

# Cannabis Leads a Town's Economic Revitalization



BRIGHT IDEAS IN ECONOMIC DEVELOPMENT

## SYNOPSIS

The town of Smiths Falls, Ontario invested in infrastructure and worked with prospective investors in the cannabis industry, proving that a local economy hit hard by job losses can recover and thrive.

## LOCATION

Ontario

## POPULATION

8,780  
(2016 Census)

## ECONOMIC BASE

Advanced manufacturing, tourism, transportation, arts, pharmaceuticals

## INNOVATORS

Tweed Inc.,  
Canopy Growth

## A HARD-WORKING CANADIAN TOWN

Smiths Falls is located at the heart of the Rideau Canal, halfway between Ottawa and Kingston, Ontario. Indigenous history shares that Iroquois farmers originally encountered explorer Jacques Cartier in this area. The roots of the town go back to a work camp for the construction of the canal in the 1830s.

Smiths Falls was best known as the chocolate capital of Canada due to a massive Hershey Chocolates plant which employed about 750 people. Other major employers included Frost & Wood (farm equipment), Shorewood Packaging, Stanley Tools, and the Rideau Regional Centre, a residential institution for people with disabilities.

## THE PERFECT ECONOMIC STORM

Smiths Falls had seen major employers shut down in the 1980s and 1990s

but rallied with an emphasis on entrepreneurship. Things took a turn for the worse in 2007 when Hershey Chocolates announced it was closing the Smiths Falls plant.

Shortly afterwards, Rideau Regional Centre also closed which led to the departure of 800 residents and 1500 local jobs. Shorewood Packaging and a number of other major employers also closed their doors or downsized. Within 18 months, about 40% of the local labour force had lost their jobs.

## BUILDING INFRASTRUCTURE

The mayor and council of Smiths Falls rallied to respond the dire situation and poured their efforts into finding ways to keep the town going. The municipality secured funding for infrastructure: a new arena, water treatment plant, high school and refurbished hospital were constructed.

More than \$122 million has been invested in the town's infrastructure.



The town aggressively promoted its opportunities, including proximity to universities and excellent transportation connections. Businesses came and went. Smiths Falls was determined to keep the infrastructure of the town going and trust that new employers would show up.



## OPENING THE DOOR TO OPPORTUNITY

After years of vacancy, the massive facility which had housed the Hershey plant was slated for demolition. In spring 2013, Tweed Inc. was checking out a potential location for a start-up medical marijuana company in a nearby town, but found the site was surrounded by residential zoning and would have required a high-risk, lengthy public permitting process. Staff from the Ontario government's economic development team suggested the former Hershey plant.

The Tweed Inc. team met with Dennis Staples, then-mayor of Smiths Falls, and found a common interest. Staples' brother had died 11 years earlier of colon cancer and medical marijuana had been one of the few sources of relief from the pain. He had an open mind towards a medical marijuana company setting up operations in Smiths Falls, and the negotiations began.

The former Hershey plant was too large for the start-up company, but Staples and his planning team went to work on dividing the plant. Tweed Inc. moved in and began with a few dozen employees, and quickly needed more people and space.



Growing marijuana isn't the only function of a marijuana company: a client call centre, packaging rooms, a distribution centre and even a cannabis visitor centre now fill the plant. The company has had to expand into another plant nearby. Tweed, a division of Canopy Growth, now employs over 1000 people in Smiths Falls.

## REBUILDING A LOCAL ECONOMY

Canopy Growth's Bruce Linton was committed to the company being a good neighbour. Early in its development, the company committed to hiring and

contracting local to supply every need from architecture to outhouses. As the federal government progressed to legalization of recreational cannabis, growth has continued. Now a core part of Smiths Falls, the company supports the town's arts and culture communities, as well as numerous other local charities.

Smiths Falls' economic development has been transformed by Canopy Growth and this success has shone a light on the town's assets. La Boat – an international luxury houseboat company – recently set up shop in Smiths Falls to take advantage of the beautiful Rideau Canal as a destination for international travellers. Real estate development has sparked, and the value of building permits issued by the town has leapt from \$30 million in 2017 to \$169 million in 2018.

## LESSONS LEARNED

Smiths Falls Mayor Shawn Pankow points to some of the important things that helped the town:

- Even when you have a strategy in place, **when something this big that doesn't quite conform comes along, you go with it.** Smiths Falls didn't actively seek to recruit a cannabis company; Tweed knocked on the door and Smiths Falls opened it wide.
- **Be prepared and ready for investment:** have details about your properties and be organized for the right investor.
- The advantage Smiths Falls had was a building with suitable zoning already in place. Especially if dealing with what could be a controversial business, **consider fitting the use to existing zoning.**
- Have the foresight and courage to go where others may not, **be open-minded to possibilities** and don't be quick to dismiss something that could be considered controversial.

## CONTACT INFORMATION

**Jennifer Miller**  
Manager of Economic  
Development & Tourism  
613-283-4124 ext 1107



For more information, visit [gov.bc.ca/economicdevelopment](http://gov.bc.ca/economicdevelopment)

