



**NOVA SCOTIA
FISHERIES & AQUACULTURE
LOAN BOARD**

BUSINESS PLAN

2020 - 2021

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Message from the Board Chair and CEO

As a Nova Scotia based fisheries lender, the Nova Scotia Fisheries and Aquaculture Loan Board (FALB) is committed to supporting the rural economy of the Province. We work on behalf of Nova Scotians to maximize the potential of our fishing and aquaculture sectors by helping fishers and aquaculturists reach their full potential to build prosperity in rural Nova Scotia by providing employment and economic opportunities for today and into the future.

Homegrown Lending

Our lending programs are specifically designed to address the most common needs of Nova Scotia fishers, aquaculture enterprises, and seafood processors. Over the past year, the FALB has undergone a full revamp of its regulations to modernize our services and ensure we can continue to offer the flexibility we are so well known for in the sector.

Partners in Growth

We work with Nova Scotia fishers and seafood producers to build capacity, diversification, and product development as well as planning for marketing and export. In 2020-21, the FALB will continue to build on our strong reputation and history of service to rural Nova Scotia. Working with our partners in the Department of Fisheries and Aquaculture and at Perennia Food and Agriculture Inc, we continue to have a unique linkage and ability to respond to the needs of our client base. We have an important ability to connect our clients with programs and partners to find the resources they need to succeed.

We recognize the importance of fisheries to the rural areas of the province. Our commitment to this is as strong as ever as we look to assist existing enterprises with expansion and succession planning, while at the same time offering lending programs to support new entrants. We take a long-term view and consider an enterprise's full business cycle when making lending decisions. Our success comes from our client's success, and we offer flexible lending products and competitive interest rates that reflect this.

Opportunities and Innovation

In 2020-21, we will continue our work helping fishing enterprises, aquaculturists and seafood processors navigate their financing options to overcome barriers to growth and help them reach their full potential. Building on recent international trade agreements, we will work with these clients to help them maximize their reach and opportunities to sell their products into export markets. At the same time, we will work with clients to finance new and innovative ideas in their businesses to ensure they remain competitive here at home.

Our ability to be agile and responsive to industry needs remains a priority for the FALB. In collaboration with the Department of Fisheries and Aquaculture and other provincial partners, we will continue looking for new and better ways to meet the lending needs of our clients.

Our recent regulation updates were based on ongoing conversations with clients and

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experiences with previous applications. We heard the challenges from clients, staff, and industry stakeholders and have revamped our lending program regulations and are continuing work internally to align our lending processes with those of our sister board, The Nova Scotia Farm Loan Board to improve processing times and identify internal efficiencies. The Boards jointly intend to begin implementation of a new, modernized lending software in 2020-21 which will enable better client service, faster response times, and streamlined processing.

We are pleased to present the Nova Scotia Fisheries and Aquaculture Loan Board business plan for 2020-2021. The plan outlines the Board's commitment to support the rural economy by providing responsible business lending services targeted for fishers, aquaculture enterprises, and seafood processors in Nova Scotia.



Denny Morrow
Chair



Jennifer Thompson
Chief Executive Officer (CEO)

Mission

The Board supports the development of fisheries and aquaculture businesses in Nova Scotia through responsible lending.

Mandate

To support the fisheries and aquaculture industry through the provision of capital financing. It operates as a Crown Corporation established under the *Fisheries and Coastal Resources Act* (Act). This Act provides authority to the Board to make loans to, or guarantee loans of, a borrower for any purpose which will encourage, sustain, improve or develop the fishing and aquaculture industries in the Province. Regulations made under the Act govern the terms and conditions of loans provided by the FALB.

Vision

The Nova Scotia Fisheries and Aquaculture Loan Board is a recognized leader in fisheries and aquaculture lending, creating opportunities in rural and coastal Nova Scotia.

About the Fisheries and Aquaculture Loan Board

The FALB has been active since 1936 as Nova Scotia's fisheries and aquaculture development agency, acting to build a financially stable and sustainable fishing sector in Nova Scotia. It supports fishers and fishing enterprises by providing short, medium and long-term capital with competitive interest rates.

The FALB is committed to serving industry, offering several products designed to meet specific lending needs, ranging from small dollar micro-loans, to large loans for new vessels, licenses and processing equipment, etc. The FALB works to set-up loans that work for the individual's business, with the ability to structure loans to meet client needs.

The CEO of Crown Agencies reports to the Deputy Minister of Agriculture and is responsible for the operations of the FALB and the Nova Scotia Farm Loan Board. The Board of Directors consists of Nova Scotia residents who are corporate or community leaders who understand industry, the economy and the needs of those working in these sectors. They are recommended by the Minister of Fisheries and Aquaculture and appointed by Governor in Council. The FALB is a critical link in the capitalization of rural Nova Scotia businesses with an estimated investment of \$196 million in provincial fishing, aquaculture, and processing enterprises. This capital is used to buy licenses, new and used vessels, vessel modifications, gear, seed stock, and processing equipment to name a few of the lending programs we support.

Fisheries and Aquaculture Loan Board's Focus

The FALB team met with hundreds of unique operators in 2019-20, showcasing our client centred approach and our commitment to be the leading fisheries and aquaculture lending experts in Nova Scotia.

The FALB will continue to build upon our past successes and reputation in the sector to further support Nova Scotia fisheries and aquaculture-related enterprises with capital needed to innovate and expand on their success. We will continue to develop and foster deeper relationships with industry peers to expand knowledge of our product offerings.

We will expand our focus in the value-add and processing sectors by adding a new team member with a dedicated focus on value-add and high value financing. This will serve to further diversify the portfolio and expand the Board's role as a developmental lender.

The FALB undertake a its first promotional and branding campaign in 2019-20, including the introduction of a standalone website. The Board will continue with this push into 2020-21 with plans to attend more industry conferences to raise awareness of the Board's programs and activities in Nova Scotia.

With new regulations in place, the FALB has expanded its commitment to the industry by lending for a broader range of fishing and seafood projects, such as specialized equipment and other value add opportunities.

Portfolio Management

The FALB is responsible for an estimated \$196 million over 850 loans, invested with a lending cap of \$205 million. We will continue to work closely with our clients, ensuring service excellence while at the same time navigating individual client and broader commodity challenges that can lead to complex financial circumstances.

The developmental nature of the FALB means that the Board will work with clients who are unable to find reasonable rates or obtain loans at a traditional bank due to the nature of their business or industry and the risk involved. To better manage risk and provide greater likelihood for success, the Board works toward individually customized solutions, including credit and risk assessment. In unfortunate circumstances where the board is forced to realize on security, we will work to manage a maximum return on these assets on behalf of the province.

The FALB invested an estimated \$60 million in approximately 140 clients in 2019-20, contributing to Nova Scotia's fisheries and aquaculture economy in both local and export markets. The Board makes every effort to assist its clients by providing support through all business cycles including industry downturns. Whenever possible, innovation and value-added

processing are also supported. The FALB will invest up to \$60 million in 2020-21.

Performance Goals

The Crown Lending Agency, the administrative unit supporting the FALB, operates under two themes and five strategic goals:

Efficient and Effective Service

1. Increasing impact on industry through **quality lending** and superior client service
 - Develop a balanced portfolio of established enterprises, new entrants and developmental initiatives that have the potential to benefit the broader fishing sector in Nova Scotia. Allocate a percentage of new loans to new initiatives and highly developmental projects.
 - Adapt and develop lending products by assessing client profiles, satisfaction levels, and industry trends and introducing a new client survey in 2020-21
 - In 2020-21, new programs for Buy Local and Climate Change initiatives will be developed.
2. Building trusting relationships through **accountability** for quality and timely work
 - Produce accurate financial information, including an unqualified audit opinion.
 - Work to replace legacy loans management software to enable better client contact, self-service options, and easier, more timely reporting to stakeholders.
3. Improving team effectiveness through a positive work environment and **continuous improvements**
 - Implement activities resulting from the Lean Business Processing initiatives undertaken in 2019-20 by streamlining administrative processes and providing staff with the tools to excel.
 - Monitor trends in employee engagement and offer development opportunities to attract and retain high-performing employees.

Positioned for Success

4. **Growing the rural economy** through responsible lending
 - Growing rural and coastal communities by providing a range of products and services designed to meet specific client needs, no matter their phase of business growth.
5. Positioning for **continued success** through effective systems and responsiveness to industry changes

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- FALB will use market trends, build key partnerships, develop new products in response to industry needs, respond to client and industry expectations and improve the lending environment.

Projects will be developed in 2020-21 to advance the Crown Lending Agency's themes and goals of efficient and effective services, growing the rural economy through responsible lending and responsiveness to industry changes. These may include enhancing elements of current products, developing new product offerings, developing and implementing improved information technology and reporting systems and improving their client survey.

In addition, the FALB advances the Department of Fisheries and Aquaculture strategic themes in the following ways:

Enabling Responsible Economic Growth: At almost \$52 million invested in 2018-19 and an estimated \$60 million in 2019-20, FALB investments make Nova Scotia a better and more productive place to harvest, grow and process seafood products. These investments also support production of more local food for Nova Scotians and create economic spin-offs in related industries such as boat building, material suppliers, and equipment dealers. This year, the Board will invest up to \$60 million in the development of the seafood sector and growing the rural economy.

Supporting Research and Innovation: The FALB will continue to support innovative fishers, aquaculturists and processors in the development of more efficient vessels, in the pursuit of improved processing techniques and in the adoption of new and innovative technologies.

Building Public Trust and Market Acceptance: The FALB will continue to disburse funds for food production, processing and quality improvements, including food safety, building confidence in our products for local and international consumers.

Increasing Trade and Market Access: The FALB will continue to support businesses seeking new markets, both domestically and internationally.

Encouraging Value Added Opportunities: The FALB encourages valued-added opportunities with good business potential. This includes expanding eligibility to shore-based infrastructure and operations, allowing industry to increase the value of its products while ensuring the sustainable and responsible use of related resources. Though the risks can be higher for value-added products, so are the potential economic outcomes. The Board will continue to offer financial support to clients when taking on value added opportunities with good business potential.

Regulatory Changes

The FALB completed a review of the *Nova Scotia Fisheries and Aquaculture Loan Board Regulations* to modernize and align with the *Nova Scotia Farm Loan Board Regulations* and updated regulations were implemented in 2018-19. In 2019-20, the Boards undertook to streamline and align the processes of the boards to increase efficiencies, increase capacity, and reduce administrative processes. The two Boards will continue to operate separately to maintain their unique sector supports, making each Loan Board a more appealing institution for borrowers by providing businesses with greater and more flexible loan options that fit their needs and reducing loan turn-around times.

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Capital Funds

Description	2019-20 Estimate (\$000)	2019-20 Forecast* (\$000)	2020-21 Estimate (\$000)
Opening principal	154,918	154,372	189,705
Add loan advances	60,000	60,650	60,000
Less repayments	(27,000)	(24,170)	(27,000)
Less principal written off	(-)	(1,147)	(-)
Closing principal	187,918	189,705	222,705**
Provision for impaired accounts			
Opening provision	1,299	2,160	1,822
Less accounts written off	(-)	(416)	(-)
Additions (principal portion of bad debt expense +/- adjustments)	78	78	78
Closing allowance	1,377	1,822	1,900
Net portfolio at year end	186,541	187,883	220,805

*Forecast data as of January 17, 2019

**Pending approval of an increase to the Fisheries and Aquaculture Development Fund

The operating costs of the Nova Scotia Fisheries and Aquaculture Loan Board are consolidated with the Nova Scotia Farm 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.