



Follow-up Work and Financial Assistance Case Studies (Blueberries and Naval Centre)

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Why Is This Important?

- When recommendations are not implemented, risks remain and may worsen over time.
- This chapter is a tool for the Public Accounts Committee, the Crown Corporations Committee and the public to hold government departments and Crown agencies accountable.
- This year our office reviewed two large financial assistance files as case studies, given that the high dollar value of provincial financial assistance continues to represent significant exposure to the Province.
- Our Atcon recommendations apply to all provincial entities providing financial assistance to industry.

Overall Conclusions

- Entities self-report they have implemented 85% of our recommendations from performance audits in 2015, 2016 and 2017.
- Regarding the financial assistance to industry case studies, we found:
 - some positive outcomes on particular financial assistance files;
 - Province continued to enter into significant financial assistance arrangements through multiple provincial entities;
 - instances where the essence of some Atcon recommendation was not implemented;
 - continued need for central delivery and monitoring of financial assistance to industry to ensure consistency of due diligence and risk management practices;
 - public remains uninformed with regard to the total amount of funds extended as financial assistance and the outcomes achieved.

What We Found

Financial assistance to The Acadian Wild Blueberry Company Limited

- \$69 million of approved provincial financial assistance
- Outstanding loan balance represents significant exposure
- Assets supporting personal guarantee not independently verified
- Essence of some Atcon recommendations not implemented

Financial assistance in connection with New Brunswick Naval Centre

- Major uncertainty regarding the value to taxpayers from a \$23 million provincial investment
- Unusually structured financing where the Province bears all the risk
- No risk assessment performed
- Essence of some Atcon recommendations not implemented

Self-reported implementation of recommendations:

- 20 entities self-reported an implementation rate of 75% - 100%
- 10 entities self-reported an implementation rate of 50% - 74%
- 2 entities self-reported an implementation rate of 0% - 49%
- It is very unfortunate that 50 recommendations from past four years are still not implemented