



**BUSINESS PLAN**

**NOVA SCOTIA FISHERIES AND AQUACULTURE**

**LOAN BOARD**

**2007-2008**

**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**TABLE OF CONTENTS**

Message from the Minister, Deputy Minister and Board. ....	3
Mission Statement .....	4
Corporate Path .....	4
Planning Context .....	4
Strategic Goals.....	5
Core Business Areas .....	6, 7, 8, 9, 10
Budget Context .....	11
Financial Information.....	12
Appendix A.....	13
Appendix B.....	14
Appendix C.....	15

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**Message from the Minister, Deputy Minister and Board**

It is our pleasure to present the 2007-2008 Business Plan for the Nova Scotia Fisheries and Aquaculture Loan Board. This Business Plan reflects the Loan Board's objectives and focus for the upcoming year.

The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long term stable development funding. The Fisheries and Aquaculture Loan Board, since 1944, has lent \$575 m to the harvesting and aquaculture sectors of the fishery in Nova Scotia, thereby enabling fishers and aquaculturists to take advantage of economic opportunities at home creating jobs in coastal communities and growing the economy.

---

Minister

---

Deputy Minister

---

Chairman

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**A. Mission**

To serve, develop and optimize the Nova Scotia fish harvesting and aquaculture industries, for the betterment of our coastal communities and the province as a whole.

**B. Corporate Path**

Through a cooperative agreement between the Fisheries and Aquaculture Loan Board and the Department of Finance, the interest rate of borrowed funds is increased to ensure that the Province is continually in a surplus position. For the fiscal year ending March 31, 2006, the Loan Board surplus was \$5.9 m as per the Office of the Auditor General. With this financial arrangement in place the Loan Board can fulfill the expectations and service needs of the fishing and aquaculture industry by providing long term stable development funding which will enable the fishers and aquaculturist of Nova Scotia to take advantage of economic opportunities at home to maximize jobs and grow the economy of our coastal communities. The fishery is more than a way of life, it is a successful business; we must strive to keep it productive and internationally competitive.

**C. Planning Context**

Nova Scotia is the leading fishing province in Canada, a nation which is known as a world fishing power. We are fortunate to have a diversified industry which can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately \$780 m, a market value of approximately \$1.0 billion and our aquaculture and recreational fishery sectors generate \$120 m more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21<sup>st</sup> century, we must maintain and enhance the traditional components of the industry which over time have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, under utilized species and the processing sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries which are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture Loan Board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province.

The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long term stable development funding. Through this Board the Nova Scotia government ensures it has a cost effective, positive, focussed and beneficial influence

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

on the development of the fishing and aquaculture industries of Nova Scotia. The Board operates under the authority of the Fisheries and Coastal Resources Act. This Act, by its name, emphasizes the coastal community development, which is the focus of the Board's operations.

Diversification and technologic advancements in the fishing industry continues to create a demand for newer, larger and efficient vessels. Existing clients will take advantage of this new technology to improve and upgrade their vessel. This will also result in maintaining a high level of boat building activity.

**D. Strategic Goals**

In order to carry out the Board's mission and that of the Department of Fisheries, the Board is involved in the following four core business areas:

1. Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.
  - Government developmental financing is required for the harvesting sector as the chartered banks consider lending to this sector to be high risk. Aquaculture financing is also necessary as this sector is a developing industry which the banks believe to be very high risk.
2. Maintain a vessel inspection program for all new construction, used vessel purchases, modification and engine/equipment loans.
  - A vessel inspection program is necessary for new boat construction to ensure that the boats are built to rigid Loan Board standards. Used vessels, modification and engine/equipment loans are inspected to ensure that the funds lent, are secure in the value of the boat.
3. Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum.
  - Each and every lending institution must have an effective collection program to reduce arrears and keep writeoffs to a minimum.
4. Provide financial counselling and assessments for proposed projects.
  - Financial counselling ensures that customers manage their income and resources wisely and assists the Loan Board's repayment record. Project assessments help the industry to be successful and also reduces the potential of delinquent accounts.

**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**E. Core Business Areas 2007-2008**

In keeping with the goals for the Board, Department of Fisheries, and Government, the following represents the Board's priorities for 2007-2008.

**Core Business Area 1**

Providing long term fixed rate loans for the development of the fish harvesting and aquaculture industries. Reviewed 118 loan applications during the 2005-2006 fiscal year.

- Provide \$20 million of developmental funding to the fishing and aquaculture industries.
- Continue to assess new loan proposals by applicants.
- Continue to review and amend the loan approval process, to ensure quality program delivery.
- Facilitate the replacement and upgrading of older vessels in each fleet.

**Outcomes and Performance Measurement**

<b>Core Business Area 1: Providing long term fixed rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.</b>					
<b>Outcome</b>	<b>Measures</b>	<b>Data</b>	<b>Targets 2007-08</b>	<b>Ultimate Target</b>	<b>Strategies to Achieve Targets</b>
Development of new fishery enterprises	Loan Advances	2000-01: 18.5M 2001-02: 19.0 M 2002-03: 20.5 M 2003-04: 22.0 M 2004-05: 25.0 M	Increased annual advances	Increased annual advances	Working with industry and government. Provide financing for the harvesting of underutilised species. Loan advances as of March 31, 2006 was \$14.0 m.
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	2000-01: 53 M 2001-02: 61 M 2002-03: 69 M 2003-04: 72 M 2004-05: 82 M	Annual increase in loan portfolio	Annual increase in loan portfolio	Support financially viable operations. As of March 31, 2006 the loan portfolio was 80.5M.

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**Core Business Area 2**

Maintain a vessel inspection program for all new construction, used vessel purchases, modification and engine/equipment loans. Carried out 305 new vessel inspections and 513 inspections of another nature during the 2005-2006 fiscal year.

- Each new vessel is inspected biweekly during construction to ensure that they are built to rigid Loan Board standards.
- All used vessels financed by the Loan Board, as well as vessels for modification and engine/equipment applications, are inspected to ensure that they are built to Loan Board standards. Inspections also guarantee that the funds lent by the Loan Board are secure in the value of the boat.
- Carry out annual maintenance inspections on Loan Board financed vessels to ensure continued loan security and equity.
- Approve builder construction plans and boat specifications to ensure that they meet Loan Board standards.
- Assist boatbuilders by giving technical advise which relates to the preparation of plans and drawings. Also provides technical assistance relating to the construction of new vessels and modification of vessels.

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**Outcomes and Performance Measurement**

<b>Core Business Area 2: Maintain a vessel inspection program for all new construction, used vessel purchases, modification and engine equipment loans.</b>					
<b>Outcome</b>	<b>Measures</b>	<b>Data</b>	<b>Target 2007-08</b>	<b>Ultimate Target</b>	<b>Strategies to Achieve Targets</b>
Inspect each new vessel under construction biweekly	Number of new vessels inspected biweekly	2000-01: 511 2001-02: 656 2002-03: 505 2003-04: 531 2004-05: 504 2005-06: 305	All new vessels under construction to be inspected biweekly	All new vessels under construction to be inspected biweekly	Adequate operating budget. Biweekly inspection report. Biweekly progress payments to boat builders.
Inspect each vessel which is financed by the Board on a yearly basis	Number of vessels inspected	2000-01: 523 2001-02: 512 2002-03: 494 2003-04: 473 2004-05: 412 2005-06: 447	All vessels to be inspected annually	All vessels to be inspected annually	Adequate operating budget to inspect each vessel yearly. Annual completed survey report on each vessel.  Maintain an equity position in each vessel financed by the Loan Board.
Ensure that vessels related to used boat, modification and engine/equipment applications are appraised biweekly	Number of vessels inspected	2000-01: 106 2001-02: 87 2002-03: 77 2003-04: 51 2004-05: 75 2005-06: 61	Biweekly inspections	Biweekly inspections	Adequate operating budget to inspect on a biweekly basis. An inspection report to be completed.



**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**Core Business Area 3**

Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum. The arrears percentage remained the same 1.33 % as of March 31, 2006.

- To review Loan Board arrears on a monthly basis to determine the proper course of action required.
- Continue to write letters, make phone calls and field visits in an effort to collect delinquent accounts.
- Monthly collection activities reduce the arrears outstanding and minimizes writeoffs.

**Outcomes and Performance Measurement**

<b>Core Business Area 3: Maintain a loan collection program on a monthly basis to keep loan arrears to a minimum.</b>					
<b>Outcome</b>	<b>Measures</b>	<b>Data</b>	<b>Targets 2007-08</b>	<b>Ultimate Target</b>	<b>Strategies to Achieve Targets</b>
Frequent collection activity	Percent of accounts in arrears	2000-01: 4.1% 2001-02: 3.3% 2002-03: 1.8% 2003-04: 1.3% 2004-05: 1.3%	≤3% arrears level	≤3% arrears level	Adequate operating budget to collect via monthly field visits. As of March 31, 2006 1.33% of accounts were in arrears.  Sufficient staff to collect monthly.
Decrease in arrears level	Percent of accounts in arrears	2000-01: 4.1% 2001-02: 3.3% 2002-03: 1.8% 2003-04: 1.3% 2004-05: 1.3%	≤3% arrears level	≤3% arrears level	Fisheries Loan Board loans secure in the value of the boat. Loan balances reducing as per repayment schedule. As of March 31, 2006 1.33% of accounts were in arrears.

**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**Core Business Area 4**

Provide financial counselling and assessments for proposed projects.

- Continue to review and analyse applications for funding and various other projects.
- Assess the profitability of financing vessels which engage in the harvesting of non-traditional species.
- Investigate new loan programs with flexible terms which will assist the fishing and aquaculture industries.
- Continue to partner with industry, other lenders and other government departments to improve financial information and develop combined lending packages for our clients.

**Outcomes and Performance Measurement**

<b>Core Business Area 4: Provide financial counselling and assessments for proposed projects</b>					
<b>Outcome</b>	<b>Measure s</b>	<b>Data 2000-2001</b>	<b>Target 2007-08</b>	<b>Ultimate Target</b>	<b>Strategies to Achieve Targets</b>
Harvesters successfully expand their operations	Percent of annual writeoffs	Percent of annual writeoff (.25%) (Base)	No increase in writeoff amounts as a percent of loan portfolio	No increase in writeoff amounts as a percent of loan portfolio	Patient lending. Regular client visits. Counselling for fishers and aquaculturists. As of March 31, 2006 writeoffs stayed within this range.

**F. Budget Context**

**NOVA SCOTIA  
FISHERIES AND AQUACULTURE LOAN BOARD**

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**STATEMENT OF REVENUES, EXPENSES AND  
ACCUMULATED SURPLUS  
FOR THE YEAR END**

	<b>Estimate 2006/07</b>	<b>Forecast 2006/07</b>	<b>Estimate 2007/08</b>
<b>Revenues</b>			
Interest income	\$ 5,900,000	\$ 5,700,000	\$ 6,100,000
Loan fees	<u>106,700</u>	<u>106,700</u>	<u>106,700</u>
	<u>6,006,700</u>	<u>5,806,700</u>	<u>6,206,700</u>
<b>Expenses</b>			
Interest expense	3,800,000	3,700,000	3,800,000
Salaries and benefits (net of recoveries)	511,500	623,600	553,100
Board honoraria	7,600	7,600	7,600
Travel	52,300	52,300	53,700
Office expense	17,300	17,300	17,300
Bad debts expense (net of recoveries)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
	<u>4,438,700</u>	<u>4,450,800</u>	<u>4,481,700</u>
<b>Operating Surplus</b> before Government contributions	1,568,000	1,355,900	1,725,000
Government contributions	<u>4,438,700</u>	<u>4,450,800</u>	<u>4,481,700</u>
<b>Surplus</b>	6,006,700	5,806,700	6,206,700
Distribution to Consolidated Fund of the Province	<u>6,006,700</u>	<u>5,806,700</u>	<u>6,206,700</u>
<b>Accumulated surplus</b> , end of year	\$ _____ -	\$ _____ -	\$ _____ -
<b>Funded Staff (FTE's)</b>	9.0	9.0	9.0

**FINANCIAL INFORMATION**

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

	<b>Estimate 2006/07</b>	<b>Forecast 2006/07</b>	<b>Estimate 2007/08</b>
<b>Advances</b>	<b>\$20.0 m</b>	<b>\$20.0 m</b>	<b>\$20.0 m</b>
<b>Principal Payments</b>	<b>\$14.0 m</b>	<b>\$13.6 m</b>	<b>\$14.2m</b>
<b>Interest Payments</b>	<b>\$ 5.9 m</b>	<b>\$ 5.7 m</b>	<b>\$ 6.1 m</b>
<b>Loans Receivable</b>	<b>\$90.0 m</b>	<b>\$85.0 m</b>	<b>\$90.0 m</b>
<b>Write Offs</b>	<b>\$ .25 m</b>	<b>\$ .25 m</b>	<b>\$ .2 m</b>
<b>Doubtful Accounts</b>	<b>\$ .7 m</b>	<b>\$ .7 m</b>	<b>\$ .75 m</b>
<b>Interest Expense</b>	<b>\$ 3.8 m</b>	<b>\$ 3.7 m</b>	<b>\$3.8 m</b>
<b>Net Income</b>	<b>\$ 6.0 m</b>	<b>\$ 2.2 m</b>	<b>\$ 6.0 m</b>

**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**APPENDIX A**

**Key Statistics - 2005**

**\*Industry Income**

Landed value + Aquaculture sales =

$$\$725,349 \text{ M} + 44,013 \text{ M} = \$769,362 \text{ M}$$

**\*Average lobster Income**

Landed value ÷ license holders

$$\$404,884 \text{ M} \div 3091 = \$130,988$$

**Creation and Maintenance of Direct and Indirect Jobs**

Estimate 7,865

\* - See appendix "B"

**Business Plan  
Nova Scotia Fisheries and Aquaculture Loan Board  
2007-2008**

**APPENDIX B**

**Latest Commercial Fishery Landed Values for Nova Scotia**

<b>Year</b>	<b>Groundfish</b>	<b>Pelagic</b>	<b>Scallop</b>	<b>Lobster</b>	<b>Shrimp</b>	<b>Crab</b>
2005	\$80,799,000	\$40,801,000	\$67,025,000	\$404,884,000	\$49,692,000	\$70,760,000

Source: Department of Fisheries and Oceans, Ottawa, Ontario K1A 0E6

**APPENDIX C**

**Business Plan**  
**Nova Scotia Fisheries and Aquaculture Loan Board**  
**2007-2008**

**Production Sales of market Sized Products - 2005**

<u>Species</u>	<u>Production (KGS.)</u>	<u>Value \$</u>	<u>% of Total Value</u>
Atl. Salmon/Steelhead* (Marine)	5,703,977	\$29,551,298	67.1%
Atl. Salmon Hatcheries/Nurseries & Speckled/Rainbow Trout* (Hat.)	216,454	\$3,595,505	8.2%
<b>TOTAL FINFISH</b>	<b>5,920,431</b>	<b>\$33,146,803</b>	<b>75.3%</b>
Blue Mussels	2,300,403	\$3,059,753	7.0%
American Oysters	232,232	\$685,542	1.5%
Sea & Bay Scallops	10,784	\$91,006	0.2%
<b>TOTAL SHELLFISH</b>	<b>2,543,419</b>	<b>\$3,836,301</b>	<b>8.7%</b>
<b>Confidential Species *</b>			
*Abalone	(c)	(c)	(c)
*Arctic Char	(c)	(c)	(c)
*Ocean & Bay Quahaugs	(c)	(c)	(c)
*Clams	(c)	(c)	(c)
*Eels	(c)	(c)	(c)
*European Oysters	(c)	(c)	(c)
*Halibut	(c)	(c)	(c)
*Marine Plants	(c)	(c)	(c)
*Striped Bass	(c)	(c)	(c)
*U-Fish - Rainbow Trout	(c)	(c)	(c)
<b>TOTAL CONFIDENTIAL</b>	<b>670,267</b>	<b>\$7,029,917</b>	<b>16.0%</b>
<b>GRAND TOTAL</b>	<b>9,134,117</b>	<b>\$44,013,021</b>	<b>100%</b>

\*(c) To maintain the confidentiality of individual producers, production figures for species with less than three growers are not listed separately in this data.