

# Investing in Sustainable Food for Nova Scotians



**FARMWORKS** Investment Co-operative Limited



# ***FARMWORKS***

***INVESTMENT CO-OPERATIVE LIMITED***

***Healthy Farms***

***Healthy Food***

# ***FARMWORKS -BOARD***

**Richard Melvin – Chair**

**Melvin Farms, Chair NS Food Policy Council, Past Pres. NS Federation of Agriculture**

**Ann Anderson – Vice-Chair**

**Educator, Wolfville Community Foundation, Friends of Agriculture**

**Linda Best – Secretary**

**Microbiologist, Friends of Agriculture, Food Alliance, NS Food Policy Council**

**Kris Keddy – Treasurer**

**Financial Consultant, Investors Group**

**Stephen Anderson – Director**

**Partner, Food Economy Group**

**Alison Scott Butler – Director**

**Lawyer, Queen's Counsel**

**Carol Harris – Director**

**Professor, University of Victoria, Author**

**Paul Eyking – Independent Director**

**Truleaf Sustainable Agriculture, Management Consultant**

**Patricia Vanaman – Independent Director**

**Tri County Local Food Network, Community University Research Network**

# **FARMWORKS -ADVISORS**

**Gordon Caldwell**

Partner, Grant Thornton Accounting

**Gordon Michael**

Continuing Education SMU, Food Alliance,  
Former Executive Director FMIC CEDIF

**Jeff Moore**

Former CEO Just Us! Coffee,  
Chair Just Us! CEDIF

**Thomas Krausse**

Dandelion Community Investment  
Cooperative Limited

**David Upton**

Educator, Board Member CBDC

**Gary Morton**

Partner Morton Horticultural Consulting

**Jonathan McClelland**

NS Co-op Council Business  
Development Officer

**Edith Callaghan**

Professor Manning School of Business, Acadia

**Av Singh**

Organic and Rural Infrastructure Specialist,  
AgraPoint

**Hank Bosveld**

Bosveld Fruit Farm, NS Farm Loan Board

**Jo Anne Fewer**

CEO Perennia,  
Seconded to Building Our New Economy

**Susan Carroll**

Executive Chef, Paddy's & Rosie's  
Restaurant, Wolfville

**Charles Keddy**

Charles Keddy Farms

**Rupert Jannasch**

Ironwood Farm

**Duncan Ebata**

Business Acadia, Web, Marketing

**Ross Piercey**

Business & Quality Consultant

# Challenges

“If farms continue to diminish in number, if we continue to rely on the global food system to sustain us—and if that system fails—then the dire situation of our farmers today will become the dire situation of our whole region tomorrow.”

**“Or we can take steps now to re-create a local, sustainable, healthy food system that gives our farmers the livelihood they deserve, and provides reliable, healthy food to our families.”**

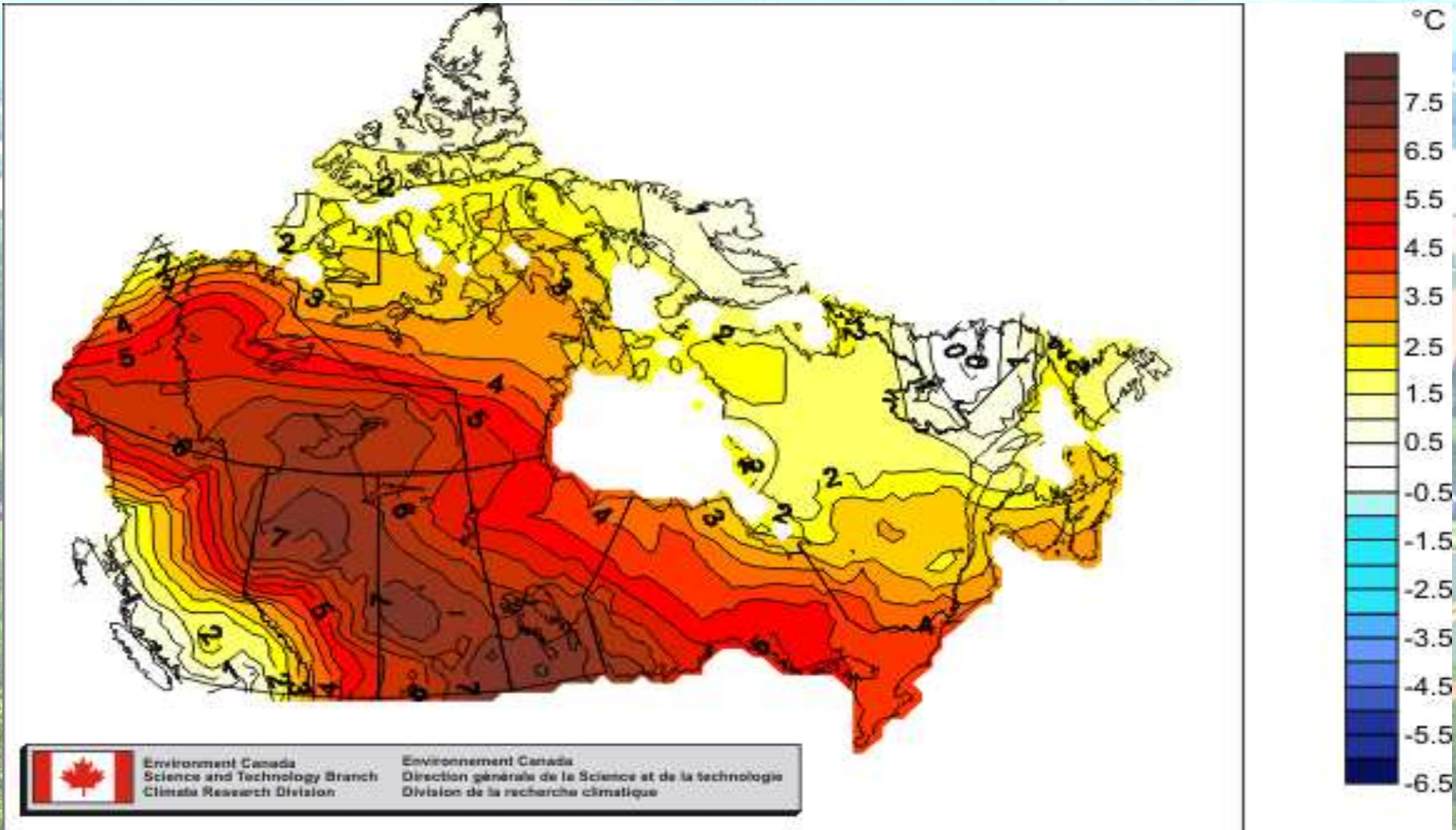
*Opportunities and Challenges in Atlantic Agriculture:* Silver Donald Cameron , Chris Benjamin.  
Jennifer Scott Consulting, August 30, 2010.

# Challenges

- “food needs are projected to increase by **70 percent by 2050** when the global population reaches **9 billion**.
- climate change will affect agriculture through **higher temperatures, greater crop water demand, more variable rainfall and extreme climate events such as heat waves, floods and droughts.**
- severe crop yield reductions - one assessment estimates that by the **2080s world agricultural productivity will decline by 3-16 percent.** (Cline 2007).”

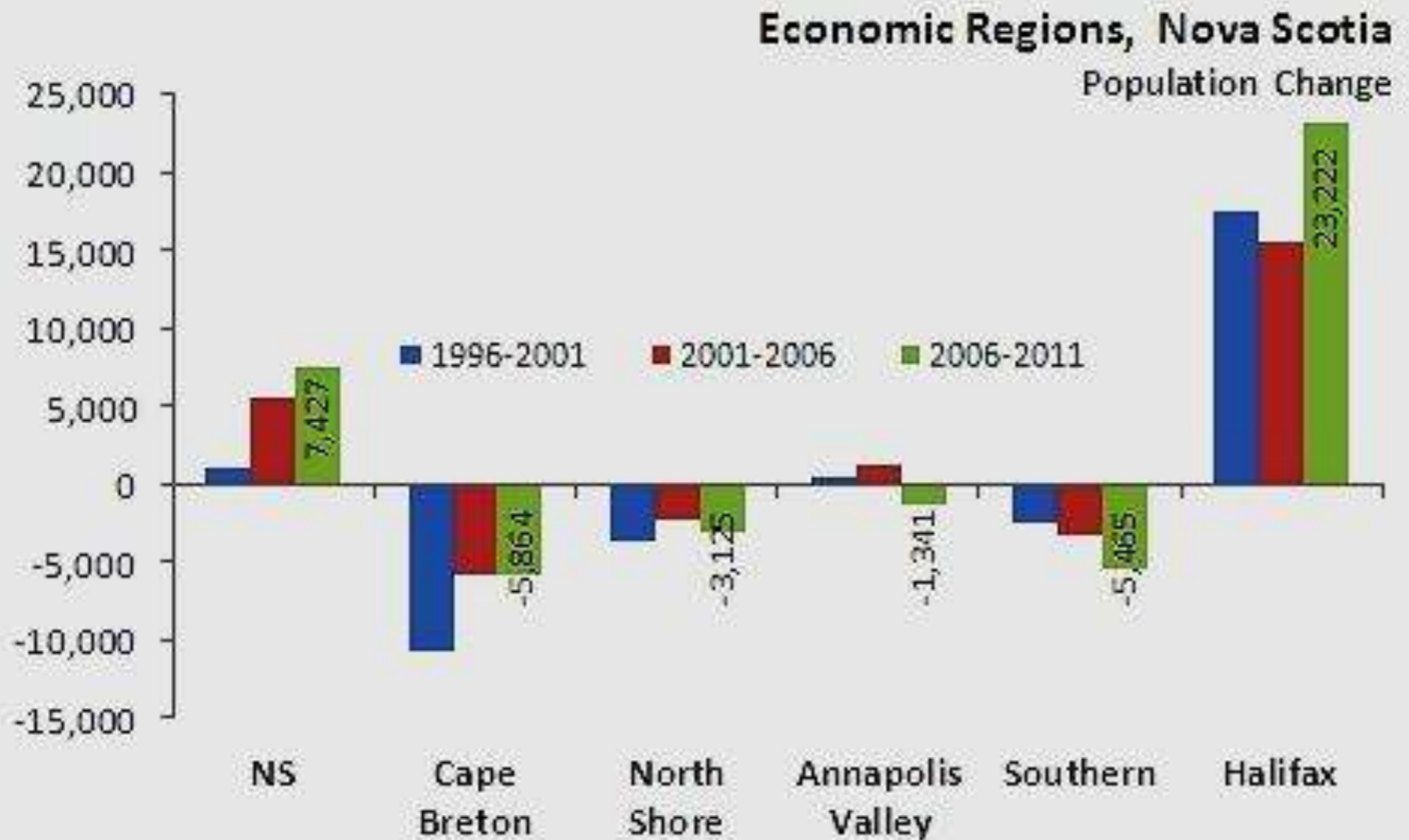
<http://climatechange.worldbank.org/content/climate-smart-agriculture>

# Challenges



**All of regions have upward trends, with Mackenzie District up 4.9°C over the 65 years of record. Atlantic Canada shows the least upward trend of 0.5°C based on the average since 1948.**

# Challenges



# Challenges - Opportunities



**Importing food removes money from local and provincial economy**

**CEDIF strategies can help reverse the trend**

# Challenges - Opportunities



**Loss of farms and food production leads to loss of jobs, rural depopulation, loss of communities**

**CEDIF strategies can help reverse the trend**

# Opportunities

**Production has been a cornerstone of rural NS and must be again**

- **Increase in food sufficiency and security**
- **Multiplier effects - social and economic gains**
- **Helps keep rural landscapes and communities vibrant, preserves local culture and history, attracts tourists and enhances quality of life**

**Availability of healthy food is becoming crucial in light of global issues**

# ***FARMWORKS***

***Money invested in food production in NS is an investment in the economy, health, rural areas, communities, culture, and the environment***



# ***FARMWORKS***

***FarmWorks provides -***

- a spark of innovation***
- an opportunity to invest in ourselves by harnessing the strengths of citizens right across the Province***
- to support a culture of economic, social, and environmental sustainability***
- while providing significant tax benefits***

***Richard Melvin***

# FarmWorks Investment Co-operative Limited

**FarmWorks provides the means for strategic and responsible community investment in food production and distribution in order to help increase access to a sustainable local food supply for all Nova Scotians**

**FarmWorks promotes investing locally and buying local food to gain the health, economic, social, environmental and other benefits that result from growing and processing food in Nova Scotia**

**Promoting the CEDIF gives FarmWorks the opportunity to engage in community-based conversations across NS about our Vision – Healthy Farms, Healthy Food**

# Community Economic Development Investment Funds (CEDIF)

Currently, less than 2% of NS investment capital (RRSPs, mutual funds, stocks) remains in the province.

CEDIF program was established In 1999 to match local investors with local business

- help local businesses access capital - enables them to stay in communities providing jobs and services
- encourage local autonomy and control over investment
- CEDIFs that provide consistent returns on investment have helped change attitudes toward investing locally

**In 2011-12 Nova Scotians invested \$7.5 million in 14 CEDIFs for a total of \$50 million in 51 CEDIFs**

# Investment Tax Credits & Deferrals

Investment	35% Equity Tax Credit (5 yr hold) Current Year	+20% ETC (10 yr hold) End year 5	+10% ETC (15 yr hold) End year 10	Total ETC after 15 yrs	<u>RRSP example:</u> Taxable Income Before Deductions	<u>RRSP Example:</u> Deferred Income Tax	<u>Total Provincial Tax Credits and Potential RRSP Deferrals</u>
\$100	\$35	\$20	\$10	\$65	---	---	---
\$1,000	\$350	\$200	\$100	\$650	---	---	---
\$5,000	\$1,750	\$1,000	\$500	\$3,250	\$35,000 (*29.95%)	\$1,498	\$4,478
\$5,000	\$1,750	\$1,000	\$500	\$3,250	\$45,000 (**36.95%)	\$1,848	\$5,098
\$10,000	\$3,500	\$2,000	\$1,000	\$6,500	\$45,000 (**36.95%)	\$3,698	\$10,198

\* Rate on excess over \$29,591 (Taxable income - \$29,591 to \$42,707 – Basic tax \$4,671, Rate on excess 29.95%)

\*\* Rate on excess over \$42,708 (Taxable income \$42,708 to \$59,180 – Basic tax \$8,599, Rate on excess 36.95%)

**NS TAX CREDIT (NS Department of Finance)**

**RRSP Tax Deferral (Federal)**

**FARMWORKS INTENDS TO PROVIDE AN APPROPRIATE DIVIDEND**

**(35% Tax Credit is equivalent to 7% return in each of 5 years, or 6.5% over 15 years)**

# Tax Credits and Deferral

## RRSP Tax Deferral – CEDIF

Investors who contribute new money to RRSPs can defer significant amount of Federal taxes.

- Other than for existing Canadian Workers Coop Fund RRSP transfers there is a \$50 charge to set up a Self-directed RRSP in the CWCF.
- There is an annual management charge of \$60 which is equivalent to 0.6% on a \$10,000 investment, 1.2% on a \$5,000 investment, or 3% on a \$2,000 investment.

(The average annual Canadian Management Expense Ratio for mutual funds is 2.34% - <http://www.theglobeandmail.com/globe-investor/personal-finance/as-investing-fees-bite-make-sure-theres-a-slice-of-profit-left/article535891/>).

# Tax Credits and Deferral

## RRIF Tax Benefits – CEDIF

Investors receiving RRIF income can decrease taxes according to their income tax bracket.

Example: Nova Scotian with taxable income of \$35,000 receiving \$5,000 from RRIF with \$1,498 tax payable

- Purchase \$5,000 CEDIF shares and get 35% tax credit of \$1,750 thus offsetting Provincial tax payable.
- Additional 20% (\$1,000) and 10% (\$500) tax credits at 5 and 10 years

# FarmWorks CEDIF Promotion

In January and February of 2012 FarmWorks held 22 public meetings across NS

Resulted in **\$223,500** invested by 102 shareholders

**Second Offer January – February 2013**

Continuing to build awareness of the positive impact of food-related businesses on the economy of NS through the *Food Grows Here* strategy



# FARMWORKS "GENTLE DRAGONS"



# Investing in Sustainable Food for Nova Scotians



# Investing in Nova Scotians



# Investing in Sustainable Food for Nova Scotians





**FOOD GROWS HERE!**

**FARMWORKS.CA**