

Department of Agriculture

Annual Accountability Report for 2010-2011

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Accountability Statement

The accountability report of the Department of Agriculture for the year ended March 31, 2011 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Department of Agriculture Statement of Mandate for the fiscal year 2010-2011. The reporting of the Department of Agriculture outcomes necessarily includes estimates, judgments and opinions by department management.

We acknowledge that this accountability report is the responsibility of Department of Agriculture management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the department's 2010-2011 Statement of Mandate.

John M^{ac}Donell
Minister

Paul LaFleche
Deputy Minister

Message from the Minister

I am pleased to present the Department of Agriculture accountability report for 2010–11.

The department continues to support the long-term growth and prosperity of Nova Scotia's agriculture and agri-food industry by sustainable resource management, industry growth and development, responsible governance, education and life-long learning.

A major government initiative was launched in 2010. *Homegrown Success* is the plan to make Nova Scotia's agriculture industry more competitive, innovative and profitable in the next 10 years. It's part of the government's *jobsHere* plan to create good jobs and grow the economy. The department continued to fund agricultural infrastructure, promote value-adding throughout the value-chain and support marketing initiatives for export development and buying local.

I encourage readers to visit the department's Web site at <http://www.gov.ns.ca/agri> to learn more about Nova Scotia's agriculture and agri-food industry.

Hon. John M^{ac}Donell
Minister of Agriculture

Financial Results

Agriculture		
	2010-2011 Estimate	2010-2011 Actual
Program and Service Area	(\$thousands)	(\$thousands)
Gross departmental expenses:		
Senior management	720	768
Policy, Planning, Communications	835	734
Agriculture Services	23,971	24,860
Legislation and Compliance	8,988	7,985
Industry Development and Business Services	6,204	7,264
Nova Scotia Agricultural College	20,161	22,663
Total gross departmental expenses	60,879	64,274
Additional information:		
Fees and other charges	(9,682)	(12,405)
Ordinary recoveries	(4,101)	(4,787)
TCA purchase requirements	500	462
Provincial funded staff (FTEs)	476	472

The Department of Agriculture spent \$3.4 million (or 5.5 percent) more than budget primarily due to a \$2.5 million increase in Nova Scotia Agricultural College expenses relating to increased enrollment. The Farm Loan Board had a \$0.65 million increase related to allowance for doubtful accounts and other departmental expenses increased by \$0.3 million.

Measuring our Performance

Sustainable Resource Management

PERCENTAGE OF REGISTERED FARMS WITH AN ENVIRONMENTAL FARM PLAN (EFP) IN PLACE

The department provides funding to help reduce the environmental impact of farming. The EFP helps address government priorities for soil enhancement, water quality and quantity, and energy efficiency.

WHAT DOES THE MEASURE TELL US?

This measure shows the percentage of registered farms in Nova Scotia participating in the environmental farm plan program. This percentage is based on approximately 2,400 registered farms, approximately half of which are full-time, commercial operations. The majority participating in the EFP are full-time, commercial operations.

WHERE ARE WE NOW?

As of March 2011, 68 percent of farmers in the province had either completed or had enrolled in the EFP. This is up from 58 percent the year before, and exceeds the target of 60 percent, possibly due to the increased number of linkages with other departmental programs. Ongoing promotion and education around the program also leads to increased uptake.

WHERE DO WE WANT TO BE IN THE FUTURE?

The target for 2011-12 is to have 70 percent of registered farms participating in the program, with an increase in the number of participants over time.

Industry Growth and Development

AGRISTABILITY PARTICIPANTS' MARKET REVENUES AS A PERCENT OF TOTAL FARM INCOME

AgriStability is a government / producer cost-shared initiative to protect farm businesses against income losses greater than 15 percent in a given year. Producer participation is voluntary, with the federal and provincial governments and business operators paying into a deposit account that the business can access if market revenues decline past a certain point.

WHAT DOES THE MEASURE TELL US?

This measure tells us the amount of farm revenues in the province protected against large income declines through business risk management (BRM) programming.

WHERE ARE WE NOW?

Thirty-six percent of market revenues were protected in 2009-10, down from 46 percent from the previous year and short of the 55 percent target. At least part of this is a result of struggling hog and livestock producers leaving the program.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to increase AgriStability coverage to 50 percent of Nova Scotia's market revenues in 2011-12. Ongoing promotion by the promotion and education coordinator and through regional offices will help meet this goal. The department is also exploring the possibility of administering BRM programming at the provincial level¹. This will ultimately lead to increased participation and coverage.

AGRIINVEST PARTICIPANTS MARKET REVENUES AS A PERCENT OF TOTAL FARM INCOME

AgriInvest is a government / producer cost-shared initiative to protect farm businesses against income losses up to 15 percent in a given year. Participation for producers is voluntary, with the federal and provincial governments and business operators paying into a deposit account. The business can access this account if market revenues decline up to 15 percent.

WHAT DOES THE MEASURE TELL US?

This measure tells us the amount of farm revenues in the province protected against small income declines through BRM programming.

WHERE ARE WE NOW?

Fifty-five percent of market revenues were protected in 2009-10, down from 63 percent the year before and short of the 65 percent target. The main reason for this is a decline in the number of participants, possibly due to decreasing market sales in both the hog and livestock sectors.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to increase overall coverage to 60 percent by 2011-12. As with AgriStability, ongoing promotions and the possibility of administering the program at the provincial level should increase uptake.

¹Nova Scotia's AgriStability and AgriInvest programs are currently administered by the federal government. All provinces have the option of federal program administration or administering the program themselves.

PERCENTAGE OF AGRIINVEST PRODUCERS PARTICIPATING IN AGRISTABILITY

The federal and provincial governments work together to provide BRM programming to protect industry against declines in farm gate income.

WHAT DOES THE MEASURE TELL US?

This measure tells us the percentage of producers that are fully utilizing income stabilization programs and investing strategically to mitigate risk on their farm.

WHERE ARE WE NOW?

Ninety-one percent of AgriInvest participants were also participating in AgriStability in 2009-10. This is down from 94 percent the previous year, and short of the target of 95 percent. This might be from a decline in AgriStability participation from producers still in AgriInvest. AgriInvest is more bankable and producers tend to participate solely in it.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department encourages increased uptake of both AgriInvest and AgriStability. The aim is to have 95 percent of AgriInvest participants also enrolled in AgriStability in 2011-12. Ongoing promotion by the promotion and education co-ordinator and through regional offices will help meet this goal. Most of this will be done through presentations to commodity groups, and through other program promotions and meetings.

TOTAL PRODUCTION INSURANCE COVERAGE

The Nova Scotia Crop and Livestock Insurance Commission supports the growth and development of primary agriculture by providing an indemnity payment to insured producers for specific production declines resulting from natural perils².

WHAT DOES THE MEASURE TELL US?

This measure shows the amount of insurance coverage (under the AgriInsurance program) provided to Nova Scotia's agriculture industry.

²While AgriStability and AgriInvest are based on the market income of an entire farming operation, AgriInsurance provides timely indemnity payments for production declines of specific crops and livestock.

WHERE ARE WE NOW?

The Crop and Livestock Insurance Commission carried \$135.4 million in AgriInsurance coverage in 2009-10³, up from \$120 million the previous year. This exceeds the target of \$128 million due to stronger demand for many of the commission's insurance products (such as potatoes, strawberry, spring and winter grains, corn and soybean) and in some cases as a result of increases to insured price options (lowbush blueberry). Both the dairy and poultry plans also saw increases in coverage of \$3 million and \$1.2 million respectively as a result of increased participation in these programs.

WHERE DO WE WANT TO BE IN THE FUTURE?

The commission originally proposed to carry \$132 million in AgriInsurance in 2011-12, and \$135 by 2012-13. This was projected based on the low price for lowbush blueberries in 2010-11, which was expected to carry into 2011-12. This target has since been revised due to strong uptake in the poultry insurance plan and increases in blueberry prices. The commission now expects to carry \$143 million in AgriInsurance coverage in 2011-12, and \$144 million by 2012-13.

VALUE OF NEW INVESTMENT IN INDUSTRY SECTORS DIRECTLY ATTRIBUTED TO INVESTMENT RECRUITMENT EFFORTS

The province recently unveiled a new immigration strategy designed to attract new Canadians to settle in Nova Scotia. The Department of Agriculture is committed to providing information, advice and other support to new immigrants looking to invest in Nova Scotia's agri-food and seafood industries.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar amount of investment made by new Canadians in Nova Scotia's agri-food and seafood industries.

WHERE ARE WE NOW?

The department helped recruit \$3 million⁴ in new investment through this program in 2010-11. This is double the previous year's total of \$1.5 million, and it exceeds the target of \$1.8 million as a result of enhanced development efforts.

³Figures for 2010-11 will be available later this summer.

⁴This is the estimated total investment made by new immigrants to Nova Scotia as a result of this program. The department does not disclose detailed financial information or supporting analysis for this measure in order to protect the privacy of individual business owners.

WHERE DO WE WANT TO BE IN THE FUTURE?

The aim is to recruit \$3 million in new investment in 2011-12. The department plans to work with the Office of Immigration on targeted in-country initiatives in the UK and the Netherlands, develop prospectus for key sectors and launch a promotional website showcasing investment opportunities in Nova Scotia's agri-food and seafood industries.

VALUE OF INDUSTRY SALES RESULTING FROM MARKET DEVELOPMENT PROJECTS AND TACTICS

The department provides marketing and market-development support (including participation in trade shows, incoming and outgoing buyer missions, and trade promotion) to help Nova Scotia's agri-food and seafood industries seize new market opportunities.

WHAT DOES THE MEASURE TELL US?

This measure refers to the sales value of agri-food and seafood produced in Nova Scotia⁵.

WHERE ARE WE NOW?

The department's efforts led directly to \$21 million in sales in 2010-11. This is an increase from \$18 million from the previous year and above the \$18 million target due to an overall rise in demand for Nova Scotia products.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to maintain the current level of sales in 2011-12 with continued efforts to diversify products and markets, and product branding.

CONSUMER AWARENESS OF SELECT NOVA SCOTIA CAMPAIGN

The Department of Agriculture continues to promote local sales of Nova Scotia agri-food and seafood products, primarily through the Select Nova Scotia program⁶.

WHAT DOES THE MEASURE TELL US?

This measure shows the overall level of consumer awareness of the Select Nova Scotia campaign as determined by a consumer survey.

⁵This measure only refers to sales that can be directly attributed to the department's market promotion activities.

⁶The Select Nova Scotia program's Web site is at: <http://www.selectnovascotia.ca/>.

WHERE ARE WE NOW?

Consumer awareness of the Select Nova Scotia campaign reached 33 percent in 2010-11, up significantly from 10 percent the previous year, and above the 11 percent target. This is possibly due to increased market promotions, including the Incredible Community Suppers throughout the winter of 2010, participation in events such as the Maritime Fall Fair, and an ongoing Web site and public relations campaign.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims for 35 percent consumer awareness by 2011-12.

VALUE OF AGRICULTURAL PRODUCTION (FARM CASH RECEIPTS)

Farm cash receipts refer to the value of primary (non-processed) agriculture products and program payments at the farm level. The large majority of cash receipts come from product sales.

WHAT DOES THE MEASURE TELL US?

This measure shows the combined farm cash receipts for all farming operations in Nova Scotia.

WHERE ARE WE NOW?

Farm cash receipts vary from year to year due to several factors, including variable growing and economic conditions, and the value of the Canadian dollar. In 2010, Nova Scotia's farm cash receipts totaled \$467.9 million, up from \$454.7 million the previous year, mainly due to increases in overall mink and blueberry revenues.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to see a long-term increase in farm cash receipts.

RATIO OF PRODUCT AND QUALITY DEVELOPMENT (PQD) FUNDING INVESTED TO TOTAL R&D INVESTED THROUGH PQD PROJECTS

The department works with private, public and non-government partners to provide cost-shared funding to Nova Scotia's agri-food and seafood industries to develop new and value-added products and processes.

WHAT DOES THE MEASURE TELL US?

This measure refers to the ratio of funding invested by the department (through the PQD program) as a percentage of all investment in PQD projects. A downward trend in the ratio invested by the department speaks to the department's success at building relationships with stakeholders and shows a willingness on the part of other organizations to invest in the industry.

WHERE ARE WE NOW?

Based on preliminary estimates, the department invested \$111,781 in PQD projects in 2010-11. The overall investment in these projects from all sources (federal and provincially funded repayable and non-repayable loans, cost-shared funding and private investment) totaled \$949,400. In other words, the department's overall investment in these projects was 12 percent of total expenditures. This is up from seven percent the previous year, however it is lower than the 15 percent target. The higher results this year reflect a leveling off following a few years with a lower than expected ratio. The increase in 2010-11 is not due to any one factor other than variations in investment from year to year. This is the seventh year for the program and the department is still establishing baseline data. In the first six years of the program, the department invested an average of 21 percent of the overall costs of projects cost-shared through the program.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to decrease our ratio invested to ten percent in 2011-12 by continuing to work with research and innovation stakeholders, and through ongoing targeted product development and business training initiatives.

PERCENTAGE OF FARM LOAN BOARD PRINCIPAL IN ARREARS

The Farm Loan Board provides stable, long-term loans to farm businesses to support the ongoing growth and development of Nova Scotia's agriculture industry. The board's policy is to be a patient lender for clients and sectors facing difficulty, and therefore does not keep arrears rates to an absolute minimum.

WHAT DOES THE MEASURE TELL US?

This measure reflects the board's success in monitoring arrears and providing assistance to clients in difficulty.

WHERE ARE WE NOW?

Four point seven percent of the Farm Loan Board's overall portfolio was in arrears at the end of 2010-11, down from 5.9 percent the year before but close to the target of 4.4 percent for the year. Arrears rates exceeded targets in recent years due to difficulties in some sectors, particularly hog and beef, and an overall increase in farm debt. The blueberry sector also experienced low prices in recent years and has taken time to recover.

WHERE DO WE WANT TO BE IN THE FUTURE?

The board is committed to bringing arrears rates back in line with the long-term target of 4.4 percent or less through concerted efforts, dedicated staffing to work with clients experiencing difficulties, and individual resolution of outstanding accounts.

TOTAL AGRI-FOOD EXPORTS, LESS SEAFOOD PRODUCTS AND FISHING⁷

The department promotes agri-food exports through participation in major international trade shows, incoming and outgoing buyer missions, media events and other initiatives.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar value of exports from Nova Scotia's agri-food industry (less seafood products and fishing).

WHERE ARE WE NOW?

Nova Scotia's agri-food exports amounted to \$183 million in 2010, up from \$175.6 million the previous year. Export data is calculated by Statistics Canada, which counts exports from the province where they leave Canada. As a result, one major category not reported in Nova Scotia exports is mink. After adjusting official data with preliminary estimates of mink, total agricultural exports increased from \$255.8 million in 2009 to \$265.5 million in 2010.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to increase export sales over the long-term.

⁷This measure is calculated using data from Statistics Canada, who include 'seafood products and fishing' as a subset of 'agri-food'. This measure de-couples the data to show only land-based agriculture and agri-food processing.

Responsible Governance

PERCENTAGE OF COMMERCIAL LIVESTOCK FACILITIES IDENTIFIED FOR PREMISE IDENTIFICATION

The department continues to work with Nova Scotia's commercial livestock sectors on a premise identification system to be able to trace animals to their farms of origin in the event of an animal disease outbreak or food safety issue.

WHAT DOES THE MEASURE TELL US?

This measure shows progress made towards implementing farm-level traceability protocols for commercial livestock farms in Nova Scotia.

WHERE ARE WE NOW?

Premise identification and traceability are being administered nationally through industry associations and commodity boards with government oversight. As of March 31, 2011, 100 percent of hog, dairy and mink, 92 percent of poultry, 49 percent of sheep and 46 percent of cattle sites were identified and verified for premise identification purposes⁸. This is just short of the target to complete premise identification for these groups. The department continues to participate on a federal / provincial / territorial working group to implement a national standard for premise identification.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to see 90 percent of commercial livestock sites in the province identified in the coming year.

Education and Life-Long Learning

TOTAL VALUE OF RESEARCH AND INFRASTRUCTURE GRANTS AWARDED TO NOVA SCOTIA AGRICULTURAL COLLEGE (NSAC) RESEARCHERS

NSAC continues to be the centre for agricultural research, innovation and job training in Atlantic Canada. NSAC plays a role in the government's economic development and job creation strategy outlined in *jobsHere*.

⁸The estimated number of farm premises is based on Statistics Canada data, which may or may not reflect the current number of commercial premises.

WHAT DOES THE MEASURE TELL US?

This measure refers to the value of all research and infrastructure grants signed by and awarded to NSAC researchers. It demonstrates the effectiveness of NSAC's research efforts in applying world-class science to the challenges facing the industry.

WHERE ARE WE NOW?

NSAC researchers combined to attract \$10 million in research funding in 2010-11, up from \$9.93 million the year before, and above the target of \$9 million. This is due to the increasing efforts of scientists at NSAC in obtaining these grants and the high degree of relevance of their research.

WHERE DO WE WANT TO BE IN THE FUTURE?

NSAC aims to attract \$10 million per year up to and including 2013. Changes to NSAC's governance structure over the next few years should help attract additional research funding⁹.

TOTAL VALUE OF PEER-BASED AWARDS THROUGH NATIONAL GRANTING COUNCILS

This measure is a subset of the previous total, reflecting only a particular class of competitive research grants.

WHAT DOES THE MEASURE TELL US?

This measure shows that NSAC researchers are doing work considered by their peers in related science and agriculture disciplines to be of high quality and scientific value. It reflects the fact that the agricultural and other science at NSAC is competitive with similar to work at other Canadian universities and it is a barometer of the school's academic credibility. It is important that NSAC's work is scientifically valid and seen as such, or research results will not be meaningful. This is also important to NSAC because the total value of these particular awards determines the school's institutional allocations for indirect cost funds, Canada Foundation for Innovation infrastructure allocations, Canada Research Chair allocations and research scholarships for undergraduate students.

⁹Discussions are ongoing about a merger between NSAC and Dalhousie University. This merger, which is expected to take at least 12 months to complete, will better position NSAC to compete against larger institutions in other jurisdictions, and excel on the national and international stage.

WHERE ARE WE NOW?

NSAC researchers were awarded \$1.2 million in peer-based awards through national granting councils in 2010-11, up slightly from \$1.19 million the previous year. This is just short of the target of \$1.5 million, but is a considerable total given a recent spike in faculty turnover at NSAC and the way that granting councils operate. Some more experienced faculty who have left NSAC in recent years had built long-term research projects that received significant funding. Newer faculty on the other hand are just beginning to apply for grants and have a long wait period until they receive any, generally in lower amounts than experienced researchers. In addition, the granting councils have experienced limited increases in their budgets compared to the increased number of applications, and in 2009-10 changed their methods of evaluating research grant applications, resulting in a lower rate of awards for small universities in 2010-11. Atlantic universities in particular seem to be disadvantaged.

WHERE DO WE WANT TO BE IN THE FUTURE?

The target for 2011-12 is to attract \$1.2 million. The long-term target – \$2 million by 2013 – is ambitious because of the large faculty turnover rate. NSAC can achieve a long-term increase by improving research services and providing mentoring and course relief for junior faculty to ensure high quality applications submitted as early as possible in their career.

NUMBER OF STUDENTS ENROLLED AT NSAC

NSAC continues to be the centre for agricultural research, innovation and job training in Atlantic Canada. NSAC plays a role in the government's economic development and job creation strategy outlined in *jobsHere*.

WHAT DOES THE MEASURE TELL US?

This measure shows overall student enrollment at NSAC and indicates the school's success in attracting and retaining skilled workers that will be able to contribute to Nova Scotia's workforce in the coming years. An estimated 87 percent of NSAC graduates choose to remain in Atlantic Canada and contribute to the region.

WHERE ARE WE NOW?

Total student enrollment at NSAC in 2010-11 was 961, up from 904 the previous year and above the target of 930. Overall student enrollment has increased almost 28 percent from 2004-05.

WHERE DO WE WANT TO BE IN THE FUTURE?

The target is to have 975 students enrolled by 2011-12, and 1000 by 2013. The proposed merger between NSAC and Dalhousie University may affect enrollments.

NUMBER OF INTERNATIONAL STUDENTS ENROLLED AT NSAC

NSAC continues to be the centre for agricultural research, innovation and job training in Atlantic Canada. NSAC plays a role in the government's economic development and job creation strategy outlined in *jobsHere*.

WHAT DOES THE MEASURE TELL US?

This measure shows international student enrollment at NSAC and is an indication of the success of the internationalization program. It also attests to the school's appeal in international markets.

WHERE ARE WE NOW?

One hundred eighty eight international students were enrolled at NSAC in 2010-11, up from 123 the year before. This also exceeds the target of 130. NSAC has been very effective in creating and maintaining partnerships with international universities, which has helped attract students.

WHERE DO WE WANT TO BE IN THE FUTURE?

The target is to have 193 international students at NSAC in 2011-12, and 200 by 2013.