

**Ministry of Agriculture**  
**BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 181479

Date: January 29, 2015

**Issue:** Updating on progress since meeting with Minister Polak on the issue of land within the Agricultural Land Reserve (ALR) being used for the purpose of planting trees and generating carbon credits.

**Background:** Carbon trading markets are growing in size and significance around the world. In most of these markets, tree planting is recognized as a viable method of generating tradable carbon credits because trees can sequester carbon in soil and their own biomass.

In 2009, agricultural producers and Ministry of Agriculture staff in northern BC reported that a British company, Reckitt Benckiser Group PLC (RB), bought just less than 5,000 acres of land in the Vanderhoof and Peace River Regions for the purpose of planting trees and selling carbon credits. Just over 4,000 acres of this is in the ALR and is mostly Class 5, 6 or 7 land (i.e. predominantly forage production land). RB hired a Toronto-based company named Borealis Carbon Offsets (BCO) to plant trees on the land they purchased, 1,460 acres of which is now believed to have been planted, with another 1,200 acres scheduled for planting.

Although no information has been found on other land purchases within the ALR for the purpose of generating carbon credits from tree planting, there is a case in which BCO signed a tree planting contract with an ALR landowner in the Vanderhoof region at McPhee Creek. This landowner then placed a covenant on their land under BC *Land Title Act* Section 2.19. BCO planted trees on 70 hectares of that land. BCO intends to plant more trees in this region of BC, but does not yet have contracts in place.

Of BC's total land mass of 950,000 square kilometers, approximately 45% is mountainous, 50% is forested, and a little less than 5% is suitable for agricultural production and is protected for this use within the ALR.

**Discussion:** To date, these investments are largely unrelated to BC climate policies. These carbon credits are being purchased largely by German industries for voluntary markets.

The amount of tree planting that has occurred within the ALR for the purpose of generating carbon credits is not significant. A contact at BCO asserts that RB is finished buying land in BC for this purpose and thinks it is unlikely that other companies will do so because signing contracts with landowners is easier and less costly than purchasing land. This indicates that as carbon trading markets potentially gain prominence, more ALR land may be contracted for tree planting.

In order to provide assurance to the lessee that the trees planted under such a contract generate a carbon credit that is recognized in international markets, the lessor is required to place a covenant on their land stating that the trees planted under the contract will be left standing for at least 100 years.

s.13

Section 2 (2)(f) of the Agricultural Land Reserve Use, Subdivision and Procedure Regulation (the Regulation) defines "timber production, harvesting, [and] silviculture" as farm uses of land within the ALR. In November 2011, section 22(2) of the *Agricultural Land Commission Act* (the Act) was amended to provide that "a covenant that restricts or prohibits the use of agricultural land for farm purposes has no effect until approved by the [Agricultural Land] Commission". s.13

s.13

s.13

s.13,s.14

The ALC currently has guidelines that discuss the application of section 22(2) to covenants on ALR land, s.12,s.13  
s.12,s.13

**Next Steps:**

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**Ministry of Agriculture**  
**BRIEFING NOTE FOR MINISTER FOR INFORMATION**

Ref: 181584

Date: February 26, 2015

**Issue:** Domestic and international marketing of British Columbia's agrifood and seafood using e-commerce.

**Background:** E-commerce is defined as the strategic use of technology, particularly the internet, to integrate and streamline the business processes, enterprise applications, and organizational structure of a business to create a high-performance business model. The attached discussion paper discusses the e-commerce models being utilized by companies to expand their markets domestically and internationally.

Canadian businesses are slow to embrace e-commerce. According to Statistics Canada, in 2013, only 13 per cent of Canadian companies, including agrifood and seafood companies, sold goods and/or services online, totaling about \$136 billion (up from \$122 billion in 2012).

**Discussion:** E-commerce models vary depending on whether companies are selling domestically or internationally. Below is a summary of the methods currently being used.

**Domestic E-Commerce Models:**

- *Company Direct:* An individual producer/processor sets up a sales cart on their website and domestic customers place an order and pay for it online. The product is then shipped directly to the customer using Canada Post or a domestic courier.
- *Retailer:* A retailer (ex. Thrifty Foods) sets up a website with a listing of products available in their stores, and customers place the order online. The retailer then uses a company vehicle to deliver products directly to the customer.
- *Distributor:* An individual producer/processor sells products to a local distributor (ex. Gordon Food Service) who markets those products to retailers and food service outlets via their website. Retailers and food service outlets choose which products they would like to purchase online and the distributor then uses a company vehicle to deliver the shipment.
- *Domestic 3rd Party E-Commerce Platform:* An individual producer/processor sets up an account with a 3rd party e-commerce platform (ex. Amazon.ca) and posts products on their website. Domestic customers place an order through the 3<sup>rd</sup> party platform and pay for it online. The product is then shipped by the producer/processor (or by the e-commerce platform if the producer/processor has paid for warehouse storage and logistics services) directly to the customer.
- *Click and Collect:* Cooperatives/farmers markets/retailers set up a sales cart and post products on their website. Consumers purchase products online and then collect them at specified collection sites.
- *Government-Owned and Maintained Domestic Website:* Producers/processors are encouraged to list products and contact information on a government-owned website (ex. BCSeafood.ca). Consumers/brokers/distributors visit the website to search for products of interest and then are provided with a list of suppliers from BC that can be contacted to inquire about purchasing products.

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International E-Commerce Models:

- *Company Direct:* An individual exporter sets up a sales cart on their website and foreign customers place an order and pay for it through the website. The exporter completes the appropriate customs forms and then uses Canada Post or an international courier to deliver the product(s) directly to the customer in another country.
- *Foreign Distributor:* A BC company sells their product in bulk shipments to a foreign distributor who then markets their products to customers through their website. Customers choose which products they would like to purchase on the distributors website and place an order online. The foreign distributor then uses a company vehicle to deliver products to the consumer.
- *Foreign 3rd Party E-Commerce Platform:* An individual exporter sets up an account with a 3rd party e-commerce platform and posts products on their website (ex. Alibaba.com). Retailers/brokers/distributors place an order and purchase the product online, and then the product is shipped by air or container ship by the exporter.
- *Government-Owned and Maintained International Website:* Producers/processors are encouraged to list products and contact information on a government-owned website specifically targeting international buyers (ex. Canadafood.hk). Importers, distributors, brokers and retailers visit the website to search for products of interest and then are provided with a list of suppliers from BC that can be contacted to inquire about purchasing products.

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