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INTRODUCTION

In the summer of 2005, the County of Oxford retained Hemson Consulting and Matthew Fischer & Assoc. Inc. to prepare an Economic Strategy for the County.

Economic Development has been a County responsibility since the County's restructuring in 1975. Between 1975 and 2003, there was tacit approval for the area municipalities to run economic development programs, although they were required to seek approval of County Council to buy and sell land for industrial purposes. Recent amendments to the Municipal Act provided for a more formalized process whereby the County can ‘authorize’ its area municipalities to undertake certain economic development activities, by by-law. There are 3 such by-laws in place for Woodstock, Ingersoll and Tillsonburg.

By authorizing by-laws, the City of Woodstock and the Towns of Tillsonburg and Ingersoll have their own economic development programs however no such arrangement is available to the five Townships in Oxford County.

As a result of the announcement of a new assembly plant for Toyota Motor Corporation in Woodstock and the CAMI expansion in Ingersoll historical growth patterns can no longer be relied on as predictors of future development in Oxford County.

A new set of forecasts are required to properly plan for the future. Hemson Consulting is also tasked with preparing new population, household and employment forecasts for the County, at the area municipal level.

This report is part of the larger study by Hemson Consulting and deals with an analysis of the economic base of Oxford County and its constituent municipalities using “Location Quotient” and “Shift/Share” analysis and a “labour flow analysis” between the communities of Oxford County and to and from Oxford to adjacent communities. The specific objective of this part of the larger study is to develop a Rural Development Strategy for implementation in the five rural Townships.

We have documented interviews with each of the eight municipalities in Oxford County to review issues of concern and to collect background information for the development of recommendations for a Rural Development Strategy.

Questions regarding the economic base analysis and the resulting recommendations may be directed to:

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**SUMMARY OF RECOMMENDATIONS RESPECTING A RURAL DEVELOPMENT PROGRAM FOR OXFORD’S RURAL MUNICIPALITIES**

The following is a summary of the recommendations included in this report for the convenience of the reader. Please refer to the body of the report for the background information and elaboration on each of the individual recommendations.

| RECOMMENDATION 1 | I recommend the creation of a “Rural Development Program” for the five rural municipalities in Oxford County, with an initial annual operating budget of $100,000, excluding land acquisition and development costs, to help stimulate industrial/commercial development in the Townships and provide some balance in the County’s economy. |
| RECOMMENDATION 2 | I recommend that the “Rural Development Program” in Oxford County be a 50/50 partnership of the County and the (5) Townships. |
| RECOMMENDATION 3 | All (5) townships in Oxford County should contribute to this program and I therefore recommend that they each commit to a five-year funding formula through a “Purchase of Service” agreement jointly with the County. |
| RECOMMENDATION 4 | I recommend the creation of a “Rural Development Committee” to oversee the Rural Development Program. |
| RECOMMENDATION 5 | I recommend the “Rural Development Committee” create and fill a new staff position entitled “Rural Development Officer” to provide staff resources to the Program. |
| RECOMMENDATION 6 | I recommend the first priority of the Rural Development Program be the gathering of “Community Profile Data” on each of the five Townships in Oxford County and that these profiles be mounted on Local and County web-sites as well as the OIS provincial web-site. |
| RECOMMENDATION 7 | I recommend the implementation of a “formal BR&E program” in Oxford County as an early priority for the Rural Development Program. |
| RECOMMENDATION 8 | I recommend each township begin to plan for the acquisition and development of a modest inventory of industrial land in the Serviced Villages to accommodate growth. |
SECTION ONE

BACKGROUND
**THE SETTING**

Figure 1

We are located in the heart of Southwestern Ontario, Canada. Our roots are in agriculture. Our strength is in business.

The County of Oxford is centrally located in southwestern Ontario about one hour west of the Greater Toronto Area, midway between Kitchener and London, at the junction of two of the province’s major commercial routes, Highways 401 and 403.

Communities of Oxford County

<table>
<thead>
<tr>
<th>2001 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Woodstock</td>
</tr>
<tr>
<td>Town of Tillsonburg</td>
</tr>
<tr>
<td>Town of Ingersoll</td>
</tr>
<tr>
<td>Township of Norwich</td>
</tr>
<tr>
<td>Township of Zorra</td>
</tr>
<tr>
<td>Township of South-West Oxford</td>
</tr>
<tr>
<td>Township of Blandford-Blenheim</td>
</tr>
<tr>
<td>Township of East Zorra-Tavistock</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

The County is comprised of eight constituent municipalities with a combined population of 99,270 (2001 Census).

There are five Townships, two Towns and one City in Oxford. The Townships are predominately rural in nature however within each there are serviced villages:

- Norwich in Norwich Twp
- Mount Elgin in Southwest Oxford Twp
- Thamesford in Zorra Twp
- Tavistock in East Zorra–Tavistock Twp
- Plattsville & Drumbo in Blandford-Blenheim Twp

The three urban centres, the Towns of Ingersoll and Tillsonburg and the City of Woodstock are typical southern Ontario urban communities with compact municipal boundaries.
THEORY & PRACTICE OF ECONOMIC DEVELOPMENT

Before reviewing the results of our analysis of the local economy and possible elements of a rural development strategy, it would be helpful for the reader to have an understanding of the basic theory behind most economic development programs and to review some of the best practices in the field.

ECONOMIC BASE THEORY (Theoretical Basis for Why We Target Certain Businesses)

One of the most common models used to describe the functioning of local economies is Economic Base Theory. In this economic model local economies are comprised of two categories of industries:

✓ “Basic” industries are those that produce goods and services for sale in markets outside the local economy (for example the export of agricultural products, natural resources, manufactured goods and tourism). The revenue derived from selling goods outside the local economy is “new money” that adds to the wealth already circulating in the community.

✓ “Non-Basic” industries are those that serve primarily local customers (most retail, personal and business services, health care providers, elementary and secondary education, etc.). They serve to redistribute and circulate wealth within the community.

“Basic” elements are often found in “Non-Basic” industries. For example, a local retailer (or any other business for that matter) may attract customers from outside the community - say for instance a tourist boutique, a “big box” retailer, or a large agricultural equipment or car dealer. To the extent that this occurs a portion of their business becomes “Basic”.

Why is the “Basic/Non-Basic” distinction important? Economic Base Theory says that the way to strengthen and grow the local economy is to develop the “Basic” sector. The “Basic” sector is identified as the "engine" of the local economy.

"The economic base technique is based on a simple causal model that assumes that the basic sector is the prime cause of local economic growth, that it is the economic base of the local economy."
Community Analysis & Planning Techniques
Rowmand & Littlefield Publishers, Inc.,

Economic development officials typically focus their energies on the community’s “Basic” industries (manufacturing, value-added resource industries and tourism) to stimulate the economy for two reasons:

✓ The size of a community’s “Basic” industries is independent of the size of the local marketplace because they export most or all of their production. Assuming sufficient labour can be found to meet production requirements there is almost no limit to how large the “Basic” industries can grow.

✓ The “new money” injected into the local economy by “Basic” industries will in turn stimulate the growth of the community’s “Non-Basic” industries.

A strict interpretation of Economic Base Theory therefore would have economic developers focusing all their efforts on “Basic” industries with no concern for retail and service businesses in the community because - all other things being equal - the size of the service sector (the “Non-Basic” industries) will find its own level based on the size (population) of the marketplace.

However all things are not always equal and local markets seldom operate as efficiently as the theories would suggest, especially in smaller communities.
The economist Thomas Power put it this way:

"A standard interpretation of the economic base model is that exports and the income they inject into the local economy are all that really matter - they cause or enable all other economic activities. Income earned in export-oriented activities circulates through the local economy, putting people to work in locally oriented economic activities that provide the vast majority of jobs.

The standard interpretation of the economic base model would dismiss a restaurant or recreational facility as derivative or secondary…. The alternative interpretation would say that such local economic activity absorbs and holds dollars longer in the local economy, increasing jobs and income. ...

The economic base model should not be interpreted as meaning that only exports matter. Rather, export earnings interact with a particular local economy to determine the overall level of local economic activity. Both export earnings and the local economic structure matter. The internal logic of the economic base model has simply been misinterpreted."


FIGURE 2

"Leaky Bucket” Model for Local Economy

Imagine the local economy is a bucket and the water in the bucket represents the wealth of the community. Water in the bucket is stirred by economic activity and spreads to every part of the bucket. It goes from person to person, business to business, person to business and is constantly moving.

One person purchases a house and the realtor makes a deposit at the bank. The banker makes a loan to another person who buys a car. The car salesman buys a new shirt. The storeowner pays a life insurance premium. The insurance agent pays his school tax. The teacher pays the water bill. The money moves on and on.

However there are holes in the bucket through which water (wealth) continually leaks out. Every region experiences leakage to a greater or lesser degree. Manufacturers purchase raw materials from suppliers outside the local marketplace. Retailers import most of the items that stock their shelves. Income taxes and sales taxes leave the local economy. Even the money invested by individuals for their retirement savings plans typically leaves the local economy. The list goes on and on.

For a local economy to be healthy, vibrant and growing, the flow of new money into the economy must exceed the flow of money leaking out.

Powers' argues that it is also important for economic developers to plug as many of the bucket’s holes as possible - through programs of “import substitution” because the leaks in the bucket prevent the community from growing to its full potential.

GOAL OF ECONOMIC DEVELOPMENT

Therefore the goal of an economic development program is to increase the water level (wealth) in the bucket:
- by increasing the flow of new wealth into the community through the attraction of new investment and stimulation of exports.
- and plugging leaks in the bucket with import substitution through entrepreneurial development to fill gaps in the mix of retail and service businesses.
PROGRAMS OF ECONOMIC DEVELOPMENT

(How We Attempt to Stimulate Economic Growth)

Economic development is not a simple, discrete initiative. It is a combination of individual programs or initiatives - each having multiple stakeholders - selected as part of a comprehensive strategy to stimulate the economy of the community or region.

Each community is unique, with different needs and aspirations and obviously the initiatives selected by a resourced-based community in the North will be very different from those selected by a fast-growing metropolitan area such as the GTA.

A comprehensive economic development may include some or all of the following initiatives:

**Typical Components of a Comprehensive Economic Development Program**

**Business Attraction**
- This is the most visible of all economic development initiatives but typically taking less than 10% of an EDO’s time. This activity does however consume a large portion of the economic development budget for marketing materials and promotional activities. The targets for business attraction are often foreign-owned companies.

**Business Retention & Expansion**
- The heart of a community economic development program this activity typically revolves around a proactive business visitation program. This is the least expensive and most effective of all economic development initiatives.

**Small Business & Entrepreneurial Development**
- Promoting the formation of new small business through seminars, counselling, financing programs. The demand for small business counselling is almost insatiable.

**Tourism Programs**
- There are often two aspects to a Tourism Program
  - **Tourism Investment** in which the EDO works with investors and entrepreneurs interested in building new tourist accommodations, attractions, restaurants and other services.
  - **Destination Marketing** in which the attractions of the local community are marketing to prospective visitors. Many communities are now targeting Meetings & Conventions and/or Sports Tourism.

**Downtown Redevelopment**
- Downtown redevelopment is a high priority in many communities however with the growth of suburban shopping centres and big box retailing many downtowns are facing insurmountable challenges.

**Infrastructure & Special Projects**
- Every community has some unique projects under way such as: creating a business incubator, an angel network or funding a new tourist attraction.

A great many factors influence a community’s attitude towards economic development. For example the political commitment to economic development during an economic downturn is often quite different than the attitude of a community wrestling with rapid growth.
BEST PRACTICES IN ECONOMIC DEVELOPMENT

The subtleties (especially the limitations) of economic development are not well understood by most people. Economic developers are expected to stimulate growth and development in their communities when they have no influence over any of the factors that actually contribute to a healthy economy.

The economic developer must strategically use the community’s natural attributes to create an environment in which investment can take place and then bring people together with good ideas to make things happen in their community.

To capture the essence of what we perceive to be the “best practices” of Canadian and international economic development organizations we have created the following “Maxims” that distil key features of the most effective programs in economic development into a handful of tightly focused points. These Maxims actually reflect years of study and are intended to guide those designing economic development programs.

If a community adheres to these maxims while developing a program, the result will be a realistic, proactive and tightly focused program that will produce results and be cost effective.

Maxims of Economic Development

1. – “Look Inward for Growth”.
   True “Greenfield” projects are actually quite rare. It is estimated that as much as 90% of economic growth in most communities is actually “follow-on” investment by companies already established in the market, whether they be foreign-owned or domestic.

   Moreover, the vast majority of all new jobs in Canada today are created by small & mid-sized entrepreneurial firms.

   Therefore the first priority for an economic development program should be the existing local businesses.

2. – “There will always be too many things to do”.
   Because resources are limited, it is essential that the economic developer prioritize, to strategically select a manageable number of projects to focus on and build a broad base of community support for their implementation.

   Make sure the targets of the economic development program are based on a clear and objective analysis of the local economy and focus on the community’s competitive advantages. Don’t be influenced by “flavour of the day” trends in economic development.

3. – “If you can’t “Google” your community, you’re not in the game”.
   In the last ten years the internet has fundamentally transformed the practice of economic development. Short-listing communities in site selection is now almost exclusively based on the internet research of community databases. This requires that community profile databases be clearly organized, up-to-date and comprehensive and that the community’s web-site be constantly updated.

   Also due to the almost universal adoption of email as the preferred communications medium, the new “gold standard” in investor servicing is to be able to email the specific data a client is requesting – while still on the phone with them.

4. - “You can’t email a handshake”.
   While the internet has altered the way data is exchanged, most effective economic development programs are still firmly rooted in “Relationship Marketing”. Face-to-face contact is still the most effective form of communication and should be selected before any other medium (advertising, trade shows, direct mail, etc.).

   Not only is a pro-active “corporate calling” program the most powerful of all economic development initiatives - it is usually the least costly.
SECTION TWO

ANALYSIS
ECONOMIC BASE ANALYSIS

An “Economic Base Analysis” is an analytical tool used by economists and economic development professionals to develop a profile of their local economy and compare it to a reference area, which in this case will be the Province of Ontario.

The analysis consists of two sets of calculations using employment data from Statistics Canada:

- **Location Quotient Analysis** measures the relative concentration of each industry or sector in the community compared to the Province.

- **Shift/Share Analysis** measures the growth or decline of each industry during the study period, relative to the overall performance of that industry across the reference area.

This form of analysis is extremely valuable because it helps us distinguish between “real” and “apparent” growth in each sector of the local economy. For example, we often find instances where we see an increase in the number of people employed in a given industry during the study period however the analysis results in a negative number. This shows that locally, the industry is not growing as fast as in the rest of the reference area and in fact the community may be losing ground in the overall context of the province.

The analysis is also a useful tool to identify those industries for which the community possesses a natural competitive advantage and this makes it a powerful tool for targeting the economic development programs of a community.

The data used in this report is taken from Statistics Canada and in most cases is derived from the 2001 Census, the most recent and comprehensive information available.

In most instances we have used “Employment by Industry” data categorized using the North American Industrial Classification System (NAICS).

Most category names in NAICS are self evident however there are some peculiarities which we should highlight.

**Select Industry Categories in the NAICS Code**

- **Professional, Scientific & Technical Services** – includes accounting & legal services, computer systems design, architectural & engineering services.

- **Administration & Support Services** – covers such services as personnel agencies, security services and property management companies, as well as call centers and other back office operations.

- **Information & Cultural Industries** – includes telecommunications providers, broadcasters, internet service providers and recording and publishing operations.

Statistics Canada adopted the North American Industrial Classification System (NAICS) in 1997, replacing the previous “Standard Industrial Classification” (SIC) system. Therefore for the Shift/Share analysis which compares data from the 2001 census to data from 1996, we have had to use the SIC system.
LOCATION QUOTIENT ANALYSIS

The Manufacturing Sector is the single largest employer group in Oxford County providing 13,410 jobs or approximately 30% of the total employment in the County.

The Manufacturing industries are highly concentrated in the urban centres of the County.

Other prominent employer groups in Oxford County are Agriculture with 4,560 jobs and Retail Services with 4,610 jobs. (Figure 3)

To put this data into context we calculated the ratio of “employment by industry” to “total employment” and compared that to the Province. The result is called a Location Quotient.

A graph showing the results of the Location Quotient Analysis appears as Figure 4 on the following page.

In a Location Quotient analysis (Figure 4):

- When the \( LQ = 1.00 \), the ratio of employment in the industry to total employment in the community is the same as that for the reference area (Ontario).

- When the \( LQ > 1.00 \), the ratio of employment in that industry is higher than that of the province. A very high \( LQ \) (greater than 1.25) implies that the area possesses a “competitive advantage” for that industry. It also shows that the industry is serving customers outside the region.

- When the \( LQ < 1.00 \), the ratio of employment in that industry is less than that of the province. When the \( LQ \) is significantly lower than the norm (less than 0.75) it shows there is leakage from the local economy to another nearby marketplace.

With the context provided by the Location Quotient Analysis, the significance of the Agricultural Industry in Oxford County becomes much more apparent.

The \( LQ \) for Agriculture is actually 4.93 – considerably higher than the scale of this graph. In other words, the concentration of employment in agriculture in Oxford County is nearly 5 times greater than the average employment ratio for Ontario.

Manufacturing also has a high \( LQ \) of 1.75, showing that it is considerably more concentrated in Oxford County than elsewhere in the province.

The rich lime and aggregate deposits found in Zorra and South West Oxford Townships result in a positive \( LQ \) (although within the normal range) for the Mining, Oil & Gas sector.

On the other hand, most service sector industries in Oxford County are significantly under-represented in the Location Quotient Analysis, clearly demonstrating the “Leaky Bucket” analogy described earlier in this report.

The analysis suggests that although there is considerable wealth flowing into Oxford County as a result of the sale of agricultural and manufactured products, it does not stay in the County. A substantial portion of Oxford's population relies on services provided by companies in Kitchener Waterloo, London and Brantford, especially for services to business.
Figure 3

**Employment by Industry**

**Oxford County - 2001 Census (NAICS)**

Total Employment = 44,175

![Employment by Industry Chart](chart)

Figure 4

**Location Quotient Analysis**

**Oxford County – 2001 Census (NAICS)**

Significant Concentrations of Basic Industries

Low LQ's in Service Industries Highlight the Leakage from Local Economy

![Location Quotient Analysis Chart](chart)
Shift/Share Analysis
Oxford County – 1996/2001 Census (SIC)

SHIFT/SHARE ANALYSIS

A Shift/Share Analysis shows which industries are growing and which are declining - in relative terms - in Oxford County. The analysis consists of three sets of calculations attributing portions of the “net change in employment” during the study period to the following factors:

- **Reference Area Growth Effect (RA)** – that portion of the net change in employment that can be attributed to the overall growth or decline of the provincial economy. This adjusts the analysis for the business cycle in the province.

- **Industrial Mix Effect (IM)** – that portion of the net change in employment attributable to the growth or decline of the individual industry sector. This acknowledges the difference between “sunrise” and “sunset” industries in the local economy.

- **Differential Shift Effect (DSE)** – the differential attributable to local factors compared to the reference area.

For our purposes the Differential Shift Effect (DSE) is the most important measurement (figure 5). It shows whether each industry is growing faster in Oxford than it is across the rest of the province or whether it is losing ground relative to the industry’s performance elsewhere.

Note that between 1996 and 2001 the number of declining sectors (eleven) outnumbered the rising sectors (five).

Note also the declines posted in Oxford’s two most significant industries, Agriculture and Manufacturing.
SIGNIFICANT FINDINGS FROM THE ECONOMIC BASE ANALYSIS

The Economic Base Analysis shows that there are essentially two pillars to Oxford County’s economy - Agriculture and Manufacturing.

Agriculture dominates the economies of the five Townships in Oxford, while Manufacturing is concentrated in the three urban centres.

By comparison the Service Sector including most retail and commercial services for both personal and business customers are under-represented in the analysis.

MINING, OIL & GAS

The Mining, Oil & Gas sector (lime and aggregate quarries in Zorra and South-West Oxford Townships), has an LQ of 1.18 and these operations produce significant tax assessment for the local municipalities, although according to the 2001 census there are only 180 jobs in this sector.

RETAIL & COMMERCIAL SERVICES

The close proximity of three large commercial centres to Oxford County (London, Kitchener and Brantford) results in most retail and commercial services in the County being under-developed by provincial standards.

The “gravitational pull” of these large centres has inhibited the development of retail and service businesses in nearby smaller communities. As the county’s population continues to grow however, there will be a corresponding growth in retail and commercial services and this could accelerate considerably once Woodstock, the main commercial centre in the county, reaches a threshold population for different services.

The market threshold population (number of people required per business) differs by type of retail or service business. For example, in Ontario, the market threshold for retail department stores is 41,900 persons while the threshold for a fast food restaurant is only 750.

Most national chains of retail and restaurant operations track population growth across Ontario very closely and will expand into the market when the population rises to their threshold level.

AGRICULTURE

Over the last few decades, the total number of people employed in agriculture has been eroding, despite an overall increase in agricultural output. This is a well documented situation occurring all across Canada.

Farm practices have become increasingly mechanized over the years resulting in a shrinking requirement for physical labour. Also we find an increasing concentration of farm ownership in fewer and fewer hands as a result of farmers selling their operations upon retirement, partly because their children have chosen other careers. These new larger operations with larger acreage are able to increasingly benefit from technology.

In essence the traditional “family farm” is becoming increasingly rare and large “corporate farms” are becoming more common. As a result the agriculture industry in Ontario (and Canada) simply requires fewer people.

The implications of this for the five Townships in Oxford County are clear. More and more Township residents will find themselves working outside the community in coming years, as agricultural employment continues to slide.

In effect the economies of the Townships will wither and local councils will become increasingly reliant on residential taxpayers to pay for municipal services.

MANUFACTURING

The majority of the manufacturing businesses in Oxford County are in the automotive industry, much like the rest of southern Ontario.

The period from 1996 to 2001 (the timeframe for the Economic base Analysis) was not an easy time for manufacturers in southwestern Ontario. Automotive production was down,
affecting a wide range of feeder industries across the province.

For example, CAMI, Oxford County’s largest employer, was operating with a reduced workforce during this period due to poor market demand for the products they were producing at the time (GM Tracker / Suzuki Vitara).

Tier One suppliers of OEM products (Original Equipment Market) to the traditional big three automotive companies are similarly undergoing drastic adjustments due to reduced volume demand and continuing downward pressure on prices.

Adding insult to injury, the rising value of the Canadian dollar ($0.87 in Dec. 2005 – up from $0.79 in May, 2005 – Source: Bank of Canada) is putting even more pressure on Canadian suppliers. There have also been increases in the price of many raw materials such as steel that suppliers have had to absorb.

Today while the traditional “Big Three” automotive manufacturers are undergoing gut-wrenching reorganizations resulting in thousands of layoffs and the outright closure of many assembly plants, the so-called “New Domestics” (Japanese car companies established in Ontario) are enjoying strong growth in Ontario with a steady increase in market share. From 1996 to 2004 the Japanese-owned plants in Ontario doubled their share of the total number of vehicles produced from 15.5% to 30.5%. (source: DesRosiers Automotive Consultants)

Beginning in 2004, CAMI started to experience a turn-around due to the successful introduction of two new vehicles (Chevy Equinox & Pontiac Torrent) which are enjoying strong consumer demand. CAMI has a production capacity of 250,000 vehicles per year and now employs 2,300 production workers and 475 salaried personnel (source: CAMI Web-Site). There are announced plans to hire additional workers.

Toyota Canada has announced its $800M investment for the construction of a new assembly plant in Woodstock to complement the existing plant in nearby Cambridge to produce the RAV4 and Scion models. Initial production will be more than 100,000 cars annually. 1,300 new jobs will be created (source: Globe & Mail).

However we have to be careful to not overstate the positive impact of this good news through an over-optimistic estimate of the number of spin-off jobs that will be generated.

The CAMI investment in Ingersoll and the Honda investment in Alliston both showed that spin-off benefits are often fairly modest. There are several reasons for this.

First is that in many instances Honda, Toyota and CAMI have continued to use established parts suppliers from Japan rather than sourcing parts locally. In many cases there has been insufficient volume for these existing parts suppliers to establish production facilities in Ontario. This could change with the near doubling of Toyota’s operations in Ontario, the success of CAMI’s new vehicles and the rumours of a second Honda plant being considered for Ontario.

The second factor is both Ingersoll and Alliston are fairly small communities and parts suppliers although anxious to be close to their customers, do not want to have to compete with them for workers in a tight labour market. They therefore sometimes chose to locate in another community within a reasonable distance to the plant.

Lastly, it has been shown that workers will commute considerable distances for the $30 per hour jobs offered in automotive assembly. They don’t tend to relocate to the community when hired. The local economy therefore doesn’t get the additional stimulus of new housing and the attendant expenditures on household goods and services.

For example, only 30% of CAMI’s workers live in Ingersoll.

<table>
<thead>
<tr>
<th>Residence of CAMI Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% - Ingersoll residents</td>
<td></td>
</tr>
<tr>
<td>40% - London residents</td>
<td></td>
</tr>
<tr>
<td>30% - Other locations</td>
<td></td>
</tr>
</tbody>
</table>

Source: Information from Peter Rigby, EDO Ingersoll
COMMUNITY CONSULTATIONS

SIGNIFICANT FINDINGS FROM THE CONSULTATIONS

The consultants interviewed each of the eight communities in Oxford County as well as separate interviews with County officials and other stakeholder agencies (i.e. Ministries of Municipal Affairs & Housing and Agriculture, Food & Rural Affairs, Oxford Small Business Centre). A complete set of notes from those interviews is included in the appendix to this report. The following summarizes what we believe to be the significant findings from those conversations.

AGRICULTURE & MANUFACTURING PILLARS OF OXFORD'S ECONOMY

As already noted Oxford’s economy is bifurcated between Agriculture and Manufacturing. What’s more, there is a clear split between the rural Townships and the urban centres.

Between a third and a half of all jobs in the Townships are in agriculture, while the economies of the three urban centres in Oxford are similarly dominated by the manufacturing sector.

### Agricultural Employment as % of Total Employment in the Townships

- Township of Norwich: 30%
- Township of Zorra: 40%
- Township of South-West Oxford: 45%
- Township of Blandford-Blenheim: 27%
- Township of East Zorra-Tavistock: 32%

### Manufacturing Employment as % of Total Employment in the Urban Centres

- City of Woodstock: 30%
- Town of Tillsonburg: 41%
- Town of Ingersoll: 46%

This is a source of concern for the rural Townships as discussed in the preceding chapter of this report. Employment in Agriculture has been steadily declining and this means the economic base of the Rural Townships will continue to shrink.

INDUSTRIAL LAND IN TOWNSHIPS

Oxford’s Official Plan designates pockets of employment land in each of the serviced villages throughout the County, however on closer examination there is virtually no “available” land for industrial development in the rural Townships. In every instance we examined, the land designated for industrial development lacked basic servicing (sewer and water) and/or was not available for sale or if it was available, the asking price was significantly above market rate.

COMMUTING IN OXFORD COUNTY

More than half (51%) of Oxford’s employed residents are commuters - working in another community. This is one of the highest instances of commuting outside the GTA.

Approximately half of the commuters work elsewhere in Oxford County, however more than 8,120 residents – nearly a quarter (22%) of all Oxford’s employed residents – leave the County for work mostly in Brantford, Kitchener/Waterloo and London. (Figure 6)

Interestingly the flow of labour is not all one way, however. More than one third of all the jobs in Oxford’s three urban centres – Woodstock, Tillsonburg & Ingersoll - are filled by non-residents and approximately half of those are from outside the County.

Figure 7 on the following page shows the extent of commuting in and out of each Oxford County community. It plots the percentage of “Township” residents leaving their community for work – both within the County and outside – as well as the percent of all jobs in Oxford’s three “Urban” centres filled by non-residents, both from within the County and from outside.
Figure 6

Oxford in a Regional Labour Market
2001 Census

Place of Work for County Residents

- Own Community: 28%
- Elsewhere in Oxford: 22%
- Outside Oxford: 49%

Place of Residence of People Employed in the County

- Own Community: 26%
- Elsewhere in Oxford: 26%
- Outside Oxford: 48%

Figure 7

% Rural Residents Commuting Elsewhere
(Ex-County = % of Residents Working Outside County)

- Oxford: 64% (33% Ex-County)
- Brant: 52% (18% Ex-County)
- Norfolk: 53% (14.5% Ex-County)
- Elgin: 70% (14% Ex-County)

% Urban Jobs Filled by Non-Residents
(Ex-County = % of Workers from Outside County)

- Oxford: 35% (19% Ex-County)
- Brant: 43% (21% Ex-County)
- Norfolk: 31% (21% Ex-County)
DEVELOPMENT CHARGES LEVIED IN THE TOWNSHIPS

County Development Charges are levied on industrial developments in the Townships, while similar developments in the urban areas are currently exempt.

All municipalities have the opportunity to request exemptions within the County by-laws at the time of the 5-year By-law review. However, lost DC revenue must be recovered through the sewer and water rates.

The DCs in the Townships can be very expensive due to the types of improvements required to accommodate growth in the Townships as well as the relatively small base for potential development in these areas.

Although tax rates in the Townships are significantly lower than those in the urban centres, the DC’s will be perceived by prospective industries as a disincentive to industrial development in the Townships.

LIMITED TAX BASE TO SUPPORT A RURAL DEVELOPMENT PROGRAM

From our discussions with local officials we learned that while the need for a Rural Development Program was generally acknowledged and widely accepted, some of the Townships had concerns about their ability to finance such a program because of the small tax base they had to work with.

Inquiries about industrial development opportunities within the Townships are typically being handled by the Mayor and/or an existing staff member (generally the CAO), without specific expertise or resources to back them up. A couple of the CAO’s expressed a wish for an experienced individual they could refer such inquiries to.

It is unlikely that an individual Township would be able to justify a dedicated individual to work on economic development. There appeared to be support for combining forces and sharing the cost of economic development.
SECTION THREE

STRATEGIES
PROPOSED ELEMENTS OF A RURAL DEVELOPMENT STRATEGY

In Section One of this report is a summary of Typical Components of a Comprehensive Economic Development Program (Page 7).

Despite attempts to classify and categorize individual economic development programs, most initiatives are somewhat amorphous and there is a fair amount of spillover and overlap between initiatives designed to stimulate new business attraction, business expansion & relocation, new business formation and new tourism or commercial development, etc.

Also most economic development programs are “responsive” in that an economic developer’s time is typically spent responding to the demands of others – politicians, citizens groups, businesses, other municipal departments, senior levels of government, the media, etc.

Economic development is also inherently opportunistic. The economic developer is often pursuing opportunities that have presented themselves, sometimes from unexpected quarters.

Therefore although we try to structure recommendations to be as clear and concise as possible, do not consider them absolute.

BUSINESS ATTRACTION VS BUSINESS RETENTION & EXPANSION

A pro-active business attraction program for the rural Townships of Oxford County is not contemplated due to budget constraints and the limitations of the physical infrastructure available in the townships.

There is however considerable value in pursuing a coordinated program of business retention & expansion and small business development for the five Townships in Oxford County.

When we talk about “new and expanding” industry in the Townships, we are referring to new business ventures developed by local entrepreneurs but this could just as easily apply to a new business relocating or expanding to Oxford County from another jurisdiction.

The principle difference between “Business Attraction” and “Business Retention & Expansion” is the orientation of the marketing and communications that support the program:

- outward to businesses and investors in other communities (or other parts of the world) as part of a “Business Attraction” program or
- inward to local businesses and entrepreneurs as part of a “Business Retention & Expansion” program for the local community.

I am suggesting the latter for a Rural Development Strategy for Oxford County. Some elements of such a program are summarized below.

“BR&E” is an acronym for “Business, Retention and Expansion”. In addition to its use in the generic sense, a BR&E program can also refer to highly structured campaign of company visitations using volunteers from the business community. An American not-for-profit organization called “BR&E International” has developed a model for this which is endorsed and supported by the Rural Economic Development Branch of the Ontario Ministry of Agriculture and Food.

Peter Rigby, the EDO in Ingersoll, is a member of the board of BR&E International and can provide substantial help in exploring this program.

SUGGESTED ELEMENTS OF A RURAL DEVELOPMENT PROGRAM FOR OXFORD COUNTY

- Compiling “Community Profile” data for Oxford and each of its constituent communities.
Providing assistance to officials of the five Townships in Oxford for the development & marketing of industrial land.

Support the growth and expansion of local businesses through a program of Business Retention & Expansion

Respond to inquiries about development opportunities in rural Oxford received directly or referred by Township officials.

Source other potential funding sources (RED, CISP, OSTAR, et al) to expand the reach and scope of Oxford’s Rural Development Program.

COMMUNITY PROFILE DATABASE

One of the first priorities of a Rural Development Program will be to compile a detailed “Community Profile” about the County and each of its constituent communities.

A “Community Profile” is the generic term for a statistical profile of a community employing a standardized template that allows researchers to compare data from one community to another.

For Oxford County I recommend the use of the OIS (Ontario Investment Service) Template for a community profile. The OIS template was developed by the Ontario Ministry of Economic Development & Trade for their web site: http://www.2ontario.com.

This site is a portal through which interested parties can collect data on hundreds of communities across Ontario. The OIS template covers the following topics:

OIS Community Profile Template

Contact Information

- Economic Strategies & Services
  - Economic Plans & Services
  - Research & Development
  - Investment Opportunities
- Population & Labour Force
- Population By Age & Family Income
- Population By Education
- Labour Force
- Labour Force By Industry
- Wage Rates and Benefits By Occupation
- Major Employers
  - Private Sector
  - Public Sector
- Real Estate
  - Housing Prices
  - Industrial & Commercial
  - Industrial Parks
  - Realty Costs
- Utilities
  - Water Rates & Sewage
  - Gas Prices
  - Electricity Prices
- Transportation/Communication Infrastructure
  - Communication Infrastructure
  - Media
  - Airports
  - Railways & Intermodal
  - Highways & Ports
  - Distance To Markets
- Quality of Life
  - Schools
  - Culture & Health
  - Recreation
- Alliances

Source: OIS (Ontario Investment Service)

Currently, only Woodstock and Ingersoll are included in the OIS database.

Data for the rest of Oxford’s communities needs to be assembled and included on the OIS site. The same data should be featured on both the County’s site and those of the local municipalities.
AVAILABLE LAND FOR INDUSTRIAL & COMMERCIAL EXPANSION IN THE TOWNSHIPS

A prerequisite for the Development Strategy to have an impact in Oxford’s rural communities is that there be land (or buildings) available for businesses to occupy. As already mentioned in this report (see Summary of Significant Findings), the inventory of “available” sites in the Townships is extremely limited.

To be considered “available” the land (or building) needs to be properly zoned and of a size suited to the requirements of the prospective business. The site should have basic services immediately available and most importantly it should be actively offered for sale (or lease) - at a fair price.

Many believe that low cost land is needed to attract industry. In my experience this is not always so. The site location decision is seldom triggered by cost alone. There are too many other factors with a far greater impact on the decision-making process.

Also from the company’s perspective, the cost of land is a small fraction of the total investment in the construction of a new building and purchase and installation of manufacturing machinery and equipment. It is much more important that site is well located and has the appropriate site characteristics for the project (size, shape, topography, access, etc.) and most importantly that the property is available when they need it - at a “reasonable” price.

Time is a very important factor in the site selection process. Companies place a very high value on any feature that reduces the development period. They want a site that is “building permit ready” and will ask for assurances from local officials that site plans and building permits will be expedited.

Each Township in Oxford needs to take steps to create a modest inventory of industrial and/or commercial sites in their community.

Outside the GTA (Greater Toronto Area) this invariably requires direct intervention by local government because the market value of industrial land is simply too low to interest private sector developers.

In many parts of Ontario, the fair market value for industrial land is actually priced below the cost of acquisition and servicing (which can range between $40,000 and $70,000 per acre depending on the level of servicing and other engineering considerations). This reflects a long history of municipal involvement in industrial parks which has kept market prices down.

Each of the Townships in Oxford needs to have a modest inventory (15 to 25 acres) of serviced land, ideally in the serviced villages away from the influence of large industrial parks in Woodstock, Ingersoll and Tillsonburg. These business parks won’t be competing for new business with Oxford’s urban centres. They are intended to serve the needs of expanding local businesses that would like to stay and grow in their own communities.

The decision to fund the acquisition and development of industrial land will be a difficult one for most of the rural councils to make. The capital investment required is considerable and in most cases the land will have to be held for many years (a twenty year selling period for an industrial park is not uncommon). The cost of land acquisition and development will almost certainly exceed the revenue expected from the sale of lots.

However the benefits of industrial development are real, although sometimes difficult to quantify. Businesses locating in these parks will generate local job opportunities for citizens and will stimulate other local businesses. Also each new business makes an incremental contribution to the local tax base that continues for many years.

Council would be wise to think of an investment in a business or industrial park in the same way as a new sports arena or community park. The finances don’t make sense but everybody knows it is important to the community.

RESOURCES REQUIRED FOR A RURAL DEVELOPMENT PROGRAM

A Rural Development Program will require the commitment of new funds or the reallocation of
existing funds to cover the cost of the program. An initial budget of $100,000 per annum should be sufficient, excluding costs associated with land acquisition and development. This would be enough to cover the salary of a “Rural Development Officer” plus basic operating costs.

The capital budgets required for the acquisition and development of industrial land in the Townships would be a municipal responsibility and would be totally separate from program costs.

Due to the size of the Townships in Oxford it would be difficult for any single community to justify funding a program individually, however sharing the cost across several municipalities appears workable and would make the program much more affordable. It also makes sense for the program to be delivered at the county level for the benefit of the rural townships especially in light of the planning and public works implications of new development in the Townships.

The three urban municipalities in Oxford already fund their own economic development programs, and each has at least one full time position dedicated to this function. (Note - Tillsonburg is in the process of filling a newly created position.)

One full-time position for a “Rural Development Officer” would be sufficient to implement a strategy covering the five rural townships in Oxford.

In addition, the County would need to pass a by-law pursuant to the Municipal Act, authorizing the five rural municipalities to undertake certain economic development activities. This by-law would be similar to those currently in effect for Woodstock, Ingersoll and Tillsonburg.

**OTHER POTENTIAL STAKEHOLDERS IN OXFORD’S RURAL DEVELOPMENT**

The Oxford Small Business Support Centre is a CFDC (Community Futures Development Corporation) funded by Industry Canada (go to www.osbsc.on.ca for more information) and represents one of several partners and other stakeholders in the economic development of Oxford County.

The economic development officers of Oxford’s three urban centres and Tourism Oxford are other obvious stakeholders and potential partners in a rural development program. The location quotient analysis of the retail and service sectors in Oxford (see pages 12 & 14) and the commuting patterns of workers in and around Oxford County (page 17) highlight the fact that the urban and rural communities in Oxford County are all part of a regional marketplace. It makes sense for the economic development programs of the urban and rural areas to share knowledge and cooperate whenever possible for the benefit of the entire region.

Competition between communities should not become an issue in Oxford County because business attraction is not the proposed focus of the rural development program being considered for Oxford’s rural communities. This facilitates cooperation. Nonetheless there will be instances where the interests of a client will extend over municipal boundaries and the economic development officers of the urban and rural communities should agree on a few ground rules about the handling of commercially confidential information.

Woodstock, Tillsonburg & Ingersoll are also partners in a regional marketing initiative with St. Thomas, Stratford and Alymer called SOMA (go to www.somasite.com/index.php for more information.) This is an external marketing initiative for business attraction and hence is not expected to be a priority for the rural communities in Oxford County. Despite this the townships benefit from the marketing activities of SOMA and therefore the Rural Development Program should explore a relationship with SOMA and perhaps play a role in some of SOMA’s initiatives.

Certain elements of Oxford’s rural development program will be eligible for funding under the Ontario government’s “RED” Program (Regional Economic Development) administered by the Ontario Ministry of Municipal Affairs & Housing. There is also support available through the Rural Economic Development Program of the Ontario
Ministry of Agriculture and Food (go to www.reddi.gov.on.ca for more information) and from the field office of the Ontario Ministry of Economic Development and Trade.

There are also financial assistance programs available from the federal Government through CISP - Community Investment Support Program administered by the federal Department of International Trade (www.investin_canada.gc.ca). In most instances these financial support programs provide matching funds (50% funding) and are geared toward supporting incremental additions to a community’s economic development program. They are not intended to fund core functions such as salaries and overhead expenses.
SCENARIOS FOR FUNDING OXFORD’S RURAL DEVELOPMENT PROGRAM

There are a number of potential scenarios for funding a rural development program in Oxford County.

In order to provide a foundation for a discussion of funding models under consideration, it is necessary to make a few assumptions about the administration of the rural development program.

For the purposes of this discussion I have used the following assumptions.

ASSUMPTIONS ABOUT A RURAL DEVELOPMENT PROGRAM

- Rural Development Program will have an annual base budget of $100,000.
  - Supplementary funding may be found through RED, CISP or other government support programs.

- A new position will be created, that of a “Rural Development Officer” to implement the program.
  - The staff person would either report to a committee of stakeholders or be incorporated into the administrative structure of the County depending on the extent of County financial participation.

- The Rural Development Program will be housed at the County (through in kind contribution of office space & equipment).
  - Irrespective of the County’s financial participation.

FUNDING OPTIONS CONSIDERED

The funding options considered for the Rural Development Program are summarized as follows:

1. 100% funded by the County;
2. 50/50 partnership of the County and the rural municipalities;
3. Equal partnership of the five rural municipalities; and
4. Coalition of those municipalities committed to the Program.

I. 100% Funded by the County

This option is the most simple from an administrative standpoint and would also be the easiest to implement.

The Rural Development Program would become a County function and the Development Officer would be part of the County Administration, under direction of the CAO (or a designated Department Head) and County Council.

The arrangement would be similar to the way that County planners serve each community now.

A benefit of this scenario is that there is value in the County playing a leadership role in the important planning issue of balancing development between the urban and rural communities of the county and of helping secure the economic future of the rural communities.

However, the three urban municipalities in the County already fund their own economic development programs and this scenario calls on taxpayers in the urban centres to fund (through the county levy) more than 50% of another economic development program that does not appear to directly benefit them.
The counterpoint to this argument is that all municipalities in Oxford benefit from new development in the townships, because 82% of new taxes levied are returned through the County and Education portions of the tax bill.

2. 50/50 Partnership of the County & the (5) Townships

In this scenario the cost of the Rural Development Program is shared between the County ($50,000) and the 5 Townships who would each contribute $10,000.

The Rural Development Officer in this case would report to a committee comprised of representatives of the funding partners.

The benefit of this scenario that the cost to the Townships (who can least afford to fund new programs) is reduced by the County taking half the burden in recognition of the importance of new industrial and commercial development to the well-being of the five townships.

We are still asking taxpayers in the urban municipalities to fund more than half the County’s share of a program when it does not appear to benefit them directly, although the financial obligation is reduced by half.

3. Equal Partnership of the (5) Townships

In this scenario we remove the County from financial participation in the Rural Development Program (although they continue to provide in-kind support through the provision of office space for the Rural Development Officer) and thereby eliminate a potential objection from the urban communities over funding a portion of a program that does not directly benefit them.

In this scenario each of the 5 Townships contributes $20,000 to produce the $100,000 operating budget and they strike a committee to direct and oversee the activities of the Rural Development Officer.

Even though the County is not financially participating in this scenario (other than the in-kind contributions related to housing the development officer) I recommend they continue to have representation on the committee because the important role they play in planning and the provision of hard services.

4. “Coalition of the Committed”

It was clear from the community consultations that some Townships have a greater sense of commitment than others when it comes to economic development and may want to move faster or farther with a development program than other communities.

Other communities may not wish to invest at all in a development program preferring the status quo.

If discussions lead to this, I recommend those communities that wish to continue onwards do so as a “Coalition of the Committed”.

Two or three communities acting together can still develop an effective program although we may have to re-think our assumptions about the funding level and the idea of creating a full-time position.

ARGUMENTS FOR & AGAINST A COUNTY ROLE IN RURAL DEVELOPMENT

An argument can be made for the County playing a pro-active role in a rural development program even though on the surface it would appear to benefit only five of the eight municipalities in Oxford County.

MUNICIPAL CONTRIBUTIONS TO OXFORD COUNTY’S GENERAL LEVY

<table>
<thead>
<tr>
<th>Municipality</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woodstock</td>
<td>30.5%</td>
</tr>
<tr>
<td>Tillsonburg</td>
<td>15.2%</td>
</tr>
<tr>
<td>Ingersoll</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Total Urban Share</strong></td>
<td><strong>56.9%</strong></td>
</tr>
<tr>
<td>Zorra</td>
<td>10.0%</td>
</tr>
<tr>
<td>Blandford-Blenheim</td>
<td>7.7%</td>
</tr>
<tr>
<td>SW Oxford</td>
<td>7.5%</td>
</tr>
<tr>
<td>E. Zorra-Tavistock</td>
<td>7.2%</td>
</tr>
<tr>
<td>Norwich</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Total Rural Share</strong></td>
<td><strong>43.1%</strong></td>
</tr>
</tbody>
</table>

Source: Oxford County Budget 2005
Taxpayers in the urban municipalities of Oxford County provide more than half (56.9%) of the total tax revenue generated through the County’s general levy, meaning that should the County take a hands-on role in a Rural Development Program the urban centres would be funding more than half of the program without apparently benefiting from their financial contribution.

However upon closer examination we find that the bulk of the taxes paid by industrial and commercial properties in the rural townships flow back to the County and to the rest of the region through the upper tier (County) and education portions of the tax bill. As seen in the following tables, in Zorra Township for example, the upper tier and education portions of the tax bill total 82% of total taxes from industrial and commercial properties. The Township keeps just 18% of the taxes collected. (In the case of residential properties, the Township keeps 33% of the tax bill.)

By comparison, in the City of Woodstock, 64% of the tax collected from industrial and commercial properties is shared through the upper tier and education portions of the levy.

**DISTRIBUTION OF LOCAL TAX REVENUE BETWEEN UPPER AND LOWER TIERS IN OXFORD COUNTY**

<table>
<thead>
<tr>
<th>Sample Rural (Zorra Twp)</th>
<th>Lower Tier: 33%</th>
<th>Upper Tier: 40%</th>
<th>Educ. Portion: 26%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ind. / Comm.</td>
<td>18%</td>
<td>24%</td>
<td>58%</td>
</tr>
<tr>
<td>Source: Zorra Township Financial Report</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sample Urban (Woodstock)</th>
<th>Lower Tier: 55%</th>
<th>Upper Tier: 28%</th>
<th>Educ. Portion: 16%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ind. / Comm.</td>
<td>36%</td>
<td>19%</td>
<td>45%</td>
</tr>
<tr>
<td>Source: City of Woodstock Financial Report</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The relative distribution of upper and lower tier tax revenue between the rural and urban communities is similar in the rest of Oxford County’s communities.

It can be argued that the urban centres derive some benefits from a rural economic development program because a large portion of the tax revenue (82%) from new industrial and commercial development in the Townships is being shared with the rest of the County.

Having said that however the County actually earns more revenue from industrial and commercial development in the urban areas than it does from similar developments in the rural areas. The tax rate in the urban communities is roughly double what it is in the rural townships and therefore even though the upper tier portion of the Industrial and Commercial levy in the urban areas is less than it is in the Townships (19% compared to 24%), the County receives approximately 1.5 times the revenue from development in the urban areas than it does from similar developments in the rural areas.

One could therefore argue that if the County were to play a role in economic development, it should focus only on the urban centres where the returns are greater.

Putting the financial argument aside, we need to consider the well-being of all Oxford County communities.

Commuting statistics (page 17) show that the Townships are now, and will increasingly be, bedroom communities for the urban centres. Between 50% and 70% of residents in the Townships now work outside their own community and with the addition of the new high-paying manufacturing jobs at Toyota, CAMI and elsewhere, we can expect this trend to continue - if not increase.

Municipal finance experts know that an imbalance in a municipality’s assessment base (residential to industrial/commercial) is not healthy. Without the boost provided by industrial/commercial assessment, residents bear the brunt of the cost of providing municipal services which is costly and therefore tends to limit the level of service.

Without some new industrial and commercial development in Oxford’s rural communities, the economic base of the townships will continue to
erode through increasing concentration of farm ownership and declining levels of employment in agriculture. Therefore it is incumbent on the County to encourage development in the Townships and support the creation of a rural development program.

**ADDITIONAL CONSIDERATIONS**

**5-Year Contract for Funding the Rural Development Program**

Due to the gestation period of most economic development projects, it is very difficult for an economic development program to demonstrate concrete results in a timeframe of less than three years. There is a considerable lag between opening a file upon first contact with a client and the completion of a new plant or office. The early years of an economic development program are building years in which the development officer will be creating the tools necessary to respond to inquiries and initiating contact with potential clients and prospects.

I strongly recommend that where there is more than one partner funding an economic development program, there be a formal agreement or contract in place covering the funding for economic development services. I recommend the contract include a five-year funding commitment along with appropriate measurement criteria clearly spelled out.

With this foundation, the development officer can focus on the job at hand knowing that while there are clear objectives to be met, the funding source is secure and the partners are in the game for the duration.

**Third Party Contract**

One additional option could be considered here and that is that one or more of the five Townships could contract with a third party, such as an existing economic development offices in Woodstock, Tillsonburg or Ingersoll or with the Oxford Small Business Support Centre, to provide certain services such as the development of the Community Profile database and/or to respond to inquiries on behalf of the contracted communities.
RECOMMENDATIONS

The bifurcation of Oxford County’s economy is becoming exacerbated with time, particularly now with strong manufacturing growth in the three urban centres and the steady decline of agricultural employment in the rural townships.

Already more than half of all employed residents of the Townships commute to work in another community and this will likely increase in the future as a result of new manufacturing investment announced in the County.

RECOMMENDATION 1

I recommend the creation of a “Rural Development Program” for the five rural municipalities in Oxford County, with an initial annual operating budget of $100,000, excluding land acquisition and development costs, to help stimulate industrial/commercial development in the Townships and provide some balance in the County’s economy.

A Rural Development Program would offer very little competition to the economic development programs of the urban centres. In most cases companies need to “be where the action is” and they benefit from the synergies of close proximity to their customers and suppliers, which is found in larger centres. (Which is why, despite land costs and other expenses, the GTA continues to lead industrial and commercial growth in Ontario.)

There would be a benefit to Oxford’s urban centres from a better balance between urban and rural development in the County. For example, currently certain businesses that should locate in the rural areas of Oxford County (examples processing agricultural products and farm implement service) have to migrate to the urban industrial parks because there is no space for them in the rural area. Some of these developments are not well suited to an urban industrial park and they detract from the aesthetics of the industrial park.

The central question will be whether individual municipalities in Oxford, both rural and urban, will be prepared to make the financial commitment necessary to implement a Rural Development Program. Funding for new programs in a tight fiscal environment is very difficult to find.

I believe the County of Oxford has an important role to play in such a program considering the county-wide planning and servicing implications and the benefits that will flow from even modest development in the rural areas. Also it makes more sense administratively for a rural development program to be delivered at the County level to the five rural municipalities.

Moreover, the implementation of this recommendation will require the County to pass a by-law, pursuant to the Municipal Act, authorizing the rural municipalities to undertake certain economic development activities.

RECOMMENDATION 2

I recommend that the “Rural Development Program” in Oxford County be a 50/50 partnership of the County and the (5) Townships.

In theory, under this scenario, taxpayers in the urban areas are being asked to fund two programs of economic development – a local one administered by their municipal council and a portion of the County’s half of the proposed partnership. But the amounts we are considering are small and in the context of the total tax bill, inconsequential.

Taxpayers in Woodstock for example would be funding 30.5% of the County’s $50,000 contribution which amounts to $15,250. The figures for Tillsonburg and Ingersoll amount to $7,600 (15.2%) and $5,600 (11.2%) respectively. (See “Municipal Contributions to Oxford County’s General Levy” found on page 25).
Also we have demonstrated that a substantial portion of new industrial and commercial assessment in the townships (82%) flows back to the County and school district through the upper tier and education portions of the tax levy, which further reduces the theoretical impact on urban taxpayers.

RECOMMENDATION 3

All (5) townships in Oxford County should contribute to this program and I therefore recommend that they each commit to a five-year funding formula through a “Purchase of Service” agreement jointly with the County.

The agreement would describe, in general terms, the overall program and could refer to the “Suggested Elements of a Rural Development Program for Oxford County” described on page 20 of this report.

RECOMMENDATION 4

I recommend the creation of a “Rural Development Committee” to oversee the Rural Development Program.

The “Purchase of Service” agreement should include a description of the governance structure agreed to by the partners.

As a suggestion, the committee could be comprised of representatives:
- 6 CAO’s of the Townships and the County
- 5 Township Mayors (who also represent half of County Council)

Representatives from the County’s Planning and Public Works Departments, the three EDO’s from Woodstock, Ingersoll and Tillsonburg and a representative of the Oxford Small Business Support Centre could be invited to regularly attend meetings as guests of the Committee for liaison purposes and as technical support.

RECOMMENDATION 5

I recommend the Rural Development Committee create and fill a new staff position entitled “Rural Development Officer” to provide staff resources to the Program.

The position should be housed at the County Administration Building where office space, computer equipment and access to County resources would be provided as part of the County’s “in-kind” contribution to the program.

RECOMMENDATION 6

I recommend the first priority of the Rural Development Program be the gathering of “Community Profile Data” on each of the five Townships in Oxford County and that these profiles be mounted on Local and County web-sites as well as the OIS provincial web-site.

Community profile data is the foundation of an economic development program. It provides the basis for the community’s economic development planning and the preparation of marketing materials. It also serves as the resource with which inquiries from prospective investors can be dealt with professionally.

RECOMMENDATION 7

I recommend the implementation of a “formal BR&E program” in Oxford County as an early priority for the Rural Development Program.

A formal BR&E program in Oxford would produce valuable data about the issues facing Oxford County businesses and would provide excellent background research for the Rural Development Committee to use to plan future programs.

The Oxford Small Business Support Centre would be an excellent partner in such an initiative.

It is important to keep in mind that if the Townships expect to benefit to the full extent possible from a rural development program, they will have to address the issue of providing industrial land within their boundaries, most likely in their serviced villages.
While there will be some opportunity for development in the rural areas without the townships developing industrial land, it will be limited to on-site expansion (space permitting) and spot development involving individual parcels of land and this presents many challenges of its own.

RECOMMENDATION 8

I recommend each township begin to plan for the acquisition and development of a modest inventory of industrial land in the Serviced Villages to accommodate growth.

It would be very difficult to estimate the cost to a municipality of providing for this inventory. Each site has its' unique characteristics and presents different engineering challenges. The industrial land doesn’t need “gold plated” services. In most cases basic services are all that is required (food processing companies may however have heavy servicing requirements) and very often strategically phasing the extension of services can often soften the financial obligation to the township.

The important thing is that some serviced land be available to accommodate a prospective client - when they want or need it.

OTHER POTENTIAL DUTIES FOR THE RURAL DEVELOPMENT OFFICER

In addition to addressing the priority projects identified specifically in these recommendations, the Rural Development Officer would also be responsible for responding to inquires from prospective businesses received either directly at the County or referred by one of the rural municipalities.

The Development Officer should also be able to provide advice and assistance on matters related economic development to township officials, especially related to the acquisition and development of industrial land, to seek out additional funding sources through programs such RED, OSTAR and CISP and generally in partnership with other stakeholders, explore ways to enhance the economic development of the five rural townships of Oxford County.
SECTION FOUR
APPENDIX

EMPLOYMENT & LOCATION QUOTIENT PROFILES FOR EACH OF OXFORD COUNTY’S COMMUNITIES
South-West Oxford

Employment by Industry - 2001 Census (NAICS)

Jobs in Community 1,645
Employed Residents 4,275
Net Flow -2,630

South-West Oxford

Location Quotient Analysis
2001 Census (NAICS)

45% of all jobs (740) are found in Agriculture
Mining, Oil & Gas and Utilities while strong, employ only 50 Persons each.
Mgmt of Companies only employs 15 persons
Norwich

Employment by Industry - 2001 Census (NAICS)

Norwich

Location Quotient Analysis
2001 Census (NAICS)
Blandford-Blenheim
Employment by Industry - 2001 Census (NAICS)

Blandford-Blenheim
Location Quotient Analysis
2001 Census (NAICS)
East Zorra-Tavistock

Employment by Industry - 2001 Census (NAICS)

![Employment by Industry Chart]

East Zorra–Tavistock

Location Quotient Analysis
2001 Census (NAICS)

![Location Quotient Analysis Chart]
Zorra Twp
Employment by Industry - 2001 Census (NAICS)

Jobs in Community 2,615
Employed Residents 4,405
Net Flow - 1,790

Zorra Twp
Location Quotient Analysis
2001 Census (NAICS)

40% of all jobs (1,035) are found in Agriculture
Ingersoll
Employment by Industry - 2001 Census (NAICS)

Ingersoll
Location Quotient Analysis
2001 Census (NAICS)

Only 65 people employed in Mining
46% of all jobs (3,375) are in Manufacturing

245 employed in Trucking
125 employed in Warehousing
Tillsonburg
Employment by Industry - 2001 Census (NAICS)

Total Jobs 8,925
Employed Residents 6,370
Net Flow 2,555

Tillsonburg
Location Quotient Analysis
2001 Census (NAICS)

41% of all jobs (3,720) are in Manufacturing
Woodstock
Employment by Industry - 2001 Census (NAICS)

- Total Jobs: 15,730
- Employed Residents: 15,965
- Net Flow: -235

Woodstock
Location Quotient Analysis
2001 Census (NAICS)

30% of all jobs (4,590) are in Manufacturing