



Crown Corporation

B U S I N E S S P L A N S

FOR THE FISCAL YEAR 2010–2011

Nova Scotia Farm Loan Board

Business Plan 2010–2011

Table of Contents

Message from the Minister and Board Chair	115
Mission	117
Vision	117
Mandate	117
Alignment with Departmental Priorities	119
Planning Context	120
Strategic Goals	123
Core Business Areas	124
Priorities for 2010–2011	124
Human Resource Strategy	126
Communication Strategy	127
Budget Context	127
Outcomes and Performance Measures	131

Message from the Minister and Board Chair

We are pleased to present the Nova Scotia Farm Loan Board business plan for 2010–2011. The plan outlines the board's goals and priorities for the coming year in line with its mission and mandate.

The primary focus of the board continues to be long-term stability of agricultural financing and provision of financial counselling in order to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

The Honourable John MacDonell
Minister,
Nova Scotia Department of Agriculture

Mr. Leo Cox
Chairman

Mission

To advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

The board contributes to rural economic results by ensuring that loan financing is available to producers at reasonable costs and that availability is maintained in all economic conditions and through agricultural cycles.

Note the Nova Scotia Farm Loan Board is currently undergoing a strategic planning process for the year 2010–2015.

Vision

The Nova Scotia Agricultural industry, with the support of the Nova Scotia Farm Loan Board (the board) has a strong and secure future. This will be provided through programs and services which focus on long-term stability in agricultural financing and financial counselling on Nova Scotia farms.

Mandate

In addition to its responsibilities as the Nova Scotia Farm Loan Board, the board also functions as the Timber Loan Board (for loans to forest product mills).

The board operates as a Corporation of the Crown under the authority of *The Agriculture and Rural Credit Act, Revised Statutes, Nova Scotia 1989, Chapter 7*. This act provides authority to the board to make or guarantee loans for the purpose of acquiring or improving any farm, plant, machinery, or equipment; to acquire, hold and dispose of farms, buildings, livestock, machinery, and lands; to collaborate with the Department of Agriculture personnel; and to take on other purposes, duties, and powers as the Minister approves.

The Timber Loan Board's authority is from regulations made pursuant to the *Revised Statutes of Nova Scotia, 1989, The Forest Act* in Section 20 of Chapter 179. This act provides for credit to acquire forested land for forest product mills and refers to the Agriculture and Rural Credit Act for authority, board members, and staff.

Our Board of Directors

Five board members, with successful careers in agriculture and business, govern policies, receive reports on operations and clients, and provide strategic direction for the board. Board members are appointed for terms of up to five years by Governor in Council and are accountable to the Minister of the Department of Agriculture.

Current Board members

Chair: Leo Cox. Leo has been a member (and chair) of the board since March 2000.



His current term began May 2005 and expires April 2011. Leo is from Mabou and has a long background in agriculture, having served with the Department of Agriculture in livestock and extension services for 30 years. He owned a cow-calf farm and is still actively involved in the operation of Lake Mabou Farms. Leo has served on numerous boards and is the current chairman of the Inverness Consolidated Memorial Hospital Charitable Foundation.

Vice-Chair: Stephen Healy. Steve has been a member of the board since November 2003, with his current term expiring December 2012. He lives with his wife in Kentville, near his three grown children, where he operates a financial planning firm. Steve is a graduate of NSAC and the University of Guelph (BSc (Agri)). He has been involved in the Kentville Town Council, the Kings branch of the VON, and the Rotary Club (past president). Community projects such as the annual Acadia Hockey Celebrity Dinner and the NSAC Foundation continue to be of importance to Steve and his family.

Member: Angela Hunter. Angela was appointed to the board February 2008, and her term expires February 2011. She operates Knoydart Farms with her family, an organic dairy and sheep farm on the Pictou-Antigonish border.

Member: Hank Bosveld. Hank has been a member of the board since September 2000. His current term began September 2005 and expires September 2011. Hank lives in

Lakeville, Kings County, where he operated a greenhouse and orchard until transferring ownership to his son. He remains actively involved in the operation. Hank is also actively involved in the Kings County and Nova Scotia Federation of Agriculture.

Member: Victor Moses. Victor has been a member of the board since March 2000. His current term began February 2005 and expires February 2011. A graduate of the Nova Scotia Agricultural College and MacDonald College, Victor served for more than eight years as Agricultural Representative with Department of Agriculture, followed by 40 years in management with food processing and vegetable fruit production in the Annapolis Valley. He is presently CEO of a large fruit and vegetable operation. Victor is heavily involved in volunteer work and lives in New Minas, Kings County.

Our History

Active since 1932, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity, supporting agricultural and rural business development by providing long-term loans at fixed interest rates and through financial counselling services. A corporation of the Crown, the board collaborates with the Nova Scotia Department of Agriculture. The board's mandate includes operation as the Timber Loan Board in dealing with applicable loans.

Availability of credit—with stable term and long-term rates—and understanding of the agricultural industry, including cyclical swings in profitability, are considered to be strengths of the board in encouraging development of this industry.

At last year-end (March 31, 2009), the board's loan portfolio totalled \$194 million in loan principal. Including lease property accounts, total lending to agriculture represents approximately 26.7 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled \$2,105,000 for the forest industry.

Primary stakeholders in both the Nova Scotia Farm Loan Board and Timber Loan Board roles include individual and potential borrowers and the province, particularly the Departments of Agriculture, Natural Resources, and Finance. Other important stakeholders include the Nova Scotia Federation of Agriculture and the various commodity groups, commercial lenders, equipment and feed suppliers, the wholesale and retail sectors for products produced in Nova Scotia, and others concerned with economic development within rural areas.

Alignment with Departmental Priorities

The Nova Scotia Farm Loan Board (FLB) contributes to the priorities of the Department of Agriculture in several ways, most directly contributing to its business plan, Core Business Two: Industry Growth and Development, leading to support for jobs and the economy.

Board activities support competitive agriculture and food businesses that create economic growth and employment in rural communities by ensuring that long-term credit funding is available throughout business cycles. By supporting development of environmental plans and investment in good environmental choices, board lending helps to support sustainable resource management. Specifically, the following priorities of the Department of Agriculture are supported:

Priority # 3: Promote transition in the agriculture industry toward improved competitiveness and self-sufficiency.

Support for competitiveness and self-sufficiency is provided through stable financing, financing of new initiatives, and counselling and advice.

Priority # 5: Attract new entrants to the agriculture and agri-product industries.

In addition to providing financing and guidance to new entrants, the board



continues to administer the New Entrants to Agriculture program to assist new producers with a grant against interest costs.

Priority # 6: Expand investment in the agriculture and agri-product industries to capture growth opportunities.

Board funding provides for farm development and investment in land, buildings, equipment, livestock, and horticultural development as well as on-farm processing and working capital to enable growth and for marketing and other activities necessary to grow and develop opportunities.

Priority # 7: Increase the international competitiveness of Nova Scotia's agriculture and agri-product industries.

By facilitating the investment and growth noted above, the board supports development of strong agricultural businesses, which are then able to develop and compete locally and internationally.

Priority # 8: Increase the value of Nova Scotia's agriculture sector.

Support for investment, growth, and competitiveness through long-term stable financing as well as working capital will support increases in the value of the agricultural sector overall.

Planning Context

External Context

In general

An environmental scan of the agricultural industry says there are powerful trends that have significant implications for lenders like the Farm Loan Board. Intensifying climate change and environmental concerns, volatile food and energy prices, changing societal values, and consumer demands are remaking the industry. This scan provides insights into the nature of the changing business environment of the board.

The agricultural industry is affected by local weather and other conditions affecting production; conditions in competing regions that can affect general price levels for commodities produced; and market conditions, including the effects of branding, consolidation and national purchasing, and market access. Weather conditions and any change in expected patterns present an obvious concern to agriculture.

We continue to see a trend toward fewer, larger farms—a trend particularly noticeable in the dairy and poultry sectors. Changing technology, food safety concerns, and implementation of related health protection measures are common challenges.

Technology is providing for increased mechanization and automation and is being felt in a wide range of applications.

This trend is supporting a broader trend toward consolidation of agricultural operations into larger units in attempts to gain efficiency through economies of scale. In most sectors, entry as a producer involves significant initial cost for specialized buildings and equipment and quota (for supply-managed sectors). Larger operations and high start-up costs present difficulties to new entrants and for inter-generational transfer of family businesses, which must be addressed.

Producers must be constantly aware of environmental concerns and maintain up-to-date skills, procedures, facilities, and equipment to meet today's standards.

Fluctuation in the value of the Canadian dollar relative to the U.S. dollar has affected exports to the United States as well as the cost of some competitive imports. This is expected to have an effect on most sectors to some extent but particularly commodities closely linked to external markets. Hogs, beef, blueberries, cranberries, and other fruit and vegetables for export are expected to be most strongly affected.

Volatility in grain prices may assist the relatively small grain producing sector but could increase input costs for livestock production in general.

Industry representatives suggest that additional emphasis should be placed on assistance for new entrants, counselling services, and low-cost loans. Many clients have indicated that they would prefer

additional flexibility in loan options available from the board: possibly variable rates and operating-type loans.

The board will lend to support success in agriculture while continuing to bear in mind the current economic environment. Staff will make sound lending decisions that balance customer needs with the need for the FLB to preserve its long-term viability through loan repayment. The board will emphasize good judgment in assessing creditworthiness of customer and lending opportunities, including security valuation and income projections. Monitoring the financial health of existing customers will be especially important during this period of economic change.

The Farm Loan Board anticipates that the next two to three years will see growth in loans. As continuing effects and recovery from the recent economic crisis unfold, the number and amount of arrears, defaults, and impaired loans may fluctuate beyond current expectations. In the interim, the FLB will continue to use sound lending and management practices to mitigate any potential adverse financial impacts.

Interest rates

Interest rates have remained low for the entire fiscal year. The Bank of Canada has conditionally committed to hold its target overnight rate at 0.25 per cent to the end of June 2010.



Requirements for board financing are influenced by levels of investment in agriculture and timber businesses, rates of capitalization, general economic conditions, and the availability of funding from commercial lenders. The board continues to offer fixed-interest loans with rates fixed for the full amortization period of the loan, but it has also introduced three- and five-year terms on loans amortized over a longer term. These new loans provide for lower interest rates than full amortization loans and are restricted to clients who can bear the risk of a potential interest-rate increase at the end of the term. Other loan options will be considered for implementation during 2010–2011, including variable-rate loans and flexible lending secured by real property. Decisions on loan product changes will follow and flow from the board's mandate review as part of the strategic planning process, to be completed during 2010–2011.

Demand for board loans is expected to be stronger during 2010–2011 as this trend continues and tightening of commercial lending criteria continues to be felt. Requested capital authority of \$30 million is expected to provide flexibility to respond to lending needs in 2010–2011.

Requirement for loan capital by the forestry sector continues to be of interest to the board, both in response to need of the industry itself and because of the relationship between forestry and agriculture. Many farms include woodland

as part of the overall operation, and forestry management parallels crop management in many aspects, including some equipment.

The board will seek to operate on a cost-effective basis and meet client credit needs, providing counselling services, support to new entrants, analysing risk, and collaborating with departments and industry. The board intends to remain flexible in its approach and will be open to any type of development, loan products, or ventures that will assist agricultural development in this province.

The economy

As anticipated, it appears that clients are somewhat protected from the current economic downturn because most sectors provide basic food products. Producers of non-food items, such as fur and ornamental horticulture, and food products that may be considered luxury items could be subject to higher risk. Most clients are protected by supply management or income stability programs.

Ongoing Planning Focus

The board understands its focus to be the support of long-term health and development of agriculture in Nova Scotia. Lending-program services will support this by providing knowledge of agriculture, long-term client relationships, a client focus in developing and providing services, flexibility

in lending services and repayment, counselling services, support for new entrants, and long-term lending. The board is reviewing changes in staff deployment to ensure that sufficient resources are focused on analysis, account status monitoring, and business assistance. As noted above, the board continues to pursue new loan products to meet borrowing requirements of clients.

The board recognizes that training and development is an ongoing requirement in order to understand client issues, identify and use best lending and administrative practices, and maintain a professional staff.

While ability to repay remains the basic criterion for granting loans, sound environmental and business planning practices and procedures will continue to be requirements, recognizing that these are necessary for industry and individual growth and sustainability.

While working to meet client needs, the board will also work toward strengthened lending and management information to meet lending, decision-making, and financial reporting needs.

Strategic Goals

The following goals have been developed to meet the board's mandate and at the same time support the established goals of the Province of Nova Scotia:

1. Ensure industry access to stable, cost-effective, asset-backed developmental credit

- Create conditions that help the rural economy grow, support sustainable and environmentally responsible development of agricultural industries, and support development of a competitive business climate to support economic growth and increase jobs in rural communities.
- Using feedback from industries and clients, provide flexible loan products adapted to the needs of the agricultural industry.

2. Demonstrate sound financial administration, efficiency, responsibility in administration of public funds, and accountability in the board's own operations

- Develop and enhance loan management capability, including risk-rating abilities; corporate loan and collateral information; and annual review and other processes to improve management information and auditability.
- Work to ensure that information is available to meet current and changing accounting and reporting standards and deadlines.



Core Business Areas

Core Business Area 1—Lending

Providing flexible, asset-based credit for development of agricultural and timber businesses is the primary mandate of the Farm Loan Board. This includes loan product development, loan service development, client service, efficient and responsible financial management, and financial analysis and counselling. The financial counselling function is provided by loan officers in conjunction with meetings with clients and potential clients and includes assessment of projects under consideration. Loan officers assist in sourcing the best available credit.

By providing a reliable source of flexible asset-financed credit, the board directly provides for development and growth of the agricultural and timber industries and indirectly influences credit availability at reasonable rates through influence on, and partnership with, other participants in the lending industry.

Loan demand was low during the first three quarters of 2009–2010, returning to more normal levels toward the end of the year. Loan requirements are affected by the availability of credit and rates available from commercial lenders.

Core Business Area 2— Program Administration

Program administration supports the development and implementation of departmental loan-based assistance programs in areas related to the board's financial operations and expertise, including the ongoing New Entrants to Agriculture Program and other programs as they arise. This area of responsibility is funded by departmental resources distinct from the board's lending program but administered by board lending staff. Program expenditures are reported with departmental accountability reports separate from, and not included in, the board financial report.

Priorities for 2010–2011

Lending

Provide up to \$30 million of new loan capital to the agricultural and timber industries in the 2010–2011 fiscal year

The focus is on development and long-term stability. The board forecasts that it will advance \$18 million and receive principal repayments of \$30 million during 2009–2010. Future demand for credit may increase if commercial lenders tighten credit availability. Loan demand picked up significantly in the latter part of the 2009–2010 year.

Statistics Canada reports indicate that total farm debt by Nova Scotia farms grew by approximately 32 per cent between 2003 and 2008. The board provided 26.7 per cent of total agricultural credit to Nova Scotia farms in 2008.

The board will continue to investigate possible new loan products to meet client needs in 2010–2011. Areas of investigation include a mortgage to provide for operating capital needs and to permit quicker response to funds requests on well-secured clients, variable-rate mortgage loans, and options for open loans (repayable at any time). Staff will work with legal advisors, Department of Finance, and others to develop and implement workable options. In order to promote understanding of the flexibility available to clients, the board will work toward development and presentation of specifically targeted and identified loan product offerings, reducing reliance on individual customization without limiting current options.

Financial counselling

The board places importance on maintaining an understanding of agriculture, development of relationships with clients and understanding their needs, flexibility in dealing with individual circumstances, counselling services, and specific loan product offerings.

Timber loans

The board will work to provide funding for agriculturally related forest ventures and

will work with the Department of Natural Resources to enhance services to modify products and services to meet needs for growth and development within the timber industry as interest develops.

Reporting

The board will work with new technology and systems to improve client and administrative reporting.

Account maintenance

The board manages accounts to minimize write-offs and arrears while supporting industries and individuals through cyclical downturns and working toward the best outcome for all parties.

This approach includes accurate and appropriate appraisal and evaluation of security arrangements for loans, monitoring arrears, and financial counselling, particularly for new clients and clients identified as having financial difficulty.

Lending will continue to be directed toward viable enterprises and projects with potential to repay and acceptable security to support the loan. During financially difficult times, the board is committed to assisting those operations that appear to have a long-term future and a commitment to meet their obligations. This may include deferral of payments, restructuring of debt, financial counselling, and referral to other relevant services.



The board will monitor repayments and provide counselling and follow-up for clients with repayment difficulties.

Life insurance program

The Farm Loan Board has offered loan life insurance since 1951, providing protection for clients and their families. More than 700 lives are insured under this optional program, which provides insurance to the lesser of a maximum amount (\$250,000 or \$500,000) or the balance of insured loans, at a fixed cost for all age groups until age 65. The life insurance plan is underwritten by Sun Life Assurance Company of Canada.

Coverage and costs have been modified by the carrier. The board will review the insurance program in light of the recommended rules for coverage, overall costs, volatility of results, budgetary issues, and volatility of annual results as well as the appropriateness of coverage.

Program Administration

Administer a New Entrants Program in concert with the Nova Scotia Department of Agriculture

This program provides assistance with loan interest. It is intended to assist up to 50 new entrants to agriculture, including inter-generational transfers in order to provide long-term stability and renewal of farm ownership. During the 2009–2010 year, 32 applications have been approved for grants in future years (subject to funding).

Further development of this program in collaboration with the Department of Agriculture and development of other lending initiatives to assist new entrants and farm succession will continue to be priorities for the board during 2010–2011.

Flexible loan programs

Explore flexible loan programs and continue to review the needs and potential for expansion and development of industry sectors in collaboration with the Department of Agriculture and the Nova Scotia Federation of Agriculture. This will require consultation with industry representatives as well as those of other departments.

Human Resource Strategy

Provincially, the Nova Scotia's Corporate Human Resource Plan 2005–2010 establishes goals, objectives, and strategies that focus on making a "meaningful, measurable contribution to the lives of all Nova Scotians."

Within the guidelines of that plan, and recognizing the importance of our human resources, the board has developed an updated human resource plan providing an analysis of staffing requirements. The board's plan provides for increased emphasis and an increase in staffing resources for loan monitoring, analysis, and assistance to clients experiencing difficulty. The board's Human Resource Plan will be updated following the

2010–2011 completion of a mandate review and strategic planning session.

Succession planning will form an important element in the board's response to future retirements and staffing changes within the board. Ability to introduce and train staff and back up critical functions is vital.

Learning, through training and professional development and by sharing knowledge, is considered a priority of the board. Training funds provide staff with technical training and opportunities to attend appropriate technical and professional workshops and conferences.

Communication Strategy

The board communicates with the department informally through regular contact, through the CEO/Director as part of the Industry Development and Business Services Branch, and through the monthly budget submission process.

Communication to existing clients is by payment receipt or arrears notices, annual statements upon request, loan officer contact in response to a request or significant arrears, or through the annual loan file review process requiring updated information. Clients may call or visit to request information on their account or enquire about additional loans, or to discuss payment difficulties.

To communicate loan offerings and interest rates, the board produces a printed pamphlet about board lending and a quarterly rate sheet, both of which are available at board offices. A website provides similar information along with contact information for the board. Board employees attend and staff a booth at annual NSFA meetings and sector meetings.

Communication with the public is coordinated through the Department of Agriculture.

Future

Periodic direct mailings advise of board offerings and activities and upcoming events. These may be used to remind clients of, and further explain about, annual reviews and to advise clients to get their loan requests in early near busy times and around our year-end to avoid delays.

Budget Context

Financial Management

Effective financial management is a priority for the board.

Beginning with the 2007–2008 fiscal year, loan account reviews have been initiated to provide support for the provision for impairment and bad-debt expense, with a focus on higher-risk loans to meet management, financial reporting, and audit requirements. Considered necessary



to meet informational requirements, this process consumes considerable staff time and requires support of information systems not yet in place. Refinement of this process and establishment of systems support will be priorities during 2010–2011.

It does not appear that the board will require application of International Financial Reporting Standards (IFRS). IFRS standards and application rules will continue to be monitored.

Recommendations of the internal audit, to be completed late in 2009–2010, will be addressed during 2010–2011, and a review of internal processes has been carried forward for completion in 2010–2011.

The board funds loans by arranging financing through the Department of Finance for terms similar to loans issued on a quarterly basis under an arrangement established in 1997. This arrangement allows the board to track and report an interest cost that is directly related to the revenue generated and to report a net income, including interest margins.

Accounting adjustments are subject to the approval of the Department of Agriculture. The board is assigned budgetary authority through the department and is required to make the forecast and estimate authority conform to the amount assigned. Authority assigned for insurance, fees, operations, and

Operational Income Statement

Estimate 2009–10 (\$ 000)	Forecast 2009–10 (\$ 000)	Description	Estimate Request 2010–11 (\$ 000)
10,980	9,423	Interest	9,550
150	(273)	Insurance operations	228
230	457	Fee revenue/recoveries	511
11,360	9,607	Total Revenue	10,289
9,920	9,243	Interest	9,400
1,520	1,529	Operating expenses	1,490
500	5,070	Bad debt expense	0
11,940	15,842	Total expenses	10,890
(580)	(6,235)	Net income (loss)	(601)
580	6,235	Transferred to the province	601
0	0	Remaining	0

Note: See year-end financial statements for complete financial information and notes.
Interest expense is established under the terms of a memorandum of understanding arranged with the Department of Finance.
See accompanying text for additional information.

bad-debt expense is based on funding availability. The significant problems in the hog industry have resulted in much higher than usual bad-debt experience in the past two years; a large group of non-performing loans are still on the books, reducing forecast income for 2009–2010.

The required allocation of staff to meet the board's mandate for the coming year will be reviewed with the Department of Agriculture upon implementation of the strategic plan. Budgetary allocations are assigned based on staffing now in place.

Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad debt expense are variable, somewhat unpredictable, and beyond short-term control. Actuaries have advised that the results of this program will fluctuate from year to year. A review of current insurance arrangements has begun and is expected to be completed during 2010–2011.

Estimate 2009–10 (\$ 000)	Forecast 2009–10 (\$ 000)	Description	Estimate Request 2010–11 (\$ 000)
<i>Capital Funds</i>			
193,542	193,543	Opening principal	179,642
30,000	18,000	Add loan advances	30,000
(21,000)	(30,000)	Less repayments	(21,000)
(1,800)	(1,901)	Less principal written off	(1,600)
200,742	179,642	Closing principal	187,042
<i>Provision for Impaired Accounts</i>			
21,233	20,321	Opening provision	23,490
(1,800)	(1,901)	Less accounts written off	(1,600)
500	5,070	Additions (Principal portion of bad debt expense +/- adjustments)	0
19,933	23,490	Closing allowance	21,890
180,809	156,152	Net portfolio at year-end	165,152



Budget for Core Business 2—Program Administration

Note that staff of the board administer the following programs, but the programs are reported separately under the Department of Agriculture and are not included in the Operational Income Statement of the board.

Estimate 2009-10 (\$ 000)	Forecast 2009-10 (\$ 000)	Description	Estimate Request 2010-11 (\$ 000)
600	560	New Entrants to Agriculture Program— expenditures	600
600	600	New Entrants to Agriculture Program— approvals (grants cover interest in the two years following approval)	600
Total Staff			
17.3	17.3	Staff—FTEs	18.3

Outcomes and Performance Measures

Core Business Area 1 Lending

Outcome	Measure	Data	Trends	Targets	Strategies to Achieve Target
Efficient program delivery	Net income (before government contribution) as a % of the average active loan balance	Base Year (1998-99): 0.1%	2001-02: 0.7% 2003-04: 0.5% 2004-05: 0.5% 2006-07: 0.7% 2007-08: -4.3% 2008-09: -2.5% 2009-10: -3.5% forecast (-\$6,235,000/ \$175,629,000	Current Year (2009-10): -0.4% 2010-11: -0.3% (\$600,000)	The strategic plan will identify needs of clients and new lines of business for the board. Maintain interest rate margins in accordance with regulations while matching draws used to fund loans as closely as possible to loans issued in term and amount. Continue to develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss. Minimize operating expenses by efficient operating structure, practices, training, and electronic systems. Income has been negatively affected by reduced payout fees and a substantial increase in the Provision for Impairment in recognition of losses likely in hog industry and other loans.
			Net interest revenue and bad debt expense from 2008-09 affected by difficulties in the hog sector		



Core Business Area 1 Lending

Outcome	Measure	Data	Trends	Targets	Strategies to Achieve Target
Stable, long-term credit available	FLB loans as a % of total Nova Scotia farm debt (based on calendar year Stats Can data)	Base year (2000): 37.5%	2001: 34.7% (revised) 2002: 33.7% 2003: 31.4% 2004: 28.3% 2005: 30.1% 2006: 31.1% 2007: 27.6% 2008: 26.7%	2009–10: 25.0% 2010–11: 25.0% or greater	Reasonable long-term interest rates Trained professional staff available to identify meet needs for financial counselling and loan assistance Up to \$30 million in new capital support to the industry Continue with loans with short terms (3–5 years) and long-term amortizations to meet client needs; explore flexibility options for loan products, including variable rate loans and the use of real estate security for operating and flexible repayment loans. Facilitate transfer of Landbank and ARDA lease program properties to industry ownership. Long-term approach: As short-term interest rates become less attractive and credit available is reduced, Farm Loan Board funding is expected become more in demand.

Core Business Area 1

Lending

Outcome	Measure	Data	Trends	Targets	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Total arrearage as percent of value of all accounts (Note: this measure is revised effective for 2009-10 to include arrearage on accounts classified as "in-default" and replaces both the previous arrearage measure and the previous measure of defaulted accounts)	Base year (2006-07): 3.7	2007-08: 3.7% 2010-09: 4.5% 2009-10: 5.0% (forecast)	2009-10: 4.5% or less 2010-11: 4.5% or less	<p>Monitor account status, contacting clients in arrears and referring them to industry resources where appropriate; maintain contact and work with client to work out arrangements for payment; include larger arrearage accounts in annual review process.</p> <p>Arrearage and defaulted accounts will vary from year to year depending on performance of the various agricultural sectors represented in the board's loan portfolio. Working with clients to achieve the best long-term outcome is the board's primary goal.</p> <p>Continue to improve a balance of high-risk and lower-risk clients by broadening loan products available to meet a range of requirements.</p> <p>Hog sector difficulties will take some time to work through wind-up of loans. This will make maintenance of current arrears levels a challenge.</p> <p>Work with clients in arrears or experiencing difficulty to achieve the best chance of success in the long term (see arrears strategies above).</p> <p>Clear up existing accounts in process for recovery as rapidly as possible, subject to legal procedures and fairness processes and timing necessary to achieve the best value.</p> <p>Temporarily reassign staff to provide additional resources to work with clients experiencing repayment problems.</p>



Core Business Area 1 *Lending*

Outcome	Measure	Data	Trends	Targets	Strategies to Achieve Target
Client satisfaction	Based on client survey results. Combined results for courtesy, promptness, knowledge, and commitment on client survey	Base: 2000-01: 92% good or excellent	2001-02: 92% 2002-03: 96% 2003-04: 92.5 2004-05: n/a 2005-06: 94% 2006-07: 89% 2008-09: 94% 2009-10: 95% forecast	2009-10: 90% or above 2010-11: 90% or above	Monitor survey results. Review procedures for efficiency gains. Work to improve promptness score through reallocation of staff to permit focus on struggling clients, analysis, and documentation, while maintaining capacity for new loan.

Core Business Area 2 *Program Administration*

Outcome	Measure	Data	Trends	Targets	Strategies to Achieve Target
New entrances facilitated	Number of approved applications	Base: 2000-01: 49	2001-02: 56 2002-03: 47 2004-05: 30 2006-07: 36 2007-08: 31 2008-09: 22	2009-10: 30-50 2010-11: 30-50	Counselling by professional loan officers Industry awareness and monitoring suitability through consultation with industry organizations and representatives Identify appropriate modifications to existing programs, including budget allocations and additional funding and support mechanisms