Agriculture and Forestry

2015-2018
FOREWORD

I am pleased to provide the 2015 – 2018 Agriculture Plan for the Department of Agriculture and Forestry. This three-year plan has been designed around four strategic priorities and three investment areas that will serve to focus decision-making and enhance operational efficiency. From a policy perspective, this document has provided a vehicle to outline government expectations, determine departmental objectives and identify key investments that will support the long-term viability and prosperity of this vital sector.

The agriculture and agri-food industry on Prince Edward Island is facing an exciting future. The success of buy local initiatives; the growing popularity of PEI as a culinary destination; and the expansion of products into new Asian markets, have presented the sector with significant opportunities for growth. At the same time, the sector faces a number of challenges: attracting and maintaining skilled labour, diversifying into specialty markets, acquiring capital and adapting to climate change. Our priority is to continue working with the farm sector to grow the industry and in doing so influence the contribution that agriculture, agri-food and agri-processing can make to provincial Gross Domestic Product. This Agriculture Plan will guide our decision-making efforts over the next few years as we work toward achieving this goal.

Agriculture on Prince Edward Island operates in a complex environment of demographic changes, new consumer expectations, and expanding competition from international markets. Recent data indicates that the PEI is meeting these challenges and actually growing:

- Realized net income increased by 24% between 2012 and 2013.
- The seeded area of oilseeds increased 85% between 2005 and 2014.
- Farm cash receipts were valued $497.0 million in 2013, an increase of 3.0 per cent and an all-time high.
- The value of agri-food exports increased by 22% from 2013 to 2014; farm products and seafood were the major components.
- The Department has partnered with the PEI Watershed Alliance on a Model Watershed Pilot Project designed to better protect our environmental assets.
- To enhance PEIs reputation as a source for premium food products and a destination for culinary excellence, government departments and industry stakeholders are collaborating on the development of a Food Innovation Strategy.
- Finally, farming enterprises on Prince Edward Island are generating growth in our local economy. In 2013, 3,800 people were employed in the agriculture industry.

Maintaining a profitable agriculture industry on Prince Edward Island remains a key goal of the Department. I look forward to continued collaboration with industry and government partners as we support the agriculture and agri-food industry to become the most competitive and productive in the world.

John MacQuarrie
Deputy Minister of Agriculture and Forestry
DEPARTMENT PROFILE

For the past few years, primary industries on Prince Edward Island have been focusing on finding alternative ways to capitalize on what we do best, produce quality products. The Agriculture Plan 2015-2018 will guide the Department in the development of policies and programs as we continue to support the agriculture and agri-food industry on Prince Edward Island. To influence future economic growth the department is committed to new intra-departmental collaboration, enhanced public-private partnerships, and stronger government-industry relationships.

This approach, built on a goal of influencing provincial Gross Domestic Product (GDP), demonstrates that human and financial resources must be utilized strategically if we are to help the sector be more competitive in the long term. Building on current efforts to encourage industry growth the department will focus on three new investment strategies:

- Outcome Oriented Programming
- Food Innovation Strategy
- Strategic Community Partnerships

Core operations will continue to focus on providing exceptional program and service delivery with an ongoing commitment to report on the progress and strategic outcomes of programs. The Department will continue the practice of assessing its performance data and is determined to place more emphasis on measuring the impact of its programs with provincially relevant indicators and targets.

OUR FOCUS

The Department will support economic growth in the agriculture and agri-food sector through four priority areas: farm profitability; increasing added value; industry leadership; and the PEI Brand.

OUR ROLE

We assist Prince Edward Island’s $496 million agriculture and agri-food sector to be sustainable and profitable with a clear focus on value-add opportunities and export market growth. We do this by supporting farm businesses as industry continues to transition from a commodity production model to a value-added, market-driven approach based largely on the evolution of consumer and market preferences. We provide access to business management training, risk mitigation programs, crop and animal production advice, as well as promote an enviable food safety and animal welfare status. We also work with farmers, landowners and the broader population to enhance and protect our natural resources for future generations.

OUR PARTNERS

In our effort to serve our primary client base: producers and agri-processors, we work consistently to build strong partnerships with local, national and international entities to deliver the best opportunities throughout the agriculture value chain. This includes federal, provincial and municipal governments, retailers, distributors, exporters, academia, financial institutions and others.

OUR APPROACH

We are a dynamic organization that collaborates with a wide range of stakeholders on the national and global stage for the purpose of supporting the efforts of the Prince Edward Island agriculture and agri-food sector. We approach this task with honesty, integrity and professionalism.
POLICY FRAMEWORK

VISION
A partner for a profitable agri-food industry that supports innovative farming enterprises and value-added opportunities, provides for the production of safe and nutritious food, and is respectful of the environment.

MISSION
The Department works in partnership with producers and the agri-business community to deliver policies and programs that improve their competitiveness, sustainability, and self-reliance. Our work contributes to the wellbeing of Prince Edward Island society.

Prince Edward Island has a reputation for offering residents and visitors alike some of the most pristine and ecologically beautiful viewscapes in the world. Islanders value their way of life and therefore have a keen appreciation for their environment and the importance of protecting our natural resources. The Department remains committed to supporting the island’s agriculture and agri-food sector by providing the infrastructure necessary to encourage economic growth and create a culture of collaboration between public and private stakeholders.
STRATEGIC PRIORITIES

Growing Farm Profitability
Profitable farms are essential to the Island economy. Running a profitable business takes sophisticated farm management practices and dedicated value chains. Therefore, the right business model is essential to attract the investment necessary for growth. The Department contributes to this objective by providing programs and services that assist producers with mitigating risk and supporting on-farm business management. The Department will support farm enterprises in building the business practices and models they need to operate profitably.

Regulatory red tape also poses a challenge to the growing competitiveness of PEI products. The Department is actively involved in Project Art (Addressing Red Tape) within the provincial government. Reducing duplication, inflexibility and cost to producers, both in dollars and time is a priority.

Increasing the Value of Agriculture and Agri-food Products
Issues such as changing consumer preferences, retail consolidation and increasing competition contribute to a challenging environment for the agriculture and agri-food industry. A value-added business approach targets the consumer, focuses on what they want and creates a unique or value-added product to meet market expectations. The Department supports value-added initiatives through the Product and Market Development Program and through various food safety and biosecurity projects under the Assurance Systems Program.

Supporting Industry Leadership
Agriculture policy is transitioning from government-driven decision making, to industry-led and directed decision making. With government support, industry led initiatives show great potential for enhanced competitiveness and innovative strategies for farm organizations. Government will continue to promote industry led activities as a way of contributing to consistent and informative government decision-making.

This objective also focuses on protecting our natural resources. Recognizing that farmers are care-takers of important resources such as land and water, we will continue to provide technical and financial assistance to support sustainable resource management. We are committed to the delivery of sound programs and services that will achieve the greatest possible return for farmers, and for the health of the Island as a whole.

Promoting the PEI Brand
The Department is committed to working with industry to capitalize on our natural advantages - those that are synonymous with high value and high quality. Through the promotion and marketing of PEI products, local and off-Island consumers will gain a greater awareness of food that is grown on PEI and the value-added characteristics that make our products unique. Building on initiatives such as Buy PEI, PEI Flavours, and Prince Edward Island Certified Beef, the Department is committed to work with industry to further develop and promote the PEI Brand.
STRATEGIC DIRECTION

Producers and agri-processors on Prince Edward Island possess a high degree of enthusiasm and passion for their industry. In helping farmers protect the ‘working landscape’ of this industry, appropriate policies and programs must be in place to create the right environment for sustained growth. The Department has a critical role to play in growing the agriculture base of our province. How? By supporting production, processing and marketing capacity to ensure PEI is able to capitalize on market opportunities and by supporting industry-led initiatives in areas such as innovation, value-add, food processing and diversification ventures.

We have a solid base to build on. The strength of the industry on PEI is evidenced by farm cash receipts and realized net income. In PEI, farm cash receipts increased 3.0 per cent from 2012 to 2013; the total percentage would have been higher save for a decline in potato sales in 2012. Total net farm income in 2013 was valued at $63.6 million, an increase of 6.9 per cent from the previous year.

In 2012, agriculture contributed $186.2 million (crop and livestock) to provincial GDP; a growth of 0.7 per cent over 2011. In 2013, crop and livestock production was valued at $193.4 million, a 2.2 per cent increase over 2012. If we factor in food production, agriculture and agri-food contributed 9% to provincial GDP in 2013. The Department is committed to assisting industry with growing this percentage.

### PEI GDP by Industry (chained 2007 dollars)

<table>
<thead>
<tr>
<th>Industry</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>All Industries (M)</td>
<td>4,359.6</td>
<td>4,403.2</td>
<td>4,466.9</td>
<td>4,585.0</td>
</tr>
<tr>
<td>Crop and Animal (M)</td>
<td>193.8</td>
<td>183.9</td>
<td>186.2</td>
<td>193.4</td>
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<tr>
<td>Food Manufacturing (M)</td>
<td>203.6</td>
<td>199.4</td>
<td>202.7</td>
<td>214.6</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>397.4</strong></td>
<td><strong>383.3</strong></td>
<td><strong>388.9</strong></td>
<td><strong>418.0</strong></td>
</tr>
<tr>
<td>% Provincial GDP</td>
<td>9.1%</td>
<td>8.7%</td>
<td>8.7%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Source: Prince Edward Island Statistics Bureau, November 2014.

### Net Cash Income = Total Cash Receipts–Operating Expenses after Rebates

### Realized Net Income = Net Cash Income + Income-in-kind – Depreciation

### Total Net Income = Realized Net Income + Value of Inventory Change


### PEI Farm Cash Receipts

STRATEGIC INVESTMENTS

To support an increase in provincial GDP, the Department will focus on the following key investment areas:

- Continuing to work towards **Outcome Oriented Programming**
- Furthering the development of the **Food Innovation Strategy**
- Strengthening **Strategic Community Partnerships**

The combined value of primary agriculture and food processing on PEI, measured by Statistics Canada, indicates the contribution of agriculture industries to provincial GDP. The Department may influence an increase in GDP through the implementation of appropriate policies and programs and by ensuring that the necessary infrastructure is in place. While agriculture will continue to be impacted by changing consumer trends, volatile market prices and climate irregularities, a strong PEI sector will attract investment; encourage innovation and value-add opportunities and increase agriculture’s contribution to the province’s GDP.

**Outcome Oriented Programming**

Agriculture on Prince Edward Island is constantly challenged to achieve greater efficiency in resource use while practising socially responsible farming techniques, providing high quality products and protecting the environment. Through Growing Forward 2, the Department has been able to offer a number of programs that support these efforts. Increasingly, the Department has been partnering with farm leaders on a number of industry initiated projects: training in animal welfare and biosecurity measures to assist with the protection of the Island pork industry; funding to support the development of a Marketing Strategy for the PEI Potato Board; and the creation of criteria to support a new beef brand.

Government will continue to promote industry led activities to ensure the greatest benefit to industry but also as a way for farm organizations and other stakeholders to provide value to government decision-making. As a Department, we recognize the importance of having strong industry partners. We are committed to programs and services that are responsive to the needs of the sector and for the health of the Island economy as a whole.
Food Innovation Strategy

There is growing awareness that Prince Edward Island has a distinctive food culture. Clean water, quality production techniques, and a pristine environment have become synonymous with Island food production. Island producers have suggested that supplying niche markets with quality products advertised under a unique and recognizable brand would help create a more sustainable and profitable sector. With this in mind, the Department continues to play a key role in the Food Innovation Strategy first introduced in the 2013 Speech From the Throne. This means diversifying into new products and new markets; capturing added value opportunities; increasing margins for producers and working towards a more profitable future for the industry as a whole. In this light, we can build on the market recognition success that the PEI Brand has afforded our local producers.

Food production and processing are regarded as instrumental to the continued economic health of the province. The value of food processing to PEI is evident in that 40 per cent of international exports are derived from agriculture and seafood processing. Together, food manufacturing and primary agriculture contribute 9 per cent to provincial GDP; second only to Saskatchewan. Building on this momentum the Food Innovation Strategy will celebrate the uniqueness of PEI products and concentrate marketing initiatives on the natural beauty of Prince Edward Island.

Strategic Community Partnerships

Prince Edward Island is fortunate to have a well-established network of community based Watershed Groups focused on protecting the Island’s natural resources. As these groups continue to grow they become strategic advocates for sustainable agriculture. As the intensity of agriculture has grown issues such as soil erosion, surface runoff, and climate change have challenged communities, producers and processors to better understand the balance between water quality and land use practices. In doing so, there has been a recognized need to further invest in the conservation of natural ecosystems not only for reasons of environmental stewardship but for human health considerations as well.

As a Government, we have an opportunity to help grow the relationship between farmers and watershed groups so they can influence public policy; help identify priority issues; and become important advocates for environmental stewardship. The Barclay Brook Project in western PEI is but one example of the success of farmers/landowners and watershed groups working together and could serve as a template for other areas in Prince Edward Island.
PERFORMANCE INDICATORS

**Overall Client Satisfaction**
- Client Satisfaction Survey
- Program Uptake and Impact
- Service Delivery Trends

**Farm Profitability**
- Net Income ($)
- Return on Investment (Net Income/Direct Payments)
- Participation: Business Risk Management Programs (%)
- Participation: Business Development Programs (%)

**Value of the Agriculture Industry on PEI**
- Agriculture Contribution to Provincial GDP (%)
- Revenue from Value Add Product Sales ($)
- GDP from Value Add (%)
- Participation: Strategic Growth Initiative Program (#)

**Promoting the PEI Brand**
- Residents with a Positive Perception of Agriculture (%)
- Value of Product Sales Due to Promotional Initiatives ($)
- Value of International Exports ($)

**Watershed Integration Approach**
- Identification of Priority Watersheds
- Collaborative Activities

**Food Innovation Strategy**
- Implementation of the PEI Food Innovation Strategy
- Introduction of New Products into the Marketplace (#)
## HOW WE GO ABOUT IT

### Strategic Priorities

<table>
<thead>
<tr>
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<th>Growing Farm Profitability</th>
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<td>Work with farmers, farm organizations and watershed groups to identify priorities</td>
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<td>Work with watershed groups to develop approaches to sustainable funding for watershed projects. (this is probably covered in preceding)</td>
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<td>Enhance GF 2 Strategic Initiatives.</td>
<td>Enhance departmental planning by measuring program impact on a bi-annual basis.</td>
<td>Leverage collaborative relationship with AAFC to promote the expansion of stewardship-type programs under GF2.</td>
<td>Help to secure a sustainable agricultural workforce through skills oriented training.</td>
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<td>Business management tools that assist decision-making and promote innovation.</td>
<td>Provide food safety and biosecurity measures that strengthen consumer confidence and provide competitive advantage in the marketplace.</td>
<td>Continue the development of a PEI Land Use Planning system.</td>
<td>Support the national Value Chain Roundtables (VCRT) to enable industry to grow and expand capacity and leadership within sector specific initiatives.</td>
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<td>Streamline regulatory processes to provide the greatest benefit to industry and PEI.</td>
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Prince Edward Island - Agriculture at a Glance

Quick Facts
2014*

GDP by Industry (2013)
- Crop and Animal Production: $193.4 M
- Food Manufacturing: $214.6 M

- 1,495 farms
- 1.4 million acres
- 180 dairy farms
- 410,712 acres in crops
- 78,000 head cattle
- 60 certified organic producers
- 90,500 acres of potatoes planted
- 594,000 acres cleared for farm use
- $64,220 M realized net income (2013)
- $496,163 M farm cash receipts (2013)
- $385 M gross operating expenses (2013)
- 3.427 million dozen eggs were processed (2013)
- 133,100 mink pelts, valued at $3.4 M (2013)
- 125 wild blueberry growers growing approximately 13,000 acres of blueberries

- Average farm size: 395 acres
- Average age of farm operator: 54
- Farm population: 5,150

Prince Edward Island (2013)
Length: 224 km
Width: 6-64 km
Shoreline: 800 km
Population: 145,273
Total Area: 5,660 km²

*unless otherwise stated
industry
consumer value-added
producers Strategy support
between initiatives protecting culture
protecting agriculture Island
Brand agricultural greatest
increase assisting
primary profitable marketing
supporting programs services sustainable
management community practices environmentally
sustainable growth industries increasing GDP achieve
agri-food Island's value growing sector
food production natural
innovation processing opportunities market
capitalizing provincial quality products biosecurity
Prince

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Agriculture and Forestry