



# Ontario's Rural Economic Development Strategy

AMO'S SUBMISSION TO THE ONTARIO MINISTRY OF AGRICULTURE,  
FOOD AND RURAL AFFAIRS

**Responses to Rural Economic Development Strategy Consultation**

**June 6, 2024**

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## **Preamble**

AMO appreciates the opportunity to provide input to the creation of a rural economic development strategy. We understand that the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) is looking for opportunities to create jobs and support economic growth in rural communities of all sizes.

Rural Ontario generates more than \$300 billion in annual economic activity with exports of goods topping \$100 billion a year<sup>1</sup>. Rural Ontario has historically been known for its strengths in resource-based sectors, agriculture, tourism, and manufacturing. These sectors will remain a key part of rural Ontario in the future, but there is also opportunity to better capitalize on exurban migration due to the rise of remote work. To support the province's consultation, we have divided these opportunities broadly into three categories:

- **Funding Economic Development:** Effectively coordinating local and provincial funding for rural economic development
- **Workforce Development:** Connecting the workers at the centre of our economy, with the right skills for in-demand jobs
- **A Focus on Complete Communities:** Building communities that are resilient and attractive to workers and businesses

Our comments throughout this submission were developed with input from associations including the Rural Ontario Municipal Association (ROMA), Northern Ontario Municipal Association (NOMA), Federation of Northern Ontario Municipalities (FONOM) and the Western and Eastern Ontario Warden's Caucuses (WOWC and EOWC). This submission speaks to opportunities for economic development that are shared by municipalities across the province. However, We encourage you to review and give strong weight to feedback provided by individual municipalities who are best positioned to provide insight on the specific needs of their communities. We also encourage you to review the Rural Ontario Municipal Association's plan for action "Opportunities for Rural Ontario in a Post-Covid World" which outlines key actions to help grow rural Ontario.

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<sup>1</sup> Source: [OpportunitiesforRuralOntarioinaPostCOVIDWorldAPlanforActionJanuary2022FINAL.pdf](https://roma.on.ca/OpportunitiesforRuralOntarioinaPostCOVIDWorldAPlanforActionJanuary2022FINAL.pdf) (roma.on.ca)

## Funding Economic Development

### Social and Economic Prosperity Review

Municipalities across Ontario are facing increasingly complex challenges, such as tackling homelessness and climate change, without the financial tools to solve them. It's time for the province and municipalities to work collaboratively towards solutions for the long-term stability and sustainability of municipal finances.

Municipal governments provide critical services that Ontario's residents and businesses rely on every day. They are responsible for land-use planning and development to build safe and complete communities with sound environmental management. They oversee important energy distribution and conservation activities that power communities. They fund the emergency services that keep residents and businesses safe.

As the level of government closest to the people, municipalities respond to increasing social pressures by delivering programs and services to support their residents at all ages and stages of life, including public health, long-term care, childcare and parks and recreation. These critical services drive inclusive growth and build the vibrant communities that make Ontario a great place to live, work and invest.

AMO has called on the province to propose and update to the partnership between provincial-municipal partnership to build sustainable communities, a solid foundation for economic growth, and quality of life. A [social and economic prosperity review](#) would help create a sustainable, accountable provincial-municipal relationship where both orders of government can meet their responsibilities grounded in<sup>2</sup>:

- Affordability and fiscal sustainability for both orders of government
- Fairness for taxpayers and affordability for residents
- Coordinated and timely infrastructure investment resilient to climate realities
- Increased housing supply and affordability
- Robust health and social services supporting increased economic participation

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<sup>2</sup> Social and Economic Prosperity Review: <https://www.amo.on.ca/policy/finance-infrastructure-and-economy/social-and-economic-prosperity-review>

- Long term economic development and prosperity for Ontario and its communities
- Modern, effective and streamlined service delivery

### **Funding for Economic Development Programs**

AMO is pleased to see that the province is planning a revised rural economic development strategy. However, while a strategy can be useful in coordinating different approaches to grow the economy across the province, it will be critical to ensure that this strategy comes with funded programs to help implement the changes.

Programs such as Ontario’s Rural Economic Development (RED) program, Digital Mainstreet, and job transition programs have helped overcome barriers to economic development and better positioned rural communities to attract and retain investment. Many municipalities already have economic development plans prepared and with increased funding opportunities, are well positioned to implement these local plans. The success of the recent RED program intake demonstrates how municipalities have been able to use this funding to support projects such as business hubs, tourist site rehabilitation, promotional materials to attract foreign investment, and training opportunities. Increasing the funding available through economic development programs will continue to have a direct impact on the ability to communities to grow their local businesses.

Exploring the focus of these programs and updating them for a changing economy will be important to help local businesses grow. It is also important to consider how programs can be coordinated to help businesses grow over time. For example a “bricks and mortar” program may be of benefit to entrepreneurs seeking to start a new business. However, as that business grows, funding to support e-commerce may be more beneficial to help attract more customers. The province should explore opportunities to provide funding for as wide a spectrum of business types as possible – from small one-person operations to major manufacturers, and everything in between.

## Workforce Development

The greatest current need for supporting local economies is workforce development. Rural communities are grappling with the challenges of filling job vacancies. The growing need for new workers in fast growing sectors such as construction, manufacturing, retail, and health care is compounded by the need to replace those leaving the workforce through retirement.

### Worker Attraction and Retention

Employers including municipal governments are already taking steps to attract and retain workers with the right skills for jobs that are available in rural communities. Employers need tools and funding to adapt and promote their recruitment and retention practices. A few examples of this are:

- Flexible work arrangements to accommodate the needs of young families and older workers
- Increased access to affordable, non-salary benefits
- Support in layout of the potential career path for new hires

Measures such as expanding access to childcare, affordable housing, workplace accessibility, and supporting the creation of jobs with higher wages are also critical investments the province can make to help attract workers to rural communities. As outlined throughout this submission, broader investments into healthy, complete communities will help build on business-facing attraction and retention initiatives. As opportunities for remote work increase, a strong sense of community outside the workplace will be increasingly important to workforce attraction and retention.

AMO recognizes the important role that municipalities have in supporting local workforces and building complete communities. Municipalities also directly create jobs and employ workers who deliver services and infrastructure that support local business activity. AMO has embarked on a [Municipal Workforce Development](#) project to develop strategies and actions that support municipalities with attracting and retaining employees. OMAFRA may be interested in monitoring the project and leveraging its resources and initiatives to help municipal employers with employee recruitment and retention.

## **Better Leveraging Immigration**

A key opportunity for workforce development is attracting and connecting newcomers with in-demand jobs. Rural communities often miss out on opportunities to benefit from immigration because most newcomers choose to settle in large urban areas. Many factors that influence these settlement patterns include employment opportunities, access to settlement resources, and the presence of family and cultural connections. Provincial investment in rural immigration settlement programs, connecting newcomers with job training, and helping communicate employment opportunities in rural communities will help connect newcomers with the many job opportunities and vibrant rural communities across Ontario.

Attracting international students to in-demand careers is another major opportunity to support rural workforce development. The full impacts of the federal government's recent changes to the cap on international students are still unclear, but without provincial coordination, these changes could limit workforce development and recruitment opportunities. The impacts to educational institutions which rely on international tuition fees as a source of revenues is a major concern – especially where international enrollment is supporting programs in smaller communities that would not otherwise be financially viable for colleges and universities. The province should ensure that these college and university programs continue to be appropriately funded so rural Ontarians continue to have access to education and training for in-demand skills.

## **Students and Job Training**

There's a pressing need for workplace skills training across Ontario. This will help students and recent graduates find in-demand careers, while also giving workers and employers a competitive edge. It is important that the province invest in the existing workforce to get the right skills for new jobs created through economic development investments, including growing the green economy. This could include training programs, career transition support, and helping connect new businesses with local talent. A comprehensive and coordinated approach will be essential. For example, the success of recent investments in battery and electric vehicle manufacturing will rely on a strong mining industry to supply mineral resources. Job training and workforce development initiatives from the province need to be coordinated so these two sectors can grow together while sharing access to a strong workforce instead of competing for the same workers.

For an even bigger impact, students should receive coaching to help them choose careers that are flourishing in the province, including in rural Ontario. It is also beneficial to increase engagement with young people to help them understand different job opportunities in rural communities, and the potential for career growth within these fields. Students often leave rural communities for post-secondary education, and do not return due to a lack of exposure to local job opportunities and career paths. An increased focus on showcasing the career opportunities and quality of life in rural communities would be beneficial to help students select relevant fields of study that will empower them to pursue good jobs in rural communities.



## **A Focus on Complete Communities**

To support worker attraction and retention, there needs to be a strong focus on building complete communities that are attractive to live and work in. Families need to have local access to schools, health and long-term care, and other amenities. Otherwise, incentives to move to and stay in rural communities for work will be limited. As Ontario is focussed on conversations about how to grow, now is an ideal time to review how services are provided in rural Ontario.

## **Affordable and Community Housing**

The housing affordability crisis dampens the success of economic and workforce development initiatives. Many rural communities struggle to attract and retain workers due to a lack of affordable housing. Further, community housing waitlists top 200,000 individuals in Ontario. Approximately 140,000 new community housing units are required for the province to just to approach the OECD average.<sup>3</sup> Economically prosperous communities need a mix of housing options to meet everyone's needs including affordable, deeply affordable and community housing. This is crucial in rural Ontario, where a recent survey found that 30% of all rural Ontario households were low income and that half of these households were facing housing affordability issues.<sup>4</sup>

Working with the federal government and municipalities, the province must devise a concrete, funded plan to grow affordable housing and end homelessness across the province, including in rural Ontario.

## **More Housing-Enabling Infrastructure Funding to Rural Communities**

To support demand for housing supply, municipalities need to invest in infrastructure such as water and wastewater, roads, parks and more. Ontario's municipalities already own and operate more infrastructure for the benefit of the public than the provincial and federal governments, valued at almost a half a trillion dollars. Ontario's municipalities are planning for \$250-\$290 billion in capital expenditures over the next decade – with around \$100 billion of that investment being connected to growth.

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<sup>3</sup> Source: Canada Housing and Renewal Association, "The Impact of Community Housing on Productivity."

<sup>4</sup> Source: <https://ontarioplanners.ca/oppi/conferences/conference-2020/program/featured-sessions/homelessness-and-housing-in-rural-ontario-understanding-the-issue-and-finding-solutions>

In addition to enabling new housing, these infrastructure investments support health, social and cultural engagement, economic activity, productivity, and quality of life. Unprecedented housing supply shortages, decades in the making, require long-term approaches to infrastructure investment that have moved beyond the principle of “growth pays for growth”.

However, recent provincial policies have reduced municipal capacity for infrastructure investment, leaving municipalities unable to finance the infrastructure required for growth. While AMO recognizes and commends the government for providing new infrastructure funding in recent months, this funding does not replace the need for the province and municipalities to come together and review the provincial-municipal fiscal framework to support sustainability, affordability, and economic prosperity.

AMO continues to call on the province to collaborate with municipalities to explore a more sustainable municipal fiscal framework. A joint social and economic prosperity review can lead to sustainable funding for housing-enabling infrastructure and unlock the infrastructure that is essential for businesses choosing to locate in rural Ontario.

## **Energy Generation and Distribution**

We understand that Ontario’s energy capacity needs to increase by more than double over the next 25 years. Energy supply and infrastructure needs to be in place to support housing and economic growth. Without access to reliable, cost-effective energy generation and distribution capacity, communities will be unable to power businesses or homes for workers and their families. Energy expansion will create job opportunities for the construction, maintenance, and operation of energy system infrastructure. The report from the province’s Electrification and Energy Transition Panel included recommendations to help coordinate energy planning, and to enable investment and job creation in Ontario<sup>5</sup> The province should work to implement these recommendations to advance a coordinated energy transition that supports economic growth.

Municipalities are committed to continuing work with energy partners to support a transition to an energy system that meets the needs of our communities. Rural municipalities play a critical role in conversations about local energy production and distribution growth planning.

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<sup>5</sup> Source: <https://www.ontario.ca/page/electrification-and-energy-transition-panel>

As the province advances with its work to address the recommendations of the Electrification and Energy Transition Panel it will be important to include rural municipalities in conversations about Ontario's energy supply. This will help ensure energy producers and distributors coordinate with local growth planning to give communities a role in the decisions that impact them.

### **Community Health Services**

Rural Ontario bears a disproportionate burden of the Ontario-wide health care crisis, demanding provincial investments and action. The overcrowding of Emergency Departments, ongoing shortage of health care workers – especially primary care physicians – and scarcity of mental health services is felt most deeply in rural areas. 65% of municipal representatives surveyed said residents don't have access to walk-in clinics. 60% also said that their community lacked mental health and addictions support.<sup>6</sup> The inability to access health care within communities will remain a barrier to rural economic development as workers choose to locate in other areas of the province where their needs can be better met.

Rural Ontario faces a healthcare crisis. We urge the government to commit to a Rural Ontario Health Strategy that addresses critical issues like attracting and retaining healthcare professionals, expanding provincially-funded community paramedicine programs for improved care, and ensuring meaningful engagement for all rural communities on Ontario Health Team tables. These investments and delivery improvements are essential to build a more sustainable and responsive healthcare system for rural Ontario, which is key to attracting and retaining the talent that fuels rural industries, businesses and supporting services.

### **Connecting Tourism with Transportation and Communication Infrastructure**

AMO and its partners from rural Ontario acknowledge the great economic contributions that tourism makes through creation of businesses and tourism supported jobs. In 2019, the revenue from tourism contributed nearly \$37 billion to Ontario's gross domestic product and supported around 396,000 jobs in the tourism-related businesses<sup>7</sup>. There are continued opportunities to grow the rural tourism industry to expand its reach and bring tourists from across Ontario, Canada and the world to rural communities.

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<sup>6</sup> Source: [Fill the Gaps Closer to Home \(roma.on.ca\)](http://roma.on.ca)

<sup>7</sup> Source: [Tourism Support Programs \(auditor.on.ca\)](http://auditor.on.ca)

Supports to build on the existing success of rural tourism include expanded transportation infrastructure such as road, air, and rail as well as inter-community transit so that tourists can easily travel and explore Ontario. There is a particular need to help improve transportation access to Northern Ontario.

Last year, the Northern Ontario Transportation Task Force [issued a report](#)<sup>8</sup> outlining a series of recommendations to help implement the province's transportation plan for Northern Ontario. This report speaks to how improvements to transportation supports economic development including facilitating tourism and increasing the movement of goods. Implementing the recommendations of the report will help northern economic growth, and the lessons learned from that work will be beneficial to inform transportation strategies in other parts of the province.

While rural Ontario is well-known for its strong nature-based, artisanal, and agricultural tourism, there is continued opportunity to help communities expand their reach, promoting local activities to a wider audience and attracting local businesses and attractions. Provincial funding to help grow rural tourism-based business and advertising them globally will lead to more dollars being spent and reinvested in rural communities.

### **Access to Broadband Service**

AMO recognizes higher level governments' continuous commitment to broadband infrastructure and connectivity initiatives, particularly the recent \$4 billion high-speed internet investment across the province by the end of 2025. Rural Ontario plays a vital role in the successful roll out of the plan through cooperation with Internet Service Providers and facilitating speedy permit approvals processes. Having access to reliable and fast internet is a necessity, including for economic development. When rural regions are well connected, ideas, initiatives, and goods can be exchanged more easily.

More steps can be taken to take full advantage of these historic investments. It is important to make a distinction between internet availability and internet accessibility. In many communities, although internet service is available, it is not affordable which prevents individuals and businesses from taking full advantage of the economic growth possibilities. Economic development programs should integrate digital literacy training to empower rural businesses to leverage the internet and new technologies.

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<sup>8</sup> Source: Northern Ontario Task Force Final Report

## **Conclusion**

There is an untapped potential for rural communities to contribute to the province's economic strength and resilience. We are pleased to see the province taking action to help create a revised rural economic development strategy and look forward to seeing its release. AMO is available to review and provide input into any proposed actions arising from this consultation.