

FARMWORKS ECONOMIC AND SOCIAL IMPACTS SURVEY 2023 – EXECUTIVE SUMMARY (Abbreviated)

The 2023 survey updates [Economic and Social Impacts of FarmWorks Support for Food Related Businesses 2020](#).

Recognizing the benefits of investments in local businesses the Government of Nova Scotia established a program in 1998 to enable individuals to invest in Community Economic Development Investment Funds (CEDIFs).

FarmWorks Investment Co-operative Limited was established in May 2011 by community leaders concerned about Nova Scotian agriculture and food: economic issues, security of supply in a changing world, cost, health, social and cultural issues and the environment.

FarmWorks' mission is to promote, and provide, strategic and responsible community investment in food production and distribution in order to increase access to a sustainable local food supply for all Nova Scotians. Finding financial and other support to establish and operate food-related businesses can be difficult, especially for younger entrepreneurs or those who are not eligible for financing through existing lending agencies.

FarmWorks established a CEDIF that started selling shares in 2012. By the middle of 2023, FarmWorks had raised \$5,209,300 and loaned over \$9 M to qualifying clients in various sectors of the Nova Scotian food supply chain including farmers, processors, distributors, retailers and restaurateurs.

Quantifying the economic and social impacts of FarmWorks' clients helps gauge the effect of FarmWorks CEDIF in helping to grow rural and urban food-related businesses.

The 2023 survey was completed by 62 of 91 (68%) clients to gauge the economic and social impacts of their businesses. Of the 62, five had finished repaying their loans within the last year and four had opened their businesses within six months. The survey does not include 27 businesses that repaid their loans more than a year ago and continue to operate successfully, three businesses that are in transition, four consumer debt repayments, and 21 that have ceased to operate including eight that have been written off.

Before receiving funding 30% of applicants were not in operation and 52% were seeking loans to improve their business outcomes.

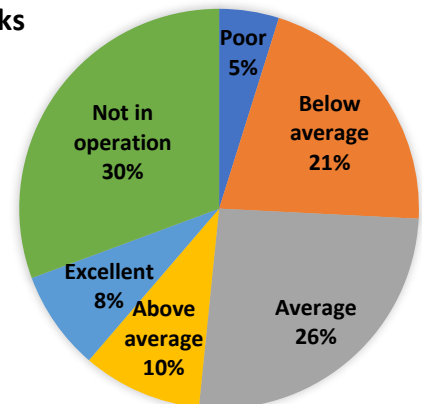
The importance of FarmWorks loans is clear as 67% indicated that their business would not have succeeded and 26% considered success would have been only somewhat likely without the loan. Overall, 89% said the loan enabled their business to expand production.

Seventy three percent of businesses used initial funding from FarmWorks to start or expand and 69% were able to borrow additional funds after receiving a FarmWorks loan.

Sixty-six percent of loans were multiple purpose including one of more of equipment, leasehold, working capital, construction, refinancing, land purchase, and professional services. Equipment purchase was the most frequent reason for borrowing with 18% indicating equipment only, 26% indicating equipment and one other use of funds, 34% indicating equipment and two or more additional uses of funds, and 23% used funds for working capital.

The 62 respondents are paying 231 full time and 192 part time employees approximately \$8,000,000 and extrapolation to 91 businesses would indicate up to 300 full time and 250 part time positions. Hourly full time wages ranged from \$15.00 to \$32.00 with an average of wage of \$19.00 and 38 of 42 clients paying above the minimum wage. Hourly part time wages ranged from \$14.50 to \$20.00 with an average of \$15.95 and 41 of 47 paying above minimum wage.

Status when requesting funding from FarmWorks



Every 100 direct jobs in agriculture is estimated to generate another 228 jobs, and in food service 161 jobs, as reported by the USA Economic Policy Institute¹.

FarmWorks clients generated approximately \$26,500,000 in annual gross business revenues with annual business expenditures of approximately \$20,000,000 before owners draws of approximately \$2,000,000.

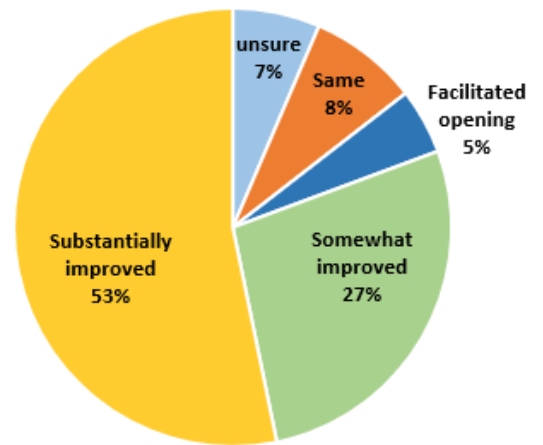
It could be estimated that the 91 businesses are generating approximately \$35,000,000 in annual gross business revenues with annual business expenditures of about \$26,000,000 (Note 1). Multiplier effects ranging from 1.8 to 2.6 for food-related enterprises indicate that FarmWorks' clients' annual expense monetary impact in Nova Scotia may range from \$45,000,000 to \$70,000,000².

Clients were asked about FarmWorks assistance with mentoring, networking, and promotion and 69% indicated that business outcomes were somewhat or much better.

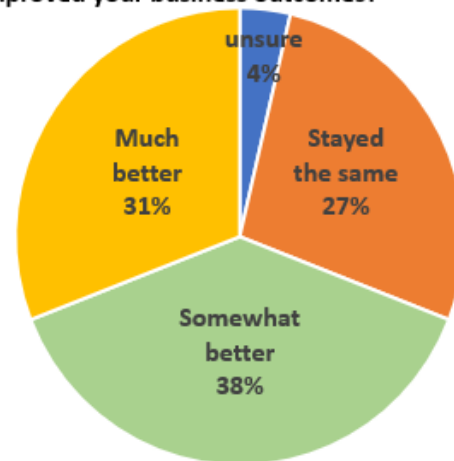
In response to the question whether the client believes they are assisting with increasing food security within Nova Scotia 49 of 54 considered that they were. *"I hope so! We love working with our local suppliers as their product is far superior to anything else we can get."*

Fifty five clients responded positively – many at length – to the question about ways in which they are contributing to their local community. *"Gathering place for community, encouraging consumption of local products, encouraging healthy lifestyle by location on an active trail", "Donations to foodbanks, fundraising events, providing a local meeting/gathering place", "Volunteer 100 of hours per year to feed homeless people and people suffering from food insecurity", "Making local, healthy food options available 52 weeks a year, 6 days a week with transparency in labeling for guests as well as providing a good employment".*

Outcomes since borrowing from FarmWorks



Has FarmWorks mentoring, networking, promotion improved your business outcomes?



Note 1. Since the survey asked businesses to estimate their total Gross Business Revenue for 2023 in a variety of range options, it is necessary to use a calculation to estimate the total Gross Revenue created by the responding businesses. Estimates were made on an amount of \$40,000/year for survey respondents selecting under \$50,000 and \$1,000,000 for those over \$900,000 and the average of the remaining category options. Revenue for 62 businesses was approximately \$26,500,000 and extrapolated to 91 businesses would be approximately \$35,000,000. Expenses for 62 businesses were approximately \$20,000,000 and would be approximately \$26,000,000 for 91 businesses.

¹ <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>

² Meter, K. (2008). *Local Food as Economic Development*. Minneapolis: Crossroads Resource Center. Retrieved from <http://www.crcworks.org/lfced.pdf>