subsidiary agreement

Regional Economic Expansion
Expansion Économique Régionale

AGRICULTURE DEVELOPMENT
CANADA/NOVA SCOTIA

CANADA - NOVA SCOTIA
SUBSIDIARY AGREEMENT
AGRICULTURE DEVELOPMENT

THIS AGREEMENT made this 22nd day of June, 1976

BETWEEN: THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Minister of Regional Economic Expansion,

OF THE FIRST PART,

AND: THE GOVERNMENT OF THE PROVINCE OF NOVA SCOTIA (hereinafter referred to as "the Province"), represented by the Minister of Development,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated September 12, 1974, (hereinafter referred to as "the GDA"), to achieve the objectives set forth in section 3 thereof;

AND WHEREAS a strategy is provided for in Schedule "A" to the GDA which includes the development of new or expanded employment opportunities throughout the province by the identification of appropriate development opportunities;

AND WHEREAS in pursuit of these objectives, Canada and the Province have agreed to seek a coordinated application of relevant federal and provincial programs and activities in order to assist in the realization of identified opportunities;

AND WHEREAS Canada and the Province have agreed that development of the agriculture industry will lead to the expansion and strengthening of the provincial economy;

AND WHEREAS the Governor in Council by Order in Council P.C. 1976-1555 of the 22nd day of June, 1976, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 76-372 of the 30th day of March, 1976, has authorized the Minister of Development to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

SECTION 1 - DEFINITIONS

1. In this Agreement:

(a) "capital project" means any specific project, as determined by the Management Committee, in which construction or activities related to construction are involved;

(b) "eligible costs" means those costs defined in subsections 6.5 and 6.6;

(c) "external staff" means professional and other staff who are not employees of provincial government departments but who enter into a contract with the Province by which they agree to undertake or participate in work related to the identification, analysis, development and/or implementation of economic and socioeconomic opportunities;

(d) "external services" means services and facilities that are required from outside the federal and provincial governments in support of an activity under this Agreement and includes accommodation, equipment, office and support services, and professional services;

(e) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;

(f) "fiscal year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year;

(g) "Management Committee" means the officials designated pursuant to subsection 5.1;

(h) "Ministers" means the Federal Minister and the Provincial Minister;

(i) "program" means the subject matter specified in subsection 4.1;

(j) "project" means a subdivision of a program as defined by the Management Committee; and

(k) "Provincial Minister" means the Minister of Development and includes anyone authorized to act on his behalf.

SECTION 2 - PURPOSE AND OBJECTIVES

2.1 The purpose of this Agreement is to enable Canada and the Province to jointly undertake programs to develop the agriculture industry in Nova Scotia according to the strategy outlined in Schedule "A" of this Agreement.

2.2 The objectives of this Agreement are to:

(a) improve the viability and stability of the agriculture industry and enhance its ability to sustain growth;

(b) maintain existing and create new employment opportunities in the agriculture industry; and

(c) expand the output and productivity of under-exploited components of the agriculture industry which enjoy an economic advantage in provincial or export markets.

SECTION 3 - STRATEGY

3.1 The broad strategy to be followed in this Agreement is outlined in detail in Schedule "A" to this Agreement, which strategy shall be considered annually and which may be revised from time to time by the Ministers.

SECTION 4 - SUBJECT MATTER

4.1 Schedule "A" attached to and forming part of this Agreement consists of the following list of programs that the Province shall arrange to have carried out under this Agreement:

(a) Land Development

(b) High Energy and Protein Feed Production and Development

(c) Livestock Development

(d) Horticulture

(e) Special Development

4.2 The Province will undertake, either directly or through agencies of the Province, in accordance with an agreed schedule, the program items listed in Schedule "A".

4.3 Pursuant to the objectives stated in subsection 2.2, and subject to the terms and conditions of this Agreement, contributions may be made for the purpose of acquiring external staff and purchasing external services.

4.4 The Province or its agencies shall take over, or arrange to be taken over on completion, each capital project undertaken under this Agreement and shall accept full responsibility for its operation, maintenance and repair.

4.5 Subject to subsection 4.7, it is mutually understood and agreed that the Province shall engage the external staff and purchase external services referred to in subsection 4.3 and that such staff or services may be engaged or purchased by such provincial department or agency as may be appropriate having regard to the subject matter of the work being undertaken.

4.6 This Agreement shall terminate on March 31, 1981, except that projects approved and commitments made in writing prior to this date shall continue in force until completion. However, Canada shall not pay any claim received after March 31, 1982.

4.7 All projects to be undertaken under this Agreement shall be jointly approved by Canada and the Province through the Management Committee before being implemented unless subsequently approved by the Ministers and shall be consistent with the objectives and intent stated herein.

4.8 Each project to be undertaken under this Agreement shall be described in an appropriate document in sufficient detail to allow proper consideration and approval by the Management Committee.

4.9 Canada and the Province agree that the environmental requirements of both governments will be adhered to in all projects undertaken under this Agreement.

SECTION 5 - ADMINISTRATION AND MANAGEMENT

5.1 Each of the Ministers shall designate one or more senior officials in equal numbers to be responsible for the administration of this Agreement. These officials shall constitute the Management Committee whose function it shall be to oversee the planning and implementation of the programs specified in subsection 4.1 and to fulfill responsibilities identified for the Management Committee elsewhere in this Agreement. In the event of any disagreement in the Management Committee, the relevant matter shall be referred to the Ministers whose decision shall be final.

5.2 The Management Committee shall submit, for the approval of the Ministers, annually and not later than September 1 of each year, an assessment of the progress made in implementing this Agreement, the effectiveness to date in achieving the objectives intended and the continuing relevance of the objectives themselves, together with the projected budget required for the subsequent fiscal year.

5.3 Canada and the Province agree to provide the Management Committee with all information necessary for the performance of its functions.

5.4 The signatures thereto of at least two members of the Management Committee shall be sufficient verification for the purpose of this Agreement of any recommendation or decision made, or approval given by the Management Committee, provided that at least one of the members represents the Province and another represents Canada.

5.5 The Management Committee may establish subcommittees to advise and assist it in its work, which subcommittees may include persons who are not members of the Management Committee. Subcommittees will prepare, as requested, submissions and recommendations to the Management Committee on all matters relating to the planning and implementation of the projects in Schedule "A". Progress reports on physical and financial details of projects will be presented to the Management Committee with recommendations for any necessary action consistent with the development strategy adopted.

SECTION 6 - FINANCIAL PROVISIONS

6.1 For costs incurred for jointly-approved cost-shared activities during the term of this Agreement, Canada shall contribute eighty per cent (80%) and the Province twenty per cent (20%).

6.2 The provision of financing by Canada and the Province for the implementation of this Agreement is subject to the Parliament of Canada and the Legislative Assembly of the Province of Nova Scotia having provided funds for such financing for the fiscal year in which such financing is required.

6.3 Subject to the approval of the Management Committee, costs incurred on approved cost-shared programs and projects are eligible if incurred subsequent to April 1, 1976.

6.4 Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement shall not exceed $29,980,000 over the term of this Agreement.

6.5 Subject to subsection 6.7, the eligible costs of capital projects to be financed or shared under this Agreement in respect of the capital projects or portions thereof listed in Schedule "A" are all direct costs, including those relating to public information, but excluding administrative, survey, engineering and architectural costs that in the opinion of the Management Committee have been reasonably and properly incurred by the Province for the implementation of the capital projects; plus ten per cent (10%) of these costs as an allowance towards the exclusions specified, except where other provisions are provided for or specified in Schedule "A".

6.6 Subject to subsection 6.7, the eligible costs of non-capital projects to be financed or shared under this Agreement, in respect of projects or portions thereof listed in Schedule "A", are all costs reasonably and properly incurred by the Province under all contracts entered into in accordance with this Agreement by the Province, with any person or corporation, for the acquisition of equipment or the performance of work or services for the execution of the project, but excluding any cost in respect of the services of any regular employee of the Province.

6.7 The costs to be shared by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from conditions of acquisition.

6.8 This Agreement, and Schedule "A" thereof, may be amended in writing as agreed from time to time by the Ministers. Each program or project item added to Schedule "A" shall form part of this Agreement and shall be governed by the terms thereof as fully and effectively as if it had originally been included in the Agreement. It is expressly understood and agreed, however, that any amendment to subsections 6.1 and 6.4 shall require the approval of the Governor in Council.

6.9 The Management Committee may make adjustments in and between the projects of any programs specified in Schedule "A" of this Agreement during any fiscal year; provided, however, that such adjustments do not increase the total amount of the relevant program.

6.10 If, at any stage of a program, it appears to the Province that the costs thereof will exceed the estimated costs specified for any program in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.

6.11 Upon being so informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken.

SECTION 7 - CONTRACT PROCEDURES

7.1 All contracts for approved activities shall be awarded in accordance with procedures to be approved by the Management Committee, and, unless in its opinion it is impractical to do so, shall be let pursuant to tenders invited by public advertisement and awarded to the qualified and responsible tenderer submitting the lowest evaluated bid.

7.2 All contracts under this Agreement shall be supervised in accordance with procedures to be approved by the Management Committee, and reports produced by consultants or resulting from such contracts shall become the property of both parties.

7.3 In the awarding of contracts pursuant to the recommendation of the Management Committee, the Province shall retain the services of Canadian firms or individuals where practical and consistent with economy and efficiency.

7.4 All announcements of contract awards shall be made jointly by Canada and the Province.

SECTION 8 - PAYMENT PROCEDURES

8.1 Subject to subsection 8.2, payments by Canada shall be promptly made to the Province on the basis of progress claims setting out the costs actually incurred and paid for the project, submitted in a form satisfactory to the Federal Minister.

8.2 In order to assist with the interim financing of activities, Canada may, if the Province so requests, make interim payments to the Province of up to one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred as certified by a senior officer of the Province.

8.3 The Province shall account for each interim payment by submitting to Canada within 120 days after such payment by Canada, a detailed statement of the actual expenditures incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.

SECTION 9 - RECORDS AND AUDIT

9.1 The Province shall maintain proper and accurate accounts and records relating to the cost of the program, and Canada may audit the amounts of all progress claims and payments and the provincial accounts and records relating thereto.

SECTION 10 - MONITORING

10.1 All substantive amendments to contracts shall require the prior approval of the Management Committee.

10.2 Any member of the Management Committee or his representative shall be permitted to inspect the project at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister.

SECTION 11 - PUBLIC INFORMATION

11.1 Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:

(a) during the course of construction of capital projects, a project sign or signs consistent with Federal-Provincial Identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-Nova Scotia Regional Development Project, financed by contributions from the Department of Regional Economic Expansion of the Government of Canada (and any other federal agency, where relevant), and the Government of the Province of Nova Scotia, or such other wording to the like effect as may be agreed upon by the Ministers; and

(b) where relevant, upon completion of each project, a permanent sign or plaque to the effect set forth in (a).

11.2 Any public announcement of the measures covered and of the products generated by this Agreement, as well as any official opening ceremony for any project under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by the Ministers.

SECTION 12 - GENERAL

12.1 No member of the House of Commons of Canada or the Legislative Assembly of the Province of Nova Scotia shall be admitted to any part or share of payments made pursuant to this Agreement or to any benefits arising therefrom, nor shall such member undertake or participate in any study or analysis pursuant to a contract as a result of which Canada may be required to pay any amounts pursuant to this Agreement.

12.2 With regard to the applicability of labour standards, the parties agree as follows:

i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;

ii) in building construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for the purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 per week;

iii) in road and heavy construction, the rates of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 per week; and

iv) labour conditions shall be specified in all tendering documents and shall be posted conspicuously in the work place;

it being expressly understood and agreed that, to the extent to which there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply.

12.3 The terms and conditions of the GDA shall apply to this Agreement.

SECTION 13 - EVALUATION

13.1 During this Agreement, Canada and the Province shall jointly effect an assessment of the programs listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 and section 10 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of this Agreement with respect to the general economic and socioeconomic development of Nova Scotia.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion, and on behalf of the Province by the Minister of Development.

In the Presence of:	GOVERNMENT OF CANADA
Witness	Minister of Regional Economic Expansion
	GOVERNMENT OF THE PROVINCE OF NOVA SCOTIA
Witness	Minister of Development
Witness	Minister of Agriculture

CANADA-NOVA SCOTIA

SUBSIDIARY AGREEMENT

AGRICULTURE DEVELOPMENT

SCHEDULE "A"

A. OBJECTIVE

The objective of this Agreement is to enable Canada and the Province to jointly participate in initiatives directed towards the attainment of the maximum economic and socioeconomic benefits from the agricultural resources of the Province of Nova Scotia, and particularly to reinforce federal and provincial government policies and programs relating to the development of the agricultural sector.

Specifically, these objectives are to:

(a) improve the viability and stability of the agriculture industry and enhance its ability to sustain growth;

(b) maintain existing and create new employment opportunities in the agriculture industry; and

(c) expand the output and productivity of under-exploited components of the agriculture industry which enjoy an economic advantage in provincial or export markets.

B. BACKGROUND

Traditionally, the agriculture base in Nova Scotia consisted of a large number of small farm units widely distributed throughout the rural areas of the province. Farming was often combined with fishing and/or forestry providing only marginal living conditions for the rural population.

Since World War II, technological and economic forces have dramatically changed the role of agriculture in Nova Scotia's rural economy. This change is reflected in a decline in census farms from 23,500 in 1951, to the present level of approximately 6,000. As rationalization continues, a sound base of good farmers on good land is being established. The further development and success of these farmers is dependent on their ability to adapt to their continually changing technological and commercial environment.

Nova Scotia's agricultural land base consists of 2,233,000 acres combining 363,000 acres of Class II land and 1,870,000 acres of Class III land. 723,000 acres of the total are classified as multi-crop soils useful for the commercial production of a wide range of crops including tree fruits, small fruits, vegetables, small grain, forage crops and forestry -- 40% of this acreage is cleared. The remaining 1,510,000 acres are classifed as limited use soils useful for the commercial production of a narrow range of crops (chiefly forage and forestry) with limited use for small grains, small fruits, vegetables and tree fruits -- 16% of this acreage is cleared.

These soils are principally found in Cumberland, Pictou, Antigonish, Colchester, Hants, Kings and Annapolis Counties. These areas contain 629,000 acres of multi-crop soils with 265,000 acres cleared, and 559,000 acres of limited use soils with 80,000 acres cleared.

According to the 1971 census the total amount of land in farms was 1,383,000 acres with 386,000 of these acres improved. This can be broken down into 260,000 acres in grass (153,000 acres are hay and 107,000 acres in pasture) and 126,000 acres in high energy, protein and horticultural crops.

From the following table it can be seen that 57% of the census farms have farm cash sales of less than $2,500 and these have an average improved acreage of only 32 acres. At the other end of the scale there are only 20% of the farms that have sales in excess of $10,000 and these have an average improved acreage of 150 acres.

	All Census Farms	$2,500 or Less	$2,500 to $5,000	$5,000 to $10,000	Over $10,000
No. of Farms	6,008	3,440	747	621	1,200
% of Total Farms		57	12	10	20
Improved Acres	386,000	109,600	44,800	51,700	179,900
% Total Improved Acres		28	12	13	47
Average Improved Acres/Farm		32	60	83	150

A breakdown of the 1,200 farms with sales over $10,000 is as follows:

SALES $	NO. OF FARMS
10,000 - 14,999	321
15,000 - 24,999	383
25,000 - 34,999	161
35,000 - 49,999	122
50,000	213
	1,200

Land subdivision tends to be in long, narrow lots. This makes it difficult to assemble blocks of agricultural land to develop a viable land base. Along with the shape of the properties, the land ownership pattern further complicates land assembly. For example, of a potential 209,000 acres along the Northumberland shore from River Phillip east to the Pictou County boundary, only 41,000 acres (19%) are in agricultural production. Pensioners hold 58,000 acres (28%), non-residents 43,000 acres (21%), and people living on the land but not farming, 44,000 acres (21%). A further complication in land assembly for agriculture is the small size and scattered distribution of parcels of cleared land. However, the relative success of the ARDA II land consolidation program from 1965 to 1971 indicates that these problems are not insurmountable.

In terms of production, the existing agriculture industry can best be described by sectors, each with its unique characteristics.

Dairy Products - Although the number of cows kept on Nova Scotia farms has decreased over recent years, increased milk production per cow has kept total production nearly constant. About 350 million pounds of milk are produced annually in the province. Dairy farmers produced $21.9 million worth of milk in 1973.

Meat Products - Nova Scotia's beef supply of 45,000 head is produced on pasture, or increasingly on feedlots. The potential exists for increased production since the Nova Scotia market consumes three times more than our producers can supply. In 1973, the supply of beef produced on Nova Scotia farms was valued at $16 million.

The production of hogs has been steadily increasing from a low of 47,000 head in 1957 to 131,000 in 1971, but the province is still producing less than half of total requirements. Total commercial marketings in 1973 were 121,000 hogs, valued at $9.5 million. A highlight of the pork industry is its record in leading all provinces in the quality of pork produced.

The production of poultry meats is one of the most efficient segments of the agricultural industry. Producer marketing boards actively monitor production to ensure that market demands will be satisfied. Farmers produced about 7.7 million broilers, 350,000 roasting chickens, and 291,000 turkeys for farm sales of $13.4 million in 1973.

Eggs - Provincial egg producers have historically supplied both local and export demands. Total production is about 18.4 million dozen. This commodity was valued at $10.6 million in 1973 to Nova Scotia egg producers.

Fruit - About 3 million bushels of apples, 2 million quarts of strawberries, 10 million pounds of blueberries and smaller amounts of pears, plums, raspberries and cranberries form the basis for the fruit industry in the province. Fruit production is especially significant because of its concentration in a few areas. Most of the blueberries are produced and processed in Cumberland County, while the apple industry is located in the Annapolis Valley. The farm value of all fruit production in 1973 was $6.2 million.

Vegetables - Vegetables are produced on over 9,500 acres in the province. The most important vegetable crop is potatoes, with 3,500 acres produced, mainly for the processing market. In addition to potatoes and fresh vegetables, processing beans and peas are grown on about 3,500 acres. The total vegetable crop is valued at over $4.1 million annually.

Other Agricultural Products - The greenhouse industry sells about $4.5 million worth of flowers, bedding plants, and vegetables annually from the 2 million square feet of area covered by glass and plastic in the province.

Tobacco Production valued at $1.2 million annually is produced from 1,250 acres. This industry is located mostly in Kings County where special soil conditions and climate combine to make growing conditions suitable for the crop.

Other agricultural products of importance in the province are fur pelts, with farm sales of $1.9 million, sheep, with farm sales of $620,000 and other miscellaneous products valued at about $2.8 million, as well as "income in kind" produced and consumed on the farm of $6.2 million.

In addition to these commodities produced for sale, there are many products produced on farms that are used for livestock feed. These are mainly grain, hay, corn grain and silage. The value of these products is reflected in the sale of the livestock to which they are fed. The fact that these inputs are produced locally rather than imported adds substantially to the importance of the total economics of the agricultural industry in the province.

During the last two decades, the agricultural industry in Nova Scotia has been undergoing major changes both in concept and in technology.

The concept of the subsistence farm is disappearing and is being replaced by the farm business. Individual farmer initiative supported by federal and provincial government programs has made a substantial contribution to the development of a nucleus of farmers who are using sound business management techniques to operate their enterprises. During this period, agriculture spending has increased from $27 million to $90 million.

The willingness of Nova Scotia farmers to adapt to changing farm technology is also encouraging. While these changes have resulted in a certain amount of specialization, mixed farming continues to be the agricultural enterprise most suited to the Nova Scotia situation.

The population of Nova Scotia is evenly distributed between urban and rural areas. Agriculture is particularly important to rural areas and the industry represents the economic base and provides the reason for the infrastructure that services both farm and non-farm rural dwellers.

In economic terms, farm cash receipts of $104 million (1974) resulted in the purchase of $89 million worth of goods and services (e.g. machinery sales and service, petroleum products distribution, construction, feed milling insurance, banking, etc.) supplied mainly by rural businessmen. Nearly all the financial capital used in agriculture is generated in Nova Scotia and any return remains in the province.

The primary production activity directly supports secondary manufacturing including meat and poultry processing, dairy products, and fruit and vegetable processing industries. The dependence of secondary industry on agriculture can be exemplified by the fact that of 139 manufacturing and processing firms in the Annapolis Valley and Kings County, 68 are wholly dependent on local farm production for their raw materials.

Apart from purely economic considerations, the agriculture industry plays an important role in maintaining the quality of the rural countryside of Nova Scotia. Tourists and residents alike have come to value the aesthetic aspects of the rural scene and a prosperous agriculture industry is a prime force in maintaining this attractiveness.

C. DEVELOPMENT OPPORTUNITIES

Within the agricultural sector there are developmental opportunities which can be realized through building on the existing base. These opportunities are directly related to substituing imports of some commodities as well as increasing the volume of traditional export commodities.

The following table represents an agricultural balance sheet developed for Nova Scotia which shows production deficits for a number of products.

AGRICULTURAL BALANCE SHEET, NOVA SCOTIA, 1973

('000 units)

Commodity	Production	Requirement	Deficit	Deficit Equivalent
Pork (lbs)	16,062	43,543	27,481	208,190 units
Beef (lbs)	16,258	60,770	44,512	94,706 units
Veal (lbs)	1,051	2,140	1,089	10,371 units
Mutton & Lamb (lbs)	664	1,964	1,300	30,952 units
Chicken & Fowl (lbs)	24,486	26,912	2,426	693,143 birds
Turkey (lbs)	2,000	4,940	2,940	309,500 birds
Potatoes (cwt)	211	1,920	1,709	11,650 acres
Vegetables (lbs)	28,662	87,093	58,430	3,500 acres
Grain (tons)	44	221	177	161,000 acres
Strawberries (qts)	1,500	2,500	1,000	333 acres
Dairy (lbs)	333,837	596,521	262,684	26,300 cows
Fluid Milk	216,512	216,512		
Farm Use	16,661	16,661		
Manufacturing	100,664	363,348	262,684	26,300 cows
Butter	39,686	213,194	173,508	
Cheese	19,889	70,154	50,265	
Miscellaneous	41,442	80,000	38,558	

Eggs (doz)	17,494	15,700	1,794 (export)
Blueberries (lbs)	10,200	950	9,250 (export)
Apples	1,950	941	1,009 (export)

A commodity analysis based on the balance sheet indicates development opportunities in:

(a) Meat Production
   1. Pork
   2. Beef
   3. Mutton and Lamb

(b) High energy and protein crops with concomitant inputs to livestock

(c) Horticultural crops

Including the provincial requirements for meat indicated in the above table there is a total Atlantic Region deficit in pork (474,242 units), beef (213,915 units), sheep and lamb (107,143 units).

The primary input to meat production is high energy and protein materials. Over 400,000 tons of grain are imported annually into the Atlantic Region, with half this amount utilized in Nova Scotia. Opportunities exist to increase grain production resulting in less dependence on imported feed and more stability of supply for the meat producers.

Opportunities exist for increased production of horticultural crops. This is particularly true of the tree fruit industry which requires modernization to produce a mix of varieties which are better suited to the fresh and processing markets both local and export.

D. STRATEGY

The BACKGROUND section of this document has identified an under-exploited agricultural production capability. This resource, coupled with modern farming techniques and ready markets, provides the base from which the objectives of this Agreement can be attained.

Based on the opportunities identified, the programs to achieve these objectives are described below. This section will be limited to outlining the broad strategy which underlies these programs.

The first element of this strategy involves expansion of the agricultural land base.

There are a number of constraints that must be overcome; low ratio of improved to unimproved land; ownership of a large percentage of unexploited land by non-farmers such as pensioners, non-residents and estates; small scattered holdings; and substantial amounts of Class II and III land which has never been exploited.

Removal of these constraints involves gaining access to unexploited land, consolidation of land into viable-sized units, development of new land, and increasing the productivity of the presently exploited land through cultural improvements, field enlargement and consolidation.

The second element of the strategy concerns development of the type of farming operation best suited to meet the goals of increasing meat production and at the same time decreasing the dependence on imported feed.

The most suitable is the mixed farm with a land base capable of growing the feed requirements of the animal units being produced. There are many combinations that can be used, for example:

hogs - high energy and protein crops - beef
poultry - forage - beef
orchard - forage - beef
dairy - high energy and protein crops - hogs

This type of farming also utilizes the animal by-products in the production of the crops.

The third element of strategy involves the producer. In order to increase production at the rate projected, it will require full-time farmers who have an adequate land base. There are three groups to draw on:

(a) Successful farmers who have resource potential for expansion.

(b) Farmers prepared to expand production but who do not have an adequate resource base to enable them to expand to the point where it would not be necessary to supplement income with off-farm work.

(c) Young people with the capability to operate a farm but lacking the equity to get started.

The fourth element of strategy involves training and technology utilization. Farming is a business and is continually confronted with technological and economic changes. The farmer must be knowledgeable of management methods, keep abreast of technological changes and understand marketing. Young people entering the farming business must have a sound knowledge of management and a good background in the type of farming to be undertaken.

To fulfill these requirements a variety of tools must be utilized. These would include -- short courses; a combination of formal and on-farm training; and the use of an innovative demonstration program to encourage the development and adoption of suitable technology on the farm.

E. COORDINATION WITH ONGOING PROGRAMS

This Agreement provides an ideal vehicle for coordinating and focussing the ongoing programs of both federal and provincial governments on the opportunities and needs in the agriculture industry of Nova Scotia. The formal mechanism for this coordination function will be the Management Committee established to supervise the implementation of the Agreement. In the broadest sense, this function should be the concern of everyone concerned with agriculture in Nova Scotia.

Examples of ongoing programs would include the research, management assistance, market development and financing programs of Canada Department of Agriculture; marketing assistance and industrial technology programs of Industry Trade and Commerce; relevant programs of Manpower and Immigration; and the industrial assistance activities of Department of Regional Economic Expansion and Industrial Estates Limited which support secondary industries related to agriculture. Forestry and agriculture are closely linked in Nova Scotia and activities in both these sectors should be complementary. One function of the Management Committee would be to keep officers responsible for other programs informed of progress and to point out how their programs might be implemented in order to achieve the objectives of this Agreement and to realize maximum benefit from agricultural development in Nova Scotia.

F. PROGRAMS

The programs detailed below are designed to achieve the objectives of this Agreement and are directly related to the opportunities for increased production as outlined in Section C. These programs will assist in expanding the productive agricultural land base and increasing the output of certain commodities to reach targets shown below. It should be noted that these target figures are incremental and are expected to be reached by year five of this Agreement.

Land

100,000 acres of Class II and III land in additional crop production to meet high energy and protein crop and meat production targets.

High Energy and Protein Crops

The equivalent of 1.8 million bushels per year based on 50 bushels per acre on 36,000 acres.

Beef

20,000 head of beef cows producing 18,000 head per year of market animals resulting in approximately 55% self-sufficiency in provincial beef requirements.

Hogs

The equivalent of 100-60 sow (farrow-to-finish) land based farm units producing 100,000 market hogs per year resulting in 67% self-sufficiency in provincial pork requirements.

Sheep

12,000 ewes producing 18,000 market animals per year resulting in 75% self-sufficiency in provincial mutton and lamb requirements.

Horticulture Crops

250,000 tree fruit (mainly apple) plantings during the five year period ending 1981.

350,000 square feet of greenhouse capacity resulting in 47% self-sufficiency in tomatoes and 60% self-sufficiency in cucumbers.

These targets have been discussed with producer groups in the province. It cannot be over emphasized that achieving these targets is dependent upon the degree of cooperation between government and the private sector, and success will be directly related to the degree of serious commitment by both parties.

I. Land Development

This program is designed to expand productive agriculture acreage and to improve productivity of the land base.

Projects to be undertaken will consist of the following:

(a) Land Clearing and Improvement

This project will increase agricultural acreage by land clearing for field enlargement, field consolidation, and to bring new land into production. It is estimated that 50,000 acres will be cleared. Improvements to this new land, plus 50,000 acres of existing cleared land, will include improving the drainage and physical characteristics of fields. Grants to qualifying farmers of 75% of the clearing and improvement costs will be provided under this project.

In order to maximize the benefit of the on-farm drainage systems referred to above, main outlet systems must be developed to remove the water. Work will be required on main outlets and small streams abutting

drainage areas. This part of the project, expected to cost $3 million, will be cost-shared in total by Canada and the Province.

Federal Share	Provincial Share	Producers' Share
$17,120,000	$4,280,000	$4,600,000

Estimated Five Year Cost: $26,000,000

(b) Land Consolidation

A policy of land purchase and leasing was initiated in Nova Scotia in 1975. It provides for the acquisition of agricultural land to be sold, leased or leased with an option to purchase. Land is provided for existing farm enlargement and for new farm units. Of equal importance, it enables the establishment or expansion of farms with a lower initial equity requirement.

During the first year of operation, 6,000 acres of land valued at more than $1 million was made available to 25 farmers wishing to expand their land base. This program will be continued and total costs will be borne by the Provincial Government.

Provincial Share
$10,000,000

Estimated Five Year Cost: $10,000,000

II. High Energy and Protein Feed Production and Development

Nova Scotia is only 20% self-sufficient in grain. This program is designed to increase grain production, resulting in less dependence on imported feed and more stability of supply for meat producers.

Projects to be undertaken will consist of the following:

(a) High Energy and Protein Crop Incentive

This project is designed to promote increased production of high energy and protein crops. To assist in bringing 36,000 additional acres into production, an incentive of $75 per acre will be provided in the form of a loan. This loan will be interest free and will be forgiveable at the rate of $15 per acre per year over a five year period. This assistance will help offset the high costs associated with limited production per acre during the initial years when the land is being built up to maximum productivity.

The loans will be advanced to farmers subject to the following broad conditions:

(i) acreage which is incremental to existing production;

(ii) acreage located in areas suitable for the production of the crop; and

(iii) production per acre must meet reasonable productivity standards.

Federal Share	Provincial Share
$2,200,000	$550,000

Estimated Five Year Cost: $2,750,000

(b) Feed Facility Incentives

In the Nova Scotia context, high energy and protein crops can most profitably be grown and utilized as part of a production unit. To be fully integrated, on-farm drying, storage and milling facilities are necessary and will eliminate major transportation costs. To assist with the installation of these facilities, this project will provide grants to farmers of 50% of the capital costs. It is expected that at least 50% of the additional production will be stored and processed in these on-farm facilities.

Federal Share	Provincial Share	Producers' Share
$2,160,000	$540,000	$2,700,000

Estimated Five Year Cost: $5,400,000

(c) Central Grain Storage Units

Additional grain production is expected to reach 1,800,000 bushels by 1981. Approximately half of this grain will be stored on farms. Existing and expanded commercial storage facilities are expected to accommodate 550,000 bushels. The balance, or 350,000 bushels, will require drying and storage facilities strategically located with respect to areas of production and transportation distance. This project will provide for construction of the central grain handling facilities, and implementation will be phased to meet production requirements.

Federal Share	Provincial Share
$800,000	$200,000

Estimated Five Year Cost: $1,000,000

(d) A Nova Scotia Grains Commission

This project will provide for the establishment of a Grains Commission with responsibility for the operation of a public grain trade in the province. It will have the power to buy, sell, store, dry, grade, evaluate and distribute grain, and to promote the development of grain production. The Commission will provide the service infrastructure required to carry on a sophisticated grain market within the province, and will consist of a Manager, an advisory Board of Directors, and staff required to meet its objectives. Total costs associated with operation of the Commission will be borne by the Provincial Government.

Provincial Share
$742,000

Estimated Five Year Cost: $742,000

III. Livestock Development

This program is designed to encourage meat production to take advantage of the existing provincial market. The objective is to establish a base of quality breeding stock to the point where future expansion can be self-generating.

Projects designed to achieve this objective are as follows:

(a) Beef Production Incentive

Increasing the number and quality of female beef breeding stock involves withholding good quality heifers from sale or, alternatively, the purchase of quality beef females. In order to expand, the producer must forgo the cash that would be realized from the sale of the heifer as a feeder, and bear the cost of supporting the animal until it produces a calf. This project will provide grants to farmers of $100 for each beef female held back or purchased for expansion purposes.

These grants will be made subject to the following conditions:

(i) animals must meet standards of quality and productivity;

(ii) producer must have a minimum of 15 beef females of breeding age and cannot use artificial insemination economically;

(iii) maximum annual expansion limited to 50% of existing herd to a maximum of 50 head per year; and

(iv) producer must have the resources to carry out an expansion program aimed at developing a high quality herd.

It is anticipated that this project will assist in expanding the beef breeding stock by 20,000 head over a five year period.

Federal Share	Provincial Share
$1,600,000	$400,000

Estimated Five Year Cost: $2,000,000

(b) Existing hog producers are highly efficient, technologically advanced and have developed a base of high quality breeding stock. Expansion beyond the present base now depends on increasing the physical plant. Today's construction and equipment costs coupled with environmental considerations result in expensive facilities requiring high initial equity.

This project will provide grants to farmers of 25% of the capital costs of new or expanded production facilities. It is expected that the equivalent of 100-60 sow farrow-to-finish operations will be added to the existing base over the next five year period.

These grants will be made subject to the following conditions:

(i) production units must have a suitable land base; and

(ii) physical plant must meet specific criteria established for hog production facilities.

Federal Share	Provincial Share	Producers' Share
$1,600,000	$400,000	$6,000,000

Estimated Five Year Cost: $8,000,000

(c) Sheep Production Incentive

The requirements for expansion in sheep production are identical to the situation in beef, in that female breeding stock must be held back or purchased. This project will provide grants to farmers of $25 for each ewe held back or purchased for expansion purposes and is expected to increase breeding stock by 12,000 head over the next five years.

Grants will be made subject to the following conditions:

(i) animals must meet standards of quality and productivity;

(ii) producer must have a minimum of 40 ewes of breeding age upon which to expand;

(iii) maximum annual expansion limited to 50% of existing flock to a maximum of 250 head per year; and

(iv) producer must have the resources to carry out an expansion program aimed at developing a high quality flock.

Federal Share	Provincial Share
$240,000	$60,000

Estimated Five Year Cost: $300,000

(d) Purebred Sheep Breeding Stock Incentive

In order to upgrade the quality and increase the productivity of flocks, the addition of high quality purebred breeding stock is essential.

Under this project, producers who purchase purebred breeding stock will receive assistance toward the cost of importation, quarantine and transportation. Estimated costs are $200 per animal unit, and 500 high quality animals are expected to be added to existing flocks over the next five years.

Federal Share	Provincial Share
$80,000	$20,000

Estimated Five Year Cost: $100,000

(e) Manure Storage Incentive

The livestock industry is experiencing a common problem and opportunity related to the storage and proper utilization of manure. The opportunity is to conserve the value of the manure for utilization as an input to the farm cropping program. The problem involves the growing environmental concerns of both farmers and society related to manure handling, material run-off and pollution. Expensive physical facilities are required to satisfy pollution standards and to properly utilize manure as a fertilizer.

This project will provide grants to farmers of 50% of the capital costs of manure storage facilities. It is estimated that 400 producers will be assisted under tnis project over the next five years.

Grants will be available subject to the following condition:

(i) physical plant must be constructed to meet engineering and environmental standards.

Federal Share	Provincial Share	Producers' Share
$1,280,000	$320,000	$1,600,000

Estimated Five Year Cost: $3,200,000

(f) Marketing Facilities

Seasonal livestock auction sales provide a marketing framework for producers and are instrumental in establishing the price mechanism for all livestock sold in the province. A producer organization owns and operates a sales facility at Truro from which large seasonal sales are conducted. These facilities are inadequate to handle present production and increased meat production will require expansion.

This project will provide funds to assist with upgrading and improving the Truro facility to accommodate up to 3,000 head of livestock per sale.

Federal Share	Provincial Share
$80,000	$20,000

Estimated Five Year Cost: $100,000

(g) Technology Adoption

Productivity on Nova Scotia dairy farms ranges from 8,000 to 16,000 pounds per cow average. Increasing productivity of those dairy enterprises in the lower ranges will improve viability and enhance overall stability of the dairy sector.

This project is aimed at increasing the efficiency of animal units through the provision of dairy herd testing and performance services and management systems. These would include milk recording systems such as Dairy Herd Analysis Service, Record of Performance Service and feed analysis.

Funds included in this project will assist with the provision of these services to dairy farmers, including costs associated with provincial farm extension service personnel.

Federal Share	Provincial Share
$80,000	$20,000

Estimated Five Year Cost: $100,000

IV. Horticulture

The production of horticulture crops is an important part of the mixed farming enterprise common to Nova Scotia. It includes tree fruits, small fruits, vegetables, potatoes, greenhouse crops and ornamentals.

Processing capacity is under-utilized and a strong demand exists in both local and export markets for these crops. Other programs in this Agreement such as Land Improvement and Special Projects provide assistance for horticulture. This program is concentrated on revitalizing the tree fruit industry and increasing greenhouse capacity.

Projects to be undertaken will consist of the following:

(a) Tree Fruit Incentive

The tree fruit industry is concentrated in the Annapolis Valley area of Nova Scotia and annual production amounts to approximately 3 million bushels consisting mainly of apples. This production is largely from older trees of less than desirable varieties in terms of both the fresh and processed markets. Though facilities for cold storage, packing and processing are adequate for larger crops, there exists a need to revitalize the production sector of this industry. New plantings are required from which producers cannot realize returns during the early years of growth.

To alleviate this situation, this project will provide grants to farmers of $2 per tree planted. It is expected that 250,000 new trees will be planted during the next five years.

Federal Share	Provincial Share
$400,000	$100,000

Estimated Five Year Cost: $500,000

(b) Bulk Bins

Handling and storage efficiency and product quality of tree fruits and vegetables is greatly increased through the use of bulk bins. This project will provide grants to producers of $10 per unit. Average unit cost is $25, and 75,000 bulk bins are expected to be placed in use during the next five years.

Federal Share	Provincial Share	Producers' Share
$600,000	$150,000	$1,125,000

Estimated Five Year Cost: $1,875,000

(c) Refrigerated Containers Incentive

Access to international markets for Nova Scotia fruit and, to a lesser extent, vegetables, requires refrigerated containers. Such containers are in short supply and are difficult to obtain when required. Provincial fruit and vegetable grower associations now own a quantity of refrigerated containers and additional units will be required commencing in 1977 to accommodate increasing production. This project will provide existing fruit and vegetable grower associations with grants of 75% of the cost of 20 new containers during the period 1977 to 1981.

Federal Share	Provincial Share	Producers' Share
$300,000	$75,000	$125,000

Estimated Five Year Cost: $500,000

(d) Greenhouse Development Incentive

The greenhouse industry in the province now has approximately 2 million square feet under glass and plastic. There is a strong local market for greenhouse crops, particularly vegetables. In tomatoes and cucumbers alone, production is only 40% and 50% respectively, of requirements. Increased production capacity and modernization of some existing units to improve efficiency, is required. Expansion in this industry is constrained by the high capital cost of building and equipment.

This project will provide grants to producers of 25% of the capital cost of constructing or modernizing greenhouses. This is expected to result in 350,000 square feet of additional capacity over the next five years.

Federal Share	Provincial Share	Producers' Share
$640,000	$160,000	$2,400,00

Estimated Five Year Cost: $3,200,000

V. Special Development

This program embodies the following objectives:

(a) the transfer of technology from the basic research stage to commercial application;

(b) to demonstrate the applicability of existing technology to the Nova Scotia situation; and

(c) to test modifications to technology to determine suitability to Nova Scotia conditions.

Projects will be undertaken in the following areas:

(a) Innovative Demonstration

Transfer of agricultural research and the application of new technology is essential to the improved productivity, efficiency and profitability of farming. The best results can be achieved by the direct involvement of producers in testing and demonstrating technological change under commercial production conditions. This project will provide assistance with on-farm demonstrations. Examples include the technology of grain production in various areas of the province; testing land clearing techniques; new technology in fruit production; and livestock production systems.

Federal Share	Provincial Share
$800,000	$200,000

Estimated Five Year Cost: $1,000,000

CANADA-NOVA SCOTIA SUBSIDIARY AGREEMENT

AGRICULTURE DEVELOPMENT

SCHEDULE "A"

Program/Project Description		Estimated Total Cost $	DREE Share $	Provincial Share $	Cost Sharing
I.	LAND DEVELOPMENT	31,400,000	17,120,000	14,280,000	
(a)	Land clearing and improvement	21,400,000	17,120,000	4,280,000	80:20
(b)	Land consolidation	10,000,000		10,000,000	00:100
II.	HIGH ENERGY AND PROTEIN FEED	7,192,000	5,160,000	2,032,000	
(a)	High energy & protein crop incentive	2,750,000	2,200,000	550,000	80:20
(b)	Feed facility incentives	2,700,000	2,160,000	540,000	80:20
(c)	Central grain storage units	1,000,000	800,000	200,000	80:20
(d)	Nova Scotia Grains Commission	742,000		742,000	00:100
III.	LIVESTOCK DEVELOPMENT	6,200,000	4,960,000	1,240,000	
(a)	Beef production incentive	2,000,000	1,600,000	400,000	80:20
(b)	Hog production incentive	2,000,000	1,600,000	400,000	80:20
(c)	Sheep production incentive	300,000	240,000	60,000	80:20
(d)	Purebred sheep breeding stock incentive	100,000	80,000	20,000	80:20

AGRICULTURE DEVELOPMENT

SCHEDULE "A"

Program/Project Description	Estimated Total Cost $	DREE Share $	Provincial Share $	Cost Sharing
(e) Manure storage incentive	1,600,000	1,280,000	320,000	80:20
(f) Marketing facilities	100,000	80,000	20,000	80:20
(g) Technology adoption	100,000	80,000	20,000	80:20
IV. HORTICULTURE	2,425,000	1,940,000	485,000	
(a) Tree fruit incentive	500,000	400,000	100,000	80:20
(b) Bulk bins	750,000	600,000	150,000	80:20
(c) Refrigerated containers incentive	375,000	300,000	75,000	80:20
(d) Greenhouse development incentive	800,000	640,000	160,000	80:20
V. SPECIAL DEVELOPMENT	1,000,000	800,000	200,000	
(a) Innovative demonstration	1,000,000	800,000	200,000	80:20
TOTAL I, II, III, IV, and V	48,217,000	29,980,000	18,237,000	