



REPORT FOR ACTION

Collaborating to Enhance Pathways to Innovation and Growth in Toronto's Food and Beverage Manufacturing Sector

Date: February 20, 2020

To: Economic and Community Development Committee

From: General Manager, Economic Development and Culture

Wards: All

SUMMARY

This report provides an update on the City's support for Toronto's food and beverage sector. Over 60,000 people are employed in the food and beverage manufacturing sector in the Greater Toronto Area, and there are more than 2,000 food and beverage manufacturing companies in the Toronto CMA and over 1,000 in Toronto alone (Source: Statistics Canada).

In consultation with industry partners, City staff commissioned an outside consultant, through a competitive Request for Quotations (RFQ) process, to develop a road map to support the growth of the sector over the next 10 years (see Attachment 1). Three key action items in this road map are:

1. the creation of an inter-divisional working group to strengthen the economic vitality of the sector;
2. the formation of an industry advisory group made up of food and beverage manufacturing stakeholders; and
3. the development of a sub-committee of the Golden Horseshoe Food and Farming Alliance that will deal wholly with food and beverage manufacturing issues faced in the Golden Horseshoe.

Over the next number of years, staff from Economic Development and Culture will be working with industry stakeholders to move these action items forward. The General Manager, Economic Development and Culture, will assist with convening an inter-divisional working group to develop a coordinated approach to addressing issues facing the sector, such as odour complaints from nearby constituents, zoning applications for urban vertical farms, noise mitigation issues, and hydro and water related shutdowns due to maintenance repairs, among others. These are examples of priority issues shared with staff at stakeholder consultation meetings in 2019 that could be addressed

through the collaborative efforts of City divisions.

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that

1. The Economic and Community Development Committee direct the General Manager, Economic Development and Culture, to report to the Committee in the third quarter of 2021 with an update on the progress of the inter-divisional working group in support of the food and beverage sector.

FINANCIAL IMPACT

All current activities described in this report are included in the Economic Development and Culture Division's 2020 Approved Operating Budget. Any requirement for added resources may be addressed in future budget processes subject to the outcome of the report to the Economic and Community Development Committee in the third quarter of 2021.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In October 2017, the Economic Development Committee received a report on activities undertaken by the City to support the food and beverage manufacturing sector. The report also laid out a roadmap for the coming years that would see the sector continue to grow with an emphasis on new business development and FDI and Export market development. Work with both Toronto Global and World Trade Centre Toronto continues as the division provides food sector expertise when requested by both entities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.ED24.4>

In February 2019, City Council requested the Province to revise Proposed Amendment 1 to the Growth Plan, 2017, to recognize the Ontario Food Terminal (OFT) as a Provincially Significant Employment Zone (PSEZ), which plays a pivotal role in the provincial agri-food network. This decision contributed to the OFT being included in the list of PSEZ following work by other stakeholders.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH2.4>

COMMENTS

Sector Impact

The food and beverage manufacturing sector has been in transition over the past 15 years and continues to evolve. Today food and beverage manufacturing is an urban centric industry rather than a rural manufacturing industry. Municipal governments have the most interaction of all levels of government with food and beverage manufacturers on a daily basis. Approximately fifty percent of all food and beverage manufacturers in the province can be found in the Greater Toronto Area (source: Statistics Canada). There has been a movement from larger processing firms towards smaller ones over the past decade, a movement that reflects changing consumer tastes towards locally produced fresh foods, and a desire for a broader diversity of cultural and artisan foods.

The GTA food and beverage cluster is also home to the largest concentration of food and beverage manufacturers in Canada, and is the second largest food and beverage cluster in North America. According to Toronto Global, annual food and beverage sales in the Toronto region exceeded \$21 billion in 2016. An industry analysis by the Toronto Workforce Innovation Group (TWIG) found that in 2018, Ontario employed about 36.7% of Canada's workforce in food, beverage and tobacco product manufacturing. The majority of this located in the Toronto region. More than 50% of all food processing done in the province is done in the Toronto CMA (source: WCM Consulting). Ontario's food and beverage processing industry is primarily directed toward the domestic market. Nonetheless, export growth is strong, having increased by 54% since 2013, reaching close to \$12 billion in 2019 (source: Statistics Canada). TWIG also noted that the number of food processing businesses in the city has increased by approximately 20% over the past 10 years. WCM Consulting found that the food and beverage manufacturing sector in Canada has seen steady growth, in excess of 5% per annum over the past 5 years.

Continued support for the sector is necessary to ensure that it 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.

2018/19 Accomplishments and Key Activities

Supporting New Food & Beverage Start-ups in Toronto

To support the sector and its ongoing growth, in 2015 the City of Toronto worked with industry stakeholders to re-establish a not-for-profit food incubator pilot program and 20,000 sq. ft. facility, formerly known as the Toronto Food Business Incubator (TFBI), but re-named Food Starter in 2017. Food Starter was one of Canada's only food incubators and focused on helping food entrepreneurs commercialize products and scale their businesses in Toronto. The organization was run by a volunteer Board of Directors and not an agency of the City and received operational and capital support from the City of Toronto. In early 2019, in order to find a stable and more sustainable

financial model for the food incubator, Food Starter's Board of Directors issued an RFP to take over operations of the facility and programming. The Board of Food Starter in consultation with City staff chose District Ventures as the winning proponent. District Ventures, headed by Arlene Dickinson, is a Calgary-based consumer packaged goods (CPG) accelerator program that provides training, advisory support and capital investment to CPG companies. Food Starter has since been named District Ventures Kitchen. The official announcement and opening event took place on November 4th, 2019, and was attended by the Mayor, Deputy Mayor Thompson, Arlene Dickinson (CEO, District Ventures), and the Greenbelt Foundation, who contributed to the financial transition of the Food Starter facility over to District Ventures Kitchen, and a number of other invited guests.

SIAL Canada Toronto Start-up Pavilion

In April 2019, the City of Toronto hosted 16 innovative food and beverage start-up businesses in its sponsored pavilion at the SIAL Canada trade show at the Direct Energy Centre, Exhibition Place. Four of the businesses were recommended by the Latin American Bilateral Trade Initiative organization, which featured local Latin American food producers. 25,000 professional industry delegates visited the show. Over the three day trade event the exhibitors met with buyers from all over Canada, the U.S. and Europe. A number of business transactions were developed as a result of businesses showcasing their products in the City's Pavilion during the show and clients expressed their gratitude for being allowed to participate in the pavilion. Five of the top ten food and beverage innovators at the show were graduates of the City's food incubator program and the Gold Medal winner for Innovation was Unbun Ltd., a Food Starter graduate.

Workforce Development

In October 2018, the Economic Development and Culture Division (EDC) along with Toronto Employment and Social Services (TESS), Toronto Workforce Innovation Group (TWIG) and the Intergovernmental Committee on Economic and Labour Force Development (ICE) produced a one-day conference and Career Awareness Event in Etobicoke for stakeholders in the food and beverage industry. Over 120 individuals attended the conference. A commissioned report entitled, [Finding the Right Ingredients](#), was presented at the conference and the report made the following recommendations for actions that would support workforce development within the industry:

- Raise awareness about the sector and its employment opportunities
- Increase employers' awareness of sector-related education and training and existing community services
- Prepare potential employees for the realities of the work environment. Some jobs have physical demands, many are repetitive and some require shift work.
- Better align education to industry needs.
- Help bridge the gap between job seeker and successful employee.
- Recognize and address systemic obstacles to improved recruitment and retention.
- Establish an intermediary role to aid in recruiting and screening job seekers and supporting new hires. A role could be established that works to connect qualified and willing job seekers with industry's demand for workers

Supporting the Ontario Food Terminal (OFT)

In January 2019, the province made a series of announcements about the future of the Ontario Food Terminal, a critically important asset in the City's food value chain. The Minister of Agriculture, Food and Rural Affairs discussed redevelopment of the OFT site and questioned whether the Terminal was up to date and capable of handling food requirements for a rapidly growing region. The OFT was also originally left off a list of 'provincially significant' employment areas. City of Toronto staff along with Terminal staff, Toronto Region Board of Trade and the Golden Horseshoe Food and Farming Alliance (GHFFA) convened a meeting to deal with this announcement. This led to a decision for the GHFFA to retain the Canadian Urban Institute (CUI), with funding support from the City, to update a 2004 CUI report on the Terminal and do an economic impact study on the importance of the food terminal to Toronto and Ontario. This report, entitled [The Ontario Food Terminal: A Priceless Hub in Ontario's Food Value Chain](#), found that more than 100,000 jobs are generated through the actions and activities of the Ontario Food Terminal.

Recognizing the economic and community significance of the Ontario Food Terminal, City Council also made the decision to request that the Province list the OFT as a Provincially Significant Employment Zone (PSEZ). Because of the feedback from the OFT supporters including Council, the functions of the terminal have now been recognized as a PSEZ and protected for future generations to get their fresh produce from the 33-acre pivotal location that falls under the shadows of the high rises that surround it. As the largest wholesale product market in Canada, it is something truly to be valued and protected.

Senate Committee Deputation by City of Toronto Staff

The Standing Senate Committee on Agriculture and Forestry conducted a study beginning in March 2018 to identify the challenges the value-added agri-food sector still needs to overcome in order to grow and expand into global markets. Michael Wolfson, Sector Development Officer for Food and Beverage with the Economic Development and Culture Division, deputed to the Committee on April 4, 2019. In the deputation he stated that "building and supporting a network of commercialization centres across Canada that can assist innovative, emerging and growing food businesses and enhance the reputation of Canadian food and beverage products worldwide will go a long way to making the value-added food sector in Canada more competitive in global markets. To further close the export gap between primary and value-added foods and to take advantage of international appetite for Canadian products, financial investment must be made to encourage and foster innovation, which could include developing new products, investing in new infrastructure, new packaging and marketing approaches, and more efficient means of production. The federal government should create an environment that allows products greater access to international markets, that supports innovation, research, and development, and that breaks down barriers to growth within our borders."

The Standing Senate Committee's report, [Made in Canada, Growing Canada's Value Added Food Sector](#), was published in July 2019.

Food & Beverage Sector Road Map 2020-2030

Toronto's food and beverage cluster is one of the largest food and beverage clusters on the continent and is a critical driver in manufacturing jobs in the city. The sector is also experiencing rapid growth, and it is imperative that this opportunity be nurtured for Toronto to benefit from this growth. Food and beverage manufacturing provides various levels of employment and required skill sets including entry level jobs for many new immigrants arriving in Toronto.

The last Food and Beverage Sector Strategy was completed in 2010, and several of its recommendations have now been realised, including the creation of a food incubator, implementation of workforce development programs for the sector, and continuing servicing of growing food and beverage manufacturing clients in Toronto. With its presence across Toronto's employment areas, and with a specific concentration in employment areas within Toronto's suburbs, driving economic development growth within this sector is essential to improving opportunities for those located outside of the downtown core. There is also lots of potential to support newcomers through the industry, as they often can become employees within the sector and are increasingly driving new businesses and products within the industry.

In late 2018, the City of Toronto engaged WCM Consulting, through a RFQ process, to take the pulse of the food and beverage manufacturing sector in Toronto and look forward at the next 10 years: how the sector is anticipated to grow and change over that period of time and what challenges and opportunities it will face. The focus was on those issues that the City of Toronto, within its various divisions, can directly address to support food and beverage businesses within the City. The report entitled *Toronto Food and Beverage Sector Road Map 2020-2030: Collaborating to Enhance Pathways to Innovation and Growth* (included as Attachment 1 to this report) has as its primary recommendation that EDC needs to establish an inter-divisional working group within the City of Toronto that meets on a regular basis to discuss and deal with issues faced by the sector. Examples of such issues include noise and odour mitigation, residential encroachment, labour force training, among others. EDC is convening this group, which will seek representation from various internal city divisions. This approach has been tried in the past with the Toronto Cask Force and has achieved great success for that sub-sector of the food and beverage industry. The opportunity now is to expand that success for the entire sector.

The report also recommends that the industry and industry stakeholders work together to develop an organized advisory group, designed to stimulate sector growth by working together, sharing expertise, networking and collaborating to create a single unified voice for the Toronto Food and Beverage Sector. Finally, the report recommended that a subcommittee be created within the Golden Horseshoe Food and Farming Alliance (GHFFA) that can focus on the regional promotion and growth of the food and beverage sector within the Greater Golden Horseshoe and specifically explore an International Food Processing Innovation and Commercialization Centre concept.

The over-arching conclusion of the refreshed 2020-2030 Food and Beverage Sector Road Map is that no single stakeholder in the sector can alone ensure that this vital sector thrives and achieves its full potential. Industry, academia and government must

act cohesively, each playing their part, to create a forward-thinking and nurturing environment for this sector to grow and continue to expand. Setting up an inter-divisional working group to deal with issues relating to the growth and sustainability of the food and beverage manufacturing sector will proactively contribute to the success of this sector.

What's Next

The development of this refreshed 2020-2030 Food and Beverage Sector Road Map focused on growing the overall sector from start-up to international expansion as well as on identifying how the industry can be leveraged to increase economic opportunities in Toronto's suburban communities. Over the next two years, staff will work to continue to expand the reach of Toronto's food and beverage reputation by working with both Toronto Global, the region's foreign direct investment attraction agency, to attract further investment, and the World Trade Centre Toronto on growing the exports of Toronto food and beverage companies. With the recent signing of USMCA agreement and CETA agreement, food and beverage exporting opportunities will continue to increase for Toronto-based companies. Currently the City is working with SIAL Canada on a pavilion at their 2020 trade show in Montreal, Quebec to highlight innovative, small scale food processors from Toronto. This show is part of the larger SIAL international conglomerate of food manufacturing shows that are held worldwide and attract international buyers from both the retail and food service sectors.

With the successful transfer of the Food Starter facility this past spring to District Ventures Kitchen, work is continuing to assist start-up and small scale food businesses to innovate, begin and grow their operations in Toronto. With a focus on incubation, acceleration and commercialization in the food, beverage and health sector, District Ventures will continue the great work started by the Food Starter project. In the coming years, there will be a pilot project designed and developed to assist start-up food service entrepreneurs begin new concepts for cafés, restaurants and food trucks. This will add to the reputation Toronto is building as a world class food centre. 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

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. The food and beverage manufacturing sector reflects the diversity of the population of Toronto, and provides a wide range of opportunities for residents across the city. Positions in the food and beverage processing sector are varied and range from workers in front line positions to higher-level management positions, in areas as diverse as production, human resources, and research and product development. As we move into a new decade in Toronto, it is critical to commit to growing this vital manufacturing sector so that a

commodity as precious as food will continue to be a driving force for employment and innovation in our city, province and country.

CONTACT

Michael Wolfson, Sector Development Officer, Food and Beverage, Economic Development and Culture, 416-392-3830, Michael.Wolfson@toronto.ca

SIGNATURE

Mike Williams
General Manager, Economic Development and Culture

ATTACHMENTS

Attachment 1 - Toronto Food and Beverage Sector Road Map 2020-2030: Collaborating to Enhance Pathways to Innovation and Growth