

[fax]

**Avis Chapman** In a recent edition of *Atlantic Business Magazine* there was an article entitled "Paying the Toronto Tax" having to do with who got the advertising agency contract touting Nova Scotia as a tourist destination.

I wish we could stop bickering and in-fighting over matters such as this, for in so doing we overlook the "point."

The "point" is that Nova Scotia people in charge of such matters should go on bended knee to the advertising agency who handles the contract for Newfoundland, for nothing better could exist than the commercials for Newfoundland.

I am not in the advertising business nor have I ever been, but I have been a world traveler and perhaps therefore not easily impressed by such commercials... that was, until I began to watch the commercials for Newfoundland a couple of years ago. They are a work of art. I can hardly resist running off to Newfoundland the same day I view them. I don't think I have ever seen such beautiful scenery, obviously shot by a photographic artist with the ability to present in an artistic way. The commercials are a joy to behold!

This year Newfoundland has many new commercials, and once again WOW. Who but an artist could present such scenery, using colour and lighting to such great effect, tying in the childrens' striped socks to illustrate the colours used to paint the houses, even to the point of using a mish-mash of coloured pieces of linoleum to decorate the stair risers in a house. You must have seen them?

To the commercial referred to above, a catchy song has been written, sung by two women whose musical timing is excellent as a means of reference for the photography. Further, it is a song that "stays with you"... easy to hum!

Yes, we have beautiful scenery in Nova Scotia, but my point is that the agencies being hired don't have the talent to present it like the Newfoundlanders do, so who cares which of the agencies hired for Nova Scotia get the contract because they aren't worth the money. Sad, but

true. What I have previously seen of Nova Scotia commercials are rather boring looks at more ocean spray and shabby cottages. Many other areas have similar sights. Why would we want to continue to show how "backward" we are? Anyway, I hear a plane overhead — probably on its way to Newfoundland.

[Twitter]

**RE: Master class**

**@AlexMacleanECL** This week 3 years ago ECL was created! Thanks everyone & @AtlanticBus for the story!

**@BarbaraB\_Pike** Not the usual suspects. Nice article about entrepreneurship in the region highlighting some fresh faces.

**@MsJuliaRS** Amazing to see @Kuncky @SmartSkinTech in the @AtlanticBus Mar/Apr issue. A hidden gem in Fredericton @IgniteFredNB

**@Jasa215** @AlexMacleanECL @AtlanticBus Yeah baby! Friggin proud of ya! #NSProud. #keepgoingkeeppushing Next up, #ECLtents, #ECLshoes, #ECLlawnchairs

**RE: How sports will help your daughter**

**@SoleSistersRace** Thanks @AtlanticBus for great article about power of sport!

**RE: Advertising**

**@BelieveinChange** Brilliant ad from @SM\_Law on back cover of @AtlanticBus. Connecting vision and possibilities.

**RE: Cover**

**@cwb\_ns** @AtlanticBus mag just arrived - cover story shows why we need to #pledgeforparity in 2016.

**RE: Tax time**

**@Valerie\_Eddy** Great comments from Bill Budgell @GrantThorntonCA

**RE: Kudos**

**@DukeNL** Important content in @AtlanticBus. Proud to have been a part of @UnderstandNowNL with @m5agency!

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**RE: Master class**

**Denis Losier** Excellent article. I have known Mike Timani for many years, going back to when I was Minister of Economic Development in the McKenna government. I have rarely seen someone working so hard for so long and I am so proud that he is now successful. Mike is very dedicated to his home province and I only wish we had more extraordinary entrepreneurs like him to create much needed jobs in New Brunswick.

**RE: How sports will help your daughter**

**Ken Beazley** Both of my girls have been involved in a variety of sports from a very young age. Sports occupied their time throughout their years growing up and they hung out with groups who also had an interest in sports. Today as adults they still play sports and coach various team sports.

**Stacy Chesnutt** I agree with everything you say in this about the power of sports (right down to the comment about recovery being harder now that we are older). I plan to share this article widely, so thank you for writing it!

**RE: Warning**

**Laurie Dempster** It's fantastic to see this work available for everyone's benefit. Fred (Dodd) and Dan (Mosher) have done groundbreaking work here. "Fred Dodd has formally begun his assault on an outdated and ineffective status quo." Perfect quote!

[email]

**RE: Tax time**

**S. Boyd Anderson** Every once in a while I come across something in the media that in its effort to be simplistic becomes outright dangerous. Such are the comments from Dianne Kelderman, CEO of the Nova Scotia Co-operative Council. Her comments concerning Equity Tax Credits are dangerous to one's financial health. Ms. Kelderman's article should have disclosed that her comments were for Nova Scotia residents only!

I assume Ms. Kelderman is not a licenced securities person. If so, she would not be permitted to "sell" these products in this manner. She also lacks knowledge of certain investment terms. For example, she explains that these investments obtain an income tax credit of 35 per cent and "that is a significant and immediate ROI" (Return on Investment). That is not ROI but a reduction in one's cost base. ROI is when you make money in excess of one's cost base. The locked-in period is five years in N.S. and that makes these investments very illiquid. At least she did not recommend using these in one's RRSP. One cannot write off any loss against any gains within an RRSP.

These investments are a cousin of the Labour Sponsored Venture Capital Tax Credit plans that have been around for about 20 years. Most of them have never made a cent (and I mean after the tax credit reduction of the cost base) and several have gone bankrupt. They are plagued with high fees, no liquidity and poor investment management. I suspect the Equity Tax Credit scheme will suffer the same fate. I have a client that bought a GrowthWorks \$5,000 unit 10 years

ago (not from me – I inherited it when he fired his former advisor). He got about 50 per cent back in assorted credits (it was in his RRSP unfortunately) but his \$2,500 net investment is now worth \$253.69 and we cannot even cash this in as it is in receivership. Even if he had put the \$2,500 into a 10-year bond at three per cent, he would have \$3,360.00 today that he could cash.

That is the fundamental flaw in both of these investments: the opportunity cost. Ms. Kelderman suggests she receives a four per cent dividend on "some" of her investments but that "others don't pay anything." I would ask Ms. Kelderman to disclose what the net (after the tax rebate) cost of her N.S. Tax Credit investments is for the 10 years she has been investing and what the value of these investments are today (including any dividends). Has she actually had a ROI?

Let us say someone takes her advice and places \$10,000 per year in these plans over 10 years. The true net investment is of course \$65,000. One hopes the person invests the tax refund elsewhere. If they do OK, they will have \$65,000 in 10 years. If they had purchased a lower risk balanced fund over the 10 years (\$6,500 per year) earning four per cent, they would have \$78,040 today. That is a ROI of \$13,040 over the tax credit fund. If the tax credit fund had lost money, the difference is greater. This is what I mean by opportunity cost.

I will not argue that these investments may help local firms raise needed capital. Fine, raise it from those who can afford to lose their investment (so called accredited investors). But to suggest these are

good investment choices for the average person (for which the co-op movement provides a valuable service) is dangerous.

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**Dianne Kelderman** I'm so happy that we have sparked a debate. I would be disappointed if we didn't get at least one such reaction from the traditional establishment. I've been having this debate with them for more than a decade. It is this established, conservative thinking that sends \$1.6 billion in RRSP money out of Atlantic Canada every year. The CEDIF legislation exists in N.S., N.B. and P.E.I. (not just N.S. – though N.S. is much more robust in the take up). The N.S. experience has been indisputable: over \$50 million invested, by over 4,000 individuals, to 120 enterprises, with only three losses over a 15-year period. I suspect Mr. Anderson has no experience, and certainly no appetite for this type of investing, which is fine. But there is plenty of room in the sandbox for those of us (over 400 in N.S. alone) who do. I could outline my significant training and experience in this field, but to do so would only distract from the message.

**RE: Death and taxes**

**Gail Skidmore** I would just like to say that as a small business owner (very small) and having made attempts to start up other businesses, I have never felt that I truly understood power and politics. Your editorial in the most recent edition of *Atlantic Business* was so clear and simple to understand that I had to give myself a "high five" for understanding and agreeing with you completely. I often think that because I don't have a B.Comm or college degree that all this is over my head, but it turns out I was right all along! You've just made me a huge fan of the magazine and gave me a big boost of self-confidence. Thank you.

**FEEDBACK**

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**In the next edition...**



**PROFILE**  
**CEO of the Year**

Who of the Top 50 CEOs ranks first among equals? You'll have to wait for our next edition to find out



**TOURISM**  
**Authenticity**

Visitors want genuine local experiences. We showcase the suppliers who can help them achieve their goal



**CONSTRUCTION**  
**Statement structures**

This story highlights regional infrastructure projects and residential builds that will stand the test of time