



NOVA SCOTIA
FARM LOAN BOARD

2023-2024

Business Plan

Nova Scotia Farm
Loan Board

**Dedicated
agriculture
financing.
It's all we do.**

© Crown copyright, Province of Nova Scotia, 2023

Nova Scotia Farm Loan Board Business Plan 2023-2024

Nova Scotia Farm Loan Board March 2023

Table of Contents

Message from the Board Chair and Executive Director.....	2
About the Farm Loan Board	4
Alignment with Department Mandate and Priorities.....	8
Areas of Focus for 2023-2024	10
2023-2024 Performance Measures	14
Capital Funds.....	16

Message from the

Board Chair and Executive Director



We are pleased to present the 2023-24 business plan for the Nova Scotia Farm Loan Board (NSFLB).

NSFLB is a critical source of financing for the Nova Scotian agriculture and agri-food sector with investments in approximately 400 local enterprises. As the board has progressed through the early years of its second century of operations, demand for our services has hit record levels.

Building on two years of record lending, NSFLB will continue to be a reliable partner providing stable, long term, affordable, customized lending solutions. These investments support food security, local production and processing capabilities, and innovative solutions to minimize environmental impact and ensure the sustainability of the food sector in Nova Scotia.

NSFLB strives to be cost neutral to the Province over the long term and any excess income is returned to the province. NSFLB rigorously evaluates loan applications to ensure we are making responsible investment decisions

based on sound business cases that will drive sustainable economic growth for the province. Planned investments for the year are budgeted at \$60 million.

Ongoing supply chain and pandemic issues over the last number of years have increased the importance of local production and processing capacity along with food security. NSFLB is an active participant in discussions on how to overcome these collective challenges with our government, crown corporations, and industry partners. We look forward to adapting and developing our lending programs to support the Department of Agriculture's efforts in these areas.

During 2023-24, NSFLB will look for strategic opportunities where the board can play a bigger role in supporting development, with an eye to diversifying into commodities where we may be underrepresented. NSFLB will pursue new strategies to assist in meeting the Department of Agriculture's mandate and priorities while continuing to be an important

source of capital in rural Nova Scotia.

NSFLB directors have varying backgrounds in agriculture and business. We understand the impact of the board and the importance of our service to our clients and the larger agriculture community within the province. Our directors and seasoned group of professional staff are proud to be able to provide truly local financing solutions to our local producers and processors.

Danny Phinney
Chair of the Board

Jennifer Thompson
Executive Director



About

The Farm Loan Board



Background

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

NSFLB 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 individually structured, to meet the specific needs of the client and their operation.

The NSFLB's board is made up of Nova Scotia residents, 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.

NSFLB 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 NSFLB believes that the entire province benefits from investments in innovative methods to expand seasons, improve efficiencies, and improve yields of food production.

NSFLB also serves the forestry sector through the Nova Scotia Timber Loan Board (NSTLB).



Nova Scotia Timber Loan Board

NSTLB was established in 1965 to support rural business development by providing access to capital through lending programs designed for the forestry sector. New regulations adopted in 2020 mean NSTLB can provide long-term, competitive, stable, developmental financing with improved lending terms and expanded eligibility.

The goal of NSTLB is to provide flexible lending solutions to assist with development, innovation, and adaptation, with a focus on continued growth of a sustainable forestry sector in the province.

NSFLB is responsible for lending under NSTLB and is pleased to have a dedicated forestry representative on the board. The board will look to build on the interest and momentum surrounding NSTLB in the coming fiscal year.

Crown Lending Agencies

The operational functions of NSFLB are administered by the Crown Lending Agencies division of the Nova Scotia Department of Agriculture. The team consists of a dedicated team of loan officers and loan administrators supported by risk management and finance teams. Together, the division supports the operations of NSFLB and its sister boards – NSTLB and Nova Scotia Fisheries and Aquaculture Loan Board.

Board of Directors

- **Danny Phinney**
Chair
- **Andy Vermeulen**
Vice-Chair and Audit Committee
- **Steve Brown**
Director and Forestry Representative
- **Jack Hamilton**
Director
- **William Versteeg**
Director and Audit Committee



Mission

NSFLB builds on the success of agricultural primary production and related value-added processing in Nova Scotia by providing lending opportunities to grow, innovate, and succeed.

Vision

To be a preferred and trusted lender for the development of agriculture and food and beverage processing in communities throughout Nova Scotia.

Mandate

The mandate of NSFLB is to support the breadth of Nova Scotia's agricultural industry through the provision of capital financing. It operates as a Crown corporation under the *Agriculture and Rural Credit Act*. This Act provides authority to the NSFLB to make loans to, or guarantee loans of, a borrower for acquiring or improving any farm asset, including livestock, machinery and equipment. Regulations made under the Act govern the terms and conditions of loans provided by the NSFLB.

Established under the *Forests Act*, the NSTLB also serves the forest industry by providing loans to, or guarantee loans of, a borrower for any purpose which will encourage, sustain, improve, or develop the forestry industry in the province. Regulations of the NSTLB, which govern terms and conditions of credit provided, are made under the *Forests Act*.



Alignment

with Department Mandate and Priorities

Examine policies and programs to reduce costs of healthy foods for consumers, in acknowledgment of the barriers in cost to eating healthy.

NSFLB will provide innovative, competitive, long term fixed rates to Nova Scotian producers and processors. This provides stability and predictability to our food sector. This is an important factor in cash flow management for many operators. Flexible repayment terms can be arranged to allow for expansions and seasonality of crops.

Support and encourage local food consumption, with the goal of 20% of the money spent on food by Nova Scotians being spent on locally produced food by 2030.

NSFLB will expand on our marketing efforts to local producers, including specific areas of the province underrepresented in the portfolio, to ensure awareness of the board's services. The board will also work to expand outreach and diversification efforts into underrepresented commodities where we see opportunities for development. The NSFLB's continued support of the community pastures program and work to optimize pasture productivity will help efforts to maximize local food consumption.



Lead efforts to determine how to reach the 20% target stated above, through policies and infrastructure that support getting more local, healthy food into our public institutions and facilitate the relationship between agriculture and these types of institutions.

NSFLB will look at opportunities to develop and finance infrastructure and technologies related to season extension, improved yields, processing capacity and storage to expand availability of local products.

Lead the development of policies that encourage local consumption by the public, in alignment with the Nova Scotia Loyal plan.

A key part of driving local consumption is to ensure there is an abundant supply of locally grown and produced food products throughout the year. NSFLB is investing in season extension technologies such as solar and environmentally friendly heating, storage solutions, and processing capacity here in Nova Scotia to help meet the supply needs as demand for local products grows.



Areas of Focus

for 2023-2024



Focus on Clients

Outreach and Engagement Activities

The global pandemic and its related restrictions had a major impact on our ability to engage with clients at their place of business and saw many opportunities like trade shows and conferences suspended. NSFLB will work to take advantage of reduced restrictions to engage with our clients in person while also working to establish a social media presence to extend our reach.

Focus on People

Professional Development

Another loss of the pandemic was a drastic reduction in the ability for staff and board members to engage in skills development. NSFLB will conduct in person board development up to two times in the coming year to ensure board directors have the governance and technical skills they need. Management will also be working to establish a regular schedule of staff development opportunities on a quarterly basis on a variety of topics.

Board Development

NSFLB will undertake initiatives to improve board recruitment efforts with an aim towards having the Board reflect the diversity of Nova Scotia. The NSFLB will develop and implement a board recruitment strategy that will support succession planning and effective board representation.



Focus on Development

Portfolio Diversification

NSFLB will review the portfolio to determine where there may be opportunity to grow and diversify our exposure by both commodity and geographically. Blueberry and timber have established momentum that we will look to build on. We will also undertake a review of our approach to lending to both dairy and poultry producers to ensure we are offering competitive services to these sectors.

Value-added/Processing

NSFLB continues work to diversify into the processing sector. We believe a key to increasing consumption of local products is ensuring we have processing capacity within the province. NSFLB will continue to promote our ability to provide financing to Nova Scotia's agricultural based value-added processing sector for both new and existing businesses.



Community Pastures

NSFLB has eight community pastures throughout rural Nova Scotia that are used by the beef sector. To support the Department's objective of growing Nova Scotia's beef sector, NSFLB will continue to support good governance and effective pasture management on these community pastures. Specific focus will be given to ensuring community pastures remain operated by, and for, the benefit of Nova Scotian farmers.

Newcomers and Underrepresented Communities

NSFLB will explore new ways to reach newcomers and underrepresented communities and support them in establishing roots in the province's agriculture and agri-food economy. This will include partnering with other branches within the Department of Agriculture to support applicants from these communities in seeking financing from the NSLB.



2023-2024

Performance Measures



To monitor our success throughout the year and to support year-end accountability, the NSFLB will adopt the following performance measurements.

- Total portfolio principal. **(Baseline: \$220 million)**
- Change in lending over prior year. **(Baseline: 10 percent growth in portfolio)**
- Value of new loans advanced. **(Baseline: \$60 million)**
- Applications approved **(Baseline: 100 approvals)**
- Total number clients within the portfolio **(Baseline: 390)**
- Total number of loans within the portfolio **(Baseline: 600)**
- Percentage of loan portfolio in arrears **(Baseline: 3 percent or less)**
- Portfolio composition by sector. **Baseline below:**

Commodity	Percentage of Outstanding Loan Principal
Broilers	21%
Dairy	16%
Other	15%
Apples	12%
Blueberries	5%
Winery	5%
Greenhouse Floral	4%
Greenhouse Vegetable	4%
Mixed	3%
Mink	3%
Vegetable	3%
Forestry/Timber Mill	3%
Beef	2%
Grapes	2%
Strawberries	2%

- Approved loans to new entrants*
- Clean technology or energy efficiency projects supported*
- Value of funds leveraged from funding partners*

* Where baseline data does not yet exist, the NSFLB will develop methods of measurement in 2023-2024.



Capital Funds



Description	2022-2023 Estimate (\$ 000)	2022-2023 Forecast* (\$ 000)	2023-2024 Estimate (\$ 000)
Opening principal	202,691	202,691	231,318
Add loan advances	60,000	60,000	60,000
Less repayments	(29,000)	(27,560)	(28,000)
Less principal written off	(2,000)	(3,813)	(2,000)
Closing principal	231,691	231,318	261,318
Provision for impaired accounts			
Opening provision	11,766	11,766	9,453
Less accounts written off	(2,000)	(3,813)	(2,000)
Additions (principal portion of bad debt expense +/- adjustments)	253	700	253
Closing allowance	10,019	8,653	7,706
Net portfolio at year end	221,672	222,665	253,612
Agriculture Land Investment	2,500	1,130	2,500

*Forecast data from March 6, 2023

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.



**NOVA SCOTIA
FARM LOAN BOARD**

Office Locations

Truro - Head Office

Edward F. Lorraine Building
74 Research Drive
Bible Hill, Nova Scotia
B6L 2R2
902-893-6506

Kentville - Field Office

Kentville Agricultural Centre
32 Main Street
Kentville, Nova Scotia
B4N 1J5
902-679-6009

flbns@novascotia.ca

novascotia.ca/farmloan