



## FarmWorks Investment Co-operative Limited

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### Community Economic Development Investment Fund (CEDIF) Business Plan 2025 – 2029

FarmWorks Investment Co-operative Limited operates a CEDIF to raise funds to accomplish its mission and goals. This Business Plan for the next five years provides information and describes the strategy for achieving healthy farms and healthy food.



# FarmWorks Investment Co-operative Limited

FarmWorks Investment Co-operative Limited was incorporated as a for-profit Co-operative on May 18, 2011 by an association of community leaders concerned about social, economic and cultural needs. The 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.

FarmWorks Directors bring a wealth of knowledge to the Board and they assist with mentoring and promoting food entrepreneurs who are clients of the organization. They are assisted by Advisors who have a relationship with FarmWorks and who contribute additional information and skills. FarmWorks considers all stakeholders in deliberations and seeks partnerships and integrated approaches to increase the impact to help build farm and food-related capacity. The Directors promote community development and participation and put people and social and environmental responsibility before profit.

## Directors

**Charles MacLean – Chair**

Retired Food Business Executive

**Barb Boates Sweet – Vice-chair**

Food Service Industry, Previous Chef

**Linda Best – Executive Director**

Microbiologist, Chair Friends of Agriculture

**Avila Coutinho – Treasurer**

Retired Financial Advisor, Winery Co-owner

**Robin McAdam – Secretary**

Business Executive

**Daniel Martin - Director**

Retired Military, Musician, Café Owner

**Hana Nelson – Director**

Fishery Business Owner

**Stephen Read – Director**

Business Executive

**Hélène Branch – Director**

Business Consultant and Analyst

**Lindsay Reid – Director**

Former Chef and Consultant

**Jean Kelly – Director**

University Library Associate and Volunteer

**Chris Payne – Independent Director**

Retired Department of Finance CEDIF Program

**John Wray – Independent Director**

Farmer and Minister

## Advisors

From the very beginning in 2011, FarmWorks, and client Investees, have benefited greatly from relationships with generous and outstanding Advisors who have knowledge and experience in one or multiple fields and mentor or guide individuals needing assistance with identifying issues and finding solutions for challenges. Advisors to FarmWorks understand strategic goals and practices and procedures and bring their experience and perspective to the organization. Advisors to individuals gain knowledge of the issues and contribute their insights and experience to assist with outcomes. Advisors decide how much of their time they will invest in working with individuals and organizations.

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## FarmWorks Business Plan 2025 - 2029

### EXECUTIVE SUMMARY

FarmWorks Community Economic Development Investment Fund (CEDIF) provides subordinated debt financing for qualifying farms and food-related businesses that are working to increase economically sustainable production of food in order to augment the security provided by access to local food.

Production of food in Nova Scotia increases food security and sufficiency, creates jobs on farms and throughout the food system, keeps money in Nova Scotia, helps reinvigorate rural communities and contributes to Nova Scotia's economy.

FarmWorks forms partnerships with investors and loan recipients and may augment financing provided by other lending institutions such as the Farm Loan Board, Credit Unions, Futurpreneur, Community Business Development Corporations, other Co-operatives and commercial lenders. FarmWorks promotes the benefits of investing in local enterprises and buying local products.

FarmWorks Directors carry out significant due diligence prior to lending and provides mentoring and promotion for the businesses of clients. Loans are made to enterprises that will be successful in achieving within three years a minimum 10% increase in output and productivity. Guidelines for measuring and reporting outcomes are in place for loan recipients and for Board activities.

The first CEDIF offer which closed at the end of February 2012 raised \$224,200 from investors, and fifteen annual offers to March 2<sup>nd</sup> 2026 have raised \$6,503,400 and \$12 million has been invested in farms and food-related enterprises across the Province.

In 2014 the \$25 million cap on investment was decreased to \$6 million for 'blind pool' or portfolio CEDIFs and as FarmWorks approached that cap in 2023 a lawyer was engaged to work successful with the NS Securities Commission to increase the cap to \$25 million. The fourteenth offer was hindered by difficulty finding an accounting firm to prepare Financial Statements to International Financial Regulatory Standard (IFRS) as required for CEDIFs that exceed \$6 million. An accounting firm now has been engaged and is preparing statements in IFRS format. The growth of the portfolio of investors and investees will continue so that FarmWorks can help meet the needs of Nova Scotians.

# ANALYSIS OF FOOD RELATED BUSINESS CHALLENGES AND OPPORTUNITIES

Food production has the potential to be a significant economic driver for Nova Scotia, and a solution for health and environmental challenges. However, producers competing against low-cost industrial-scale production of foods that do not reflect the embedded costs of production or transportation, and with limited government support available, often have difficulty taking advantage of the rising interest in healthy, less highly processed foods. The ability to move into this market requires investment of money that may not be readily available for production and infrastructure. With more support, Nova Scotia could provide much more than the current amount of less than 15% of food produced locally.

Between 2021 and 2022, the poverty rate in Nova Scotia increased from 8.6 per cent to 13.1 per cent — the highest among the provinces. The data indicate that 28.9 per cent of Nova Scotians are food insecure, which is also the highest provincial rate<sup>1</sup>.

## Farming

Nova Scotia's net farm income from 2015 to 2024 has been negative: In 2024, farms reported net loss of \$41.7 million on cash receipts of \$764.1 million. Nova Scotia farm cash receipts were up 3.0% while operating expenses (after rebates) rose by 2.2%. Nova Scotia's net farm income has been negative for eight consecutive years<sup>2</sup>.

For Nova Scotia, the 2011 census reported 3,905 farms, in 2016 an 11% decrease to 3,478, in 2021, and a 21.2% decrease to 2,741 in 2021. This decline was the largest among all Canadian provinces. In 2021, farms in Nova Scotia reported 725,738 acres in total farm area which was a decline of 20.7% from 2016, a larger decline than the national average of -3.2%<sup>2</sup>.

*Farms classified as fruit and tree nut accounted for 22.1% of the province's total farm area. This was followed by beef and feedlots (17.3%), dairy and milk (15.3%), and other crop farming (15.3%). Within the total fruit and tree nut area, 35,814 acres of lowbush blueberries accounted for 80.3% of the total fruit area for the province, followed by 2.6% for grapes and 11.0% for 4,924 acres of apples. From 2016 to 2021, apple acreage increased 11.5%<sup>3</sup>. Farms classified as poultry and egg production (\$188.1 million) accounted for 26.1% of the province's total farm operating revenues. This was followed by dairy and milk production (\$177.9 million) and fruit and tree nut (\$104.5 million) farms. Farms classified as hog and pig had the largest percentage decrease (-56.5%) from 2016 to 2021. In 2021, 11.5% of Nova Scotia farms reported renewable energy production. In 2020, 30.3% of Nova Scotia farms reported direct sales, up from 23.6% in 2015. This was above the national average of 13.6% in Canada. Farms classified as beef and feedlots made up the largest portion (18.5%) of the 831 farms that reported direct sales in 2020 in Nova Scotia. In 2020, 53.7% of farms in Nova Scotia reported selected land practices, up from 41.8% in 2015. This was below the national average of 64.5%. In 2021, 8.1% of farms in Nova Scotia reported a succession plan, up from 5.2% in 2016. This was below the national average of 12.0%. Nova Scotia reported the highest average farm operator age in Canada in 2021. The average age increased from 56.5 years in 2016 to 58.2 years in 2021. In Nova Scotia, over two-thirds (67.6%) of farm operators were aged 55 years and older, which was above the national level (60.5%)<sup>4</sup>.*

<sup>1</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/240426/dq240426a-eng.htm?HPA=1>

<sup>2</sup> [Nova Scotia Department of Finance - Statistics](#)

<sup>3</sup> [2021 Census of Agriculture \(statcan.gc.ca\)](#)

<sup>4</sup> [2021 Census of Agriculture \(statcan.gc.ca\)](#)

## Farming and Climate

Severe weather events, dry or wet growing conditions, and pest infestation are some of the challenges farmers are facing due to climate change. As the number and severity of threats rises, so too does risk to the livelihood of NS farmers and to our food security, necessitating research into mitigation strategies to enhance crop stability and sustainability<sup>5</sup>. The average temperature in NS rose half a degree across the entire 20th century but it's expected to rise another two to four degrees over the next 80 years, creating "catastrophic, irreversible consequences." Much more needs to be done by farmers with help from government to mitigate the risks of climate change for family farms.<sup>6</sup>

## Processing and Value Chain

The J.W. McConnell Foundation defines a sustainable value chain as a *"series of relationships between producers, processors, distributors [and] retailers... that are needed to get healthy, sustainably produced food to regional markets [at]... scale. Such value chains ensure that producers receive fair compensation, that the food is produced, processed and transported sustainably, and that the final product is affordable and widely accessible"*<sup>7</sup>

The loss of farm production over the last 40 years has resulted in the loss of processing capacity which in turn limits value chain opportunities for primary producers. The 'missing middle' is the result of regional food capacity being displaced by consolidation of the food system in the hands of a select few corporations. Addressing this issue requires a holistic approach, including strategies to revitalize farm production, support for developing of processing infrastructure, and fostering collaboration among different actors within the value chain.

Corporate supply chains are becoming increasingly vulnerable due to climate change, political unrest, biodiversity loss, and global corporatization. Going forward, local and regional farm to table food system development is crucial for food security, particularly in less central regions. Food system redevelopment can increase food security, improve farm income, promote health and increase community and provincial economic outcomes.

FarmWorks has provided support for food and beverage processing facilities and abattoirs but the unmet need greatly surpasses the organization's ability to bring about adequate change. Government investment is required to support the rebuilding of local and regional value chain infrastructure.

A recent Conversation article **Why Canada must treat its food system as a matter of national defence** notes that *The globalization of food systems, in Canada and the rest of the world, has intensified since the Second World War. This has brought some benefits, such as year-round access to fresh produce, but it has also made Canada's food systems vulnerable to the whims of its trading partners. Academics focused on food security and sovereignty have long raised concerns about import-dependence on key nutritious foods like fruits and vegetables. The Swedish government, in its defence resolution, states: "A well-functioning and robust food supply and personal preparedness of the civil population are ultimately a matter of survival and maintaining the will to defend."* This approach is not focused only on individual or

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<sup>5</sup> [https://www.dal.ca/faculty/agriculture/news-events/news/2023/01/31/crop\\_production\\_and\\_resiliency.html](https://www.dal.ca/faculty/agriculture/news-events/news/2023/01/31/crop_production_and_resiliency.html)

<sup>6</sup> <https://www.thecoast.ca/news-opinion/climate-change-a-large-systemic-problem-for-maritime-farmers-8587926>

<sup>7</sup> <http://www.mcconnellfoundation.ca/en/programs/sustainable-food-systems/regional-value-chain-program>

household levels of preparedness — that is, whether people have enough in their pantries — but also includes the overall preparedness of the systems that produce, process and distribute food<sup>8</sup>.

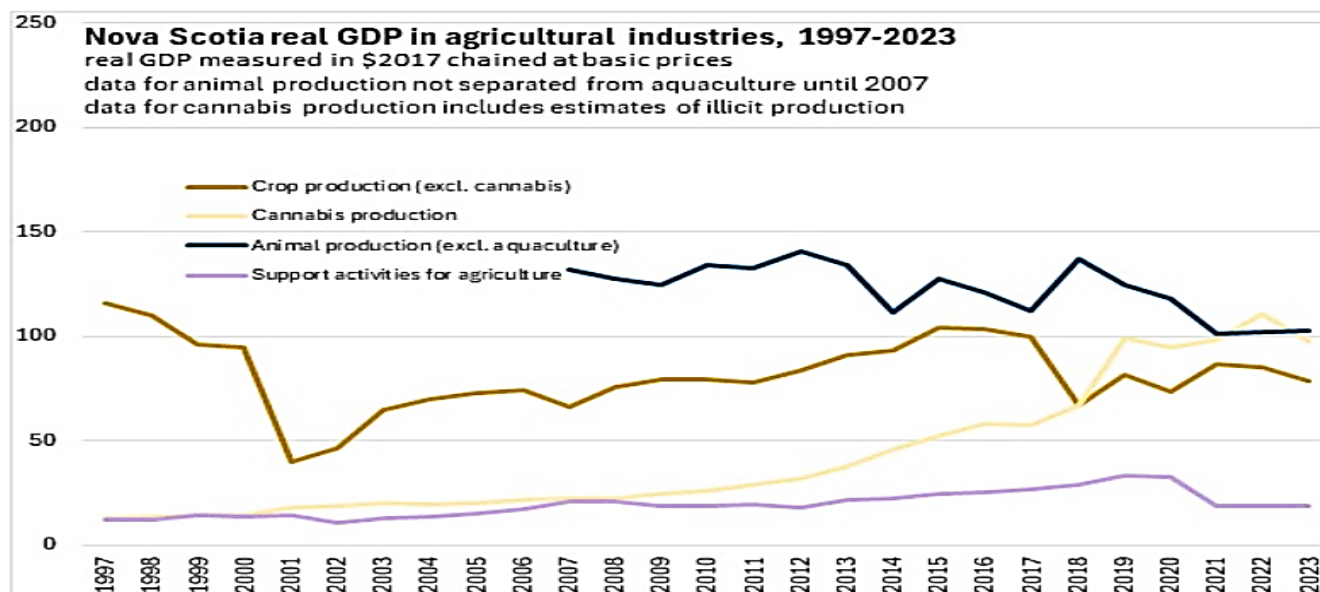
## Employment

In 2023 Nova Scotia had 6,161 agriculture employees, including temporary foreign workers, down about 16 per cent from 7,322 employees in 2016. Statistics Canada's agriculture and agri-food labour statistics focus on farms that have at least one employee and excludes small farms with reported income under \$25,000 and institutional ones like university farms<sup>9</sup>. Over a fifth of all manufacturing workers in the province are employed in food manufacturing. In 2022 food manufacturing decreased 2.7% with decrease in most subsectors including animal food (-4.8%), sugar/confectionery products (-11.8%), dairy (-2.5%), seafood (-3.8%), bakeries (-7.5%), and other food manufacturing (-9.4%). Fruit/vegetable and meat manufacturing were up<sup>10</sup>.

## Economic Output

Nova Scotia's GDP in 2024 was \$45.6 billion of which approximately 2.2% was agriculture and food and beverage manufacturing. Fruit/vegetable and specialty manufacturing was down 21%<sup>11</sup>. Food and beverage service GDP increased by 4%. Growth in all industries growth was 2.68%.

Nationally, total fruit and vegetable production decreased by 4.1% to 3.1 billion kilograms in 2023, as fruit production declined by 8.1%. While Western Canada's dry conditions led to reduced yields compared with the previous year, parts of Eastern Canada experienced good yields because of adequate moisture and warm temperatures. However, Quebec and the Atlantic provinces may have been affected by above-average precipitation. Total fruit sales were down in Nova Scotia (-17.4%) in 2023. Among other factors, a combination of low production and declining prices meant wild blueberry sales fell in Nova Scotia (-27.8%)<sup>12</sup>.



<sup>8</sup> <https://theconversation.com/why-canada-must-treat-its-food-system-as-a-matter-of-national-defence-251118>

<sup>9</sup> <http://www150.statcan.gc.ca/t1/tbl1/en/cv!recreate.action?pid=3210021601&selectedNodeIds=1D4&checkedLevels=1D1&reFPeriods=20160101,20230101&dimensionLayouts=layout2,layout3,layout2&vectorDisplay=false>

<sup>10</sup> [https://www.novascotia.ca/finance/statistics/archive\\_news.asp?id=18820](https://www.novascotia.ca/finance/statistics/archive_news.asp?id=18820)

<sup>11</sup> <https://novascotia.ca/finance/statistics/news.asp?id=20422>

<sup>12</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/240216/dq240216d-eng.htm>

In 2023 476,000 Nova Scotian households spent \$10,841 on food - \$7,950 in stores and \$2,855 in restaurants - totaling over \$5 billion. The 2023 farm income of \$764 million is 1.5% of \$5 billion. Farmers' Markets of Nova Scotia suggest that *If every adult in Nova Scotia spent \$21 a week at the farmers' market, that would be a \$131,794,320 investment into local farmers and producers. The average adult spends \$4031.83 on food a year, which would be \$336 a month. If about 784,490 adults in Nova Scotia spent a quarter of their grocery budget at a market in July and August, that would be a \$131,794,320 investment into local farmers and producers. We know this is not possible for everyone due to barriers like food insecurity and accessibility, but for a lot of Nova Scotians, this is within reach*<sup>13</sup>.

Every 10% increase in total sales of locally produced food in Nova Scotia could add millions of dollars to farm and other food sectors and generate hundreds of new jobs in food and other sectors<sup>14,15</sup>.

## **External article - [York University Food Policy for Canada](#)**

### **Financing Instruments for Food Production**

Many conventional financing instruments and institutions are effectively unavailable to SMEs. Common problems are: a) insufficient security for a loan; b) insufficient returns for private investors; c) too much administration for an institution accustomed to larger projects. There are two general approaches to this problem: 1) creating new financing instruments, or 2) modifying existing instruments to make them more compatible with SME realities. Although there are important non-profit, co-operative, patient capital organizations supporting food SMEs (cf. Fair Finance Fund), they are reliant on community minded investors and their scale of operation is relatively modest. SME processing receives relatively little of the alternative financing compared to the production and consumption ends of the spectrum (Stephens, 2021).

Community Economic Development Investment Funds (CEDIFs) are an example of the first category, creating new instruments. Designed to address capital problems for SMEs and create community investment vehicles, CEDIFs cannot be charitable, non-taxable or non-profit. Investors receive tax credits. Nova Scotia is the provincial leader, with many loans used for food system investments including farming, food, seafood and beverage processing, food stores, and food service. About two-thirds of all enterprises applying are funded.

The model can accommodate corporate or co-operative forms, can be pure investment vehicles, or have social purposes. The cost of the tax credit is no more than 10% of new tax revenue generated across all levels of government. In a 2019 examination of most of the active businesses and co-operatives that have been funded by CEDIFs in Nova Scotia, analysts found \$118 Million in GDP value-added per year, 1,200 jobs and \$52 Million in payroll dollars primarily in rural Nova Scotia. Clients sourced 2/3 of their goods/services from NS. It is clear from assessments that the model fills a financial gap for SMEs (Stephens et al., 2019). However, the model may not work for more capital-intensive SME requirements because funds are generally small.

A key NS player is FarmWorks Investment Co-op. FarmWorks' lending practices include: no principle or interest payments for the first 3 months, and no security taken. The Co-op provides mentoring and sometimes promotional services. About 50% of their firms are farms and 50% retail and food service. Funds from loan repayments become available for the next loan.

<sup>13</sup> <https://farmersmarketsnovascotia.ca/2025/06/12/farmers-are-struggling-in-nova-scotia-here-is-the-data/>

<sup>14</sup> <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/agri116b-eng.htm>

<sup>15</sup> Harry Cummings, University of Guelph - [evaluationcanada.ca/distribution/20020408\\_cummings\\_harry\\_murray\\_don](http://evaluationcanada.ca/distribution/20020408_cummings_harry_murray_don)

NB and PEI also started CEDIFs in 2016. Each province should set up the legal structure and processes for CEDIFs. Governments need to also make changes to securities rules (see for example, the NS Securities Commission). The instruments, however, would need to be targeted rather than blind since at this stage there is a great need to solve specific infrastructure problems. This approach works with the establishment of DSC instruments to identify regional priorities.

The second strategy is to gradually enhance offerings within existing financing programs for food infrastructure projects that focus on sustainability, health and justice. For example, the National Research Council Canada's Industrial Research Assistance Program devotes about 8% of current funding for agriculture and food SMEs and NRC also has a program that focuses on aquatics and crop development. These could be enhanced by making the capital costs of small businesses seeking to commercialize their innovations eligible for the program.

A second possible modification would be to use Canadian Agricultural Partnership (CAP) funding for enhanced processing capacity (currently used in Ontario) but to refocus it on creating critical infrastructure of the middle. For example, in meat processing, Ontario has two cost-share funding streams, one a Meat processors capacity improvement initiative, the other a Provincially licensed abattoir initiative. Both are really designed to increase capacity of existing operations, including efficiency, food safety, animal welfare and biosecurity. However, financing is on a reimbursement basis, is only 60% cost shared, and is of no help to startups.

The existing programs (CEDIFs) could be retained, but with a specific stream for startups in priority under-served regions of the province. And it appears only Ontario uses these funding options under CAP so most provinces would need to use this option.

## FARMWORKS OVERVIEW

FarmWorks Investment Co-operative Limited was incorporated in May 2011 as a for-profit Co-operative by an association of community leaders concerned about social, economic and cultural needs in order to promote and provide strategic and responsible community investment in food production and distribution to increase access to a sustainable local food supply for all Nova Scotians.

FarmWorks volunteer Directors have a diverse array of experiences, knowledge, skills and abilities to guide the planning and implementing of investment strategies and lending to food related businesses. Directors carry out due diligence procedures to ensure that Shareholder investments secure and are placed for maximum economic impact on food supply and the economy. The Board strives to gain information that enables them to work effectively with investors and investees, potential co-funders of enterprises and other partners. FarmWorks engages with other financial and business enterprises that contribute to the success of food-related businesses.

FarmWorks fills a niche in the agricultural financing market. As farm debt and the value of land increases the threshold for entry into the sector rises. FarmWorks helps to lever the financing needed for new entrants and create opportunities for existing farm operations to develop additional revenues through value added processing. Investments by FarmWorks pay financial dividends for shareholders and contribute to the security of the food supply for all Nova Scotians.



## **VISION**

**Healthy Farms, Healthy Food**

## **MISSION**

**Promote, and provide, strategic and responsible community investment in food production and distribution to increase access to a sustainable local food supply for all Nova Scotians.**

## **STRATEGIC GOALS**

Promote investing in local food related businesses, and buying local food, to gain health, economic, social, environmental and other benefits that result from growing and processing food in Nova Scotia.

Use investment vehicles to allow Nova Scotians to invest a percentage of their capital in NS agriculture and food related enterprises as measured by:

- Over 5 years at least 10% increase in revenue by each investee
- Over 5 years at least 10% Increase in production by each investee
- Contribute to increase in food production of at least 10% by 2029.
- Contribute to an increase in new food businesses by at least 10% by 2029.

## **OPERATIONAL GOALS**

- Market annual investment of at least \$500,000 each year.
- Invest strategically in agricultural and food enterprise opportunities to increase participants' local food production and profitability.
- Provide mentoring for clients and help to facilitate farm and food-related innovation and diversification in partnership with government and non-government organizations.
- Monitor and evaluate other investment tools and investment opportunities.

## **COMMUNITY ECONOMIC DEVELOPMENT INVESTMENT FUND**

FarmWorks CEDIF provides a means for efficiently and effectively leveraging local capital to assist in growing sustainable food related enterprises that help rebuild rural communities and contribute to all aspects of life in the Province.

The CEDIF enables investors in FarmWorks to gain five year NS Equity tax credits of 35%, 20% and 10% or 65% over 15 years, and RRSP tax deferral for investing to provide capital for loans to enterprises and individuals scaling up or launching agricultural and food-related businesses in NS.

FarmWorks is a “blind pool” CEDIF that strategically invests Nova Scotians' funds in multiple food related enterprises with the potential for growth. These enterprises must have outstanding management, capacity for innovation and pent-up demand. FarmWorks Directors collaborate with the enterprise owners and facilitate mentoring by appropriate specialists and advisors to insure the success of the enterprise and the CEDIF. Support also takes the form of ongoing promotion of the benefits of eating healthy local food and investing in local enterprises. Through sustainable funding, knowledge transfer and mentoring, FarmWorks helps meet a range of provincial food-related needs, helps stimulate economic growth and provides social and environmental benefits.

## **CEDIF GROWTH**

FarmWorks manages an increasing investment portfolio and sells new CEDIF shares each year to acquire more capital. The first CEDIF offer closed at the end of February 2012 and by 2025 over \$11 million has been invested in farms and food-related enterprises across the Province. The \$6 million cap on investment that limited recent annual raises has been raised to \$25 million and it is intended that annual

growth in investment will increase by a minimum of 25%. As loans are repaid the funds are loaned to qualifying investees. Investments decisions are guided by due diligence, opportunities in the sector and historic results.

## MARKET RESEARCH

The market for FarmWorks loans is limited by the available amount of investment capital. FarmWorks helps finance local entrepreneurs to expand in response to customer demand. Consumer awareness of the potential for interruption in the existing supply chain, concern about the quality of foods, and interest in supporting local production is creating growth in local production.

### Customers for food and beverages

The population of Nova Scotia has increased to one million but NS producers are currently supplying less than 15% of the food purchased in the Province. The economic, health, social and environmental costs of outsourcing food, especially ultra-processed food, is not appropriately factored into decisions. However, significant numbers of consumers are becoming more aware of the taste and nutritional qualities and the benefits of local food. It is crucial that FarmWorks continue to help raise public



awareness of the multiple benefits of growing, processing, distributing and selling food and other products grown and manufactured in Nova Scotia. Current global events will help persuade individuals and agencies to increase support for and reliance on local producers.

*John Parker wrote "Because food is so important, agriculture—more than any other form of economic activity—is expected to achieve a series of competing and overlapping goals that change over time and from place to place. The world looks to farmers to do more than just produce food. Agriculture is also central to reducing hunger and provides many people's main route out of poverty. Food is probably the biggest single influence on people's health, though in radically different ways in poor countries and in rich ones, where the big problem now is obesity".<sup>16</sup>*

### Customers for loans

Changes in global supply and distribution are increasing the need for more capital and assistance for producers. Food related entrepreneurs who are seeking support to start or grow reach out to FarmWorks not just for capital, but for mentoring and promotion of their businesses.

Food producers are innovating by extending their growing season, processing foods, expanding direct and wholesale markets, providing consumers with diverse products and collaborating to achieve better outcomes for all. FarmWorks collaborates with other lenders, including to help provide the significant amounts of capital needed to purchase agricultural land (Canadian Land Inventory classes 2, 3 and 4) which comprises slightly less than 30% of Nova Scotia. The amount of land under cultivation has decreased and only approximately 13% (236,000) of the 1,500,000 hectares is under cultivation<sup>17</sup>.

<sup>16</sup> John Parker, The Economist, February 24, 2011

<sup>17</sup> NSDA Preservation of Arable Land - <http://www.gov.ns.ca/agri/elibrary/nsalrc/AppendixF-AgriculturalProfiles-NS.pdf>

## Analysis

Nova Scotia stands to benefit on many levels by gradually shifting more of our global net-input farm and food economy to one oriented toward local and regional markets. It's well understood that money spent at local businesses creates multiplier effects, circulating dollars in the local economy<sup>18</sup>.

Nova Scotians spend almost \$5 billion on food annually but less than 15% overall on local food and beverages. Strategies that increase the availability of Nova Scotia-grown food will help improve the local economy. With a modest economic multiplier of two to three cycles, even a 10 percent increase in local food production, processing and purchasing could generate millions of dollars in new economic activity annually. Hundreds of new jobs could be created on and off farms and through farm-related businesses such as seeds and stock, equipment, tools, storage, processing, packaging, and distribution and retail.

Agriculture has the potential to be a significant economic driver, but farmers with limited equity, competing against low-cost industrially produced foods that don't reflect the embedded costs of production or transportation, with little government support available, may be unable to take advantage of the rising tide of individual and community interest in rejuvenating food <sup>19</sup> Local food production requires investment in farms and food production and infrastructure.

The Government is constrained in its fiscal ability to affect food trends. Of the \$16.5 billion Nova Scotia budget for 2024/2025, only \$47 M (0.3%) is directed to the Department of Agriculture because \$5.5 B (33%) is required for Health<sup>20</sup>.

Diet-related chronic diseases such as cancer, cardiovascular diseases, diabetes, and stroke take up two-thirds of the direct costs of the health system, and appropriate nutrition and physical activity could reduce the prevalence of cancer by 24% and lead to dramatic reductions in heart disease.<sup>21</sup> Locally grown vegetables and fruits can retain more nutrients than food transported long distances and foods that are highly processed. Local food production leads to gains in economic activity and helps decrease regional income disparity and increase food security.

*"'Nutrition security' incorporates all the aims of food security but with additional emphasis on the need for wholesome, healthful foods and drinks for all. COVID-19 made clear that Americans who are most likely to be hungry are also at highest risk of diet-related diseases including obesity, diabetes, heart disease, and many cancers -- a harsh legacy of inequities and structural racism in our nation. A new focus on nutrition security for all Americans will help crystallize and catalyze real solutions that provide not only food but also well-being for everyone," said first author Dariush Mozaffarian, dean of the Friedman School of Nutrition Science & Policy at Tufts University.*<sup>22</sup>

More than half the arable land in Nova Scotia is held by farmers who could increase production if they could support their farms by doing so. Increasing the profitability of production is a key to food security. Growing more healthy local food could increase farm income, create more jobs on farms and throughout the food system, increase food sufficiency, keep more money in Nova Scotia and provide economic stimulus to reinvigorate rural communities.

<sup>18</sup> [http://www.usask.ca/agriculture/plantsci/hort2020/local\\_linkages.pdf](http://www.usask.ca/agriculture/plantsci/hort2020/local_linkages.pdf)

<sup>19</sup> <http://novascotia.ca/agri/documents/business-research/AO0102%202010%20NS%20Ag%20Overview%20w%20Appendices.pdf>

<sup>20</sup> Budget [ftb-bfi-043-en-budget-2021-2022.pdf](http://ftb-bfi-043-en-budget-2021-2022.pdf) (novascotia.ca)

<sup>21</sup> Canadian Coalition for the [Public Health in the 21st Century](#) 2005

<sup>22</sup> [Time to shift from 'food security' to 'nutrition security' to increase health and well-being -- ScienceDaily](#)

Even a 10% increase in total farm gate food sales will add at least \$60 million to farms and \$120 million to the local economy and generate approximately 500 new on-farm jobs and 800 in food and other services.<sup>23</sup>

Each year billions of investment dollars flow out of NS and the cumulative effect of many years of missing out on local investment has decreased the economic viability of every sector of the economy. The effects on food producing sectors have not been immediately evident to those who rely on chain stores for food, but the downstream economic and health costs are being paid by all Nova Scotians.

The medium and long term prospects for success in the sector are positive: increased public interest and support, expansion of farmers' markets, government *buy local* campaigns, food security as a core program for many public health agencies, the growth of agri-tourism and culinary tourism, rising food costs, the impact of currency fluctuations, economic potential of new farmers and those increasing output, emerging leadership, and new programs for producers.

It is reasonable to expect that over the next ten years income will increase as producers increase output to meet increasing demand. Substantial Investments in farms and infrastructure are needed to help producers meet that demand.

## **MARKETING THE CEDIF**

FarmWorks Vision of *Healthy farms and healthy food* is realized by

- Raising capital through annual offerings of shares
- Developing relationships with applicants and people involved in all food and beverage enterprises
- Supporting farms and food-related businesses that contribute to food sufficiency
- Forging long-term relationships with businesses and providing appropriate support and resources
- Co-operating with all stakeholders and drawing on collective experiences and knowledge
- Measuring clients financial performance

Beginning in December 2012 FarmWorks began holding community meetings across Nova Scotia with the goal of raising awareness of the benefits of buying locally and investing in the local economy. Advertisements are placed on social media, the FarmWorks website and in local papers to announce meetings. Each year during the 90 days when shares are available at least 20 meetings are held, many in the 'Gentle Dragon' format where clients and applicants describe their businesses and plans. There are frequent additional meetings throughout the year. Invitations to speak on CBC and webinars are becoming more frequent.

During the Offer period and whenever there are opportunities, FarmWorks Directors present information (including virtual sessions during COVID 19) about the benefits of secure and healthy food, agricultural sustainability, economic development, issues with the food system, and the urgent need for support for local agriculture and food enterprises. Potential investors and investees are provided with print and web-based resources from FarmWorks and other organizations that offer guidance for sourcing local food and investing locally. For people who haven't considered the question of food security and sufficiency, these presentations provide a new 'food lens' through which to view local farming and economic, health and environmental issues and opportunities.

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<sup>23</sup> Harry Cummings, University of Guelph - [evaluationcanada.ca/distribution/20020408\\_cummings\\_harry\\_murray\\_don](http://evaluationcanada.ca/distribution/20020408_cummings_harry_murray_don)

## **Investors**

FarmWorks Community Economic Development Fund (CEDIF) sells shares to raise funds to make loans and provide support to qualified food-related for-profit businesses to help increase economic, health, social, environmental, and other benefits. Food production helps restore rural vitality, increases access to healthy food and decreases the risks associated with lack of food self-sufficiency. FarmWorks' diverse business portfolio achieves strategic goals, balances risk and preserves redeemable capital enabling shareholders to gain tax credits and tax deferral by supporting healthy farms and healthy food.

- Each share is \$100, minimum purchase is one share, Investors may purchase up to 500 shares if NS Securities Commission conditions are met.
- Share price is established arbitrarily by the Issuer.
- Shares are fully paid, newly issued voting common shares that are non-retractable and non-redeemable for 5 years, non-convertible and not restricted in profit sharing or participation upon dissolution.
- Investments may be eligible for a 35% Nova Scotia non-refundable Equity Tax Credit (may be carried forwards 7 years and backward 3 years) and for RRSP tax deferral.
- Investments may be eligible for further Equity Tax Credits of 20% and 10% at the 5 and 10 year investment anniversaries, respectively provided the CEDIF meets NS Securities Commission conditions.

FarmWorks investors (five year terms) have the benefit of receiving a 35% Provincial tax credit that can be applied to the preceding tax year (and can be carried back 3 years or forward 7 years). Subsequent 20% and 10% credits are received at the beginning of each five year term. The 15 year Provincial tax credit is 65%, or greater if the upfront tax credit is reinvested in FarmWorks or another fund.

Investing funds in FarmWorks' RRSP (through Canadian Workers Cooperative Federation) defers federal tax based on the investor's marginal tax rate. For example, a 37% tax rate would gain combined Provincial credit and Federal deferral of 72%, and at 5 and ten years the investment gains the additional 20% and 10% NS tax credits.

Transferring existing RRSPs to FarmWorks gains the 35%, 20%, 10% Provincial tax credit on funds that otherwise sit outside Nova Scotia working for economies other than our own.

## **Investees**

### **Potential for Growth and Business Sustainability**

The business will have strong, experienced and ethical management with a clear and compelling vision; the skills and will to execute the business plan and grow the enterprise; the potential to achieve a minimum of a 10% increase in annual production and profitability within three years. The business will provide financial information to FarmWorks on a semi-annual basis, and FarmWorks, when appropriate, will facilitate mentoring by appropriate Directors, Advisors or other specialists to help insure the success of the enterprise.

### **Potential for Social Impact**

The business will meet food-related needs, stimulate economic growth, provide social and environmental benefits and collaborate with others to achieve benefits for other producers and consumers. FarmWorks will provide ongoing support in the form of promotion of the benefits of eating healthy local food and investing in local enterprises.

## PRIORITIES, GOALS AND PERFORMANCE MEASURES

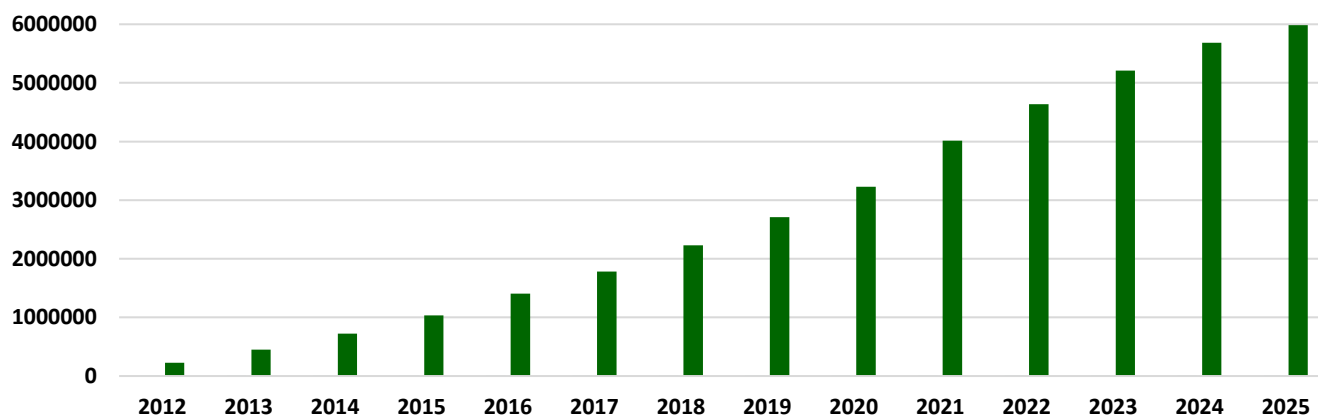
Over the years 2025 to 2029 it is intended that CEDIF investments will enable at least another \$5 million in addition to the current \$5 million to be loaned to multiple enterprises. It has been an ongoing wish that other community organizations will establish CEDIFs so that the cumulative effect of joint endeavours will exceed the reach of FarmWorks Investment Co-operative. In line with socially responsible community-based investing, FarmWorks will continue to strive to balance the needs of investors and investees.

Over the next five years, FarmWorks has identified the following priorities:

- Increase the amount of funds available for investment in local farms and food.
- Increase the demand for local food.
- Increase the supply of local food.
- Increase the viability of farms and food producers.
- Increase awareness and collaboration between funders and recipients of investment capital.
- Increase confidence in the option of investing locally.

Priorities	Goals	Measurable Outcomes
Demand for local food	Engagement with stakeholders	1. # of investors 2. # of investees 3. # of key collaborator agreements 4. # of working relationships with organizations
Viability of enterprises	A) 10% increase in output B) 10% increase in retained income C) Mentoring of funded enterprises D) Promotion of funded enterprises	1. # of enterprises meeting and exceeding 10% 2. # of mentoring interactions and type 3. # of enterprises repaying loans 4. # of initiatives to increase awareness and interest in local food and investment
Collaboration	Communication and collaboration with and among investors, potential investors, investees, advisors, government agencies, organizations and businesses	1. # of communications with investees 2. # of communications with investors 3. # of communications with public 4. # of public consultations 5. # of outcomes research initiatives
Confidence	A) Professional, fiscally responsible organization B) Transparent and accountable B) Board Development sessions	1. Governance structure and documents available 2. Successful implementation of business plan 3. Financial statements 4. Attendance at AGM

**Total Investment 2012 to 2025**



## **GOVERNANCE**

### **FarmWorks Directors**

The FarmWorks Executive is comprised of the Chair, Vice Chair, Secretary and Treasurer and other Directors as approved by the Board. All Directors work to insure the highest possible degree of oversight of all transactions and collaborations with shareholders, investees, all other stakeholders and the general public.

The FarmWorks vision, mission, and values are the driving forces for the business plan. The goals are the achievements that will move FarmWorks towards its vision. The plan is strategic in nature and provides a focus regarding activities to achieve the goals and subsequently the vision.

### **Vision**

Healthy Farms, Healthy Food

### **Mission**

Promote, and provide, strategic and responsible community investment in food production and distribution to increase access to a sustainable local food supply for all Nova Scotians.

### **Values**

- Diligence
- Responsibility
- Responsiveness
- Accountability
- Honesty
- Stewardship
- Democracy

### **Guiding Principles**

- Empower others and build sector strength and capacity,
- Consider all stakeholders,
- Food self sufficiency,
- Cooperate with other organizations,
- Community based development,
- Community participation,
- Informed choices for the public,
- Socio-economic and environmental justice,
- Adherence to environmentally sound principles

### **Co-operative Principles**

- Open and voluntary membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training, and information
- Co-operation among co-operatives
- Concern for community

### **Community Building**

- Building collaborative agreements with organizations that support the key priorities,
- Growing positive working relationships with all Shareholders, investees, government agencies, businesses, citizens and communities

## Finance

- Diligent stewardship of all monies invested in FarmWorks,
- Obtaining adequate investor commitments to implement the goals.

## Process

- Members will be catalysts and facilitators advancing the mission and goals,
- Members will have input into the implementation of the business plan.

## Growth and Development

- Directors will continually inform themselves about food systems, finance and economic development in order to provide the public and investees with appropriate information,
- Board development will be an integral part of FarmWorks strategic planning.

## COMMITMENTS AND COLLABORATION

The FarmWorks CEDIF helps insure Healthy Farms and Healthy Food by:

- Promoting the value of locally produced foods to consumers and the advantages of investing in the agricultural and food economy of NS,
- Identifying the needs of the farming community and food producers, governments, business, non-governmental organizations and academia for sustainable, healthy, sufficient, fairly-produced food,
- Using the CEDIF as the vehicle for the sales of shares to provide funds to assist food producers, processors, distributors and other food-related enterprises to become economically viable and sustainable and to decrease the province's dependence on imported foods,
- Collaborating with and mentoring funded enterprises to assist in building their success,
- Providing public information about the benefits of CEDIFs and co-operatives for socially responsive investing in economically viable enterprises,
- Collaborating with appropriate partners to track changes in local food availability and sales,
- Helping investees to increase the amount of local food sold in Nova Scotia by 20% by 2025.

### Through its work, FarmWorks interacts with a diverse community:

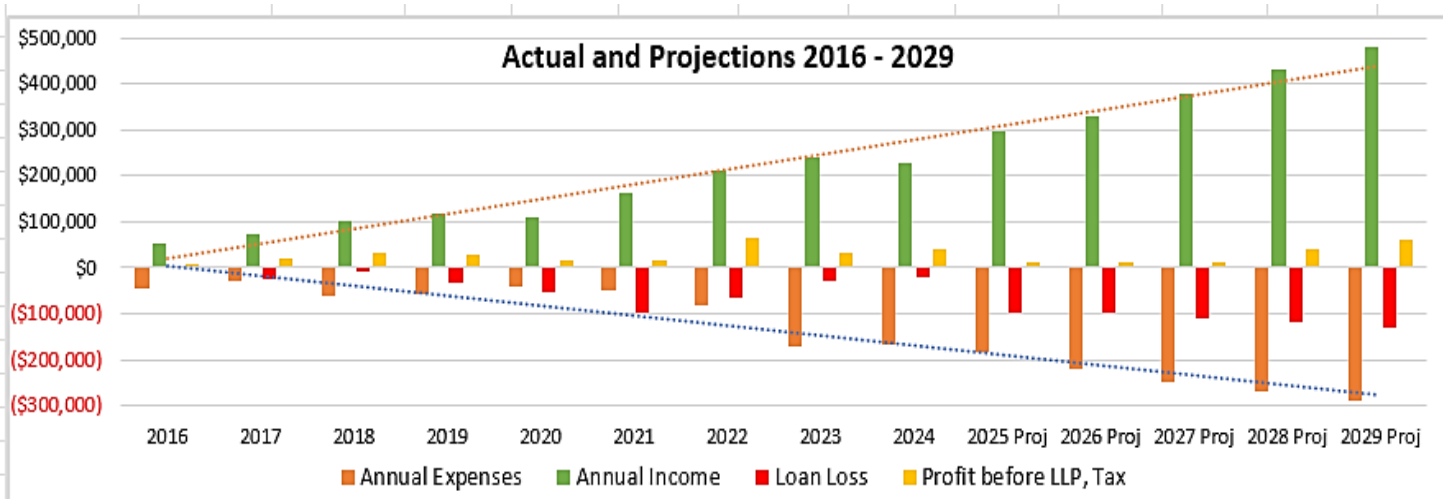
- Farming community
- Food producers
- Businesses
- Government Agencies
- Non-Governmental Organizations involves in stewardship, heritage, agriculture; and
- Academia.

## BUDGET - ACTUAL AND PROJECTIONS 2016 to 2029

FarmWorks Loans	\$1,053,086	\$1,402,548	\$1,842,490	\$2,636,181	\$2,920,695	\$3,510,320	\$4,336,063	\$4,639,450	\$4,990,721						14 years	
Actual and Projections	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	Total	Percent
Annual Expenses	(\$45,785)	(\$28,654)	(\$61,846)	(\$57,364)	(\$39,050)	(\$49,403)	(\$80,540)	(\$169,668)	(\$165,283)	(\$185,000)	(\$220,000)	(\$250,000)	(\$270,000)	(\$290,000)	(\$1,912,593)	60%
Annual Income	\$52,884	\$71,197	\$102,356	\$119,261	\$107,884	\$161,983	\$210,611	\$240,455	\$226,863	\$295,000	\$330,000	\$380,000	\$430,000	\$480,000	\$3,208,494	
Loan Loss		(\$23,084)	(\$7,266)	(\$32,491)	(\$54,326)	(\$96,692)	(\$64,703)	(\$30,006)	(\$18,776)	(\$100,000)	(\$100,000)	(\$110,000)	(\$120,000)	(\$130,000)	(\$887,344)	28%
Profit before LLP, Tax	\$7,099	\$19,459	\$33,244	\$29,406	\$14,508	\$15,888	\$65,368	\$30,781	\$42,304	\$10,000	\$10,000	\$10,000	\$40,000	\$60,000	\$398,557	12%
Loan Loss Provision	\$24,000	\$36,000	\$46,600	\$79,092	\$79,517	\$96,534	\$119,655	\$125,265	\$261,838							

Note: Loan Loss provision is an accounting practice where the lender sets aside money on its income statement to cover potential losses from loans that may not be repaid

Note: 2024 income decreased and LLP increased due to businesses dealing with challenges. 2025 income limited by \$300,000 share revenue. 2026 maintaining but share revenue and income and expenses expected to increase



## SUMMARY

The 2023 Survey Report – [Economic and Social Impacts of FarmWorks Support for Food Related Businesses in Nova Scotia](#) — describes the success of FarmWorks clients: providing wider access to healthy food; creating employment; contributing to an improving economic outlook for farmers and food producers; helping to restore rural vitality; and helping to remove the risks associated with lack of food self-sufficiency.

The 2023 Survey measured the economic and social impacts of funded businesses, FarmWorks’ support for them, clients’ access to mentoring, their assessment of opportunities and challenges and the effects of COVID 19. The importance of FarmWorks loans is clear as 61% indicated that their business would not have succeeded, and 37% considered success would be only somewhat likely without the loan.

The respondents are generating approximately \$14,250,000 in annual gross business revenues with annual business expenditures of about \$12,900,000 and multiplier effects indicate that FarmWorks’ clients’ annual monetary impact in Nova Scotia may range from \$40,000,000 to \$60,000,000.

Prior to COVID 19 they had 233 full-time and part-time employees and by the middle of 2023 they had 217 employees. Hourly wages ranged from minimum wage of \$12.55 to \$38.00 with an average of \$15.47 and 84% of clients paying above the minimum.

FarmWorks-supported businesses are providing local employment and purchasing goods and services in their area or the province, they’re providing good food and are raising awareness of the benefits of supporting the local economy, they’re supporting community endeavours, the restaurants have become hubs for their communities and those that are restaurants, cafés and markets are contributing to year-round tourism from near and far. The FarmWorks business plan sets forth a roadmap for the next five years (2025 - 2029). FarmWorks Vision leads towards an economically sustainable future where healthy food is available for all citizens. The Mission, Goals and outcomes direct the strategic plan. As a community-based organization, FarmWorks achieves its goals by working collaboratively with strategic partners in Government, local communities, business, non-government organizations, charitable organizations and academia. FarmWorks core values guide its approach to helping provide a secure, sustainable and fairly produced supply of healthy local food to benefit current and future generations.