

Department of
Agriculture

Annual Report
2008-2009

2008 ~ 2009 ANNUAL REPORT
AGRICULTURE





**PRINCE EDWARD ISLAND
DEPARTMENT OF AGRICULTURE,**

**Annual Report
2008-2009**

“...the growth of sustainable, prosperous farming enterprises.”



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*Prince Edward Island Department of Agriculture
Charlottetown, Prince Edward Island, 2009*

*To the Honourable Barbara Hagerman
Lieutenant Governor of Prince Edward Island*

Madam:

*I have the honour to submit herewith the 2007/08 Annual
Report of the Department of Agriculture.*

*I have the Honour to be, Madam,
Your obedient servant,*

*George Webster,
Minister of Agriculture*

*Ministère de l'Agriculture de l'Île-du-Prince-Édouard
Charlottetown, Île-du-Prince-Édouard, 2009*

*À l'honorable Barbara Hagerman
Lieutenante-gouverneure de l'Île-du-Prince-Édouard*

Madame,

*J'ai l'honneur de soumettre par la présente le rapport annuel
2007/2008 du ministère de l'Agriculture.*

*J'ai l'honneur d'être, Madame,
Votre serviteur obéissant,*

*George Webster
Ministre de l'Agriculture*



To the Honourable George Webster
Minister of Agriculture

Sir:

I am pleased to submit this report of activities of the Department of Agriculture for the fiscal year ending March 31, 2009, along with the year-end budget summary.

The year was a difficult one for many sectors of the agriculture industry. The province's main hog processing facility went into receivership early in 2008. This, combined with persistently low prices, resulted in many producers leaving the industry. The department established a transition program which offered some options for producers. The Atlantic Beef Products plant continued to incur financial losses; the board has been restructured and plans are being carried out to put the operation on a firm financial footing. A new beef development program was introduced to improve handling facilities, health management and genetic improvement.

Excessive rains during the months of September and October seriously affected the harvest of potatoes, other horticultural crops and grains and oilseeds. The federal and provincial governments committed up to \$12.4 million under the AgriRecovery program to compensate potato and other horticultural producers for unharvested acreage and storage losses.

Total farm cash receipts for the year were approximately \$390 million.

During the year, the industry-led Commission on the Future of Agriculture and Agri-food in Prince Edward Island completed its report. The report made 14 recommendations to strengthen the industry through improved competitiveness, collaboration and sustainability. The department has already begun to implement some of the recommendations and will be discussing next steps with the industry.

Late in the year, Agriculture and Agri-Food Canada and the Department of Agriculture signed a new agreement, Growing Forward. This agreement provides more than \$24 million over five years in the areas of innovation, greater competitiveness and enhanced business risk management.

The department introduced a new Buy PEI program during the year to increase the awareness and availability of local products.

The department continues to work closely with all sectors of the industry and with other government departments to promote the sustainable development of agriculture. It remains committed to ensuring that all sectors have access to programs that provide greater stability and that provide new opportunities for growth and diversification.

Respectfully submitted,

Brian Douglas



À l'honorable George Webster
Ministre de l'Agriculture

Monsieur,

Je suis heureux de soumettre le présent rapport d'activités du ministère de l'Agriculture pour l'année financière se terminant le 31 mars 2009, ainsi que le sommaire budgétaire de fin d'exercice.

L'année a été assez difficile pour de nombreux secteurs de l'industrie agricole. L'usine de transformation du porc principale de la province a été mise sous séquestre tôt en 2008. Ceci, combiné avec des prix qui demeurent bas, a eu comme répercussion que de nombreux producteurs ont quitté l'industrie. Le ministère a établi un programme de transition qui offrait certains choix aux producteurs. L'usine Atlantic Beef Products a continué d'afficher des pertes financières; le conseil a été restructuré et des plans ont été établis pour placer l'exploitation sur un pied ferme financièrement. Un nouveau programme de développement a été introduit pour améliorer les installations de manutention, la gestion sanitaire et les améliorations génétiques.

Des périodes de pluie excessives pendant les mois de septembre et d'octobre ont eu des effets défavorables sur la récolte des pommes de terre, d'autres récoltes horticoles et les récoltes de grain et d'oléagineux. Le gouvernement fédéral et le gouvernement provincial ont engagé jusqu'à 12,4 millions de dollars dans le cadre du programme *Agri-relance* afin de dédommager les producteurs de pommes de terre et d'autres produits horticoles pour les acres non récoltés et les pertes en entreposage.

Les recettes monétaires agricoles totales ont atteint 390 millions de dollars.

Au cours de l'année, la Commission sur l'avenir de l'agriculture et du système agroalimentaire à l'Île-du-Prince-Édouard menée par l'industrie a terminé son rapport. Le rapport a proposé 14 recommandations pour renforcer l'industrie par l'entremise d'une concurrence améliorée, de la collaboration et de la durabilité. Le ministère a déjà commencé à mettre en oeuvre certaines des recommandations et discutera des prochaines étapes à suivre avec l'industrie.

Tard dans l'année, Agriculture et Agroalimentaire Canada et le ministère de l'Agriculture ont signé une nouvelle entente intitulée *Cultivons l'avenir*. Cette entente fournit plus de 24 millions de dollars sur une période de cinq ans aux domaines de l'innovation, de la compétitivité et de l'amélioration de la gestion des risques de l'entreprise.

Le ministère a présenté le nouveau programme *Achetons des produits de l'Île* au cours de l'année pour faire la promotion des produits locaux et pour améliorer leur disponibilité.

Le ministère continue de travailler étroitement avec tous les secteurs de l'industrie et avec les autres ministères gouvernementaux afin de promouvoir le développement durable de l'agriculture. Il demeure engagé à veiller à ce que tous les secteurs aient accès aux programmes qui offrent une plus grande stabilité et de nouvelles occasions pour la croissance et la diversification.

Respectueusement soumis,
Le sous-ministre,
Brian Douglas



Department of Agriculture

2008-2009 Expenditure and Revenue Summary

Division	Original Budget	Revised Budget	Actual Expenditure/ Revenue
EXPENDITURE BUDGET			
Corporate & Financial Ser-	\$12,494,100	\$12,697,000	\$13,089,185
Agriculture Resource Divi-	\$10,237,100	\$7,640,900	\$6,982,029
Agriculture Policy & Regula-	\$5,813,700	\$8,640,400	\$8,615,850
Total	\$28,544,900	\$28,978,300	\$28,687,064
REVENUE BUDGET			
Corporate & Financial Ser-	\$1,568,000	\$1,568,000	\$2,165,517
Agriculture Resource Divi-	\$3,178,300	\$3,178,300	\$1,277,634
Agriculture Policy & Regula-	\$197,400	\$197,400	\$159,537
Total	\$4,943,700	\$4,943,700	\$3,602,688
TOTAL NET	\$23,601,200	\$24,034,600	\$25,084,376

Based on Financial Reports of August 25, 2009



Division Overview

Corporate and Financial Services

The Corporate and Financial Services Division provides financial, human resources and administrative services to departmental personnel in the areas of financial management, personnel administration and administrative support services. Agriculture business risk management programs are administered by the Farm Income Risk Management section of the division.

This division also provides similar services to the Department of Fisheries, Aquaculture and Rural Development through a shared services arrangement.

Human Resources

The Department of Agriculture has a complement of 110 full time and part time positions. Human resources development is a key departmental initiative as a skilled, professional team is required to successfully implement programs which achieve the department's mandate of promoting successful and sustainable farming and food processing.

The department's Human Resource Framework ensures its human resource strategies are aligned with the department's goals and the services provided to the agriculture community. Two key commitments under the framework are continuous learning through the Departmental Training and Development Fund and the enhancement of performance management through a Learning Through Feedback program.

Position Establishment (as of March 31, 2009)

	Full Time	Part Time	Total
Minister's Office	4	0	4
Corporate & Financial Services	29	10	39
Agriculture Resources	31	3	34
PEI Analytical Laboratories	13	1	14
Agriculture Policy & Regulatory	16	3	19
Total	93	17	110

In addition to the above established permanent positions, the department employed 15 students and 63 casual employees.



Farm Income Risk Management Section

The Farm Income Risk Management Section (FIRM) supports Prince Edward Island agriculture through the delivery of agricultural safety net programs.

The package of federal/provincial programs which were offered in 2008 to assist in reducing the impact of income reductions for individual farmers were as follows:

Net Income Stabilization Account (NISA) - terminated in 2003 with criteria set up to phase it out by March 2009.

AgriInsurance (formally Crop Insurance or Production Insurance).

Canadian Agricultural Income Stabilization (CAIS) program which provided financial support for 2003 to 2007.

AgriStability - replacing CAIS; effective with the 2007 support year.

AgriInvest - a savings account program similar to NISA; effective with the 2007 year.

The Province of Prince Edward Island, also provided additional funding for these AgriInsurance programs:

- Environmental Farm Plan initiative
- Nutrient Management Plan discount
- Elite Seed Potato Quality Improvement Program
- Soil and Water Conservation Program (dammer/dyker)
- Bacterial Ring Rot Program

Production Insurance Season for 2008

Overall, the 2008 year was a challenging year for producers and the Agricultural Insurance Corporation. Because the spring was cold and damp, planting was delayed. The Corporation applied for a five day extension to the 2008 planting deadlines in the AgriInsurance program. Much of the grain and potato crops were planted late but good growing conditions in June and July allowed the crops to get established and grow. August turned out to be an extremely wet month with 264.2 mm. of rainfall being recorded at one of the weather stations just outside of Charlottetown. The 14-year average rainfall for this station was 76.0 mm. and the five year average just prior to 2008 was 97.4 mm. At this point, the producers and the crops were coping with the wet conditions; however, on September 1 and again on September 7 the Island received another 105.4 mm. of rainfall. The cumulative effects of the wet August and extreme conditions in early September damaged much of the potato, horticulture and remaining grain crops. Extensive rot started to appear in the potato and horticulture crops and fusarium



and toxins developed in the barley and wheat crops. The longer season crops such as soybean and grain corn did not suffer the high losses found in the earlier crops. The grain loss ratio was 1.57.

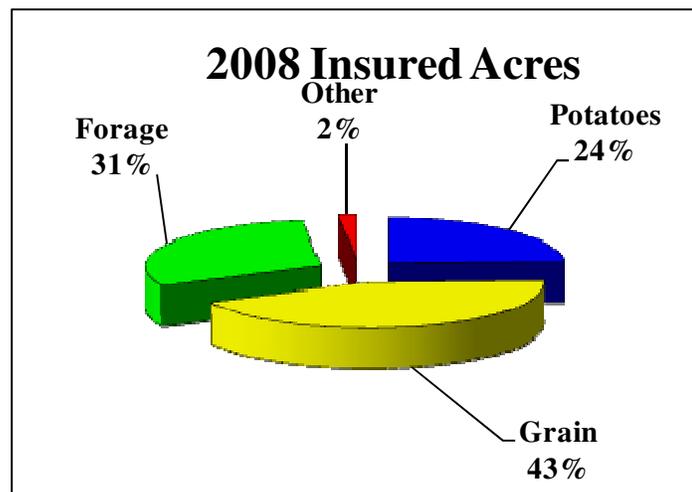
By October, it was evident that a significant portion of the 2008 potato crop was infected with rot and/or water soak. The Province applied for AgriRecovery funding and established a Potato Assistance Program to encourage producers to leave heavily infected acres in the field. However, uptake on this program was low. Market prices in excess of \$20 per cwt encouraged most producers to harvest and store all production. As a result, a significant amount of stored inventory showed signs of rot and was graded and marketed early. Significant storage losses resulted and cullage on the 2008 crop was significantly higher than normal due to the small size of the tubers and rot. Handling and grading the 2008 crop was difficult and costly. In a number of extreme situations, entire storages were lost as the inventory broke down and had to be destroyed. Although 2008 was not the worst loss year in crop insurance history, it was the largest payout year with \$20.7 million paid out for crop losses.

AgriInsurance Program

The standard production insurance guarantees were available for potatoes, cereals, beans, rutabagas, cole crops, blueberries, apples, corn silage, strawberry and carrots in 2008. The Potato Storage Plan was and the Unharvested Potato Acreage Benefit program were offered again. Overall, there were few changes made to the AgriInsurance agreement in 2008

The Forage Plan was again offered with insured acres down slightly to 71,747 acres and an insured value of \$10.06 million. Movement away from drought protection for pastures and green manure crops and to the higher Forage Plus coverage for hay and silage crops was again evident. This trend was expected. Due to the excessive moisture in August and September there were significant grain losses and thus high payments made on the proxy crop portion of the forage coverage. Loss ratio for the plan was 1.197.

Grain insurance was up to 101,826 acres. Indemnity payments reached \$3.224 million. The barley and wheat crops suffered the highest losses with soybeans and grain corn showing the lowest losses. The overall loss ratio for grain was 1.545. The Whole Farm option was again offered for cereal grains but overall participation was low.





Ninety percent coverage for potatoes was again very popular with 71 percent of the total acres insured at this level. Eighty-eight percent of the potato acres were insured with coverage greater than 80 percent. This high coverage level again drove up the insured value for the potato crop to \$94,022,473; this represents 74 percent of the total insured value for all PI crops. This is an all time high for the program. Participation in and demand for the program continues to grow.

Livestock commodity prices continued to fluctuate dramatically. Grain prices improved dramatically with the increased emphasis on corn production in the USA and the demand for ethanol production. There was an increase in the production of milling wheat, soybeans and edible soybeans.

High fertilizer costs, average to low yields, high cullage and storage losses in the potato crop could generate AgriStability assistance; however, high prices for tablestock potatoes over most of the marketing season may offset some of these losses.

Other AgriInsurance program and statistics are listed below:

The Weather-Based Forage Program again paid out \$1.11 million due mainly to the proxy crop payments generated from the wet weather.

The Whole Farm option was again offered for potatoes and cereal grains but overall participation was low.

Other PI Coverage Offered :

- Broccoli and Cauliflower By-Pass Plan
- Potato Storage Plan
- Unharvested Potato Acreage Benefit

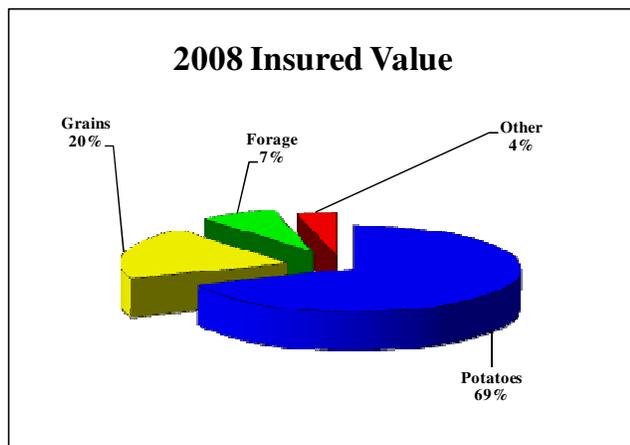
Coverage for the potato crop increased to \$94 million up from \$79 million in 2007.

The barley and wheat crops again suffered losses due to wet growing conditions.

The potato insurance plan took in \$8.3 million in premiums and paid out \$11.66 million, for a loss ratio of 1.4. This was the highest payout year in PI history. In total, 71 percent of the insured potatoes were covered at 90 percent and this is part of the reason for high payments and this trend is expected to continue. There are requests coming from the industry for higher insured values for potatoes and the Corporation is looking at options to increase the insured value of this crop for 2009.



The Corporation saw growth in 2008. The insured value of all crops increased to \$136 million and premiums rose to \$11.9 million. Because the loss ratio for 2008 was 1.83, the reserve decreased from \$17 million to about \$4.0 million by the end of the year. As a result of the high loss year and the depletion of the reserve, the Corporation is expecting premium rates to increase by 15 to 20 percent in 2009.



Canadian Agricultural Income Stabilization - CAIS

The CAIS program was terminated with the completion of the 2006 program year and it was replaced with the AgriInvest and AgriStability programs in 2007. AgriStability continued to provide margin support for declines greater than 15 percent of the Reference Margin.

PRODUCTION INSURANCE PROGRAM						
Yield Based Insurance Program						
CROP YEAR	Farms (#)	Contracts (#)	Acres (#)	Coverage (\$)	Premiums (\$)	Indemnities (\$)
2008/09	5e+38	1.50e+44	1.6e+70	1.262e+104	1.102e+91	19,605,877
2007/08						8,206,092
2006/07						5,948,068
2005/06						2,619,409
2004/05						4,424,492
2003/04						1,788,735
2002/03						925,680
2001/02						10,640,171
2000/01						2,669,051
1999/00						2,519,035
1998/99						1,706,544
1997/98						822,607
1996/97						1,946,898

Note: CI premium cost share in 2008 was: 36% federal, 28% provincial, 36% producer

High cost coverage: 20% federal, 40% provincial, 40% producer



BACTERIAL RING ROT PROTECTION					
Year	Farms (#)	Potato Acres Insured	Insured Value (\$)	Premiums (\$)	Indemnities (\$)
2008/09	1.01e+22	5,236	680,053	3.40024e+59	5.20000e+15
2007/08		6,323	747,848		
2006/07		6,960	923,044		
2005/06		5,908	764,593		
2004/05		5,682	806,725		
2003/04		6,369	986,266		
2002/03		4,481	682,242		
2001/02		3,433	461,358		
2000/01		2,759	389,973		
1999/00		3,578	505,286		
1998/99		5,249	677,508		
1997/98		3,659	614,950		

Note: Prince Edward Island Department of Agriculture, Fisheries and Aquaculture contributed 33% to the Bacterial Ring Rot Protection premiums

PRODUCTION INSURANCE PROGRAM						
Weather Based Forage Program						
CROP YEAR	Farms (#)	Contracts (#)	Acres (#)	Coverage (\$)	Premiums (\$)	Indemnities (\$)
2008/09		8.21e+14	71,747	10,060,000	928,052	1.11167e+32
2007/08			87,030	11,815,444	1,080,599	
2006/07			84,492	10,999,973	1,004,049	
2005/06			93,768	11,749,621	1,056,518	
2004/05			70,991	8,714,008	522,841	



AIDA/CFIP/CAIS Income Disaster Assistance			
CLAIM YEAR	Qualifying Applicants	Average Payment per Applicant	Total Payments
AgriStability	5.5470979787e+29		
- 2007 claim year		\$36,077	\$5,339,437
CAIS - 2006 claim year		\$28,805	\$9,361,772
- 2005 claim year		\$30,039	\$8,080,537
- 2004 claim year		\$48,642	\$22,861,765
- 2003 claim year		\$36,591	\$20,088,279
CFIP - 2002 claim year		\$46,309	\$9,493,439
CFIP - 2001 claim year		\$42,823	\$8,950,187
CFIP - 2000 claim year		\$31,226	\$7,338,146
AIDA - 1999 claim year		\$27,490	\$6,762,715
AIDA - 1998 claim year	\$25,040	\$6,285,064	

* Total Payments are cost shared 60% by Canada and 40% by Prince Edward Island.

* CAIS and Agristability average payments are calculated from those producers who qualified for a benefit payment and not the total qualifying applicants

* Payments stated as of May 2009

NET INCOME STABILIZATION ACCOUNT				
Year	(#)	Provincial Contribution (\$)	Withdrawals by producers (\$)	Account Balances (\$)
2004/05	2.4e+29	5,799	24,000,000	14,793,694
2003/04		1,6,73,699	20,878,784	37,822,568
2002/03		1,589,901	9,989,970	50,128,568
2001/02		1,605,152	12,589,008	44,999,235
2000/01		2,686,024	10,885,480	47,634,097
1999/00		2,671,162	7,618,444	41,257,786
1998/99		2,331,105	8,795,028	33,846,019
1997/98		2,042,700	4,149,699	28,029,100
1996/97		1,873,700	1,476,727	19,523,000
1995/96		790,000	510,765	9,658,000

Notes:

*Provincial contribution is 2% of Eligible Net Sales plus provincial share of the interest bonus.

*Canada contributes two times the amount the province contributes to NISA annually.

*Program terminated in 2003. Producers to close accounts by March 2009.



ELITE SEED POTATO QUALITY IMPROVEMENT PROGRAM (ESPQIP)				
Program	Applicants (#)	Acres (#)	Average Pay- ment (\$)	Total Amount (\$)
2008 - PI Premium Assistance	31	3394	5303	164411
2007 - PI Premium Assistance	26	2650	3972	103280
2006 - PI Premium assistance	32	2820	3425	105428
2005 - PI assistance ¹	22	1933	3726	81975
2004 - PI assistance ²	14	1239	3112	43563
2003 - CIP assistance ³	26	1857	1314	34160
2002 - CIP assistance ⁴	25	3024	2681	67034
2001 - CIP assistance ⁵ - /acre pmt	6840	66521438	501721750	341,155 862,977
2000 Virus Reduction - CIP assistance Seed Incentive/acre	10839	62691433	365922056	395,164 860,181

Notes:

2006, 2007 and 2008 the Province paid 10% of the Producers premium costs.

¹ PI assistance was 11% of total premiums which reduced the producer cost for the Elite Seed Plan from 36% to 25%.

² PI assistance was 9% of total premiums which reduced the producer cost for the Elite Seed Plan from 34% to 25%.

³ CIP assistance was 8% of total premiums which reduced the producer cost for the Elite Seed Plan from 33% to 25%.

⁴ CIP assistance was 8.33% of total premiums which reduced the producer costs for the Elite Seed Plan from 33.33% to 25%.

⁵ CIP assistance is additional subsidy up to \$75/acre for crop insurance premiums.

The per acre incentive was \$600/acre for specified varieties and seed classes that were dead by August 12.



Environmental Farm Plan (EFP)/ Nutrient Management Plan Discount (NMP) Soil and Water Conservation Program (dammer/dyker)(S&W)			
Year	Applicants (#)	Average Payment (\$)	Total Amount (\$)
2008 EFP NMP S&W	28214532	3449501703	9699513778454500
2007 EFP NMP	28640	475947	15173140030
2006 EFP NMP	335 40	438856	14035922835
2005 EFP NMP	330 40	417594	153,277 25,723
2004	385	528	217796
2003	315	425	134039

Note: The province introduced an Environmental Farm Plan (EFP) discount in 2003 for those producers in crop insurance who completed an EFP training course. The discount is a reduction to producers' premiums. This initiative supported the province's emphasis on environmental farm planning and helped to promote the EFP program within the farming community. In 2005 the discount was extended to the Nutrient Management Program and the discount was divided between the two plans. In 2008 a Soils and Water Conservation discount was introduced for those producers who used a dammer/dyker on potato ground.



Agriculture Resource Division

The Agriculture Resource Division provides programs and services to the agriculture industry in the areas of agricultural development, laboratory services and sustainable resources management.

The **Sustainable Agriculture Resources section** offers technical advice to farmers and landowners in the areas of soil conservation, integrated pest management, nutrient management, manure management, fuel and pesticide storage, deadstock composting, efficient use of water for irrigation purposes, and site specific weather forecasting. This section is responsible for the Canada/PEI Agriculture Stewardship Program which provides financial and technical assistance to Island agriculture producers and land owners to solve specific environmental issues identified in their environmental farm plan.

The **Agriculture Innovation work unit** assists producers and agri-processors be successful by focusing on innovative and value added opportunities, by supporting agricultural organizations, and by providing agricultural advice. Priorities of the work unit are to develop new and innovative agricultural business ideas, to identify value-added opportunities and move them forward, and to maintain commodity expertise and production specialities.

The **Agriculture Information work unit** provide participants in the Future Farmer Program with agricultural advice and assistance with identifying appropriate training and learning opportunities. The unit assists established producers with production and management issues. It serves as a first point of contact for over 2,500 agriculture inquiries received annually through the Agriculture Information Centre. The staff are responsible for maintaining the department website, a bi-weekly department e-letter, and commodity statistics.

Prince Edward Island Analytical Laboratories is an amalgamation of the dairy, plant diagnostics, soil and feed, and the water chemistry and microbiology laboratories. The amalgamated laboratory reports to both the Department of Agriculture and the Department of Environment, Energy and Forestry. The amalgamated laboratory performs a range of chemical and microbiological analyses on environmental and agricultural sample types including animal feed, milk, seed, soil, and water.

Prince Edward Island Analytical Laboratories is accredited by the Standards Council of Canada in compliance with ISO/IEC 17025. The laboratory received its first accreditation approval in 1997 and has been increasing its scope of accredited programs ever since. The next external audit occurs in 2008. The laboratory is also accredited for seed germination with the Canadian Food Inspection Agency and the Canadian Seed Institute.



Agriculture Policy and Regulatory Division

The Agriculture Policy and Regulatory Division's wide-ranging mandate includes federal/ provincial agricultural policy and trade issues, administration of industry development programs, on-farm food safety and traceability, plant health, Marketing Council, supply and non-supply managed commodity liaison plus research and legislation.

Considerable staff effort during the year was devoted to developing a new multilateral agricultural framework agreement. The agreement, to be known as Growing Forward, will provide a commitment for five years of funding commencing in fiscal 2008/2009, including allocations for non-business risk management (non-BRM) programs. The cost sharing will be on a 60/40 basis between the federal and the provincial government.

Activities of the division are reported as they apply to the goals of the department.

The **Regulatory Services section** administers and enforces legislation and regulations relating to agriculture and companion animals. Section activities include administering the *Dairy Industry Act*, *Companion Animal Protection Act*, and the *Animal Health and Protection Act*. Activities occurring under the legislation includes licensing and responding to complaints. Responsibilities for companion animals include managing contracted services as part of the enforcement under the *Dog Act* and *Companion Animal Protection Act*.

The Regulatory Services section is also responsible for developing and implementing the legislative initiatives of the department. Examples include amending the *Dog Act* to enable more efficient enforcement and revising the *Farm Registration and the Farm Organization Funding Act* to enable more efficient management of the registration process.



Key Goals

Goal 1: Sustainable Growth of Agriculture and Food Businesses

This goal recognizes that industry growth results from successful, profitable and sustainable enterprises in a market-led environment. This rests on the continued sustainability of key sectors in the primary industries and ongoing research and development for all resource sectors. The department works closely with the industry, other government departments, and businesses to encourage the production and marketing of new and expanded products, value-added growth, and identification of new opportunities for diversification.

Strategies

The department continues to support the identification of new products, processes and services that respond to market opportunities and result in increased diversification through the development of high quality, high value products in all sectors. This includes a focus on innovation and the development of strategies to support the expansion of organic production. Projects to evaluate new crops, new uses for crops, new technologies, and new approaches to marketing include the following programs and endeavors.

The department continued delivery of the Beef Industry Initiative to assist producers address the current crisis in the sector. The on-going component of this initiative consists of a number of developmental programs, including enhanced herd health for the cow calf sector, handling facilities, and a genetic incentive for farms wishing to buy or retain superior replacement heifers.

The department is working in conjunction with The Atlantic Canada Organic Regional Network (ACORN) and the Prince Edward Island Certified Organic Producers to ensure that producers acquire new skills and knowledge. Workshops on certification, the Canadian organic regulations, soil fertility and small fruit production were held this past year. A four-day organic inspector training course was held to train individuals to better understand the organic inspection and certification process. Producers, in addition to submitting an application for certification, are inspected annually. The number of in-transition and certified organic growers and processors has increased from 25 in 2003 to more than 65 in 2008.

The Buy PEI Initiative was announced in the spring of 2008. It is focused on promoting the great



flavour, quality and freshness of products available from Prince Edward Island farms; enabling consumers to identify Island products; and motivating consumers to purchase Island products. The Departments of Agriculture, Fisheries, Aquaculture and Rural Development and Tourism have worked together developing a strategy and marketing techniques that fit with each department's mandate. This has allowed staff from each of the three departments to work together and communicate programs to avoid overlaps and develop synergies. Moving forward, this partnership will be vital to ensure Prince Edward Island food is marketed with one voice, thus limiting confusion in the minds of consumers.

A "Meal in the Field" event was held on July 17 to launch the Initiative and showcase culinary tourism.

The first year of the program resulted in many initiatives being completed including the establishment of two departmental programs:

- Agri-Food Market Development, directed at farmers, farm markets and farm organizations for market development. In the 2008-2009 year, the department received 66 applications and approved over \$105,000. This resulted in 17 new signs, promotions from radio advertising to logo development, training at conferences, and equipment for value adding for direct to consumer sales.

- Agri-Food Promotion, directed at groups initiating projects that increase the awareness of Prince Edward Island products. This program had 16 applications and \$12,000 was approved to help local organizations promote local products. This program proved to be an effective way for community groups to promote local foods to many different groups on Prince Edward Island.

Other activities included the coordination of education and training workshops for direct marketers and consumers. A media and print advertising campaign was undertaken; this included the Farm Fresh Directory publication, newspaper banner ads, posters, bus shelter ads, Confederation Centre theater program ads, interviews with farmers and chefs on radio stations, farmer profiles, "What's in Season" radio ads and CBC television ads.

A branding exercise is currently underway. The new brand will link local culinary tourism and the buy local program.

In cooperation with industry organizations and other departments, the department continued to identify new opportunities for crop and livestock production, and new uses for products and by-products including bio-fuels and bioactive compounds. The department will continue to develop linkages with research and development initiatives in areas such as biosciences and food technology.



2008-2009 was the initial year for the Agriculture Research Fund. Nine projects have been approved with a total of \$143,420 in assistance. The research fund will provide assistance to carry out applied crop and livestock research projects in the following areas:

- Variety and/or research trials that can include yield evaluations, climatic suitability analysis, pest resistance, and improvements in pollination

- Research that will lead to on-farm diversification and that will support commercialization of new agriculture based products

- Pest management research to quantify the extent of specific pest problems and/or to evaluate control measures and/or to reduce pesticide risk

- Crop by-product feeding trials for livestock

Commodities that have benefitted from the Agriculture Research program include beef, sheep, potatoes, nuts and small fruit crops. The research program is now under the Growing Forward banner and is scheduled to run until 2013.

The Agriculture Innovation Program offers producers an opportunity to pursue diversification interests on their farms, evaluate innovative technologies, and develop value added products. Interest in the program continues to grow. Some of the projects under evaluation are:

- Using biomass for farm heating
- production of speciality meats
- evaluation of a transplanter for grape production
- production of haskap berries
- using agricultural products for distillation
- production of small baled haylage for the horse market
- robotic barn cleaner

The department recognizes the need and importance for ongoing skills development and business



planning. Resources have been allocated to support agriculture information services, with special emphasis on the Future Farmer Program and new entrants.

In spring 2008, an Enhanced Future Farmer Program was announced with an annual budget of \$700,000. The enhanced program included several new and modified components. A total of 165 active participants in the Future Farmer Program were assisted by staff advisors who provided agriculture advice, helped with the completion of learning plans, and assisted with identifying appropriate training and learning opportunities. Quarterly newsletters focused the spotlight on participants and department programs.

Over 15 training sessions were organized for Future Farmers. Workshop topics included financial management, business development, and human resource management. Staff also worked with new farmers to provide them with access to a one-on-one business mentoring program. Participants were matched with an experienced business person to discuss business-related challenges. The business person served as a counselor who was willing to share experiences and offer advice.

The Future Farmers program partnered with the Prince Edward Island Young Farmers Association on several events providing beginning farmers with the opportunity to hear from guest speakers on marketing and business development.

Prince Edward Island continues to be the regional leader in the harness racing industry, producing approximately 60 percent of the standardbreds born in the Maritimes. Horses from local farms are racing across North America with the primary export areas being Ontario, Pennsylvania, and New York. Over the last seven years, the number of mares bred and foals born in the province has increased by more than forty percent.

Significant infrastructure improvements have been completed at several of the community-owned matinee tracks across the province in the form of new barns and track resurfacing. These changes have led to increased interest in horse ownership; Prince Edward Island leads the country in the percentage of new owners.

The Inter-Departmental Biofuels Committee (IDBC), whose mission is to identify and promote bioenergy solutions that contribute to the environmental well-being, social prosperity and sustainable economic performance of Prince Edward Island, is chaired by the Deputy Minister of Agriculture.

Two department staff members also supported the IDBC through the following activities: the development of a proposal evaluation framework; the referral of approved proposals to other provincial



agencies for funding consideration; and the commission of reports specifically related to ethanol and biomass utilization.

Staff was also directly involved in the finalization of the Prince Edward Island Energy Strategy released in November, 2008.

Goal #2 - Effective Risk Management and Increased Industry Stability

Producers face a great deal of uncertainty because of factors such as the weather, diseases, market fluctuations and other factors over which they have little control. Helping the industry deal with uncertainty is the major goal of risk management strategies. The stability of the industry is critical if it is to continue to grow and develop, improve profitability and encourage investment.

Strategies

Production of three Prince Edward Island farm products - milk, chicken, and eggs - are regulated under federal-provincial supply management regimes. The systems are designed to regulate through the allocation of producer quotas. Quotas represent the farm production required to meet Canadian demand with minimal surplus.

Supported by the department, Marketing Council acts on behalf of the people of Prince Edward Island and supervises the creation and operation of producer boards, commissions and groups that regulate and control the production, sale, processing, marketing, transportation and pricing of natural products.

Marketing Council's main focus continues to be monitoring activities of commodity boards and commodity groups to ensure they are in general compliance with the *Natural Products Marketing Act*; developing critical procedural elements in an effort to create a replacement act; adjusting the producer Class 1 milk component prices and wholesale fluid milk product prices; and setting bulk milk transportation rates.

Monitoring activities include reviewing reports that highlight commodity board minutes, audited financial statements, annual reports and other board created reports. Council representatives also attended annual and other scheduled commodity board and commodity group meetings.

Staff participated in regular meetings of the Federal-Provincial Agricultural Trade Policy Committee.



This Committee facilitates federal-provincial and interprovincial exchange, as well as, provincial contributions to the federal government on agricultural trade policy issues, including bilateral and multilateral trade negotiations and agreements. A major item of concern has been the implementation of *Country of Origin Labeling* legislation in the United States, and the impact that this legislation has in decreasing the access of Canadian produce to U.S. markets.

A working committee group, under the direction of the Committee on Internal Trade and the Council of the Federation to the Ministers of Agriculture, completed a revision to the Agriculture and Food Goods chapter found in the *Agreement on Internal Trade*.

The *Natural Products Marketing Act* was amended to better reflect the current status of commodities regulated by the legislation. In addition, new regulations were implemented under the *Stray Livestock Act* to enable the appointment of drovers, who now have the authority to capture and impound stray livestock. New regulations enabling the Agricultural Insurance Corporation to deliver livestock insurance were developed and implemented.

Departmental staff represented both the Department of Agriculture and the province's horticulture industry through participation in the federal-provincial working group that examined trading practices in Canada's horticulture industry. The working group was comprised of six federal departments and agencies and all provinces except Newfoundland and Labrador. The mandate of the group was to validate the pervasiveness of imprudent and unethical business practices in the fresh produce sector; to review recommendations made by the Fresh Produce Alliance; and to identify situations where industry/government collaboration could increase financial stability while meeting the changing demands of the marketplace. The group completed a federal-provincial response document which examined possible options for action and presented it to the Federal-Provincial-Territorial Assistant Deputy Ministers of Agriculture Policy Group.

In cooperation with industry and other levels of government, the department works to ensure that production risk and income stabilization programs are designed and delivered in a way which is effective, equitable and affordable. The department actively collaborated with industry partners, and with other jurisdictions, to develop and maintain appropriate safety net programs.

Producers were able to receive technical and financial assistance through Tier 1 of the National Water Program to develop water infrastructure projects that provided them with a form of risk insurance against water shortages by providing access to secure good quality water supplies. In 2008/09, six Tier 1 projects were completed utilizing \$24,472 of program funding.

Staff partnered with the potato industry to coordinate the development of a Late Blight Management



Plan, to help reduce the risks associated with late blight.

The department continues to promote increased participation in safety net programs including production insurance and to help identify business risk management tools and strategies.

Goal #3 - Strengthen Environmental Stewardship Practices

The primary industries depend on the health and quality of the environment. Protection of the health and quality of soil, air and water resources, and maintaining biodiversity are priorities for industry, government, and the public. Improved environmental stewardship results from a combination of policy, legislation, information, and incentives.

Strategies

The department continues to support industry efforts by providing applicable policy, technical assistance, and financial support for on-farm conservation and the implementation of best management practices and technologies that protect soil, air and water quality and that enhance biodiversity.

The Canada/PEI Agriculture Stewardship Program provides technical and financial support to Island producers to implement Beneficial Management Practices that will reduce environmental risks that could be imposed by their farms. In 2008/09, 148 projects were completed under the program allocating \$550,517 of program support.

The department received funding for six projects under Tier 3 of the National Water Program. Projects included fertility trials using the Potato Calculator which is a fertility software package developed in New Zealand; funding to train private sector nutrient management planners; development of a GIS layer with 0.5 meter contour intervals using LiDAR data; development of a new PEISLI GIS layer using LiDAR data; split field nutrient management trials; and the hosting of a Water Management for Agriculture Conference that featured the results of many of the Tier 3 projects conducted over the previous five years.

The department was involved with a number of other provincial government departments in developing a response to each of the recommendations in the Report of the Commission on Nitrates in Groundwater. The department was active in providing both financial and technical support for split field nutrient management trials through the AgriInsurance Program. It has remained active in fertility research that



will fine tune fertility recommendations for the various crops/varieties grown on Prince Edward Island. The department was instrumental in the creation and training of a private sector service that is qualified to perform nutrient management planning for Island producers. It has also been involved in the development of a nutrient management/accounting program that can be used by all crop and livestock producers in the province.

In recognition of the benefits that accrue to society through environmental stewardship, the establishment of an ecological goods and services pilot project was undertaken to produce measurable results at a watershed scale. The two-year Prince Edward Island Ecological Goods and Services pilot projects which were conducted in the Souris and Founds River watersheds were completed in March 2009. Under the projects, producers in the watersheds were eligible to receive non-traditional incentives for the implementation of a land management package which targets water quality issues in the watersheds that have been identified through a watershed planning process (e.g. grass waterways, hedgerows, enhanced buffer zones, etc.). The project proved to be very successful in encouraging desirable land management practices.

The results were instrumental in the creation of a province-wide Alternate Land Use Services (ALUS) program. This program will pay producers to retire environmentally sensitive high slope land, to enhance buffer zones, to establish treed riparian areas and will offer payments for land utilized by soil conservation structures and grassed headlands not required by the buffer zone legislation. The provincial government committed \$750,000 annually to the program. The ALUS program received 125 applications between January and the end of March which will utilize approximately \$200,000. The department is partnering with the Department of Environment, Energy and Forestry in the delivery of the program and is very active in processing ALUS applications.

The department continues to monitor the management of Community Pasture lands by private industry groups. These nonprofit producer groups operate the pastures according to a management agreement. They are entrusted to follow environmentally and economically sustainable practices while at the same time allow for a cost benefit in pasturing their animals.

Goal #4 - Improve Food Safety, Traceability and Quality

Improvements in food safety and quality are critical to ensure market access and to help support the differentiation of Island products in the marketplace. This is achieved through food safety legislation, regulations and policy, emergency preparedness, and traceability systems which support market demands for quality assurance. Food quality initiatives and labeling will help support the development of products that are recognized and rewarded in the marketplace.



Strategies

The department continues to work closely with all sectors of the industry to ensure food safety systems and standards in production and processing are implemented along with appropriate surveillance and traceability systems.

The department, in conjunction with industry, has participated in the development of numerous federal-provincial-territorial strategies including a National Safe Food Strategy; a National Animal Health Strategy; and an industry-government approach to traceability. The department has also assisted the province's swine industry in addressing the need for a premises identification registry in an effort to comply with upcoming federal traceability regulations. New programming is being developed and will be delivered under Growing Forward in the areas of food safety, biosecurity and traceability. These programs will be consistent with nationally developed systems and will be administered by department staff. The department continues to work with industry in emergency preparedness for the livestock and poultry industries.

The Plant Health Regulatory Program is responsible for those issues and programs outlined in the *Plant Health Act* and *Potato Regulations* as they relate to potato production on Prince Edward Island. Staff of the Plant Health section are involved with disinfection service calls, inspection and audit activities in support of cull potato disposal and planting standards, sample collections of post harvest virus testing, and permits for the planting of potatoes originating outside the province. All program activities contribute directly to ensuring that the potato industry maintains minimum disease standards as outlined in the *Plant Health Act* and *Potato Regulations*. Staff continue to perform planting audits, transport vehicle disinfection and post harvest virus testing.

The department implemented a livestock trucking survey to gain a better understanding of livestock carrier movement on and off the Island to increase awareness of biosecurity issues.

In an effort to protect the health of bees and to introduce new genetics, a Capped Cell Importation Program to include mated queens was undertaken in 2008.

Goal #5 - Promoting Industry Self-reliance

The sustainable growth and development of the agriculture and food industry rests on the development of strong enterprises that are focused on market opportunities and that remain competitive. The department recognizes that producers need to strengthen their position in the marketplace. The provincial government is committed to creating an environment that helps enterprises excel. Increased industry self-reliance is achieved through greater efficiency, innovation, and entrepreneurship.



Strategies

The department continues to assist industry organizations, including the Federation of Agriculture and the National Farmers Union, to become more self-reliant. The *Farm Registration and Farm Organizations Funding Act* provides for secure stable funding for farm organizations. The funding helps the organizations with costs associated with advocating on behalf of the farmers and their businesses, and for providing services and opportunities to their members. A department staff person serves as the registrar of farms.

The department works with industry and other partners to develop and deliver research, information and education, and training programs to enhance innovation and competitiveness. It supports and encourages individuals in all sectors of the industry to improve their level of skills and knowledge.

The Continuing Education Credit Program for pesticide applicators was re-designed, offering them an effective way to renew their pesticide applicator certificates while remaining up to date on technology and changes to regulations. The first year of delivery (08/09) showed very favourable response by industry, with 170 applicators participating.

The department delivered many workshops and short courses for producers including Potato Day; a Crop Nutrition and Opportunities workshop for producers looking to diversify their operation; a futures and hedging workshop; and an Innovative Marketing workshop for direct marketers.

The department initiated a Honey Bee Mentorship program designed to increase the number of high quality, local honey bee hives for blueberry pollination by helping new beekeepers access the technical expertise of experienced beekeepers

The department has assisted with the organization of speakers for the dairy clubs in Wellington and Kensington areas. Several tours to Nova Scotia and New Brunswick enabled producers to view new on-farm technology.

The department examined new opportunities for regional cooperation in agriculture initiatives. In partnership with Atlantic Canada retailers and industry representatives, representatives from each of the four provincial departments began work on the possibility of establishing a Buy Atlantic brand.

The department's Legislative and Regulatory section administers and enforces legislation and regulations related to agriculture and companion animals. Section activities include administering the



Dairy Industry Act, Companion Animal Protection Act, and the Animal Health and Protection Act. Activities related to the legislation include licensing and responding to complaints. Responsibilities for companion animals include managing contracted services as part of enforcement under the *Dog Act* and *Companion Animal Protection Act*.

Responsibility for developing and implementing the legislative initiatives of the department also fall within the mandate of this section with the updating or repealing of outdated legislation being an ongoing process (e.g. repeal of the *Artificial Insemination Act*).

The department has worked closely with all sectors of the industry and with groups of producers to encourage greater cooperation in the development of new products and markets.