

# ***NOVA SCOTIA FEDERATION OF AGRICULTURE***

***Standing Policy  
2013-2014***



## Introduction

Since 1895, the Nova Scotia Federation of Agriculture has represented the interests of Nova Scotia's agricultural community. Today its members account for over 90% of all agricultural production in Nova Scotia. With an organizational structure that includes representation from 13 county and regional federations and 27 recognized agricultural commodity groups, the Federation brings together over 2400 individual farm businesses representing all aspects of primary agriculture in the province.

The NSFA Standing Policy outlines, in terms of issues and action strategies, its position on major issues facing the industry. This document consists of current policy statements as well as resolutions passed during the past 3 years at the annual meeting of the Federation. Once adopted the Policy Paper along with resolutions adopted at the Annual General Meeting become the major focus of the Federation's activities during the ensuing year.

The Policy Paper reflects unresolved and ongoing issues from previous years and emerging issues that may have an impact on the development of a profitable agricultural sector. It is developed through industry discussion, background papers prepared by the Federation and issues that surface throughout the year. The context for the Policy Paper is developed by the Executive Committee; it is expanded through consultation and discussion by the Council of Leaders and presented to the Annual General Meeting.

The objectives and actions set out in the Policy Paper are informed by the principal mission of the Nova Scotia Federation of Agriculture: *"to ensure a competitive and*

*sustainable future for agriculture and a high quality of rural life in Nova Scotia"* and are consistent with the goal of a financially viable, ecologically sound and socially responsible primary agricultural sector.

The Policy Paper is distributed to all Federation Members through the Federation's newsletter. It is debated and amended by the Annual General Meeting before it effectively becomes the blueprint for the Federation's lobbying efforts in the following year. Principal initiatives will become the main focus of the Federation's policy agenda in the coming year.

## Members of the NSFA:

### NSFA Affiliated Commodity Groups

1. Chicken Farmers of Nova Scotia
2. Chicken Producers Association of Nova Scotia
3. Christmas Tree Council of Nova Scotia
4. Dairy Farmers of Nova Scotia
5. Goat Association of Nova Scotia
6. Grape Growers Association of Nova Scotia
7. Greenhouse Nova Scotia
8. Horticulture Nova Scotia (Berry)
9. Horticulture Nova Scotia (Vegetable)
10. Nova Scotia Potato Marketing Board
11. Landscape Nova Scotia
12. Maple Producers Association of Nova Scotia
13. Nova Scotia Beekeepers Association
14. Nova Scotia Cattle Producers
15. Nova Scotia Egg Producers
16. Nova Scotia Fox Breeders Association
17. Nova Scotia Fruit Growers Association

18. Nova Scotia Greenhouse Vegetable Marketing Board
19. Nova Scotia Mink Breeders Association
20. Nova Scotia Young Farmers Forum
21. Organic Council of Nova Scotia
22. Pork Nova Scotia
23. Sheep Producers Association of Nova Scotia
24. Soil and Crop Improvement Association of Nova Scotia
25. Turkey Farmers of Nova Scotia
26. West Nova Agro Commodities Limited
27. Wild Blueberry Producers Association of Nova Scotia

#### County/Regional Federations

1. Annapolis County
2. Antigonish/Guysborough Counties
3. Cape Breton / Richmond Counties
4. Colchester County
5. Cumberland County
6. Digby County
7. Halifax-East Hants
8. Hants County
9. Inverness/Victoria Counties
10. Kings County
11. Lunenburg/Queens Counties
12. Pictou-North Colchester
13. Yarmouth / Shelburne Counties

## **Standing Policy Statements**

### ***1. Provincial Investment in Agriculture***

Over the past 40 - 50 years we have seen a significant decline in the number of new farmers in NS and we continue to see the average age of our farmers increase. Given these two factors we are facing a real crisis in agriculture renewal.

There are few businesses that face more risk than agriculture. The investment required to start a farm is significant; with the costs of land, equipment and infrastructure financed over decades. Many farmers have no commitment, or at best only a one-year contract from buyers to purchase the goods from the farm and pricing is also very volatile. In addition, the return on investment in some sectors of agriculture is significantly lower than most other types of businesses.

Skills' training is also important as access to human resources has become a significant issue. Skilled workers become the pool that provides new entrants for the industry.

The other challenge is to have orderly succession from one generation to the next. Our family farms have increased in size and that has made it much more difficult to transition. The Canadian tax system favours the transfer of a business to a third party over the transfer to family members.

The Department of Agriculture's Homegrown Success Program has been severely constricted due to the lack of an adequate budget to meet the needs of farmers who are prepared to invest in agriculture. This is an unacceptable constraint for an industry that supports the economic benefit in rural Nova Scotia.

**Policy Objective:** It shall be the policy of the Federation to encourage the provincial government to double its investment in agriculture through programs that directly

impact farmers, outside of Growing Forward and other Fed/Prov programs.

## ***2. New Entrants***

The business of farming has changed dramatically in just a few short generations; progressive advances in agricultural related technology, government regulation, marketing and risk management limit successful farm start-ups to highly-trained individuals.

Almost no other business venture involves more risk than agriculture. Infinite varieties of weather, the vagaries of both plant and animal parasites and disease and volatile commodity price structures all constitute risks that are unavoidable in farming. Many of these factors are beyond the direct control of the farmer and are virtually unknown in most other types of businesses.

The management of these elements and other risks factors inherent in an agricultural venture demand not only careful planning, but a substantial capital cushion. In addition to a risk cushion, modern farming requires more capital per dollar of potential earnings than most other business ventures. The NSFA has identified access to capital and, particularly access in the beginning years of a farm business, as one of the most strategically important issues facing the agricultural industry.

Land availability is also a challenge for new entrants and a land bank system that is co-funded by the federal and provincial governments would be an excellent way to help new entrants with access to land.

Skills' training for new entrants is also an initiative that the industry and government need to develop. Agriculture is extremely complicated and new entrants need to be

versed on financial management, regulations, production and food safety.

An adequate return on investment is the key to a new entrants' long term survival.

**Policy Objective:** It shall be the policy of the Federation that the government provide loan guarantees, adequate interest subsidies, infrastructure funding, tax incentives and mentoring for new entrants.

## ***3. Land Use***

Food and farming contributes in excess of \$3 billion to our economy and makes a significant contribution to employments in the province. With expanding global markets and the demand for locally produced food, protecting our agricultural land base is a sensible investment in food security and an economic opportunity for the province.

Well managed agricultural land supplies important non market goods and services. Farm land provides habitat for wildlife, contributes to biodiversity, helps control flooding, protects wetlands and watersheds and helps maintain air quality. It offers Nova Scotians alternative lifestyle choices and protects the quality of life in their communities – scenic and cultural landscapes, farmer's markets, recreational opportunities, local jobs and community economic development. With new energy crops, farm land has the potential to replace fossil fuels with renewable energy alternatives.

The Federation's policy regarding the protection of agricultural land suggests government intervention must go well beyond simply placing restrictions on the use of agricultural land. Farmland protection programs can take many forms, varying

from the use of zoning to regulate land held by the private sector to programs that offer incentives to encourage private landowners to continue farming. In this province we need to begin to explore all of these options.

**Policy Objective:** It shall be the policy of the Federation to encourage all departments of government including the Nova Scotia Department of Agriculture to move forward, in consultation with the Nova Scotia Federation of Agriculture, with the recommendations in the Government 2012 policy framework report titled Protecting and Preserving Agricultural Land in Nova Scotia

<http://www.gov.ns.ca/agri/Protecting-and-Preserving-Agricultural-Land-in-Nova-Scotia.pdf>

The Federation shall also support the development and implementation of a provincially operated compensation program to ensure that farm owners receive adequate compensation for land where land values are adversely affected by agricultural land use policies/restrictions, and to continue to work with provincial policy staff, county and regional planning authorities to ensure on-going land use planning and policy meets the needs of the farm community. For example, all landowners should be required to observe similar set-back distances as farmers when constructing a new building, digging a well, etc. on property adjacent to farm land.

## **4. Taxation**

### **Investment Tax Credits**

Develop a Nova Scotia Investment Tax Credit on the purchase of machinery and equipment.

The current Nova Scotia Provincial Government has introduced a manufacturing

and processing investment tax credit that it says will “allow businesses to improve operations and become more competitive, more productive and more sustainable”. An Investment Tax Credit such as this would benefit the agricultural community and help farm business grow and prosper. We are striving to build farm businesses that are progressive and profitable and an investment tax credit would be fair and equitable for all farm businesses. Capital investments of equipment, buildings and land improvement made by Nova Scotia farmers reap positive rewards for Nova Scotia economic activity.

Prior to December 31, 2001, Nova Scotia farmers were eligible for 15% Investment Tax Credits on new production related equipment.

**Policy Objective:** It shall be the policy of the Federation to lobby the provincial government to provide a provincial tax credit for such investment as new machinery, equipment, buildings and land improvement.

### **Non-Arm’s Length Sale of Shares (84.1(1))**

The Canadian tax system favours the transfer of a business to a third party over the transfer to family members. The issue revolves around accessing the capital gains exemption when the transaction is with a family member (non-arm’s length transaction). In situations where a parent is attempting to sell the shares in a family owned small business corporation or family farm corporation, the full income tax benefits are effectively denied as a result of anti-avoidance rules in the Income Tax Act (subsection 84.1(1)). This creates a barrier to the intergenerational transfer of farms, represents a disincentive to new entrants and a source of inequity, selecting against family members taking over the family business.

**Policy Objective:** It shall be the policy of the Federation to work with CFA in lobbying the Federal Government to exempt agriculture from Section 84.1(1).

### **Support for Part-Time Farmers**

Many new entrants come into the agricultural industry through the avenue of becoming a part-time farmer, with another job on the side. The taxation treatment for part-time farmers has come under the scrutiny of the Supreme Court of Canada in recent years and as a result these farmers' ability to claim restricted farm losses against other income was improved. Currently, farmers deemed to have a chief source of income other than farming or a combination of farming and some other source of income are restricted to claiming a maximum of \$17,500 in farm losses against those other sources of income. The 2013 federal budget reinterpreted this restriction, requiring non-farm income be "subordinate" to farm income, creating a unique disincentive for legitimate investors and entrepreneurs when considering an agricultural venture in relation to other industries, as well as uncertainty around applicability for existing borderline cases.

**Policy Objective:** It shall be the policy of the Federation to work with the Canadian Federation of Agriculture to ensure that part-time farmers are treated fairly in the Canadian tax system and that their endeavours continue to be recognized as valuable to the Canadian economy. The NSFA supports the CFA in their recommendation that the Federal Government should reinstate the more comprehensive income test, as outlined in *Craig v. the Queen*.

### **Taxation of Farm Lands**

The zero taxation policy on farm land was developed so that farmers in rural and urban

setting would have an equalized tax burden, land tax would be higher in more desirable urban or industrial settings. This has been a benefit to farmers but also to owners of farm land that do not farm. In some cases this has the unintended consequence of a landowner not allowing a farmer to use the land since there is no incentive; they receive the zero tax benefit anyway.

**Policy Objective:** It shall be the policy of the Federation to lobby government to use the farm registration system to apply the tax grant based on active agricultural land; not change the classification of the land so it does not attract a change of use tax (i.e. if land is not being used [owned] by a registered farmer then zero taxation does not apply and appropriate tax should be paid).

### **Ongoing Policy Initiatives**

Ongoing Policy Initiatives include previous policy initiatives that are of sufficient importance to remain at the top of the Federation's policy agenda. The Federation will continue to pursue the following issues:

**Food Strategy:** It is imperative that Nova Scotia and Canada develop a long term food strategy that will provide citizens with the secure understanding that we will be able to feed ourselves and contribute to the world's food needs in the years to come through sustainable production, processing and distribution of food. The NSFA lobbied the provincial government to include the following two goals in their Economic Goals and Sustainable Prosperity Act (EGSPA):

- 20% of our food spending from local farms by 2020 and increased local procurement by government.
- A 5% increase of new farmers to the Nova Scotia Farm Registration System by 2020.

The Federation will continue to request the government to report on their advancement towards these goals on an annual basis.

**Growing Forward 2:** It shall be the policy of the Federation to continue to play a meaningful role in the implementation of Growing Forward 2. NS Federation of Agriculture will also advocate for changes to successor programs, advocating for policies and programs that address the specific needs of Nova Scotia's primary agricultural industry. The Federation recognizes the need for greater investment in the agricultural industry so that programs can play a meaningful role in farm development on a continual basis. There is also recognition that the Crop Insurance program needs review so that it can become a more responsive service in protecting farmer investment in crops and livestock.

**Non-Agricultural Waste Products:** The Federation recognizes that non-agricultural waste products provide benefits with respect to soil conditioning properties. The use of non-agricultural waste products must comply with regulatory standards, industry food safety protocols and current best management practices which are informed by the available science. It shall be the policy of the Federation to encourage continued research of the benefits and risks associated with non-agricultural waste products. The Federation encourages the establishment of an industry protocol for returning bio-solids spread soils to crop production.

**Renewable Energy:** It shall be the policy of the Federation to continue to examine and expand energy related issues and to insure that farm businesses in Nova Scotia are in a position to actively participate in and benefit from any future policy initiatives undertaken by federal and provincial governments and

to support the efforts to evaluate the benefit and identification of opportunities for participation of agriculture in a provincial bioenergy industry.

**Farm Health and Safety:** It shall be the policy of the Federation to enhance the health and safety practices of the farmers and the agricultural workforce by means of working with Farm Safety Nova Scotia (FSNS) to provide NSFA members with opportunities and services related to farm health and safety.

**Atlantic Federations of Agriculture:** It shall be the policy of the Federation to foster regional cooperation and work as an Atlantic group to advance common issues and gain a stronger position on the national policy agenda.

**Research:** It shall be the policy of the Federation to advocate with provincial governments, Agriculture and Agri-food Canada, the Dalhousie University – Agriculture Campus and industry stakeholders to support the creation of a strategy to support a regional approach to fundamental and applied research.

**Dalhousie Faculty of Agriculture Academic Focus:** NS Federation of Agriculture supports Dalhousie Faculty of Agriculture in having a strong technical and academic focus as well as an enhanced capability to continue to support the agricultural sector, and the closely related areas of health, environment, economic development and renewable energy.

**Veterinary Services:** The Nova Scotia Federation of Agriculture will continue to lobby the provincial government to encourage veterinarians, especially recent graduates, to establish large animal practices

in the rural farming communities of Nova Scotia.

**Legislation Affecting the Use and Movement of Farm Vehicles:** It shall be the policy of the Federation to pursue, through the joint working committee that has been established with the departments of Agriculture, Service Nova Scotia and Transportation, a continual review of all Acts and Regulations pertaining to the use and movement of farm vehicles and equipment including fuel tax policy; and, to seek solutions to identified problems.

**Natural Resources Legislation and its effect on Farming activities:** NSFA through a joint working committee will continue to review acts, legislation and policies affecting the use of agricultural land with respect to wildlife damage to crops and livestock, forestry and harvest practices, trails and any other emerging issues related to Natural Resources and farming activities.

**Water Management:** It shall be the policy of the Federation to: 1) lobby for the resources to enable the industry to develop a coordinated approach to water management issues in the form of a water management strategy for agriculture; and, 2) lobby for the most practical and cost effective use of the funding being made available for water initiatives. 3) work with the Dalhousie Faculty of Agriculture water engineer to develop management strategies for best management practices for agriculture water use in Nova Scotia and to develop strategies for stream bank protection.

**Livestock Mortalities:** It shall be the policy of the Federation to seek the resources to provide dead stock pick-up services that meet the industry's needs where feasible. The Federation will work to ensure guidelines are in place to protect

farm businesses that use other alternatives to dispose of livestock mortalities.

**Farm Labour Issues:** It shall be the policy of the Federation to continue to work with relevant stakeholders on human resource issues and seek solutions that will support the labour requirements of Nova Scotia Farms.

**Wetlands:** It shall be the policy of the Federation of Agriculture to continue to address the concerns of the wetland policy. The Federation is working with the NSDA to activate the joint Agricultural Activities Advisory Committee (AAAC) to deal with issues as they arise.

**Regulatory Requirements by Government:** It shall be the policy of the Federation that any further regulations applied to agriculture that increase the cost of production and are not reflected in an increase in the market value of the product, that such costs will be covered by the government department that imposed such regulation, and that any compensation will come from outside of any agricultural programs.



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