



Crown Corporation

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

FOR THE FISCAL YEAR 2006–2007

Nova Scotia Farm Loan Board

Business Plan 2006–2007

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Mission

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

Introduction

Our Vision

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

Our Mandate

The board operates as a corporation of the Crown under the authority of the Agriculture and Rural Credit Act (*Revised Statutes of Nova Scotia*, 1989, Chapter 7). This act emphasizes rural development and the effective use of credit to develop rural Nova Scotia.

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

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 the Governor-in-Council and are accountable to the Minister of the Department of Agriculture. Day-to-day operations are delegated to staff who are responsible to ensure that conduct, management, and operations meet board and provincial requirements.

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 2008. Leo is from Mabou and has a long background in agriculture, having served as 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: Carol Versteeg. Carol has been a member of the board since October 1994. Her current term began February 2005 and expires February 2008. Carol is a graduate of the Nova Scotia Agricultural College and MacDonald College. Carol lives in



Hardwoodlands and from 1977 to 1987 was a partner in a dairy farm. She is the Executive Director of the Soil and Crop Improvement Association of Nova Scotia and is involved in 4-H and the Women's Institute of Nova Scotia, as well as other organizations.

Member: Hank Bosveld. Hank has been a member of the board since September 2000. His current term began September 2005 and expires September 2008. 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: Stephen Healy. Steve has been a member of the board since November 2003, with his current term expiring November 2006. He lives with his wife and three children in Kentville, where he operates a successful financial planning firm. Steve is a graduate of Nova Scotia Agricultural College and the University of Guelph. He is a past board member of the Annapolis Valley Victorian Order of Nurses and Annapolis Pony Club and is currently a member of Rotary. Community projects such as the Berwick Apple Dome and local hockey programs continue to be of importance to Steve and his family.

Member: Victor Moses. Victor has been a member of the board since March 2000. His current term began February 2005 and

expires February 2008. 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 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 by 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 and also operates as the Timber Loan Board.

Availability of credit with stable 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.

Operations and interest rates are managed so as to cover all direct costs of operation and provide a modest net income (averaging \$1.1 million before government contributions over a five-year period) that

offsets indirect costs of services provided by government to the board and provides resources for maintenance of systems and operations. At last year-end (March 31, 2005), the board's loan portfolio totalled \$175 million. Including lease property accounts, total lending to agriculture represents approximately 28.0 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled \$847,000 for the forest industry.

Primary stakeholders in board operations include individual and potential borrowers and the province, in particular 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.

Planning Context

External Context

Overview

The agricultural industry is affected by local weather and other conditions affecting production and by conditions in competing regions that may affect general

price levels for commodities produced, as well as by market conditions, including the effects of branding, consolidation and national purchasing, and market access. For the most part, general climatic conditions were favourable in Nova Scotia during the past year. 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 intergenerational transfer of family businesses, which must be addressed.

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



Review of Sectors the Board Holds a Significant Value in Loans

Our largest sectors, dairy and poultry, are profitable and benefit from supply-managed marketing systems; however, disease, such as an avian flu outbreak, could have a major impact. In the longer term, the World Trade Organization (WTO) and other international negotiations may affect the supply management system, and this in turn may have a significant effect on profit levels and management of risk.

Beef markets have begun to show signs of recovery with the opening of international borders to Canadian beef. Many producers continue to struggle with the effects of the Bovine Spongiform Encephalopathy (BSE) issue on their farms, and it is expected that some producers will need additional time to recover.

Hog production continues to provide relatively low average returns, and production continues to decline in this region. In the absence of reasonable net returns to the producers, this sector will be challenged to maintain viability and will see limited opportunity for growth. The industry will need to continue to explore market opportunities that provide sufficient returns.

Vegetable producers are very affected by seasonal weather conditions but have good potential, provided an appropriate marketing strategy is developed. Few producers have sufficient size on their own

to supply major wholesalers, but direct and niche marketing including organic production may also be an option.

The blueberry sector is seen as having good profit potential, but does require significant pre-production development costs. Market prices are subject to world markets and expanding competitive production capacity.

Greenhouse production requires strong management skills to deal with international competition, high energy costs, and marketing issues. Lending to this sector is higher risk because of the specialized structures used in the industry.

The tree fruit sector faces strong competition, high costs of production, including labour, and a long delay between investment and initial return. The industry is making a concerted effort to enhance its opportunities to increase returns through new varieties.

The mink industry has enjoyed an increase in demand and prices in 2005–2006. The sector is expected to grow over the next few years.

In addition to the commodities reviewed above, the board provides assistance to many other commodities. The board will continue to evaluate new opportunities in primary agriculture, on-farm value-added processing or marketing, and other development opportunities that fit into its mandate.

Interest Rates

Interest rates remain relatively low but are trending upward. The Bank of Canada overnight rate has increased four times during the year, from 2.50 per cent at the end of the last fiscal year to 3.50 per cent effective January 2006; and projections are for modest increases over the next year or two. The interest rate situation presents an opportunity for those requiring long-term financing, and will tend to support acceleration of capital investment and the trend towards greater reliance on technology. The gap between interest rates for short-term and variable-rate loans as compared to term rates such as those provided by the board has narrowed. It is expected that this will result in greater demand for long-term loans.

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 offers fixed-interest loans with rates fixed for the full amortization period of the loan. Variable rates or term lengths of less than the amortization period are not offered, because it is felt that those alternatives increase the risk that clients will be unable to meet future loan payments if rates increase.

Projections are for board to advance \$30 million in the current fiscal year, for a net increase in the loan portfolio of \$10.5 million. It has been expected that demand for the board's type of long-term funding has been deferred as a result of the interest rate situation and that this demand will build quickly as short-term rates rise. Requirement for board funding is expected to be approximately \$30 million in 2006–2007.

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, but also because of the relationship between forestry and

Interest Rates Offered by the Board during the Year

Term	April 1, 2005– June 30, 2005	July 1, 2005– Sept. 30, 2005	Oct. 1, 2005– Dec. 31, 2005	Jan. 1, 2006– Mar. 31, 2006
1 to 5 years	5.10 %	4.75 %	5.10 %	5.70 %
6 to 14 years	5.85 %	5.35 %	5.60 %	6.00 %
15 to 19 years	6.40 %	5.75 %	6.05 %	6.20 %
20 to 24 years	6.80 %	6.30 %	6.35 %	6.45 %



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 present a positive net income on lending operations while meeting client credit needs, providing counselling services, supporting to new entrants, 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.

Ongoing Planning Focus

The board understands its focus to be the long-term health and development of agriculture in Nova Scotia. To support that through our lending program requires that services specialize in knowledge of agriculture, long-term client relationships, a client focus in developing and providing services, flexibility in lending services and repayment, counselling services, and long-term interest rates. During the 2006–2007 year, the board will work to assess and develop the client focus and counselling aspects of its service.

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 criteria for granting loans, sound environmental and business-planning practices and procedures will continue to be requirements, recognizing that these are required for industry and individual growth and sustainability.

Additional options to reduce risk for beginning farmers will be investigated as identified during this process.

A new lending system was implemented in March 2005 and will add some flexibility in loan repayment options. Work continues to develop and improve system capabilities.

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, long-term developmental credit

To 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

2. Assist in identification and analysis of growth opportunities for rural industries by promoting the use of financially sound business principles

To meet industry needs through provision of training and counselling to clients and sponsoring and promoting learning opportunities within the agricultural community

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

To generate a positive net income as reported in published audited financial statements.

To administer programs within guidelines and budgets, and measure and report on key success factors.

Core Business Areas

1. Lending

Providing long-term credit for development of agricultural and timber businesses is the primary mandate of the Farm Loan Board. This includes loan service development, client service and administration, efficient

and responsible financial management, and also includes the distinct but closely integrated area of financial 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, as well as promoting and participating in industry seminars and workshops.

By providing a reliable source of long-term 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.

2. Programs Administration

Programs administration involves the development and implementation of departmental loan-based assistance programs in areas related to the board's financial operations and expertise such as the New Entrants to Agriculture Program and Ruminant Support Interest Grant.



Priorities for 2006–2007

1. Lending

Provide \$30 million of new loan capital to the agricultural and timber industries in the 2006–2007 fiscal year.

The focus is on development and long-term stability. Projections for 2005–2006 indicate that by year-end, loans advanced will total \$30 million and principal repayments \$19 to 20 million in 2005–2006. It is expected that demand will remain strong as short-term interest rates rise.

While mortgage rates of similar terms are comparable, commercial lenders continue to offer short-term and variable-rate loans at rates significantly below board loan rates. It is believed that the financing requirements met temporarily by short-term loans have simply deferred demand rather than eliminated the need for long-term financing. High requirements are expected as short-term rates move closer to long-term rates in the future.

Statistics Canada reports of total farm debt by Nova Scotia farms indicate that grew by more than 48 per cent between 1999 and 2004. Given that historical rate of growth in agricultural capital requirements, \$30 million of new loans will result in the board providing approximately 28 per cent of total agricultural lending in Nova Scotia.

Financial Counselling

The board will maintain its strengths in our understanding of agriculture, relationships with clients and client focus, flexibility in dealing with individual circumstances, counselling services, and long-term interest rates. Priority for further development in 2006–2007 will be on our client focus and counselling services.

Interest Rate Structure

In order to better meet the needs of our clients, the fixed-interest rate structure will be modified slightly to provide for rates at five-year intervals of loan terms. Other rate options will be considered during the year.

Governance

The board will further develop its governance plans, documentation, and reporting during 2006–2007.

Timber Loans

The board will continue to work with the Department of Natural Resources to enhance services to modify products and services to meet needs for growth and development within this industry.

Reporting

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

Account Maintenance

The board will manage accounts such that write-offs and arrears remain stable in relation to the portfolio size while maintaining a “patient lender” approach by supporting industries through cyclical downturns.

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 with 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, or referral to other relevant services.

Contact with and counselling services for clients with repayment difficulties will be a priority in 2006–2007.

2. Program Administration

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

This program, now in its sixth year, provides assistance with loan interest. It is

intended to assist up to 50 new entrants to agriculture, including approximately 25 intergenerational transfers in order to provide long-term stability and renewal of farm ownership. Projections are that 30–40 applications will be approved for the 2005–2006 year.

Further development of this program in collaboration with the Department of Agriculture, as well as development of other lending initiatives to assist new entrants and farm succession, will be priorities for the board during 2006–2007.

Flexible Loan Programs

The board will 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 Nova Scotia Federation of Agriculture. This will require consultation with industry representatives as well as those of other departments.

Human Resource Strategy

The board's staff complement decreased by one staff member to 18.3 full-time equivalents (FTEs) during the 2005–2006 fiscal year, and estimates for 2006–2007 provide for an additional reduction of one staff member to 17.3 FTEs as the result of a transfer within government. An updated



human resource plan providing an analysis of staffing requirements will be reviewed with the Department of Agriculture during 2006–2007.

Implementation of the new SAP loans module for use as a basis for loan accounting and administration consumed considerable staff resources and effort during the past fiscal year to the detriment of other board operations. Although a phase II has been initiated by the department to complete some necessary elements, a focus of the coming year will be to return to application of staff resources primarily to board functions and client service.

Implementation of the SAP module has redefined many positions within the board and has increased the technical requirements of some positions. This will result in a complete review of staff requirements and classifications during the 2006–2007 year.

The board will be mindful of the need for succession planning to deal with retirements and opportunities for advancement within the board and government. Succession issues will require introduction of new staff, training opportunities for new functions, and backup plans.

Training and professional development are considered a priority of the board; \$6,900 is forecast for 2005–2006 and \$7,500 has been budgeted for 2006–2007. Training funds provide staff with technical training

and opportunities to attend appropriate technical and professional workshops and conferences.

Budget Context

Core Business 1. Lending

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.

The funding arrangement has allowed the board to move from net losses prior to the arrangement to a net income position. The board reported a net income of \$865,000 in the fiscal year 2004–2005. Forecasts indicate positive returns to the province for the current 2005–2006 fiscal year.

Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad debt expense, are somewhat unpredictable and beyond short-term control. Following two consecutive years of losses due to death claims (the first known to have ever occurred), projections to date are for a recovery of costs in 2005–2006. Actuaries have advised that the results of this program will fluctuate from year to year.

The board plans to have an actuarial evaluation completed during the 2006–2007 year.

Fee revenue of \$490,000 is projected in the budget estimate presented on the following page. Although previous revenue for this line item has been higher than the projected amount, it is expected that revenue for prepayment fees will fall as interest rates rise. The \$490,000 revenue projection is possible but is towards the high end of the range of expectations.

In addition, provincial estimates for 2006–2007 indicate an additional reduction of one staff member to 17.3 FTEs as the result of a transfer within government. The board's structure and number of positions are identified in the human resource strategy section. The required allocation of staff in order to meet the board's mandate for the coming year will be reviewed with the Department of Agriculture.

Operational Income Statement

Actual 2003–04 (\$ 000)	Actual 2004–05 (\$ 000)	Forecast 2005–06 (\$ 000)	Description	Estimate 2006–07 (\$ 000)
\$11,874	\$11,140	\$11,107	Interest	\$10,800
(232)		121	Insurance Operations	150
572	596	609	Fee Revenue/Recoveries	490
\$12,214	\$11,736	\$11,837	Total Revenue	\$11,440
(\$9,914)	(\$9,351)	(\$9,240)	Interest	(\$9,400)
(1,161)	(1,202)	(1,421)	Operating Expenses	(1,146)
0	0	(278)	Amortization of Tangible capital Asset	(317)
0	(168)	0	Loss of Life Insurance Operations	–
1,055	(1,352)	(530)	Bad Debt Expense	(310)
(\$10,020)	(\$12,073)	(\$11,469)	Total Expenses	(\$11,173)
\$2,194	(\$337)	\$368	Income before Govt. Contribution	\$267
1,161	1,202	1,421	Government Contribution	1,146
\$3,355	\$865	\$1,789	Net Income	\$1,413

Note: See Year-end Financial Statements for complete financial information and notes.

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

See budget context comments on the preceding page.



Nova Scotia Farm Loan Board

Actual 2003-04 (\$ 000)	Actual 2004-05 (\$ 000)	Forecast 2005-06 (\$ 000)	Description	Estimate 2006-07 (\$ 000)
<i>Capital Funds</i>				
171,307	174,674	174,634	Opening principal	183,955
25,927	20,781	30,000	Add loan advances	30,000
(22,238)	(20,821)	(19,500)	Less repayments	(18,000)
(322)	0	(1,179)	Other	—
—	(356)	(193)	Less Principal Written Off	(500)
174,674	174,634	183,955	Closing principal	195,455
<i>Allowance for Doubtful Accounts</i>				
7,893	6,543	7,776	Opening allowance	7,127
(322)	0	(1,179)	Less accounts written off	(500)
(1,028)	1,233	530	Additions (Principal portion of Bad Debt Expense)	310
6,543	7,776	7,127	Closing Allowance	6,937
168,131	166,858	176,828	Net Portfolio at Year's End	188,518

Core Business 2: Program Administration

Actual 2003-04 (\$ 000)	Actual 2004-05 (\$ 000)	Forecast 2005-06 (\$ 000)	Description	Estimate 2006-07 (\$ 000)
\$398	\$565	\$456	New Entrants to Agriculture Program Expenditures	\$600
\$490	\$578	\$565	New Entrants to Agriculture Program Approvals (grants cover interest in the two years following approval)	\$600
<i>Total Staff</i>				
19.3	19.3	18.3	Staff—(FTEs)	17.3

Financial Management

Effective financial management is a priority for the board.

The board will work with the Department of Finance for further development of financing arrangements established by memorandum of understanding in 1997 and for clarification of the terms.

Implementation of the SAP loans module has resulted in significant changes to business processes, controls, and capabilities. During the coming year, staff will review these changes, seek to find ways to improve the speed and availability of accurate information, and ensure that staff are fully trained to make most productive use of system capabilities. Development of essential reports is anticipated by April 2006. Further development is ongoing; and review, testing, and training will be required as change occurs. Internal controls will be reviewed to ensure that an appropriate balance has been found in efficiency and effectiveness and that documentation is up to date.

The board will commence a review of business continuity planning including an assessment of risk to ensure that information and ongoing service are appropriately safeguarded.



Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2005-06	Target 2006-07	Strategies to Achieve Target
Efficient program delivery	Net income (before govt contrib.) as a % of the avg. active loan balance	1998-99: 0.1% 1999-00: 0.9% 2000-01: 1.1% 2001-02: 0.7% 2002-03: 0.5% 2003-04: 0.6% ¹ 2004-05: -0.2% Forecast 2005-06: 0.3%	0.5% or above	0.4% or above	<ul style="list-style-type: none"> 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 Minimize operating expenses by efficient operating structure, practices, training, and electronic systems Income has been affected by uncontrollable changes in life insurance recoveries and adjustments to the provision for impairment resulting in unusual changes in this measure
Stable, long-term credit available	FLB Loans as a percentage of total NS farm debt (Based on calendar year data)	2000: 37.5% 2001: 34.8% ² 2002: 31.8% 2003: 29.0% 2004: 28.3% Projected 2005: 28.4%	Original: 37% 2004 Adj: 30.0% ³	28.4% ³	<ul style="list-style-type: none"> Reasonable long-term interest rates Trained professional staff available to identify meet needs for financial counselling and loan assistance \$30 million in new capital support to the industry Explore flexibility options for loan products Facilitate transfer of Landbank and ARDA lease program properties to industry ownership Long-term approach; as short-term interest rates become less attractive Farm Loan Board funding is expected to become more in demand

[Footnote 1. 2003-04 of 0.6% is after adjustment to remove unusual items (recovery on impairment provision and life insurance adjustments). Before adjustment the measure would have been 1.3%.]

[Footnote 2. Revised downward from 37.0% to reflect corrections to data and exclusion of timber loans.]

[Footnote 3. Originally targeted at 37%, targets for this measure are now reduced from 34.5% and 36.5% respectively presented last year in light of continued low short-term interest rates and growth in loans provided by commercial lenders. The consistency of this measure has been challenged recently, and further investigation is required. There is some reason to suspect that the definition of agricultural lending has expanded over time. This measure will be further investigated as to validity for future use.]

Core Business Area 1

Lending

Outcome	Measure	Data	Target 2005-06	Target 2006-07	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Arrears as % of value of all accounts	2000-01: 2.1%	2.5% or less	2.5% or less	<ul style="list-style-type: none"> Implement follow-up visit policies and track and monitor follow-up visits Monitor arrears Refer clients to other industry resources Clear up existing accounts in process for recovery Complete essential reporting through the SAP loan module implemented 2005
		2001-02: 2.5%			
		2002-03: 2.4%			
		2003-04: 2.8%			
		2004-05: 2.8%			
		Projected			
		2005-06: 3.1%			
Defaulted accounts held as real estate as % of total of all accounts		2000-01: 2.2%	3.1% or less ⁴	3.0% or less	
		2001-02: 3.3%			
		2002-03: 3.5%			
		2003-04: 3.7%			
		2004-05: 3.5%			
		Projected			
2005-06: 2.5%					
Client satisfaction	Combined courtesy, promptness, knowledge, and commitment on client survey	2000-01: 92%	90% or above	90% or above	<ul style="list-style-type: none"> Monitor survey results Review procedures for efficiency gains Compare service results with commercial lenders to identify priorities for improvement
		2001-02: 92%			
		2002-03: 96%			
		2003-04: 94%			
		2004-05: N/A			
		Projected			
2005-06: 94%					

[Footnote 4. Increased from 2.5% or less for 2005-2006 business plan in light of high value held as real estate for recovery.]



Core Business Area 2 Programs Administration - New Entrant's Program

Outcome	Measure	Data	Target 2004-05	Target 2005-06	Strategies to Achieve Target
Prudent financial management	Total program expenditures as compared to budget	(\$ 000)	(\$ 000)	(\$ 000)	
		2000-01: Expended: 706 Budget: 600 + 106 = 706	600	600	<ul style="list-style-type: none"> • Monitor programs in comparison to budget monthly • Identify additional funding sources through development and application of federal/provincial funding agreements
		2001-02: Expended: 856 Budget: 600 + 256 = 856			
		2002-03: Expended: 611 Budget: 600+11 = 611			
		2003-04: Expend: \$398 Budget: \$600			
		2004-05: Expend: \$578 Budget: \$600			
		2005-06 Projection: Expend: \$456 Budget: \$600			

Core Business Area 2

Programs Administration—New Entrant's Program

Outcome	Measure	Data	Target 2005-06	Target 2006-07	Strategies to Achieve Target
New entrances facilitated	Number of approved applications	Base 2000-01: 48 2001-02: 55 2002-03: 50 2003-04: 30 2004-05: 39 Projected 2005-06: 35	50	30-50	<ul style="list-style-type: none"> • 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 • Identify additional funding and support mechanisms
Increased interest in farm ownership	Number of new entrants' remaining in farming after five years as a percentage of those who started	100%	80%	80%	<ul style="list-style-type: none"> • Program provides interest rate assistance for first two years on loans acceptable to a lending agency with expectation of repayment • Requirement for business plan
More farms remain in family hands; succession planning is encouraged and pace of consolidation reduced	No. of transfers to younger family members using this program	2000-01: 29 2001-02: 18 2002-03: 18 2003-04: 18 2004-05: 18 Projected 2005-06: 12	25	25	<ul style="list-style-type: none"> • Counselling family farm enterprises • Support for industry succession management workshops. Economic conditions have reduced the number of new entrant applications. In the longer term, applications are expected to return to targeted levels. <p>* Note that data reported excludes transfers to non-family members who may also be providing for farm succession.</p>

