

Nova Scotia Cap & Trade Program

Considering the amount of snow that was dumped on Nova Scotia during Valentine's Day week, some people may find it difficult to believe that global warming is really happening. Regardless of your position on climate change, one thing is for sure: there will be a price on carbon in the near future.

Details on the Nova Scotia Cap and Trade Program are beginning to surface. On February 9th, the Colchester and Truro Chamber of Commerce and the Pictou County Chamber of Commerce partnered to deliver a panel discussion on the impacts that a price on carbon will have on industry. During this session, attendees had the opportunity to hear from Department of Environment and the plan for the Cap and Trade system that is to take effect in Nova Scotia. While the fine details of the program are being worked out, a high

level concept is in place.

To recap, in 2016 the Federal government announced that there will be a price on carbon and it will be up to each of the provinces to implement either a tax on carbon or a cap and trade program. An announcement in late fall indicated that Nova Scotia will go with the Cap and Trade model for carbon pricing.

Cap and Trade

To understand the cap and trade approach to carbon pricing, general points need to be understood:

1. The government sets annual maximum greenhouse gas emission unit caps that are progressively lowered over time.
2. If a business produces more carbon emissions than the cap allocated, the business is required to purchase enough offset credits for each additional ton of Carbon dioxide equivalent they release into the atmosphere.
3. If a business produces fewer carbon emissions than the cap allocated, the business may sell or trade their remaining offset credits.
4. Companies, even those that are not required to report emissions, can sell into the "carbon market" by providing offset credits from approved projects.

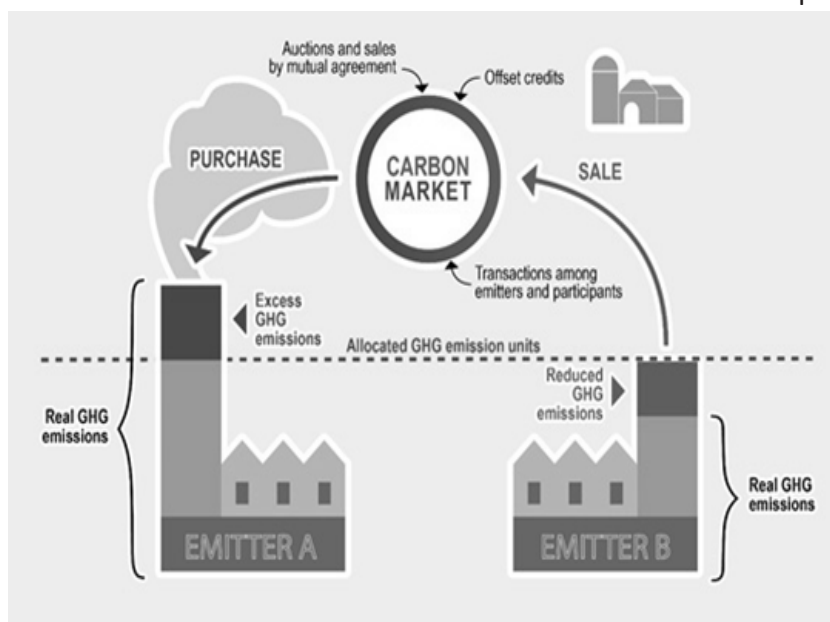


Figure 1 (left): From the Province of Quebec's website, a diagram loosely explains the path of trading carbon emissions and offset credits through the carbon market.

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Membership Has its Benefits

Henry Vissers

Executive Director, Nova Scotia Federation of Agriculture

March is fast approaching and its soon time to renew your membership in the federation. You will soon receive your notice to renew your farm registration and as a part of the registration process you will have the opportunity to check the box declaring your desire to be a member of NSFA. The fee is the same as last year and is based on your farm income.

NSFA is your voice. Through the County Federations and Commodity organizations issues are brought before the Council and Executive of the Federation and become policies, positions or advocacy for the Federation. Resolutions are also brought forward to the Federation AGM and are then dealt with by committees or the Executive.

How do we advocate for your issues? Once the policy, position or resolution is determined it becomes a part of our activity for the year. We have a number of committees established that deal with the issue or sometimes it becomes the role of the executive to take it forward. For example Executive and staff meet with each of the provincial caucuses on an annual basis. Each party has a caucus and all MLAs are members of their party caucus. We make presentations to them on your behalf outlining the policies and issues of our membership. There is usually a good discussion and often the discussion becomes a part of each of the party's policy discussion.

We also hold events during the sitting of the legislature featuring local food which is attended by commodity representatives. There is excellent attendance by MLA's and it is another opportunity to showcase the diversity of the industry and the importance of Agriculture to the Nova Scotia economy. NSFA also acts as a clearing desk for the many issues that come up in your day to day farming activity. From transportation to energy to wildlife, we have worked with many government departments and other organizations to clarify regulations, rules, etc. We know that

the regulation and red tape can be daunting and we are here to help you navigate the maze.

Program delivery is another important role of the Federation. The Federation has been delivering the Environmental Farm Plan through a service agreement with the province for the past three federal provincial agreements. This is an important program for farmers and we are able to provide the information privacy that farmers told us was a key component of their decision to participate. NSFA also continues to deliver workplace education training for farmers and for the first time this year we were able to partner with Dal AC to deliver meat cutting, post-harvest management and livestock medicine courses.

There is often a need for further research to determine the right path for issues and to advance the industry. NSFA participates in projects to determine this path often on a collaborative basis with universities and government agencies. Past projects have included water usage and quality, renewable energy and bio solids.

Finally, I want to mention member benefits. NSFA has a number of discounts that are available to Federation members including 15% off on all regularly priced items at Marks Work Warehouse, Fleet price on all Dodge Chrysler vehicles, hotel and car rental discounts as well as a number of other benefits. NSFA also offers a Blue Cross health and dental plan for members. Check the website or call for details.

In summary I think there are lots of good reasons to check the box on your farm registration and enjoy the benefits of Federation membership. We are your voice and look forward to your continued support and collaboration.

Finally I would like to thank everyone for the best wishes during my recent medical leave. It has been quite a journey and I'm very happy to be back!

Comments?
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viewpoint



Nova Scotia Cap & Trade Program continued

A Nova Scotia Made Cap and Trade Program

From what we know so far about the Nova Scotia Cap and Trade program, agriculture and forestry are two industries that will not be required to report emissions. This is definitely a win for agriculture. Additionally, companies and organizations will be able to develop projects for which they will be able to sell offset credits into the Nova Scotia carbon market. These projects will be assessed individually by Department of Environment based on criteria that is in development. An example of an agriculture project in another jurisdiction that has a cap and trade program is energy generation using methane capture.

For those familiar with the Quebec Cap and Trade Program, the Nova Scotia Program is different in that it is not designed to be part of an international carbon trading market. The Nova Scotia Program will be tightly regulated – including the price on the carbon offset credit. This approach will lessen the burden to businesses of possible price fluctuations for offset credits. However, it was stated at the carbon pricing session that if a business is selling offset credits and is not regulated as part of the Nova Scotia program, they are free to apply to sell their offset credits in an international carbon market. At this time, we are talking in the \$15 to \$20 range. For the businesses that are regulated under the program, they will be given the number of credits up to the cap. If the business exceeds their allowable emissions, they will be required to purchase offset credits. Purely speculation at this point until details are release – it is likely safe to assume that offset credits will be set at \$10 per ton starting in 2018.

It's impossible to talk carbon pricing without discussing where the funds will go and how they will be used. Cap and Trade makes this clear – the revenues generated will go to those who sell the offset credits. This means that the revenues generate by the sale of offset credits are considered part of the business' earnings and not tax revenue for government to decide what to do with in the next budget.

Cap and Trade and Agriculture

When it comes to carbon pricing and agriculture, Cap and Trade is the lesser of two evils when compared to a carbon tax. Arguments have been made that a carbon tax is easier to administer since it is simply a tax on an item; however, Cap and Trade is much more favourable to agriculture since the program allows for the Agriculture industry to be part of the solution while generating revenues.

There are different ways that agriculture can be part of the solution. In 2010, a report exploring carbon offset in the Maritime livestock industries was produced. There were many case studies and examples made indicating how certain practices or projects can be implemented to reduce greenhouse gas emissions. Though the numbers may be dated, the 140+ page report does a good job at looking at case studies and providing examples of which projects can provide the most revenue for farms. Examples of these projects include adjusting feed to reduce methane emissions from livestock and energy generation. The report that went along with this study can be found here: nsfa-fane.ca/programs-projects/exploring-carbon-offset/

Following the panel session put on by the chambers, much interest expressed by members of the farm community in attendance for more information on managing woodlots for carbon offset projects. Woodlots and forests are natural carbon sinks. In many jurisdictions, managed forests are considered for carbon offset projects. It was argued that carbon pricing may even help the lumber industry in Nova Scotia. Presently, the size of wood harvested from Nova Scotia forests is very small. In theory, if a landowner were able to generate revenues by selling offset credits, they financially would be able to hold off harvesting their trees until they reach a larger size. In turn, the woodlot owner would make more money off their lumber. The full details of how forests and woodlots can be carbon offset projects still needs to be worked out.

Though we know a lot more than we did even a month ago, what cannot yet be analyzed is the full impact that carbon policies will have on agriculture. The Agriculture Industries in each of the provinces are interdependent. Fuels, fertilizers, machinery and building supplies often come in from out of province. These goods may be subject to the carbon pricing policy that is implemented in the province in which they are produced. Without details of the policies in each of the provinces, it is difficult to make a true analysis on the overall impact to the agriculture industry. We also don't know how we will be protected by imports that are not subject to carbon pricing.

The muddy waters on carbon pricing are starting to clear. It will be some time – probably at least a year – before we have a true sense on how carbon pricing will impact agriculture. In the meantime, we all better prepare for change.

Proposed Regulations for the Safe Food for Canadians Act

The proposed regulations for the Safe Food for Canadians Act (SFCA) are open for consultations. The regulations will give teeth to the SFCA and offer a modernized approach to food safety and inspections in Canada.

Rather than making incremental changes to existing CFIA commodity regulations, the proposed regulations would consolidate them in a single set of food regulations and establish minimum food safety requirements for all food imported or prepared for interprovincial trade or export. It is proposed that commodity-specific requirements would be continued where necessary.

The proposed regulations would reflect internationally recognized standards and management-based requirements, including HACCP principles and good manufacturing practices, and would support the implementation of the CFIA Improved Food Inspection Model which was developed following extensive consultations in 2012 and 2013.

The proposed regulations also move toward more outcome-based requirements where it makes sense, to provide industry with flexibility and the opportunity for innovation. For example, many of the proposed food safety requirements are outcome-based to allow for their application to a wide range of foods and processes and to reflect differences in the size of businesses and processing complexity. Certain commodity-specific requirements and processes would maintain their current approach, but be re-written to streamline, consolidate and achieve a specific outcome while allowing for innovation.

The proposed regulatory framework would further:

- focus on prevention and enable regulated parties to rapidly mitigate emerging food safety risks;
- confirm industry responsibility and accountability for preparing safe food;
- enable the CFIA to apply a consistent science and risk-based approach to inspection;
- apply consistent approaches to procedural elements of the regulations (e.g. seizure and deten-

tion, applications for Ministerial Exemptions, use of inspection marks); and,

- address non-food safety requirements in a more consistent manner.

The proposed regulations would be supplemented by a suite of new guidance documents that outline the intent of the requirements and will assist regulated parties in complying with the requirements, along with model systems that have been demonstrated to achieve compliance when properly applied. The CFIA is releasing examples of guidance documents and plain language model systems developed to assist small businesses to meet the requirements in May and intends to hold a series of focus groups with small businesses in 2014 to determine how best to draft guidance documents to help industry achieve regulatory compliance. Additional information on the guidance documents is available in this document.

The draft text is being released by the CFIA as part of the consultation process for discussion purposes only and to inform stakeholders of the regulatory intent well in advance of the formal consultation process through Canada Gazette Part I. The preliminary regulatory text for these clauses are likely to change over the course of drafting and based on feedback from this on-going consultation.

The online consultations are open until April 21, 2017. It is encouraged that any impacted farms (those that export outside of the province or country) participate in the consultations. For more information on the proposed changes and to fillout the consultation questionnaire, visit the CFIA website: inspection.gc.ca

Public Trust

In January, FCC hosted Kim McConnell in Charlotte who presented on the Journey to Public findings. While the summary report was made available last year, Kim was able to provide an update on the progress of the report outcomes.

The presentation provided a high-level overview of the suggested steps and framework for building public trust in Canada's Agri-Food System. According to the report, the path forward begins with acceptance of the 'areas of agreement', support for the Trust Framework, a national plan with regional approaches that will then enhance consumers understanding and trust in the Canadian agri-food industry. The path also includes amplifiers – these are the groups that take the messages that have been agreed to and supported by the value chains and spread them to consumers.

Work is underway to address public trust across Canada and the Atlantic Region. The Atlantic Federations of Agriculture have committed to adding Public Trust to an upcoming agenda. At the national level, CFA announced that the inaugural meeting of the Public Trust Steering Committee was held on February 9th. A recent CFA in Action reported that the committee reached a number of important decisions to support the formation of this initiative as a follow-up to the Journey to Public Trust engagement sessions held in 2016. These include the designation of Co-Chairs Ron Bonnett and Chantelle Donahue plus an Executive Committee, commitment of funds from industry, draft elements of a 2017 workplan that includes hiring a Coordinator to be based out of CFA's offices and a commitment to meet often in the early formation stages.

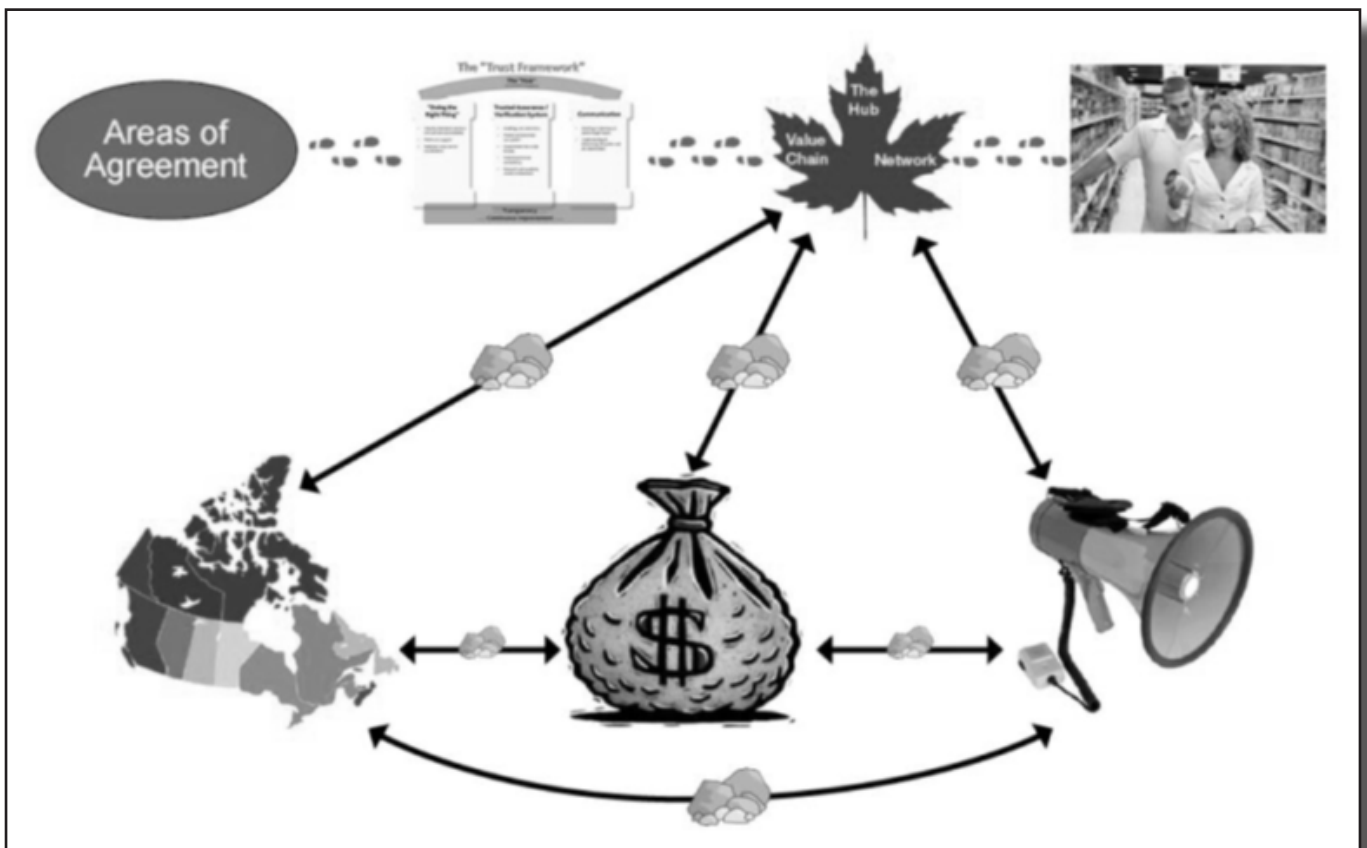


Figure 1: A schematic attempt to simplify the key components that are required to advance public trust.

Next Policy Framework

With the multilateral agreement signed, the next step for the Next Policy Framework (NPF) is constructing the bilateral agreements.

It seems like every week there's a new consultation taking place. Canadians have said that they want to be heard; since the change of government in 2015, opportunities have been made for Canadians to say their piece.

During the multilateral negotiations for the NPF, national commodities and members of CFA were consulted on the Next Policy Framework Pillars. NSFA was at the table for those discussions and brought our unique perspective to programming. Now is time to provide input on the bilateral agreement.

NSFA leaders have identified issues and recommendations that must be included in the Next Policy Framework bilateral agreement in order for our industry to grow and thrive. These issues and associated recommendations have been taken from CFA advocacy documents, NSFA Standing Policies, resolutions and committee work. The issues will be presented at the rescheduled Council of Leaders Meeting in early March for input into a document that will be shared with membership ahead of the provincial consultations.

The Business Risk Management pillar is intended to help farms weather the risks that only the agriculture industry faces. Volatile markets, disease and weather are all significant variables that impact the bottom line. The BRM programs that are of concern in Nova Scotia are AgriStability, AgriInvest and AgriInsurance.

The recommendations for the AgriStability Program are to restore the payments being triggered when margins fall below 85% of a farms' historical reference margin. This is a change from the current 70% of the reference margin. Diversified farms are essentially penalized because they produce multiple commodities; commodity losses within a diversified farm should be recognized and result in a payment for the commodity that suffered a loss regardless of other commodity prices on the farm. To best make these changes, pilot projects should be conducted. AgriInvest has the potential to grow individual farms and move the industry forward. To do so, focus must be made on beginning farmers by providing a government-only unmatched (kickstart deposit for 3.25% for Allowable Net Sales spread over the first five years for a new AgriInvest account for new participants only. Additional recommendations include match

farmer contributions up to 1% of Allowable Net Sales and allow for matchable annual contributions up to \$100,000.

Crop insurance is a topic that often arises among farmers. A quantitative approach rather than the current qualitative approach would increase transparency and improve trust in the crop insurance system. The recommendation is to reassess the approach used to calculate yield losses.

Outside of the Business Risk Management Programs, there are other strategic investments that are part of the next policy framework.

Access to markets, whether they be interprovincial or international, must be a top priority. With the recent signing of CETA and the uncertainty of TPP, at minimum the current support for AgriMarketing must be maintained. Additionally, with extensive regulations for agriculture products crossing provincial borders, a fund to help farms understand and meet the regulatory requirements for interprovincial trade is a must.

Science, Research and Innovation all provide the backbone to move the industry forward. At the provincial level, research chair funding at 75% from 50% would ease the burden of matching industry funds. Additionally, regional research funds must be reinstated to respond effectively to the uniqueness and varied circumstances among provinces and regions across Canada.

Access to affordable, environmentally responsible and sustainable energy sources along with energy conserving technologies and methods is critical to the success of a farm operation. To ensure stability of the industry, renewable, affordable and environmentally responsible sources of energy are required. To meet this objective, the agreement must make it possible for farms to increase their energy efficiency through a funding support program. Additionally, funding to allow farms to be part of the carbon reduction solution must be part of the equation.

The Environmental Farm Plan Program in Nova Scotia is valuable to many Nova Scotia farms. Aside from the education component of the program that helps farmers identify and assess environmental risk on their property, the EFP program is recognized as a reputable and looked favourably upon by lending institutions. The EFP coordinators are viewed as experts in their field and often referred to for information. At

Next Policy Framework continued

minimum, the existing delivery of the Environmental Farm Plan program in Nova Scotia must be maintained. With the number of farms in the province on the rise, increase funding dollars would provide the best resource to enhance the program while meeting the needs of farm community.

Agriculture provides ecological goods and services through the creation of wildlife habitat, land stewardship, soil conservation, watershed management and many other activities. It is recommended that a fund be established for a program that will allow farmers to enhance the ecological goods and services on their farm.

Skilled labour is critical to any farm operation. The Canadian Agriculture Human Resource Council (CAHRC) conducted a labour market inventory and identified that the skilled labour shortage in Nova Scotia will continue to grow

over the next years unless action is taken. To address this gap, new employees must be recruited and trained. Much like the Labour Standing Policy, the Federation has identified training for new employees as a priority funding area.

When new employees are brought onto the farm, health and safety training is essential to ensure a healthy agricultural workforce. NSFA has recommended that funding for supports to enhance the health and safety on farms through awareness, resources, and services available through Farm Safety Nova Scotia must be included in the NPF. Farmers must also be able to access funding for on farm health and safety improvements.

Public trust is an issue that continues to gain traction. And rightfully so. The newly established steering committee on public trust must have access to funding in the next policy framework, however, money available at the provincial and regional levels will help farms and agricultural organizations understand the perceptions of farms and agriculture in their region where grassroots efforts like Open Farm Day and other awareness events can make an impact on educating consumers where their food actually comes from.

To round out the document, administration was included. We are aware that the delivery model currently used isn't working. From what we've heard, NSFA is recommending that a programs delivery model be developed that would allow programs to be open for a twelve month duration, and to allow farms to access five year support and funding from the Home Grown Success Program in one application.

Provincial consultations are expected to be held between March 20th and 31st. Once dates, times and locations are confirmed, they will be communicated through the NSFA weekly enews.

Give yourself a voice...

Check the Box to be a member

The Nova Scotia Federation of Agriculture is **YOUR VOICE** in the agriculture industry.

When filling in your Farm Registration Form, don't forget to show your support - there is no additional charge to become a member!



Contact us to find out more on becoming a Member of Nova Scotia Federation of Agriculture.



nsfa-fane.ca | 902.893.2293 | info@nsfa-fane.ca



Upcoming Events

February 28, Bible Hill

Greenhouse NS Annual Meeting

March 1, Bible Hill

Programs Claim Deadline

March 2, Truro

NSFA Council of Leaders

March 4, Amherst

Seedy Saturday

March 4, Caledonia

Western Woodlands Conference

March 7, Truro

Egg Farmers of NS Annual Meeting

March 8, Greenwich

Turkey Farmers of NS Annual Meeting

March 8, Greenwich

Chicken Producers Association of NS Annual Meeting

March 11, Moncton

FCC Forum

March 17 - 18, Truro

Maritime Beef Conference

March 18, Truro

NS Cattle Producers Annual Meeting

March 25, Truro

Wild Blueberry Producers Winter Information Meeting

May 29, Debert

WBPANS Twilight Meetings

May 30, East River Saint Mary's

WBPANS Twilight Meetings

June 1, Parrsboro

WBPANS Twilight Meetings

July 15, TBD

WBPANS Field Day

November 17 & 18, Truro

WBPANS Annual Meeting

November 1 & December 1, Truro

NSFA Annual Meeting

Agrologist Awards

Do you work with an Agrologist who goes above and beyond in their line of work?

Maybe they have made significant contributions to move the Agriculture industry forward?

If so, the Nova Scotia Institute of Agrologists is accepting nominations for the following awards:

- Distinguished Agrologist Award
- Distinguished Life Member Award
- Outstanding Young Agrologist Award
- Honourary Member Award

Nominations close March 31, 2017.

Visit nsagrologists.ca for more information and nomination forms.

News & Views

NSFA News & Views is the Newsletter of the NS Federation of Agriculture, the United, Strong & Caring Farm Organization representing the best interest of Nova Scotia's Agricultural Industry.

News & Views is provided free of charge to its members. We value comments and concerns from our members, please direct them to Executive members or the Office Staff.

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