 2017:

Director	Greg Cox, MSc, MBA, PAg
Solicitors to Board	Sean Rooney & Sean Foreman Department of Justice
Auditor	PricewaterhouseCoopers LLP
Truro Office	
Manager, Finance	Philip Green, CPA CMA, MPA
Credit Manager	Maria McCurdy BSc (Agr) PAg
Senior Risk Manager	Shadia Jamash BBA
Senior Credit Officer (Special Credit)	John Murray, BSc(Agr),CRA,PAg.
Loan Officer	Erin Sears BSc (Agr) P Ag
Loan Officer	Paul Arnfast, BSc.(Agr) P.Ag.
Administrative Supervisor	Vickie Birch
Loan Assistant	Karen Tulkens
Loan Assistant	Sharon Streach
Financial Analyst	Susan Archibald
Accounting Analyst	Robbie Rushton
Accounting Clerk	Debbie Delaney
Accounting /Reception	Jessica Thibodeau
Kentville Office	
Senior Loan Officer	Heather Montgomery, BBA, PAg
Loan Officer	Andrew Kellock, BA, MSc, PAg
Loan Assistant	Wanda Lenihan

## Financial Results

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	2016-2017 Estimate	2016-2017 Actuals	2016-2017 Variance
Program & Service Area Nova Scotia Farm Loan Board	(\$ thousands)		
<b>Total Expenses</b>	<b>7,047</b>	<b>9,788</b>	<b>2,741</b>
<b>Additional Information:</b>			
Ordinary Revenue	6,800	6,265	535
Fees and Other Charges	231	274	(43)
Ordinary Recoveries			
<b>Total: Revenue, Fees and Recoveries</b>	<b>7,031</b>	<b>6,539</b>	<b>492</b>
TCA Purchase Requirements	-	-	-
Provincial Funded Staff (FTEs)	18.25	16.83	1.42
<b><u>Departmental Expenses Variance Explanations:</u></b>			
An allowance for potential bad debts exceeded budget authority of \$252 by \$3,708, primarily due to price and demand difficulties experienced in the mink sector. This was partially offset by reductions in interest costs (\$765) and salaries, advertising, and professional services costs (\$156).			
<b><u>Revenue, Fees and Recoveries Variance Explanation:</u></b>			
Interest revenue was below authority as interest rates continued to remain low and loan repayments were above expectations resulting in a smaller portfolio than anticipated in the estimates. Early repayment fees exceeded the estimate.			
<b><u>TCA Purchase Requirements Variance Explanation:</u></b>			
n/a			
<b><u>Provincial Funded Staff (FTEs) Variance Explanation:</u></b>			
Several positions were unfilled for a portion of the year.			

## Measuring Our Performance

Indicators of the success of the 2016-2017 Nova Scotia Farm Loan Board's Business Plan include:

A: Lending to grow the rural economy

### Measures

- Total new funds advanced during the year: \$33,544,000
- Number of approved loans during the year: 112

B: Support to new farmers

### Measures

- Number of FarmNEXT participants: 9
- Average age of loan applicants: 47
- Percentage of loan applications involving succession: 28%
- Percentage of applicants applying as new entrants: 11%

C: Credit Counselling and Risk management to ensure stable, successful clients

### Measures

- Percentage of loan applications with lowest risk ratings (1,2 or 3 out of 6): 72%
- Number of clients in arrears: 93
- Number of Special Credit Accounts: 93
- Amount of funding recovered in fiscal year as result of Special Credit activities: \$3,300,000

D: Confidential Credit Counseling

### Measures

- Number of clients receiving some level of counseling through loan processing or through arrears management: 205

## Supplemental Information and Appendices

PWC Financial Statements