



NOVA SCOTIA FEDERATION OF AGRICULTURE

**NOVA SCOTIA PROVINCIAL
ELECTION**

TUESDAY, JUNE 9, 2009

ELECTION CAMPAIGN

THE IMPORTANCE OF A STRONG PRIMARY AGRICULTURE SECTOR

Nova Scotia agriculture is an important part of our economy. The GPI report commissioned in 2008 stated that for every \$100 direct contribution of agriculture to the Nova Scotia GDP, about \$200 is actually added to the provincial GDP and more than \$400 is added to the national GDP when direct and indirect and induced benefits are combined. As well, annual farm expenditures in Nova Scotia generate more than 10,000 person years of employment—including 6,600 full-time equivalent jobs in agriculture, and nearly 3,700 additional indirect and induced jobs. They also generate more than \$150 million in tax revenues.

One study found that 60% of farm related expenditures in Nova Scotia are made locally within the rural communities where farms are located, and 92.5% are made provincially. Other studies have found that smaller farms generally purchase a higher proportion of goods locally, while larger scale farms trend to travel further for farm inputs and to bypass local community suppliers.

In summary, agriculture is a key industry for Nova Scotians, for its contribution to our economy, for its role in sustaining rural communities, for food security and its contribution to health and the environment. It is in the interest of every Nova Scotian to ensure that the industry is strong. Loss of any part of the primary agricultural production sector impacts the viability of rural Nova Scotia through the reduction of economic activity in our rural communities.



1. FARMERS AND THE MARKETPLACE

BACKGROUND

Nova Scotia's farmers want to earn their incomes from the market place. Farmers are price takers at both ends of the agri-food chain, from increasingly concentrated corporate sectors that both sell farmers their inputs and buy their products. Recent studies indicate that agri-business; both down stream and up stream of primary agriculture are recording record profits. Primary agriculture in the middle is recording record declines in incomes. Something is wrong.

In Nova Scotia farmers have demonstrated that they are remarkably efficient, but they lack the market power to capture the economic benefits of their investment and labour. For example: retail price for a kilogram of pork tenderloin is \$10.99, the farmer receives a \$1.32/kg market price which tabulates into only 12% farmers share. The story is not much difference for a one pound bag of MacIntosh apples; at an average retail price of \$1.37/lb, the farmers receive 17 cents or a mere 12.4% of the retail value.

A good place to start is in an area where government itself has some power – the power to purchase Nova Scotia produced food for institutions that are funded by the province.

QUESTION

Are you prepared to work with farmers to develop the ways and means by which farm businesses can gain a fair share from the market and do you have ideas as to how this could be accomplished?

2. COMPETITIVE TRANSITION

BACKGROUND

A vision of agriculture in Nova Scotia: “An agricultural sector that is self-sufficient, independent, sustainable, has appropriate intervention by government, allowing market signals to drive businesses.” A vision attainable through three guiding principles:

1. **Transition:** Recognizes that to be competitive, some in the industry must undergo a transition to develop businesses that can adjust to new opportunities. It is recognized that these industries will require transitional support programs and services, investments in innovation, technology and new opportunities, new markets, and strategic infrastructure.
2. **Strategic Public Investment:** Recognizes that to be competitive and sustainable, public investments must be made in human, capital, and other resources that, in large, serve to benefit the industry as a whole, rather than individual businesses. Examples of such strategic investments would include the development of strategic policy, strong partnerships, research, and support services to enable industry development.

3. **Public Goods & Services:** Recognizes that in the pursuit of public benefits, costs may be imposed on a business, or the public may value certain benefits that impose costs on farmers. This recognizes the need to compensate those 'targeted' costs/benefits, foster opportunity cost recovery and or purchase desired public benefits. Public Goods and Service includes but goes beyond the concept of Ecological Goods and Services.

QUESTION:

Are you prepared to support the continuation and work of the Competitive Transition in Agriculture Group?

Are you prepared to support Nova Scotia's primary producers by ensuring that the Government of Nova Scotia develops policy on research and extension?

Are you willing to support a program that compensates farmers for the provision of public goods and services for which there is no return in the market place?

3. INVESTING IN NOVA SCOTIA RURAL SUSTAINABILITY

BACKGROUND

Much has been said in the media over the past few months about rural development and sustainable development. In working toward the goals of a sustainable industry we believe that there are a number of things that can be done immediately to ensure that the transition process moves along and funds are invested in rural sustainability:

Farm Investment Fund: This is a program that: supports sustainable growth in Nova Scotia farm businesses by providing investment for projects that enhance economic viability, farm and food safety and promote environmental stewardship. Over the past 6 months the Nova Scotia Department of Agriculture and the NS Federation of Agriculture have reviewed this program and updated the application process to a tiered approach based on gross farm income. We also aligned the program to meet the new federal provincial bilateral agreement called Growing Forward. As a result of this review we believe the program will be underfunded this year by \$1.5 million.

Strategic Infrastructure Investment Fund: This programs' intention is to accelerate industry growth and development through access to new markets and a larger market share, improve competitiveness, increase value-added and market driven initiatives, Enhance industry partnerships and collaboration and attract and retain investment within agriculture and agri-food industries. The program has been in place for the past 2 years and we believe the province of Nova Scotia should make an additional investment of \$1 million.

Nova Scotia Department of Agriculture infrastructure: As a part of the transition of agriculture in Nova Scotia we believe it is time to renew the aging buildings that house the staff and testing

facilities in Truro. The laboratory used for sampling and testing of soil, milk, and water, etc. is out of date; at the same time the Department of Agriculture staff are scattered in a number of antiquated building on the Nova Scotia Agriculture College Campus. A new modern lab and office structure would help support Nova Scotia farmers as they transition and renew their farms.

QUESTION:

Would your government support the additional dollars needed fulfill the needs of programming such as Farm Investment Fund, Strategic Infrastructure and Department of Agriculture infrastructure?

Are you prepared to recognize agriculture as one of the key components in revitalizing Nova Scotia's rural economy and are you prepared to support policies and programs that will enable agriculture to play a role in revitalizing Nova Scotia's rural communities?

4. FOOD POLICY

BACKGROUND

The NS Federation of Agriculture believes that it is time to develop a food policy for Nova Scotia. We recommend the establishment of a Nova Scotia Food Policy Council that will gather information from members and all relevant sources, will analyze and assess policy options, and disseminate the results to government. This process will help to insure an economically, environmentally, socially responsive, and sustainable food system that will provide increasing amounts of nutritious, safe, affordable, local food.

- The need for food is central to policies and food is more than just a commodity
- Values Farmers, supports sustainable livelihoods, respects the work of farmers
- Localizes food systems, reduces distance between farmers and consumers
- Focuses on farmers and the public stewardship of the land

QUESTION:

Will your government support a food policy in Nova Scotia? Are you willing to provide support to development of a council and establishment of such a policy through consultation with the farm community?

5. LAND USE

BACKGROUND

One of the most vexing problems facing the agriculture industry and, in fact, rural Nova Scotians is the issue of land use - for farmers the issue is the use and protection of the agricultural land resource and the question of who should assume the cost of protecting it for the future. A public investment in development rights associated with agriculture land would be a key investment in terms of Public Goods and Services pillar of the transition model. The development of a nonprofit, charitable society is underway to facilitate this. The primary goal of the society will be: "To protect, preserve and restore agricultural land for use in agriculture" There are numerous examples of agricultural land trusts already in operation in Canada and the USA.

For discussion purposes it is felt that 100,000 acres of agriculture land could be protected under a land trust model which would give protection to most major production areas in the province. An estimated cost to do this would be in the range of \$500 per acre or a total of \$50 million dollars. This total would be required over a 5 year period and could come from a combination of government investment plus other sources such as bequests and tax assisted donations.

This investment would preserve our agricultural land base which is a key asset for the province of Nova Scotia now and for generations to come.

QUESTION

Are you willing to support the province taking a stronger leadership role with respect to agricultural land-use issues and can you support a policy that would protect, preserve and restore agricultural land for use in agriculture?

6. NEW ENTRANTS TO AGRICULTURE

BACKGROUND

Today progressive advances in agricultural related technology, government regulation, marketing and risk management limit successful farm operations to highly-trained individuals. However, becoming a farmer involves two additional aspects that most other professions do not have to deal with in such detail – risk and capital.

In addition to a risk cushion, modern farming requires more capital per dollar of potential earnings than most other business ventures. Access to capital is one of the most strategically important issues facing the agricultural industry today, especially for new entrants to the industry. New ways must be found to encourage and assist new entrants to overcome barriers that may prevent them from starting their own new farm businesses and assuming control of existing farm businesses.

QUESTION

Are you willing to support the development of a new entrant policy and program that is in tune with current farm start-up realities?

7. TRADE – THE IMPACT OF GLOBAL AGREEMENTS ON OUR INDUSTRY

BACKGROUND

The continued health and development of a successful and diverse agricultural sector requires that federal policies recognize, on the one hand, the global environment in which the industry operates and, on the other, the domestic requirements for a healthy and vigorous industry. Agricultural trade agreements – international policy - are no less important to the future of our industry than domestic policy.

In Canada dairy, poultry and egg production are all carried out within national marketing plans which use quota systems to manage the supply of these commodities in relation to expected demand. Supply managed sectors, together, account for 48% of the agriculture industry in Nova Scotia; consequently the evolution and future of supply management is of considerable significance to the overall rural economy of Nova Scotia. Given the potential impact current WTO agricultural trade negotiations could have on our supply managed sectors; there is considerable concern for their future at this time. For example dairy gross revenue would be reduced by 20%

Agricultural trade is an extremely complex subject; however our system is based on three basic principles: Import controls; Producer pricing; and, Production discipline. All three pillars are necessary to allow farmers to plan their production so that supply effectively meets the demands of consumers.

QUESTION

Do you support our supply managed system and the three pillars upon which it is based?

Will you actively pressure the Federal government to maintain support of supply management and the three pillars for the greater good of Nova Scotia?

8. RED MEAT SECTOR

BACKGROUND

The Nova Scotia red meat industry has been particularly hard hit by a convergence of factors such as feed costs, fuel costs, Canadian dollar values and now, the credit crunch. The beef industry in Nova Scotia has also been devastated by BSE and has never fully recovered from its effects. These industries have been lobbying for support and the Nova Scotia Federation of Agriculture encourages you and your government to provide support for these producers; they are a vital part of the Nova Scotia and Maritime farm economies.

Nova Scotia Cattle Producers have been working with the Nova Scotia Department of Agriculture to develop a beef strategy for Nova Scotia; this strategy will be announced in June. Development

of a new beef production model for Nova Scotia, support of the processing plant infrastructure, and retention of beef producers, are important parts of a rural strategy for Nova Scotia and align with our stated goals in the transitional agreement announced at our AGM of *“An agricultural sector that is self-sufficient, independent, sustainable, has appropriate intervention by government, allowing market signals to drive businesses.”*

QUESTION

“What will your government do to maintain the producers currently in the red meat sector (and thereby preserve the government’s tax base) until such time as the strategic plans designed for these groups to become self sufficient, independent, and sustainable are implemented?”

9. WORKING WITH FARMERS

BACKGROUND

The working relationship between farmers and Government is important to the farm community. Producers should be involved in policy development at the outset, and must feel some ownership and responsibility to ensure beneficial outcomes.

QUESTION

Do you agree that the best outcomes can be achieved through a true partnership and do you support the development of a strong partnership between the farm community and government?