

Leveraging Waterloo Region's Alternative Food Sector: The need for economic development support

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Executive Summary:

Waterloo Region has long-standing traditions in agriculture and artisanal production, supported by a collaborative atmosphere that is rich in community pride and a collaborative spirit. These traditions continue to exert influence on the Region. A focus on quality and collaboration provide a supportive environment for the innovations that define the Region, and reinforce its identity as a leader in advanced manufacturing. The Region's ICT and financial services clusters continue to define Waterloo Region as a robust and diverse economy that continues to grow and evolve in the midst of a manufacturing decline that has stalled economic growth throughout much of southwestern Ontario. Meanwhile, agriculture and food have remained key economic drivers in the Region, particularly in the rural townships.

An extensive case study of the Region's economic development officials (EDOs) and local food sector was conducted for a major research paper at the University of Waterloo's Local Economic Development Master's program and part of a broader project commissioned by the Economic Developers Council of Ontario (EDCO). This study found minimal awareness of the unique dynamics of this growing industry segment and the economic opportunities it presents, particularly amongst urban EDOs. Although agriculture remains a central component of the Region's rural economies, the lack of a robust forum for comprehensive regional economic development discussion has prevented economic developers from leveraging existing leadership and potential inter-municipal synergies.

Foodlink, the Waterloo Region Food System Roundtable, and the Region's food businesses provide a wealth of leadership, marketing, and infrastructure assets for emergent regional alternative food networks. Despite this capacity in civil society and the business community, support for alternative food in the Region remains minimal and uncoordinated. The development of regional economic development body presents the ideal forum to collaborate with and leverage these existing assets in the Region's alternative food networks and leverage nascent opportunities to improve talent attraction & retention, promote business expansion, develop further employment opportunities, while increasing local expenditures and value-added.

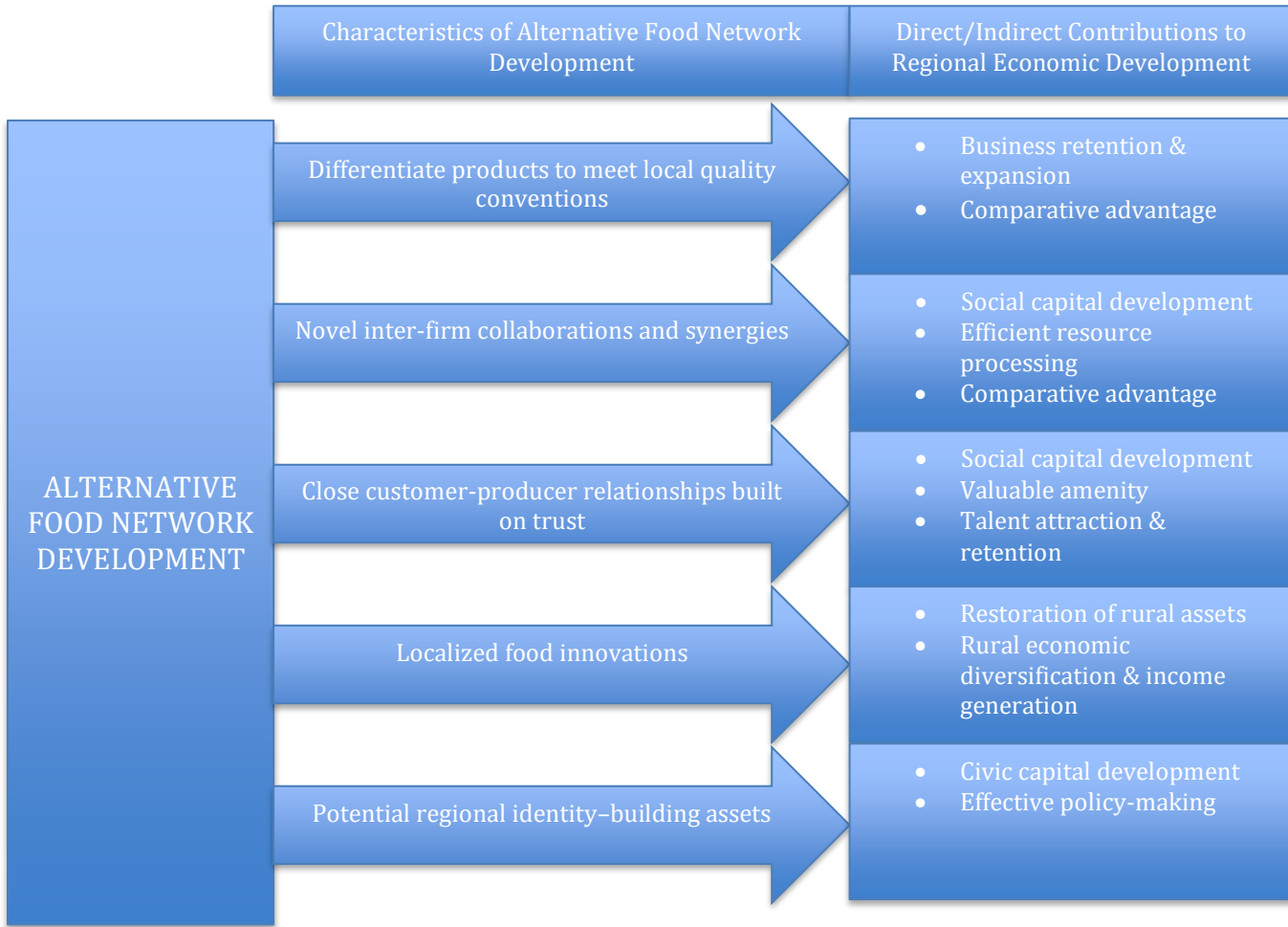
Alternative Food & Economic Development:

Emerging research continues to identify a wealth of economic development potential in the emerging alternative food sector. This segment of the food industry brings farmers and customers closer together through novel approaches to marketing and differentiated food products that promote specific production-, place-, or knowledge-based qualities. To ensure trust in these qualities, unique approaches information sharing dynamics are required.

Case studies throughout the U.S. and Canada have identified job growth (an Ontario case study found a workforce multiplier of 1.4 for local food production¹), increased tax revenue, and gains in both farm output and local expenditures. The figures below provide a brief overview of how this sector provides such economic development outcomes, and contributes to economic resilience. However, each of these benefits remains only a possibility if recognized and capitalized upon by the relevant stakeholders in the Region. As outlined in the recommendations, engagement on the part of Economic Development Officials (EDO) with the sector is critical to realizing these benefits.

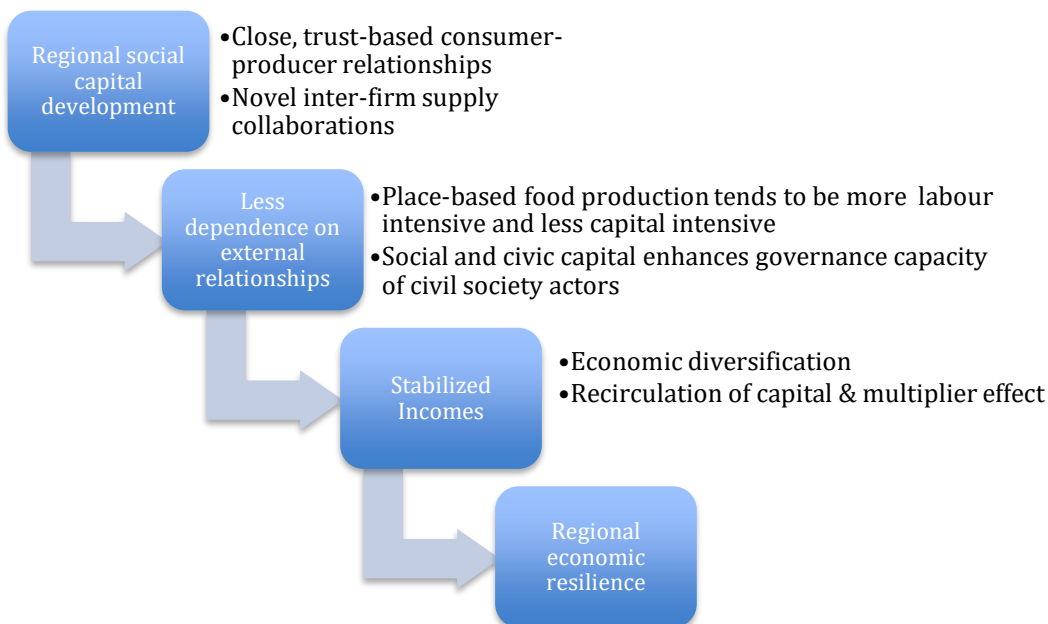
¹ http://www.nswpb.ca/community_partnerships_2012-2013/agriculture_multiplier_effect

Figure 1: Contributions of the Alternative Food Sector to Regional Economic Development



(Adapted from: Cortright, 2002; Block et al., 2008; Bathelt & Munro, 2010; Knickel et al., 2009; Passi, 2011; Feagan, 2007)

Figure 2: Contributions of Alternative Food Sector to Regional Economic Resilience



Alternative Food & Waterloo Region:

Opportunities: Demand for local and other differentiated food products continues to increase throughout North America, and Waterloo Region is ideally situated to capitalize on this growing alternative segment of the food industry as a source of comparative advantage.

Due to progressive planning policies, Waterloo boasts a wealth of prime farmland within minutes of its urban centres, providing unique rural proximity and visibility to urban residents. This proximity is conducive to short supply chains, while the quality farmland can support high-value agricultural production that is needed for a thriving alternative food sector. World-class farmers' markets, a wealth of established on-farm retail venues, and a vibrant Mennonite community that provides a visceral connection between the Region's agrarian past and its contemporary rural-urban landscape.

Differentiated food production also benefits from the same learning environment that continues to spur innovation in the Region's ICT and manufacturing sectors. The Region's collaborative, community-minded ethos allows for the robust exchange of ideas within and between these sectors. The same collaborations between the academic community, civil society, and local governments presents similar opportunities for alternative food development.

Waterloo Region Public Health has undertaken considerable research² on the Region's local food system, and has been instrumental in providing robust leadership and marketing assets, founding the Waterloo Region Food System Roundtable and Foodlink. Both these organizations are recognized as leadership assets by regional food businesses and these businesses continue to engage with them in an effort to promote development within the sector.

Challenges: Despite a history of food processing in the Region and the recent development of the Food Processing Institute at Conestoga College, small- and medium-sized farms continue to identify the lack of accessible food processing infrastructure as a key challenge to their continued development. Similarly, start-up farm businesses find it difficult to find space in local farmers' markets that do not differentiate between local and non-local businesses and/or products.

Policy Considerations:

Three processes continue to fundamentally shape the alternative food industry. Each of these processes provides a basis for analyzing the opportunities and challenges within the Region.

1. Connecting key stakeholders as a steering committee and source of momentum

Civil society, government, and the business sector have all been brought together within the Waterloo Region Food System Roundtable as a collaborative forum to provide strategic vision and momentum for the sector's development. However, this capacity has been limited by the lack of engagement on the part of EDOs and the integration of this vision with formal policymaking processes at a regional level. In addition, the Region's food industry is not adequately networked with the broader business community or the organizations that facilitate businesses sharing knowledge within the Region.

2. Embedding alternative goods and services within the community & economy

Promotional events (such as Foodlink's *Taste Local! Taste Fresh!* and the *Taste of Woolwich*) and renowned farmers' markets (St. Jacob's, Kitchener, and Cambridge) provide valuable showcases for the Region's alternative food products. Integrating these food assets into the Region's tourism identity is an important first step, but municipal events must also recognize and promote a regional identity, within a common strategic vision.

² <http://chd.region.waterloo.on.ca/en/researchResourcesPublications/reportsdata.asp#FOOD>

3. *Intertwining the sector's economic and non-economic roles*

Waterloo Region Public Health has undertaken considerable research³ on the health and social inclusion benefits of a local food system and continues to provide support to key organizations and community initiatives (such as community gardens). Regional planners have prioritized farmland as a valuable regional amenity and environmental asset for the Region. However, there are economic benefits associated with these other policy goals that have not been recognized in regional economic development strategies or policymaking. This is largely due to the lack of a comprehensive regional economic development forum.

Policy Recommendations:

Given the wealth of alternative food assets that exist within the community and business sector, and the economic benefits associated with a robust alternative food sector, there are considerable opportunities to leverage this existing capacity into the Region's economic development strategies moving forward. Leveraging these assets requires three actions on the part of a regional economic development body:

1. ***Create an integrated food strategy:*** Work with existing leaders in the Region's alternative food sector through existing organizations like Foodlink and the Waterloo Region Food System Roundtable to identify challenges and opportunities; commission the development of a formal food strategy; and integrate this strategy into broader economic development strategy discussions.
2. ***Encourage networking with the broader business community:*** Time constraints and tight margins often prevent farms and food businesses from interacting with businesses outside their immediate supply chain and sector-based relationships. Work with organizations like the KW Chamber of Commerce to improve the sector's connections with the Region's businesses and the organizations representing them. There are considerable opportunities for inter-sector collaborations given the important public amenity that alternative food products represent.
3. ***Create a food processing & distribution hub:*** Conestoga College's Food Processing Institute is an important skills training support in the Region. Given the Region's long and successful tradition of industry and academia working together, Conestoga's facilities present a unique opportunity to address the challenges that small businesses in the Region face in accessing food processing and retail facilities. The regulatory burden associated with federal and provincial food safety legislation and the unique facilities available suggest that such intervention at a regional and/or municipal scale could present a unique comparative advantage for the Region.

³ <http://chd.region.waterloo.on.ca/en/researchResourcesPublications/reportsdata.asp#FOOD>

Recommended Readings:

Ross, S. (2014). Regional Economic Development and Alternative Food Network Governance: A Waterloo Region Case Study. Major Research Paper. Local Economic Development program. University of Waterloo.

Schmidt, T.R., Jablonski, B., & Mansbury, Y. (2013). Impacts of Local Food System Activities by Small Direct-to-Consumer Producers in a Regional Economy: A case study from upstate NY. *Working Paper* at Cornell University. Found at: <http://dyson.cornell.edu/research/researchpdf/wp/2013/Cornell-Dyson-wp1316.pdf>

Vinodrai, T., Nathu, R., Ross, S., Robson, E., Scott, S., & Parker, P. (2012). *Taking Regional Action? Understanding networks in the local food, green energy, & creative sectors in Waterloo region*. Waterloo: Economic Developers Council of Ontario.

Wiskerke, J. S. (2009). On Places Lost and Places Regained: Reflections on the Alternative Geography and Sustainable Regional Development. *International Planning Studies*, 14 (4), 369-387.