
Subject: Value Added & Winery Policies in the Niagara Escarpment Plan

Report to: Planning and Economic Development Committee

Report date: Wednesday, February 12, 2020

Recommendations

1. That Council **DIRECT** Regional Planning Staff to initiate the amendment process to the Niagara Escarpment Plan, aimed at creating a consistent provincial policy and regulatory regime for agricultural based businesses in Niagara; and
2. That Report PDS 2-2020 **BE CIRCULATED** to the Ontario Federation of Agriculture, Ontario Craft Wineries/Wine Council of Ontario, Grape Growers of Ontario, Town of Grimsby, Town of Lincoln, Town of Niagara on the Lake, Town of Pelham, City of St. Catharines, City of Thorold and the City of Niagara Falls.

Key Facts

- The purpose of this report is to seek the support of Council to undertake an amendment to the Niagara Escarpment Plan, continuing with efforts to streamline Provincial regulations for agricultural based businesses;
- When the Niagara Escarpment Plan was updated in 2017, Regional Council requested that the Province align the policies of the Plan with other Provincial plans in Niagara, such as the Greenbelt Plan.
- Policies associated with agricultural-related uses, on-farm diversified uses, and wineries in the Niagara Escarpment Plan area are more restrictive than the Province's Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas, which are intended to implement the Provincial Policy Statement;
- As the Region continues to develop the new Niagara Official Plan, one component is related to implementing the 2014 Provincial Policy Statement which permits agri-tourism, agriculture related and on-farm diversified uses; and
- These inconsistencies place agricultural based businesses in the NEP area at a disadvantage, with smaller maximum building sizes, and restricted building and site uses;

Financial Considerations

There are no direct financial implications for the organization. There is no application fee for an application to amend the Niagara Escarpment Plan (NEP).

Background

In January of 2018, Regional staff were directed by Council (PDS 1-2018) to initiate discussions with the Province and Niagara Escarpment Commission (NEC) with respect to interpretations of the winery policies in the NEP. Prior to this report, staff and Council had been actively engaged with the Province through consultations on the development of the 2017 NEP.

As the Region proceeds with work on the new Niagara Official Plan, one of the matters Planning Staff wish to resolve is the discrepancy in value-added policies. MHBC Consulting was retained to undertake an assessment of the Niagara Escarpment Plan winery policies to inform the Official Plan work and further discussions with the Province (appendix 3).

After sharing MHBC's findings with senior Provincial Officials, the path outlined to move forward involves the Region proposing an amendment to the NEP, to resolve the policies of the NEP affecting Niagara that do not align with Provincial guidelines.

Economic Development

Agri-business is a priority sector in Niagara both culturally and economically with an employment impact of approximately 20,000 jobs and a GDP impact of \$1.4B. In recent years, Niagara's farms continue to diversify and produce higher value agricultural outputs. In order to support a viable future for this sector, there is a need for consistently applied policies and regulations that allow these businesses to evolve and adapt to progressive industry changes and opportunities. The impact of growth in value-added and on-farm diversified will be realized in more than just the agri-business sector. It will have impact that reaches across our tourism sector, our primary producers, and our labour market.

Analysis

The Niagara Escarpment is home to a diverse range of agricultural operations many having on-farm diversified uses¹, including 29 of Niagara's approximate 100 wineries

¹ On-farm diversified uses: means uses that are secondary to the principal agricultural use of the property, and are limited in area. On-Farm diversified uses include, but are not limited to, home occupations, home industries, agri-tourism uses, and uses that provide value added products. (PPS 2014)

(see Appendix I). Creating and maintaining a hospitable environment for the agricultural sector is important for the local economy and long term preservation of agricultural lands. The Region's Official Plan contains objectives (Objective 5.A.7) aimed at supporting uses that enable farming and farmers to:

- a) *Become more competitive, sustainable and environmentally friendly;*
- b) *Adapt to new and changing markets;*
- c) *Diversify into and take advantage of new agricultural opportunities;*
- d) *Improve the understanding of agriculture by the general public; and*
- e) *Broaden operations to diversify economic activity and add value to their primary products.*

Additionally, Objective 5.A.8 aims *"to encourage a wide range of farm diversification uses in appropriate locations and at a scale suitable to the farm and the agricultural area where they contribute to profitable and economically sustainable agriculture."*

Niagara Region was the first municipality in the Province to create value-added agricultural policies, influencing what became a new Provincial direction allowing the diversification of agriculture to allow on farm processing and sales. In 2017, when the Greenbelt Plan and Growth Plan were updated, they adopted the Province's approach to *agriculture-related uses*² and *on-farm diversified uses* as outlined in section 2.3.3.1 of the Provincial Policy Statement (PPS). The proposed 2019 PPS does not suggest changes to this policy.

Despite the clear Provincial direction, further outlined in the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) document titled *Guidelines on Permitted Uses in Ontario's Prime Agricultural Areas*, under the current Provincial policy regime, agriculture operators in the NEP area face stricter regulations and additional operational oversight compared to operators in the Greenbelt Plan and Growth Plan areas.

When the Ministry of Natural Resources and Forestry (MNRF) circulated the draft version of the 2017 NEP for comment, the Region responded to the Province and stated:

"While the draft NEP winery policies have been simplified compared to the existing NEP, having separate winery policies is no longer necessary. The new policies for agriculture-related and on-farm diversified uses should be re-written to consider wineries, making the plan more consistent with other provincial planning documents."

² Agriculture-related uses: means those farm-related commercial and farm-related industrial uses that are directly related to farm operations in the area, support agriculture, benefit from being in close proximity to farm operations, and provide direct products and/or services to farm operations as a primary activity. (PPS 2014)

The PPS, and draft on-farm diversified guidance documents, recognize wineries as a value-added agricultural use, the NEP should be consistent. Further, references to the operations of a facility, such as the hours of operation or the number of events that might be held, should be removed as the focus is on the land use. (PDS 29-2016, October 19, 2016)”

- In response to ongoing agricultural community concerns, report PDS 1-2018 (*Niagara Escarpment Plan Agriculture Policies*, January 10, 2018) was brought to Regional Council seeking direction for staff to initiate discussions with the Niagara Escarpment Commission (NEC) to resolve multiple agriculture policy items.
- The NEC responded with an April 18th report titled *The Niagara Escarpment Plan and Provincial Agricultural Policy* where they concluded that in NEC staff’s view, policies aimed at promoting additional rural development through the spread of commercial and tourist (other than outdoor/eco-tourism) uses would not be in keeping with the purpose and objectives of the NEP.
- Due to the NEC’s staff response, and difficulties experienced when dealing with the Commission, Staff and Council raised the issue with OMAFRA at the Association of Municipalities of Ontario (AMO) Conference in 2018, and met subsequently with OMAFRA, MNRF and the Ministry of Municipal Affairs and Housing (MMAH).
- In January of 2019, the Ontario Federation of Agriculture (OFA) wrote a letter of support for the Region’s request (Appendix II), stating: “*OFA supports Niagara Region’s proposal for changes regarding how agriculture-related uses, on-farm diversified uses, and wineries are permitted in the Niagara Escarpment Plan*”. Further stating: “*The Niagara agri-food sector has an annual total economic impact of \$3 billion and employs 17,500 people with untapped economic potential to create new jobs and expand. OFA fully endorses Niagara Region’s proposal and encourages these changes to the Niagara Escarpment Plan and Niagara Escarpment Commission to reduce red tape and support the thriving agri-food economic powerhouse in the Niagara Region*”.

Niagara Escarpment Plan Amendment Process

The NEP derives its authority from the *Niagara Escarpment Planning and Development Act (NEPDA)*, 1990. Under the NEPDA, any person or public body can request an amendment to the Plan through an application to the Niagara Escarpment Commission (NEC). There is no cost to make an application.

While the application is made via the NEC, ultimately, the final decision is made by the Minister of Natural Resources and Forestry or Cabinet.

Next Steps

Upon Council’s direction, Regional Planning Staff will initiate the amendment process to the NEP including the preparation of the requisite material and justification to support

the review and consideration of the application. Staff will provide updates at key milestones to ensure Council and stakeholders are aware of the progress of the application.

Alternatives Reviewed

NA.

Relationship to Council Strategic Priorities

This initiative is aligned with Council's priority to support businesses and economic growth. Specifically objective 1.1 which aims to provide supports and improve interactions with businesses to expedite and navigate development processes.

Other Pertinent Reports

PDS 31-2015: 2015 Coordinated Policy Review Comment Submission

PDS 29-2016: Province of Ontario Coordinated Plan Review Submission on the Draft Plans Appendix 1

PDS 1-2018: Niagara Escarpment Plan Agriculture Policies

Prepared by:

Erik Acs, MCIP, RPP
Manager of Community Planning
Planning and Development Services

Recommended by:

Rino Mostacci, MCIP, RPP
Commissioner
Planning and Development Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Katie Young, Planner, Aimee Alderman, MCIP, RPP. Planner, with input from Kelly Provost, Economic Development Officer, and reviewed by Doug Giles, Manager of Community & Long Range Planning.

Appendices

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