



STAFF REPORT ACTION REQUIRED

Transporting Food Products In and Out of Toronto

Date:	September 29, 2016
To:	Economic Development Committee
From:	General Manager, Economic Development and Culture
Wards:	All
Reference Number:	AFS 22361

SUMMARY

This report responds to Agenda item ED13.3 of the June 22, 2016 Economic Development and Culture Committee meeting. Staff were requested to report back to the October 24, 2016 meeting of the Economic Development Committee on Toronto's food industry and the possibility of supporting the formation of a food service association. This motion was a result of a presentation to committee by a food industry stakeholder that was concerned with the transportation challenges that the food industry faces in Toronto.

There are currently over 1 million truckloads of food and consumer packaged goods that move to, from and through the GTA each year (MTO Freight Studies 2006 and 2012). About one quarter of these trucks moving through the GTA neither originate nor end in the GTA but still add to the congestion of the city's roads. Upon further investigation staff have discovered that a number of papers, organizations and work by the provincial government has been undertaken to address the issue of the transportation of food products within the City of Toronto. By supporting the movement of some of these truckloads of food from road to rail transportation, the City will assist its food manufacturers to lower transportation costs, help lower carbon emissions and make roads less congested.

Currently Food and Beverage Ontario (FBO) is the leading association that represents small and medium sized food processors in Ontario. Through consultations with staff the association has agreed to set up a sub-committee to deal with transportation issues and address the logistical challenges that are facing the sector in its desire to lower food transportation costs and expedite delivery to and from the GTA. Therefore there is no need to form a new association to address this issue.

RECOMMENDATIONS

The General Manager of Economic Development and Culture recommends that:

1. City Council direct the General Manager, Economic Development and Culture to support the current effort by the transportation industry and the Ontario Ministry of Agriculture, Food and Rural Affairs to move more food transportation vehicles off the roads of the Greater Toronto Area and on to appropriate rail transportation.
2. City Council direct the General Manager, Economic Development and Culture to work with existing food and beverage associations in Ontario to address the issue of food transportation in the Greater Toronto Area.

Financial Impact

There are no financial implications resulting from the adoption of this report as current Economic Development and Culture staff are dedicated to working with the food and beverage sector in Toronto.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

City Council Decision 2016 ED13.3:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED13.3>

The Economic Development Committee:

Referred the item to the General Manager, Economic Development and Culture with the request that he report back to the October 24, 2016 meeting of the Economic Development Committee on Toronto's food industry and the possibility of supporting the formation of a food services association.

At the June 22, 2016 meeting of the Economic Development and Culture Committee Mr. Bill Wallace, VP of Routes Transport Group provided a presentation on the transportation issues facing the food processing industry in Toronto. Mr. Wallace explained that there was a lack of capital infrastructure for both refrigerated and frozen food products in the GTA and that the cost of moving food products by truck across Canada and into the United States was becoming more expensive and would eventually have a detrimental effect on the growing food processing sector. Mr. Wallace recommended that the City of Toronto support the formation of a Canada Food Services

Association in order to request federal funding to assist with the purchase of refrigerated and frozen containers that were needed to move freight from road transportation to rail transportation. The request was referred back to the General Manager of Economic Development and Culture to look into the issue and report back to the October 24th, 2016 meeting of the Economic Development Committee.

In January 2014, the Environment and Energy Division (EED) convened an interdivisional Urban Freight Working Group comprising of six City of Toronto divisions, Metrolinx and the Toronto Atmospheric Fund (TAF) to begin scoping the activities the City has already implemented with respect to urban freight.

The interdivisional Urban Freight Working Group completed a scan of over 15 separate Council decisions from 2007 to present to understand what work Divisions had already defined for themselves on this topic. The scan shows that the issue of urban goods movement is being addressed by the City in two ways: traffic management (e.g. alleviating on-road vehicle congestion) and facilitating economic activity through the preservation of employment lands and zoning issues. Although the most recent direction from Council is based on concern for air quality as it applies to goods movement, it is the objective of the Working Group that any resulting strategy include consideration for economic impacts as well as health and environmental impacts.

Subsequently, on May 6, 7 and 8, 2014, City Council requested that the Director, Environment and Energy Division, in collaboration with the Chief Planner and Executive Director, City Planning, the General Manager, Transportation Services, the General Manager, Economic Development and Culture and the Medical Officer of Health, to work with external transportation and environmental experts, to co-ordinate exploration of options to improve efficiency and co-ordination of goods delivered by heavy-duty vehicles across Toronto, including an urban freight strategy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.HL30.1>)

COMMENTS

Toronto's food and beverage cluster is of great importance to the region, and along with Chicago, New York and Los Angeles, is one of the largest food and beverage clusters on the continent. In 2011, Toronto's Census Metropolitan Area (CMA) food and beverage cluster had annual sales of about \$17 billion (Ontario Ministry of Agriculture & Food, 2011).

In the Toronto Census Metropolitan Area (CMA), there are 1,149 food and beverage manufacturing establishments employing over 51,000 people (Canadian Business Patterns, Dec. 2013; and Labour Force Survey, 2013).

Small businesses engaged in food and beverage manufacturing continue to account for a larger share of total establishments in the food and beverage sector. In 2013, small businesses with less than 100 employees accounted for 90.2% (1,036) of total food and

beverage establishments compared to 88.4% (880) in 2012 (Canadian Business Patterns, Dec. 2012-2013).

The majority of food and consumer products transported in the Greater Toronto Area are by truck. There are over 1 million truckloads of food and consumer packaged goods that move to, from and through the GTA each year (MTO Freight Studies 2006 and 2012). Approximately 25% of trucks hauling food/consumer packaged goods moving through the GTA neither originate nor end in the GTA but add to the congestion of the city's roads. The elimination of this through-traffic would reduce Green House Gases (GHG) by at least 2 mega tonnes and eliminate 15,000 trucks per week in the GTA (MTO Freight Studies 2006 and 2012). It has also been noted that 70% of Canadian-owned trucks moving from Ontario to the USA and 50% of trucks moving from the U.S. to the GTA return empty (MTO 2006 and 2012).

There are 35 market areas in the USA that could be linked to the GTA by dedicated multimodal service if the service was available on a more regular schedule from Ontario and if these multimodal centres were supported by US Customs, Food and Drug Administration (FDA), and United States Department of Agriculture (USDA) at these rail hubs. This would also greatly reduce border traffic in the Buffalo/Ft. Erie and Windsor/Detroit corridors.

A study undertaken by the Guelph Junction Railway in 2007 showed that a large scale switch to multimodal would not impact the Ontario based trucking job numbers because full loads of food products would still have to be moved from the multimodal centres to the individual client locations but in smaller carriers. Road repairs would be reduced by \$1.25 million per 100,000 trucks reduced. Insurance and accident costs would be reduced by \$1.15 million to \$5 million per 100,000 trucks. All of this would happen while the costs of long haul transportation for our food companies are reduced because rail transportation is much cheaper than road transportation.

Working together to improve food and beverage logistics, within the structure of an existing food and beverage association, would allow the proposed Canadian Food Logistics Committee, to assist with the growth and bottom line of our food and beverage processors and add to the list of reasons to grow, invest and stay in the Toronto region.

Staff have consulted with staff at the Ontario Ministry of Agriculture and Food (OMAFRA) and a number of large food processors in Toronto who provided information on their transportation issues. The main issue seems to be the sharing of information about where trucks and rail lines are going from Toronto carrying food products, primarily refrigerated and frozen items. Some are arriving empty and leaving full and some are arriving full and leaving empty. Both Food and Beverage Ontario (FBO) and Food and Consumer Products of Canada (FCPC), food industry associations,

were contacted and are willing to look at setting up sub-committees to delve more deeply into how shared technology for the industry can alleviate this issue.

Food and Beverage Ontario is the leading association that represents small and medium sized food processors in Ontario. Through consultations with staff the association has agreed to set up a sub-committee to deal with transportation issues and address the logistical challenges that are facing the sector in its desire to lower food transportation costs and expedite delivery to and from the GTA. Therefore there is no need to form a new association to address this issue.

CONTACT

George Spezza, Director
Business Growth Services
Economic Development and Culture
(416) 392-6904
gspezza@toronto.ca

Michael Wolfson, Sector Advisor
Food & Beverage Sector
Economic Development and Culture
(416) 392-3830
mwolfso@toronto.ca

SIGNATURE

Mike Williams, General Manager
Economic Development and Culture