



Ontario Federation of Agriculture

Ontario AgriCentre

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December 15, 2017

Mr. John Ballantine, Manager
Ministry of Municipal Affairs
Municipal Finance Policy Branch
13th Floor, 777 Bay St
Toronto, ON
M5G 2E5

Dear Mr. Ballantine,

Re: 17-MMA014 Proposed Regulation for Municipal Small Business Programs under section 108 of the Municipal Act, 2001 as amended

The Ontario Federation of Agriculture (OFA) is Canada's largest voluntary general farm organization, representing more than 37,000 family farm businesses across Ontario. These farm businesses form the backbone of our robust food system, and rural communities, with the potential to drive the Ontario economy forward.

We appreciate the opportunity to comment on the proposed new regulation outlining rules for municipalities intending to establish municipal small business programs under section 108 of the Municipal Act, 2001, as amended.

Municipal small business programs, also known as small business incubators, provide counselling services and financial incentives to small businesses operating or planning to establish in a municipality. OFA believes small business programs and incubator hubs are crucial services for start-ups and small and medium enterprises (SMEs), particularly in rural Ontario, to support innovation and entrepreneurship in our communities.

Conditions

The proposed new regulation sets out the following conditions:

- 2. A municipality shall adopt and publish a business case study before it establishes a program described by section 1.*
- 3. A municipality shall consult with the public about a proposal to establish a program described by section 1 before establishing the program.*

OFA supports the conditions that a municipality shall consult with the public prior to establishing a program, and that the municipality shall develop a business case study. The municipality should be able to provide evidence that the services they will offer are beneficial to the community. The municipality should ensure that they are consulting with rural businesses and the agri-food community to determine their business needs.

4. *The business case study referred to in section 2 shall contain:*

(a) an outline of the anticipated benefits of the program to the municipality;

The anticipated benefits of the program should reflect the economic diversity of the community. If specific sectors or geographic areas are targeted, an explanation should be required.

(b) the anticipated linkages of the program to the municipality's economic development objectives including business growth and local job development;

(c) an outline of how any financial incentives to small business included in the program would help achieve the municipality's economic development objectives;

It is important to tie the program to the municipality's economic development objectives. However, the municipal objectives should not focus solely on business growth, but also on business retention; particularly for those businesses providing integral services to the community (e.g. local abattoir).

Also, more explanation is needed for "local job development" to broaden these activities to job creation, job retention, and workforce training and skills development. We believe that training and skills development are key components of a municipal small business program, especially to remain competitive in a global marketplace with rapid progress and innovation. Particularly in the agri-food sector, advancements in science and technology provide countless opportunities for product development and process improvement.

In addition, agriculture has not been traditionally seen as an economic development opportunity for a community. For municipalities with an agricultural base, specific considerations should be given to whether the small business program will assist their farm and food businesses. Opportunities such as value-added agriculture and agri-food processing on the farm, or the burgeoning bioeconomy, are increasingly identified as economic diversification with immense potential in rural communities. OFA proposes that the regulations reflect the economic development opportunities in a community beyond those identified within a formal economic development plan.

OFA supports the requirement to justify how financial incentives to small businesses will help achieve the municipality's economic development objectives. The justification should include metrics beyond traditional key performance indicators of economic development, such as job creation. Municipalities may need further guidance on how to measure program success.

(d) an outline of how the program would be expected to facilitate the fiscal sustainability of any small business assisted through the program after any municipal financial assistance ends; and

(e) such other information that the council may require.

OFA recognizes the importance of fiscal sustainability of a small business once financial assistance ends. However, the business's fiscal sustainability is directly tied to how the small business program's success is measured. Programs that encourage startups, idea generation and innovation may not consistently or directly lead to fiscal sustainability, but providing the space

and opportunity for these possibilities is crucial to the innovative ecosystem in a community. MMA should provide flexibility in these guidelines to enable program diversity.

Guidebook for Developing Small Business Programs in Ontario

OFA suggests that MMA collaborate with OMAFRA and other ministries to develop a guidebook for developing small business programs and incubator hubs that includes not only traditional services offered by these programs, but highlights innovative and creative opportunities to support the business community. The guidebook should showcase agri-food incubators and hubs that support product innovation, diversification, and business support services.

In addition, the guidebook could provide performance measurement tools to assist municipalities in measuring the impact of small business programs and incubators. This feature would be particularly useful in rural areas where job retention, and the key services provided by some small businesses, may be at stake. For development of targeted programs such as agri-food hubs or food business incubators, there are many useful tools and publications developed by USDA that could be shared to assist municipalities in developing these programs.

Incubation, Acceleration, Commercialization (IAC) Agri-Food Collaborative

OFA is a founding member of the IAC Agri-Food Collaborative; a network of organizations and small business hubs that provide services, resources and facilities for agri-food entrepreneurs and SMEs, such as the Ontario Agri-Food Venture Centre and Food Starter. The Collaborative aims to raise the profile of agri-food as an economic development opportunity, to drive successful innovation, acceleration and commercialization in the marketplace, to grow the sector and to increase job opportunities along the agri-food value chain. The Collaborative showcases small business programs and incubator hubs supporting agriculture and food businesses, and aims to spearhead a coordinated provincial strategy.

Provincial Land Use Policies and Initiatives

Some land use policies implemented by the Ministry of Municipal Affairs inhibit economic development activities; restricting the ability of small businesses to grow and diversify their operations. OFA has expressed its concerns about the four plans in the Co-ordinated Land Use Planning Review, and continue to stress the negative impact that these regulations have on farm businesses, and the businesses that farmers rely on – including key inputs services, processors, and distributors.

OFA does appreciate the revisions to the 2014 Provincial Policy Statement (PPS), which aim to protect prime agricultural areas for long-term agricultural use, and encourage a thriving agricultural industry and rural economy. The revised PPS provides more flexibility for a range of uses in Ontario's prime agricultural areas: agricultural uses, agricultural-related uses, and on-farm diversified uses. Municipalities should be encouraged to review the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) publication: *Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas*.

The Agricultural System for the Greater Golden Horseshoe is another provincial initiative that not only protects farmland, but promotes a holistic approach to consider the entire agri-food value chain and essential services for agriculture and food production. Tools such as the Agricultural System Portal, an interactive map of agri-food businesses and services, should be used by municipalities to identify gaps and develop small business programs that target subsectors or promote services that are lacking regionally.

While OFA identifies areas for further clarity in the proposed regulation, we would also like to stress the importance of flexibility and regional differences when developing small business programs. Communities across Ontario are unique, and the challenges, gaps and opportunities for economic development differ significantly. Our intent is to highlight the untapped economic potential of the agriculture and food sector when developing municipal small business programs, and also the unique opportunities for innovation and creativity in rural communities.

We appreciate the opportunity to comment on the proposed regulation. OFA encourages municipalities to develop small business programs that will move us toward an even stronger, more vibrant agri-food sector - and thriving rural economy - that produces prosperity for the benefit of all Ontarians.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Currie', written in a cursive style.

Keith Currie
President

cc: Julian Portelli, Senior Policy Advisor, Office of the Minister Responsible for Small Business
OFA Board of Directors