

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-Arm's Length Sale of Shares (84.1(1)): . 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) of the Income Tax Act which 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

Support for Part-Time Farmers: 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*.

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 Safety Nova Scotia: 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.

NOVA SCOTIA FEDERATION OF AGRICULTURE

*Standing Policy
2014-2015*



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 Vision of NSFA "A competitive and sustainable future for the farming community in Nova Scotia." and our Mission "To enable a sustainable future for the farming community by building farm businesses that are focused on the triple bottom line – that being financially viable, ecologically and socially responsible."

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.

Our Mission:

"To enable a sustainable future for the farming community by building farm businesses that are focused on the triple bottom line – that being financially viable, ecologically and socially responsible."

Our Vision:

"A competitive and sustainable future for the farming community in Nova Scotia."

Members of the NSFA

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

Corresponding Members

1. Women's Institute of Nova Scotia
2. Nova Scotia 4-H Council
3. Farmers Markets of Nova Scotia

Policy Objective: It shall be the policy of the Federation to pursue the goal of establishing a land bank system in Nova Scotia that supports the preservation of agriculture land. This will be accomplished by purchasing agriculture land into the land bank while compensating land owners for the development and agriculture value of the land and then removing the development rights so the land then remains in agriculture.

In addition it shall be the policy of the Federation to advocate for the addition of a land preservation goal in Green Economy Act also known as EGSPA. The goal to protect 5,000 acres of farm land by 2020 would serve as a stimulus for agriculture land preservation in Nova Scotia.

6. Investment Tax Credit

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

There is currently 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". 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.

The previous investment tax credit was a non-refundable tax credit equal to 30% (15% effective January 1, 2001) on purchases of qualifying manufacturing and production equipment used in Nova Scotia was available for equipment purchased prior to January 1, 2003. Qualifying manufacturing and production equipment is that which qualifies for Federal Investment Tax Credit purposes. The credit is considered to be government assistance and reduces the capital cost of the equipment for federal purposes. Unused credits may be carried forward seven years and carried back three years.

A program in Nova Scotia for agriculture would be a benefit for farmers, making it more affordable to buy new machinery and equipment, make land improvements and create a positive boost for the economy.

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.

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 the policy of the Federation to request an annual report on the government's progress towards the two goals in the 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.

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

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 Agriculture 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.

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).

5. Agriculture Land Bank and Compensation for Removal of Development Rights

In the period 1965 to 1970, under the terms and conditions of a joint Government of Canada, Province of Nova Scotia Agricultural and Rural Development Act (ARDA) project, properties were purchased for leasing to enlarge commercial farm operations. The administration of properties under a lease is a continuing responsibility of the Nova Scotia Farm Loan Board (NSFLB).

Reinstating a land bank under a provincial or Fed/ Prov framework would support agriculture land preservation in N.S.

Objectives for Land Bank:

- Contribute to safe and abundant food supplies
- Contribute to the economic growth and development of rural communities
- Protect the environment, including water, air and wildlife habitat
- Protect unique or rare natural and historical amenities and encourage the production of constructed amenities such as scenic countryside and recreational opportunities

In order to utilize this program the farm would be required to enter into an agreement with the NSFLB or other appropriate organization under the Community Easement Act stating that the land would be preserved for agriculture in the long term. In order to provide the necessary compensation, funding for the purchase of the development rights for the land bank could come from a percentage tax on real estate transfers or a percent charge on property tax.

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. Nova Scotia Turkey Farmers of Nova Scotia
26. West Nova Agro Commodities Limited
27. Wild Blueberry Producers Association of Nova Scotia

Standing Policy Statements

1. Infrastructure Deficit

The NS Commission on Building our new economy presented their report to the Provincial Government. The report commonly known as the Ivany Report said that:

- A. *Yes, there is a crisis, and it does threaten the basic economic and demographic viability of our province, most dramatically in our rural regions;*
- B. *We are not doomed to permanent have-not status: in an improving macroeconomic climate, driven by expanding global trade, Nova Scotia has the assets, opportunities, institutional capacities and human capital to turn around its current outlook and build a much more positive future;*
- C. *While the continuing retreat of the federal government from a regional development role and fiscal weakness at the provincial level are serious constraints, the single most significant impediment to change and renewal is the lack of a shared vision and commitment to economic growth and renewal across our province and among our key institutions and stakeholder communities.*

The report goes on to say that, "At the same time, improving productivity and competitiveness in our foundational rural industries – tourism, agriculture, fisheries, forestry, mining and manufacturing – is essential if we are to build a stronger trade economy for the province as a whole. Embracing freer trade, and expanding the number of businesses that export to both traditional and emerging markets are additional priorities for changing the economic outlook for Nova Scotia."

NSFA believes that it is essential that the infrastructure deficit be addressed so that agriculture can fully participate in the challenge that is put before us. The Federation believes there is a need to restore extension services and investigative travel to increase productivity and innovation to the early 2000's level.

Areas of concern are:

- Rural Roads
- Cell Service and High Speed internet
- Access to 3 phase power (both incoming and for energy production outgoing)
- Restore Extension Service
- Regulatory Burden

NSFA policy positions throughout this document reflect other policy and regulatory changes that must take place in order for farmers to achieve the following goals of the Ivany Report, particularly goals 15 & 16.

Goals 15 & 16 in the Ivany report are:

15. *The value of exports from the fisheries (including aquaculture) and the agricultural sectors will each have doubled on a sustainable basis. (The report prepared for the Commission by APEC identified current fisheries and seafood exports valued at \$860 million and agricultural exports at \$240 million).*
16. *The value of agricultural products produced for, and consumed within, the Nova Scotia domestic market will have doubled. The current value is approximately \$230 million.*

Policy Objective: It shall be the policy of the Federation to work toward Goals 15 & 16 in the Ivany report by advocating for resolution of the infrastructure deficit and implementation of other policy goals that will position the sector for growth and sustainability. The Federation shall further advocate for shelf space in local supermarkets for locally produced products and better extension services for agriculture.

2. Regulation and Tax Burden

Nova Scotia's agriculture industry faces increased competition from not only local and national producers but international competitors as retailers seek out new and unique products to meet consumer demand. Farmers need to be attuned to market signals, assess trends and figure out strategies that provide flexibility to produce products that are needed and wanted today while developing products that can be adapted for the needs of tomorrow. The competitive forces facing today's farms can be daunting and an area of concern is cost of regulation and tax burden downloaded to the farm businesses.

Agriculture falls under provincial jurisdiction, but municipal by laws often cause interference with the right to farm. Inconsistencies in such things as building permits and building codes for agricultural buildings and fencing regulations between counties are just a few of the challenges. Regulations should not exist to hinder the development of agriculture. There is additional financial burden direct to the farm business to meet quality assurance and food safety regulations. On farm food safety and food inspection is here because of public pressure and is provided as a public good and/or service; the government needs to assist with these compliance standards. According to the Canadian Federation of Independent Business (CFIB), Canadian farmers pay \$657 million every year to fulfill the terms of the Canadian Food Inspection Agency (CFIA) and despite the growing focus on reducing red tape this cost has increased over the last five years. The farm community is fully aware of environmental sustainability and the importance of respecting the environment. It is imperative that the cost of farms meeting current and new environmental sustainability requirements is not fully on the backs of the farm community.

Leading the industry toward increased capacity for innovation, responsiveness, and reduced business risk will help ensure the competitiveness of Nova Scotia agriculture. These costs must be recoverable in the market place or be recognized as a public good supported by Nova Scotia government, not downloaded to the agriculture community.

The Nova Scotia government has established a "Better Regulation Initiative", a province-wide process to improve the laws and regulations in Nova Scotia. According to a fact sheet explaining the initiative, Better Regulation is Nova Scotia's approach to regulatory reform and commitment to continuous improvement; keeping the benefits of regulation and making it easier to do business in Nova Scotia. Bill No. 51, Red Tape Reduction Act; An Act to Reduce the Regulatory Burden in Nova Scotia was also introduced in April 2012.

Policy Objective: It shall be the policy of the Federation to investigate the Better Regulation Initiative and to lobby Nova Scotia Government for reduction of red tape and regulatory burden so farmers can do business in Nova Scotia.

3. New Entrants to Agriculture

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; with the costs of land, equipment and infrastructure financed over decades.. 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 would be an excellent way to help new entrants with access to land, as well as increased access to crown 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. Leadership training should be encouraged, i.e. AALP, CYFF, Nuffield Scholarships, Workplace Education, 4-H, etc.

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.

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 to lobby the government to provide loan guarantees, adequate interest subsidies, infrastructure funding, tax incentives and leadership development for new entrants.

4. Land Use & Taxation of Land

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