

# Next Policy Framework: *A Nova Scotia Perspective*

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## Foreword

### **Nova Scotia Federation of Agriculture**

Since 1895, the Nova Scotia Federation of Agriculture has represented the interests of Nova Scotia's agricultural community. Today its members account for well 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.

Along with reviewing all legislative and regulatory issues that impact the competitiveness and sustainability of the agricultural sector, the Federation actively lobbies for changes to existing, legislation, regulation and public policy to reflect the progress and dynamics of the industry. In addition, the Federation continually develops and delivers programs and services to meet the needs of the farm community and is frequently asked to manage and deliver program and services to the farm community on behalf of outside agencies.

Throughout all its endeavors, the Nova Scotia Federation of Agriculture maintains a constant approach. That approach is guided by a philosophy that requires: extensive research, strategic planning; creative solutions; efficient implementation; and, accountability.

## Next Policy Framework

On July 22<sup>nd</sup>, 2016, The Calgary Statement was released by Federal, Provincial and Territorial Ministers of Agriculture. The statement outlined the key priority areas that will guide the development of the next agricultural policy framework.

### **Overarching objectives of the framework**

FPT governments and industry share a collective vision of creating the most modern, sustainable and prosperous sector in the world. Through the NPF, FPT governments will collaborate with industry to drive the sustainable growth, innovation and competitiveness of the sector.

This will be achieved by:

- Expanding domestic and international markets and trading opportunities for the sector;
- Enhancing competitiveness and strengthening competitive advantages by advancing science and innovation capacity and encouraging the adoption of products, practices and processes;
- Anticipating, mitigating and responding to risks in a manner that supports the sustainable growth of the sector;

- Supporting the resiliency and environmental sustainability of the sector to ensure long term adaptation and growth;
- Improving the growth of the value-added agriculture and agri-food processing sector; and
- Securing and growing public trust in the sector.

The framework will enhance coherence across FPT governments including flexible and transparent policies and program approaches with clearly defined, measurable targets and outcomes for the sector and Canadians.

## Recommendations for Future Investments

### Markets and Trade

#### AgriMarketing

Access to export markets is vital to many commodities in the Nova Scotia Agriculture Industry. AgriMarketing is a current program that has benefited export commodities – especially wild blueberries – in Nova Scotia. The program is designed to build and promote Canada’s ability to expand domestic and export markets. Considering the significant export potential of the trade agreements that have come into place since this fund was established, the AgriMarketing Program needs to be renewed and ideally increased to access these markets to the full potential.

A future, similar program must allow for promotional campaigns in various export markets as identified by the commodity. Every commodity is different and markets need to be assessed appropriately.

#### *Recommendation:*

- At minimum, renew the AgriMarketing fund at \$341 Million.
- Ensure that commodities are able to assess markets without political trade influences.

#### Interprovincial Trade

Trade barriers between provinces have restricted sales of meat and wine. With the recent announcement of the proposed regulations for the Safe Food for Canadians Act, produce will be subject to random inspection if the produce is destined for a market outside of the province in which it was produced.

Canada has one of the safest food systems in the world and this is partially because of the strict regulations throughout the supply chain in place to protect the food we consume. With these regulations comes financial and administrative burden for farmers. Navigating which regulations apply to a farm or commodity, and procedures that must be followed can be burdensome and be a reason for farm to refrain from expanding.

#### *Recommendation:*

- Establish a fund to help farms understand and meet the regulatory requirements for interprovincial trade.

## Science, Research and Innovation

### Regional Research

ADAPT funding was proven to be effective in addressing the sensitivity of local, sectoral, regional and provincial needs of farmers. A one size fits all approach does not respond effectively to the uniqueness and varied circumstances among provinces and regions across the country.

#### *Recommendation:*

- Re-establish specific funding for regional research and innovation funding.

### Research Chair

Research Chairs are an invaluable resource that can hone in on key issues impacting the industry. To secure a Research Chair, substantial amounts of funds must be raised and a minimum of a five year contract commitment.

#### *Recommendation:*

- Reestablish funding for Research Chairs. Adjust the cost share to 75% and agree to commit to five-year funding upfront.

## Environmental Sustainability and Climate Change

### Energy consumption

Energy consumption is inevitable when producing agricultural products. 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.

#### *Recommendation:*

- Make it possible for farms to increase their energy efficiency through a funding support program. The funding should cover:
  - On farm energy production;
  - Investments to upgrade farm to 3-phase power; and,
  - Upgrades to incorporate conserving technologies.

### Environmental Farm Plan

The Environmental Farm Plan Program is an education program that helps farmers identify and assess environmental risk and their property. It enables farmers to incorporate environmental consideration into their everyday business decisions.

The Environmental Farm Plan Program is a valuable program in Nova Scotia with over 1800 farms participating in the program. As a well establish program, many farms rely on the program and its staff as a knowledge source on any environmental concerns. A National EFP Benchmarking Comparative

Analysis Report prepared for Agricultural Research and Extension Council of Alberta indicated that many lenders look favorably upon applications from producers who have completed an EFP.

*Recommendation:*

- At minimum, maintain the existing delivery of the Environmental Farm Plan program in Nova Scotia. 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.

### **Ecological Goods and Services**

Agriculture provides ecological goods and services through the creation of wildlife habitat, land stewardship, soil conservation, watershed management and many other activities.

With the introduction of Federal programs such as the Species at Risk Partnership on Agricultural Lands, it has been made obvious that protecting Species at Risk is a high priority. Based on survey results, many farms alter farm practices to protect the at risk species that are present on their farm.

Alternative Land Use Services (ALUS) programs have helped farmers with their efforts of environmental stewardship. With the efforts of the NSFA and other farm organizations in the province, it is evident that alternative land use projects are increasing in interest among farmers. ALUS programs also provide an avenue to showcase the environmental stewardship efforts taking place on farms to the public.

*Recommendation:*

- Carve out a program to allow farmers to make improvements to farm land and production practices that further protect species at risk and promote the use of marginal lands for Alternative Land User Services.

### **Value Added and Agri-Processing**

#### **Labour**

Skilled labour is critical to any farm operation. The Canadian Agriculture Human Resource Council (CAHRC) conducted a study across Canadian farms and the agriculture industry to identify the gaps and associated costs.

The Labour Market Inventory report identified current trends in Agriculture Labour as well as projected trends based on population growth and distribution. In the breakdown, there is a current labour gap of 600 people. This would be greater if employment options ceased to exist through foreign worker programs. The study projected a labour gap of 3500 people by 2025. The gap is expected to increase because of the aging workforce and rural out-migration.

The challenges that Nova Scotia faces were also identified in the CAHRC report. Recruiting employees is often difficult because the jobs are in the rural areas and the skill availability is insufficient. Employee retention has challenges as well, including insufficient compensation.

Trained employees increase farm productivity and efficiency. Farm operations are becoming more mechanized and farm employees require specialized training that cannot be achieved through general programs. These specialized programs may be in the form of a farm apprenticeship program.

The cost of labour shortage is significant. According to the report, the estimated cost of unfilled vacancies in Nova Scotia is \$15 Million in sales. This cost is in part from lost value added opportunities that couldn't be filled because of labour shortages. To further hinder the opportunity to value add, programs like the Temporary Foreign Work Programs have stipulations around what constitutes as agricultural work.

*Recommendation:*

- Addressing the labour gap through the implementation of programs that assist farms with mechanizing aspects of the operation.

### **Farm Safety**

According to Canadian Agricultural Injury Reporting, from 1990 – 2012 there were 2,324 agriculture-related fatalities in Canada – an average of 101 fatalities per year. There is a significant economic impact of not only fatalities but also agriculture-related injuries, not to mention the emotional impacts of these tragedies.

Filling the labour gap will mean that there will be new employees working in the agriculture industry who may never have worked in an agriculture environment before. Ensuring the health and safety and proper training of our workforce is critical as the industry grows. The industry cannot afford to lose skilled, qualified workers to workplace injuries and incidents.

Ensuring that health and safety is considered as part of business risk management on farms is key to the efficiency, profitability and sustainability of the industry. In a study conducted by Farm Credit Canada, it was identified that farms with a written health and safety plan were 25% more profitable than those without.

Farm Safety Nova Scotia (FSNS), with support from the Nova Scotia Federation of Agriculture and Growing Forward 2, provides support to Nova Scotia farmers through advocacy, awareness, training and education to improve the health and safety on Nova Scotia farms. FSNS is in an ideal position to continue supporting the industry in an increased capacity, in areas identified through an industry consultation conducted in 2017.

The priority for delivery of farm safety programs under the next APF should be established at a provincial level where organizations are familiar with the diversity of their agriculture industry and knowledgeable of health and safety legislation, which is provincially regulated.

*Recommendation:*

- Increased awareness, resources, and services available to registered farms to support the improvement of health and safety on the farm: on-farm health and safety assessment and advisory services (one-on-one); management tools and resources; Training & Workshops; and Communications (e.g. fact sheets, newsletters).

- Funding available to farmers for health and safety improvements on the farm. Eligible costs to consider: engineering costs; consulting costs for development of farm safety plans & programs; construction/infrastructure changes (e.g. upgrade, equipment retrofitting); required equipment (e.g. gas & ventilation monitoring systems, animal handling systems)

## Public Trust

Canada's agricultural sector is one of the most respected in the world. An efficient and effective regulatory framework, assurance systems, government programming and value-chain collaboration work to support the sector's ability to produce food and agri-food products in a responsible and sustainable manner. This has helped to build public confidence in Canada's agriculture and agri-food system and contributed to the long-term resilience of the sector.

Canada's reputation cannot be taken for granted as citizens and consumers are increasingly conscious of the environmental, animal welfare, health and safety considerations related to agriculture agri-food products. To continue to support competitiveness, while meeting expectations both in Canada and abroad, industry has to examine new and effective mechanisms to engage and respond to domestic and international consumers and citizens.

## Awareness

Surveys conducted through Canadian Farm and Food Care show that farmers are in the top three most trusted source of information on animal welfare and food safety. Awareness and public outreach are evidently essential to gain the trust of the Nova Scotia consumers.

To provide effective and meaningful opportunities for farmers to tell their stories, direction should be provided by industry through an Agriculture Awareness committee.

## *Recommendation*

- Provide funding for agriculture awareness activities and a committee that is guided by industry for events that promote and support agriculture education.
- Atlantic Provinces jointly fund regional Public Trust initiatives.
- Nova Scotia government to continue survey research to benchmark public perceptions of the Agriculture Industry.

## Administration

Efficiency and timeliness of the administration of programs delivered as part of the Next Policy Framework will be essential in determining the overall program effectiveness. In recent years, program delivery has not been timely, nor efficient in delivery. The poor program administration has negatively influenced the ability to complete projects.

### *Recommendations*

- Develop a programs delivery model that would allow programs to be open for a twelve month duration.
- Allow farms to access five year support and funding from the Home Grown Success Program, so farmers can access multiple year funding in one year for larger scale projects that will help lead to organized progressive development of their farms.

## **Risk Management**

Agriculture is a high risk business that faces volatile prices, unpredictable weather and a global market influenced by government supports to competing farmers in other countries. Business Risk Management Programs must manage the effects of short-term volatility in weather and markets through bankable a timely programs.

### **AgriStability**

AgriStability is intended to provide support when farms experience a large margin decline. Considering the payments are triggered when the current year program margin falls below 70% of the reference margin, the program is essentially a disaster relief program under the current framework.

AgriStability cannot be limited to providing disaster support and must provide funding on a timely basis to ensure that the short-term impacts of significant income losses are mitigated. Transparent and straightforward calculations are necessary to allow farmers to make predict and bank upon impending payments.

Many farms in Nova Scotia are mixed commodities. The current AgriStability program penalizes diversified farms as the program considers the total farm income rather than the loss of the specific commodity. The current AgriStability program does not work in Nova Scotia and must be altered so Nova Scotia farmers can benefit from the program.

### *Recommendation:*

- Restore AgriStability payment when programs year margins fall below 85% of a farmers' historical reference margin.
- 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 address the low uptake of AgriStability, conduct pilot projects on changes to the program.
- To address the single commodity losses on a diversified farm, a stop loss program must be implemented.

### **AgriInvest**

AgriInvest is a self-managed producer-government savings account that allows producers to set money aside to recover from small income shortfalls or to make investments. The amount that a farm can set a side is based on a percentage of Allowable Net Sales.

AgrilInvest represents an integral component of an effective business risk management suite, providing vital contribution to producers' financial flexibility in managing the impact of short-term losses and impacts that are not adequately addressed through other BRM programs. However, for AgrilInvest to be effective, there must be emphasis on support for new entrants into the program and focus on long-term investments rather than short-term losses and rainy-day funds.

*Recommendation:*

- AgrilInvest program must match farmer contributions up to 1.5% of allowable net sales and the government-matched contribution limit must also be amended to allow for matchable annual contributions up to \$100,000.
- Investments could be encouraged by establishing a set of pre-approved, proactive risk mitigation and income generation investment opportunities by allowing farmers' to access their own AgrilInvest contributions without triggering taxable government funds.
- Participation from beginning farmers could be encouraged by providing a government-only unmatched (kickstart) deposit of 3.25% of Allowable Net Sales spread over the first 5 years for a new AgrilInvest account for new participants only.
- AgrilInvest program deadline dates must ensure that application dates allow timely participation and do not conflict with key production seasons.

### **AgrilInsurance**

Crop damage due to wildlife pressure is ever increasing in Nova Scotia. With improved plant genetics, crops are able to produce higher yields than in the past. These higher yields have not been accounted for in farms' historic yields because of losses contributed to wildlife damage.

Assessments are conducted by a third party using visual inspection and historic data. Visual inspections are only qualitative. With the number of deer feeding on the crops increasing every year, the use of historic data it is difficult to justify.

As wildlife populations continue to grow, damage to farmers' crops increase as well. There also needs to be a creditable way to evaluate the damage in all crops.

*Recommendation:*

- Reevaluate the approach used to calculate yield loss. Yield loss should be determined through quantitative means rather than the current qualitative process.