

Agri-value Sector Strategy

2017-2020



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EDR's Agri-value Vision

The Greater Regina Area has proudly emerged as Western Canada's value-added capital where small- and medium-sized businesses are supported by a collaborative environment in order to become globally competitive. Our agri-value sector has grown from \$300 million in GDP contribution to over \$1 billion, with employment doubling from over 800 to 1,600. The GRA is also renowned as an international culinary and agri-tourism destination that celebrates and supports locally produced foods and beverages.

Introduction



Over the last decade, Regina and Saskatchewan have experienced significant increase in investment, population and employment growth. This growth has been underpinned by the strength of primary industries (mining, energy, agriculture), which supported a wider diversification of the region's economy. While Saskatchewan is expected to experience slower economic growth in the future, the GRA's diversification and value-added economy will ensure the city's economy continues to grow and expand.

Economic Development Regina Inc. (EDR) provides leadership to the community and works with key stakeholders to identify, develop and promote opportunities that advance economic prosperity for those who live, work, learn, visit and invest in the Greater Regina Area (GRA). To achieve this, EDR has built a strategy that proactively serves the identified GRA's key sectors.

Greater Regina Area's Key Sectors Identification – Overview

There is general consensus among economists and provincial economic development leaders regarding Saskatchewan's core economic drivers, which broadly include:

- Agriculture
- Mining
- Oil & Gas
- Manufacturing
- Utilities
- Construction
- Transportation & Warehousing
- Finance & Banking

In order for EDR to focus exclusively on the Greater Regina Area's performance and sector opportunities, further research was required. A lack of reliable core quantitative data specific to the Regina Census Metropolitan Area (Regina CMA) made assessing Regina's key sectors difficult. EDR utilized a variety of primary and secondary data as well as proxy measurables to assess the following:

- Gross Domestic Product (GDP)
- Sales
- Capital Expenditures
- Imports
- Exports
- Employment

In addition to quantitative measures, EDR undertook a qualitative review which included the potential for immediate and meaningful partnerships, and identification of those industries where EDR might have the greatest impact in the immediate term.

The quantitative and qualitative analysis of the agri-value sector was difficult to complete due to the fact that currently agri-value is not officially classified as a North American industry classification system (NAICS) industry. Usually agri-value data contains information from multiple NAICS industries. However, by leveraging the extensive data available on food and beverage processing and recent data on value-added activity, it was possible to generate a good overview of the current state of the sector within the region.

The assessment revealed that agri-value activity levels in the GRA are currently at an emerging stage. However, there was significant interest from EDR and other stakeholders in exploring potential opportunities due to Regina's location within the heartland of agricultural production and an increasingly supportive industrial ecosystem.

EDR'S 2020 Strategy



In collaboration with industry and other stakeholders, EDR has adopted a strategic vision for economic development based on a sector development approach. By focusing on supporting specific sectors that contribute significantly to the region's economy, economic growth is fuelled by the expansion of existing local businesses and the creation or attraction of new ones into the region.

The Agri-value Sector in the Greater Regina Area

Saskatchewan's agri-value sector is steadily developing, although at a laggard pace relative to its agricultural output and compared to that of other Western Canadian provinces.

It is in Saskatchewan's best interests to build and grow this industry as it holds great potential and importance for the provincial and national economies as well as for Canadian farmers. Several reports from the past five years have suggested the province needs to address the lower level of value-added activity in the province in order to sustain and drive growth.

The good news is that the GRA is uniquely positioned for strength in the area of agri-value-added because of its strong agricultural sector and provincial support environment. However, the region also faces a number of challenges that need to be addressed before the sector can flourish. In the meantime, and in light of the potential it holds, governments, both provincial and national, have created targets, programs and initiatives aimed to drive growth. At a local level, EDR is committed to support the sector by focusing on building business capacity and providing agri-value entrepreneurs with the resources and skills needed to grow their businesses.

EDR's 2020 strategy focuses on supporting and strengthening the growth of key sectors and their supply chains. For this, EDR has created a strategic framework that details why, how and in what capacity the organization is committed to contribute to the expansion and diversification of our economy.

The pillars of EDR's 2020 strategy are:

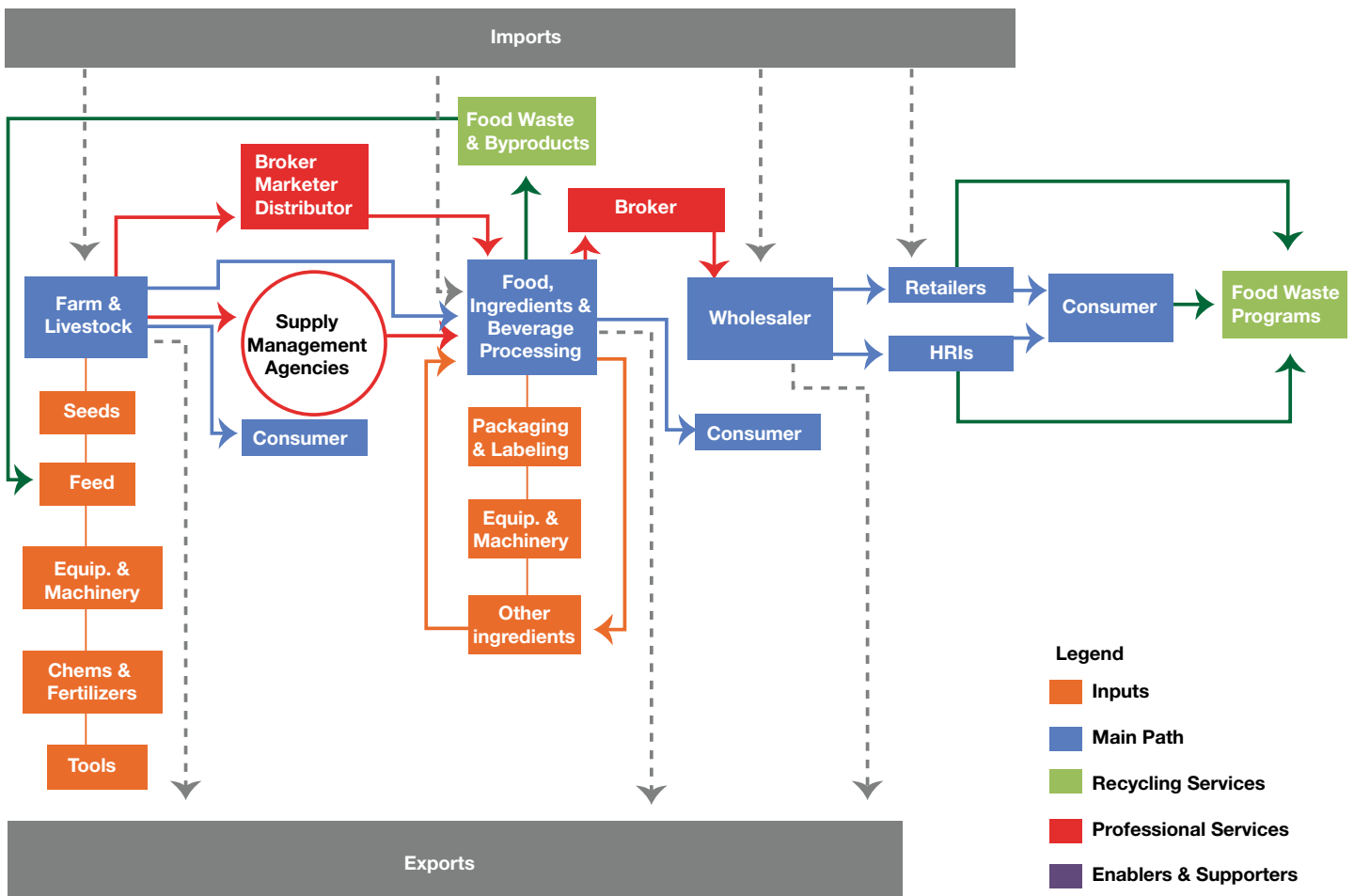
- Sector focus
- Partnerships
- Regina Advantage
- Intelligence
- Economic gardening
- Investment attraction

It is within this strategic vision and framework that EDR has acknowledged the potential of agri-value activity within the region, and therefore taken on the task of examining its barriers for growth and potential opportunities in order to develop the present strategy.

Agri-value Local Supply Chain

In order to assess the current state of agri-value in the Greater Regina Area, EDR conducted an in-depth study of the industry's current state and an industry consultation with participants of the supply chain located within the region.

The consultation process drew information from private companies and supporting organizations. In preparation for the consultation, EDR drafted a supply chain map and identified key players and potential interviewees from each link of the supply chain. The agri-value supply chain has several different subcategories, all following their own paths. However, all interviewees confirmed the comprehensiveness of the map, as well as its applicability to their particular industries.



Transportation + Utilities + Labour + Infrastructure + Business Services + R&D + Support Services & Other Agencies

Research Findings

The agri-value supply chain in the Greater Regina Area has a comprehensive ecosystem with significant primary agricultural production as well as equipment and fertilizer manufacturing on the input side but a smaller, yet growing, processing industry on the output side. For instance, in 2015, the food and beverage processing industry in the GRA accounted for \$780.55 million in sales, a GDP contribution of \$303 million and a total employment of 857 workers. Regina also serves as a key agricultural service centre to the surrounding area and is home to a number of world-class agricultural equipment manufacturers.

Despite Regina's distance from major consuming markets and the additional cost of shipping processed foods relative to bulk commodities, the GRA has a considerable number of value-added businesses. Regina has the advantage of being home to

Ready Bake Foods with 100-249 employees, and other smaller firms like Prairie Meats, CanMar Grain Products, O&T Farms, Prairie Food Products, Best Cooking Pulses, Avena Foods and Kissel Cabbage Corporation, all with employment ranging from 5 to 49 workers. Additionally, GRA houses the headquarters of key players in the distribution system like Alliance Grain Traders and Viterra Canada, and hosts two of the most important annual Western Canadian agriculture shows, Canadian Western Agribition and Canada's Farm Progress Show.

The sector's local supply chain is highly interrelated because of the strong dependency on its suppliers, customers' behaviour and relationship with the service industry. Through the consultation process, it was determined that the nature of the challenges faced by local companies is tied to the size and stage of the business, but overall there was a positive attitude, mostly influenced by the perceived advantage of being close



to agricultural inputs. Thus the success of local companies is highly influenced by their ability to access other inputs in a cost-efficient way and to expand into other markets in order to grow their businesses.

Findings also showed that no single challenge was considered critical enough to threaten the sector, but there are ongoing needs that must be addressed in order for the sector to realize its potential. However, the current size and dynamics of agri-value in the Greater Regina Area indicate that EDR's efforts should focus on building on the GRA's strengths to develop business opportunities and ensuring a strong support system for entrepreneurs in this field in order to first build critical mass.

Through this research, EDR has identified specific challenges and opportunities to build a strategy that focuses on areas where the organization could have a greater impact. Specifically:

Challenges

- Due to a lack of critical mass, processing companies need to import most of their packaging supplies, processing equipment and other specific inputs from out of province, which affects operational costs.
- There are limited distribution options that serve small businesses. Delivering within the city hasn't become a big problem since distances are still reasonable, but it becomes a challenge when considering expansion to other markets with the province, western Canada and USA.
- For exporting companies, the GRA's centralized location is hindered by its proximity to big market hubs and the inefficiencies and high costs of the transportation system.

- Misalignment of federal, provincial and municipal regulations and unknown path to navigate the system.
- Gaps in supporting small businesses include technical training, general business skills and access to capital.
- Challenges in operational activities for growing micro and small companies include accessibility to certified facilities and equipment, co-packaging availability and high costs of dry and cold storage.
- For larger companies, research and development (R&D) is an essential part of their competitiveness and business development. Even though there is extensive research happening in Saskatchewan, the support for companies to invest in R&D is not sufficient, especially when trials are involved.

Opportunities

- Fill in supply chain gaps to grow critical mass through diversification, start-ups or attracting new businesses into the region.
- Support the transitional phase of small businesses into medium-sized enterprises. This could include co-packaging facilities, shared kitchen space, collaborative supply chain solutions for storage and distribution, business services, access to capital, etc.
- Promote local products and focus on developing niche markets where businesses are not directly competing against big companies.
- Explore potential for year-round production (greenhousing).
- Identify and promote value-added opportunities for Saskatchewan crops.
- Promote regional agri-tourism experiences and local consumption.

In general, challenges and opportunities of a cross-sectoral nature are a barrier to our overall competitiveness and need to be addressed. However, some challenges could be tackled at a local level by leveraging existing resources to help cement further support to the sector. EDR has built the present strategy to propose immediate solutions and advance opportunities.

Agri-value Sector Strategy



The Greater Regina Area is a growing and diverse economy with a thriving entrepreneurial community. Regionally endowed with rich agricultural inputs and nurtured by globally connected and locally committed businesses, ours is a city that plans to support 300,000 people by 2040. We Think Big and Dream Big. It is with those strengths and future in mind that we imagine a transformed agri-value industry.

Vision

The Greater Regina Area has proudly emerged as Western Canada's value-added capital where small- and medium-sized businesses are supported by a collaborative environment in order to become globally competitive. Our agri-value sector has grown from \$300 million in GDP contribution to over \$1 billion, with employment doubling from over 800 to 1,600. The GRA is also renowned as an international culinary and agri-tourism destination that celebrates and supports locally produced foods and beverages.

Approach

EDR and our partners imagine this transformation, and we have planned for it in a staged and strategic manner. By 2020 the Greater Regina Area will be a place where agri-value businesses can form and thrive. The agri-value sector will grow its critical mass by focusing on the region's competitive advantages, the development of supply chains and effective business support. Through consultations with industry, we have identified short-term action items (one to two years) and long-term projects (three to four years – end of 2020) that focus on areas where the organization will have meaningful impact.



The Regina Advantage

The Regina Advantage promotes the region as a destination for visitors and investment opportunities. The Regina Advantage entails being strategically located next to world-class resources, customers, transportation routes, and fuelled by hard-working, well-trained and globally connected entrepreneurs and workers.

Short-term Action Items

- Support national and international agri-value events hosted in Regina, to enhance the visitor and exhibitor's experience (e.g. Canadian Western Agribition).
- Support the expansion and creation of homegrown agri-value events.
- Celebrate local companies and their success stories.
- Increase awareness of local products to encourage local consumption.

Long-term Projects

- In collaboration with Tourism Regina, allocate efforts to grow the Greater Regina Area into a top destination for culinary tourism and agri-tourism.
- In collaboration with events, conventions and tradeshow (ECT) teams, promote the Greater Regina Area as an international destination for events, conferences, conventions and tradeshow relevant to the agri-value sector.

Economic Gardening

Economic gardening is a "grow from within" approach to economic development that focuses on growth-oriented companies and helping them with strategic issues such as developing new markets, refining business models and accessing business intelligence tools. By removing impediments to growth and providing relevant programs and services for existing regional businesses, EDR will contribute to increasing innovation and competitiveness of existing businesses.

Short-term Action Items:

- Facilitate an annual event for local companies to network, discuss challenges, explore collaboration and share information where appropriate.
- Grow the presence of the Food Industry Development Centre, 'POS Bio-Sciences, AgWest Bio and Saskatchewan Research Council (SRC) in southern Saskatchewan through business development services, training and networking opportunities.
- Path-find and connect budding entrepreneurs to funding, business skills training and other available related programs.
- Increase access to and awareness of existing training programs for upgrading skills.
- Individually assess agri-value companies' growth readiness and barriers in order to path-find them and/or broker solutions.
- Research and identify opportunities to support local products through culinary tourism and agri-tourism.

Long-term Projects

- Along with community and industry partners, expand the opportunity for a "made in Regina" food hub. A food hub will act as an incubator, with a collaborative approach to production and supply chain services such as co-packaging, storage and distribution. This space will also play an important role in encouraging entrepreneurs to network and learn new skills and to grow capacity and critical mass in Regina's agri-value processing sector.
- Prioritize and promote a culture of innovation within the sector in order to increase competitiveness.

Partnerships

As the economic development agency for the Greater Regina Area, EDR provides leadership to the community. The organization needs to work closely with key stakeholders to identify, develop and promote opportunities that will advance the sector. Increasing collaboration and coordinated efforts with public and private organizations will minimize duplication and gaps in the support system. Such financial or in-kind partnerships will contribute to the delivery of industry-led initiatives, and in some cases partners may be better positioned to lead the completion of specific projects. Partnerships play a critical role in achieving our vision for the sector.

Short-term Action Items

- Identify agri-value champions who will support EDR in promoting and growing the sector.
- Formalize partnerships to advance the strategy items in this document, which may include but not be limited to cash or in-kind contributions; collaboration on advancing specific strategy items; commitment to advance specific strategy items.

Long-term Projects

- Facilitate engagement and collaboration between post-secondary institutions and industry to develop and/or fund programs related to skills training and R&D.
- Facilitate projects and partnership opportunities for product development, research, awareness, provision of big data and market intelligence, etc.
- Encourage formal collaboration between local producers, processors, government, educational institutions and non-profit entities engaged in the provision of food security programs in the Greater Regina Area to enhance food security and local food consumption.
- Explore funding partnerships with Western Diversification Canada and other federal and provincial government entities to advance the sector strategy and grow the agri-value processing industry in the Greater Regina Area.

Intelligence

Throughout the analysis of the sector, a significant gap in the availability and provision of intelligence to businesses in the Greater Regina Area was identified. Intelligence is an essential tool for making better informed decisions regarding business growth and expansion.

Short-term Action Items

- Provide or facilitate access to timely, actionable information for companies to support their business development activities, including but not limited to market trends, market share, consumer behaviour research and upcoming changes to regulations.
- Coordinate industry-led exploratory missions of national and/or international best practices to provide insights related to processing innovation, product development, market development or others as identified.

Long-term Projects

- Facilitate an annual open forum discussion to discuss progress in addressing industry needs and support in advancing the sector.





Investment Attraction

Investment attraction is an integral component of economic development. EDR's unique investment attraction approach seeks to advance the organization's sector focus strategy and ensure best-in-class service to potential investors. The decision to engage in proactive interprovincial and international investment attraction will be based on well-researched business cases and aimed to fill in supply chain gaps identified. Other investment attraction tools would be in place to support ongoing needs.

Short-term Action Items

- Structure EDR's services and resources to host reverse trade missions and offer investment attraction services to incoming missions, including but not limited to path-finding services, local market intelligence and facilitation services.
- Create a detailed import replacement report for the local agri-value-added chains.

- Based on import replacement opportunities identified, develop an action plan for targeted investment attraction efforts.
- Leverage EDR current investment attraction tools and collaborate to develop new ones.

Long-term Action Items

- Execute investment attraction action plan to fill in gaps in the agri-value supply chain and value-added activities.
- Align investment attraction resources to attract companies that will contribute to the critical mass and global competitiveness of strategic agri-value processing subsectors such as pulse processing, food ingredients, micro-brewing, etc.
- Proactively join investment attraction missions and attend trade shows to promote investment opportunities in the Greater Regina Area.

The Outcome

Economic Growth and Development

The opportunity for growing the agri-value sector in the Greater Regina Area is clear. EDR's board of directors, team and partners in the city of Regina are committed to the sector's long-term growth. The current strategic framework is built on collaboration and focused on promoting cross-sectoral networks of businesses. EDR intends to showcase the quality of local entrepreneurs and create alignment between competitive advantages and business opportunities.

Supported by organizational alliances and partnerships, EDR will seek to advance the socio-economic impact of:

- Business creation
- Business growth, retention and expansion; and
- Business attraction.

2020 Objectives and Targets

Although EDR cannot be solely responsible for the sector's growth, setting targets to track progress of the agri-value sector strategy is crucial to demonstrate commitment and direction. For that purpose, 2017 will set the baseline for annual results that will be expected to increase in subsequent years.

Objective 1: Business Creation

- Target 1.1: Training sessions/workshops delivered by POS Bio-Sciences, SRC, AgWest Bio, Food Development Centre and others in Regina
- Target 1.2: Path-finding services provided to budding entrepreneurs in the agri-value sector
- Target 1.3: Agri-value businesses created with assistance of EDR
- Target 1.4: New local agri-value events supported

Objective 2: Business Growth, Retention and Expansion

- Target 2.1: Business services provided to established local companies
- Target 2.2: Training sessions/business growth and expansion assessments provided to established, growing companies
- Target 2.3: Agri-value established businesses assisted by EDR for growth purposes
- Target 2.4: Homegrown agri-value events supported for expansion

Objective 3: Business Attraction

- Target 3.1: Investment attraction missions/events/activities intended to promote agri-value opportunities
- Target 3.2: Number of investment attraction leads in the agri-value processing sector
- Target 3.3: Investment attraction leads turned into prospects
- Targeted 3.4: New agri-value processing firms established in the Regina region
- Target 3.5: Future secured agri-value events

Objective 4: Promote the Greater Regina Area as a Place for Agri-value Businesses to Form and Grow

- Target 4.1: Promotional campaigns or initiatives to promote the agri-value sector
- Target 4.2: Local, national and/or international, traditional and non-traditional media uptake
- Target 4.3: Online analytics

About EDR

Economic Development Regina Inc. (EDR) is the economic development agency for the Greater Regina Area (GRA). EDR is a not for profit economic development corporation, governed by a volunteer board of directors. EDR provides leadership to the community to support industry growth and diversification through retention and expansion of existing business and encouraging investment, development of industry and tourism. In collaboration with key stakeholders, we work to identify, develop and promote opportunities that advance economic prosperity and ensure the Regina region offers a vibrant and diversified economy for investors, is a positive destination experience for visitors and offers a high quality of life for residents.

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