

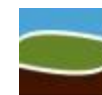
The Rural Ontario Context and Business Succession

Norman Ragetlie,
Director of Policy and Stakeholder Engagement
Rural Ontario Institute

Why Discuss this Now?

1. Municipal councillors survey suggests it's a priority
2. Demographics/age structure in many parts of rural Ontario make it a vital issue
3. Extent of businesses without succession strategies is high

Premise: EDO's can help create a climate for successful business succession. Opportunity to help counter-act youth out migration?



In the Top 5 Councillor Priorities

1. Cost of electricity \$\$\$
2. Local economic development ... supporting growth of new businesses and entrepreneurs +++
3. Improving broadband - higher speed and wider access +++ 
4. Local economic development ...retaining businesses and supporting ownership succession +++ 
5. Regulatory burden on the municipal sector
6. Protecting water quality in lakes, streams, rivers 
7. Access to quality health care services nearby 
8. Aging population 
9. Tourism promotion, managing tourism +++
10. Attracting/retaining new residents 
11. Youth out-migration/retention 
12. Water quantity/supply for drinking, irrigation 
13. Health promotion, active living and availability of recreational opportunities 
14. Youth employment/underemployment +++
15. Housing affordability \$\$\$
16. Transportation: improving rural and inter-city services 
17. Availability of natural gas \$\$\$
18. Viability of primary industries i.e. mining, farming, forestry +++
19. Volunteerism/civic engagement, capacity of non-profits 
20. Developing local food systems +++

Factors driving rural demographics

1. Internal Migration

- Youth to post-secondary - return rates variable
- Empty nesters 45-64 year olds migrating to rural
- Urbanization in the GGHA fringe/Ottawa

2. Natural Balance - net negative in many places

3. International immigration – a real challenge!

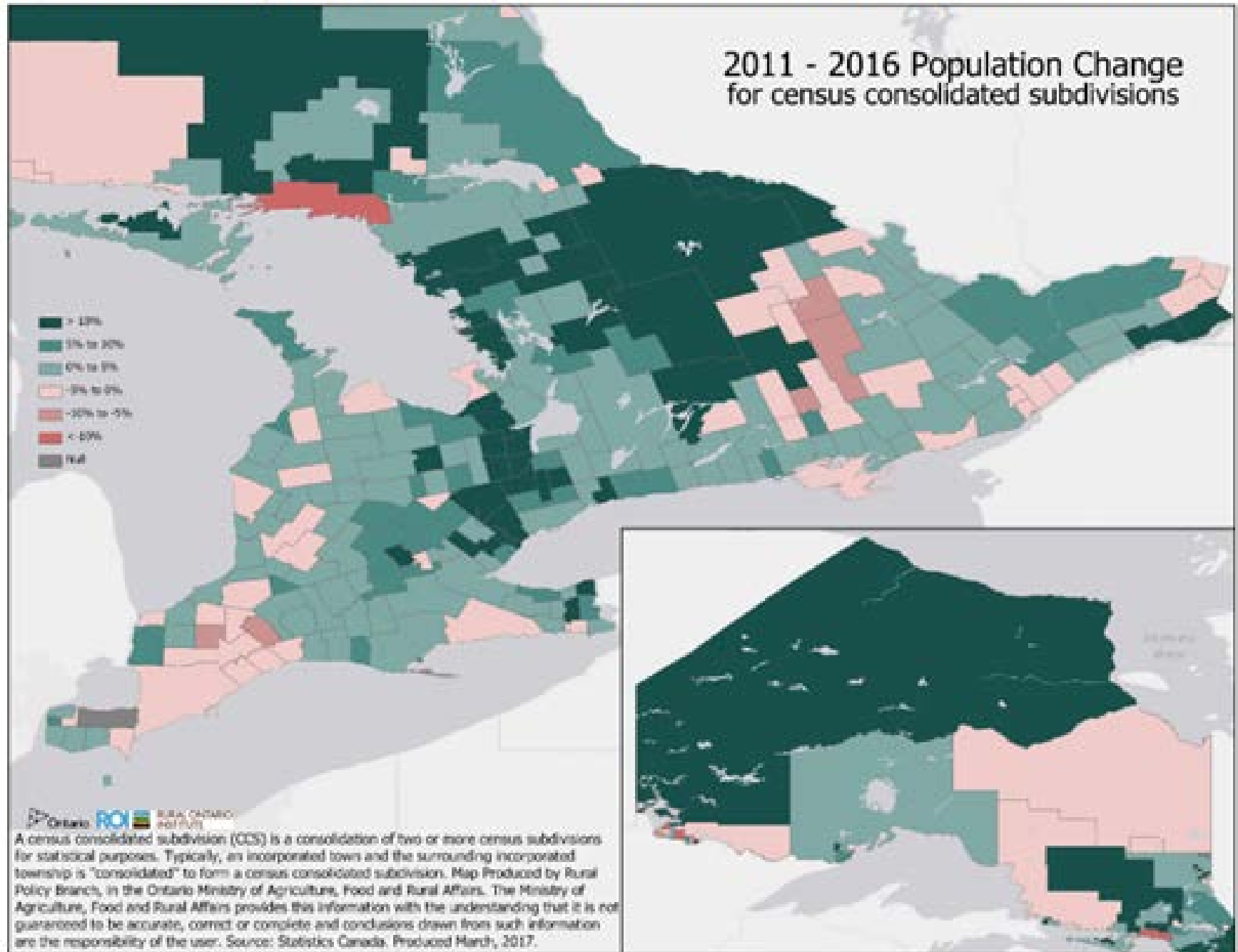


No single rural reality...

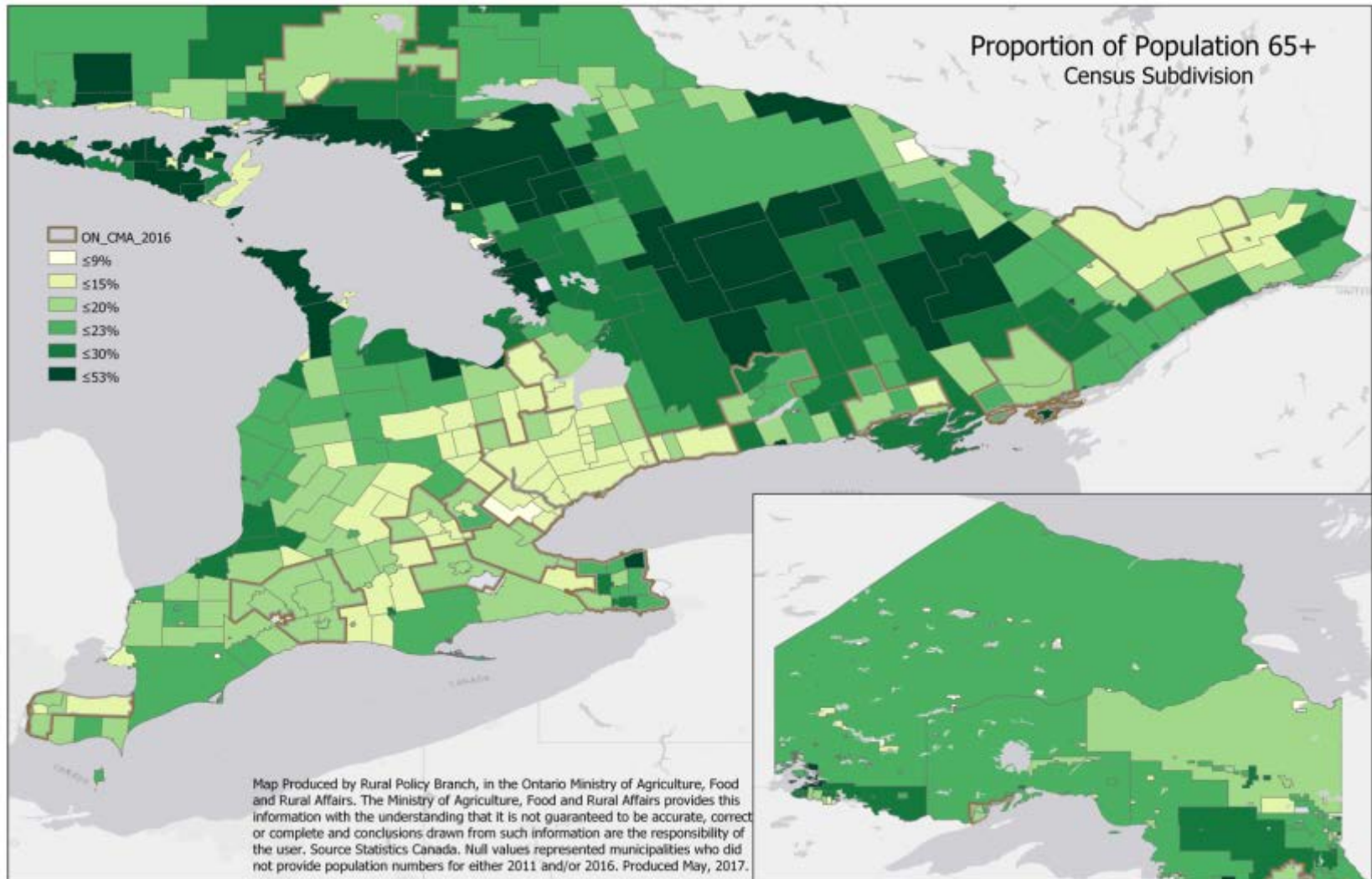
- Agrarian countryside
- Near urban
- Lakefront/cottage
- Northern
- Remote



Map 3. Percent change in population by census consolidated subdivision, Ontario, 2011 to 2016



Proportion of Population 65+



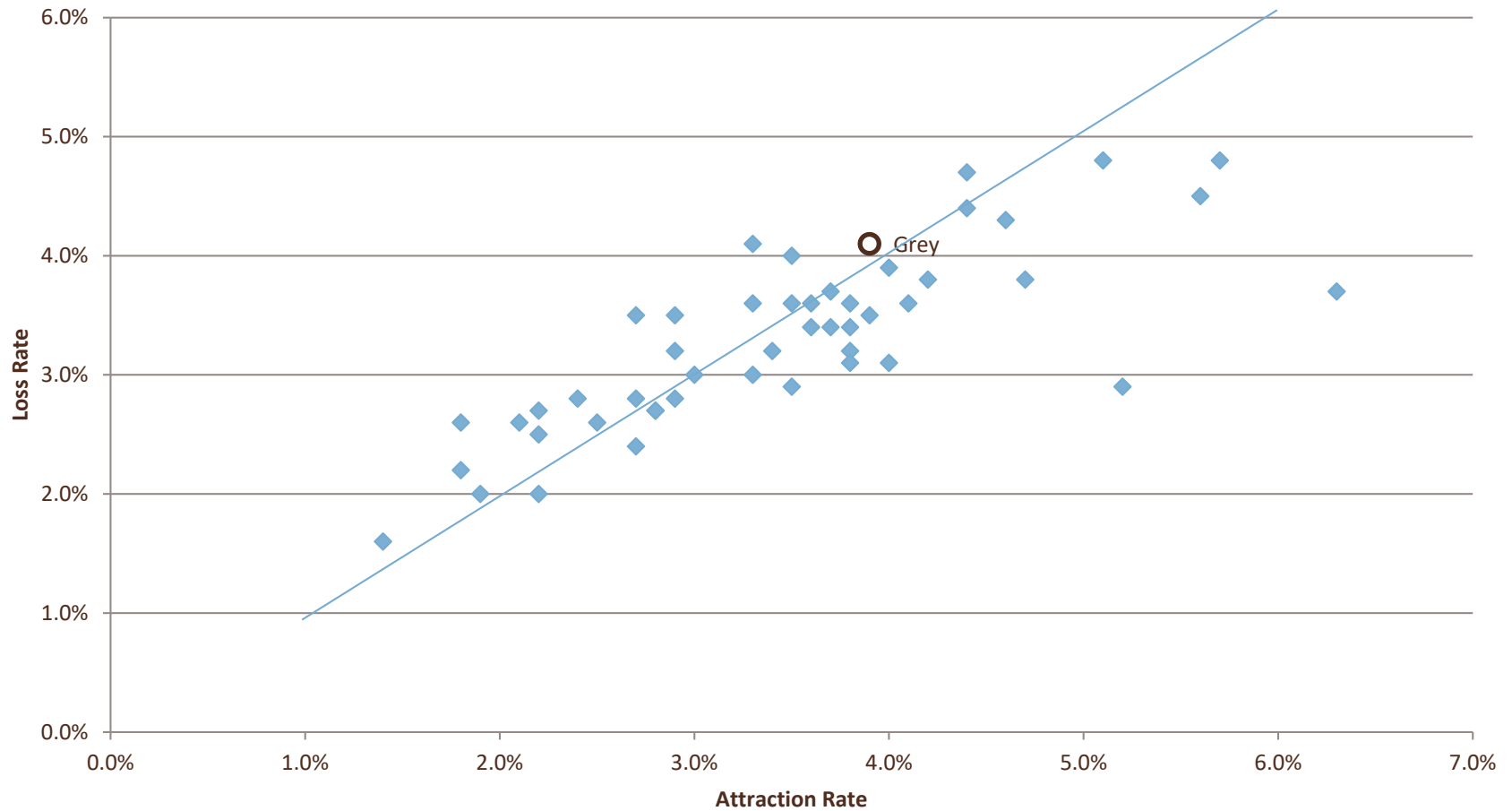
Key Differences in Age Structure

	Rural			Urban			Ontario		
	Numbers	Proportion (%)	% Change 11-16	Numbers	Proportion (%)	% Change 11-16	Numbers	Proportion (%)	% Change 11-16
0 - 14 (Youth)	390,655	15.67	0.05	1,817,320	16.59	1.51	2,207,975	16.4	1.2
15-64 (Working-age)	1,563,850	62.75	-2.15	7,425,020	67.77	3.20	8,988,870	66.8	2.2
65+ (Seniors)	537,735	21.58	18.21	1,713,920	15.64	20.41	2,251,655	16.7	19.9
Total	2,492,230	100.00	1.99	10,956,265	100.00	5.26	13,448,495	100	4.6

Rural senior dependency ratio is 5 % higher

Proportion of working age population declining in rural and growing in urban

Workforce attraction/retention



Estimating the Scale of the Succession Issue

- Number of businesses in rural Ontario
- Proportion expecting to sell/retire
- Proportion with/without a succession plan

- ?? How many will just close shop??



230 Thousand Rural Businesses in Ontario in 2016

SECTOR	# of Employees					TOTAL
	Under 5	Btw 5-9	Btw 10-20	20-49	50-99	
Agriculture, forestry, fishing and hunting	3629	1110	546	321	88	5694
Mining, quarrying, and oil and gas extraction	92	57	63	26	18	256
Utilities	79	25	33	27	7	171
Construction	6716	2758	1267	503	98	11342
Manufacturing	1224	718	526	516	234	3218
Wholesale trade	1231	686	552	340	64	2873
Retail trade	3864	2986	2130	1057	333	10370
Transportation and warehousing	1824	507	370	284	107	3092
Information and cultural industries	277	213	111	99	20	720
Finance and insurance	1141	539	481	232	23	2416
Real estate and rental and leasing	1827	392	213	66	17	2515
Professional, scientific and technical services	3565	794	406	154	31	4950
Management of companies and enterprises	90	40	23	25	18	196
Administrative and support, waste management and remediation services	1515	673	386	167	59	2800
Educational services	265	146	78	48	27	564
Health care and social assistance	3025	1234	966	506	237	5968
Arts, entertainment and recreation	515	298	202	171	41	1227
Accommodation and food services	1459	1362	1326	1077	258	5482
Other services (except public administration)	4691	1680	594	175	39	7179
Public administration	48	43	94	167	99	451
Unclassified	2491	406	163	66	21	3147
	39568	16667	10530	6027	1839	74631
Businesses classified as indeterminate # of employees - no payroll						157620
TOTAL Estimate as of December 2016						232251

Source Statistics Canada, Business Patterns (Non-CMA)



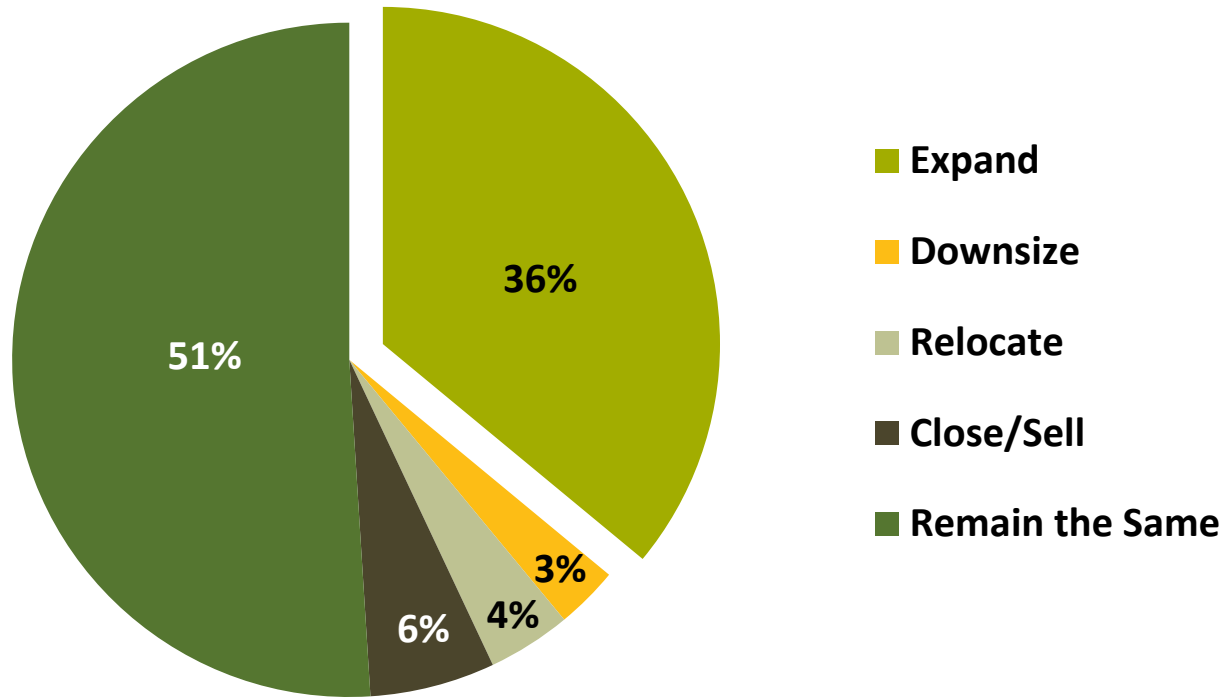
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**Provincial BR+E Survey Results
January 2015 to June 2016**



Within the next 18 months, what are your plans?



N=1,213

Estimating # of Rural Businesses Undergoing Succession

- 232,251 number of rural businesses
- 6 % from BR+E survey

Total Estimated number in 18 months...

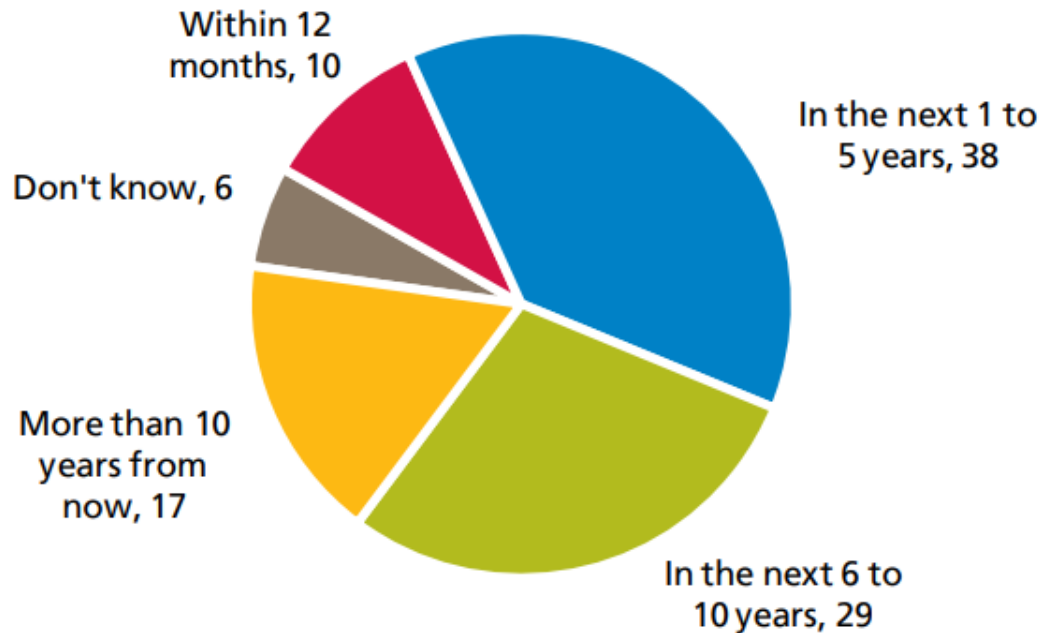
13,936



48 % to Exit Within 5 years

CFIB Data 2012 SME Survey

Expected Business Exit Date (% response)



Estimating # of Ontario Rural Businesses Undergoing Succession

- 232,251 number of rural businesses in 2016
- 48 % will exit in five years from CFIB survey

Total Estimated number in 5 years...

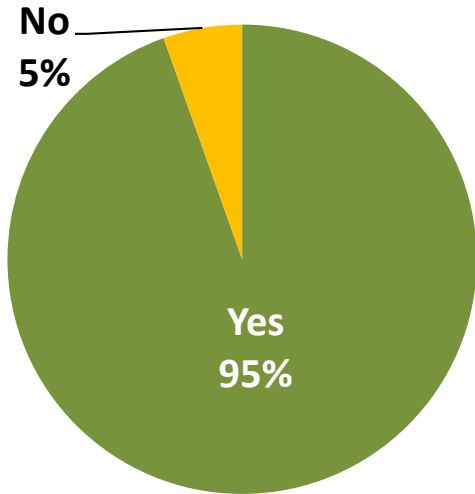
111,480

Rural business exits – more conservative

- Total # of rural Ontario SMEs reporting payroll in Dec. 2016 was: 74,631
- Applied to 6 % BR+E proportion in 18 months = **4,478**
- Applied to 48% CFIB proportion over 5 years = **35,823**

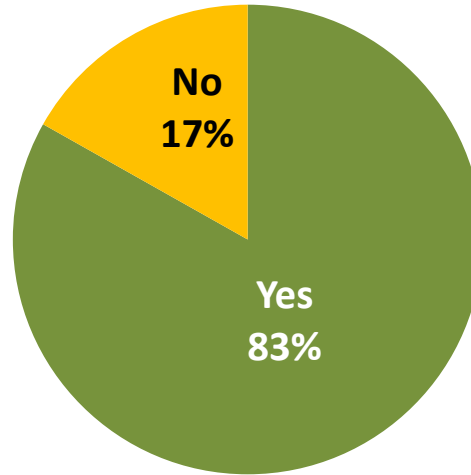


Is at least one of the owners involved in the day-to-day operation of the business?



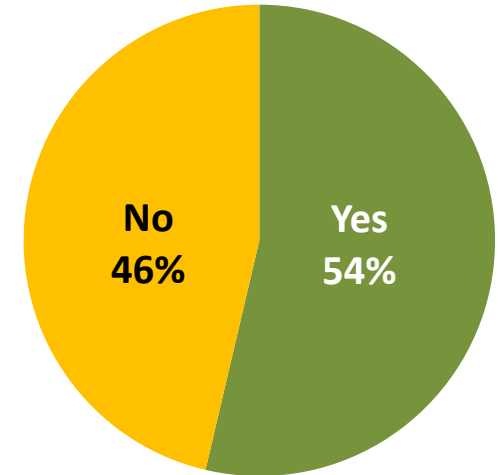
N= 1,105

Is at least one of the owners a resident of the community?



N= 1,099

Does your business have a business plan?



N= 1,077

Reframing Business Succession Challenge as an Opportunity



**Youth Engagement Showcase:
Emily Morrison & “Cool Cow”**

<http://goo.gl/Qmkive>

Contact Information

Website:

www.ruralontarioinstitute.ca

Contact Info:

Norman Ragetlie

519 826 4204

nragetlie@ruralontarioinstitute.ca



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