

Accountability Report

2016-2017

Nova Scotia Fisheries and Aquaculture
Loan Board



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Accountability Statement

The Accountability Report of the Nova Scotia Fisheries and Aquaculture Loan Board (NSFALB) 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 NSFALB Business Plan for the fiscal year just ended. The reporting of the NSFALB outcomes necessarily includes estimates, judgments and opinions by the NSFALB management.

We acknowledge that this Accountability Report is the responsibility of NSFALB 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 Fisheries and Aquaculture Loan Board 2016-2017 Business Plan.

Minister _____
Honourable Keith Colwell, E.C.N.S.

Board Chair _____
Dannie Hanson

Director _____
Greg Cox

Directors Report

It is a pleasure to present this Accountability Report in the 80th year of service of the Nova Scotia Fisheries and Aquaculture Loan Board to the fishermen of this Province. Fiscal 2017 was a continuation of 2015-2016; characterized with a record number of vessels under construction and with a new generation of fishermen purchasing licences. The Board of Directors and staff have been working on a number of fronts to prepare the Board for another 80 Years of service with new products and changes to our regulations that will allow us to be more flexible and responsive to industry needs.

The Aquaculture sector is growing with significant investment in many finfish and shellfish initiatives. The Board again is developing new products to meet the need of this sector of the fishery. With the global production of farmed fish now greater than that of farmed beef, it is clear that one of the greatest sources of protein on the planet will come from aquaculture. Nova Scotia wishes to be on the front lines of many of these aquaculture developments and needs to have the lending tools to support sound initiatives.

All of the initiatives that are being taken are purposed to provide better service to the Fishery. Whether this is by having flexible repayment plans, or a broader base of loan products; the objective is to invest in coastal communities. The creation of a strong viable fishery that creates jobs and sustains rural communities is the end goal of all our efforts. Times are changing rapidly, investment is greater, loans are larger, and the risks are higher than ever before in the Board's history. The Board is working to mitigate the risk of losses as we fund this sector of the industry. The Board of Directors and Staff are constantly challenged to find the proper balance of risk and reward as we place funds into these projects.

Greg Cox
Director Crown Agencies
Nova Scotia Fisheries and Aquaculture Loan Board

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Board Directors as March 31, 2017:

Chair	Dannie Hanson
Vice-chair	Peter Corey
Member and Audit Committee Chair	Nathan Boudreau
Member and Audit Committee Chair	Claude Poirier
Member	Denny Morrow
Member	Donald Doucette

Principal Officers & staff as March 31, 2017:

Director	Greg Cox, MSc, MBA, PAg
Solicitor to Board	William Laurence, Department of Justice
Auditor	PricewaterhouseCoopers LLP
Manager, Finance	Philip Green, CPA CMA, MPA
Credit Manager	Maria McCurdy BSc (Agr) PAg
Senior Risk Manager	Shadia Jamash BBA
Loan Manager	Kris MacEachern
Senior Loan Officer	Neil Pardy
Loan Officer	Glenda Conley
Loan Officer	Colleen Frizzell
Chief Accountant	Susan Archibald
Administration Supervisor	Vickie Birch
Loan Assistant	Tracy Hart
Loan Assistant	Jackie Putnam
Vessel Inspector	Vern Shea
Vessel Inspector – 50%	Bernard Stockley

Board Operation Overview

During its 80th year of operation the Board of Directors met on several occasions. Some 120 requests were approved for funding during the 2016-2017 fiscal year. A total of 764 loans / 614 clients were in effect at March 31, 2017.

With these 120 new applications approved during the year total funds authorized exceeded \$28.9 million. Principal repayments were \$25.2 million. Interest rates continued to be low and credit availability from other lenders remained strong. Loan advances were below the maximum \$30 million authorized. Long term lending was strong and the loans for licences program implemented in 2009 continues to be of significant interest and benefit.

Fishing Vessel Loans

Credit staff are responsible for administrative detail with respect to receiving applications, preparing recommendations, disbursing funds and maintaining loans records. The Board's vessel inspectors are responsible for approving new vessel specifications and ensuring vessel appraisals are conducted and documented as the vessels are partial security for loan advances.

The Board provides loans for the purchase of new and used fishing vessels as well as for vessel modifications and upgrades. A total of 73 fishing vessel loans totaling \$15,823,223 were approved under this program in 2016-2017.

Fishing Licence Loans

The Board provides loans for the purchase of fishing licences which support succession and diversification within the fish harvesting sector. A total of 44 fishing licence loans were approved for a total of \$12,721,896.

Aquaculture Loans

The Board provides loans to aquaculture operators for the purchase of seed stock, gear and equipment. A total of three aquaculture loans totaling \$388,121 were approved under this program in 2016-2017.

Financial Results

	2016-2017 Estimate	2016-2017 Actuals	2016-2017 Variance
Program & Service Area Nova Scotia Fisheries and Aquaculture Loan Board	(\$ thousands)		
Total Expenses	5,724	6,448	724
Additional Information:			
Ordinary Revenue	7,500	6,406	1,094
Fees and Other Charges	164	276	(112)
Ordinary Recoveries			
Total: Revenue, Fees and Recoveries	7,664	6,682	982
TCA Purchase Requirements	-	-	-
Provincial Funded Staff (FTEs)	8.0	7.1	(0.9)
<u>Departmental Expenses Variance Explanations:</u> An allowance for potential bad debts exceeded budget authority of \$78, partially offset by under ages in interest expense (\$565) and salaries due to unfilled positions (\$40).			
<u>Revenue, Fees and Recoveries Variance Explanation:</u> Interest revenue is below authority as a result of both lower interest rates and lower than expected total portfolio balance. Fee revenue was above authority as a result of higher than expected applications.			
<u>TCA Purchase Requirements Variance Explanation:</u> n/a			
<u>Provincial Funded Staff (FTEs) Variance Explanation:</u> CEO and Loans Manager positions unfilled for a portion of the fiscal year.			

Measuring Our Performance

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

A: Lending to grow the rural & coastal economy

Measures

- Total new funds advanced during the year: \$25,460,000.00
- Number of approved loans during the year: 120

B: Support to new fishers and aquaculturists

Measures

- Number of loans to purchase fishing licenses: 44
- Number of loans to purchase fishing vessels or for vessel upgrades: 73
- Number of aquaculture loans: 3
- Percentage of applicants applying as new entrants: 16%

C: Risk Mitigation Activities

Measures

- Percentage of loan applications with lowest risk ratings (1,2 or 3 out of 6): 75%
- Number of clients in arrears: 55
- Number of Special Credit Accounts: 3
- Amount of funding recovered in fiscal year as result of Special Credit activities: \$849,000

D: Confidential Credit Counseling

Measures

- Number of clients receiving some level of counseling through loan processing or through arrears management: 178

Supplemental Information and Appendices

PWC Financial Statements