

Agri-Business

Definition

The agriculture and agri-food sector is defined as a distinct group of farms and companies that grow, harvest, process and distribute food, beverages and bio products. Often, the term agri-business is used to describe companies that supply goods and services to the agriculture sector – equipment dealers, feed and seed suppliers and veterinarians. Agri-business consists of inputs to agriculture, agriculture production, food processing and distribution, food service and food retail.

Agri-food and farming cluster is comprised of enterprises and institutions involved in growing, harvesting, processing and distributing food, beverage and bio products derived from agriculture. The phrase is used to describe the combined activities and outputs of primary production (farmers), food processing, food service providers (including hotels, restaurants, and institutions), food wholesalers/distributors and food retailers/merchandisers and the input suppliers and service providers to the cluster. Essential supporting activities that are a vital part of the cluster are those that provide services, impart skills and training, undertake research and innovation and enable commercialization. Food and farming includes ornamental products, equestrian activities, bio products, and bio-energy applications (Walton, 2012).

The DWA Local Employment Planning Council (LEPC) sector cluster strategy action plan will combine the definitions of agri-food as it focuses on processing, and distribution of food, beverage and bio products and the definition of agri-business as it relates to the supporting supply chain. Future research and reference to agri-business in the DWA LEPC reports will infer that agri-business will include both definitions as one.



Overview of the Industry

Agriculture, whether it be agri-food or agri-business, is an important sector in Durham Region; combined, these two aspects of agriculture impact the region in numerous ways. According to Statistics Canada data, the value of gross farm

receipts (GFR) generated in Durham has risen consistently over time. Between 2006 and 2011, gross farm receipts grew by approximately \$34 million from \$240 million in 2006 to \$273 million in 2011 (Durham R. o., Region of Durham Agriculture Strategy 2013-2018, 2013). Durham Region has the highest

number of farms in Central Ontario, with 1,454 farms as of 2013 (Durham Region Economic Development, 2013). Canada's agri-food sector is growing and creating opportunities across all food processing and agri-business sectors (meat, dairy, grains, fruit & vegetable and processing/baking). Ontario's agri-food industry has emerged as a leading North American hub for world class business food processing (Ontario, 2011). The Region of Durham has a Food Processing Action Plan that includes an examination of the agri-food industry trends, Durham's value chain including growers, processors, support services such as transportation and education. The Action Plan has published a SWOT analysis of the sector examining the local and the macro economic perspectives of the Durham Region sector. Durham has many agri-food and agriculture related businesses, including feed and seed suppliers, farm equipment dealers, grain handling and storage, abattoir and equine service providers (Committee, 2011). Durham Region's proximity to land, location, skilled workforce, infrastructure and competitive business costs continues to drive current businesses and attract new

businesses to the Region (Durham Region Economic Development, 2013). This industry thrives on embracing innovation and progressive new technologies in order to ensure continued success (Durham Region Economic Development, 2013). Many agri-business companies are located in Durham, such as Logistics in Motion and Sobey's, due to the proximity to major trade routes such as the 401 and 407 highways and the Port of Oshawa. The Port of Oshawa ships grain to the Port of Montreal and currently does not ship value-added (processed) food products (Committee, 2011). The Durham Workforce Authority considers the agri-business sector as a Subject Matter Working Group due to the strong existing base within Durham Region. The diversity of employers within the Region continues to reinforce the success of the sector. There is also continuous opportunity for additional growth and expansion through existing enterprises. As Durham Region moves towards bio-based economy, opportunities continue to develop for value added products and continue to support the agri-business sector in the Region (Durham Region Economic Development, 2013).

Canadian Business Count – Durham Region

Data within the Canadian Business Counts table represents counts of active businesses by industry classification and employment-size categories for Canada and the provinces and territories. The counts are compiled from the Business Register, Statistics Canada's central listing of Canadian businesses. The table below represents a sampling of active businesses, as of December 2015 within Durham Region in the agri-business sector. Sourced from Statistics Canada 2015.

	Without employees	Total, with employees	1-4	5-9	10-19	20-49	50-99	100-199	200-499	500 +
Total	34,517	14,731	8,308	2,865	1,763	1,176	372	148	71	28
Unclassified	4,509	1,054	914	95	27	12	4	2	0	0
Sub-total, classified	30,008	13,677	7,394	2,770	1,736	1,164	368	146	71	28
Total – Agri-Business	3,049	2,655	1,071	6,17	4,52	3,38	1,28	35	14	0

Industry Overview (NAICS)

The North American Industry Classification System (NAICS) is an industry classification system developed by the statistical agencies of Canada, Mexico and the United States. Created against the background of the North American Free Trade Agreement, it is designed to provide common definitions of the industrial structure

of the three countries and a common statistical framework to facilitate the analysis of the three economies. NAICS is based on supply-side or production-oriented principles, to ensure that industrial data, classified to NAICS, are suitable for the analysis of production-related issues such as industrial performance.

NAICS is a comprehensive system encompassing all economic activities. It has a hierarchical structure and is

composed of sectors (two-digit codes), subsectors (three-digit codes), industry groups (four-digit codes), and industries (five-digit codes). At the highest level, it divides the economy into 20 sectors. At lower levels, it further distinguishes the different economic activities in which businesses are engaged. The table below represents the top four industries in the agri-business sector.

NAICS Code	Description	Jobs in Durham Region (POW)	Durham Region Residents Employed (POR)	Total - Class of Worker	Employee	Self-Employed #2	Self-Employed	Median Wages and Salaries (POR)	Average Wages and Salaries (POR)	Median Wages and Salaries (POW)	Average Wages and Salaries (POW)
111-112	Farms	2,285	2,395	2,585	1,745	845	760	\$16,911	\$25,942	\$20,727	\$31,840
417	Machinery, equipment and supplies wholesaler-distributors	2,450	4,865	5,305	5,175	130	135	\$60,114	\$73,542	\$61,427	\$74,247
445	Food and beverage stores	7,805	8,585	8,860	8,515	340	335	\$14,722	\$24,894	\$15,078	\$23,981
722	Food services and drinking places	12,595	13,940	14,630	13,845	790	750	\$9,852	\$16,268	\$10,945	\$16,199

Definition of Terms

Within this document data related to the industry is classified within two categories:

Place of Work (POW) and Place of Residence (POR).

Place of Work – is defined as individuals employed within Durham Region.

Place of Residence – is defined as Individuals who reside within Durham Region.