



I.D.E.A. Industry Update - December 22, 2003

I.D.E.A. 5th Annual General Meeting and Conference

The I.D.E.A. 5th Annual General Meeting and Conference will be held Thursday January 29 and Friday January 30, 2004 at the Howard Johnson Hotel, Canmore Alberta (1402 Bow Valley Trail, Canmore, AB, Toll Free: 1-888-678-4656). Call to reserve your room now. A block of rooms has been reserved at the special rate of only \$79 (plus taxes) **until December 29**. Make sure you identify yourself as a delegate of the Independent Dealers Entrepreneurial Association conference. This year, we are thrilled to feature Donald Cooper as our keynote speaker. Drawing from his unique experience as both a world-class manufacturer and an award-winning, innovative retailer, Donald Cooper delivers the "straight goods" on how to increase market share and profitability in the face of ever increasing competition. His insights of Human Marketing® are intended to help reinvent your business to add more value to your customers' lives and more dollars to your bottom line. Since 1991, Donald has won seven Awards of Excellence for marketing, including the Retail Council of Canada's Innovative Retailer of the Year.

You should have already received registration details in the mail. If you are in need of more information, or have not received your package, please contact the I.D.E.A. office at 306-933-4904.

Voluntary Labeling System Almost Ready, by Rae Groeneveld

On December 3, 2003, the Consumers Association of Canada released the results of a poll they commissioned looking at the public's attitude toward the labeling of food products with genetically modified (GM) ingredients. The Decima Research poll found 91 per cent of consumers want mandatory labeling for food products containing GM ingredients.

Despite the lobby effort by the Consumer Association of Canada (CAS), there will be no mandatory labeling of genetically modified foods on our grocery shelves. For the last three years, the Canadian General Standards Board (CGSB) has been developing a voluntary system for companies to label GM foods. The system is being created following recommendations from the federal government.

"There was a very specific mandate to the committee to develop a voluntary set of labeling regulations," explained Dave Hickling, Vice President Canola Utilization of the Canola Council of Canada. Hickling has represented the Canola Council on the industry committee, which is working with the CGSB to develop voluntary rules.

The committee is made up of over 50 organizations representing all aspects of the food industry, from agriculture to retailers, and consumer groups such as the Consumer Association of Canada, have been a part of the process.

Hickling says the reason the government never pursued the idea of mandatory system was because they could not find any health concerns related to consuming foods with GM products. "When they (government) have to take their science-based approach to the system, they have to consider if there is a

502 - 45th Street West, Second Floor
Saskatoon, Saskatchewan
CANADA S7L 6H2

Tel: (306) 933-4904
Fax: (306) 244-4497
office@independentdealers.com

cost to the industry of going to such a system. That is probably one of the main considerations why they decided it should be a voluntary system, rather than an imposed system which would add substantial costs to the industry."

The building of this voluntary system is almost complete. Hickling says just recently the members of the committee voted over 70 per cent in favour of moving ahead with the proposed voluntary labeling guidelines. The new guidelines are now being reviewed by the CGSB to make sure they conform to other laws. If all moves according to plan, Hickling says the voluntary guidelines could be ready for adoption by the industry in the middle of 2004.

Canola producers have made some headway through this labeling process as well. "When you highly refine a vegetable oil you remove all the genetically engineered materials such as protein and DNA. We wanted some recognition in the labeling that there aren't any GE materials in those products."

Hickling says the committee agreed with their position and the new voluntary labeling guidelines will make it known that the canola oil came from a genetically engineered plant, but does not contain GE materials.

It is currently estimated over 70 per cent of the food products in a grocery store contain some portion of genetically engineered products. *(Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

Europeans Accepting GMO, by Les Kletke

Europeans are relaxing their view on Genetically Modified material and it will soon gain acceptance in the market place."It is only a matter of time. It will start with industrial products, and then move to food products," said Dr. Wolf-Dieter Bluthner, Manager of N.L.Chrestensen, one of Germany's largest seed companies.

He expects that the first crops grown with Genetically Modified material in the European Union will be potatoes and sugar beets, both for industrial use. Then corn will be accepted as the first crop eaten by consumers. The potato crop is used for starch and sugar beets are grown for a variety of industrial uses. The first traits he expects to be introduced are quality for the potatoes, virus resistance in beets and insect resistance in corn.

He said the variety of crops and the range in characteristics that can be improved make the process inevitable in the evolution of crop production. "Europeans are gradually changing their attitude and accepting the process of genetic modification and introduction of new characteristics," he said.

N.L Christensen began in the former East German city of Erfurt in 1867 and is now the only seed firm surviving in an area that at one time was the centre of the seed trade for much of the communist block.

"Before, there were 3,000 people employed by the seed trade. There were many companies and as many as 4,000 hectares of vegetable and flower seed production. Then, with nationalization under the FDR, the area remained a centre for seed production. Today, we are the only firm left," said Bluthner. The company employs 180 people.

Christensen has long been a leader in development of new seeds and breeding technology. It was at the forefront of the development of hybrid seed and is still involved in in-vitro breeding. The company is certified to all EC decrees and has an organic seed production unit. *(Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

Don't Miss Tax Deduction for Worthless Shares, by D. Lorraine Andrews

In general, the Canadian tax system allows taxpayers to deduct capital losses realized during the year against capital gains earned. As the end of the year approaches, many taxpayers review their stock portfolios for losers, then sell them in order to offset capital gains earned during the year. This method of planning involves actually selling the share to trigger the loss before the end of the year.

Taxpayers may be unaware that, in certain circumstances, they can be deemed to have suffered a capital loss, even though they have never actually sold the share. It is not uncommon for a share to cease trading on a stock exchange because the company has gone out of business. If you are left holding such a worthless share, you cannot actually sell it because it is no longer listed.

But under subsection 50(1) of the Income Tax Act, special rules allow you to take a capital loss, if certain conditions are met. If the company is bankrupt or has been subject to a winding up order under the federal Winding Up Act, the value of the share is zero. Under the magic of the ITA, you are deemed to have sold the share at the end of the year for proceeds of nil and to have reacquired it for a cost of nil immediately after the end of the year. The rules also apply to shares of a company that is not yet bankrupt, as long as at the end of the year the following conditions are met:

1. the corporation is insolvent,
2. neither the corporation nor a corporation controlled by it carries on business,
3. the fair market value of the share is nil, and
4. it is reasonable to expect the corporation will be dissolved or wound up and will not commence to carry on business.

You are required to file an election with your tax return indicating that you are taking the loss pursuant to the rules in subsection 50(1). The capital loss can then be offset against any capital gains earned during the year. Alternatively, the capital loss can be carried forward indefinitely, to be used against capital gains earned in the future.

You may also qualify to claim a special type of capital loss called an allowable business investment loss or ABIL, if you own worthless shares or debt in a private company. The company must meet the definition of a small business corporation (SBC). An SBC is basically a Canadian-controlled private corporation where 90 per cent or more of its fair market value is attributable to assets that are used principally in an active business carried on primarily in Canada. If the loss is considered an ABIL, then it is not only deductible against capital gains but also against any other source of income earned that year.

Contact your accountant to make sure you are not missing out on a deduction for those losers in your portfolio. They just might save you some tax this year. *(Reprinted in part from the AgExpert Express newsletter by permission of AgExpert Management Software and Farm Credit Canada.)*

Seasons Greetings!

502 - 45th Street West, Second Floor
Saskatoon, Saskatchewan
CANADA S7L 6H2

Tel: (306) 933-4904
Fax: (306) 244-4497
office@independentdealers.com