DURHAM REGION

DURHAM REGION
AGRICULTURE AND RURAL AFFAIRS
ECONOMIC DEVELOPMENT

Durham Region Local Food Business Retention & Expansion (BR&E) Project Report

May 2019

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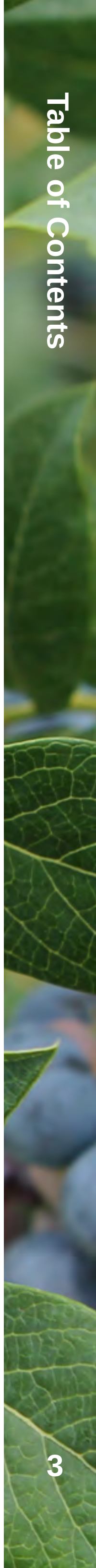


Introduction and Executive Summary Recommendations

Introduction

The Region of Durham (the Region) is made up of eight area municipalities ranging from large urban centres to small towns, hamlets and villages. The cities of Oshawa and Pickering; towns of Ajax and Whitby; Municipality of Clarington; and the townships of Brock, Scugog and Uxbridge all offer a highly skilled labour force, diverse economic base, superior quality of life and competitive business costs.

Predominantly located within the Greenbelt, there is a strong emphasis on protecting and preserving agricultural and natural system areas within the protected areas of Durham Region. There is a long history of supporting rural and agriculture economic development; through the Planning and Economic Development Department several strategies and task forces have been put in place to support this key business area.

They include:

- Growing Together Reaching Further Aspiring Higher – A New Strategic Plan for Durham Region: 2015-2019
- Durham Regional Official Plan
- 2017-2021 Durham Region Economic Development Strategy and Action Plan
- Region of Durham Agricultural Strategy
- Vibrant North Durham Plan
- Agriculture and Rural System Discussion Paper as part of the Municipal Comprehensive Review of the Regional Official Plan
- Draft Durham Region Agriculture Sector Climate Change Adaptation Strategy
- Connecting our Communities: A Broadband Strategy for Durham Region

The key Regional objectives with respect to the Agriculture and Rural Affairs portfolio are to:

- Support the agricultural community by partnering in programs that promote the agricultural industry.
- Support the rural community by promoting local business retention and expansion, as well as new investment opportunities.
- Inform the public about the various industry and business activities and projects taking place in the rural areas of the region.

The Local Food Business Retention & Expansion (BR+E) project was conducted by the Region to strengthen the local food value chain by identifying the opportunities, desires and limitations for both producers and suppliers; creating a system-wide approach for accessing local food, supporting local food agri-businesses and enhancing food literacy.

In gathering information directly from local businesses, key challenges and opportunities for growth have been identified and used to build an action plan. Through the action plan, the Region, working in collaboration with its eight municipalities and stakeholders, can work together to enhance and support the local food industry in the region.

More than 60 Durham local food businesses participated in the BR+E surveys in 2018, leading to a very successful project. These businesses spanned multiple components of the food value chain, including primary producers, distributors and wholesalers, food manufacturers, food service providers and support organizations.

The aggregated results of the study, and ensuing recommendations and action items, have been compiled in this document.

Thank you to the businesses for taking the time to provide feedback for this project. It is appreciated.

The Durham Local Food BR+E was led by The Regional Municipality of Durham's Economic Development Division (Agriculture and Rural Affairs Section), in co-operation with the Durham Farm Fresh Marketing Association and the Durham Workforce Authority. Support was also provided by the Durham Agricultural Advisory Committee (DAAC) and Durham Region Federation of Agriculture.

Funding for this project was provided by the Ontario Ministry of Agriculture, Food and Rural Affairs ("the Province"). The views expressed in this report are the views of the Region of Durham and do not necessarily reflect those of the Province.

Leadership Team

A leadership team was formed, comprised of representatives from partner organizations, as well as farm and agri-food business representatives to help guide the project. A total of 23 volunteers conducted confidential interviews.

Thank you to the members of the leadership team for your hard work and dedication to this project.

Butchie's Restaurant - Andrea Nicholson
Clarington Board of Trade - Bonnie Wrightman, Jessica Sommerville
Dare2Dream Farm - Steve Lawrence
Durham Farm Fresh Marketing Association - Tracey Werry
Durham Workforce Authority - Paige Marlow
Gallery on the Farm - Eric Bowman
Ontario Ministry of Agriculture, Food and Rural Affairs - Carolyn Puterbough
Willowtree Farm - Kelty McKay
Region of Durham - Emily Barker, Kristyn Chambers, Stacey Jibb, Kristy Kilbourne, Lisa MacKenzie and Nancy Rutherford

Executive Summary

The local food sector in Durham Region is diverse and growing. Overall, the business climate is positive, with 86 per cent of businesses indicating that it is a good or excellent place to do business. Businesses are also very positive about their future with more than half of survey respondents indicating they are planning to expand.

Durham Region is however facing challenges related to local food infrastructure; this includes a lack of food hubs, distribution networks, abattoirs and cold storage facilities.

The survey highlighted numerous opportunities for local food in Durham Region. As the local food market is a fragmented market, the outcomes of the Local Food BR+E project need to consider both strategic alternatives for businesses competing in that environment; namely to either foster a competitive advantage through increasing scale of operations, or alternatively, to foster a competitive advantage through differentiation and adopting a niche strategy.

Following an analysis of the aggregate data, two task force retreat sessions held on December 4, 2018 were conducted with survey participants and members of the leadership team.

During these consultation sessions, participants were taken through the survey results and were able to comment on the results and implications, as well as provide further insight into the data from the research. Time was spent discussing regulatory issues, fostering scale, advancing added value, cultivating collaboration and improving connections with consumers.

Priorities from the task force retreat were identified and reviewed by the leadership team and condensed into three overarching themes.

Three priority themes have been identified.

These priority areas serve as the foundation for the local food goals and action plan contained in this document.

Priority Themes

Regulations & Approvals

Regulatory issues rose to the surface as the most significant barrier to supplying locally and to business expansion. This is especially relevant to farm gate sales and on-farm value added.

There were two components to regulatory barriers: the first pertained to regulations that impeded businesses from expansion, and the second pertained to the complexity in navigating regulatory approvals.

Engagement & Education

Businesses are deeply engaged, however they have identified an opportunity to improve connections between businesses. 77 per cent of businesses felt the best way to assist the local food economy is through connecting food producers to processors, retailers and restaurants.

Businesses also identified that consumers have a lack of knowledge around local food, and similarly, that businesses could improve their understanding of consumers.

Businesses are interested in assistance with marketing and joint marketing initiatives.

Infrastructure Support

A lack of distribution and management systems were identified as barriers to local supply and purchasing.

Businesses expressed interest in co-operative delivery systems, a food hub and a year-round farmer's market.

Producers identified poor internet primarily in rural areas as a significant barrier.

Why Local Food? Economic Impact of Agriculture in Durham Region

The agriculture and agri-food industry in Durham Region is very robust and diverse; and is vital to Durham's economic health. It must not only be preserved but enhanced to ensure long-term diversity of the regional economy. Agriculture and agri-food are also part of the social, health and environmental fabric of Durham. Environmental stewardship, economic prosperity; and the health and security of the food supply are staples of a thriving agricultural community.

Agriculture is one of the largest primary goods producing sector in Durham Region.

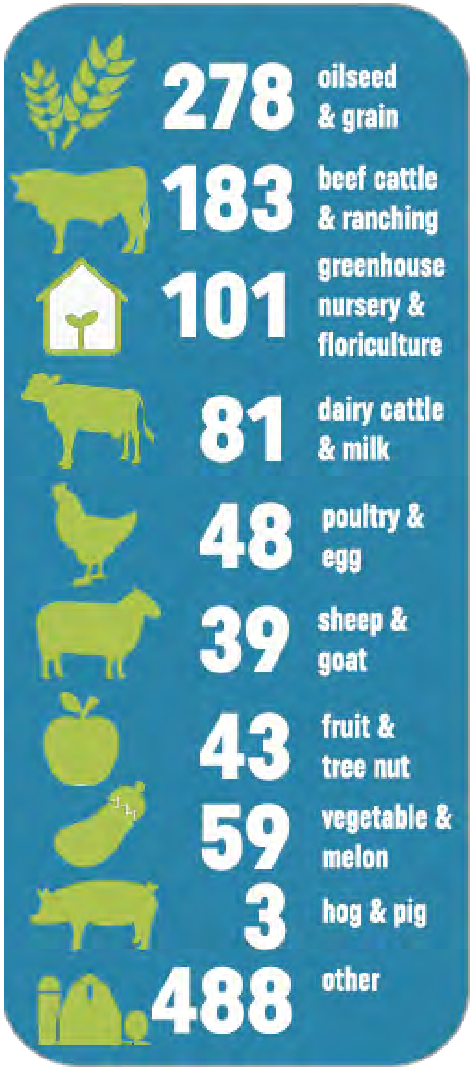
The region is home to **1,323 farms** covering **292,815 acres of land.**

Its diverse agri-business industry includes over **4,000 agriculture-related businesses** with a skilled agricultural and agri-business **labour force of over 6,000**.

Durham Region is a leading producer contributing **$321.7 million** to Ontario's total farm production, and representing 37 per cent of the Greater Toronto Area's total farm production.

Producers represent a wide range of commodities.

Number of Farms in Durham Region by Industry Group, 2016



Durham Region Local Food BR+E Project

Why Local Food? Economic Impact of Agriculture in Durham Region

The local food sector in Durham Region is diverse and growing. Survey responses indicate that businesses are engaged, healthy and positive. Durham Region is facing some challenges related to local food infrastructure; this includes a lack of food hubs, distribution networks, abattoirs and cold storage facilities.

While there has been a rise in interest from consumers for locally sourced food and value-added agriculture products, there appeared to be a challenge in Durham Region to get local food products from the farms into restaurants and grocery stores; and at culinary tourism events, festivals and attractions.

Past consultations with the farming community indicated that there is a desire to supply their products more widely in addition to existing distribution networks such as farmers markets, community supported agriculture (CSA) programs, and farm gate sales.

Some initial feedback gathered included:

- Interest in a local co-op or food hub for local businesses and restaurants to purchase products.
- Interest in promoting local farm products through Durham Farm Fresh and other means to restaurants, school boards, other industries and markets.
- Interest in local food options in long-term care facilities.
- The components of the value chain examined in this study span from producers to food service providers.

Project Objectives and Methodology

Project Objectives

The Local Food BR+E is intended to:

- Validate the need for distribution from the farmer's perspective and determine if there is a need for additional access to these products from the buyer's perspective.
- Address gaps between each stage of the value chain, as well as gaps in agri-food assets.
- Identify opportunities to strengthen distribution networks to allow for a stronger value chain for producers and consumers.
- Create a business case for attracting and encouraging investment in rural Durham.

As an outcome this Local Food BR+E project is intended to benefit Durham Region by:

- Assessing gaps in the workforce and creating jobs.
- Increasing investment in agri-food assets.
- Assisting local food producers, distributors, and retailers by creating more streamlined access to local food.
- Fostering stronger collaboration between businesses, municipalities and support organizations.

Methodology

This project was guided by and followed the four-stage approach outlined by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) as best practices for a BR+E.

Project Stages

Stage I included assessing community readiness and forming the leadership team (composed of representatives from a broad range of stakeholders). The project was co-ordinated by the Region of Durham.

Stage II had 23 volunteers survey a cross-section of local food-related businesses and organizations from across the region. Over 150 businesses in all eight municipalities were invited to participate in the survey. The 64 businesses that agreed to participate took part in structured business interviews and surveys, as per the OMAFRA program.

Four surveys were administered to all participants. They are the Retention survey, Downtown survey (one question), Local Food survey and Local Food Durham survey. The Agricultural survey was administered to businesses identified as a primary producer. Questions were derived from the OMAFRA Retention, Agriculture, Local Food and Downtown Revitalization surveys. Additionally, Durham Region-specific questions were developed by the leadership team and added to the pre-existing BR+E survey. These questions pertained to distribution and purchasing methods and the level of awareness of buyers and sellers.

Each business survey was conducted from February through April 2018. All interviewers completed a BR+E training session provided by OMAFRA, which included interviewers signing a confidentiality agreement prior to conducting business interviews.

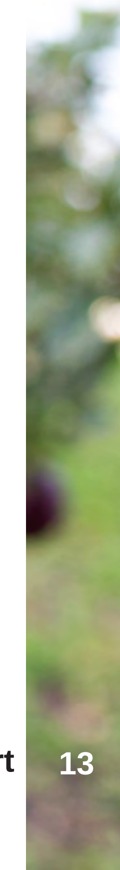
Stage III involved an in-depth analysis of the data from the surveys. Businesses with immediate concerns or issues, such as closures or relocation plans, were identified as red flags. These concerns were followed up by Region and/or township staff. Businesses needing assistance were identified as green flags and were also followed up with by Region and/or township staff.

Aggregate data, in addition to secondary research, was provided for analysis and planning. Once the data was analyzed and grouped into general themes, two BR+E planning retreats were conducted.

Following an analysis of the aggregate data, two task force retreat sessions were held on December 4, 2018, with survey participants and members of the leadership team.

During these consultations, participants were taken through the survey results and were able to comment on the results and implications, as well as provide further insight into the data from the research.

To ensure a thorough interpretation of the research results, secondary research -- around best practices in local food and other regional local food strategies -- was also conducted.



This research included analyses of the Golden Horseshoe Agriculture and Agri-Food Strategy, the Halton Rural Agri Strategy, the Hamilton Agri-Business and Agri-Food strategy, Deloitte's "Best Practices in Local Food – a Guide for Municipalities" and an interview with a producer that works with the Seasonal Agriculture Workers program.

Based on the learnings from the secondary research, the survey results, the task force retreat and input from the leadership team, the three overall themes of regulations and approvals, engagement and education and infrastructure support were identified along with 10 recommendations and 42 action items.

Stage IV involves implementation of the goals and actions items in this report. During implementation, actions items, a lead/partners, and a timeline have been identified for each recommendation. Progress of these action items will be ongoing and tracked.

A key factor for success in the implementation of these recommendations and action items is the involvement of all of Durham's local-tier municipalities and support organizations, such as the Durham Workforce Authority, Durham Farm Fresh Marketing Association, Durham Region Federation of Agriculture, and boards of trade, among others.

Participating Businesses and Organizations

A total of 64 businesses throughout Durham Region completed the survey across varying sectors of the value chain, including producers, food manufacturers, distributors/wholesalers, food service providers, and support organizations.

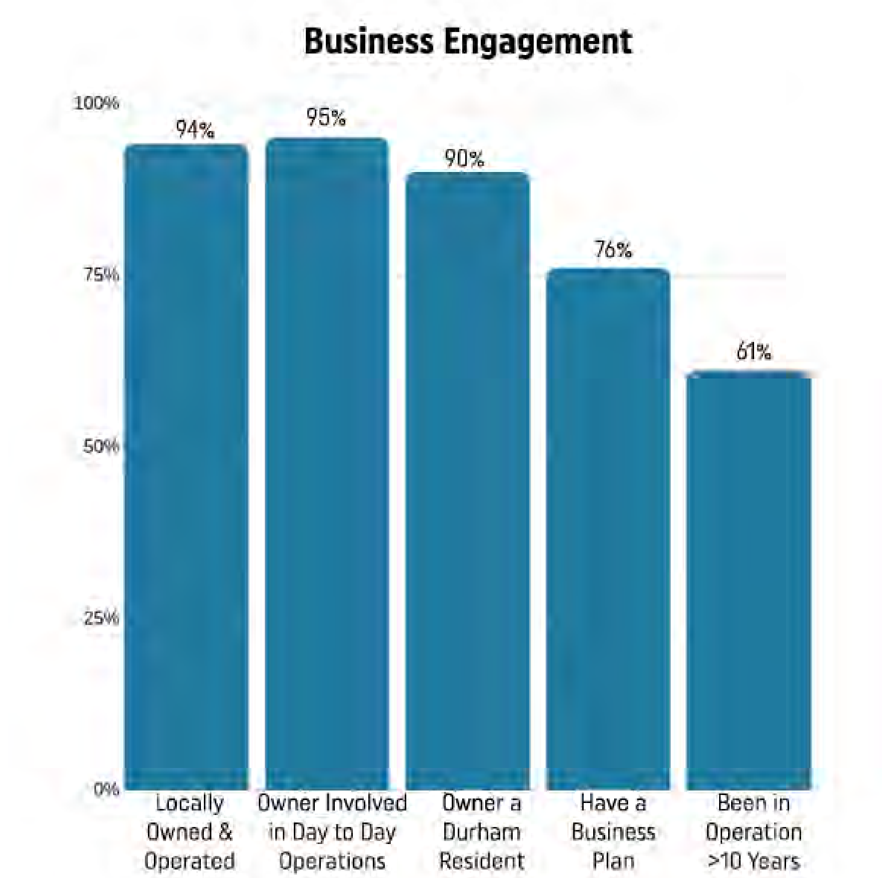
Each business was categorized -- some in more than one category, such as producer and food service provider.

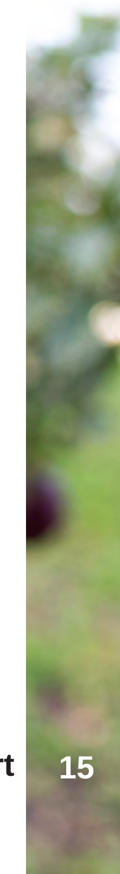
A total of 23 businesses also completed an agriculture survey. These businesses included the 19 producers, as well as four businesses that were primarily identified as food service or manufacturers, but also operate as producers.

It should be noted that the data collected in this study is not statistically significant, however the mix of businesses surveyed is a good representation of the local food businesses in Durham Region.

- **19 Producers**
- **14 Food manufacturers**
- **26 Food service providers**
- **Two Distributor / wholesalers**
- **Three Support organizations**

The data indicated that these businesses were healthy, with deeply engaged owners. 86 per cent of businesses felt that Durham Region was either a good or excellent place to do business.





Summary of Key Learning

Local food businesses in Durham Region are healthy, growing and have a positive outlook

About 86 per cent of businesses see Durham Region as a good or excellent place to do business.

Of the 64 businesses surveyed, 46.9 per cent have added employees (202 employees in the past three years).

Businesses see a bright future, with 50.8 per cent of them planning to expand over the next 18 months.

Durham's top three advantages as a place to do business are location, quality of life and access to a large, growing population.

While businesses are mostly optimistic, they still see opportunities for improvement

The community's top three disadvantages as a place to do business were weak infrastructure, bureaucracy and high costs (a GTA wide issue not specific to Durham Region).

The biggest issue with infrastructure is internet service for producers, with 72.2 per cent of producers rating it as fair or poor. Outside of rural internet, there was no other focal area for other infrastructure issues.

The most significant changes businesses would like to see in the next five years are improved infrastructure, more growth in the region's downtowns, and streamlined government.

While 50.8 per cent of businesses are planning to expand over the next 18 months, they are facing challenges attracting a skilled workforce

50.8 per cent of businesses have difficulty hiring. Businesses attribute hiring challenges to lack of applicants, or lack of skills/relevant experience. This difficulty spans all five sectors, with producers having the most difficulty. Producers' difficulties may be linked to having more seasonal workers.

Regulatory issues rose to the surface as the most significant barrier to supplying locally and to expansion. This is especially relevant to farm gate sales and on-farm value added

Producers' top barrier to supplying locally was regulatory barriers, and bureaucracy was cited as one of the top three disadvantages and top three most important issues to address by all types of businesses.

95 per cent of primary producers include farm retail or farm gate sales, and 68 per cent feel there are barriers to these types of sales. The most often cited barriers, for on-farm and farm gate sales, were regulatory.

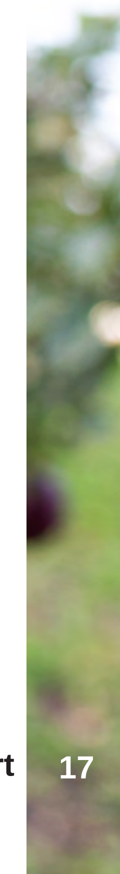
The most significant issues with barriers to expansion appear to be navigating the complexity of regulations, as well as by-laws and zoning impacting producers' ability for on-farm value-added activities.

Food manufacturers have also experienced barriers to expansion pertaining to delays in approvals or being denied approvals.

Businesses saw an opportunity to improve the connections between businesses

Only 35.8 per cent of producers are very aware of and currently use a buyer or distributor and only 38.5 per cent of processors, distributor and food service providers are very aware of and currently use a local producer or supplier. About 77 per cent of businesses felt the best way to assist the local food economy is through connecting food producers to processors, retailers and restaurants, followed by a Buy Local campaign (65 per cent).

About 77.8 per cent of primary producers have the capacity and interest to increase production to supply local markets if additional buyers were identified.



There is a desire to improve the distribution system in Durham Region

About 64 per cent of businesses were interested in supplying to local markets if a distribution and management system was in place and 70.6 per cent of producers expressed interest. About 89 per cent of non-producer businesses would be interested in purchasing locally grown products if the distribution and management systems were in place.

Almost 71 per cent of processors, distributors and food service providers would buy more local products if a co-operative or private delivery truck was available, and 63.4 per cent would buy more if there was a food hub.

About 54 per cent of primary producers are interested in selling at a food hub and 43.4 per cent are interested in supplying large retail markets if the distribution and management systems were in place.

About 47 per cent of primary producers are interested in participating in a year-round famers market.

There is an opportunity to improve the processing capabilities for local food

About 77.3 per cent of primary producers have considered pursuing niche/specialty market opportunities. The ideas fell into four broad areas: product expansion, more processing, food service and agri-tourism.

About 50 per cent currently utilize a commercial kitchen. Of those businesses, 89 per cent were on site. Producers are the least likely to be using a commercial kitchen.

About 37 per cent of those who utilize a certified commercial kitchen would consider using one more often, and 33.3 per cent of those who do not utilize a certified commercial kitchen would consider using one.

Businesses recognize that they may not have a strong understanding of consumers, and similarly, that consumers may not have a strong understanding of local food

While there is recognition that the local food movement has increased over past 10 years, when asked what the three greatest barriers are to grow economic activity around local food in the region, the top barrier was consumer related.

Comments about consumers as a barrier fell into four broad areas:

- Knowledge: Consumers are far removed from farming and do not understand seasonality.
- Awareness: Many do not know about local produce.
- Price sensitivity: People want to support “local” if it doesn’t cost more.
- Trends/diversity: Consumer needs of diverse cultures are not well understood. The greatest barriers to capitalizing on new opportunities for Ontario’s diverse culture centre around market intelligence/consumer demand, labelling requirements and meeting buyers.

Businesses have a strong interest in improving the marketing of local food

Three of the top five most frequent suggestions for assistance/opportunities pertain to marketing. Businesses are interested in more assistance with their own marketing materials and skills.

About 61 per cent of businesses are interested in joint marketing efforts. Other areas of interest included a Buy Local marketing campaign and workshops to improve marketing skills.

The appendix contains a detailed summary of results by survey section.

Looking Forward: Recommendations and Actions

Looking Forward: Recommendations and Actions

The completion of this report marks the onset of **Stage IV** of the Local Food BR+E, which is **Implement and Monitor**.

This stage includes implementing the action plan and selecting performance measures to monitor and track progress and positive impacts that have occurred in the community related to the Local Food BR+E project.

A key factor for success in the implementation phase will be the adoption of these recommendations by Durham-area municipalities, partner organizations, and stakeholders.

Additionally, as parallel projects take place it is essential that they incorporate the learnings from this study.

Parallel projects include:

- Durham Region Federation of Agriculture Event and Education Centre feasibility study and business case
- Connecting our Communities: A Broadband Strategy for Durham Region
- Durham Region Climate Change Agriculture Sector Expert Task Force
- Durham Region Climate Change Food Security Expert Task Force
- Durham Region Agriculture and Rural System Discussion Paper as part of the Municipal Comprehensive Review of the Regional Official Plan
- Golden Horseshoe Food and Farming Alliance Local Food Procurement Project

This feedback will also be incorporated into the updated Region of Durham Agricultural Strategy for the next five years (2019-2024).

Recommendations and Actions

The following is a list of themes and recommendations that have been identified as outcomes of the research.

1. Regulations & Approvals

1. Help businesses navigate regulations and layers of approvals.
2. Encourage and enable on-farm value-added activities.

2. Engagement & Education

1. Build connections between businesses.
2. Improve consumer and producer understanding of local food.
3. Enhance promotion and marketing efforts on local food in Durham Region.
4. Improve distribution system.
5. Attract a skilled workforce.

3. Infrastructure Support

1. Strengthen infrastructure.
2. Improve processing capabilities.
3. Establish viability of a year-round farmers' market.

Regulations and Approvals

Regulatory issues rose to the surface as the most significant barrier to supplying locally and for expansion. This is especially relevant to farm gate sales and on-farm value added.

There were two components to regulatory barriers: the first pertained to regulations that impeded businesses from expansion, and the second pertained to the complexity in navigating regulatory approvals.

Recommendation: Help businesses navigate regulations and layers of approval

Actions	Lead / Partners
1. Create a “concierge” approach to facilitate navigation of regulations across all regional and municipal departments to enable food and farming businesses to succeed.	Durham Region Economic Development
2. Gather staff to review regional and municipal approaches to policy, regulations and approvals to identify best practices that should be adopted throughout the region. Consider by-laws for value-added agriculture development on farms and provide a development/permitting charge incentive or discount for agri-tourism.	DAAC/Agriculture Program co-ordinator
3. Create a checklist that lays out processes and key departments that can be used as a “one-stop” resource for businesses.	Durham Region Economic Development
4. Work with Regional and municipal planning staff to include Economic Development/ Planning staff as part of consultations around business proposals where appropriate.	Durham Region Economic Development
5. Encourage a consistent approach across municipalities for permitting/license needs for normal farm practises (such as burn permits).	Durham Region Economic Development/ Durham Region Planning

Regulations and Approvals

Recommendation: Encourage and enable on-farm value-added activities

Actions	Lead / Partners
1. Update the Regional Official Plan to include appropriate policy support for agriculture, agriculture-related on-farm diversified uses.	Durham Region Planning
2. Recommend area municipalities consider Community Improvement Plan (CIP) policies to support agriculture and rural business development growth, where appropriate.	Durham Region Planning/Durham Region Economic Development
3. Work with local tier municipal staff to establish consistent processes across municipalities for on-farm events (health department, planning approvals, by-law, emergency services) and develop communication materials for businesses with information.	Durham Region Economic Development/Durham Region Planning/lower tier municipalities

Engagement & Education

Businesses are deeply engaged however, they have identified an opportunity to improve connections between businesses. 77 per cent of businesses felt the best way to assist the local food economy is through connecting food producers to processors, retailers and restaurants.

Businesses also identified that consumers have a weak understanding of local food, and similarly, that businesses could improve their understanding of consumers.

Businesses are interested in assistance with marketing, as well as joint marketing initiatives.

Recommendation: Build connections between businesses

Actions	Lead / Partners
1. Work with existing organizations, including the Durham Agricultural Advisory Committee, Durham Farm Fresh Marketing Organization and other interested organizations to establish priorities and agree on strategies and roles for improving the agri-food system on a yearly basis.	Durham Region Economic Development
2. Facilitate connections between producers and post-secondary institutions to guide the development of new research and testing programs for sustainable growing practises, food processing, and production and workforce considerations.	Durham Region Economic Development
3. Host education workshops on topics such as navigating regulations and gather input from businesses on reducing barriers to foster business growth in Durham Region.	Durham Region Economic Development
4. Bring together players in the agri-food system at a Durham Local Food Showcase to foster connections, showcase innovation and enable access to tools to enhance the local food system.	Durham Region Economic Development / OMAFRA / Durham Farm Fresh / Durham College

Engagement & Education

Recommendation: Improve consumer and producer understanding of local food

Actions	Lead / Partners
1.Track and share population trends and shopping behaviours of consumers (including ethnic populations) including food preferences and emerging food trends.	OMAFRA (Foodland Ontario) / Durham Region Economic Development / Durham College
2. Research new crop opportunities that can be grown in Durham Region.	OMAFRA/Durham College
3. Develop resources to help producers tie into various cultural celebrations (such as date calendar, translated signage).	Durham Region Economic Development
4. Encourage food service providers to indicate, on their menus, which food items are made with local ingredients.	Durham Tourism
5. Continue to grow local food procurement in long-term care facilities.	Golden Horseshoe Food and Farming Alliance / Durham Region EcDev / Durham Region Social Services
6. Encourage businesses/chambers to adopt local food week and foster relationships between food service providers and local producers and food manufacturers.	Durham Region Economic Development/ local economic development and tourism

Engagement & Education

Recommendation: Enhance promotion and marketing efforts of Durham Region focused on local food

Actions	Lead / Partners
1. Provide businesses with improved marketing skills and tools to promote their businesses through workshops and training sessions.	Durham Tourism and Central Counties Tourism / Canadian Agricultural Partnership program / Durham Farm Fresh
2. Include regular local food updates and tips in bi-monthly agriculture and rural affairs e-newsletter.	Durham Region Economic Development
3. Create a branding and marketing strategy (including logo, images, hashtags) that will make Durham Region a local food destination for the community and tourists (ensure consistent messaging across organizations).	Durham Farm Fresh Marketing Association/Durham Tourism
4. Add a banner to durham.ca during peak growing season to promote local food and direct residents to local farms and Durham Farm Fresh.	Durham Region Economic Development
5. Collaborate with local chefs/restaurants and farms and direct farm markets to provide on-farm experiences that showcases local food.	Durham Tourism
6. Build capacity for businesses to host on-farm events through training, tools and municipal subject matter experts.	Durham Region Economic Development
7. Increase prominence of agri-tourism on Durham tourism website, including profiling local producers and destinations.	Durham Tourism

Engagement & Education

Recommendation: Improve distribution system

Actions	Lead / Partners
1. Compile list of existing platforms for joint selling and engage producers and buyers to participate (such as a closed Facebook group or messaging app).	Durham Region Economic Development
2. Host workshops featuring existing distribution models used by companies such as GFS, Flanagans, 100 KM foods, Local Line, and Fresh Spoke to determine if there is an opportunity for Durham businesses (highlight pros and cons).	Durham Region Economic Development
3. Investigate deeper into the barriers for businesses to scale-up and provide tools, training or resources to address the barriers (such as food safety, minor processing, storage).	Durham Region Economic Development

Engagement & Education

Recommendation: Attract a skilled workforce

Actions	Lead / Partners
1. Research different models (such as online) to create a youth and young-adult mentoring program to match young entrepreneurs with experienced businesses in the agri-food sector.	Durham Workforce Authority/academic institutions including Durham College
2. Provide agri-businesses information on how to participate in co-op and apprenticeship programs.	Durham Region Economic Development
3. Compile information around seasonal farm worker statistics in Durham Region and develop fact sheets (such as how many, how many hours).	OMAFRA/Durham Region Economic Development
4. Collaborate with post secondary educational institutions to create templates to facilitate job postings. Match job postings with student skill sets and detail how the job will further career objectives.	Durham College Employment Services/ Durham Workforce Authority/School Boards
5. Provide agriculture and agri-food employers with information on Durham College programs so they can better leverage the talent.	Durham College Employment Services
6. Provide educators with immersed experience to build awareness of local food system workforce needs and connect to co-op and internship programs.	Durham Workforce Authority

Infrastructure Support

A lack of distribution and management systems were identified as barriers to both supplying and purchasing locally. Businesses expressed interest in co-operative delivery systems, a food hub and a year-round farmer's market.

Producers identified poor internet in rural areas as a problem.

Recommendation: Strengthen infrastructure

Actions	Lead / Partners
1. Build awareness on agri-food infrastructure needs such as broadband, roads to accommodate equipment, access to natural gas and three phase power.	Durham Region Economic Development/ Durham Region Planning/Durham Region Works
2. Update agri-food asset mapping to identify clusters and support infrastructure improvements.	Durham Region Economic Development
3. Explore opportunities through the Regional Revitalization Program or development of a Regional CIP to support infrastructure.	Durham Region Economic Development/ Durham Region Planning

Recommendation: Improve processing capabilities

Actions	Lead / Partners
1. Create a database/list of commercial kitchens in Durham Region (institutions, food service establishments, co-packing facilities) available for rent/lease.	Durham Region Economic Development
2. Create awareness of the Ontario Agri-Food Venture Centre in Colborne and its services to support Durham agri-businesses.	Durham Region Economic Development
3. Develop a list of available properties for food processing and update it quarterly.	Durham Region Economic Development

Infrastructure Support

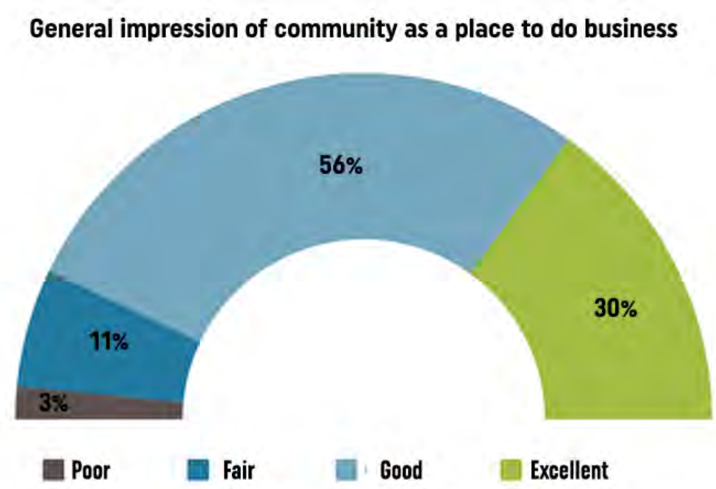
Recommendation: Establish viability of a year-round farmers market

Actions	Lead / Partners
1. Compile an inventory of underutilized Regional or municipal-owned buildings that could be repurposed.	Durham Region Economic Development
2. Engage with and provide support to the Durham Region Federation of Agriculture Event and Education Centre Steering Committee.	Durham Region Economic Development

Appendix: Detailed Survey Results

Summary of Results – Business Retention Survey

This section of the report is a summary of the BR+E Retention survey. The questions were answered by all of the organizations participating in the survey.



Business Climate

Business climate refers to the conditions in a community that have an effect on local business operations.

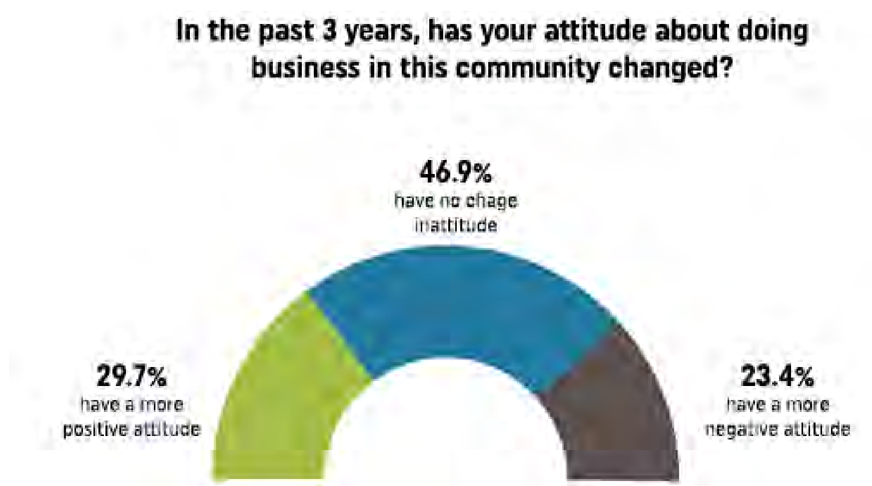
Overall, the business climate in Durham Region is positive, with 86 per cent of participants indicating that Durham Region is a good or excellent place to do business.

In the past three years, 77 per cent of businesses have had either no change in their attitude or are feeling more positive about doing business in Durham Region. For those businesses feeling more positive, the most commonly cited reasons were growth, support and people.

For businesses feeling more negatively, the most commonly cited reasons were lack of government support, urban sprawl and increased competition.

Participants were generally positive about factors that impact their ability to conduct business in Durham Region.

Change in attitude about doing business in the community in the past three years

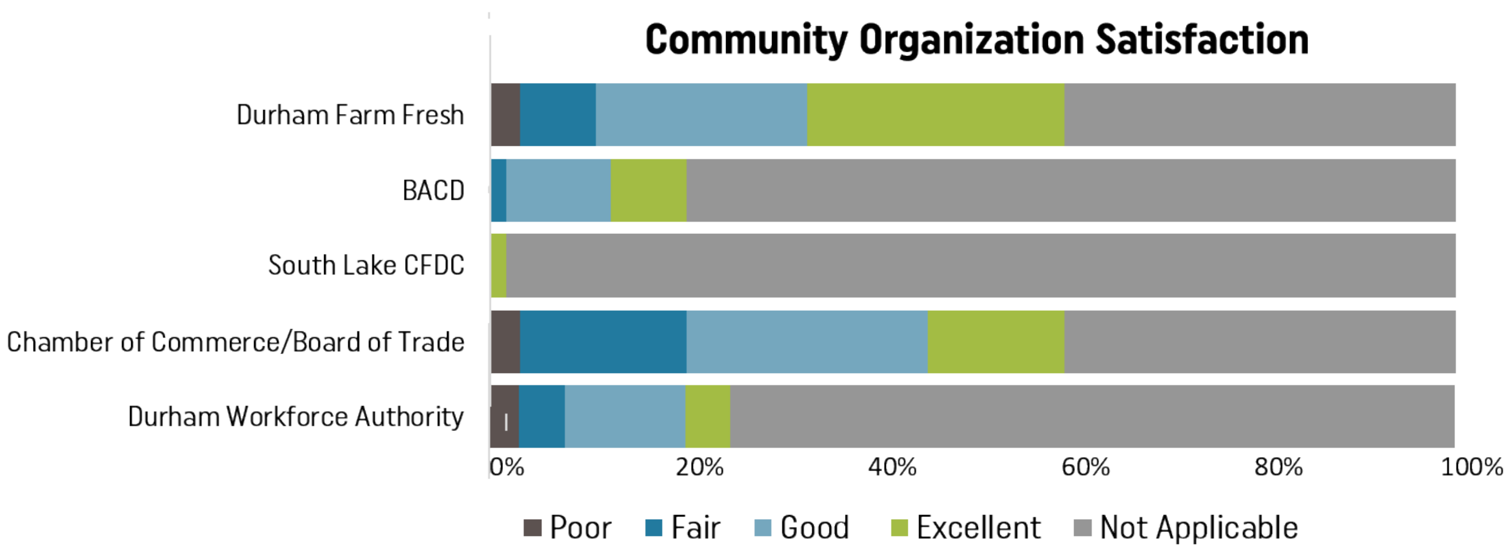


When asked about support from the municipality as a factor in doing business, 51.6 per cent rated it as good or excellent, 23.4 per cent rated it as fair and 20.3 per cent rated it as poor. Just under five per cent of the participants did not provide an answer.

Other themes captured included:

- Land costs seen as high.
- Internet service rated as poor or fair by 72 per cent of producers.

With the exception the Durham Farm Fresh Marketing Association -- which 48.5 per cent of participants rated as good or excellent, and the Chamber of Commerce/Board of Trade, which 39.1 per cent rated as good or excellent -- there was a high level of not applicable responses when asked about satisfaction with community organizations. This data will be shared with the community organizations.

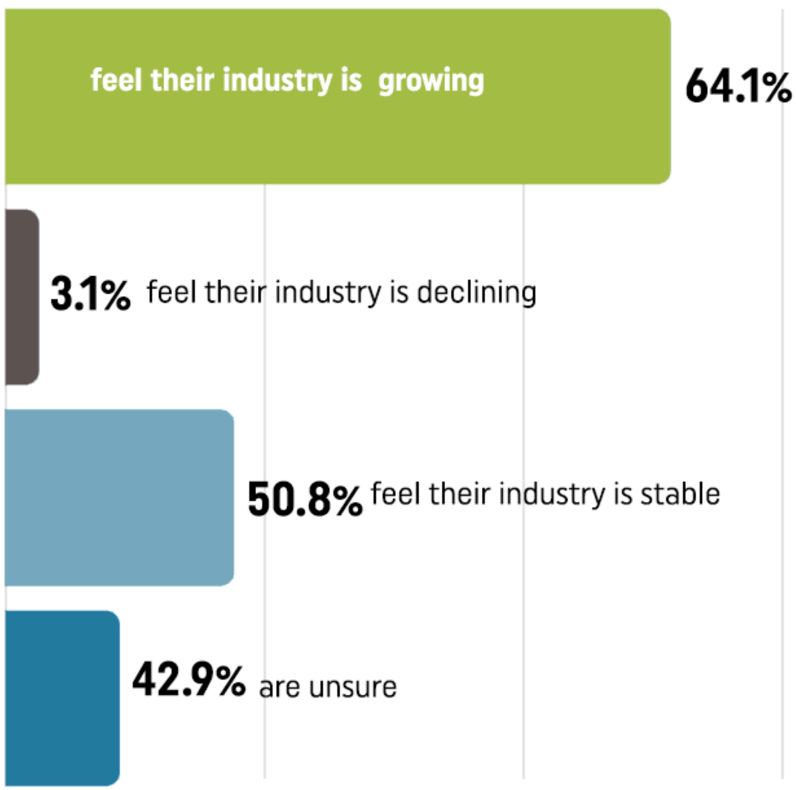


Business Development

Understanding what happens within a business or organization helps identify opportunities to enhance business success.

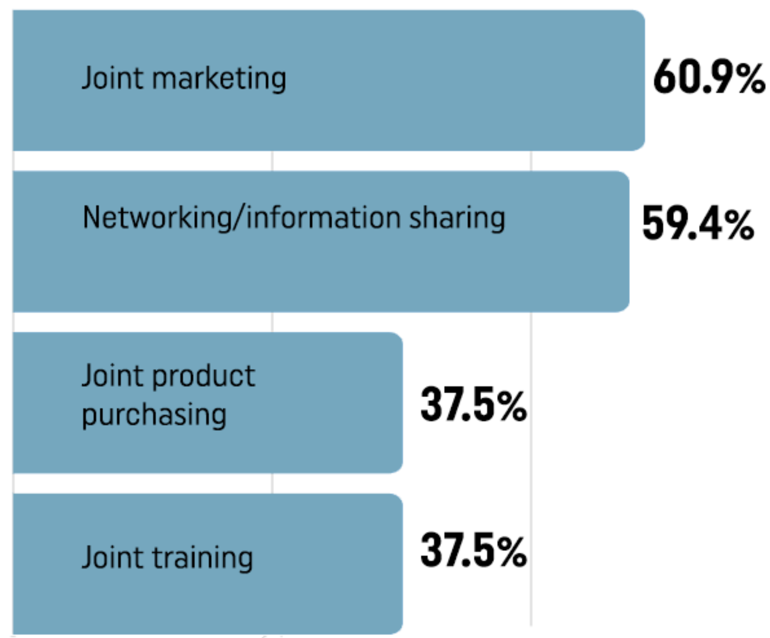
When asked about the outlook for their industry, 64.1 per cent of businesses felt it was growing. Food service was the least optimistic about the future, with 23 per cent of food service respondents either unsure or reporting their industry as declining.

What is the outlook for your industry?



Respondents are interested in working co-operatively with other businesses/organizations in the community, with the highest interest being in joint marketing and networking/ information sharing.

Are you interested in working cooperatively with other businesses to pursue any of the following?



Future Plans

Questions related to future plans provide an insight into the short-term future plans of local businesses and organizations, and the implications on the future retention of local food businesses.

Overall, businesses are very positive about their future plans, with **93.7% either planning to expand or stay the same.**

No businesses are planning to close, and the number of businesses planning to sell, relocate or downsize is minimal.

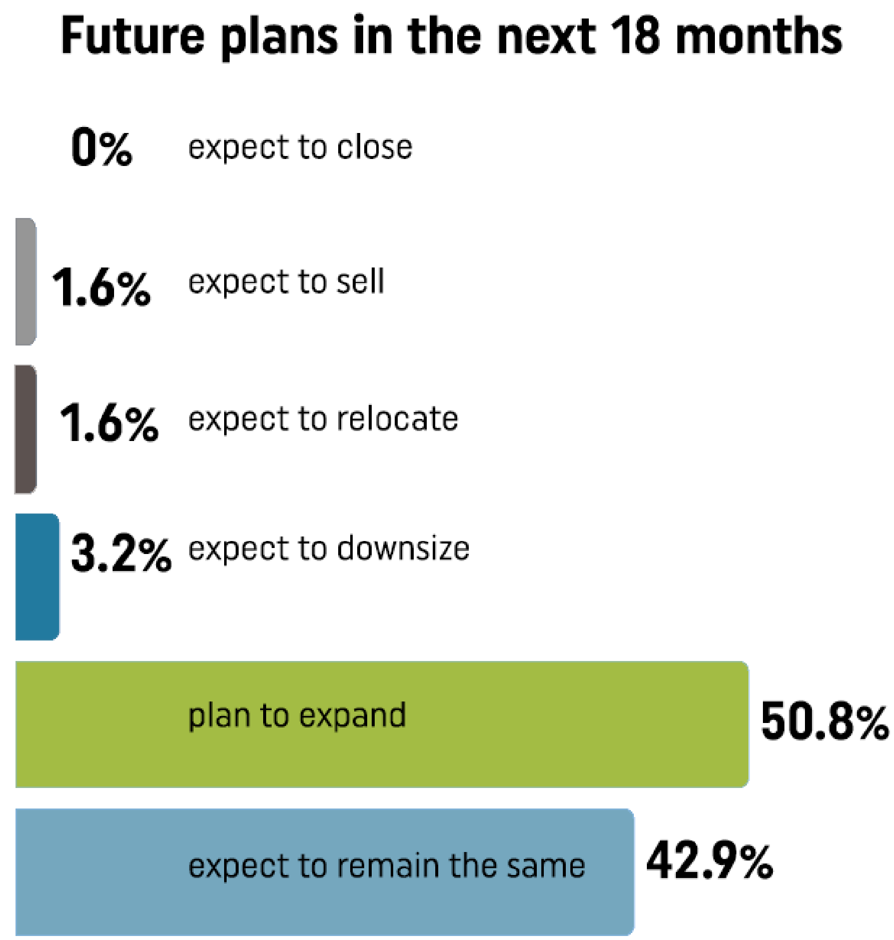
The businesses that were planning to expand include: producers, food manufacturers, food service and distributors/ wholesalers.

Main reasons for remaining the same

- Content with the status quo.
- Imminent retirement or succession planning.

Main reasons for businesses expanding

- Increased demand.
- Interest in expanding into new markets.
- Interest in expanding product offerings.

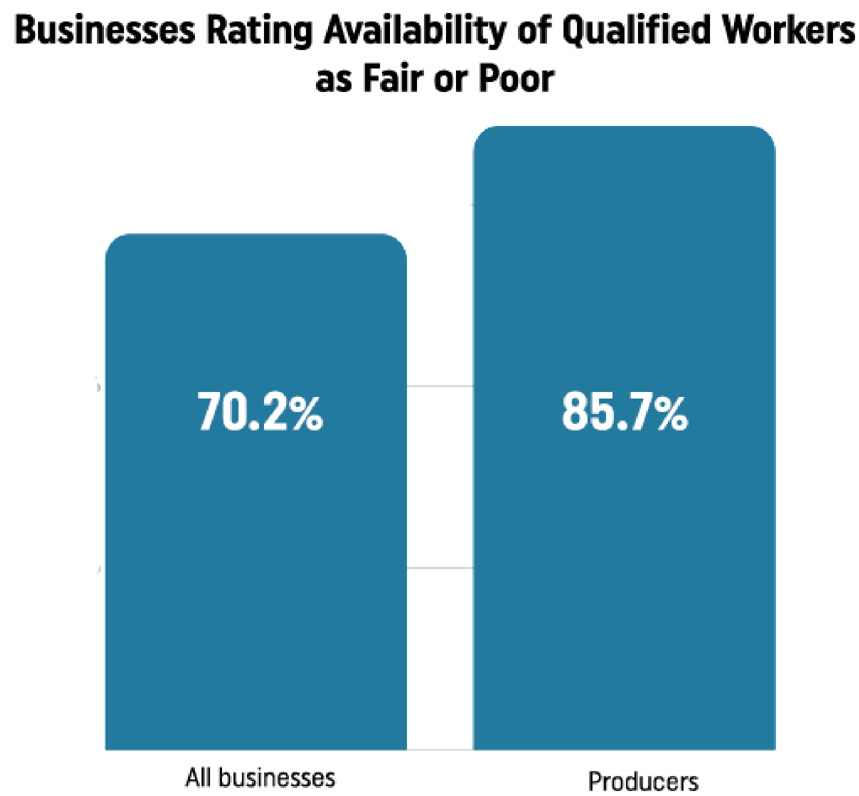


Workforce

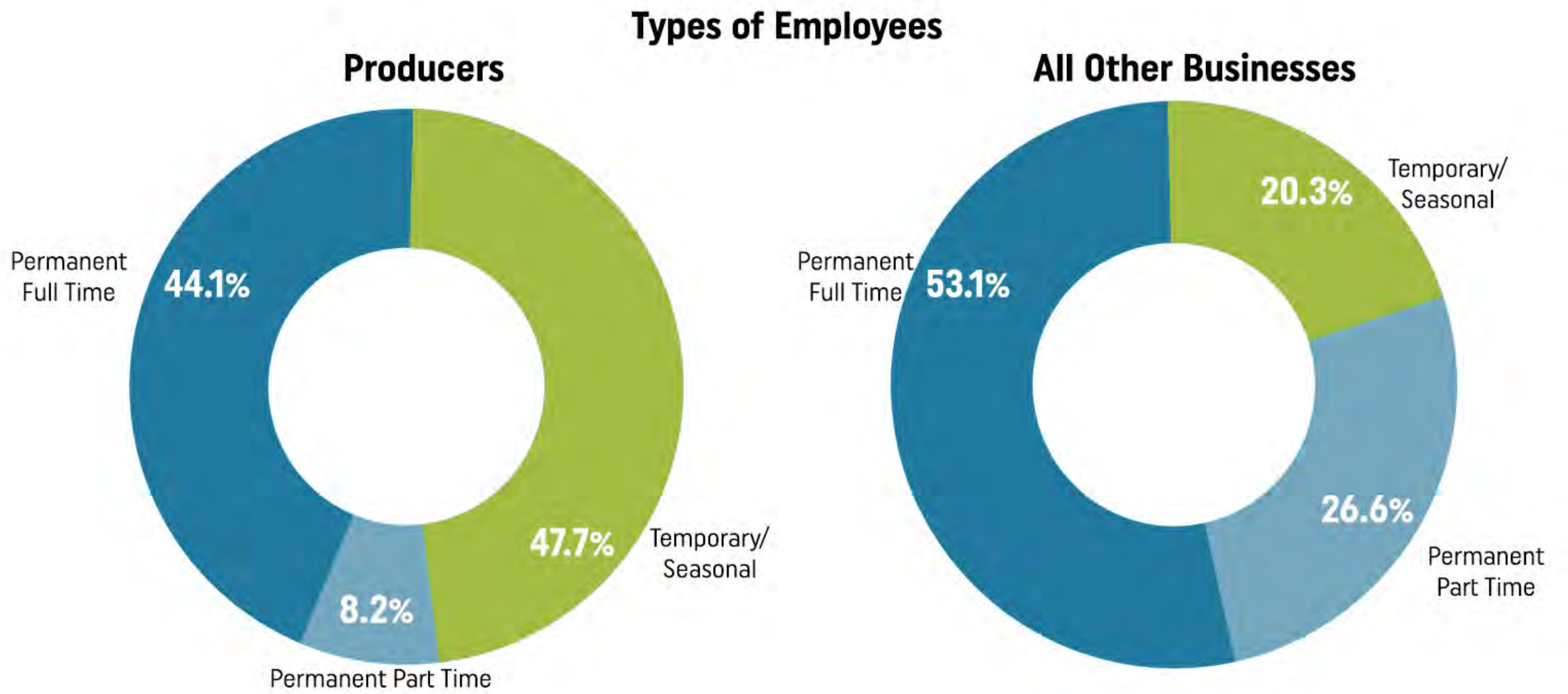
A strong local economy is driven by a workforce that can meet the needs of businesses and organizations. Almost 47 per cent of businesses, that participated in the survey, indicated that their workforce had increased in the past three years. With 50.8 per cent of businesses planning to expand, the ability to attract new employees will be critical to achieving their growth plans.

However, businesses are having difficulty attracting new employees, with **70.2 per cent describing the availability of a qualified workforce as fair or poor.**

This rises to 85.7 per cent of producers and may be attributable to their greater reliance on temporary and seasonal workers.

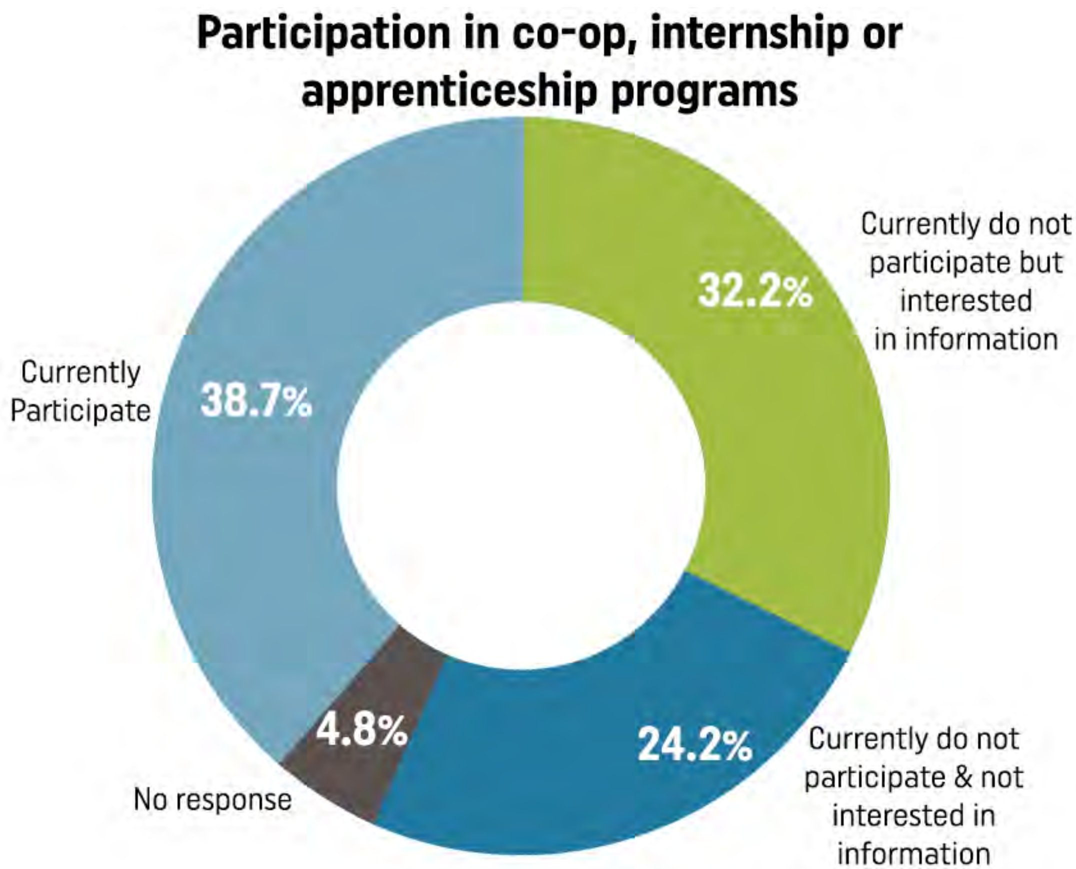


Producers' heightened lack of availability of a qualified workforce may be attributable to their greater reliance on temporary seasonal workers, at 47.7 per cent of employees.



Once employees are hired, most companies are able to retain them, as only 24.5 per cent of businesses indicated they have difficulty retaining employees. The greatest challenges reported during the task force retreat pertained to lack of public transportation for employees and long hours.

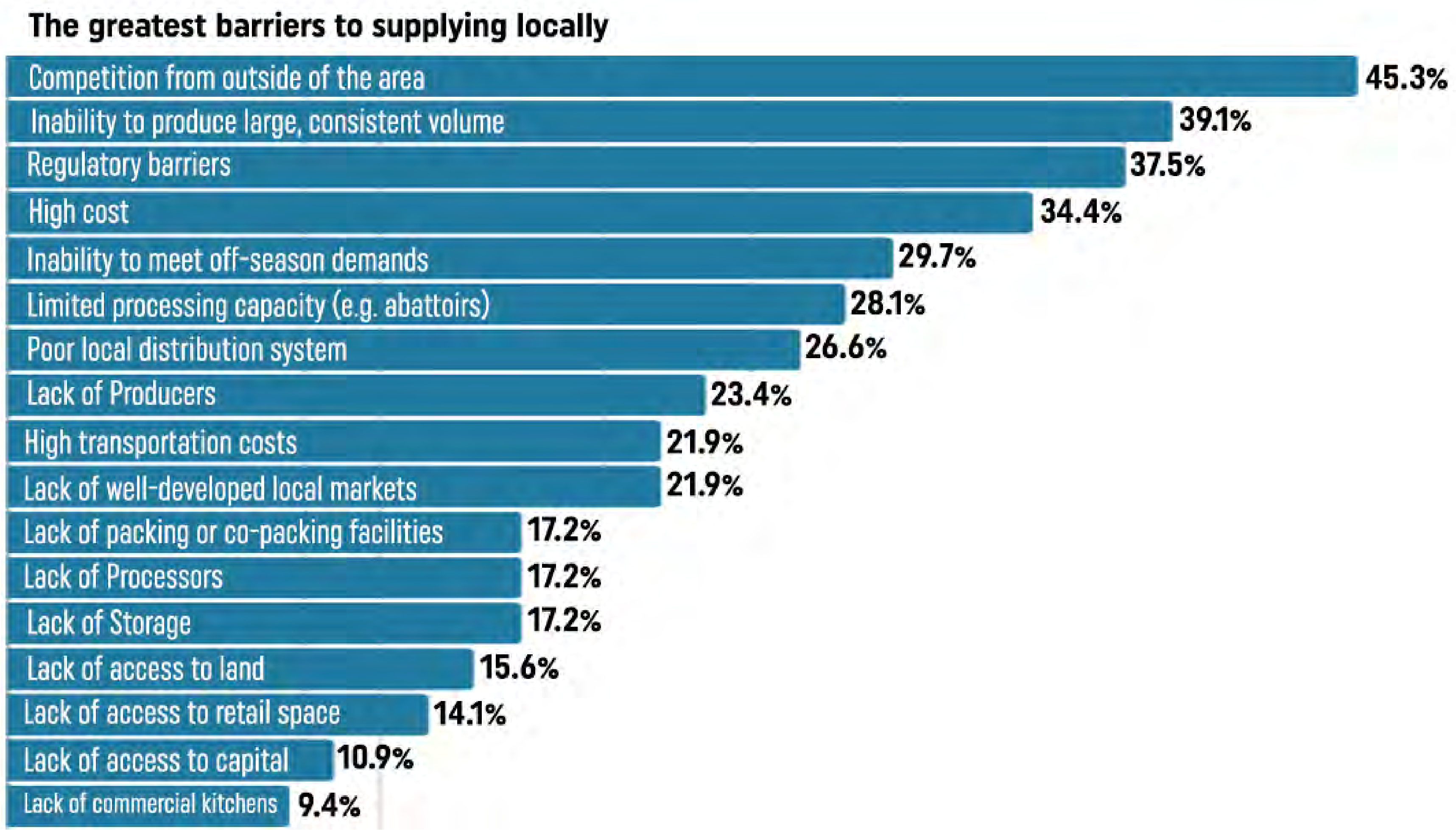
Co-op, apprenticeship and internships represent an area of opportunity for local business, with 38.7 per cent of businesses currently participating in this type of program, and 32.2 per cent of businesses not currently participating but interested in information about them.



Summary of Results – Local Food Survey

This section of the report is a summary of the BR+E Local Food and Local Food Durham questions. These questions were answered by all 64 survey participants and will help drive further insight into local food and growth in the industry.

All respondents answered the first question, which identified the top three barriers to supplying locally as competition from outside the area, the inability to produce large consistent volumes, and regulatory barriers.



Respondents were then asked to self identify as either producers of local food, processors; or distributors or retailers of local food. Producers were asked a series of questions pertaining to their interest and ability in selling local food and processors/distributors, and retailers were asked a parallel series of questions pertaining to their interest and ability in purchasing local food. In some cases, businesses identified themselves as both a producer and a processor/food service and answered questions for both sides.

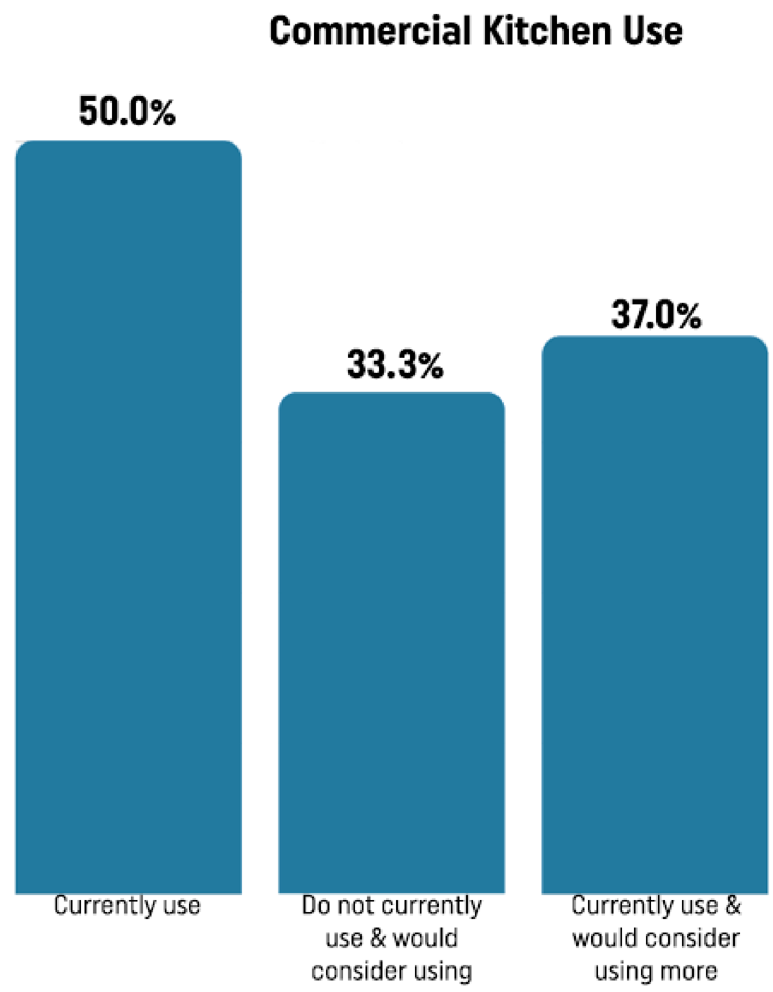
This allowed comparison of the supply side of the value chain - both the supply and demand sides of the industry.

The responses indicated there is a strong interest in supplying more food to the local value chain by producers, and there is a strong interest in purchasing local food, if the distribution and management systems were put in place.

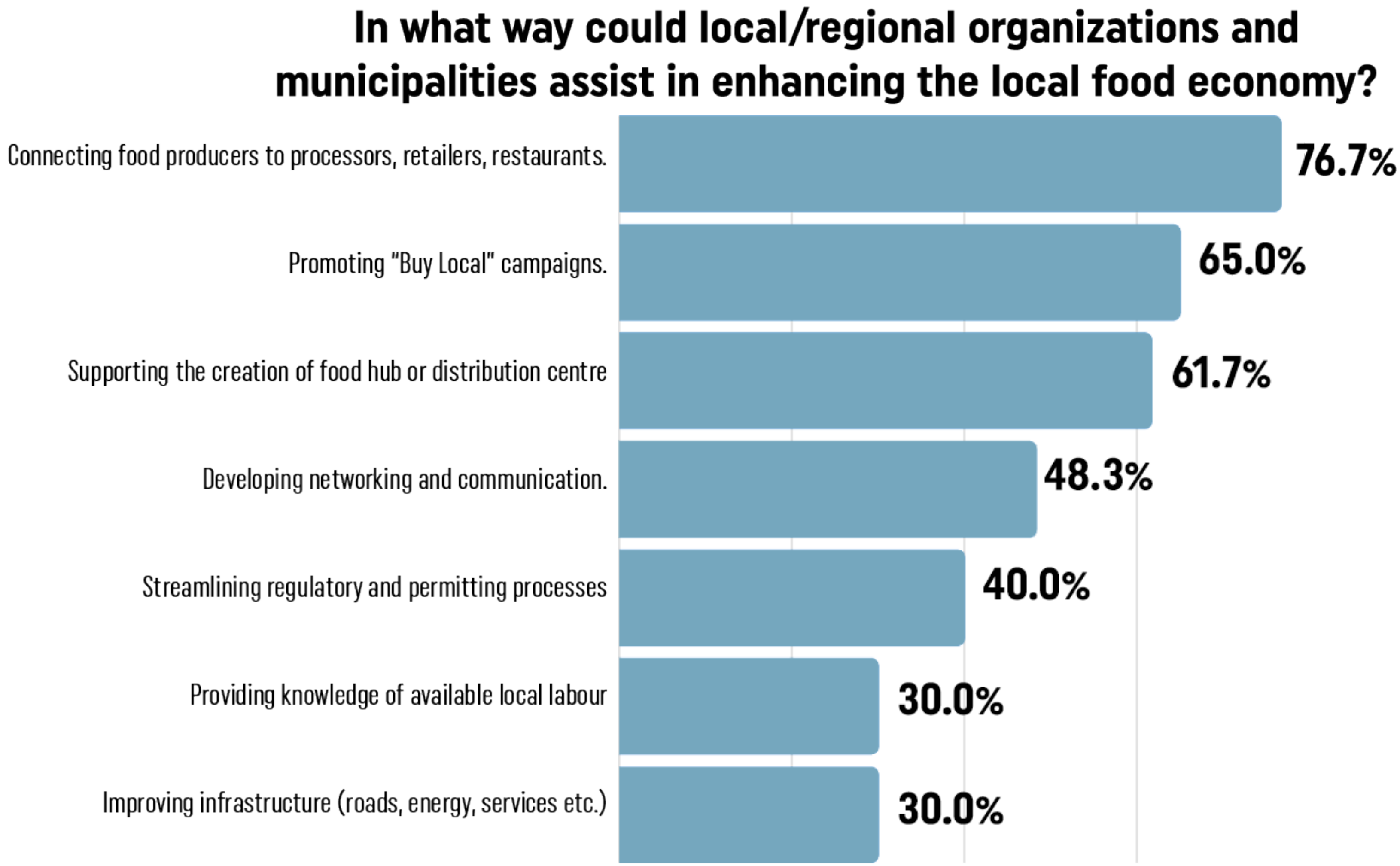
Topics Covered in Questioning	Primary Producers (PP)	Processors (P) / Distributors (D) & Food Service (FS)
PP - Interested in supplying local markets if a management system were in place. **P/D/FS** - Interested in purchasing locally grown food if a management system were in place.	**64%** interesting in supplying	**88.9%** interested in purchasing
PP - Have the capacity to increase production if additional buyers were identified. **P/D/FS** - Have the ability to purchase more if more supply were available.	**77.8%** have the capacity	**92.8%** have the capacity
PP - Is very aware/currently uses a local buyer or distributor. **P/D/FS** - Is very aware/currently uses a local producer.	**38.5%** are very aware or currently uses a local buyer	**38.5%** are very aware or currently uses a local producer
PP - Interest in selling if a co-operative or private delivery distribution system specializing in local food were in place. **P/D/FS** - Interest in purchasing if a co-operative or private delivery distribution system specializing in local food were in place.	**34.6%** would sell through a co-operative or private delivery distribution system	**70.7%** would purchase through a co-operative or private delivery distribution system
PP - Interest in selling if an aggregator/food hub were located in Durham Region. **P/D/FS** - Interest in purchasing if an aggregator/food hub were located in Durham Region.	**53.8%** interested in selling at a food hub	**63.4%** interested in purchasing from a food hub
PP - Interest in selling at a year-round farmers market if one was located in Durham Region. **P/D/FS** - Interest in selling/purchasing from a year-round farmers' market if one was located in Durham Region.	**46.2%** interested in selling at a year-round farmers market	**58.5%** interested in purchasing from a year-round farmers market
PP - Interest in selling at a seasonal produce auction market if one were located in Durham Region. **P/D/FS** - Interest in purchasing from a seasonal produce auction if one were located in Durham Region.	**30.8%** interested in selling at a seasonal produce auction	**39%** interested in purchasing from a seasonal produce auction

Based on this data, there is strong mutual interest in working together, however the low level of awareness between Primary Producers (PP) and Processors/Distributors/Food Service (P/D/FS) must be overcome.

50 per cent of businesses currently use a commercial kitchen. Of those, 37 per cent of them are interested in using one more often. Of those that do not currently use a commercial kitchen, 33.3 per cent would consider using one.



Processors, distributors and wholesalers felt the best ways the local food economy could be assisted is through connecting food producers to processors, retailers and restaurants, followed by a Buy Local campaign and a food hub or distribution centre.



While there is recognition that the local food movement has increased over past 10 years, when asked what the three greatest barriers are to grow economic activity around local food in the region, the top barrier was consumer related.

Comments About Consumers as a Barrier Fell into 4 Broad Areas

Knowledge
Far removed from farming and many do not understand seasonality.

Awareness
Many do not know about local produce.

Price Sensitivity
People want to support "local" if it doesn't cost more.

Trends/Diversity
Consumer needs of diverse cultures are not well understood.

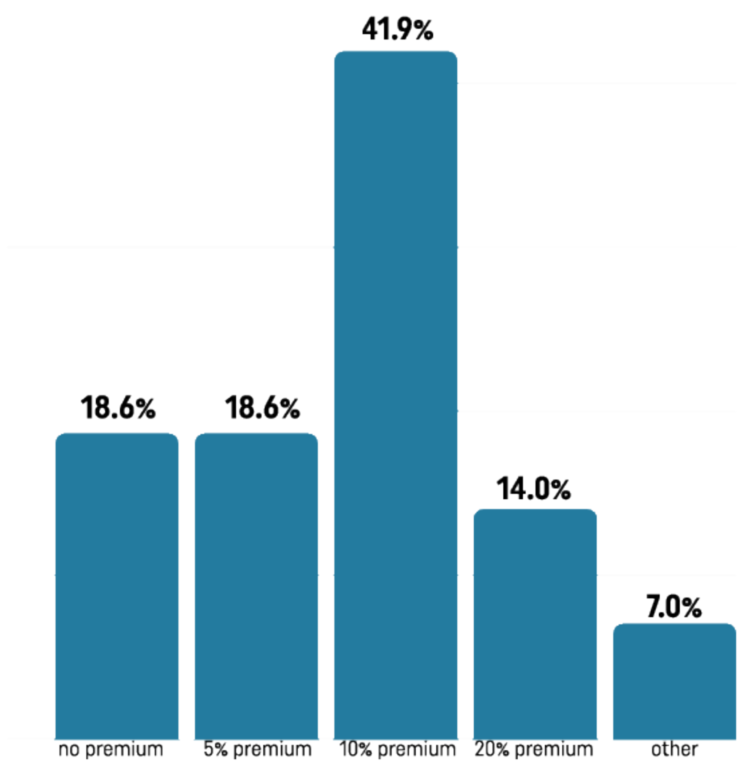
Other barriers relate to distribution, year-round supply/ seasonality, and general costs.

These same respondents felt that our greatest opportunity for growth centered around our location/proximity to a large market.

Many of the open-ended responses related to optimizing the food chain also felt that getting local food to retail, driving demand and improving distribution were opportunities.

41.9 per cent of processors, distributors and food service organizations would pay a 10 per cent premium for local food.

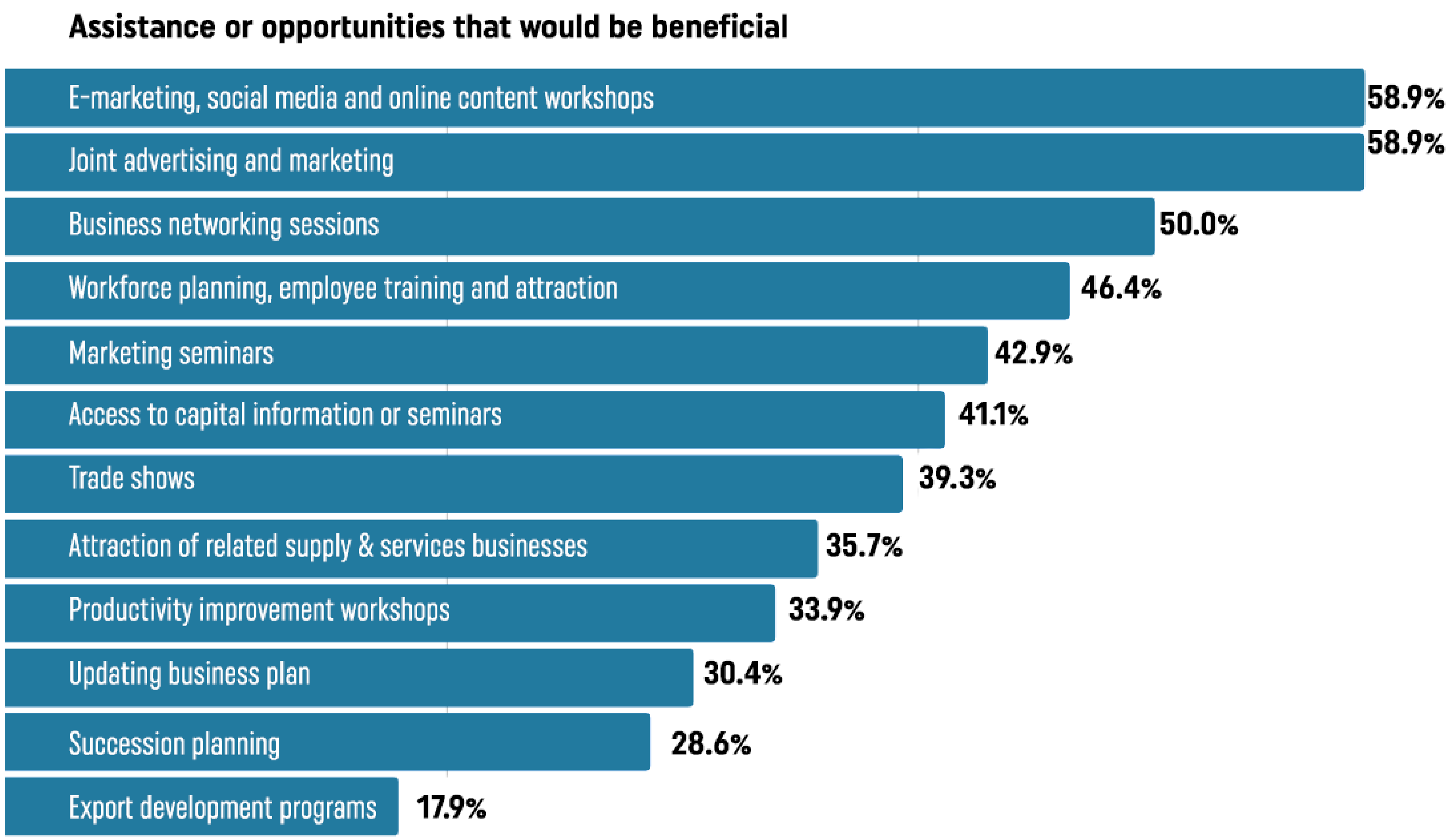
What premium would you pay to purchase local food?



Summary of Results - Community Development & Downtown Survey

Community engagement can help drive successful economic development initiatives, particularly in small communities. This can be accomplished through co-operation with local business, support organizations, and municipal/regional governments.

Three of the top five areas of assistance or opportunities -- that businesses identified as being beneficial -- pertained to marketing.



Advantages

Businesses identified the top three advantages of doing business in Durham Region: an excellent location (specifically proximity to Toronto and major highways), high quality of life, and opportunities presented by a large, growing population.

Disadvantages

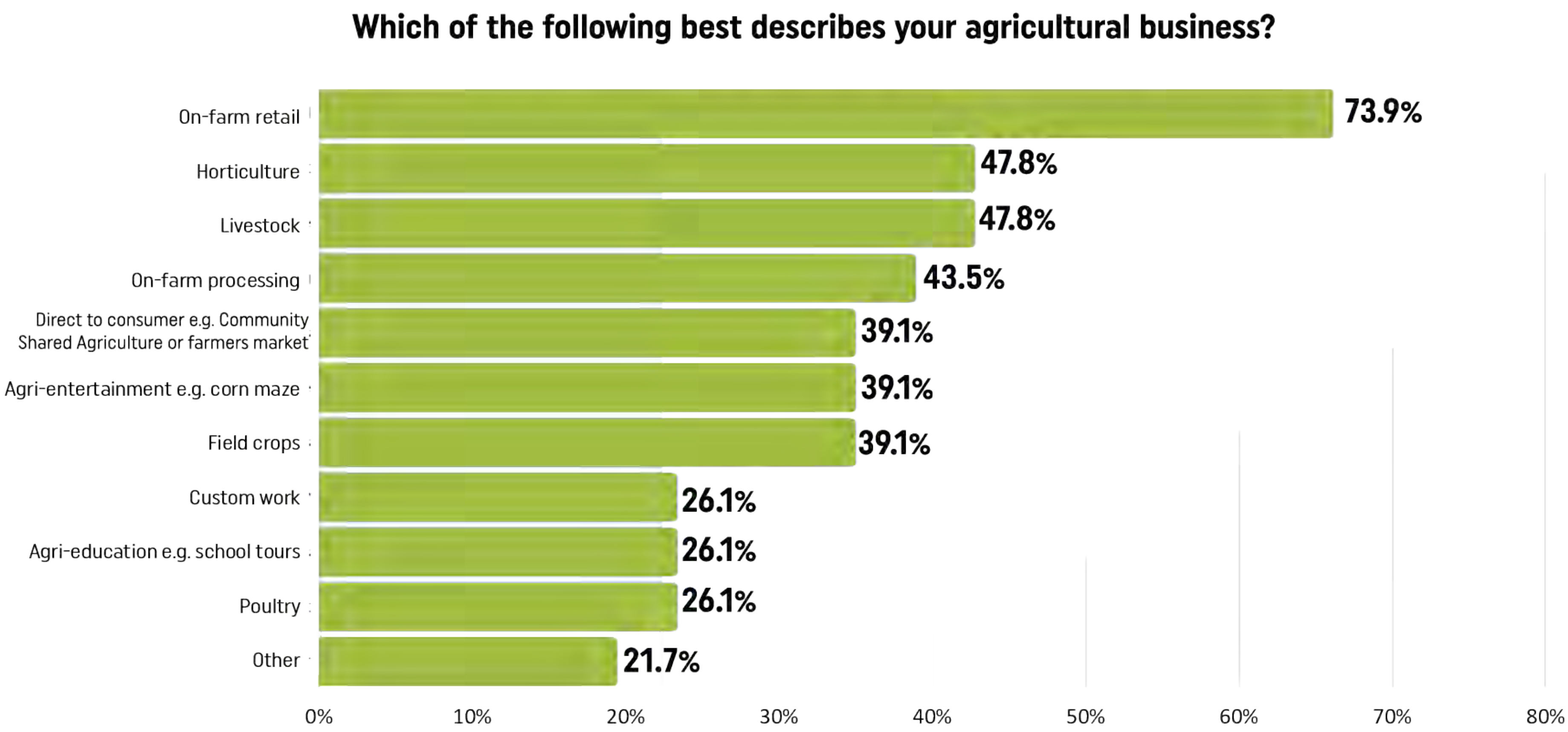
This list pertained to infrastructure, with rural internet most often cited. Other disadvantages were bureaucracy (including both regulations and navigating the approval process) and general high costs of doing business.

The most significant changes businesses would like to see in the next five years involve improving infrastructure, streamlining government processes, and more business development in downtown areas.

There was one downtown revitalization question in the survey. When asked what three community assets you would most like to see developed in the region, the top answer was a food hub, followed by a year-round farmers' market.

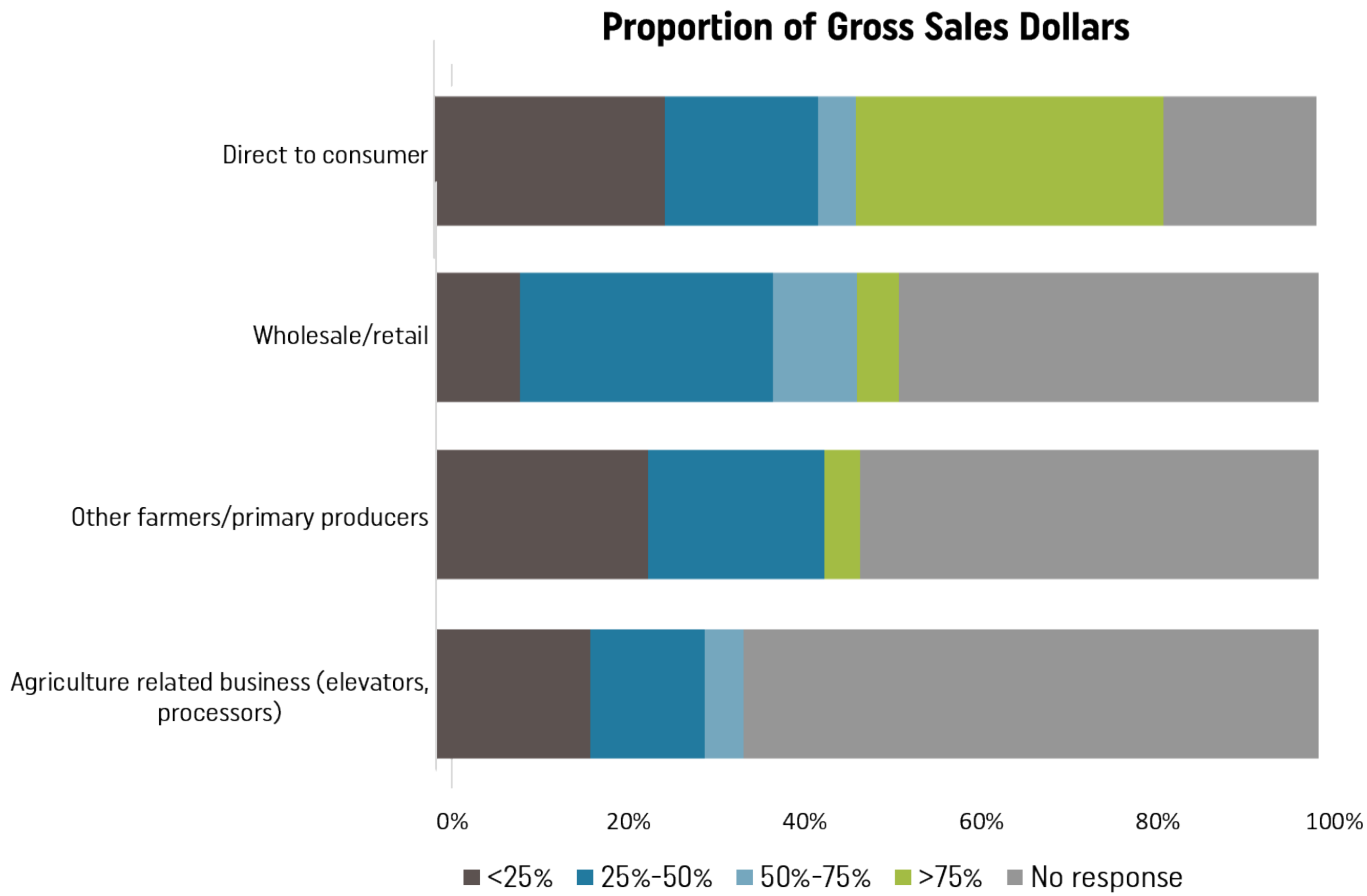
Summary of Results – Agriculture Survey

Twenty-three businesses participated in the agriculture study; describing their operations in a variety of ways the largest descriptor was on-farm retail. Businesses also came into direct contact with consumers through agri-entertainment, agri-education and direct-to-consumer sales.



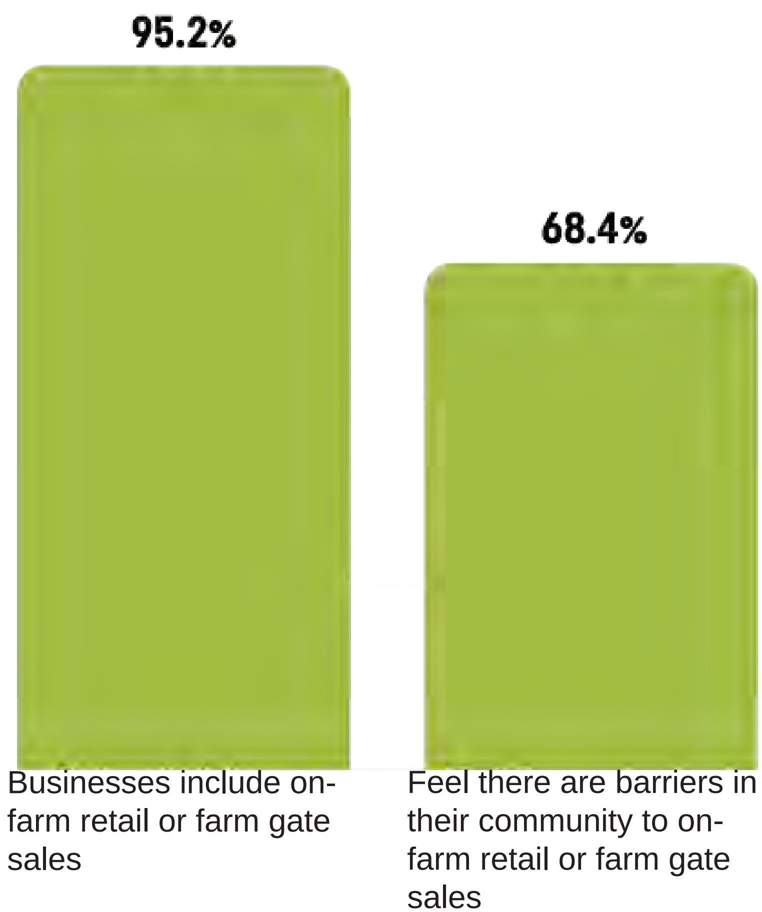
Farms were most likely to rely on consumers for their gross sales

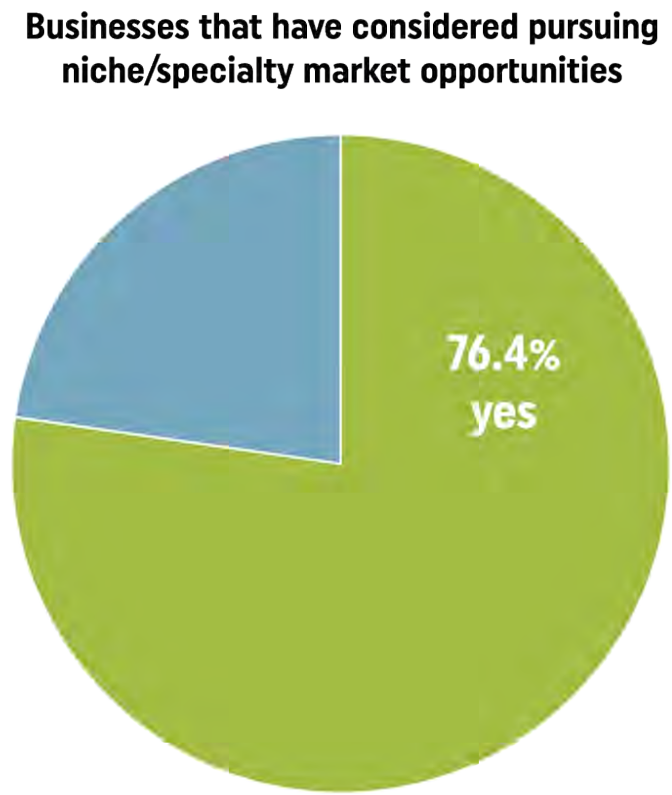
About 35 per cent of farms indicated that consumers accounted for 75 per cent or more of their gross sales. While less dominant, farms also sold to wholesale/retail, other primary producers, and agriculture-related businesses.



95.2 per cent of businesses include on-farm retail or farm gate sales

68.4 per cent of businesses felt there were barriers in their community to these types of sales. The most frequently cited barriers were regulatory in nature, and related to building permits and fees, planning policies and taxation.

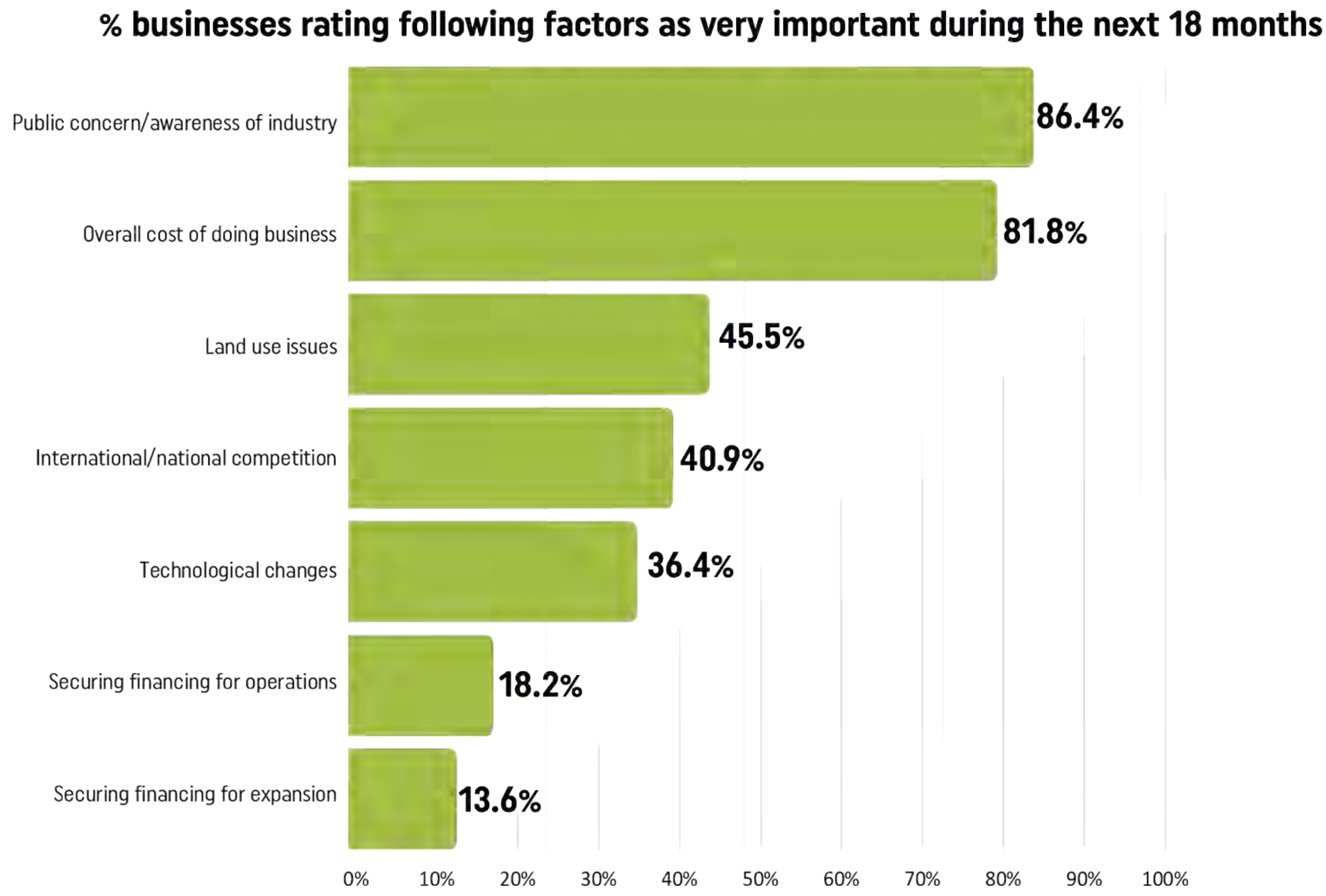




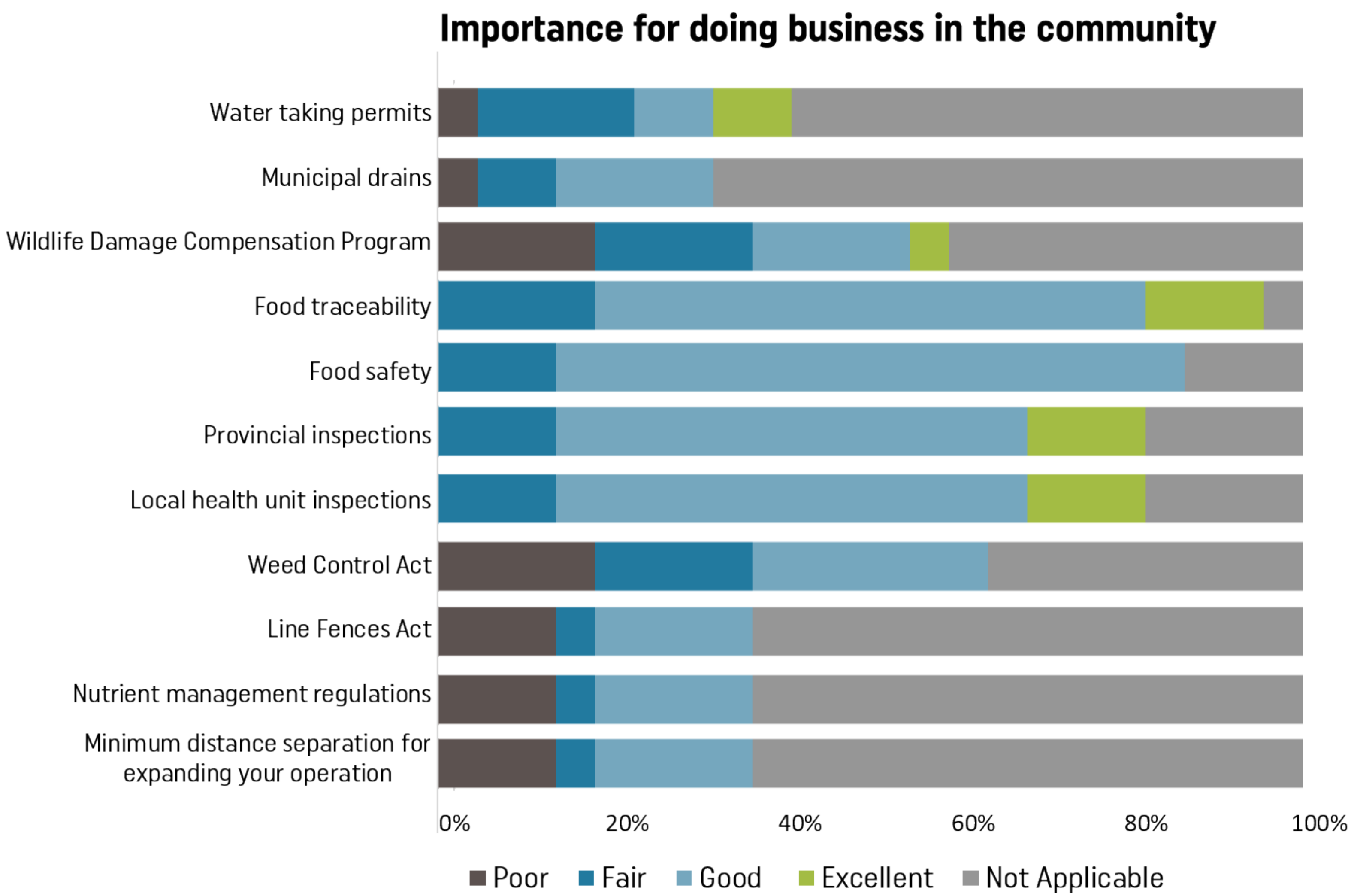
76.4 per cent of businesses have considered pursuing some form of niche/specialty market opportunity

Areas of interest were broad, ranging from flowers and artisanal chickens, to microgreens and wine.

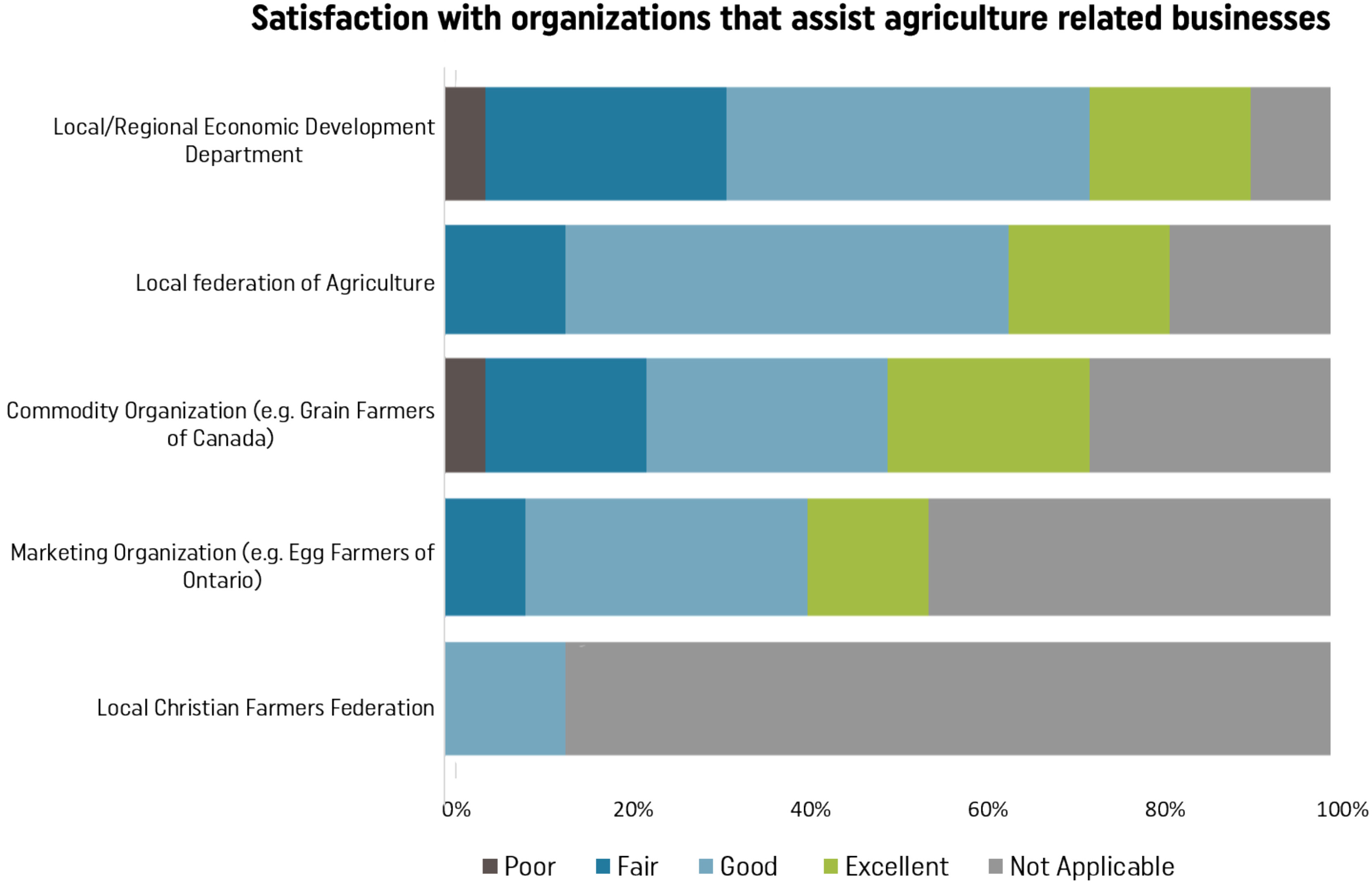
When asked to rate a series of factors, impacting their business over the next 18 months, 86.4 per cent of businesses rated public concern/awareness of industry as very important, and 81.8 per cent rated the overall cost of doing business as very important.



When asked to rate factors that impact doing business in the community, businesses gave generally good ratings for food safety, food traceability, provincial inspections and local health unit inspections. Businesses gave the lowest ratings to the Weed Control Act and the Wildlife Damage Compensation program.



Businesses indicated general overall satisfaction with the organizations that assist agriculture related businesses.

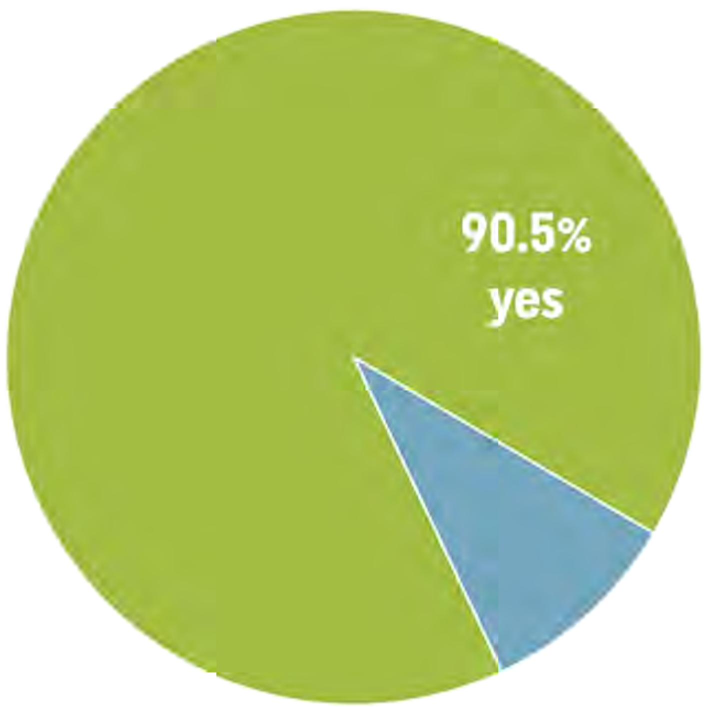


When asked what assets and infrastructure should be developed, to support agriculture, 10 of the 26 suggestions pertained to the value chain. In particular, it was food hubs or distribution, farmers' markets and an abattoir.

90.5 per cent of businesses anticipate changing their production practises to respond to changes in the climate or environment. Changes included managing soil erosion, watering and extending the growing season.

A survey respondent stated: **"Seasons are changing and there are concerns about it - it's very real."**

Businesses that anticipate changing production practices to respond to changes in climate or environment



DURHAM REGION

DURHAM REGION
AGRICULTURE AND RURAL AFFAIRS
ECONOMIC DEVELOPMENT

More information:

For more information on the agriculture and local food sector in Durham Region, please visit durham.ca/Agriculture.

Please direct any questions or comments to: agriculture@durham.ca

Connect with the Region of Durham: