

Bay Bucks

ST MARGARETS BAY LOCAL CURRENCY PROPOSAL BRIEF

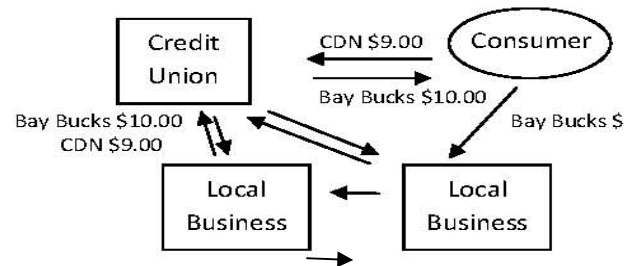
What is a local currency?

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A local currency is a tool for community empowerment, enabling merchants and consumers to chart an alternative economic future for their community. Local currencies shift buying habits to local spending, and provides extra spending money that can only circulate within the community. It acts as an educational tool to the community about the importance of buying local. A local currency acts as a legal adjunct to Canadian dollars, when those dollars are scarce or too quickly leave the community. For this brief, we are using the name for a St Margarets Bay local currency 'Bay Bucks,' although other potential names can be chosen.

How would it work?

Anyone can go into a participating credit union or bank and purchase \$10.00 worth of Bay Bucks for \$9.00. The exchange rate is ninety cents per Bay Buck. Ninety Canadian dollars will yield one hundred Bay Bucks. Bay Bucks would be printed in 1, 5, 10 and 20 denominations. Bay Bucks can then be spent at any participating business. Signage and directories will indicate who is participating. Bay Bucks can be changed back into Canadian dollars at any of the participating credit unions or banks, where you receive nine dollars for every \$10.00 of Bay Bucks.



How does the 10% discount work? Where does that 10% go?

The ten percent discount is part of the exchange rate, not a discount given at the point-of-sale. That 10% doesn't "go" anywhere - no one is making a percentage on Bay Bucks transactions.

To explain more clearly, let's follow 100 Bay Bucks through a common transaction:

One day, you decide to buy a present for a loved one. You go to the credit union to purchase Bay Bucks to spend at a local gift shop. You go in with \$90CDN and exchange them for 100 Bay Bucks. You go buy the gift, and the total cost comes to \$100. The merchant accepts Bay Bucks in full, so you pay entirely in Bay Bucks. Therefore, you've spent \$90 and received a \$100 gift - a ten percent discount for you. The owner of the shop now has 100 Bay Bucks. They decide that they need to deposit them for Canadian dollars and return them to the credit union. When they bring them to the credit union, the teller deposits the 100 Bay Bucks you spent on the gift and gives the shop owner \$90, the same 90 dollars that you had originally exchanged for Bay Bucks. The end result? You receive a ten percent discount because of the initial exchange, but the same \$90 you originally traded for Bay Bucks all goes to the business where you spent those Bay Bucks. The business essentially offered you a 10% discount by accepting Bay Bucks, since they will only receive \$90 from the credit union for a \$100 purchase. However, if the business spends those Bay Bucks by buying goods and services from other local vendors, without returning them to the credit union, then they are receiving full value without giving up the 10% discount. If those same Bay Bucks remain in circulation, then no 10% discount is given to anyone.

Bay Bucks Accepted Here!

Residents with Bay Bucks in hand will look for the "Bay Bucks Accepted Here" sign in store windows or can browse the Bay Bucks Directory. Bay Bucks are accepted at face value for goods and services—10 Bay Bucks for

a \$10 purchase, though some restrictions may apply depending on the merchant. Every business listed in the Bay Bucks Directory and displaying the Bay Bucks sign commits to taking full or partial payment for its goods or services in Bay Bucks. Most listed businesses would accept Bay Bucks for the full value of an item, but some would find they cannot and so it will be important to ask about store policy before making a purchase. Bay Bucks can provide a flexible and adaptable tool to meet the needs of differing business.

By accepting Bay Bucks merchants are helping to establish markets for locally made products, providing an incentive for the growth of home-based industries and creating opportunities for those home businesses, underemployed and unemployed to turn latent skills into business ventures.

What do I have to do to accept Bay Bucks as payment?

Any business or individual may accept Bay Bucks as payment and then spend them as they choose. You will **not** be required to sign up with Bay Bucks to trade in Bay Bucks! However, we will strongly advise that merchants do choose to sign up and join the business directory for a number of reasons. First, they will receive materials that will help them trade in Bay Bucks, including brochures, information, stickers, and other promotional materials; second, they will receive updates and newsletters, which will keep them informed of the latest Bay Bucks developments, and third, they will receive free listings in the online directory and in any future print or display advertisements or catalogues that feature a list of businesses.

How do Bay Bucks benefit the local economy?

Everyone benefits from using Bay Bucks. Consumers benefit from receiving a 10% discount on purchases. Businesses benefit from increased patronage. Local non-profit organizations can also benefit by purchasing Bay Bucks at the 10% discount rate and selling them at full face value to their supporters.

Local currencies are a tool to bring about such change. Bay Bucks are about building community while building the local economy. They will work well with local professionals, trades, merchants, tourism operators and non-for-profits.

Local currencies are historically proven economic development tools. The purpose of a local currency is to function on a local scale the same way that national currencies have functioned on a national scale—building the local economy by maximizing circulation of trade within a defined region. Widely used in the early 1900s, local currencies are again being recognized as a tool for sustainable economic development. The currency distinguishes the local businesses that accept the currency from those that do not, building stronger relationships and a greater affinity between the business community and the residents of a particular place.

The people who choose to use the currency make a conscious commitment to buy local first. They are taking personal responsibility for the health and well-being of their community by laying the foundation of a truly vibrant, thriving local economy. A local currency promotes 'buy local' again and again, as the money continues to recirculate in the area even after the first transaction. Bay Bucks are not intended to replace federal currency. Their use will help strengthen the regional economy, favouring locally owned enterprises and local jobs, and reducing the region's dependence on an unpredictable global economy.

Is it Legal?

A local currency is like a receipt used by a barter exchange, yet functions the same as Bank of Canada notes. According to Revenue Canada's bulletin IT-490, each time you receive the local currency in payment, you should keep track of the dollar value of the transaction and report it a tax time, or charge HST as required.

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