



Planting the Seeds for Economic Growth in Toronto's Food & Beverage Sector

Date: September 26, 2017

To: Economic Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

The report provides an update on Toronto's Food and Beverage sector and activities that have taken place since the last update in January of 2014.

The Economic Development and Culture Division has identified opportunities that strive to strengthen the economic vitality of the Food and Beverage Sector.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. The Economic Development Committee receive this report for information.

FINANCIAL IMPACT

All current activities described in this report are covered by the Economic Development and Culture Division's 2017 Approved Operating Budget. Any requirement for added resources may be addressed in future budget processes.

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

DECISION HISTORY

On January 6th, 2014, a report from the General Manager, Economic Development and Culture on the Initiatives to Strengthen the Food & Beverage Sector (Collaborating for Competitiveness - Implementation Action 7) was presented to Committee.

The report contained two recommendations for City Council adoption; one pertaining to continuing to support the work of the Golden Horseshoe Food and Farming Alliance (GHFFA), and the other authorizing and directing appropriate city staff to continue to work with regional, local and industry partners to implement specific actions, under the Golden Horseshoe Food and Farming Action Plan, 2021

City Council adopted this item on February 19, 2014 without amendments and without debate.

<http://www.toronto.ca/legdocs/mmis/2014/ed/bgrd/backgroundfile-65611.pdf>
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.ED28.2>

COMMENTS

Sector Impact

The Toronto Region possesses all the qualities to support a globally competitive food and beverage cluster. It has a strong urban core, diverse labor pool, connections to nearby rural agricultural lands and an existing base of innovation. The GTA is already home to the largest concentration of food and beverage manufacturers in Canada, and is the second largest food and beverage cluster in North America. Annual food and beverage sales in the Toronto Region exceeded \$21 billion in 2015.ⁱ

The GTA's food and beverage manufacturing sector employs approximately 60,000 people, making it the second largest manufacturing sector in the region next to automotive. There are over 1,000 food and beverage manufacturing companies in the Toronto CMA alone. This fact makes it is a much more diverse manufacturing sector than automotive. In addition, it should be noted that the Food and Beverage Sector has not experienced the same type of economic downturns that the automotive industry has faced, over a significant period of time. In fact, the food and beverage manufacturing sector has seen steady growth, in excess of 5% per annum over the past 5 years.ⁱⁱ

The goal set out in this report is to ensure that the sector has all the elements of a successful cluster including educational institutions, research and development centres, commercialization centres, training facilities, access to raw materials and a continual source of natural resources. Planting and nurturing these seeds will ensure that the food and beverage cluster remains a strong, innovative, economic driver for Toronto's economy for years to come.

Accomplishments and Activities

Food and Beverage Processing Start-up Assistance

This year was the twelfth year for the delivery of the successful 'How to Start a Food Business Seminar' delivered by the City of Toronto's Economic Development and Culture Division. Since this session was developed, more than 4,000 potential food entrepreneurs have attended the seminar. It continues to be a mechanism to help feed clients into the food incubator facility that was originally established in 2007.

The expansion of the pilot project for the Toronto Food Business Incubator (TFBI) began in the spring of 2014 and culminated in the opening of Food Starter in November of 2015 in a former, empty, food production building in North York. Food Starter is the first of its kind in Canada combining four commercial incubator kitchens, seven next stage food accelerator units and a commercial bakery facility to accommodate large scale bakery production. The Food Starter also collaborates with regional community colleges, universities and business centres to deliver entrepreneurial services and training to its clients. The 20,000 sq. ft. facility has been operational for a little over 18 months and in that time has been widely received both domestically and globally as a success. As of June 2017, the Food Starter facility served over 150 clients, assisted with the creation of over 150 new food production jobs, provided over 20 internships for youth wishing to learn about entrepreneurship in the food industry, and finally the facility has contributed to the launch of some 300 new innovative food products in Ontario.ⁱⁱⁱ Food Starter continues to attract both local and international attention for the great work it performs on a daily basis. As of the writing of this report it has hosted incoming delegations from the Netherlands, Sweden, the EU, Denmark, and various visitors from the U.S, and other parts of Canada. Staff will continue to monitor and support the efforts of Food Starter as an integral part of Toronto's food and beverage infrastructure.

In March of this year, a group of stakeholders led by the City of Toronto, the Greenbelt Foundation, Food Starter and the Agri-food Management Institute met in Niagara Falls, Ontario in order to discuss how to best leverage the success of established food incubators and create a network of food facilities across Ontario to assist the growth and establishment of new start up and small scale food producers. This led to the formation of the Incubation, Acceleration and Commercialization Agri-Food Collaborative (IAC). The IAC will lead a strategic approach which will leverage and share the knowledge and experience of facilities like Food Starter in order to grow the food processing sector beyond the Toronto CMA. Provincial and Federal funding will be sought to assist the collaborative, and to extend the reach of facilities like Food Starter to grow the sector across Ontario.

Workforce Development

In an effort to create a pipeline of trained individuals who could support employment needs in the food processing sector, two workforce training programs were developed by the City of Toronto.

The first, 'Entry Level to Food Processing', is a co-operative initiative by the Toronto District School Board (Adult Learning), Toronto Employment and Social Services and

Economic Development and Culture. It was the winner of the City Manager Award in 2012 for Cross Divisional Collaboration. As of the end of 2016, this program had successfully recruited 49 individuals per year, 78% of which completed the program in its entirety. Of those that completed the program approximately 70% found employment immediately.

The second workforce training course developed by the City of Toronto is called 'Youth into Food Processing,' and has run since 2014. It is operated by the Toronto District School Board (TDSB). As of June 2017, more than 130 post-secondary, unemployed graduates have completed the program and there has been a 95% placement success for the participants. Both of these programs have been commended and applauded by local industry, who have benefited by having access to a pool of trained employees with food related skills.

In the spring of 2017, the City put on a breakfast forum called 'Attracting Millennials to the Food and Beverage Sector,' with the assistance of Centennial College, the Toronto Workforce Innovation Group (TWIG) and the Intergovernmental Committee for Economic and Labour force Development (ICE). The forum was attended by over 140 graduating students, 20 food processing companies as well as 30 support stakeholders from various workforce agencies. A report entitled 'Finding the Right Ingredients: Labor Market Considerations for Toronto's Food and Beverage Processing Sector' will be released in the fall of 2017 by TWIG that will highlight specific findings from the dialogue that was created at the Centennial event. In order for the food and beverage sector to have a pipeline of additional workers, it will be critical that both companies and the millennial generation find common ground.

It will also be important, for the survival of the sector in the Toronto region, to promote the food and beverage processing cluster as a viable employment alternative. In 2015, Food and Beverage Ontario, the association that represents SME food manufacturers in Ontario, established a website, Taste Your Future that continues to promote the food and beverage processing sector to youth as a career path. As the sector grows and immigration patterns change in Canada, it will be necessary for the sector to find more technically advanced, highly educated individuals, to replace those workers retiring from front line manufacturing industries. These jobs, with increases expected in minimum wage rates, can provide stable, well-paying career paths for young people.

Marketing and Promotion

The food and beverage processing sector in Toronto is one of the largest by employment in North America and yet one of the best kept secrets. Toronto's rich history with food goes back many years. For instance, peameal bacon was invented in Toronto by the William Davies Company which began exporting the product back to England where its popularity grew to the extent that the company grew and merged into Canada Packers and at one time was the largest producer of pork meat in the world. This is one of the reasons why Toronto gained the name of 'Hogtown'. This and other Foodie Facts about the City of Toronto's food scene will be released in 2017 as part of a larger culinary trail marketing campaign to draw attention to food and beverage in the city. Along with the Foodie Facts a number of other marketing and promotional materials, developed by the City as well as its partners like Tourism Toronto are in the

pipeline to assist, promote and market Toronto as a vibrant, growing and innovative food City that will attract both tourists and investment to Toronto in years to come.

International Trade

Toronto is more recently being discovered as an international food centre around the world. In 2017 alone the City welcomed delegations from Sweden, the Netherlands, Chile, the EU and China. City staff have responded to international investment leads from Italy, the Caribbean, Spain and the Middle East.

In 2016, the City of Toronto and the Ontario Ministry of Agriculture and Food collaborated to host an incoming mission of private label food buyers from SUPERVALU, Minneapolis, Minnesota. SUPERVALU is ranked 14th in the US/Canadian retail listing and operates a complete range of grocery formats and merchandising programs that address the unique preferences of the communities they serve and allows them to satisfy differing regional tastes. The buyers were invited to Toronto to meet with over 25 companies in one-on-one meetings and to tour 3 food processing factories while in Toronto. A number of contracts were signed in the following months and business continues to grow as a result of this mission.

In the spring of 2017, Toronto hosted the SIAL Canada Trade Show. This year's theme was the recently signed CETA trade agreement. A number of European Union countries were invited to the show and staff were pleased to host delegations and media from many of these countries. The Food Starter played host to a media tour of seven EU food reporters from various countries. As well, the Minister of Agriculture and Food for Sweden and a delegation from Food Valley in the Netherlands toured the facility.

Food and Beverage Ecosystem

Education

Toronto has more than 4 accredited community colleges with extensive programs geared to the Food and Beverage sector. In the fall of 2016 Centennial College opened its new School of Hospitality and Culinary Arts. Throughout a total of 353,500 sq. ft., the Culinary Arts Centre features open learning spaces on the ground floor, including five kitchen labs, eight classrooms, a teaching restaurant and café. On the top floor, a conference space and banquet centre with capacity for up to 425 guests that can be served by the kitchen labs throughout the building.

In 2016, George Brown College opened its newly renovated Food Innovation and Research Studio (FIRSt) on 215 King St. East upstairs from the Chef's House restaurant. FIRSt offers industry access to technical resources, state of the art facilities and networking opportunities for small and medium-sized businesses within the GTA food and beverage industry. This studio aims to enable these companies to grow and reach more customers. The facility allows students, faculty and new and established food entrepreneurs to work together to create new innovative food items for the Canadian consumer.

Humber College's Rexdale campus has also completed a recent renovation to its Humber Room restaurant that is operated by its students and faculty. The 120 seat

restaurant offers world class cuisine for a fraction of the cost of eating in a fine dining restaurant. In the summer of 2013 The Humber Room received a \$1.5 million renovation. This new state-of-the-art teaching restaurant is the most modern environment for student learning anywhere in North America.

In addition to the community colleges that have extensive food and beverage curriculum in the City, Toronto has over 20 private education options, such as the Bonnie Gordon College of Confectionary Arts and Liaison College.

Regional Collaboration

The City of Toronto continues to be an active member of the Golden Horseshoe Food and Farming Alliance (GHFFA). The Golden Horseshoe Food and Farming Alliance is comprised of the Niagara Agricultural Policy and Action Committee, the Toronto and Region Conservation Authority, the Friends of the Greenbelt, the Ontario Ministry of Agriculture, Food and Rural Affairs, Vineland Research and Innovation Centre, Holland Marsh Growers' Association, Durham College, Country Heritage Park, Ontario Federation of Agriculture, Ecosource, Food and Beverage Ontario, the Regions of Durham, Halton, Niagara, Peel, York and the Cities of Hamilton and Toronto. Toronto's City Council representative on the GHFFA is currently Councillor Mary Fragedakis. In the past two years the GHFFA has completed a mapping project that has captured all the food and farming assets in the Golden Horseshoe. This includes all the food facilities in the city of Toronto such as: manufacturing facilities, restaurants, farmer's markets, retail food outlets, urban farms, and other food assets. It is updated on a regular basis and uses Toronto Public Health inspection data to populate the site. It has proven to be a good source of data for planning for the retention and expansion of food processing facilities and also indicates gaps or opportunities in the city where future food facilities could be located.

Urban Agriculture

GrowTO: An Urban Agriculture Action Plan for Toronto was adopted by City Council on November 27, 2012 and is the result of over three years of collaborative work by community and institutional stakeholders with participation from various City Divisions and Agencies. The GrowTO Action Plan establishes a framework to help the City of Toronto realize the full potential of urban agriculture. Subsequently, in 2014, the Toronto Agricultural Program was developed and a steering committee led by the Deputy City Manager was established. With the assistance of City Planning, Economic Development and Culture staff have been working to remove barriers for establishing proper zoning in the city to assist companies that wish to develop aquaponic, hydroponic and urban greenhouses in Toronto. These changes are awaiting approval from the Ontario Municipal Board as part of the official plan review.

What's Next

Moving forward in the next two years, staff would like to work proactively with both Toronto Global and World Trade Centre Toronto on export and foreign direct investment opportunities in the food and beverage processing sector. With the recent signing of CETA food and beverage exporting opportunities will increase for Toronto-based

companies. Currently the City is working with Restaurants Canada on a co-working agreement with Host Milano Trade Show in Milan, Italy to share exposure at both trade events, in 2018, for food and beverage producers from both countries.

With the launch of the Food Starter facility, efforts have been made to maximize the use of the facility and programming. Food Starter addresses the need for space and assistance for the food manufacturing sector. In the coming years there will be a need for a food incubator strategy for Toronto that addresses specific sub-sectors of the industry such as meat, dairy and food service. In the plan for the re-development of the North St. Lawrence Market Building, the original drawings incorporated a food service incubator on the second floor of the facility. This space will target individuals who are looking to start restaurant or food retail businesses. The ability to provide both back of the house and front of the house training and business assistance to individuals wishing to start a food service operation will ensure that Toronto's active restaurant scene continues to grow and thrive in years to come.

Providing the proper space to produce food products is essential to the growth of the food sector. Toronto has laid the groundwork for a growing and thriving food sector. It has the elements to attract and retain food businesses and one of the goals in the coming years will be to promote and market these elements both domestically and abroad.

Conclusion

Above all, the food and beverage industry is important to the city of Toronto and surrounding region, due to its effects on environmental sustainability, human health, food security, diverse employment opportunities and economic development.

In March of 2016, the federal government created the Advisory Council on Economic Growth, led by Dominic Barton. In a subsequent article in the Globe and Mail later that year, Mr. Barton said when asked about the various clusters of the economy Canada should be concentrating on in the next number of years: "We're picking one in particular, which is agriculture and food, because it can employ a lot of people, there's a lot of innovation technology around it and huge demand. There's going to be a massive demand for food, for protein, over the next 10 to 20 years. It's also a big employment provider, and we could generate even more employment – and high-skilled employment – because of technology. We're going to have about 2.4 billion new middle-class consumers in the world in the next 15 years, and they want to live and eat like we do. Of that 2.4 billion people, at least 1.8 billion will be in Asia. China, India and Indonesia, those are the big three. Food demand is going to go up by at least 50 to 70% in the next 30 years. The Canadian brand on food is good – we're well positioned. I'm very excited by that opportunity."^{iv}

From farm to table, all aspects of the agri-food sector are interconnected. Farmers rely on food processors to develop top quality, value-added products and food processors rely on farmers to produce a robust domestic supply of products grown and raised in Ontario. An astounding 70% of Ontario's agricultural production is fed into Ontario's food processing industry. More than 50% of all food processing done in the Province is done in the Toronto CMA. In 2015, the sector contributed \$36.4 billion in GDP to the

provincial economy, representing 5.9% of total Ontario GDP in 2015. Ontario food and beverage manufacturing industries represent over 15 percent of the GDP contributed by manufacturing industries in the province.^v The Toronto region now can boast a great many programs, facilities, workers, creative forces and natural resources to make this area a food and beverage powerhouse for years to come.

In 2014, the New York Times wrote an article entitled 'Toronto's Ethnic Buffet', which showcased the many culinary districts throughout the City. In March 2017, Vogue magazine wrote an article entitled '11 Reasons Foodies Should Be Flocking to Toronto.' The City has planted the seeds and soughed them carefully over the past 15 years to make Toronto the food and beverage envy of the world.

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SIGNATURE

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ATTACHMENTS

ⁱ Statistics Canada. Labour Force Survey (database). Beyond 20/20.

ⁱⁱ Statistics Canada, Canadian Business Patterns, December 2016, Custom Tabulation; Toronto Workforce Innovation Group.

ⁱⁱⁱ Executive Director Report to Board of Food Starter, July 2017

^{iv} Globe and Mail Dec. 7, 2016 Canada's next big economic pitch: to feed a hungry world. Mary Gooderham

^v TWIG Report 'Finding the Right Ingredients: Labor Market Considerations for Toronto's Food and Beverage Processing Sector' September 2017