

# **Department of Agriculture**

## **Annual Accountability Report for 2011-2012**

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## Accountability Statement

The accountability report of the Department of Agriculture for the year ended March 31, 2012 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 2011-2012. 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 2011-2012 Statement of Mandate.

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John M<sup>ac</sup>Donell  
Minister

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Rosalind Penfound  
Deputy Minister

## Message from the Minister

I am pleased to present the Department of Agriculture accountability report for 2011-2012.

The department continued 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 lifelong learning.

Following the launch of *Homegrown Success*, our long-term strategy, the department re-aligned internally to ensure effective implementation of the strategy. The department also engaged in negotiations to merge the Nova Scotia Agricultural College (NSAC) with Dalhousie University. The merger of these institutions will allow the NSAC to reach its full potential as an academic and research institution to better serve the agriculture community.

The department continued to fund agricultural infrastructure, promote buying local and value-adding throughout the value-chain. The current Federal/Provincial/Territorial agricultural policy framework, *Growing Forward*, expires in 2013. The department has been negotiating a new agricultural policy framework agreement, which will guide program funding over the next five years.

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

Hon. John M<sup>ac</sup>Donell  
Minister of Agriculture

## Financial Results

### Agriculture

	2011-12 Estimate (\$thousands)	2011-12 Actual (\$thousands)
Senior Management	720	887
Policy and Corporate Services	21,233	21,963
Agriculture and Food Operations	14,118	14,121
Legislation and Compliance	1,314	315
Industry Development and Business	3,289	3,321
N. S. Agricultural College	20,441	23,098
<b>Total Gross Departmental Expenses</b>	<b>61,115</b>	<b>63,704</b>
<b>Additional Information</b>		
Fees and Other Charges	(9,867)	(13,074)
Ordinary Recoveries	(4,537)	(4,931)
TCA Purchase Requirements	490	439
Provincial Funded Staff (FTEs)	476	468

Note: Operational categories changes reflect department's reorganization which occurred in fiscal 2011-12 and 2012-13.

The Department of Agriculture spent \$2.6 million (or 4.2 percent) more than estimated primarily due to a \$2.6 million increase in Nova Scotia Agricultural College expenses. These expenses were offset through tuition revenue. Legislation and Compliance budget was less than forecast

because its duties were assumed by Policy and Corporate Services as part of the department's reorganization.

## **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 2012, 71 percent of farmers in the province had either completed or had enrolled in the EFP. This is up from 68 percent the year before, and exceeds the target of 70 percent for 2011-12. On-going promotion and education of the program continues leading to increased uptake and requests for renewals.

##### **WHERE DO WE WANT TO BE IN THE FUTURE?**

This program is currently under negotiation with Growing Forward 2. There is potential for a new delivery model beyond March 31, 2013.

### ***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 producers paying into a deposit account that the producer 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?**

Forty-four percent of market revenues were protected in 2011-12, up from 36 percent from the previous year and short of the 55 percent target. At least part of the increase may be from new uptake by mink and blueberry producers.

**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 2012-13. 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 level. 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?**

Sixty two percent of market revenues were protected in 2011-12, up from 55 percent the year before and just short of the 65 percent target.

**WHERE DO WE WANT TO BE IN THE FUTURE?**

The department aims to increase overall coverage to 65 percent by 2012-13. As with AgriStability, ongoing promotions and the possibility of administering the program at the provincial level should increase uptake.

**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-eight percent of AgriStability participants were also participating in AgriInvest in 2011-12. This is an increase from 91% last year and above the target of 95 percent. This

indicates that those that are participating in AgriStability are also investing in their farm by participating in the AgriInvest program.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The department encourages increased uptake of both AgriInvest and AgriStability. The aim is to continue with high uptake of AgriStability participants also enrolled in AgriInvest in 2012-13. 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 indemnity payments to insured producers for specific production declines resulting from natural perils.

#### **WHAT DOES THE MEASURE TELL US?**

This measure shows the amount of insurance coverage purchased by Nova Scotia's agriculture industry under the AgriInsurance program.

#### **WHERE ARE WE NOW?**

The Crop and Livestock Insurance Commission carried \$141.2 million in AgriInsurance coverage in 2011-12, up from \$140.8 million the previous year. Insurance coverage during 2011-12 slightly exceeded the Commission's target of \$140 million. Both the dairy and poultry insurance plans saw decreases in total coverage of \$2.7 million and \$6 million respectively compared to the previous year. These decreases were the result of fewer clients participating in the dairy plan and reduced marketing of products in the poultry plan compared to the previous year. Decreases in the livestock plans were offset by increased crop coverage primarily in tree fruit and blueberries.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The Commission expects to see modest growth in the level of coverage purchased by producers. Total insurance coverage is expected to be approximately \$142-143 million dollars in 2012-13 primarily due to stronger commodity prices. Further substantive growth in coverage will be dependant on industry demand for the development of new insurance plans for crops not currently covered under the AgriInsurance program.

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

The province unveiled a new immigration program in November 2010 designed to attract experienced farmers 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 in Nova Scotia's agri-food and seafood industries.



**WHERE ARE WE NOW?**

The department helped recruit \$2.3 million in new investment 2011-12, exceeding the \$2 million target.

**WHERE DO WE WANT TO BE IN THE FUTURE?**

Investment recruitment efforts will be transitioned to another government department in 2012-13.

**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 Scotia.

**WHERE ARE WE NOW?**

The department's role in providing marketing and market-development support was transferred to Economic and Rural Development and Tourism in 2011-2012. The department aided in this transition by supporting Economic and Rural Development and Tourism in marketing and market-development as needed.

**WHERE DO WE WANT TO BE IN THE FUTURE?**

Economic and Rural Development and Tourism will be responsible for marketing and market-development projects and tactics in the future.

**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 program.<sup>1</sup>

**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.

**WHERE ARE WE NOW?**

Consumer awareness of the Select Nova Scotia campaign reached 33 percent in 2010-11. Further, it was shown that awareness of Select Nova Scotia increased the identification and purchase motivations of Nova Scotia food products. The methodology used in this research was recently published in a peer reviewed journal. Awareness was not measured in 2011-2012 because Select Nova Scotia was in the process of reevaluating its programming and its measures. Several measures are being implemented to determine

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<sup>1</sup>The Select Nova Scotia program's Web site is at: <http://www.selectnovascotia.ca/>.

the overall level of consumer awareness of the Select Nova Scotia campaign and its effectiveness on purchase motivations through a consumer survey. A survey will be conducted in 2012-13. Select Nova Scotia will continue to promote Nova Scotia agri-food and seafood products through use of its logo and consumer events.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The department aims for 35 percent consumer awareness by 2012-13.

#### **VALUE OF AGRICULTURAL PRODUCTION (MARKET RECEIPTS)**

*Market Receipts* are the cash income received by farm operators from the sale of agricultural commodities. (Farm Cash Receipts are *Market Receipts* plus direct program payments made to support or subsidize the agriculture sector. Such program payments are a small portion of total farm cash receipts but are nonetheless rightfully excluded from this accountability measure.)

#### **WHAT DOES THE MEASURE TELL US?**

This measure shows the combined market cash receipts for all farming operations in Nova Scotia or the total market value of primary agricultural production.

#### **WHERE ARE WE NOW?**

Market receipts vary from year to year due to several factors, including variable growing and economic conditions, and the value of the Canadian dollar. In 2011, Nova Scotia's market receipts from agricultural production totaled \$522.4 million, up 7.4% from \$486.5 million in 2010. This was mainly due to increases in overall mink, dairy and various crop revenues. The value of agricultural production has never been this high in Nova Scotia.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

Although annual fluctuations are difficult to avoid, the department aims to grow or maintain agricultural market receipts at or close to these levels over the long term.

#### **LEVERAGING EXTERNAL INVESTMENT DOLLARS: (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 ratio of funding was not measured in 2011-2012 because Product and Quality Development Division was in the process of re-evaluating its programs, services and the associated measures. Revised programming, services and accountability is nearing completion.

### **WHERE DO WE WANT TO BE IN THE FUTURE?**

Determination of the most appropriate and relevant measures for reporting purposes will be completed and included in 2012-2013.

### **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?**

The portion of the Farm Loan Board's overall portfolio in arrears was 4.9 percent at the end of 2011-12, up slightly from 4.7 percent the year before but close to the target of 4.5 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.

### **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 4.5 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 FISHING<sup>2</sup>**

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

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<sup>2</sup> This 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.

**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 \$230 million in 2011, a 26% increase over the previous year (\$183 million). These export values largely exclude NS's mink exports, a major agricultural export for NS, due to the difficulty of tracking these exports.

**WHERE DO WE WANT TO BE IN THE FUTURE?**

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

***Responsible Governance*****PERCENTAGE OF COMMERCIAL LIVESTOCK FACILITIES IDENTIFIED FOR FARM-LEVEL TRACEABILITY**

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, 2012, 100 percent of hog, dairy, mink and poultry, 65 percent of sheep and 60 percent of cattle sites were identified and verified for premise identification purposes.<sup>3</sup>

**WHERE DO WE WANT TO BE IN THE FUTURE?**

The department continues to participate on a federal / provincial / territorial working group to implement a national standard for premise identification. The department aims to see 90 percent of commercial livestock sites in the province identified in the coming year.

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<sup>3</sup> The estimated number of farm premises is based on Statistics Canada data, which may or may not reflect the current number of commercial premises.

## ***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.

#### **WHAT DOES THE MEASURE TELL US?**

This measure refers to the value of all research agreements 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 \$12.4 million in research funding in 2011-12 and above the target of \$10 million. This is due to the increasing efforts of researchers at NSAC in obtaining these grants, the high degree of relevance of their research, and the dedicated research services to support these efforts.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The NSAC will merge with Dalhousie University effective September 1, 2012, therefore the NSAC measures will no longer be an accountability of the Department of Agriculture.

### **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 work at other Canadian universities and it is a barometer of the school's academic credibility. 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.

#### **WHERE ARE WE NOW?**

NSAC researchers were awarded \$980,000 through the national Tri-Council granting agencies in 2011-12, down from \$1.2 million the previous year. This is short of the target of \$1.5 million. This year saw a significant decrease as our Tier I CRC was not renewed. In addition, the granting councils have experienced limited increases in their budgets compared to the increased number of applications. The reduction in the number

of awards is a consistent trend across small institutions. At NSAC this was exacerbated by turnover of highly productive faculty members reaching retirement age.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The NSAC will merge with Dalhousie University effective September 1, 2012, therefore the NSAC measures will no longer be an accountability of the Department of Agriculture.

#### **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?**

For 2011-2012, there were 994 students registered, up from 961 the previous year and above the target of 975. Overall student enrollment has increased over 30% percent from 2004-05.

#### **WHERE DO WE WANT TO BE IN THE FUTURE?**

The NSAC will merge with Dalhousie University effective September 1, 2012, therefore the NSAC measures will no longer be an accountability of the Department of Agriculture.

#### **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?**

There were 193 International students registered in 2011-2012 from more than 20 countries, similar to the 188 registered the year before. It was our target this year to stabilize international enrolments at 18-20% of the campus population, so that we may continue to provide high quality learning experiences to both our domestic and international students.

NSAC has been very effective in creating and maintaining partnerships with international universities, which has helped attract students and will strengthen our research programs as these students move into graduate programs and continue collaborations with our faculty in future. Ultimately, these students provide diversity to our target sectors, increasing the opportunity for innovative ideas and approaches, and long-term international partnerships that will strengthen our rural economies.

**WHERE DO WE WANT TO BE IN THE FUTURE?**

The NSAC will merge with Dalhousie University effective September 1, 2012, therefore the NSAC measures will no longer be an accountability of the Department of Agriculture.