

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, November 7, 2012**

**LEGISLATIVE CHAMBER**

**Department of Agriculture  
Promotion of Nova Scotia Agricultural Products**

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## **Public Accounts Committee**

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[Mr. Graham Steele replaced Mr. Howard Epstein]  
[Mr. Leo Glavine replaced Mr. Andrew Younger]  
[Hon. Christopher d'Entremont replaced Mr. Allan MacMaster]

In Attendance:

Mrs. Darlene Henry  
Legislative Committee Clerk

Ms. Evangeline Colman-Sadd  
Assistant Auditor General

Mr. Terry Spicer  
Assistant Auditor General

Mr. Gordon Hebb  
Chief Legislative Counsel

## **WITNESSES**

### Department of Agriculture

Ms. Rosalind Penfound, Deputy Minister  
Ms. Linda MacDonald, Executive Director of Policy and Corporate Services  
Mr. Scott Hosking, Director of Policy and Planning  
Mr. Weldon Myers, Chief Financial Officer



House of Assembly  
*Nova Scotia*

**HALIFAX, WEDNESDAY, NOVEMBER 7, 2012**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**9:00 A.M.**

CHAIRMAN  
Hon. Keith Colwell

VICE-CHAIRMAN  
Mr. Howard Epstein

MR. CHAIRMAN: Good morning, everyone. I'd like to bring the committee to order, and I'm going to start proceedings this morning with the introduction of our committee.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Thank you, everyone. I'm Keith Colwell, MLA for Preston, and chairman of the committee.

We'll start our committee this morning with Ms. Penfound, with opening remarks from your department.

MS. ROSALIND PENFOUND: Thank you very much. Good morning, everyone. My colleagues have already been introduced to you, but what I can say before starting is I've been back in the Department of Agriculture now for just a few months, and I'm really excited to learn about all the good things that have been happening to support our local agricultural industry.

People of Nova Scotia, the Government of Nova Scotia and, of course, the Nova Scotia Department of Agriculture recognize the importance of supporting Nova Scotia farmers and businesses - buying local means fresher, tastier food for consumers, and more business for Nova Scotia farmers. Our department has developed a comprehensive suite of projects, programs and research to support the promotion of Nova Scotia foods to Nova Scotians. We partnered with other government departments, food and service industry associations, chefs, retailers, and farmer's markets to deliver promotional and development activities.

We've had numerous successes in many areas. I'd like to take a short moment to outline some of the ways we're working to promote local food. Firstly, Select Nova Scotia, launched in August 2007, is an initiative of the Province of Nova Scotia. Its objectives are to increase the consumption and awareness of local foods, promote the benefits of buying local for farmers, world communities, and the provincial economy and, in so doing, increase opportunities for industry growth and development.

These objectives are delivered through a number of ways - promotional campaigns; partnering with grocery retailers on projects; direct marketing events and initiatives with farm and farmer's markets; wineries; cottage processors; agri-tourism operations; and partnering with restaurants and food service. Select Nova Scotia supports several signature events throughout the province each year including the Incredible Picnic, which I'm sure you've heard of, that are held in August, and the Community Suppers which are held in February.

More than 8,000 Nova Scotians attended the 12 Incredible Picnics held last summer across Nova Scotia from Sydney River and Port Hood to Berwick, Halifax, and Hubbards. Eleven communities from Annapolis Royal and New Germany to Truro and Sydney hosted community suppers last winter, with more than 1,500 Nova Scotians participating. Both of these events promote the broad range of Nova Scotia fruit products available year-round.

The Select Nova Scotia program has been extremely successful - a consumer research study completed in June 2010 found a 33 per cent awareness of Select Nova Scotia. For a program that's only about five years old, that's really great awareness and uptake in terms of the public's knowledge and psyche around local products, and that awareness translates into increased Buy Local buying behaviour.

The second thing I want to mention is the Taste of Nova Scotia. Taste of Nova Scotia is a unique, province-wide marketing program whose 144 industry members include restaurants, food producers, and processors. All of these members are committed to offering the very best culinary experience Nova Scotia has to offer. Taste of Nova Scotia is an extremely important partner in delivering promotional activities. It has grown in size and importance in developing the Nova Scotia brand both domestically and internationally.

I also want to mention the Community Development Trust. The Community Development Trust, or CDT, was established in March 2008 and it saw \$2.3 million invested in strategic, direct-marketing infrastructure and development initiatives from 2008 to 2011. In total, 17 projects received funding and we can have some more details on that later, if you wish. These included investments in seven farmers' markets to assist with business-development training and site enhancements. CDT funds were also used to help farm operations improve their processing facilities and to directly market their products. The benefits of these investments will continue into the future.

I also want to mention – I'm sure you're interested in local food procurement in publicly funded Nova Scotia institutions. The Department of Agriculture and the Nova Scotia Government have worked hard to encourage government institutions such as schools, hospitals, universities, colleges and provincial correctional facilities to buy local. In 2011 our department completed an extensive study of procurement practices in publicly funded institutions, to look for opportunities. The study found that the market is small but does have some opportunities for small producers and processors.

In April 2011, a two-day food service forum was held, which brought together 60 representatives from institutions, distributors, food-service management companies, suppliers, farmers and governments, to discuss the study's findings and determine future opportunities. Public tendering, however, does face some constraints and must take place under the rules of several trade agreements, including the Agreement on Internal Trade and the Atlantic Procurement Agreement. These restrict the use of Buy Local preferences for purchases above certain thresholds but it's also important to note that those agreements also protect our ability to sell into other markets across Canada.

Nova Scotia's Sustainable Procurement Policy, administered by Economic and Rural Development and Tourism, and that was announced and implemented in 2011 and it encourages government to buy local within these trade and procurement rules. Government also continues to consider other ways that we can support Nova Scotia food businesses. Programs such as the Nova Scotia School Milk Program, the implementation of Thrive! and the work of ERDT's procurement division, which focuses on bringing buyers and local producers together, all support and enhance the use of local foods in publicly funded institutions.

Every weekend I go to the farmer's market where I buy local produce and products. Our department continues to work with the Farmers' Market association to provide annual assistance for strategic planning. In 2011 we offered five day-long courses across the province. These included information on food safety, as well as expert advice on food processing and packaging. Of course the promotion of Nova Scotia agricultural products and buying local is not solely government's responsibility. This is a big agenda and we rely on partnerships, such as some that I've mentioned, with non-government organizations and the private sector. We celebrate our achievements together and that's why we've been successful and we will continue to be diligent into the future.

In summary, our department is working diligently to promote Buy Local initiatives. Part of that work is ongoing research. A study is being completed this Fall to gather information on Nova Scotians' perceptions of the benefits of purchasing local foods, grown, harvested and made in Nova Scotia and regarding the barriers which may prevent it. The study will also seek their feedback on Select Nova Scotia's programming. The Department of Agriculture will continue to promote local food through various initiatives and activities; it's good for consumers and it's good for farmers.

Again, we thank you for inviting us to attend today and welcome any questions you may have.

MR. CHAIRMAN: Thank you very much. Mr. Glavine, you have 20 minutes.

MR. LEO GLAVINE: Thank you very much, Mr. Chairman, and thank you as well for coming in today to give us some update on local food procurement, an increase in consumption among consumers, the whole picture. I was wondering, realizing that Select Nova Scotia became the face of promoting local food, what is the current annual budget for Select Nova Scotia?

MS. PENFOUND: Mr. Chairman, the current annual budget has been going for a few years now. It started at about \$250,000 a year; it grew to \$350,000. Now that budget supports one full-time person because we understand that to keep a program like this going, we need dedicated staff who are on the job all the time, worrying about this. The remainder of the money goes to supporting promotional activities buying the various promotional products that we have, purchasing advertising, and a variety of other things. So it's about \$350,000, which supports one person in the department.

MR. GLAVINE: The next question I was concerned about - representing an area, Kings County, where the local food movement is very strong, however, we still hear from farmers who struggle to get their product to market, to find a niche area, and so on - some who aren't in a position to have their own farm market. I was just wondering if this full-time person or the department works directly with farmers? We have lost a lot with having representatives work closely with farmers, both from the technical aspect with the movement toward AgraPoint and so on, but I was wondering on the local food initiative to help farmers find some of those niche markets and help sustain their efforts to become a bigger part of buy local.

MS. PENFOUND: Absolutely. In fact, I guess what I would say as a first point is that that's what the whole department is about. So everything we do all the time is about making sure that our farmers have the best support we can provide to them, that they're positioned to do as well as they possibly can.

Certainly we work directly with farmers. Through the procurement process, in co-operation with Economic and Rural Development and Tourism, we have participated in

sessions where we bring together buyers and producers, both food processors and farmers, to be sure they each understand the opportunities and obligations that they have as individuals. We work with retailers to be sure that we understand and they understand what the opportunities are for farmers to get local products to market in Nova Scotia, and we think that there's lots more to be done and lots more that can happen in that regard.

We've been supporting farmers' markets as well, through the CDT funding, and have put on sessions to help farmers' markets grow across the province and to help those who wish to operate farmers' markets understand the importance of things like food safety and how they can best market a farmers' market in a safe and secure way so people can appreciate the products that they have.

I think, though, that we need to understand that we've got lots of local products that are finding their way to Nova Scotians' tables, too. If you go to a supermarket today, Nova Scotia producers would have all of the dairy shelf, so everything dairy comes from a dairy in Nova Scotia. All of the eggs would be Nova Scotia. All of the chicken, pretty well, would be Nova Scotia, and we would have a significant amount of produce in season, which may be where we want to make the most gains in terms of pushing that forward. So we are working all the time with farmers to help them reach that goal, and we also provide excellent business support for farmers to be sure that the models they are working in are ones that are viable. We want farmers to have viable businesses, part of which would be selling into the Nova Scotia market, and we do our best to help achieve that.

MR. GLAVINE: Yes, I still see that as one of our struggles, however - to get the mainline stores to have either shelf space or dedicated efforts toward local. Just to pick up for one moment on chicken, we have to hope that it's Nova Scotia chicken, because we know everything leaves the province. We do know trade pacts now, so it all goes into Quebec or Ontario. That being said, however, we have made good progress.

I'm just wondering if the department would meet with Sobeys and Loblaws and the Co-op on any kind of a regular basis to continue that promotion? I would have to say, in comparing Nova Scotia to Maine, New Hampshire, Vermont, Massachusetts, where I do get a chance to meet with agriculture representatives from those areas, they've made significant inroads in the mainline stores. That's one of the areas in which they basically have let California and Florida know that for this four-month period it will be our local product on the shelf, thank you very much, you've got eight months of business.

I'm not sure if we've moved there, but I'm wondering if you could talk a little bit about the receptiveness. We now know the farmer can once again go and see the produce manager in many situations, which we know is a tremendous step forward from the centralization that was taking place in Debert and Moncton, so I'm just wondering if you could outline a little bit of that path to hopefully have more where most Nova Scotians still continue to shop.

MS. PENFOUND: Yes, we do indeed meet at least annually with all those major supermarket chains, and we found them co-operative and very willing to do whatever they can to ensure that as many local products find their way to the shelf as possible. It often is a question of supply and demand in terms of how much product they need and how much we are able to supply. So that is one of the challenges that we face regularly, although we certainly have not found any reticence on the part of those major chains to entertain our advice and to work towards getting as many products as we can on the market.

We also continue to work with producers through the federation and other avenues to be sure that producers understand how they can best position themselves to be able to get their products into local retail chains. As you can appreciate, for things like beef and pork and others, there is such a huge volume that those stores require and our industries are relatively small. It doesn't mean we shouldn't be working towards having that on the shelf, but we think that for some of our producers seeking a spot on the Sobeys shelf may not be the best route for success for them, that it may be better for them to differentiate their product, find ways to become a specialty product and be on the restaurant menu as specific Nova Scotia brand - or find their way into specialty shops like Pete's Frootique and those kinds of places.

Not that we don't want to continue to work with the large producers, but we also think for some of our industry the route to success is not to think that we can compete with Alberta beef - we want Nova Scotia beef to be the top of the line, differentiated product that people see as a high-end product. We're never going to be able to produce the, whatever it is, 10,000 strip loins that Sobeys might need every weekend, but we certainly want to work with those chains to be sure that the products we do have that are available find their way to the shelf.

MR. GLAVINE: Mr. Chairman, just to move on to another area, but a somewhat bridging in what you have said - I'm wondering if we are making any attempt to work on a regional program for local food. The Atlantic Canada Plus, when it got lots of attention and advertising and support dollars and resources, seemed to do very, very well. We are doing some Maritime beef through the Maritime Beef Plant in Prince Edward Island. But one, sort of singular example that I like to demonstrate where it can be done is Mount Allison University. Mount Allison, between 40 and 50 per cent of what they put through their cafeteria is Maritime Canada. I think it's possible, but I'm wondering, again, have you met with the egg representatives, both political and government officials, to see if we can in fact do more to move the local food consumption stronger on a regional basis?

MS. PENFOUND: Thank you very much for the question. Yes, that happens quite regularly. Ministers of Agriculture, both federally and as an Atlantic group, meet regularly, as do Deputy Ministers of Agriculture. In many instances those ministers and deputies also have responsibilities for Fisheries and Aquaculture - so it's about food in general, not just about agricultural products.



I mentioned before, when I mentioned Buy Local, that one of the constraints we have on requiring institutions, for example, to buy local, is the fact that there is an agreement on the internal trade, which is all the provinces across Canada, and the federal government, and then there also is the Atlantic Procurement Agreement. The Atlantic Procurement Agreement, although you might look at it and say that restricts us from requiring institutions to buy local, it does set thresholds and under certain thresholds we're allowed to do that.

It is an indication of just what you ask about in terms of how Atlantic Provinces have agreed to co-operate - and understand that we are a pretty small geographic area and our industries are fairly well integrated, so there are certain benefits to buying local, but it's how you think about "local." Some people think about local as the farmer next door or the farm market; some people think about it as their community or their county. There are some definitions that call it 50 kilometres within where you live. Generally we think of local as Nova Scotia, but we also have a broader view that includes Atlantic Canada.

A couple of years ago, the Council of Atlantic Premiers took this on as something they wanted to pay attention to and increase regional co-operation in this regard. Scott Hosking, my colleague here, chaired the team that was put together among the Atlantic Provinces, so I might ask Scott to tell us a little bit about the work of that action team under the Council of Atlantic Premiers.

MR. CHAIRMAN: Mr. Hosking.

MR. SCOTT HOSKING: Yes, there were a variety of initiatives that the CAP Agri-Food Action Team undertook. One of them directly related to an Atlantic food initiative, a branding initiative. It involved at the time the Canadian Council of Grocery Distributors, ministers and deputies from the four provinces, and industry itself. After quite a long period of investigation and evaluation, it was deemed that there was unclear direction from several different members, so we kind of put it on hold at that time.

I think what it did do in a positive way, from an Atlantic perspective, is really continue to push the retailers in that direction of their Atlantic initiatives. That's a really positive thing. Even though there are Select Nova Scotia initiatives, it's very important that they continue to push the whole buy local theme. It has been very effective in encouraging them to further develop their Atlantic initiatives, but that was very thoroughly investigated.

MR. GLAVINE: Thank you very much. In fact, the deputy minister went where I was going, and that was gaining some sense of what we really mean by buy local and local food. Again, it has been bandied around, and sometimes we hear - you know the 100-mile diet. It's what's grown in your province or in your region. We even hear some of the mainline stores saying it's what can be delivered in a 24-hour period. Well, guess what? We can move a long way in 24 hours south of the border, and it's far from local - not to say it isn't great food, but it certainly isn't my concept of local.

I just want to move a little bit further along here. Realizing that here in Nova Scotia we do have a great soil regime, especially in the Annapolis Valley - one of the top three in Canada - and also climate-wise, and I believe - and we've talked about 20 per cent of our food grown by 2020. I believe we do need to have a target and a plan, and that we can be much more self-sufficient and self-sustainable with our food production. We were there in the past; there's no reason why we can't make the same kind of inroads and work our way back to a higher percentage.

So realizing that we do have the basics to do this, I'm just wondering what else, in addition to Select Nova Scotia and the promotion of farm markets, you feel we need to do to bring our local consumption of highly-nutritious, safe food, easily traceable, back into the minds of Nova Scotians? It's often thought about as being a bit too expensive, compared to some of the mainline store products. I'm just wondering if you have some next steps as to where the department may be moving to again increase local consumption of food.

MS. PENFOUND: Thank you, Mr. Chairman. As I mentioned, Select Nova Scotia in just five years has achieved great success. We think that for a program that is five years along, 33 per cent of Nova Scotians recognizing that name and understanding what it's about is terrific. So we will be continuing to work diligently with the Select Nova Scotia brand and pushing along the activities under that program, as well as working with our colleagues at Economic and Rural Development and Tourism on the public procurement rules.

I would say, though, that one of the things I think is important - and we continue to do this all the time - is to work with our primary producers to help them get into business models where they will be viable, and help them understand what they can do to best position themselves. I remember going to the grocery store five or six years ago, when I was at Agriculture before - and although I have always supported the concept of buy local, when I became the deputy minister I thought I really needed to get tuned into this - and wanting to buy a bag of lettuce to make a quick supper when I got home, and thinking, I don't think I should buy that bag of lettuce; I should buy the head of lettuce because that's probably produced in Nova Scotia.

I did buy the head of lettuce, but I thought to myself it's about making sure that farmers understand that maybe what people want now is bagged lettuce - not that there isn't a place for heads of lettuce, but I'm helping our producers understand that they have to be tuned into the marketplace, what the marketplace wants, and how they can be best positioned to provide to the consumer what consumer demand is at the time.

I think that's a big part of our effort into the future. You mentioned that we have an ideal climate and soil that will be supportive of many sectors of our industry, and we think a key part in understanding, for example, how to help our beef industry be more viable, how to help our pork industry be more viable, is to take advantage of those local conditions

that can help us differentiate our products, which will then be on the consumer shelf and be recognized for the high-quality, differentiated, specialized product that we think we can produce that will be superior to some of that stuff that comes from elsewhere that is good food, but if people know it is Nova Scotian and it is high quality, they will opt for that.

There may be other things my colleagues could add, but that would generally be our focus. I guess what I'd say is we think we are in the right direction, we think Select Nova Scotia is where we want to go and continue that effort, along with what we do to support farmers every day.

MS. LINDA MACDONALD: The deputy mentioned earlier that a lot of things we do in the department really do contribute to awareness by consumers, getting us ready, getting producers ready for the marketplace. We have a whole regional network of extension specialists, and planning and development officers who are there to work one-on-one or with commodity boards and associations to support producers and assist them with planning, which is very key to entertaining any market.

I think the 10-year plan for agriculture, which is based on the jobsHere initiative which speaks to competitiveness and innovation and productivity, underpins those three tenets in our work with producers to enhance the competitiveness of the industry and our ability to compete, both locally and internationally.

MR. GLAVINE: I was wondering how much time I have left.

MR. CHAIRMAN: You have 30 seconds.

MR. GLAVINE: In 30 seconds, can you tell me deputy, or Linda, why we don't have an apple program in our schools?

MS. LINDA MACDONALD: There's no specialized apple program in our schools, but there are lots of apples and promotions of apples in Nova Scotia schools, but no subsidy program.

MR. CHAIRMAN: Order please, that was very good timing.

Mr. Porter.

MR. CHUCK PORTER: Thank you, and thanks to our guests this morning for being with us. It's always a great topic, and I'm sure we'll have some good discussion, as we've had so far.

Interesting on the apple piece, given I come from an area, as well, with Mason's in my backyard who have, over the years, done a little bit with the apple industry, done a little

value-added stuff. They used to do the packages and things like that, and went to the schools – I'm not sure how familiar you are with that.

I wanted to talk a bit about marketing and product. I've travelled around the province, and I've talked to a lot of farmers in different areas and different sectors of the industry and most of them will say the same thing - it's about being able to get their product to market. We know what we consume, as an example, for beef every year, but yet when you talk to beef farmers they say we could do more but we can't seem to get our product marketed.

We keep talking about the local, the local, the local - and I think we are getting better at that. I would agree that we are getting better; people are paying a little more attention now. You keep talking about it enough, repetitive persistence, we'll get there eventually - and I think you quoted, deputy, 33 per cent maybe now are aware of the Incredible Community Suppers and such, and that's a good thing. I see that in my area over the years when we've hosted these, a little bit bigger crowd seems to come out each time, and that's a good thing. And our local farmers are a part of that - they're bringing their products, they're having an opportunity.

That's all good, but we need to get bigger. Obviously we need to do more; we need to educate more. But I want to talk about how come we still struggle with this marketing side of things, that there are farmers saying we could produce more if we had a way to get to market - and I think that Leo touched on it a bit by way of the Superstores and the Sobeys. They're looking to buy in bulk, they're looking to buy in quantity and best price, but our farmers feel they could be competitive. We don't seem to be making a lot of gains there - do you want to speak to that for a minute?

MS. PENFOUND: I'll ask Ms. MacDonald to speak to that.

MS. LINDA MACDONALD: A good question. Believe me, it's one that we constantly turn our minds to and think about when we work with producers. I think, in broad strokes, old business models - or commodity business models would probably be more appropriate - when you're looking at large retail markets or food service markets, a lot of the commodity business models don't suit Nova Scotia because we're small.

I mean, when you consider something like 42 per cent of Nova Scotia farm gate has income of \$10,000 or less, those farms are small - and there's certainly a place for them, but it means that there really is an inability to compete in large commodity markets. So the focus of much of our research and our one-on-one extension support for producers is helping them transition into business models which more suit, and those would be direct marketing venues, retail operations that cater to niche products - and in terms of even large retailers who cater to niche products.

I think maybe our aggressive initiative speaks to that, where in terms of the beef industry it's presently a feeder industry. We don't have a large volume of finished cattle. We do have a grass advantage and we're doing some research now to support the transition of producers to those models where our cost of production is more in line and where the marketing advantages we know are there.

MR. PORTER: You talk about the marketplace and the advantage, the competitive advantage and the business models - and we see a variety of different business models actually, and you see some are doing a great job with it. I think of the Indian Garden Farm, down the South Shore, that I visited recently and this guy is just all over and he's doing everything there, and he's able to do that, a good business background, or at least it seems to be, you know, and people are excited to go out there. He's got a really unique place, a beautiful place there. Actually when you drive up the long driveway, he has a lot of different things to offer somebody coming in to see something different.

It's like the Dill Farm in my area, where they grow the large pumpkins - it's one of those things that sort of attracts people to come, and that's all good. But when I think about the beef side of things, and having talked to a lot of different beef farmers we know we bring a lot of beef into Nova Scotia from other places. They would tell you if they had an opportunity to grow more, they would grow more, but they don't seem to have that opportunity and they're sort of stuck at a number and a certain size. They seem to feel that they're being held there - I don't know if that's the right terminology, but they would say to you that we would grow more beef, we would love to sell more beef in Nova Scotia. That means our profit margin goes up; that means we're a bigger business. If there's a need for it, they don't feel as though they're being assisted maybe or helped, or the programs aren't right. I don't think one program - and I've said this recently at a federation meeting - one program doesn't do for everybody. It doesn't fit every model and we know that - I know you know that as well.

So there's a lot of work to be done there yet. Although we may be getting better at educating our public on the local side of things, we're a long way from where we need to be, and I think most farmers would agree with that. The grass fit initiative is a good one; it is an advantage that we do have here and, again, there's an opportunity to grow that side of the business with that. I don't know how much more research we've got to do before we decide that that's where we really want to be and we're really going to focus on that, but I want to get into it because time seems to fly by here when we're talking and asking questions; it goes quickly.

I talked to a consumer recently - he follows this stuff pretty closely - and he says about labelling, that he will go into a store and he'll get a jar of pickles at the store and he'll pick that up, and that product is actually from where? He finds out at the end of the day it's from China, but the label on it is packed for Loblaws, or packed for Sobeys, or packed for whoever has actually got it on the shelf. He asks why that is not marked.

Now we do see, and have seen over the years, products marked product of U.S.A. or product of California, maybe with grapes, or from Chile, or what have you, why is that not something that we are focused on when we're trying to focus on local markets, buying local, and trying to drive that message home to our consumers here in the Province of Nova Scotia? Why would we not be labelling or having something mandatory in place that says you have to say - if those pickles are from China, we want to know they're from China.

That doesn't mean they're not going to buy them, but they want to know. People are starting to get interested in knowing where their foods come from, especially when we continue to see issues around the world, and even in Canada, regardless of whether they're in beef or they're in grapes, or they're in whatever products might be, people are paying attention to their foods. They are trying to buy local.

I do see people in the stores looking at things and, deputy, your example of the head of lettuce versus the bag of lettuce is a very good example about the value-added. Should we, as farmers in Nova Scotia who are growing lettuce, be focused on that? That's a great program for those who grow lettuce. That may not fit another part of the industry, but it sure fits that piece.

I'm really interested in the labelling piece and if we have a plan to go there, so I'd be interested in hearing either the deputy, or Ms. MacDonald, either one, your thoughts on that.

MS. LINDA MACDONALD: In terms of labelling on product and packaging, those are heavily regulated areas, as you know, in terms of claims that can be made - claims on origin, health claims by federal legislation under the CAPS Act and the Food and Drug Act for Health Canada, so there's not a lot of latitude, as provincial governments or industry, to amend their labelling, based on a marketing pursuit, if you will.

We do know, through research, though, that the term "local" means a lot of different things in a lot of different consumers' minds. Principally, research would say consumers turn to provincial, so local means Nova Scotia - or if you are in Ontario local means Ontario. But there are about 30 per cent of consumers who, when you say local, turn to a more regional approach - Maritime or Atlantic. In some consumers' minds local even means national, Canadian. Then there are, in high agricultural or high food-production areas, where you say local - and if you're from the Annapolis Valley, local means it's grown in the Annapolis Valley. So there is a little bit of a - not a rub, but from a marketing perspective, where regulation comes up against, in marketing terms, our ability to create awareness of that product and its origin.

There are regulations, like our wine regulations, which say Nova Scotia means at least 85 per cent Nova Scotia grapes in the bottle and the 15 per cent needs to be Canadian, and that's how we define Nova Scotia on that label. Nova Scotia wines of quality, on that label, means that it is 100 per cent Nova Scotia grapes in the bottle.

That's kind of a long, twisted answer to your question, but the term local is more a marketing term. When it is used, you mostly see it used in point-of-sale advertising, the tent card on restaurant tables, but in terms of the packaging, that's very strictly monitored by federal legislation.

MR. PORTER: Thank you, and I wouldn't call it twisted - long, maybe, but not twisted, and not even that confusing, in all honesty. I understand exactly what you were talking about, when it comes right down to it. Yes, we have federal regulations that are in place. Yes, we have provincial regulations that are in place. Yes, there are different meanings of local. If you asked the farmers what local meant, they would give you one answer, obviously, and yes, if you asked others they might give you a multitude of answers. A piece of that is our education, number one.

Number two, why isn't there in this province - because we continue to talk about local; you've talked, deputy, about five years of doing a local program called the Incredible Suppers and Incredible Picnics. Why isn't there - and we spent a bit on that in marketing and so on - why aren't we legislating a definition of what local is in a variety of aspects? Why aren't we saying that local is provincial first, second it's the Atlantic Region, third it's national? I can't understand how come we're moving away, and maybe that's not the right term, but we're not getting more finite in the definition of local. The reason I'm going here is that if you defined local, it's like defining anything else. People know now what it means, and you can teach that to people. So local equals - let's just call it something within the Province of Nova Scotia. You start marketing that, and now people know what local means.

Another version of local outside of that, which we'd like you to focus on as consumers, is the Atlantic Region. That's a definition of local - Atlantic local, Canadian local. Then you can take - in my opinion, and talking to farmers they agree - this definition and you can educate people on why this is what it means and this is why you should support all the economics that go along with it. We know that the farming industry is a large economic driver. We talked about job creation. This gets very broad, as you well know, and I won't go into all that.

Yes, food safety is number one, and sometimes the farther we reach away we see that there are issues with food safety. We've seen that over the years in Ontario and now Alberta. We've seen it in other parts of the world. We know that sometimes those things happen. We need to do our best to prevent that and we need to continue to focus, but when you're talking about local - and if you really want to stand up and say we support local and Nova Scotia first, you have to put a definition around that.

I'm just curious, why aren't we focusing more on a definition so we can teach our young people, to begin with? You talk about it going into schools. Leo talked about an apple program in schools. Wouldn't it be nice to be talking about local product in schools, and maybe not just in agriculture but what local means? It goes back to that marketing

piece about what's on the pickle jar, nothing - "packed for." "Packed for" doesn't tell me a thing, and just because there are regulations federally, it doesn't matter. Go to Ottawa. Talk to the people. Tell them why it matters. We want to do this in Nova Scotia because we care about Nova Scotia products. We care about what our consumers are buying. We want our people to know what local product is and where it's coming from, and to support Nova Scotia product and Nova Scotia farmers.

It seems simple. Obviously it's got to be a lot more complicated than that, because you haven't done it, so I'll give you the opportunity now that I've taken a few minutes, deputy.

MS. PENFOUND: I guess what I would say about the definition is that it is in the eye of the beholder, as we've noted, but in all of our programing and all of our efforts that we undertake, we consider and act on local as Nova Scotia - a Nova Scotia product. Whether or not putting that in a piece of legislation would be effective, I'm not sure. I guess that might be for others to debate. Of course, we have to be mindful of those agreements on trade that I mentioned before as well. Linda, you might have something to add on that.

MR. CHAIRMAN: Ms. MacDonald.

MS. LINDA MACDONALD: Well, certainly when we established Taste of Nova Scotia in 1987, that program was one of the first in Canada, and probably internationally, to take a region and brand it in a way that the geographical indication is provincial. I think they've done a terrific job, provincially and internationally. As I say in trade work, in saying we have great local food, it's in a place called Nova Scotia. Select Nova Scotia has Nova Scotia in the name, and as the deputy has noted, the awareness in five years of that program has gone from a new program with no awareness to, after five years, about 33 per cent awareness in the consumers' minds, so they know and understand what the program is about.

I take your point. It's a very good one. It's a complex marketplace, and we're continuing to define what we mean by local, in terms of Nova Scotia, especially to our own Nova Scotia consumers.

MR. PORTER: Thank you for that. It is important and I want to stay focused on it for a bit because we know that the big stores, the chains, are buying things in bulk and yes, they are carrying Nova Scotia product, but you know it's difficult even there because - and I'll use Sobeys just as an example and I'll use Mason's as another example because they are local for me - you can go to the Sobeys store and you can buy a bag of apples and it will have the "grown at Mason's" right on it. Then you can buy another one that's unmarked but if you know the PLU number, you know they're the same apples. This doesn't make any sense to me whatsoever.



I know that it's marketing with stores, maybe there's reasons why people wouldn't buy - they would buy A versus B and there's all of these different things and you can't force people to buy anything but you should be telling people - we should be telling people - where that product is coming from. What difference does it make what bag it's in? The product should still be known. Most people going into the store wouldn't know the PLU, number one, or to look for it, number two, it's just whatever their brand is - President's Choice or No Name or Sobeys, whatever it might be.

I realize that what you said a few minutes ago, it is very complex, it's very difficult to narrow every product right down, perhaps, but that piece - and there's a lot of consumers talking about how they'll go to the store and they want to buy a piece of meat. We look at the pork industry in Nova Scotia and how bad that has fallen in years past, but do you know what? There's still an awful lot of people eating pork in Nova Scotia. They don't know where it's coming from, unless they're going to places like Jimmie Lamb's in the Valley or Mike Oulton's in my area, and they're buying local and Mike is telling them, yes, that's from here, that ham that you just bought that has been smoked, et cetera, that came from farm A, it's local.

There are a lot of people doing that, we see a lot of those people coming out from the city now. You go to Oulton's any time and you'll see they're busy with customers because they want that local product. He's able to tell you where that comes from, whereas if you go to Sobeys, they're not telling you where it's from, it's not marked.

People want to know where their products are coming from, especially, like I said, where we've just seen this big issue in Alberta with beef. People who are beef consumers were worried about that. When I go to the store I'm asking, where is my beef coming from? If there's no other beef, local beef that we can define in this store, we're either going to Oulton's and we're buying our ham or our beef, or we're not buying it. It's not that we don't want it, we do want it.

There are a lot of examples of the difficulty in getting our local product to market but people want to buy and we need to focus on that, people want to buy local. It shouldn't be that difficult. Like I said a few minutes ago, you talk about the regulations and to me that's not good enough; I don't care if there are regulations. The consumer out there, in all honesty, we can sit in this place and talk about regulation and understand that, and legislation, we can sit here and talk about that. They don't understand it; they don't need to understand it. What they want is to know where their local food is, where it's coming from and why it's not marked, so they can buy it.

When I've got people coming into my office or calling or running into them in the grocery store and saying, you know the lettuce - again, a good example - I want that bag of lettuce, where did it come from? I really don't know. Is that the right way to be going when we're trying to make agriculture better?

Yes, there have been improvements; five years, 30 per cent, that's probably not bad when you think about some things overall but a plan forward has to be even stronger with what we're seeing from different places around the world and consumers are paying more attention, they want to know where the product is coming from.

That labelling, I wish we would focus more on that, at least defining Nova Scotia product . . .

MR. CHAIRMAN: Order, please, your time has expired.

Mr. Ramey.

MR. GARY RAMEY: Thank you very much, Mr. Chairman. I'll be sharing my time with my colleague, the member for Pictou East, but I'll take the first 10 minutes here.

MR. CHAIRMAN: Do you want me to cut you off at the end of 10 minutes or do you want to sort of do it yourself?

MR. RAMEY: No, I'll pay attention, Mr. Chairman, thank you. My first question relates to something Ms. MacDonald said. I think you mentioned that Taste of Nova Scotia originated in about 1987, is that correct? Every year folks come to the Legislature and showcase the products on behalf of Taste of Nova Scotia. I guess what I'd like to know is can you talk a little more about the successes of Taste of Nova Scotia and how do you get to be a member of Taste of Nova Scotia and, if you do, how does that benefit your company? Can you just talk a little bit about that, please?

MS. PENFOUND: Thank you for the question. We're happy to talk about Taste of Nova Scotia. We consider it one of the flagships, buy local, promote local product initiatives.

The objectives of Taste of Nova Scotia - there are a number - are to help members grow their business, obviously, because everybody wants to be profitable when they're in a business; reinforce and strengthen the Taste of Nova Scotia brand, it really has a great brand now; and to assist Nova Scotia to be recognized globally and locally as a culinary authority, when people see that, they know that we have great food and it comes from Nova Scotia; and to encourage the members of Taste of Nova Scotia to support the brand.

Some of the key successes, which you asked about, the initiatives that Taste of Nova Scotia undertake include trade shows and trade mission participation. They've done some international missions, third-party event management, quality assessment programs. The key thing is that when people do experience food products of Nova Scotia is that it's of the highest quality. They do comprehensive social media strategy and consumer event participation.

I think one of the things that's really interesting about Taste of Nova Scotia is the government of the day gave a couple of hundred thousand dollars as seed money to start Taste of Nova Scotia. Initially that was all they had. Now their budget is over \$1 million, although the government contribution hasn't increased, so the membership itself has embraced this organization and understood the value of it.

To become a member of Taste of Nova Scotia, a company has to be reviewed by the Taste of Nova Scotia board of directors and if they meet the criteria they can become a member. The criteria would be quality, the kind of product, a willingness to participate in marketing, all the kinds of things consistent with the objectives of the organization, and you have to pay the fee to belong. Obviously the fact that it has now grown to over 140 members, they obviously see the value of paying that fee and see what it can do for their businesses.

The kinds of benefits you get, if you're a member are: mentoring, so if you're a new member, you get the opportunity to network and be mentored by other members; you become part of a larger brand that promotes high quality so Nova Scotia businesses now seek to be able to have that Taste of Nova Scotia brand associated with their products because it has developed such a reputation for quality. Taste of Nova Scotia is not just about buying local, although that's a good thing, encouraging Nova Scotians to buy the products, but about that branding known nationally and internationally. We view it as really one of the significant successes in the last few years.

MR. RAMEY: You mentioned paying a fee. What is the fee that people pay to belong?

MS. PENFOUND: Mr. Hosking has been involved intimately with Taste so I'm going to throw this to him.

MR. HOSKING: There is a membership fee structure. It depends whether you're a producer, a processor or a restaurant. It depends on the size of the restaurant, whether it's a 10-seat or 100-seat restaurant, and they can range from anywhere from \$500 to over \$2,000, depending on the size of the operation and the value of sales.

MR. RAMEY: I know that part of getting people thinking the right way early on is by educating our kids in school about Nova Scotia agriculture and about Nova Scotia-grown food products. I do know, from seeing this on television, that there is something called the school garden project and I thought that was an absolutely excellent idea, a school garden project, kids out harvesting what they've grown and so on. Could you just give me a little bit of feedback on how that project has worked out and how many schools are involved in it?

MS. PENFOUND: We don't have the detail with us today, we certainly can provide it. I would agree with you that it's a great project. I know the elementary school that's close

to me in Dartmouth has one of those gardens and it is a great way for kids to understand where their food comes from. We can certainly provide that information to you.

MR. RAMEY: I'd really appreciate that because I think that's a great idea. In the few minutes I have left, this will be my final question before I turn it over to my colleague. We hear that farmers in Nova Scotia are aging, the age of farmers, as I understand it, is certainly middle-aged or older in many cases, and I guess if we want to promote local produce and other products from agriculture, we need to have people who will produce those products. Is there any kind of an initiative to get younger people involved in the agriculture industry in our province?

MS. PENFOUND: Thank you for the question. I guess before specifically answering, what I would say is we think one of the most significant ways that we could have young people get involved in agriculture is to be able to show them that these are viable businesses, that there's a future in agriculture for them, and that they can make a living and support their families in rural Nova Scotia. So everything we do about making farm businesses competitive we think is one of the significant selling features for a younger generation to come along.

And you're right about the average age. I think the average age of a farmer is up in the 50s now, which is kind of scary. So we certainly are interested in encouraging young people to get involved in farming - the Federation of Agriculture is as well.

One of our main programs in terms of specific things we're doing is something called the Think Farm initiative, which has a mandate to develop and implement a strategy to attract and support beginning, transitioning farmers in Nova Scotia. So it's about making sure that there's succession planning for those farmers who have dedicated their life to an agriculture business and now want to either pass it on to the next generation within their own family, or someone else who wants to take it over, or for new entrants who want to start up on their own, they see a business opportunity. So we have Web sites, videos, training and support for beginning and transitioning farmers that we think provides a great opportunity and, as well, we have the Nova Scotia Farm Loan Board which is a lending institution, basically a bank within government that is a vehicle for farmers, both young and more seasoned, to be able to finance their operation.

I think Ms. MacDonald may have more detail on the Think Farm program.

MS. LINDA MACDONALD: Yes, as the deputy mentioned, Think Farm is a strategy to attract and support both beginning farmers and transitioning farmers. It's led by Becky Sooksom and there's a cross-department team of folks from many areas of the department - planning and development officers with specialization in business and marketing, agriculture resource coordinators, our quality assurance folks and, as well, some folks from the loan board who are into lending.

All those folks work together to put programming together that is targeted to both new farmers and transitioning farmers - and they've done a marvellous job as well I think in working with stakeholders, folks like Perennia, who offer production technology export and extension services, folks in the Dalhousie Agricultural Faculty, researchers and continuing education people, and also a group called the Nova Scotia Young Farmers Forum. That forum has about 350 people or so who are new or transitioning. They work together and they work closely with the Think Farm team in developing information packages and programs that they themselves identify as being needed.

There are information kits. One, an important one is a guide for beginning farmers. There are information kits, and these information kits would have a number of things in them, everything from financing to zoning regulations, to how to find a farm, and how to get financing. There's an extensive Web site, and I would invite you to log on and go into the department Web site and press Think Farm. And it's amazing - it gives information on things like farm registration, who to contact if you want production technology advice, who to contact if you want marketing, financing, business management advice. Training and education opportunities that are coming up are listed there for them, and videos. Think Farm has outlined a number of videos that would speak to testimonials from new and beginning farmers on real life challenges and opportunities in agriculture for beginning and transitioning farmers.

As well, Think Farm has outlined a number of training initiatives, some in the form of workshops. From the Ground Up is one that was held over the past year. Celebration of Small-Scale Farming sessions have been held throughout the province. Learn to Farm is a continuing and distance education program through Dalhousie Faculty of Agriculture, and it is an on-line program where folks can learn about farming in a very practical way, and again, it provides contacts within the department and within the faculty at Dal.

MR. RAMEY: Well, thank you very much. I'm actually just cognizant of the time. I'm sorry to interrupt, but I'm going to have to turn this over to my colleague now or he will chastise me for that, so member for Pictou East, go ahead.

MR. CHAIRMAN: Mr. MacKinnon.

MR. CLARRIE MACKINNON: Thank you very much. It's great to have you here this morning. I have a series of questions, so I will try to be quicker with them than usual. The situation is that I am always concerned about the possibilities for consumption within provincial institutions. In my constituency there is a new facility being built, the Northeast Nova Scotia Correctional Facility. The Pictou County cattle producers and others are struggling, and I'm wondering, what can be done with institutions to buy local?

MS. PENFOUND: Thank you very much. Just give me a moment here to get myself on the right page.

This business of local products finding their way into public institutions has been one that has been hotly discussed over a good number of years, and as a result of that interest - and our own interest, for sure - we have worked diligently with Economic and Rural Development and Tourism on how we can best promote that.

A number of things have happened. Public procurement, as I mentioned, has become really complex. We have these trade agreements that are part of the landscape. They can be viewed as being a barrier, but they do have thresholds. What we have to understand is that we have a huge export market, and we don't want other provinces to limit our products being sold there, so there's a benefit for us to adhere to those trade agreements and to work within the thresholds that we have. So that's one thing.

It also is a very challenging environment in terms of how those institutions procure their food. Most of them use a food management company that does it, so the institutions may not be buying directly themselves; they may have somebody providing that for them, the same as universities, hospitals, whatever.

The goal of the Public Procurement Act, which is a fairly new piece of legislation just last year, is to be sure that we have things in place that allow information sharing between institutions, those that manage their food service and suppliers to be sure they understand the best routes. We have worked to ensure, for example, that the tenders that go out use generic language. We have found some things where, just by happenstance or history, a tender might say something like "New Zealand lamb" or something like that, and we say, well, wait now, we don't need to do that. We need to be sure that we have these tenders set up in a way that allows our producers to be able to respond. So being able to ensure that that happened is important, and making sure that those institutions understand the opportunities that are there.

One of the things that has happened within Economic and Rural Development and Tourism - I'm sure they would be happy to come and talk to you someday about it - is they now have a Chief Procurement Officer whose job it is to administer this Act and the programs, and most importantly, a Procurement Advisory Group, which is made up of representatives from the public sector and provides advice and recommendations about how to best ensure that institutions are getting as many products into the system that are local as possible. It's a small market, but it's an important market, and it's a place where our producers should be able to find some room.

I'm going to ask Ms. MacDonald if she might be able to add something about the details about how a particular institution might work their way through this.

MS. LINDA MACDONALD: We conducted a large body of research in 2011 to look at how we might grow the demand for local food products in publicly-funded institutions. Two staff pretty well spent a year talking to over 80 buyers within government departments and in the mass sector who procure food. The research base looked at things

like how this purchasing system works, the players, what might be some of the barriers to entry, some of the purchasing trends, and what and how much is purchased.

What we do know is that about \$123 million worth of food is purchased annually and that's of about \$1.1 billion in purchases overall of government in the mass sector, not just food of course but there would be services and construction as well as products. So the volumes are small, and just to put that \$193 million into context, we would have a farm gate of over \$0.5 billion and food processing worth \$1.1 billion. So although the market is small, as the deputy has said, it is an important market.

Having said that, we conducted a food-service forum, there were over about 80 people who came to that. We brought together producers and processors, our counterparts from Health, Education and the public procurement system and, as well, food service buyers at the school level in our Continuing Care facilities, Justice, to discuss what the opportunities were and what some of the barriers might be and how we can work together.

What they came up with would be a series of, well, I guess best known as supplier development. How can we enhance the economic development programs around supplier development? Advice and training sessions, workshops, trade shows where we bring buyers and sellers together, and information and path finding, those activities have certainly increased since the release of the study and I want to send a bouquet to Economic and Rural Development and Tourism, and the procurement folks way, for the great work they've done in working with our industry and outlining the opportunities that are there in the public sector.

MR. MACKINNON: We have had - and this is probably the biggest concern that I have in relationship to the agriculture industry - we have had international and to some degree national attacks on supply management. We talk about chicken, eggs and dairy doing well in Nova Scotia and I believe part of that relates to supply management. I am comforted and elated with Obama's win last night in relationship to this because there has been fair about the laissez-faire attitudes that have developed with the World Trade Organization and so on. What is the department doing in relationship to ensuring that supply management remains in Canada?

MR. CHAIRMAN: Order, please. Unfortunately, your time has expired. Mr. Glavine, you have 13 minutes.

MR. LEO GLAVINE: Mr. Chairman, I'm going to pick up on that question because I think it's extremely important. The deputy minister did say that we've got one of the best local products on the store shelves, and that's our milk. It doesn't matter about the brand, it's produced here by our farmers, and I'm just wondering how strong a statement have you made to the federal government about the need to keep supply management and to protect, especially our dairy industry, there are a few others, obviously, but our dairy, in particular.

I met with an Irish gentleman from the Department of Agriculture when I was recently visiting that country and he said, we can increase our milk production by 40 per cent. If we make an agreement that opens the border for European fluid milk to come here, I think the implications are just so severe. I'm wondering, how strong a statement has the department made to protect supply management?

MS. PENFOUND: Mr. Chairman, as I mentioned, Deputy Ministers of Agriculture for the Atlantic region and nationally meet regularly, as do ministers, and ministers last met just this past September in the Yukon and Minister MacDonell was there. I can tell you that he is an extremely strong voice on this point. We hear regularly from the Federation of Agriculture and from those involved in the specific supply managed sectors about just what you're saying in terms of how critical it is that we keep supply management to not just the viability of their sectors, but in terms of our economy, generally, and the agricultural industry generally.

I guess what I could say is that our minister has come pretty darn close to pounding the table on this point many times over and he is a very, very strong voice. Of course, this has become a concern of late as the federal government is negotiating the new, possible trade agreement that would be an agreement for trade exchange with Europe and Asia and a concern about what if supply management was on the table there. I think as a result of the efforts and the voices of many provincial ministers, but certainly, notably, our minister, the federal government has indicated that they will not be putting supply management on the block in those negotiations. We're very pleased about that, as should our industry be, and we think, as you've indicated, they are really the cornerstone of success for agriculture and the economy of Nova Scotia. So we will continue to defend supply management to the death.

MR. GLAVINE: Thank you, those are truly comforting words to hear about that very, very important sector.

With just a short time remaining - 13 minutes go by very quickly - I just want to go back to an area that I ended off with. I know we're here to question you and get an update, but if there was anything that I would say and leave with the deputy and the department - the last question that I ended off with was do we have an apple program here in Nova Scotia, but I would actually go beyond that.

I think the 250-year-old apple industry is still the most nutritious snack that we can put in our schools. There's one school in my riding, Pine Ridge Middle School - these are Grades 6, 7 and 8 students - and the principal there has made a point of not an apple a day for every student compulsory or anything, but he personally has made arrangements to have an apple a day for his students, 195 days of the year - truly commendable. Now if we were to do that in our 430 schools across the province, again, we look at the consumption factor, the benefit to our farmers, but I've looked closely at the B.C. snack program model



and how well it has worked. They started with about 25 schools; they now have 1,032, where they have a fruit and vegetable snack program for their students.

Our geography is not that extreme that we couldn't have coordination and especially now we have probably 40 per cent of all of our schools right here in the metro area. When I take a look at the young man who is shadowing me today as a school program, Ryche Copeland in the gallery, the next generation of consumers are with us. I'm just wondering, are we doing enough in our schools to really preach the "buy local" and have them truly conscientious of good, nutritious food, good habits that will increase our consumption in the province? I just want someone from the department to comment on that area, please.

MS. PENFOUND: I guess I would start by saying we probably never do enough. We always should be diligent about this stuff. We do work regularly with the Department of Education - and you would know that the Minister of Education is from the Valley, so she is very passionate about this topic as well.

Certain things have been done in the past to promote not just local but healthy food, and we have developed Strive for Five recipes, they're called, for school cafeterias, that ensure we use locally grown fruits and vegetables and that these fulfill the needs of the Food and Nutrition Policy for Nova Scotia schools. It's a significant move to be sure that our kids aren't eating French fries and drinking pop every day for lunch - as attractive as some of them may feel it is on any given day - but also to be sure that these recipes and these things that we're promoting aren't difficult. You don't want it to be the most difficult thing to eat healthy, reasonable local food, so to be sure that those recipes require minimal preparation and equipment and they are affordable to students, so that they're not having to pay more for something that is nutritious. We're doing that work.

We've also developed - I think it's more than 85 recipes based on seasonal availability, so knowing that when something is in season we should be making sure that school cafeterias have the knowledge to know that here's what we can do in season for a particular product. So those are some of the things that we have been working on.

With regard to whether or not we should do Apple a Day, it's certainly something worth considering. We meet regularly - as recently as yesterday - with the Nova Scotia Fruit Growers' Association on their plans in terms of making that industry even more viable. I am sure you would be aware of the work that has been done to get apple producers moving toward cultivars that are more profitable for them. I know that's not just about putting them in schools, but a healthy industry is one that has some longevity, and we heard some really interesting things about the work they have done with Honeycrisp and other varieties.

I know I like to eat a Honeycrisp or Ambrosia or some of those fancy ones that they're now producing. That can bring, I think they told us something like - I might not

have this exactly right, but that a bin of MacIntosh apples, which is a good product, might bring \$100 or \$150. That's good, and many of them are on the shelf and many are used for juice, but some of those other brands are now bringing them \$250 or \$300 or more a bin, so that's a big part of making that industry viable, and government has supported that movement.

On your Apple a Day thing - we certainly think that's worth pursuing, and we'll continue to work with the Department of Education to see what avenues we can pursue along those lines.

MR. GLAVINE: Thank you very much, deputy minister. I certainly want to see Sid the Kid on the ice, but I also want to see it as a snack apple as well. It's one of the new cultivars - Sid the Kid - and if there are any around, I hope to bring one to my colleagues here in the House someday.

But to talk about an industry not in great shape that I still believe has enormous potential - and I always say that, yes, we can grow and produce a few products in every county of Nova Scotia, we can raise a hen, we can grow a hog, and also we can grow a head of cattle, and I believe successfully in every one of our counties here, but our beef industry, ever since the downturn with BSE, has been in decline with the number of cattle per year, again, statistically showing on the decline.

I think in the wake of not one, but two, major food contamination episodes with meat, it's amazing to hear somebody like Jim Lamb say that not an occasional person, but every other person coming in my shop - where does the beef come from? - knowing that he works on 100 per cent of the products being Maritime.

So from hoof to factory to plate, a struggling industry, where are we in getting more Nova Scotia-grown beef in the food chain here? I say it's important, and it's connection to local abattoirs as well, and I know that the province has made an offer and a commitment toward Armstrong's, which could become federally inspected, although I don't see that nearly as important as having, again, a strong local industry - you know, no scientist has been able to tell me the difference between strong provincial meat inspection and federally inspected beef. I think it's a great mythic area, to be honest about it. I don't see the Maritime beef plant without continuing struggles and I think the door is open for us to have a strong, provincial beef program.

I'm just wondering - what are the components that are keeping us from working to have that in place? I know it's not an overnight development, by any means. We are probably looking at 18 months even just to get some turnover, and so on, of cattle.

MS. PENFOUND: You've raised a lot of points there and I'd be happy to touch on a couple of them, first maybe to talk about the XL beef issue and the impact that it has had in Nova Scotia. Luckily it hasn't had a huge impact in Nova Scotia, although we saw in the

past decade how the BSE scare could really affect every beef producer in North America and beyond.

I guess what I would say about that, before I jump into the main part of your question, is I'm not aware that there has ever been a reported case of food-borne illness related to a Nova Scotia meat plant. I remember when I was at the Department of Agriculture last, and this was one of those things that I was surprised I would ever do in my lifetime, I got invited to tour an abattoir. It was the Ferguson's Abattoir. Mr. d'Entremont is laughing - I think he may have been the minister at the time, and we went to the Ferguson's Abattoir in Pictou

MR. CHAIRMAN: Order, please. Mr. Glavine's time has expired.

HON. CHRISTOPHER D'ENTREMONT: Considering that the good deputy was on a roll there, I'll let her continue the discussion.

MS. PENFOUND: Yes, this is a good story. I went to the abattoir with staff and I spent a couple of hours and I watched a critter, from when it walked in until it went through the process, until it was a side of beef at the other end. Again, I found it an interesting experience and one that I'm not really sure I want to repeat, but the most significant thing to me was, first off, it was clean; it was a really good facility; and, most significantly, we had a Department of Agriculture staff person there.

That's what is really important to understand. At every meat processing plant in Nova Scotia, at provincially inspected plants, there is always a department employee on site when an animal is slaughtered, all the time. I found that very reassuring. When I was there before, it was when BSE was on the go and the woman, who was our employee - I think she was about 30 or something - was standing there, showing me the cow's teeth and saying, the teeth are this long, that means it's this old, that means it's outside the scope of BSE, and I found that really reassuring. I went home that night and went to the tavern and had steak and a beer and thought, I will never be a vegetarian. I think we need to be reassured about our meat plants in Nova Scotia.

In terms of the industry, though, and what we can do with the beef industry - I told staff I was going to get to talk about this come hell or high water, so I'm going to - with regard to beef and hogs, it's all about having the right business model. We've had industries that have been based on a business model where the lack of control over their input costs has been huge. For beef and pork, the main inputs are grain and corn. Those things are largely grown outside of Nova Scotia, so if you're producing pork or beef in Nova Scotia now, in the current business model that many people have been in, it means that your input costs are the costs of that grain or corn, plus transportation to Nova Scotia.

It used to be, back in the early part of the last century when we had the Crow Rate, that was a way that the federal government equalized the cost of transport for those inputs

across the country, but it was removed many decades ago. It means when you're growing those animals in Nova Scotia, you're paying costs plus transportation, and when you're selling back into the commodity market, your profit is really sale price plus transportation.

It means that we really are at the mercy of the vagaries of those commodity markets, so those input costs are difficult. In the hog industry, our industry has changed significantly over the last few years, and those that remain have moved to new business models. We have farmers who are doing isowean pigs, they're moving off as young pigs to be grown out elsewhere, and we have those in the industry who have bought into the value chain and are doing more to change their business model.

We think the same thing is possible for the beef industry. We have significant advantages here in terms of our climate, in terms of our soil, and in terms of the amount of pasture land that's available for beef farmers. That's why we're going down this run towards grass-fed beef. It gets us away from those high input costs that we really can't control, so if something happens in the West or the U.S. that affects the cost of grain and corn, that won't mean the fallout will hit Nova Scotia. We think we also have some of the best-skilled farmers around in terms of them understanding how they can actually do this. We think that really is the key.

As I mentioned before, we are never going to have an industry that can supply those 10,000 strip loin steaks to Superstore, whatever they need, on the weekend, but we can have a viable beef industry if it's bigger than it is now, that has a grass-fed product that will be differentiated so that when someone goes to Ryan Duffy's or Pete's Frootique, or any of these specialty places, they know they're buying a really high-end, differentiated product, and our farmers are not struggling every year because of those increases in the input costs.

So I told them I would mention the Crow Rate, and I did, so Ms. MacDonald may actually be able to add a little bit more detail about the grass-fed beef project, because we think that's the key.

MS. LINDA MACDONALD: When we looked at where the industry is now, as I indicated earlier, it's really a feeder industry. There are not a lot of cattle finished and then sold as meat - it's a relatively small proportion of our industry.

I asked the question, why - why aren't we? It's because most of the meat sold is commodity and purchased in the commodity market and it's very difficult for us to compete in that milieu. So then you go to, how can we compete - is there a business model out there that potentially might work? Well, selling direct and local in farmers' markets and public markets is certainly one way, where there is no distributor, where you get to talk directly to your consumer, where you get to brand your farm and brand it as being local. A lot of consumers and customers out there really value that and appreciate that. But as the deputy said, we're not going to be able to grow significantly a beef industry based on a direct marketing approach.

So we looked at where might we have some competitive advantages in the marketplace, or is there a production system where we can lower our cost of production - so work on the marketing side and, as well, work on the production/technology side? We landed on grass-fed beef and for about six months, I suppose, with industry, the Agri-Commodity Management Association, and researchers, we built a research project to answer two fundamental questions: One is, can we finish cattle on pasture year-round - by pasture I mean grass, legumes and forages? And can we produce a consistent, quality, grass-fed animal? What are the economics around all that; in other words, can we do it here in Nova Scotia and can we do it year-round? Is this a sustainable and competitive business model for the industry overall, and what sorts of producers can be profitable?

The research has a number of components. One is actually testing real, live grass-fed cattle, and to look at sensory attributes, market attributes and what the consumer wants, and whether we can produce an animal here that meets consumer expectations - we're just a year in, but it's looking like we can - the certification around best-practice protocols. In other words, we need to be able to, from an industry perspective, grow enough animals to consistent quality, with specifications that are the same. So certification protocols and best practices have been developed, and we have a number of producers across the province currently growing to those specifications. We are testing them and measuring the cut-out at the processing level - O.H. Armstrong, in Kingston, is helping us with that.

The intellectual property management and the marketing - we have substantial research to show that the grass-fed industry is growing by about 20 per cent per year, and we feel that there will be substantial market opportunities for producers. In fact, some producers are producing a grass-fed animal now and selling it in more direct-market venues, like at the Seaport Market.

In terms of training and working with producers, Cape John Pasture is an intensive pasture management system, a demonstration project where extension specialists get to work with folks and learn how to lower their cost of production through intensive pasture management.

MR. D'ENTREMONT: I think the issue of food safety can be used as an opportunity. I mean, going back to the issue that within our own abattoir system and/or even the Maritime beef plant, that we haven't necessarily had - knock on wood quickly - too much of an issue. I think that we have to sell that idea; it's an opportunity for us to prove the point, and Nova Scotians can understand, Maritimers can understand that - that the closer you are to your food source, the less chance of it having a problem, whether that is in turnips or whether it is in beef. I think that is a realistic thing to look at.

I do want to look quickly at the local system we have. I think the discussion about labelling was an interesting one as we went along. Yes, there are a lot of federal regulations around how labelling should happen, but couldn't we be a little bit of a renegade here and

maybe put a piece of legislation in that it needs to be better labelled? I mean, for me “packaged for Sobeys” doesn’t tell me where the heck it is packaged or where the stuff came from.

Could we be a little more proactive amongst the provinces and say why don’t we put a piece of legislation in that requires a certain kind of – and I know people will balk at it and people will complain and the trade groups will say this is not fair, but maybe we can start the idea here in Nova Scotia to make people more aware of what local product is, and not only to say it is packaged for Sobeys. That sounds like it is a Nova Scotia product, knowing full well that it got packaged in Ontario - and the big vats of whatever it is came from China, so is there a way to be a little more proactive on this one and just take the shot for what it’s worth?

MR. CHAIRMAN: Ms. Penfound.

MS. PENFOUND: There may well be. I don’t argue with your point that I think the more we can make the consumer aware of what that product is and where it has come from, the better it is for the industry and for us. In terms of whether legislation is the way to go, I think it’s worth considering and looking at. Whether or not legislation does the trick - it may be that there’s more work we can do with those retailers to ensure that we don’t have to make the rule, that maybe we can entice them through various means to do more to ensure that it’s clear to the consumer where the products have come from.

We certainly will look at that. I don’t think it’s a crazy idea. I think we have to be mindful of the rules that are out there and be sure that whatever we do is legal, but take whatever opportunity there is to promote local products.

MR. D’ENTREMONT: The other thing, the issue of local systems - how does food get to us? Yes, we know that Sobeys is a place and Superstore is a place, et cetera, et cetera, and the food that’s sitting there is from one place or another. But the one that is never clear on how we get our food is the issue of restaurants and other service providers. I think the challenge we’ve had in the past is companies like Sysco that sort of are the food purveyors of the province . . .

MR. SPEAKER: Order, please. Unfortunately, your time has expired.

Mr. MacKinnon.

MR. MACKINNON: I have a series of questions, but the member for Cumberland North is giving me just a bit of his time, so I’m going to combine a couple.

The grape and blueberry sectors have really shot upward - real success stories - and I know the department has played an important role in that promotion, so I’m not going to ask that question - I just wanted to get it on the record.

What I will ask is that we're moving into organic milk and that milk supply is coming from considerable distances and going to southwestern Nova Scotia, so the question there would be: What is the department doing to advance this new area of agriculture? The second thing that I would like a very quick response to, just a highlight, is the former president of the Nova Scotia Federation of Agriculture, Frazer Hunter, is producing a cheese that I believe is one of the best Canadian cheeses that I've tasted, he operates out of Knoydart Farm - is the department doing something to promote that product? And also the organic milk - just a highlight, if you could?

MS. PENFOUND: I guess I would never argue with you that Frazer Hunter is not the "big cheese" in the agricultural industry and certainly has been very innovative in terms of the products he's producing.

On the organic side, it is clearly something that the consumer has grabbed onto. You just need to walk through a store and realize how much of the shelf is now organic, and to look at it and realize how much more, sometimes, it costs. So our industry is looking at there is a market that we may be able to tap into. It's like buy local in terms of what is organic, and there are certification programs and ways that you can prove, yes, I really do have an organic product.

I don't think that we are doing anything in particular for Frazer Hunter in terms of marketing his product in particular, except to provide to him what we do to everybody else in terms of advice about how they can market. In terms of the organic milk side, I'm going to ask Ms. MacDonald if she has anything that she might add on that.

MS. LINDA MACDONALD: Yes, we recently met with the organic milk folks and discussed several things, and their cost of production in terms of transportation and distribution, of course, is high, but they're currently working on their business model and we hope to entertain them again, at some point, when they have that figured out.

MR. MACKINNON: Thank you very much.

MR. CHAIRMAN: Mr. Skabar.

MR. BRIAN SKABAR: Thank you. I am encouraged by your assessment of the potential future of the beef industry in Nova Scotia, what's happening. When you spoke earlier of the grass advantage - I've been getting some tutelage from some local producers over the last little bit - is that, as much as anything else, just because we don't have to ship grain in from other parts of the country or are there other issues involved around the grass advantage?

MS. PENFOUND: I think, clearly, grabbing control of the inputs is a key factor, so not having to rely on those shipments of grain and corn from outside of the province, that cost more and can fluctuate, is clearly one of the big reasons why you would do it. But it

also is a means of differentiating the product, and Ms. MacDonald spoke about the rigorous program that we need to be putting in place about certification and testing and be able to show that the product really is something different, and that when you taste it you know, wow, that's really something, that's Nova Scotia grass-fed beef.

So there are really two components. One is getting away from that reliance on grains and corn that come from outside the province - I guess there are two or three things - taking advantage of what we have here in terms of climate and soil and pasture land, and using those things to brand or differentiate a product that will then become a seller at a high level in the marketplace.

MR. SKABAR: I understand, I think, what you mean about local producers not being able to come up with 10,000 strip loins on the weekend, on a warm, barbecue kind of day, but yet I'm behooved, so to speak, that there is a section for Nova Scotia lamb in Sobeys and Superstore but not a section for Nova Scotia beef. I don't know why that is. Now, I know the local producers do sell direct, and that's fine. I'm trying to track them down, but I can't always be where I want to be on a Thursday afternoon, at a farmers' market or wherever else. I would like to be able to do that, and I don't know why that's not happening.

MS. PENFOUND: I think for those large chains, it is absolutely a volume game in terms of being able to put on the shelf what they need on any given day. I don't think they're opposed to having as many local products as they might be able to on their shelf, but on the beef side I really do think it's a volume question. Linda, do you have anything to add to that?

MS. LINDA MACDONALD: I guess I would just say that right now the business model isn't such that would incent a large volume of finished beef here in the province. They would need a very small to negligible spot in the beef case to put the current volume of Nova Scotia beef. Most of the beef sold here is sold through direct market channels. It just isn't available at this point, which is why we would like to develop a new model so that we can increase the finished cattle here in this province profitably.

MR. SKABAR: So am I hearing that the reason we don't see Nova Scotia beef in the large chains is because there is not enough of it?

MS. LINDA MACDONALD: And there's not enough of it because producers can't profitably and competitively produce it compared to commodity markets in other parts of the country. That's correct.

MR. SKABAR: On one level, I can understand that, but by the same token I do appreciate the difference and go out of my way to find grass-fed beef whenever I can. Everyone in my small circle thinks likewise, and yet the producers are anxious to expand.



There's probably something that I'm missing in this equation, and I just can't figure what that is.

MS. PENFOUND: I think what I would say is that our efforts on this front are designed to be able to position them so that they can expand. Right now they're in a business model that has those input costs - grain and corn from the West and others - and we think that if we can move them to this grass-fed model, that they will then be better positioned to expand and be able to get into a business model that will allow them to grow their business and to market their products in Nova Scotia.

I don't think we're saying different things. It's just how we go about that, and the key thing is to engage the industry. It's not something that we as a department can say, this is what you should do. We need to work with the industry, and what they're telling us is that there is an appetite toward them moving to that kind of business model, and we think that the grass-fed option is going to be the ticket.

MR. SKABAR: Well, I am glad to hear that. In the couple of minutes that remain, I would like to ask about the Larsen's plant in Berwick. I understand there have been some developments in that recently, and I would like to get a bit of an update there.

MS. LINDA MACDONALD: We'll have to get back to you. The Eden Valley plant. We'll get back to you.

MR. SKABAR: Okay, I'll look forward to that as well. So past that, getting back to beef, I am recently schooled in the difference between provincially-inspected beef and federally-inspected beef. Now, my understanding is that the actual inspection process is not dissimilar - as a matter of fact, if anything, hardly distinguishable. Is that so?

MS. PENFOUND: I certainly wouldn't profess to be an expert on that process, although my understanding is that in Nova Scotia there are only three federally-inspected plants that process meat. One is entirely chicken and two also do red meat, and again, this is my simplistic understanding of it. A federally-inspected plant is one that meets the rules set down by the Canadian Food Inspection Agency. So those would be rules about everything from what your parking lot looks like to the distances between certain things in the plant, all those kinds of things.

When you meet that standard - it's very rigorous - then what happens is on a routine basis you'll be inspected by the federal folks, including federally employed veterinarians. But they're not there every day. You meet the standard and they come and see that you're continuing to meet the standard on a regular basis. The difference, and I think an advantage for our Nova Scotia plants, is that we have somebody there every day, all the time, when an animal is being slaughtered. I think it's a huge plus that we have our folks there on-site.

I guess where the incentive to become a federally inspected plant is that it then allows you to sell into different markets. There are some places where the product has to come from a federally inspected plant to be acceptable in certain places. In terms of the safety of the product that comes out of both those plants, they're both great, it's just a different system, and I think we need to be proud of our provincial system and also support those producers that wish to go that further step of being federally certified, which allows them to then market into different places.

MR. SKABAR: That was in fact my understanding as well. Where I was going with this - I live in Amherst and the local producers can't cross the border into Sackville to sell their product directly. Now, a full one-third of the parking lots have cars with New Brunswick licence plates, coming in to shop in Amherst and particularly on local beef day, is there not some mechanism that we couldn't sort of allow - it's not us, I realize - local Nova Scotia products to be sold six kilometres down the road to a significant market as well?

MS. PENFOUND: I'm sure that the Amherst-Sackville border question is one that hits in a lot of areas. Certainly if your meat product is not federally inspected, then you can't cross a provincial border. That's one of the reasons why a plant might wish to seek the federal certification. Those are federal rules that we don't control although we certainly are happy to hear that New Brunswickers are coming across the border to buy our local product, that's not a bad thing at all.

MR. SKABAR: That concludes my questions for today. Thank you.

MR. CHAIRMAN: Perfect timing, right on the second. I'd like to give the deputy minister an opportunity to wrap up. Before you do, I'd like to say it has been very informative today and it's really good to have you in here.

MS. PENFOUND: Thank you very much. I was very happy to find myself back at the Department of Agriculture after having been absent for a few years. As I mentioned at the outset, I'm extremely encouraged and excited to see the great things that are happening in the promotion of Nova Scotia products. I would hasten to add that although much of that relates to the initiative of people in the department, it's not about the department, it's about what industry does and what our partners do.

Our goal is to continue to work with things like Taste of Nova Scotia and our various commodity groups, the Federation of Agriculture, our food processors, our restaurateurs, and the wine industry to be sure we are on the same page in terms of how we do our best to ensure both Nova Scotians and people beyond our borders understand the quality of our products, the potential of our industry, and that we all, together, can play a huge role in making it an even more important part of the economy.

We thank you very much for your attention and if you need any more information from us we would be pleased to provide it.

MR. CHAIRMAN: Thank you very much. There was a request from Mr. Ramey for information you committed to and also information for Mr. Skabar that he requested. The clerk will send you a letter with details on that so we can provide that information to the committee.

MS. PENFOUND: We'd be happy to.

MR. CHAIRMAN: Thank you very much. We're going to go into an in camera session immediately following this session, as we discussed before. Before we do that, the members have received correspondence from the Departments of Environment and Natural Resources. It has been sent to your offices; it was requested before.

We have another issue here - just one second, we're not done the meeting, gentlemen. Thank you very much.

The CCAF workshop that we had scheduled during Hurricane Sandy, of course, was cancelled and with the permission of the committee, I'd like to reschedule that to January 30<sup>th</sup>, is that agreed?

It is agreed, so we will do that.

Just look and see what else we have here. So we've got an in camera briefing immediately after this, which we will start at 11:00 a.m. Our next meeting will be November 14, 2012 with the Department of Health and Wellness, Cape Breton District Health Authority.

With that, a motion to adjourn would be in order.

We stand adjourned, thank you.

[The committee adjourned at 10:51 a.m.]