

BUSINESS PLAN

2022-2023

Nova Scotia Farm Loan Board

Dedicated agriculture financing. It's all we do.



[Contents](#)

Nova Scotia Farm Loan Board Business Plan 2022 - 2023

Message from the Board Chair and CEO 3
About the Farm Loan Board 5
Farm Loan Board Focus..... 5
Portfolio Management 6
Community Pasture Program 6
Performance Goals 7
Review of Agencies, Offices, and Crown Corporations 8
Capital Funds 9

Message from the Board Chair and CEO

The Nova Scotia Farm Loan Board (FLB) was first established in the early 1900's to provide a stable and secure source of to the agriculture sector. Providing fair and affordable access to capital from the start established our reputation as a trustworthy partner. The FLB has worked for many years to maximize the potential of the sector in our province and today that work continues as we partner with clients to support development of innovative methods to extend growing seasons, improve energy efficiency, and storage methods.

A Partner for Local Solutions

As Nova Scotia's economy emerges from the COVID-19 pandemic, the FLB will be following industry trends to prepare for the development of innovative lending solutions to respond proactively to industry needs. The pandemic has highlighted the importance of local food production and processing capacity as supply chain disruptions led to shortages on store shelves. Post-pandemic demand for FLB lending products is at record levels. The pandemic brought attention to the importance of having a Nova Scotia based lender who acutely understands local impacts and can act nimbly to address the needs of its clients.

Innovation through Experience

While the pandemic is the latest event to impact our province, it is only one example of how the FLB has remained a steadfast partner to industry in Nova Scotia. For over 100 years, we've been adjusting our product offerings to support growth and expansion but also taking swift action to respond to industry needs – from weather events to disease and pest outbreaks, we take pride in being a partner not only in good times but also during more challenging times. That speaks to the true value of working with a local lender guided by an industry-led board of directors who live and work right here in Nova Scotia.

New Solutions for Forestry

The Board and staff are continuing work on promotion of the revamped regulations that govern the activities of the Timber Loan Board (TLB) as the forestry sector continues to transition in the province. Access to capital was identified as a priority to support a strong forestry sector and the TLB is well positioned to deliver on this goal. The TLB is established by the *Forestry Act* with its lending authority and operations assigned to the FLB. The FLB has a dedicated board member to advise on activities in the forestry sector and provide general advice on loans under consideration.

Modernization of Community Pastures Program

In response to a recommendation to establish a new vision and oversight model for the eight community pastures in Nova Scotia, the Community Pasture Action Committee was established to review findings from a report commissioned by the FLB in 2020-21. The FLB is partnering with the Nova Scotia Department of Agriculture and Perennia Food and Agriculture Inc. to introduce a new funding program, the Community Pasture Support Program, to improve pasture infrastructure and implement the report's findings.

Supporting the Department of Agriculture's Mandate

The FLB is the lending arm for the Nova Scotia Department of Agriculture, and we are pleased to be part of the Department's plans for meeting their mandate of increasing local food production and the goal of 20% of money Nova Scotians spend on food, be on local food by 2030. Many of our current lending programs can be capitalized on to help the department and industry meet these targets, and the flexibility of our regulations will allow for new lending programs to be designed to complement new departmental initiatives.

The FLB is developing a new strategic plan with a goal of being a lender of choice in our sector in Nova Scotia. We are working toward this goal by zeroing in on three objectives: a focus on clients, a focus on people, and a focus on development. Agriculture and agri-food businesses are key economic drivers in Nova Scotia, especially in our rural communities. Our 2022-23 business plan seeks to build on the momentum of the past year by outlining our partnership role in providing stable, affordable, and innovative financing solutions that meet the needs of local producers and processors.

Original signed by

Danny Phinney
Chair

Original signed by

Jennifer Thompson
Chief Executive Officer (CEO)

About the Farm Loan Board

The FLB provides responsible, fair, and affordable access to capital to support growth, expansion, innovation, and sustainability in the agriculture, food, and forest industries.

The FLB is committed to supporting established enterprises, while also providing opportunities for new entrants and innovators in the processing sector. Loan terms, amortizations, and payment schedules are structured through gaining an understanding of the operation and discussing the client's needs.

FLB's Board of Directors is made up of Nova Scotia residents who are corporate or community leaders who understand the agriculture and/or agri-food business climate in the province and its importance to communities, workers, and the economy.

The FLB is a critical source of capital for a sector primarily based in rural Nova Scotia. This capital is used to purchase farmland, equipment, and to build and expand facilities and processing capacity to name just a few areas of focus. The FLB believes that the entire province benefits from investments in innovative methods to expand seasons, improve efficiencies, and improve yields.

The FLB also serves the Forestry sector through the TLB.

Farm Loan Board Focus

The Farm Loan Board's focus in 2022-23 will be on the following:

- Partnering with the Nova Scotia Department of Agriculture to meet mandate goals where the FLB can play a role in providing an affordable, stable, local source of financing to support:
 - expanding local production
 - increasing access to local food
 - increasing consumption of local food
- Continuing to monitor and respond to the evolving pandemic conditions
- Supporting our clients, and the sector at large, through provision of capital at competitive rates.
- Undertaking a new strategic planning exercise with the overall objective of positioning the FLB as the lender of choice in our sector.

Nova Scotia Farm Loan Board Business Plan 2022 - 2023

- Executing on the marketing plan developed in 2021-22 by focusing on business development activities to elevate recognition of the FLB and the value it brings.
- Promoting and expanding our product offerings and services into the developmental and value-add sectors.
- Building on our promotional efforts of the revitalized TLB by leveraging partnerships and expanding on successful investments made to date.

Portfolio Management

The FLB experienced historical growth in lending in 2021-22.

- \$200 million invested in the sector (estimated)
- 635 loans
- Expecting to advance \$60 million in new investment in 2022-23

Community Pasture Program

The FLB has eight community pastures located throughout rural Nova Scotia used by the beef sector, with 10 per cent of all locally produced beef grazing on a FLB Community pasture.

The pastures were historically underutilized. To address this, we established a Community Pasture Action Committee that will be

- Finalizing business plans for all active Community Pasture Co-Operatives
- Implementing a communication strategy to share information between the co-operatives, and inform the public on how to access pastureland
- Reviewing all pastureland ownership and addressing any outstanding issues or barriers to pasture expansion through purchasing of privately held lands, completing survey work, and migrating land.

FLB is partnering with Perennia Food and Agriculture Inc. and the Nova Scotia Department of Agriculture to launch the Community Pasture Support Program. This program will provide investment through 2022-23 to help ensure pastures achieve new levels of success and play the pivotal and valued role highlighted in the Nova Scotia and Maritime Beef Sector Strategies.

Performance Goals

The Crown Lending Agency (CLA), the administrative unit supporting the FLB, is working with a new strategic objective to be the lender of choice in the sectors we serve. This will be actioned by undertaking initiatives under three theme areas as identified below.

1) *Focus on Clients*

CLA will undertake measures to build and improve on our client service and product offerings. Key initiatives under this focus area will be:

- improving client communications
- continuing execution and expansion of marketing efforts
- improving legal documents
- following-up on applications

2) *Focus on People*

CLA seeks to continue the successes of the last number of years by investing in the success of our people. Key initiatives to be addressed under this focus area are:

- undertaking employee-led initiatives driven by the results of the Provincially administered “How’s Work Going?” survey
- working with our people to identify areas of potential growth that present opportunities for cross-training and development internally
- recruiting new board directors
- engaging board members to access community and industry knowledge, facilitate partnerships, and represent the Board at industry meetings and events.

3) *Focus on Development*

CLA will work to grow and strengthen its portfolio through the following activities:

- increasing outreach to existing and prospective clients through marketing, staff, and board efforts
- leveraging our industry knowledge and lending expertise to diversify further into processing and value-added lending
- expanding on the tools used to structure deals that best suit client needs
- using our existing partnerships to ensure we are offering the right products to meet the demands of the sectors we serve.

Review of Agencies, Offices, and Crown Corporations

In 2021-22, Government committed to undertake a review of agencies, offices, and crown corporations. The purpose of this review is to examine the mandate and legislation of each entity to ensure they are offering effective, efficient, and accountable services to the Nova Scotians they serve. The FLB was selected in the initial 20 agencies being reviewed. This work is expected to be completed in 2022-23.

Capital Funds

Description	2021-2022	2021-2022	2022-2023
	Estimate	Forecast*	Estimate
	(\$ 000)	(\$ 000)	(\$ 000)
Opening principal	166,782	176,717	207,368
Add loan advances	40,000	61,600	60,000
Less repayments	(28,000)	(26,520)	(28,000)
Less principal written off	(2,000)	(4,429)	(2,000)
Closing principal	176,782	207,368	217,368
Provision for impaired accounts			
Opening provision	10,202	15,065	10,889
Less accounts written off	(2,000)	(4,429)	(2,000)
Additions (principal portion of bad debt expense +/- adjustments)	253	253	253
Closing allowance	8,455	10,889	9,142
Net portfolio at year end	168,327	196,479	208,226
Agriculture Land Investment	-	-	2,500

*Forecast data from January 12, 2022

The operating costs of the Nova Scotia Farm Loan Board are consolidated with the Nova Scotia Fisheries and Aquaculture Loan Board and included in the Crown Lending Division of the Department of Agriculture. Interest costs and revenues related to the lending activities of the Board are reported through the Department of Finance and Treasury Board.