

The Ontario Food Terminal:

A Priceless Hub in Ontario's Food Value Chain

Prepared by the Canadian Urban Institute for the Golden Horseshoe Food and Farming Alliance, with additional financial support from the City of Toronto.



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EXECUTIVE SUMMARY

This report provides an overview of the Ontario Food Terminal, its role in providing Ontario-grown and other fresh produce and horticultural products to the GGH market, as well as an analysis of its locational importance.

In January 2019, the Ontario government commissioned the accounting firm MNP LLP to carry out a comprehensive review of the operations of the Ontario Food Terminal (OFT). The Minister of Ontario Ministry of Agriculture, Food and Rural Affairs (OMFRA) also made a number of statements that led stakeholders to believe that the Terminal might be closed, relocated or re-created in some form, elsewhere in the region.

The government's comments and decision to review the Terminal's operations cast doubt on the future of the Terminal, which prompted strong statements of concern from organizations such as the Toronto Wholesale Producers, the Canadian Association of Independent Grocers, the City of Toronto and a wide variety of other stakeholders.

In early June, one of those stakeholders, the Golden Horseshoe Food and Farming Alliance (GHFFA), commissioned the Canadian Urban Institute (CUI) to update a 2004 CUI report that had identified the OFT as a 'unique asset in the central Ontario economy,' with the goal of adding a qualitative dimension to the debate about the role of the OFT. The City of Toronto, as the host municipality for the Terminal with specific economic development and land use concerns, also provided funds for the update.

In July, in response to strong, broad-based support from organizations and individuals committed to the future of the OFT, the government announced that the Terminal will stay in its current location. Shortly after that announcement, the Minister tweeted that the government is also proposing to identify the OFT site as a 'provincially significant employment zone,' a step intended to provide an additional layer of 'protection' for the viability of the facility.

After these announcements had seemingly provided certainty over the future of the OFT, a key rationale to continue updating the 2004 study is to document the many positive improvements that have taken place over the past 15 years. The current study also represents an opportunity to examine how the Terminal has responded to influential trends in the market place, as well as evolving directions in public policy affecting the Terminal.

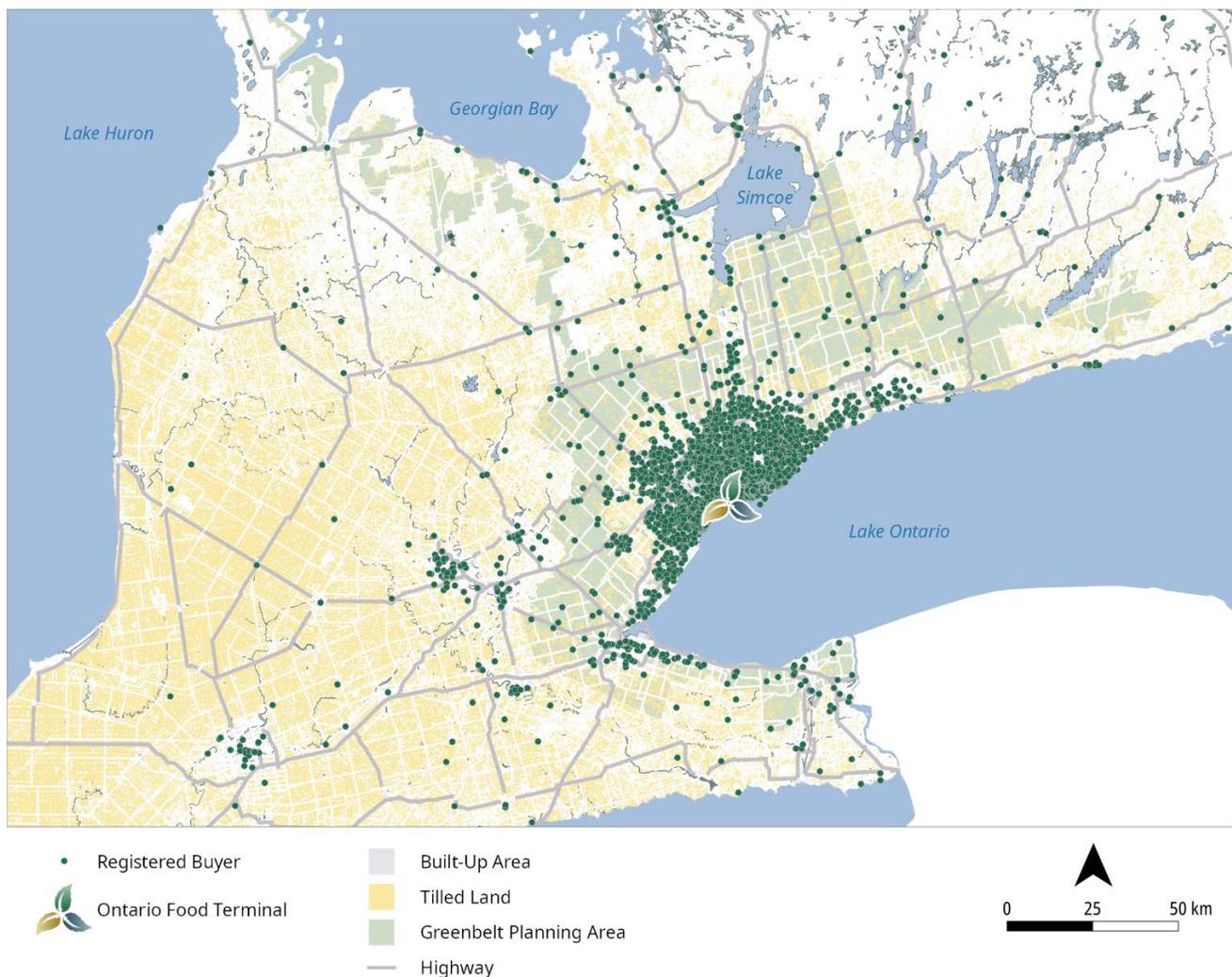
Following a review of internal OFT documents, interviews with the Terminal's principal users and analysis of government and industry reports, we believe that the OFT Board has successfully established and sustained the role of the Terminal as an important contributor to Ontario's food value chain.

The Ontario Food Terminal as a Competitive Force

As the only wholesale produce market of its kind in Canada, and one of the four largest in North America, the OFT Board has grown the annual throughput of fruits, vegetables and horticultural products to more than 2 billion pounds, 35%-40% of which represents produce grown in Ontario.

In the face of constant buffeting from competitive forces such as the continued expansion of the major grocery store chains and negative economic trends such as rising land costs and redevelopment pressures affecting the viability of Ontario farmers, the OFT provides an essential outlet for more than 1,500 Ontario growers. True to the aims set out in the 1946 Ontario Food Terminal Act, the OFT is a central, well-located facility where farmers and wholesalers interact with more than 5,000 registered buyers.

Figure 1 - Locations of registered buyers situated around the Ontario Food Terminal.



Individual jobbers and buyers employed by businesses represent the food processing sector, restaurants, food service companies and, significantly, 1,600 small and medium-sized grocery stores located on the shopping streets of Toronto neighbourhoods, as well as suburban and rural communities in the Golden Horseshoe and beyond. Produce distributed through the Terminal reaches Northern Ontario, Western and Atlantic Canada and even some of adjacent U.S. states.

The Ontario Food Terminal is unique among North American wholesale produce markets in that it provides dedicated facilities for local growers (the Farmers' Market) as well as the more traditional focus on wholesalers who maintain a vast network of both business contacts across the region and suppliers from around the globe. The basic outline of the physical plant is much the same as it was when the Terminal opened in 1954, but over the past 15 years in particular, following the inclusion of industry experts to the OFT Board, a continuous improvement program has been in place, resulting in capital investments of more than \$47M. Most of these capital investments (with one minor exception) have been paid for from user fees.

The changes with the most obvious impacts are dramatic improvements to internal traffic circulation through construction of a 'ring road' and new points of access and egress, and upgrades to the quality and capacity of cold storage and weather-protected docks in the Buyers' Court that have improved climate control and energy performance. Also, with financial support in 2001 from OMAFRA, the Terminal introduced the first programs linked to food safety.

The OFT Board comprises a chair appointed by OMAFRA and five other experienced industry experts. Under the direction of three senior staff, the Terminal has more than 40 full and part-time employees.

Counting workers employed by tenants and other users, about 2,000-2,500 people work at the Terminal. The extended ecosystem of companies directly and indirectly engaged with the Terminal likely employs more than 100,000-150,000 workers, many of whom are new Canadians and participants in the Seasonal Agricultural Workers Program and the Temporary Foreign Workers Program, who benefit from the opportunity for well-paid, predictable employment.

The OFT has responded to the impact of high-level trends and evolving public policy

Two key trends influencing the trajectory of the Terminal are a radical change in consumer eating habits that have simultaneously led to increased reliance on imported fruits and vegetables year-round and a commitment to supporting locally grown food through programs such as 'Buy Local.'

The former trend began with major chain stores that initially brought in large quantities of U.S. produce; the latter trend has been influenced by an aging demographic and Millennials interested in, and willing to pay for, access to the nutritional value associated with fresh fruit and vegetables. Immigration from around the world has also influenced Ontarian's fruit and vegetable preferences, with demand for more ethnocultural produce available year-round.

In response to this trend and an on-going commitment to support Ontario growers, the OFT has developed ambitious plans to construct a new facility to supplement the activities of the Farmers' Market. As a result of fruit and vegetable farms growing larger (through acquisition of adjacent farms), the OFT Board believes there is demand for accommodating growers wishing to bring in higher volumes and a greater range of varieties of produce. There is a cost to providing the level of facility that this requires, but at the same time the OFT Board, which is entirely dependent on user fees to cover capital and operating costs, must continue to meet the needs of Ontario growers who prefer to achieve their sales goals without increasing costs.

Over the past few decades, the OFT has had to respond to several shifts in public policy, the most significant of which is the increasing focus on food safety. This has required the need to develop and implement complex tracking systems that allow government (and private industry) to more easily identify sources of food contamination in the event of an outbreak of foodborne disease. The Terminal was one of the first wholesale produce markets in North America to embrace tracking systems, but there are major challenges ahead. The continuing trend has implications for the internal systems of the Terminal as well as the external linkages that extend throughout the Golden Horseshoe and beyond.

One of the key challenges facing the OFT Board is how to collaborate with their principal users to afford the move from an analog world to a more digital environment. This will require keeping up with industry trends led by the major chains (concerned with the importance of protecting their brands in the face of fierce competition) while at the same time paying attention to the practical limitations of introducing new technologies. All these actions must also remain consistent with the Board's commitment to addressing climate change, including, but not limited to, operational upgrades to reduce the Terminal's carbon footprint.

Key Findings.

Although concerns related to government pronouncements concerning the future of the Ontario Food Terminal (OFT) have been allayed to some extent, some of the points raised by Minister Hardeman¹ in his criticisms of the Terminal are beyond the scope of this report and cannot be answered unequivocally. From the perspective of affected stakeholders and supporters of the Terminal, the Minister's announcement that the OFT will remain in its current location is clearly good news. The stakeholder list is extensive.

In addition to the businesses located at the Terminal, the list of interested parties ranges from hundreds of Ontario growers who depend on the Terminal as a trusted outlet for selling their locally-grown fruit, vegetables and horticultural products to the many independent grocery stores in the Golden Horseshoe, particularly more than 1,600 green grocers serving Torontonians on shopping streets throughout the City.

Other stakeholders and supporters relieved by the government's decision to allow the Terminal to stay where it is include the principal client for this report, the Golden Horseshoe Food and Farming Alliance as well as the Ontario Produce Marketing Association, Ontario Fruit and Vegetable Growers Association and others producer associations. Other supporters include City of Toronto staff and politicians who understand the importance of the Terminal's role as a major employer and economic generator, and, less directly, an entity that contributes to the health and well-being of the population, including less fortunate Torontonians who rely on surplus produce from the Terminal through the City's food banks.

This report makes several references to the unique "stock exchange" role of the Terminal, which results in the distribution of an estimated additional 1B pounds of produce over and above the produce shipped through the OFT via off-site facilities owned by the Terminal's Warehouse Tenants. It isn't possible to know how far this model can be expanded into the future, but Terminal users interviewed appear confident that government concerns about the Terminal's ability to service the needs of the growing population of the Golden Horseshoe are unfounded. The MNP study commissioned by the government may well have more to say on this matter, including the viability of establishing OFT "sub-terminals" in places like Guelph/Wellington County, which was recently awarded \$10M from the federal government through the Smart Cities Challenge fund². The Guelph/Wellington County submission addresses many of the same issues already identified by the OFT Board as key challenges related to technological innovation and environmental sustainability to be faced in the years ahead.

This report also identifies trends beyond the direct control of the OFT that merit careful tracking such as local and regional traffic congestion, pressures from incompatible development and the future viability of Ontario growers in the Golden Horseshoe. Other key issues such as keeping the Terminal's operating expenses in check, collaborating with industry and Terminal users to accelerate the pace of technological innovation are addressed in the recommendations that follow. Key among these is the challenge of how to achieve the stated goal of the OFT Board to expand and enhance facilities serving the Farmers' Market while balancing the interests of all parties engaged in the enterprise.

¹ <https://www.thestar.com/business/2019/04/23/the-ford-government-is-reviewing-canadas-3-billion-food-terminal-and-independent-grocers-are-worried.html>

² <https://guelph.ca/2019/05/guelph-wellington-awarded-smart-cities-challenge-prize/>

The Ontario Food Terminal enjoys broad support and well-deserved international recognition as a leader in the field. As suggested below, however, a potentially important source of inspiration is to explore in more detail lessons to be learned (positive and negative) from other wholesale produce markets. This report has only scratched the surface in this regard.

Finally, this report has noted a great many important capital investment and operational improvements made since our first report in 2004. This a credit to the OFT Board and staff, which bodes well for the future, but there is clearly more to be done as the Terminal strives to retain its place in the food value chain.



The Ontario Food Terminal in 2018

The recommendations are focused on our analysis of the OFT Board's needs but will require support from a variety of stakeholders.

This report describes in some detail the critical role played by the Terminal in supporting Ontario's complex economic ecosystem focused on the food value chain. A key element of this value chain is the growing importance of food safety and the burgeoning level of interest in developing both the capacity of businesses to implement new processes and the potential for introducing innovations such as advanced logistics solutions into the system. Ontario's approach may be unique in that the government vision for food combines food safety, nutrition/public health and the many business linkages between these factors to economic development and the environment, including the need to protect the viability of growers responsible for producing fruit, vegetables and horticultural products.

The purpose of this recommendation is to provide additional impetus to this approach and to complement the working relationship between the OFT Board and OMAFRA.

- **We recommend that the government consider assigning representatives from the Ontario Ministry of Economic Development and Growth, and the Ontario Ministry of the Environment, Conservation and Parks, to provide advice and support to the Terminal with respect to documenting and enhancing business linkages emanating from the OFT as and when requested by the Board.**
- **We further recommend that officials from OMAFRA and Economic Development & Growth provide direct support to the OFT Board to advance their stated commitment to enhance the digital quality and effectiveness of their food safety and logistics tracking.**

This action would be informed by the work of Hunts Point, Philadelphia, Chicago and San Francisco wholesale markets, and would entail working with affected stakeholders such as the Ontario Fruit and Vegetable Growers Association, the Canadian Produce Marketing Association and others engaged in the industry-led Produce Traceability Initiative (PTI). As noted in 4.0, other major wholesale markets in North America are embracing digital innovation, motivated by a desire to achieve cost efficiencies but also to reduce their carbon footprint through web-based load optimization and other actions to reduce kilometres travelled.

The OFT Board's commitment to continuous capital investments to improve the efficiency of the Terminal has accelerated since 2005, with inclusion of industry experts to the Board. With one minor exception, the cost of improvements undertaken at the Terminal has always been covered by revenues generated from the OFT's nine cost centres.

As provided for in its business plan and consistent with its long-term commitment to promote the interests of Ontario growers, the OFT Board has developed a proposal to create a new building at the westerly end of the Terminal to accommodate a revamped Farmers' Market. The building

would include provisions for growers wishing to expand their capacity to bring in larger quantities of locally grown produce and to conduct sales in a climate-controlled facility comparable in quality to the Buyers' Court. The OFT Board has also expressed its desire to add a number of 'value-added' systems and services. These could range from establishing a platform from which to implement state-of-the-art practices for post-harvest handling and innovations in logistics and food safety to the provision of education and training facilities related to community outreach. Achieving this vision while effectively balancing the needs of larger growers with the continuing desire of others to maintain the status quo will require capital contributions in dollars and in-kind from a variety of external organizations.

- **Recognizing the economic constraints of the OFT Board in needing to recover the capital cost of expansion plans from user fees, we recommend that the OFT Board consider designing the architectural program for the proposed new building to meet City of Toronto criteria for the IMIT program (Imagination, Manufacturing, Innovation and Technology).**

The program provides incentives for companies located in the City of Toronto to reduce business costs. If successful, the OFT's new building would benefit from a grant of 60 per cent of the increase in the municipal taxes attributable to the eligible development over a 10-year period. In the event that the site is found to be contaminated, the Brownfield Remediation Tax Assistance (BRTA) incentive would increase the value of the grant to 77 per cent.

As a not-for-profit Board Governed Provincial Agency, the Terminal is exempt from paying income taxes. The Board is nevertheless responsible for paying property and business taxes, which in 2018 amounted to approximately \$800,000. Other notable expenses include hydro fees.

- **We recommend that the Board consider exploring opportunities with the City of Toronto and the Municipal Provincial Assessment Corporation to reduce the Board's annual property tax burden in order to reduce operating expenses, and with other provincial agencies as appropriate.**

The opportunity to extend the OFT's ability to embrace digital technologies in all areas of the Terminal's operations, from enhancing produce traceability across supply chains to introducing cost-effective payment and logistics planning, the pace of change has never been as strong.

- **To ensure that the proposed new Farmers' Market building is equipped to include services and systems to help the OFT deliver on its mission, we recommend that consideration be given to exploring Ontario and Federal grants and interest-free loan programs in order to enhance the financial feasibility of proceeding with the proposed new building.**

These programs could include OMAFRA's Place to Grow Agri-Food innovation initiative, focused on supporting producer protection and assurance, economic development and environmental stewardship. This is a cost-share funding program for farmers, processors and other businesses designed to "encourage interest from outside the agri-food sector to participate on broad-impact projects that will benefit from different kinds of expertise" and "new partners engaged to further drive

innovation in areas such as advanced manufacturing and the greater use of data available to the sector.” This fund could help cover the cost of accommodating a post-secondary educational facility (such as an external campus of the School of Applied Technology and/or Food and Nutrition Management program at Humber College). Ontario also provides funding for projects that create broader opportunities for the agri-food sector through the Grassroots Growth Program. Another program worth exploring is the Canadian Agriculture Partnership, which is federal-provincial initiative dedicated to fostering economic growth in the sector. As well, Fed-Dev Ontario was created by the federal government to foster “innovation, technology adoption and digital connectivity.” The new Farmers’ Market facility could be positioned to take advantage of these and other funding programs to minimize the capital outlay necessary.

The Minister of OMAFRA recently indicated that the government intends to identify the site of the Ontario Food Terminal as a ‘provincially significant employment zone (PSEZ).’ The City of Toronto is on record noting that a drawback to the PSEZ concept is that this creates a two-tiered approach to the protection of employment areas. The City nevertheless requested that the province amend its proposed list of PSEZs to include the site of the Ontario Food Terminal.

- **Since the province has indicated its intention to identify the OFT site as a PSEZ, we recommend that the City undertake to create an official plan amendment in advance of the current process to develop a new official plan.**

This would a) acknowledge the province’s decision to identify the OFT site as a PSEZ and b) specifically designate in policy language the role and functions of the Terminal to supplement the province’s broad criteria for identifying PSEZs and to ensure that these broad criteria continue to be interpreted to the future benefit of the OFT.

Further, this official plan amendment should also identify terms and conditions consistent with the provincial criteria for PSEZs with respect to mitigating the impact or encroachment of land uses that have the potential to impede the ability of the OFT to continue to thrive.

In this regard it is worth noting that the City is expected to come forward with recommendations related to redevelopment of the former Mr Christie’s site. These recommendations are expected to result in the re-designation of the Mr Christie’s site as a “regeneration” area. This will necessitate the upgrading of the Mr Christie’s site regarding exits and entrances along the length of Park Lawn from the Mr Christie’s site north as far as and including the OFT. It is important that the opportunity be taken to identify conditions in the form of capital contributions resulting from this redevelopment which could assist the OFT to upgrade and/or transform the retaining wall supporting the parking deck to the Farmers’ Market and access points on Park Lawn in expectation that a new building be created abutting this frontage.

Thanks to on-going efforts of consumer groups, municipal and public health departments, OMAFRA and others, interest in promoting the benefits of consuming locally grown produce continues to grow. Despite this, however, few members of the public question where fresh produce actually comes from. Even those who do make the connection with the role of local farmers often have no clue how fruit and vegetables labelled ‘Ontario produce’ gets to their main street grocery store.

Ironically, one of the first meaningful commitments to ‘Buy Local’ took place long before the catch phrase gained its recent popularity. This occurred when the Ontario Food Terminal’s Farmers’ Market was established in 1951. Although this and other facts about the Terminal may be appreciated within the network of businesses that comprise the food value chain connected to the Ontario Food Terminal, the important work of the Terminal is still largely unknown. This is a problem.

When a key institution’s story is muddled by myth and misconceptions, this undermines trust, and in practical terms, makes the job of the Ontario Food Terminal Board to protect the interests of the Terminal that much harder.

For example, few outside the Terminal’s immediate network realize that many ‘farmers’ markets’ around the province are actually re-selling produce purchased from the OFT. Another point poorly understood is that in addition to their role as importers of produce from the U.S. and many other locations around the world, the Terminal’s Warehouse Tenants also distribute fruit and vegetables from more than 1,100 local growers. The critical role of the Terminal in supporting the viability of 1,600 small and medium-sized independent greengrocers – the fruit and vegetable shops that line Toronto’s main streets – is also not widely known.

The final recommendation of this report, therefore, is that the Ontario Food Terminal Board should develop and implement a comprehensive communications strategy to publicize, inform and educate the general public about the activities of the OFT.

There are many different constituencies that the OFT might wish to influence but one of the most important is the school-age population – in addition to representing the next generation of consumers, children have a knack of influencing adult behaviour in important ways. At the other end of the spectrum, many thousands of drivers pass by the Terminal every day but have no idea what is going on in the facility at the edge of the QEW. There is therefore an opportunity to install a billboard on one of the rooftops of the OFT that could a) bring in much-needed revenue but b) on alternate screens deliver a constant stream of ever-changing messages about the role of the Terminal.

Another important element of an effective communications strategy these days must also include a commitment to social media. In addition to the OFT’s existing presence on U-Tube, the Ontario Food Terminal Board should consider collaborating with post-secondary institutions to host interns who could make it their business to sustain a meaningful campaign on Twitter, Facebook and other appropriate media.

A key challenge regarding communications is that senior staff at the OFT are already fully committed to running the Terminal day-to-day so it will be important for the OFT Board to collaborate and receive tangible support for ramping up communications from formal and many informal sources to leverage the impact and reach of communications. A good place to start is to connect with the many grassroots groups that sprang to the defence of the Terminal during the recent period of uncertainty about the future of the OFT.

GLOSSARY

Asparagus Farmers of Ontario	Trade association supporting Ontario asparagus farmers
Buyer	'Buyer' is a generic term referring to anyone registered and therefore authorized to make purchases at the Terminal
Canadian Dealers	Lease space in the Farmers' Market but sell products grown on their own farms as well as from Canadian farms outside Ontario
Canadian Federation of Independent Grocers	The CFGI is a non-profit trade association equipping and enabling independent grocers, franchised and specialty, for sustainable success.
Canadian Produce Marketing Association	The Canadian Produce Marketing Association (CPMA) is a not-for-profit organization that represents companies active in the marketing of fresh fruits and fresh vegetables in Canada.
Cold storage	Cold temperature warehouse space to store perishable or temperature-sensitive fresh fruit and vegetables. Keeping them at the right temperature reduces the risk of damage and extends their shelf life.
Daily Bread Food Bank	Founded in 1983, Daily Bread Food Bank rescues & redistributes fresh, "perfectly imperfect" produce to food banks across the city. Ontario Food Terminal vendors donate skids of fresh fruits and vegetables to The Food Bank and other non-profits that then supply food and resources to more than 370 community agencies and 450 food programs.
Dealers	Dealers are growers who lease space in the Farmers' Market to sell produce from their own and neighbouring farms
Farmers' Market	The Farmers' Market is a covered area with 550 stalls where growers lease space to sell their produce and horticultural products to registered buyers.
Food and Beverage Ontario (Alliance of Ontario Food Processors)	A not-for-profit, leadership organization dedicated to advancing the interests of Ontario's food and beverage processors
Food processing sector	The food and beverage processing sectors includes establishments that transform raw agricultural commodities and semi-processed food products into a broad range of food and beverage products ready for consumption. As of 2016, there are more than 4,000 food and beverage processing establishments throughout Ontario, representing approximately 37% of all establishments in Canada (Agriculture and Agri-food Canada [AAFC], 2017).
Friends of the Greenbelt Foundation	The Friends of the Greenbelt Foundation is a local charitable grant-making organization working to help keep farmers successful, strengthen local economies, and protect and grow natural features.
Golden Horseshoe Food & Farming Alliance (GHFFA)	GHFFA is a partnership between the Toronto Region Conservation Authority, the Friends of the Greenbelt, the regional municipalities and Federations of Agriculture in Niagara, Peel, Halton, York, and Durham, the cities of Hamilton and Toronto, Durham College, Niagara College and the University of Guelph. The Ontario Ministry of Agriculture, Food and Rural Affairs serves as an advisor.
Grower	Can be used interchangeably with farmer, or those who grow food crops.
Independent Grocer	Independent, franchised and specialty grocery retailers, typically with less than 4 locations. In Ontario examples include: Sun Valley Supermarket in Scarborough; Garden Foods in Bolton; Longo Bros. in Vaughan, Summerhill Market in Toronto; Galleria Supermarket in Vaughan

Jobber	A jobber is an intermediary between wholesalers or growers who act on behalf of restaurants, hospitals, etc.
National Association of Produce Market Managers (NAPMM)	Founded in 1947, NAPMM helps market managers across North America improve facilities and increase services to encourage cooperation and idea exchange among members and partners. Membership includes wholesale and retail markets.
Ontario Food Terminal Board (OFTB)	The Ontario Food Terminal (OFT) is the largest wholesale fruit and produce distribution centre in Canada. The land is owned and operated by the Ontario Food Terminal Board (OFTB).
OMAFRA	The Ministry of Agriculture, Food and Rural Affairs is an Ontario government ministry responsible for the food, agriculture and rural sectors of the Canadian province of Ontario. The Minister is currently Ernie Hardeman
Ontario Apple Growers	The Ontario Apple Growers (OAG) represents all Ontario apple growers with 10 or more acres of apple orchard. More than 200 grower-members OAG provides government relations and lobbying, research and development, up-to-date industry information to grower members, generic promotion of apples, and juice apple pricing.
Ontario Food Terminal Act	The authority of the Ontario Food Terminal Act grants the OFTB's mandate to acquire, construct, equip and operate a wholesale fruit and produce market and to operate such facilities for the transportation and handling of fruit and produce as may be necessary for the purposes of the Terminal.
Ontario Fruit & Vegetable Growers Association	The Ontario Fruit and Vegetable Growers' Association (OFVGA) is a not for profit association that advocates on behalf of Ontario fruit and vegetable farmers and the edible horticulture industry, and represents its members provincially, nationally, and internationally.
Ontario Greenhouse Vegetable Growers	The Ontario Greenhouse Vegetable Growers (OGVG) is a not-for-profit organization representing approximately 220 members who grow greenhouse tomatoes, cucumbers and peppers.
Ontario Produce Marketing Association	The Ontario Produce Marketing Association is a member-funded, not-for-profit organization whose primary objective is to facilitate trade and enhance the marketing and promotion of fresh fruits and vegetables in Ontario.
Toronto Wholesale Produce Association (TWPA)	Established in 1933, TWPA is the voice of the wholesaler tenants located at the Ontario Food Terminal.
Warehouse Tenant	The Ontario Food Terminal leases facilities to 21 Warehouse Tenants who act as wholesalers for local and imported fruits and vegetables.
Wholesaler	See warehouse tenant

INTRODUCTION

Understanding the unique role played by the Ontario Food Terminal

The impetus for this updated report on the role of the Ontario Food Terminal (OFT) stems from a series of announcements by the provincial government in January 2019 questioning whether, in its current location, the Terminal can keep pace with rapid population growth in the Golden Horseshoe. Through the Ministry of Agriculture, Food and Rural Affairs (OMAFRA), the government questioned the Terminal's capacity to support future economic growth, modernization and technological innovation at appropriate levels.

Also, in January, the Ministry of Agriculture, Food and Rural Affairs commissioned MNP LLP, an accounting firm specializing in agriculture, to conduct an independent review of the Terminal's operations.

These questions led to intense speculation in industry circles and the media that the Terminal might be relocated or reconfigured in some form elsewhere in the region. Noting the significant real estate value of the OFT site, a range of stakeholders, including organizations such as the Canadian Federation of Independent Grocers, representatives of farmers, wholesalers, and other representatives of businesses dependent on the Terminal such as the South Etobicoke Industrial Employers Association and the Toronto Wholesale Producers Association expressed that the critical role and economic impact of the OFT in food distribution and food processing locally and throughout the region was not sufficiently well understood.

In early June, as one of the many stakeholders, the Golden Horseshoe Food and Farming Alliance (GHFFA), with additional financial support from the City of Toronto, commissioned the Canadian Urban Institute (CUI) to update its 2004 report on the Terminal³. The goal of this new report is to provide the province and other stakeholders with a broader perspective on the evolving role of the OFT in the food value chain in Toronto, the Golden Horseshoe and beyond.

The Hon. Ernie Hardeman, Minister of OMAFRA, subsequently announced on July 8 that the OFT will remain in its current location in South Etobicoke. Although this announcement removed an element of uncertainty over the future of the Terminal, the funders of this report decided that it is nevertheless important to present the perspectives of the many diverse businesses and people who depend on the Terminal and to document the many changes that have occurred since the CUI's first report in 2004.

More recently, on July 23, the Minister announced that the site of the Terminal is to be recognized as a Provincially Significant Employment Zone, acknowledging the Terminal's importance as an economic generator.

³ "The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy," Canadian Urban Institute, 2004, funded by the Neptis Foundation

Three insights guide this update:

First, in addition to distributing more than two billion pounds of local and imported produce annually, the Terminal continues to thrive as the hub of a complex commercial ecosystem for 5,000 buyers whose reach extends from Toronto's main streets to thousands of stores, wholesalers and other businesses throughout Ontario, Quebec, Atlantic Canada and beyond.

Second, the heft and extent of the OFT's economic reach helps set the price for fresh fruit and vegetables beyond the boundaries of Ontario.⁴ In addition to providing a trusted sales outlet for more than 1,500 Ontario farmers, the OFT is the source of fresh produce for the region's independent grocers, small greengrocers and local convenience stores, helping them compete against the major grocery chains on price and quality. Other beneficiaries include the region's restaurants, institutions, catering services and companies serving the burgeoning food processing sector throughout the Golden Horseshoe and elsewhere.

Third, the OFT Board, guided by a vision endorsed by the Terminal's principal stakeholders, has invested more than \$47M in capital improvements to the physical plant and Terminal operations since 2005, resulting in operational efficiencies that lay the groundwork for the introduction of food traceability systems and additional on-site expansion. As has been the case from the outset, the Terminal is financially independent of government, with annual expenses and the costs of modernization covered by rents and user fees paid by farmers, tenants and registered buyers.

Using the 2004 report as a benchmark, part one of this report:

- documents the origins of the OFT as a bold act of public policy;
- traces the impacts of high level economic, demographic and environmental trends on the OFT and its customer base;
- provides a detailed overview of the principal functions and economic impact of the OFT; and
- highlights significant changes in governance that have made it possible for the OFT to commit to a program of continuous improvement and modernization through a number of important physical and operational upgrades.

Part two of the report examines:

- changes in public policy affecting the current and future viability of the OFT, ranging from health and safety issues to land use and transportation;
- the experience of other North American wholesale produce markets in responding to changing markets, governance, modernization and the ability to manage plans to relocate or expand;
- the inherent benefits of the OFT's location in South Etobicoke for fostering growth and expanding economic linkages throughout Southern Ontario.

The final chapter of the report provides key findings and recommendations for the consideration of the provincial government, the City of Toronto and the OFT Board.

⁴ "The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy," Canadian Urban Institute, 2004



PART ONE



The Ontario Food Terminal remains competitive in a period of disruption and change in the food sector

This section explains why the Ontario government decided to create the Ontario Food Terminal and identifies the steps taken to achieve the stated goals.

1.1 The Ontario Food Terminal's origins are a bold example of public policy designed to protect the ability of Ontario farmers to provide consumers with affordable fresh produce.

Ontario has benefited from many critically important public policy initiatives over the years. One early example, led by the industrialist/politician Adam Beck, was Ontario's commitment in 1905 to keep hydro resources in public ownership. The province's ability to deliver affordable electricity to Ontario's manufacturing sector was instrumental in fostering the growth and evolution of industry in the 'Golden Horseshoe,' a term coined in 1954 to acknowledge the region's wealth and prosperity resulting from industrial development.⁴ A lesser known but equally effective intervention in the market economy affecting another important economic driver was a decision by the government of George Drew in 1946 to pass the Ontario Food Terminal Act, which led to the creation of the Ontario Food Terminal.

Although the economy of post-war Ontario was entering a period of sustained growth, the plight of Ontario's farmers was quite dire in contrast. Growers faced stiff competition from U.S. suppliers, who profited from cheaper labour costs, a longer growing season and, critically, improved highway access between California and Ontario as well as technological advances such as access to refrigerated cargo trucks. This was a game changer, as vast amounts of low-cost produce from California could now be delivered to Ontario in less than 72 hours, placing Ontario growers at a distinct disadvantage.

At the time, although the two main wholesale market facilities in downtown Toronto were already acknowledged as being capable of setting prices as far away as Halifax and Winnipeg⁵, conditions for growers and wholesalers were less than ideal. The main market, located on the former site of the Great Western railway station (today's Sony Centre), was cramped, insecure and unsanitary. Growers complained there was no space to market their wares, and pilfering was rampant. The other facility, operated by CN Rail at the foot of Yonge Street, was also unsuitable and ill-equipped to meet the demands of the changing market place.

⁴ Retrieved from Wikipedia, July 2019

⁵ Interviews with OFT buyers and Warehouse Tenants.

A related challenge for growers and wholesalers was that CN persisted in blocking the entry of newcomers to the business and lobbied hard to block relocation options for the wholesale produce market that would favour the trucking industry.⁶



Traffic congestion around the Toronto Wholesale Fruit Market at the intersection of Yonge and Front Streets in the 1940s.

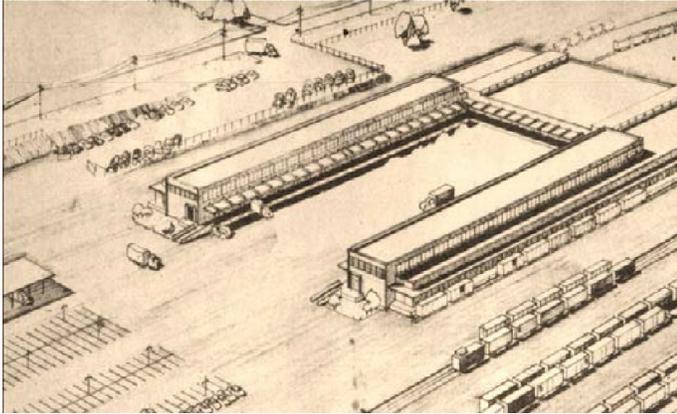
Finally, in the face of worsening traffic congestion, mounting concerns of public health and safety, combined with complaints from a powerful group of Ontario growers, who were experiencing steep declines in farm income, the government made the market a public facility in 1946 with the passing of the Ontario Food Terminal Act.

In 1948, the government chose a 40-acre former market garden in South Etobicoke (then known as Mimico) as the site for the Ontario Food Terminal. Following delays attributed to post-war steel shortages, the first section of the OFT to open in 1951 was the Farmers' Market, although the facility as built was more modest than originally conceived. Plans for a well-lit building with loading docks and other modern conveniences failed to materialize, most likely because of steel shortages.⁷

⁶ "Unintended Outcome: The Ontario Food Terminal Board as a Case Study in Post-War Ontario Agricultural Policy," Malcolm G. Bird Doctoral Candidate Department of Public Policy and Administration Carleton University 2005 and "The Ontario Food Terminal: a Unique Asset in the Central Ontario Economy," Canadian Urban Institute, 2004

⁷ Bird, 2005

After a fire destroyed the summer produce facility in downtown Toronto, the federal government was persuaded to lift restrictions on steel, which allowed the rest of the OFT to be constructed. The OFT opened in its entirety in 1954.



Original 1954 sketch of Terminal – a design later copied in wholesale markets around the world.



2018 view of Terminal shows many of the latest capital improvements

The stated goal for the OFT was to provide modern, well-designed facilities where farmers and wholesalers could interact and benefit from economies of scale. A centralized facility also meant that buyers could benefit from the ability to purchase all their fruit and produce needs in one location.

Conceived as a government agency without share capital, the Terminal's business model provided for the 'Warehouse Tenants' and farmers to pay rents that covered day-to-day cost of operations and a contribution to the repayment of a 30-year bond (due in 1984).

Cost savings for farmers and tenants as a result of not having to pay market rents were passed on, in part, to consumers. The cost advantage, and the opportunity to have everybody under one roof helped establish the viability of Terminal operations in readiness for the next challenge – rapid expansion of chain grocery stores.

In what would surely be criticized as a short-sighted move today, one of the first acts of the newly established OFT Board was to sell off 12 acres of adjacent land to the east of the OFT that had been earmarked for future expansion. The purchaser was the principal of M&M Wolfe, a member of the OFT Board whose family business interests combined food distribution and property development. The funds were used to help pay down the Terminal's debt but the opportunity for future expansion had been lost. Years later, following the death of Wolfe, the OFT Board spurned the opportunity to re-purchase the site, which is now a thriving shopping centre.

1.2 Over more than 65 years, the Ontario Food Terminal has responded to many trends and changes in the economy.

Today, the OFT distributes more than 2.1 billion pounds of produce annually, about 30% of which is Ontario-grown fruit, vegetables and horticultural products. According to estimates (based on OFT staff surveys), between 35% and 45% of all Ontario farms growing fruit and vegetables sell produce through the Terminal. The OFT does not operate in a vacuum, however, and its activities are affected by several trends that range from continued consolidation within the chain grocery store sector to shifting farm economics and shifts in consumer taste.

This section traces the impact of significant economic, demographic and other trends that have had an impact on the trajectory of the Terminal.

1.3 Expansion of the chain grocery stores played a key role in reshaping consumer eating habits but OFT was instrumental in facilitating the popularity of locally-grown food.

The major grocery store chains have long dominated the way that the general public accesses fresh fruit and vegetables. In the period leading up to the government's decision to establish the Ontario Food Terminal in the 1940s, chain stores accounted for between 20% and 30% of the market for fresh fruit and vegetables.

Today, that number is closer to 60%.⁸ Since the 1970s, the number of national and province-wide grocery chains have shrunk from 24 to 13 through a relentless process of corporate consolidation. The most recent figures from Statscan indicate that the number of smaller grocery stores, with four or fewer employees, has been in decline since at least 2011.⁹



1940s Dominion Grocery Store. Dominion was later acquired by Metro Inc.

⁸ Malcom G. Bird, paper based on doctoral thesis, Carleton University 2005

⁹ Statistics Canada. Tables 33-10-0025-01, 33-10-0027-01, 33-10-0029-01, 33-10-0023-01, 33-10-0039-01, 33-10-0041-01, 33-10-0037-01, 33-10-0105-01. Businesses by industry and employment, December 2011-2018.

Several interrelated factors contributed to the expanded market share of chain grocery stores since the Second World War:

- First, population growth was largely concentrated in the region's rapidly expanding suburbs, where large format grocery stores could meet the needs of highly mobile two-income households with limited time for shopping.
- Second, from the 1950s on, tempted by imported U.S. produce provided by the chain stores, consumers quickly transitioned from traditional eating patterns reliant on seasonally available foods – fresh fruit and leafy vegetables in spring and summer; apples and root vegetables in fall and winter¹⁰ – to reliance on a broader range of food choices. The trend to “seasonal blindness” may have begun with U.S. produce, but soon expanded to include produce brought in literally from all over the world – a trend reflected in imports handed by Warehouse Tenants at the OFT.
- Third, as Ontario's population became increasingly diverse starting in the 1970s¹¹, the chains were investing heavily in their own supply chain and distribution systems to satisfy a growing demand for fruits and vegetables from new generations of non-European consumers.
- Fourth, as noted in a CUI presentation to the Toronto Food Policy Council in 2005, except when interrupted by weather-related catastrophes or government intervention in trade deals, supply chains cannot be switched on and off, so even though the volume of Ontario-grown produce may be increasing on an annual basis, chain stores continue to import the same varieties of fruits and vegetables from other countries. For example, Ontario-grown apples, blueberries, broccoli, carrots, cucumbers, strawberries and tomatoes are available in the summer and fall but the chain stores continue to import these same varieties of fruit and vegetables year-round.¹²

¹⁰ “The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy,” Canadian Urban Institute, 2004

¹¹ The 1971 Immigration Act shifted immigration away from European countries.

¹² Presentation to the Toronto Food Policy Council, 2005 “Ontario's Food Print: Overcoming that Long-Distance Feeling,” Canadian Urban Institute. See graphic on next page.

To put this in perspective, it should also be noted that Ontario growers export a significant amount of seasonal produce, reflecting the dynamic nature of the marketplace.¹³

Fruit and Vegetable Imports in August in Addition to Locally Grown Produce



Ten varieties of fruit and vegetables imported when available from Ontario growers

¹³ According to figures published by the Produce Marketing Association back in 2012 Canada exported more than 1.5M tons of fresh vegetables and 130,000 tons of fruit, mostly to the United States. These are the recent figures available.

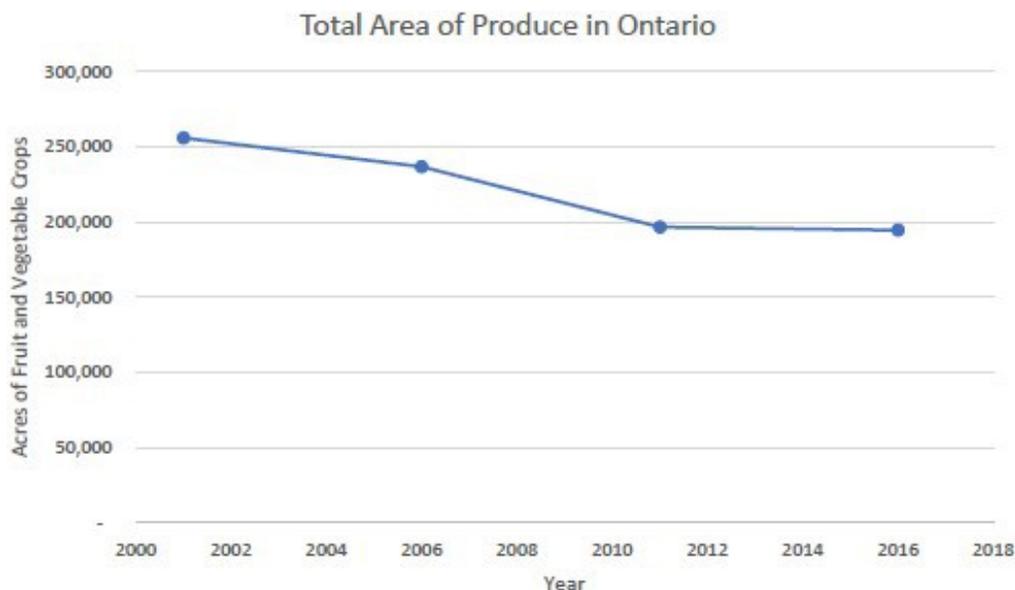
1.4 Farmland under cultivation in Ontario continues to decline but farms are getting larger through a process of consolidation.

The most recent census reported a 2.5% drop in the amount of farmland in Ontario between 2011 and 2016, continuing a long-term trend.¹⁴ Much of this land is prime agricultural land, well-suited for growing fruits and vegetables in the temperate climate of the Greater Golden Horseshoe. According to the Ontario Farmland Trust, urban expansion in the Greater Toronto Area led to the loss of 2,000 farms and about 60,700 hectares (150,000 acres) of farmland between 1976 and 1996 and another 20,000 hectares (50,000 acres) between 1996 and 2006.¹⁵

This trend was confirmed in a recent report by the Golden Horseshoe Food and Farming Alliance (GHFFA), which highlights the significance of the Golden Horseshoe. The region offers farmers a built-in consumer market and is a net contributor to this high value sector of the economy. A significant percentage of growers whose produce is distributed through the Ontario Food Terminal are located in the Golden Horseshoe.

Mixed in with these trends is the fact that the acreage of farms specializing in fruit and vegetables is increasing in size as a result of small-farm consolidation. From 2001 to 2006, acreage dedicated to fruit and vegetables decreased by 7%; in the period 2006-2011 the acreage producing fruit and vegetables dropped even more precipitously, by 17%. In the most recent census period, however, the rate of decline stabilized to less than 1%. This is widely attributed to the role of the government in protecting the Greenbelt and implementing legislation directing growth, such as the Growth Plan for the Greater Golden Horseshoe.

Figure 2: Acreage of produce



¹⁴ Mailvaganam, S. (2017). *Statistical Summary of Ontario Agriculture*. Accessed at http://www.omafr.gov.on.ca/english/stats/agriculture_summary.htm

¹⁵ Retrieved from www.ontariofarmlandtrust.ca July 2019

The Golden Horseshoe contains eight percent of Ontario's farmland but generates 15% of

provincial gross farm receipts.¹⁶ Two sub-sets of the Golden Horseshoe are particularly important. The GHFFA reports that “Niagara fruit lands account for 70% of Canada’s peach production and 90% of Canada’s grape production,”¹⁷ although Norfolk County and Prince Edward County also contribute to the volume of fresh fruit production.

A second specialty crop area is the Holland Marsh, located on the edge of the Oak Ridges Moraine north of Toronto. Holland Marsh accounts for 44% of the province’s carrot production, including specialty variations of carrots favoured by immigrants from South East Asia¹⁸ (2019 numbers are expected to be even higher for carrots and onions). In all, according to estimates by growers in the Marsh, the area is responsible for “a total economic impact of over \$1 billion annually, including farm-gate value, packaging, processing and transportation.”¹⁹



Viability of produce farms affected by urban growth

As farmers located in one of the fastest growing regions in Canada, growers in the Golden Horseshoe face a number of economic challenges contributing to declining land for farming. These include:

- the need to make room for transportation infrastructure to serve the growing region;
- demand to accommodate waste disposal, aggregate extraction and power corridors;

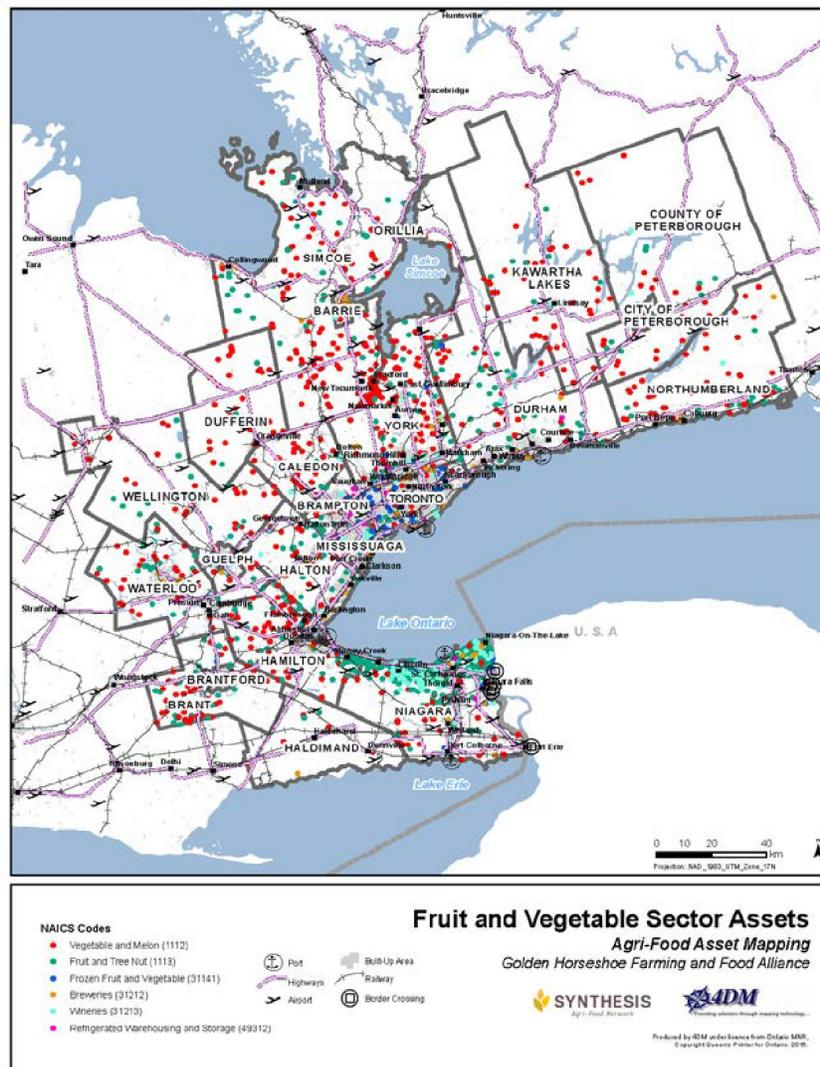
¹⁶ GHFFA Summary Report, 2014

¹⁷ IBID

¹⁸ The introduction of specialty carrots replaced the need to import from South East Asia. Presentation to the Toronto Food Policy Council, 2009

¹⁹ IBID

- pressures from the continued expansion of residential uses into former agriculture zones, including conflicts resulting from increased traffic as farmers move large equipment from field to field;
- the loss of critically important food processing plants such as the Can-Gro processing plant in St David's, which took place a decade ago. This kind of closure and other challenges is problematic for affected growers but also has a negative impact on the agri-food processing sector. Food and Beverage Ontario (formerly the Alliance of Ontario Food Processors), forecasts that by 2020 the food processing sector will be the largest manufacturing employer in Ontario for professionals, young people and new Canadians;²⁰
- the illustration below shows existing fruit and vegetable sector assets;²¹
- increasingly high land costs as farming becomes unaffordable, particularly for younger farmers seeking entry into the industry.



²⁰ IBID

²¹ GGH Analysis of Food and Farming Assets, March 31, 2016.

A resultant impact of these pressures noted by the GHFFA is that a higher percentage of remaining farmland in the Golden Horseshoe is now rented by farmers rather than owned. The GHFFA reports that the percentage of rented farmland in the Golden Horseshoe increased to 45% of total land farmed over the five years before 2014. In many cases, viable farms have been purchased by developers and are considered to be “housing in waiting.” With increased reliance on high tech equipment required for the economical functioning of farms, investing in capital improvements such as computerized irrigation systems on rental property becomes problematic. The GHFFA states that even though farm receipts continue to rise, only the larger farms are investing \$1M or more annually in capital improvements.

A second impact on the economics of farming is that the size of farms operated by “professional growers” (to distinguish them from “hobby farmers”) is on the increase. Although this can have benefits for successful farmers, it also increases risk, and, according to interviews carried out at the Ontario Food Terminal, “means that farmers are even more dependent on the Terminal as both an outlet, and a predictable way to ensure fair prices.”²²

1.5 Increased consumption of fresh produce is a boon to growers but also contributes to better health outcomes.

As Ontario’s population ages, awareness and interest in the many factors that contribute to healthy living can be expected to increase over time.²³ By 2041, approximately 25% of Ontario residents will be 65 or older, and, led by aging baby boomers seeking to preserve their health and vitality, the population is consuming more fresh fruit and vegetables than ever before. Young families and immigrants seeking access to non-processed food are also stimulating demand for fresh fruit and vegetables.

Not coincidentally, the local food movement in Ontario began to flourish around the same time that many residents were turning 60. The Toronto Food Policy Council, a committee of Toronto’s public health department, is credited with encouraging the notion of consuming local food in the early 2000s.²⁴ The popularity of “The 100 Mile Diet,” published in 2009, coupled with the rise of TV celebrity chefs etc., helped raise the profile of local food consumption across the country.

A 2010 Statistics Canada report indicated that while per capita consumption of items such as cucumbers, peppers, eggplant, sweet potatoes and onions showed the largest 5-year percentage increase, Canadians over a 20-year period have steadily “shifted their diet (towards) more fruits and vegetables, cereal products, and nuts and beans”.²⁵ The latest edition of the Canada Food Guide emphasizes plant-based diets as healthier alternatives to meat products, of particular interest to young families wishing to provide their children the healthiest possible diet.²⁶

²² Edited summary of interviews with growers renting stalls in the Farmers’ Market, June 2019.

²³ “Mapping your future growth: Five game-changing consumer trends,” BDC, 2013

²⁴ The Toronto Food Policy was the first of its kind in Canada. Led by its chair, Wayne Roberts, the TFPC encouraged development of similar projects in other cities and was active in a global network of like-minded organizations dedicated to tackling food insecurity and promoting better public health outcomes. Economic development practitioners throughout Europe and Asia also began to focus on the use of farmers’ markets as a tool to develop sustainable local economies.



Toronto residents benefit from access to hundreds of 'main street' independent greengrocers

In 2013, the government passed the Local Food Act, which set out policy goals supported by promotional programming in support of farmers growing fresh fruit and vegetables. The “Buy Local” program is now a fixture within OMAFRA, which is focused on the role of institutions with the potential to influence procurement practices.

While these trends bode well for Ontario farmers, the reality is more complex. Although the dollar value of produce from Ontario growers continues to increase, the percentage of produce imported from the United States remains high. In 2001, 53% of imported fruit and 80% of imported vegetables came from the U.S. (Statistics Canada, 2001 and Industry Canada).²⁷ In 2012, the equivalent percentages were 45% and 77%.

These figures hark back to when the government took the bold step of establishing the Terminal to provide local farmers with a way to combat the impact of a market swamped with low-cost U.S. produce. Since that time, the quality of U.S. produce has increased significantly. Nevertheless, a bilateral comparison of the eating habits of Americans and Canadians conducted in 2005 noted that, “Canadians generally see higher quality produce than consumers nearer the production regions in the U.S.”²⁸ It is also worth noting that Canadian consumers not only benefit from higher quality U.S. produce than residents in the production regions but that prices tend to be lower here as well.

While agricultural economists have developed complex models to explain this theory (known as the Alchian-Allen theorem), interviews with Warehouse Tenants familiar with pricing across North America note that prices for U.S. produce negotiated at the Terminal are often lower than locations such as Vancouver, which does not have a wholesale produce market, and which is much closer to the place of origin. The existence of the Ontario Food Terminal is cited as a principal reason for this phenomenon.²⁹

²⁵ Statistics Canada, 2010 reported by CBC News, May 2010

²⁶ Multiple media sources, June 2019

²⁷ “A Bilateral Comparison of Fruit and Vegetable Consumption: United States and Canada,” Journal of Agricultural and Resource Economics, 2005

²⁸ IBID

²⁹ The Alchian-Allen effect states that when prices of two substitute goods such as higher and lower grades of the same product are both increased by the same long-distance transportation cost, consumption will shift to the higher-grade product because the higher-grade product has a more favorable price ratio. Information retrieved from Wikipedia, August 2019.

The key functions of the Ontario Food Terminal are the basis for a resilient high impact food value chain in Toronto, the Golden Horseshoe and beyond.

Although the principal elements of the Ontario Food Terminal have not changed a great deal since the Terminal became fully operational in 1954, the OFT has continued to evolve in its role as a critically important contributor to the region's food value chain. This section provides a close examination of the current inner workings of the OFT, confirming that although its physical exterior may look familiar, the functional reality is unrecognizable from the Terminal of the past.

The Terminal ranks among the top four markets in North America and is the only one of its kind in Canada. The Terminal is not open to the public. The OFT is a 24/7, 365-day operation. The Terminal operates with a staff of 46, overseen by a 7-member Board appointed by the provincial government.



The Ontario Food Terminal is a 24/7, 365-day operation

The Terminal brings together approximately 5,000 registered buyers (the numbers vary from year to year) who have access to both the Farmers' Market, located at the west end of the site, and 21 wholesalers ('Warehouse Tenants'), housed along with a variety of other Terminal functions in a large, U- shaped building that covers much of the east end of the OFT site.

2.1 The Farmers' Market is unique among North American Wholesale Markets.

The Farmers' Market is 10-acres in size, almost half of which is a covered area (4.5 acres) providing paid parking for nearly 500 cars (an amenity added in 1983). There are 550 stalls in the Farmers' Market, ranging in size from 300 sq. ft to 1,200 sq. ft. The 400 growers who rely on the Terminal to sell their produce have a number of options for leasing space in the Farmers' Market.



In addition to fresh fruits and vegetables, the farmer's market also provides horticultural products

Some growers rent space on a year-round basis (July 1 to June 30). These leases are referred to as 'Evergreen' leases. Growers can also select a semi-annual option, either for Spring (Jan 1 to June 30) or Fall (July 1 to December 31), depending on their individual growing priorities. A semi-annual lease is priced at 75% of the cost of an annual lease. To provide as much flexibility as possible to a sector whose activities are vulnerable to changes in weather, economic conditions and a host of other variables beyond their control, there is a limit to the number of stalls that growers can lease but they can also rent stalls on a daily basis, depending on availability.

There are three categories of growers:

- 'Ontario Growers' are farmers who sell fruits, produce or horticultural products grown on their own farm.
- 'Ontario Dealers' are farmers who sell their own as well as fruits, produce or horticultural products grown by other Ontario Farmers. The annual rental rate is five times the Ontario Grower rate.
- 'Canadian Dealers' sell their own as well as fruits, produce or horticultural products grown in Canada outside Ontario. The rental rate is five and a half times the Growerrate.

Although as many as 400 growers take advantage of the Farmers' Market directly, it is not possible to document exactly how many farms are represented there because Ontario Dealers (and to a lesser extent) Canadian Dealers) have proprietary arrangements with neighbouring farms that require them to keep this information private. Informal surveys carried out by OFT staff suggest that Ontario Dealers on average handle produce for ten other farms, but the information on their location is kept strictly confidential for competitive reasons.

Although the term ‘grower’ is often associated with traditional farms, the role of fruits and vegetables grown in greenhouses is increasingly important. A key benefit of this trend to the Terminal is that it extends the utility of the Farmers’ Market beyond Ontario’s traditional growing seasons. The Ontario Greenhouse Vegetable Growers is a thriving sub-group of the umbrella organization, OFVGA, active in lobbying on issues such as energy costs.

Growers continue to adapt to the changing dynamics of the marketplace. One grower interviewed for this report indicated that he has expanded his product mix to include bedding plants as a way to increase cash-flow earlier in the growing season. Another has experimented with growing different types of strawberry that peak at different times in the season to improve profitability for this fruit over a longer time period.³⁰ Yet another grower has developed a niche market with one of the larger independent grocers by specializing in a variety of smaller eggplant, emphasizing the important role of the OFT in providing market opportunities for innovation.³¹

2.2 Warehouse Tenants Distribute Both Local and Imported Produce

The 21 Warehouse Tenants have long-term, perpetual leases on their facilities, which allows the companies to invest in improvements that suit their needs while also establishing a unique ‘branding’ presence for every tenant within the Terminal’s marketing ecosystem.



Produce is moved through the Terminal on battery-powered mini-forklifts

Many tenants are multi-generation family enterprises with histories dating back to when the market was in downtown Toronto or to the early days of the Terminal. A common theme in tenant marketing materials is their emphasis on quality, rigorous inspection to ensure quality and adherence to the principles of HACCP (Hazard Analysis and Critical Control Point).

Some tenants have evolved into vertically integrated businesses, with interests ranging from farm ownership, to logistics, packaging and direct distribution to company-owned retail outlets of value-added products such as pre-cut fruits and vegetables. Since the CUI completed its report on the OFT in 2004, several new companies have replaced existing leaseholders.

The range of customers serviced by these tenants ranges from small grocery stores to larger independent grocers, to restaurants, food service firms, caterers, food processing and institutional customers.

³⁰ CUI interviews with growers at the OFT, June 2019

³¹ Ontario Countryside

Like the growers that rent space in the Farmers' Market, the tenants keep the details of their individual networks and arrangements with local farms strictly private, but best estimates by OFT staff suggest that Warehouse Tenants have contractual arrangements with another 1,100 farms in Southern Ontario, bringing the estimated number of growers selling into the OFT to 1,500 farms, approximately 40% of all Ontario farms growing fruits, vegetables and horticultural products. Some tenants have contracts with as many as 50 growers.

The issue of 'perpetual leases' is less controversial than it once was, in part because the OFT Board has been able to gain the cooperation of Warehouse Tenants to endorse a program of continuous improvement at the Terminal. Critics now acknowledge that rents are set to be in equilibrium with expenses and shared-costs contributions to capital improvements, which benefits everybody.

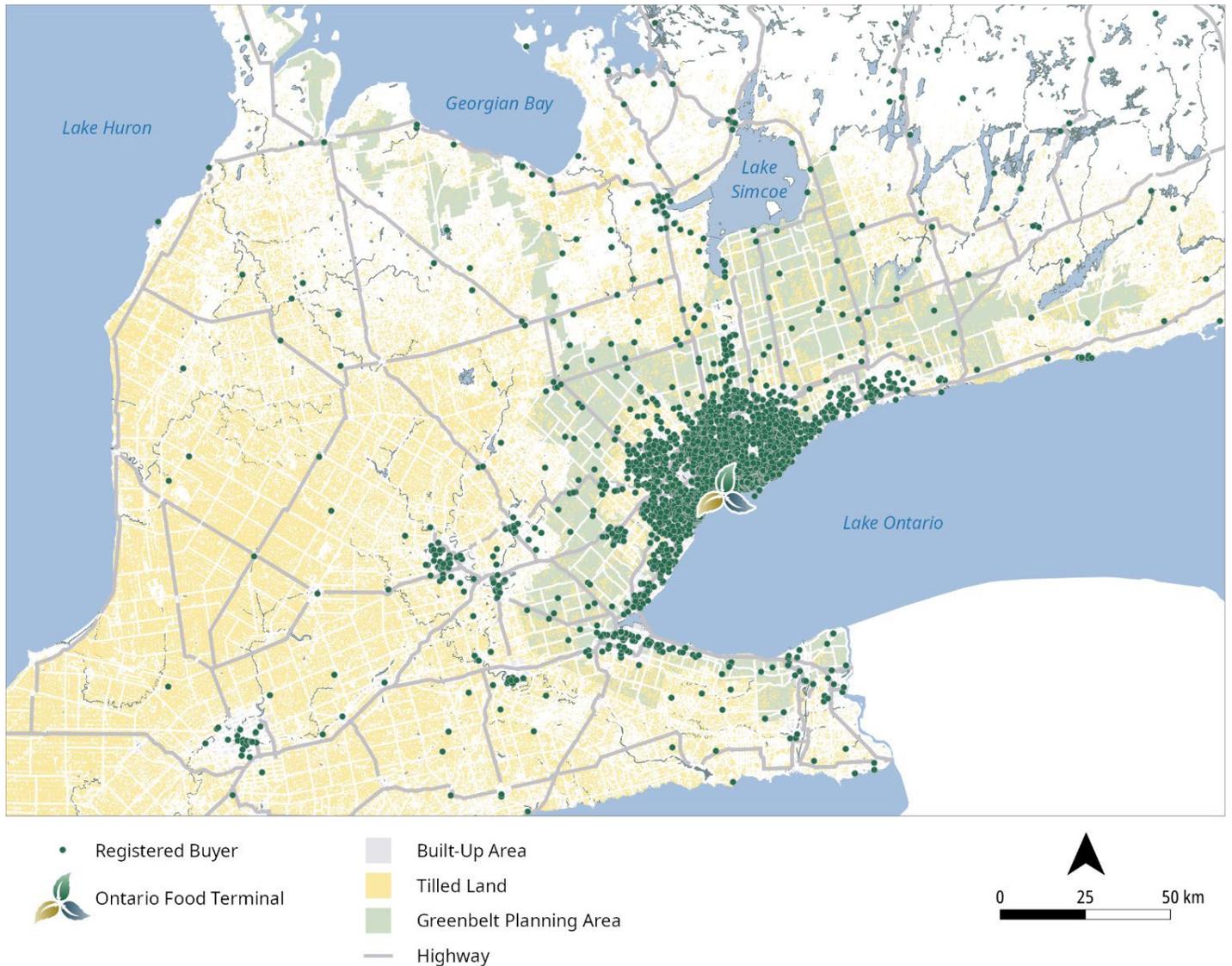
Figure 3: History of OFT Warehouse Tenants

<i>Name of Warehouse Tenant</i>	<i>Years in business</i>	<i>Geographic reach</i>	<i>Focus of business</i>
Amodeo Produce Ltd	Founded in 1953	Central and Southwestern Ontario	Wide range of fresh fruit & vegetables
Canadian Fruit & Produce Co Ltd	Founded in 1924	Additional warehouse in Mississauga	26 varieties of local & imported fruits & vegetables
Chiovitti Banana Co Ltd	Founded in 1908, at OFT since 1950s	Mostly Southern Ontario but also service Metro, Wal-Mart and Sobeys that have stores throughout Ontario	23 varieties of imported exotic fruits & vegetables
Dominion Citrus Ltd	Largest division founded in 1935	More than 400 retail, food service and food distribution businesses in Ontario and Quebec	Integrated financing, packaging & distribution of imported & local fruit and vegetables
F. G. Lister & Co. Ltd	Founded in 1931		More than 40 varieties of Ontario & imported fruits and vegetables
Fresh Advancements	Founded in 1881, original tenant at OFT	Supplies retail, food service 60,000 sq. ft and contains multi-temperature zone coolers for optimal storage of specific produce items. FA also maintains designated ripening rooms to ensure ripe and flavourful products at all times. In addition, FA has 24,000 sq. ft of HACCP Food Safe Fresh cut processing of fruits and vegetables within the same facility.	More than 50 varieties of imported fruit & vegetables, with specialized organic products
Brostal Holdings Inc	Sublet to Fresh Advancements		
Fresh Taste Produce Ltd Canada		Specializes in offshore ownership pre-production to track transit time, product readiness, and traceability direct to source	More than 12 varieties of local & imported fruit & vegetables
Gambles Ontario Produce Ltd	2002 merger of two companies founded in 1893 & 1911	Supplies company owned grocery stores throughout Ontario and Quebec. Owns Sobeys	Wide range of local & imported fruit & vegetables direct to retail network
Ippolitto Produce Ltd	1930s	Processing plant in Burlington, & links to Florida and Quebec	More than 200 varieties of imported vegetables
J. E. Russell Produce Ltd	1977	Distributes to chain stores, independent retailers and food service distributors Eastern Canada	More than 20 varieties of local & imported fruits & vegetables
Johnvince Food Distribution	Mid-1970s	Pioneered sale of bulk foods in North America	Imports & processes dried fruit & nuts
Koornneef Produce Ltd.	1970s	Southern Ontario	Wide variety of local fruits & vegetables
Provincial Fruit (formerly Morris Brown & Sons)	One of the first tenants at OFT	Pioneered importation of tomatoes	More than 100 varieties of imported fruit & vegetables
North American Produce Buyers Ltd	1960s		Wide variety of imported fruits from South America
Provincial Fruit Co. Ltd	Founded in 1944		More than 100 varieties of imported fruits & vegetables
Rite-Pak Produce Co. Ltd			
Streef Produce Ltd Stronach & Sons			Wide variety of local & imported fruit & vegetables
Tomato King 2010 Inc	Founded in 1986		Wide selection of imported fruit and vegetables
Veg-Pak Produce Ltd	Founded in 1943	Operates a local processing plant and an additional warehouse	Wide selection of local fresh fruit and vegetables

2.3 The Terminal's 5000 Registered Buyers Extend the Reach of the Terminal Beyond Ontario.

A key feature of the Terminal is that all 5,000 registered buyers have access to fruit, vegetables and horticultural products on offer from both the Farmers' Market and the Warehouse Tenants.

Figure 4 : Locations of the Ontario Food Terminal's 5,000 registered buyers in Southern Ontario



The ability of buyers to ‘walk the floor’ and see a complete and comprehensive range of products is at the heart of the Terminal’s value. Interviews with Terminal users frequently cited “the sales floor” or “stock exchange” role played by the Terminal. Produce is often distributed directly from source to the destination without entering the Terminal itself. A number of Warehouse Tenants maintain additional warehouse facilities elsewhere in the region (often combined with packaging and distribution functions).

The ability to negotiate purchasing agreements face to face at the Terminal is a prized benefit appreciated by the buyers and the Warehouse Tenants.

Buyers have the opportunity to see first-hand the quality of different varieties of fruits and vegetables on site and negotiate price on that basis. If the buyer requires higher volumes of produce than those available at the Terminal itself, tenants with off-site warehouses can arrange for the delivery to go directly from that facility to the location specified by the buyer.

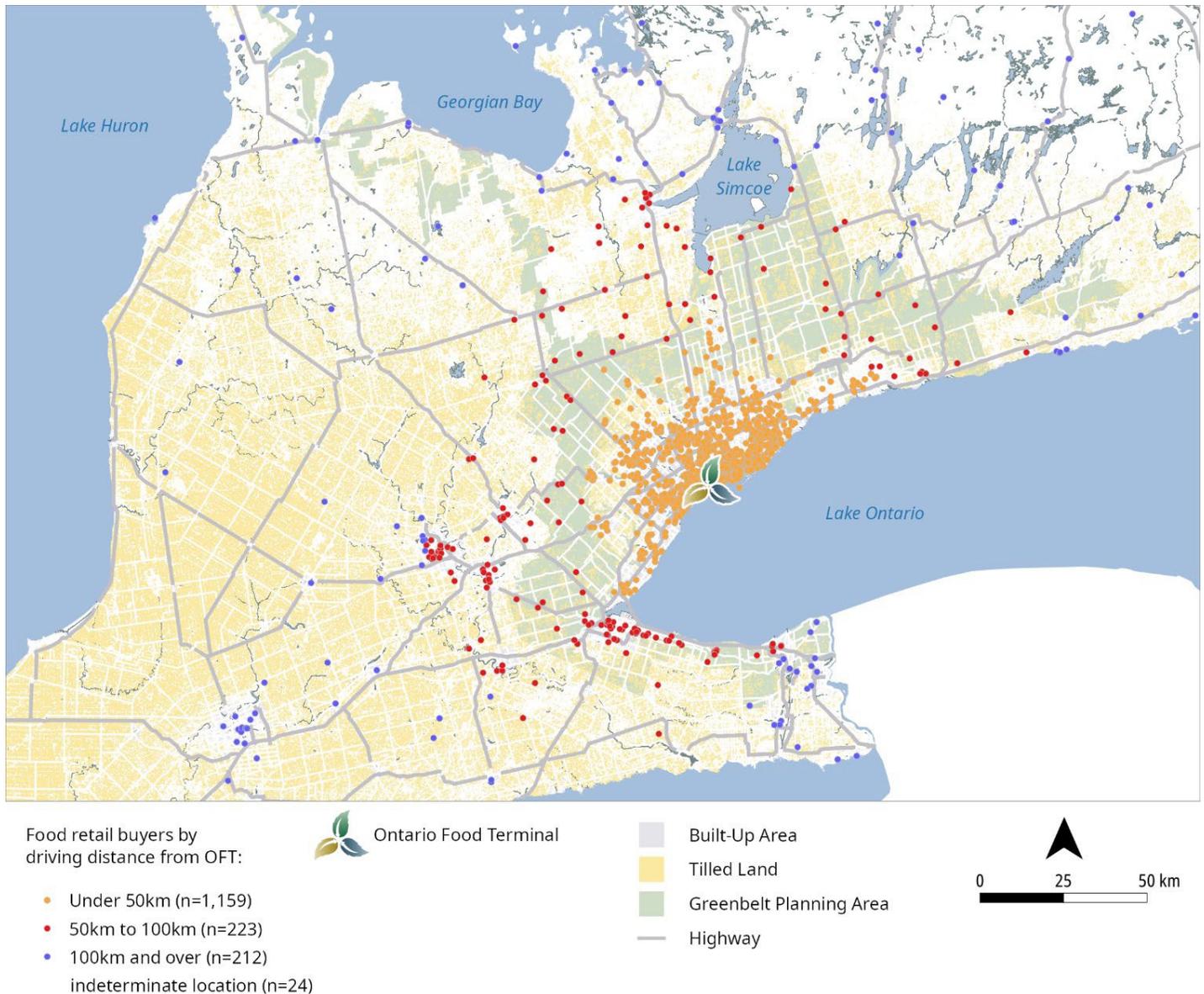
The OFT staff estimates that an additional billion pounds of produce annually is facilitated by transactions conducted at the Terminal over and above the annual volume totals accounted for by the Terminal. Unlike many of the much larger markets in U.S. cities, buyers can test the quality of merchandise and weigh their purchasing options in a relatively short period of time, allowing them to fill their orders efficiently. The laws of supply and demand are in evidence day-in, day-out, and the ability of buyers to personally see and touch the products is key to the Terminal’s long-term success as a wholesale market.

The geographic reach of the OFT’s registered buyers varies considerably. For example, buyers representing more than 1,500 retailers (ranging in size from the owners of main street green grocers to much large independent grocery stores like Longo’s, which has 32 stores in the GTHA) are highly concentrated within the dense urban fabric of the City of Toronto and the more urban parts of surrounding communities.

Buyers representing the larger independents build their store brands around the quality of Ontario- grown fresh fruits and vegetables. According to a buyer representing a larger independent grocery store interviewed by CUI, the ability to differentiate that store’s offerings from chain grocery stores is key. The same buyer noted that although larger chains like Wal-Mart and Costco typically rely heavily on U.S. produce purchased through American-owned commercial distributors, chain grocery stores like Metro also need the OFT to fill in gaps or substitute product that failed to meet quality standards.

Buyers also represent grocery stores in communities up to and exceeding two hours driving time from the Terminal (at non-peak time periods), as illustrated below:

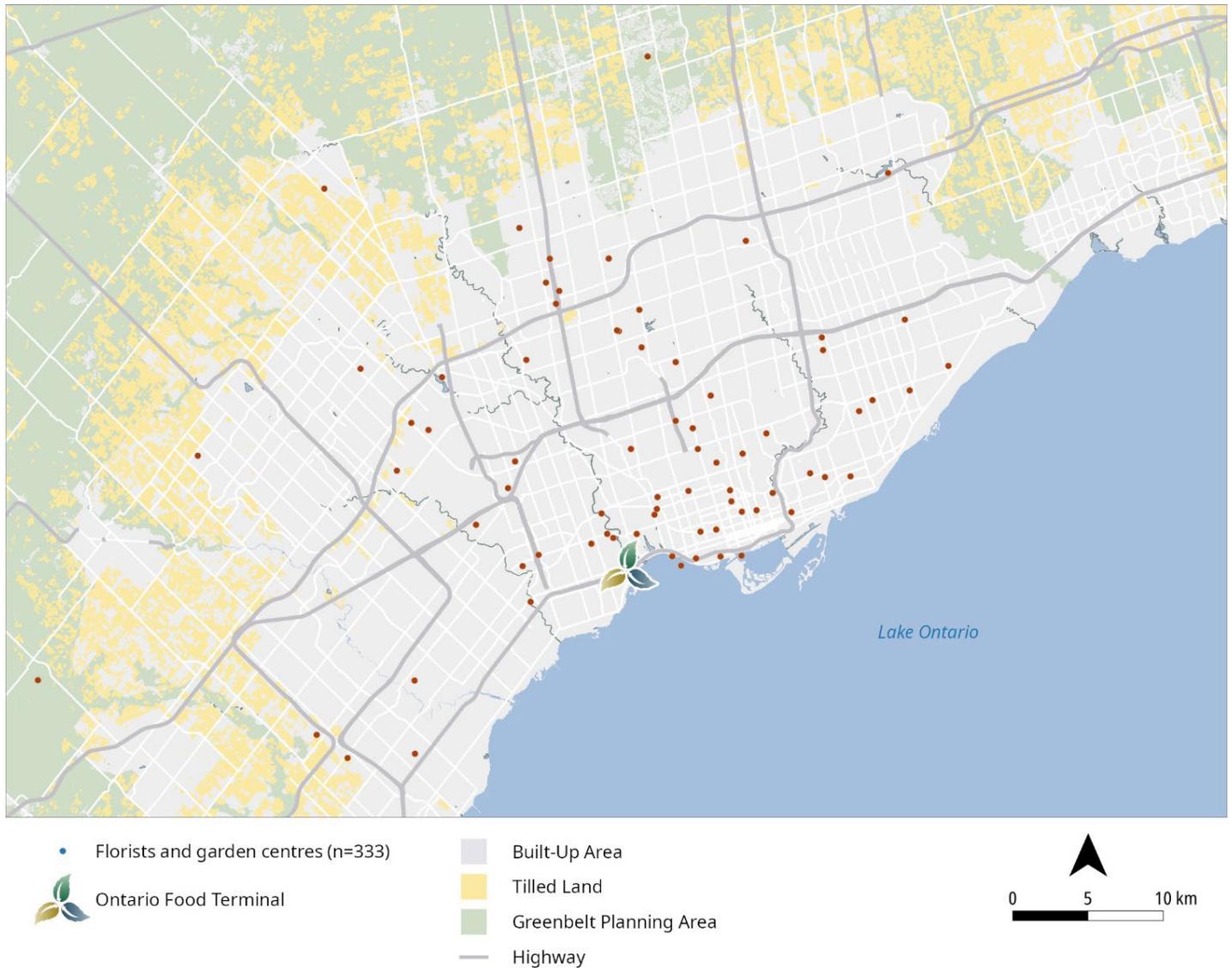
Figure 5: Locations of food retailer registered buyers and their driving distance from the Ontario Food Terminal



Food retail includes supermarkets, grocery stores, farmers markets, convenience stores, and other direct-to-consumer stores.

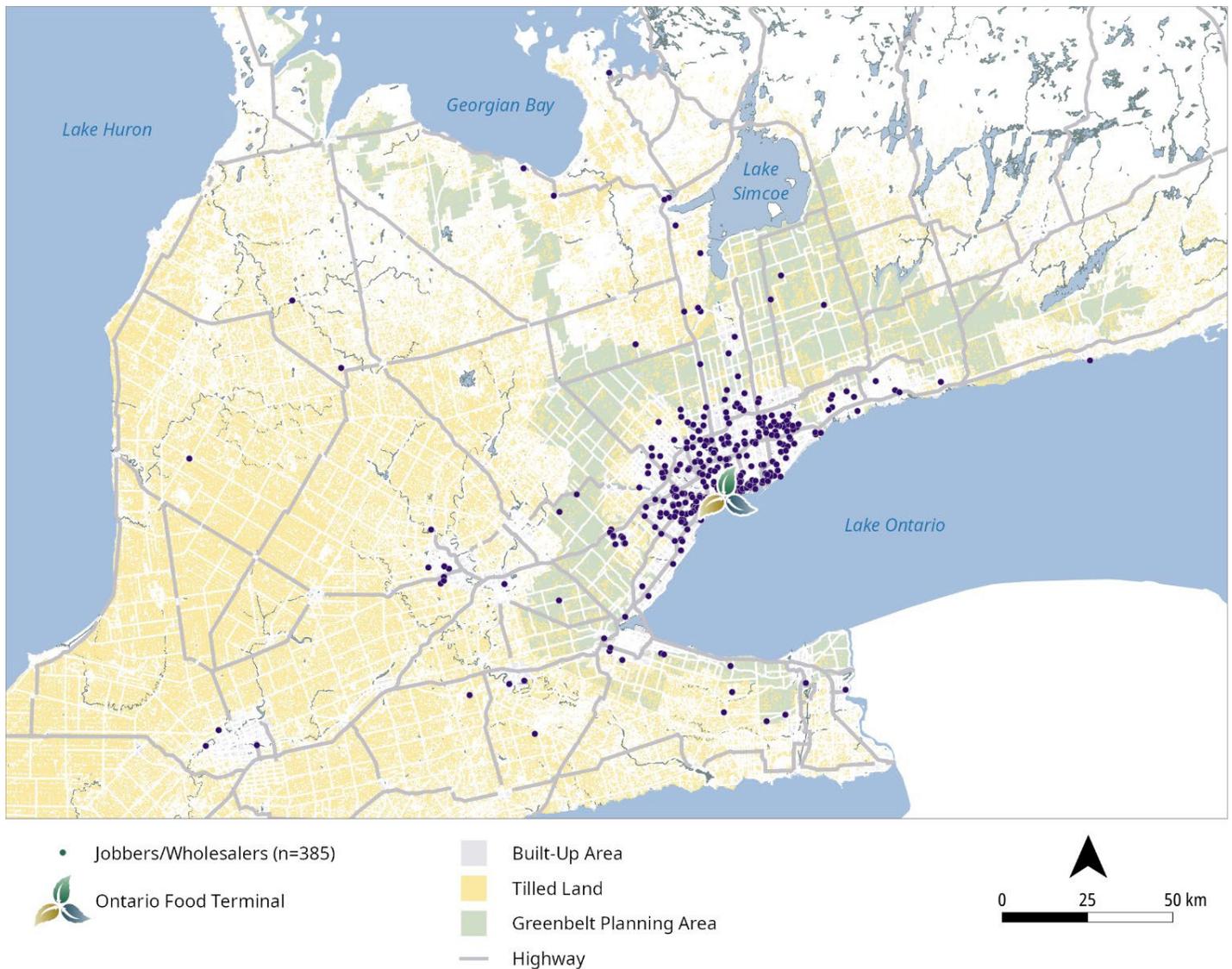
In the case of dedicated flower shops, the majority of the more than 300 stores are in Toronto and the western part of the GTA, with a limited number of flower stores further out.

Figure 6: Locations of florists and garden centres registered as buyers at the Ontario Food Terminal



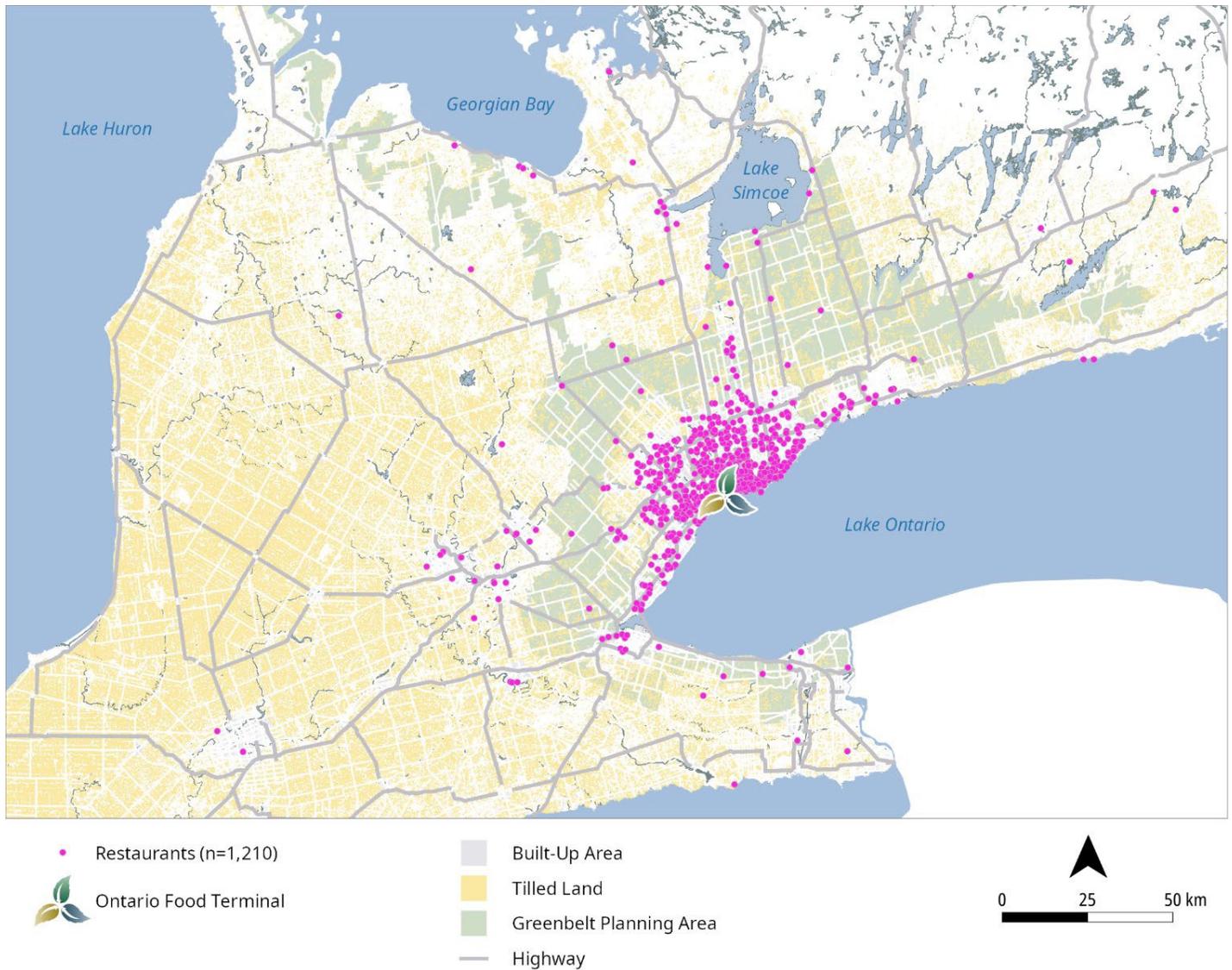
Some buyers make the trip to the Terminal weekly, others twice a day so the physical design and layout within the Terminal is an important competitive advantage. Jobbers provide an essential service as intermediaries to facilitate sales to restaurants, institutions and a variety of other organizations but their ability to meet customer needs quickly and in some cases in locations where there are limited parking and loading facilities are important benefits for customers. As depicted below, jobbers are concentrated in the City of Toronto, but their activities are also spread across the GTA where there is direct highway access. Jobber networks are extensive, and it is not uncommon to see trucks headed to Northern Ontario, Quebec and Atlantic Canada. Buyers also come from as far away as Upstate New York and New England.

Figure 7: Locations of jobbers/wholesalers registered as buyers at the Ontario Food Terminal



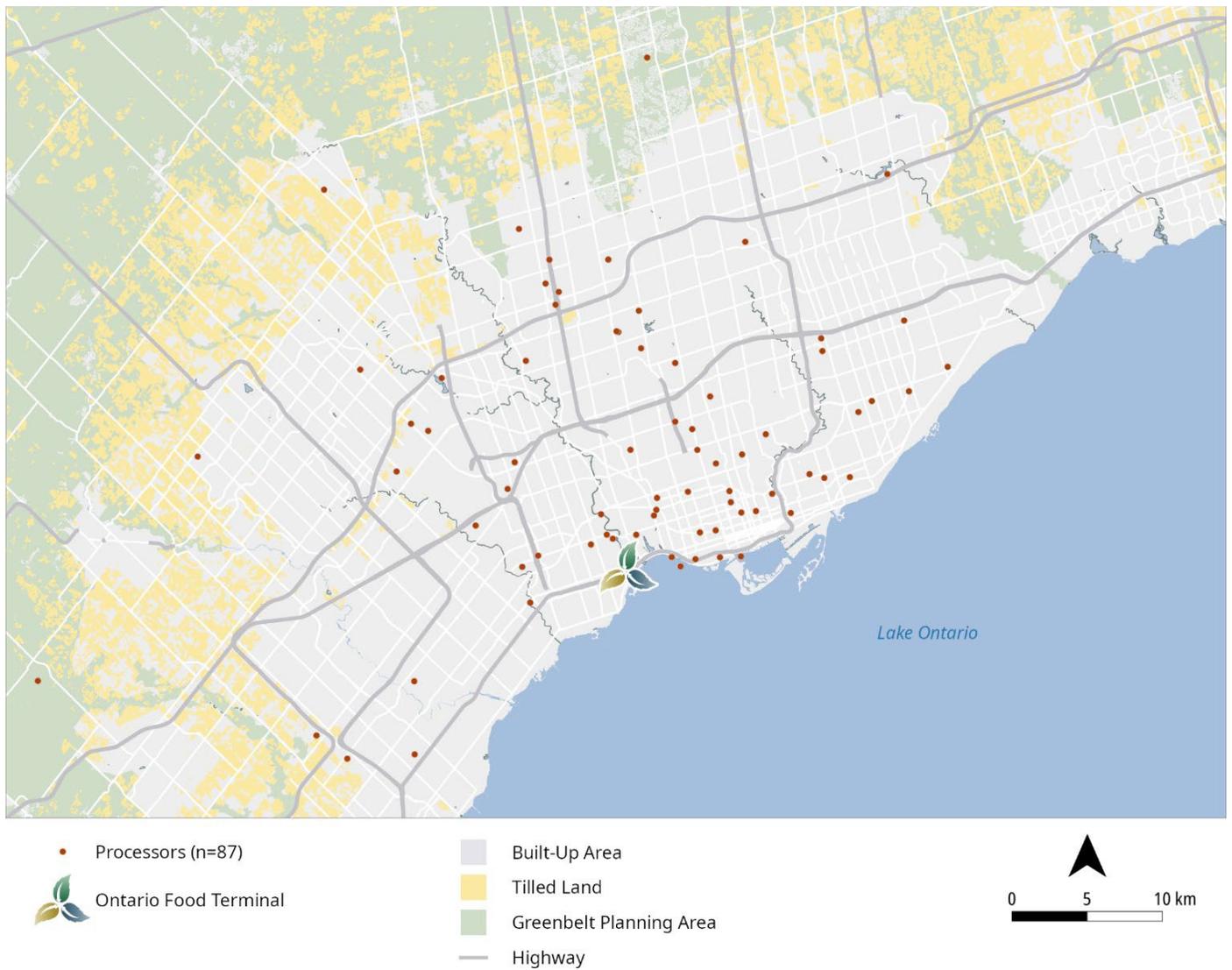
Another important category of buyer is the restaurant sector. As shown below, the location of restaurants whose chefs or other representatives make regular trips to the Terminal is highly concentrated in Toronto but not exclusively so. Again, driving time is a key determinant of whether a restaurant owner will rely on a jobber or take responsibility to select produce personally. Interviews with Warehouse Tenants say that one way or another – either directly or indirectly – every restaurant in Toronto relies on the Terminal, suggesting the number of restaurants benefiting from fresh fruit and vegetables from the OFT is far larger than the 1,200 restaurant buyers registered as OFT buyers.

Figure 8: Locations of restaurants registered as buyers at the Ontario Food Terminal



The food processing sector adds value to the raw material of fresh food. The map below depicts the location of these companies, offering insight into the importance of being within easy access to the OFT. Most of these companies are located within the City of Toronto.

Figure 9: Locations of processors registered as buyers at the Ontario Food Terminal.



The charitable sector in the Toronto area is also a beneficiary of Terminal activities. In the last year, Second Harvest and Daily Bread Food Bank received over 850,000 pounds of donated fruit and vegetables from the Terminal which they distributed to hundreds of partner food programs in member their networks. In addition, FoodShare, Daily Bread, North York Harvest Food Bank, and Mississauga Food Bank purchased produce directly or through intermediaries of the Terminal.

2.4 The administrative backbone of The Terminal's supports the OFT Board's mandate

The Terminal's unique paper-based system of ticketing and order-filling is still preferred as the most efficient way to track and deliver product from diverse sources to a variety of buyer vehicles. Although digital systems such as bar-coding have many advantages, the practical challenge faced by the Terminal is that buyers fill their orders from many different locations across the OFT site. Buyer orders from the Farmers' Market and cold storage can be transferred from a truck to pallets, then broken down into smaller units to facilitate order completion before being moved to a buyer's truck. The Terminal also provides dedicated space for 'cross-docking,' the practice of assembling an order from different delivery trucks. Daily and weekly tallies are then transferred to the Terminal's computer systems to ensure traceability and financial security.

The cold storage facilities, recently expanded to 100,000 sq. ft on two levels (including the basement), are available to growers leasing space in the Farmers' Market as well as the 21 Warehouse Tenants. The availability of this amenity to everyone distinguishes the Terminal from its North American competitors. The main building also houses the Terminal's administrative and buyer offices, training rooms, two restaurants, space for police and security and essential functions such as garbage compaction and recycling.

2.5 The Ontario Food Terminal is a proven economic generator

According to the Ontario Fruit and Vegetable Growers Association, the sector is comprised of over 3,500 family farms, which support over 30,000 farm-based, non-family jobs in Ontario. Over 125 different fruit and vegetable crops are grown in Ontario with an estimated annual farm gate value of \$2.3 billion (2017).²⁸

Based on OFT records and recent surveys carried out by OFT staff, approximately 1,500 of these growers rely on the OFT to sell and/or distribute their fresh fruit and vegetables. Farms and greenhouses growing horticultural products are included in this calculation. Every enterprise pays property and corporate taxes, and their employees pay personal income taxes.

The 21 warehouse tenants are significant economic generators in their own right. In addition to workers employed on site, a number of the larger Warehouse Tenants also maintain secondary warehouses, packing and distribution facilities, providing additional employment in those locations.

As well, the 5,000 registered buyers represent a wide variety of small and medium-sized enterprises directly. Jobbers and buyers representing food service, catering and food processing companies are the lynchpin for yet another web of economic activity.

In addition to the many companies directly linked to growing and distributing food, the economic ecosystem extends to logistics and transportation companies, independent packaging and distribution companies, specialists in customs clearance, food safety and quality assurance as well as a host of companies that provide mechanical, IT, legal, financial and insurance services.

Another layer of essential services supporting the activities of the OFT include companies that service fork lifts, hand-operated battery powered machines, the Terminal's HVAC systems, waste removal and janitorial services. The economic ecosystem also includes hundreds of companies that service thousands of vans, trucks and tractor-trailers owned and operated by registered buyers and Warehouse Tenants.

As one of the larger Warehouse Tenants noted in an interview conducted before the Minister of OMAFRA announced that the OFT will remain in its current location, "Relocating the Ontario Food Terminal would be like trying to move a spider's web. The linkages are real but would be severed if the hub was removed."³²

The Ontario Food Terminal Board employs a staff of 46. In an economic impact statement prepared by the OFT Board in 2018³³, it is estimated that there are between 2,000-2,500 people employed by office and Warehouse Tenants at the Terminal. "These are not minimum-wage jobs," the CUI was told. "Many of these jobs may be low skill jobs but they are well-paid, reliable sources of employment for new and hard-working Canadians."³⁴

Ontario's farmers, particularly those in the Golden Horseshoe where land prices continue to increase, are having to pay higher property taxes. Although the tax rate is typically a fraction of the residential rate, the assessed value of all property continues to increase. Farms producing fruit and vegetables are growing in size, so even a modest increase in the assessed value can have a negative impact on a farmer's operating costs and potentially affect decisions on how much land to keep in cultivation or even whether to continue selling produce at the OFT.

³² Retrieved from www.ofvga.com June 2019

³³ "The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy," Canadian Urban Institute, 2004

³⁴ Handbook of NAPMM, 2017-2018

The inclusion of industry experts has helped the OFT Board plan and implement important upgrades to the physical plant and day-to-day operations.

The Ontario Food Terminal is owned and operated by the OFT Board, an agency under the auspices of the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The OFTB is a board-governed “provincial agency” under the Treasury Board/Management Board of Cabinet Agencies and Appointments Directive. It is also a not-for-profit corporation incorporated without share capital under the OFTB's enabling legislation.

The Ontario Food Terminal is entirely self-sufficient and receives no public subsidies. There are nine self-sustaining cost centres. From the outset, and continuing through an aggressive program of capital improvements undertaken since 2005, all capital costs and operating expenses are covered by user fees and rental revenue.

34.1 The Terminal's first 50 years provided a solid base for future growth.

The original \$5M loan to cover land purchase and construction of the OFT was converted to a 30-year Bond issue in 1954 at 3.5% interest. Payments were covered by a sinking fund paid for by users of the Terminal. Repayment of the Bond was augmented from funds received from the sale in 1954 of lands originally earmarked for expansion. The bond was retired in 1984.

The first major improvements to the OFT took place nearly 30 years after the facility opened when a parking deck for more than 500 cars was installed over the Farmers' Market in 1983, which was expanded by 74 stalls. The parking deck provides welcome cover for growers and their interactions with buyers, which often take place in the early hours of the morning and in all weathers. Parking revenues are applied against the capital cost of the deck. Also, in 1983, the OFT Board installed a restaurant for users of the Terminal, a police office, and upgraded the OFT's computer systems.



“Tailgate Shopping” in the farmers market prior to the construction of the parking deck.

Two years later, the Board made the first of what were to be regular expansions to the cold storage facility, and improved lighting and heating. The basement was renovated to incorporate additional cold storage capacity. The space is accessed by oversized elevators capable of handling stacked skids of produce. In 2001, the Ontario government (through OMAFRA's Healthy Futures for Ontario Agriculture Program) provided a grant of \$78,000 to allow the Board to install an internationally recognized food safety system known as Hazard Analysis and Critical Control Point (HACCP).

In addition to the physical system, the program includes training for staff and pays for 18 additional staff dedicated to monitoring and ensuring food safety.²⁹ The year after this upgrade, the OFT's General Manager, Bruce Nicholas, was recognized by the National Association of Produce Market Managers (NAPMM) as Market Manager of the Year.³⁰ In 1998, rail access was phased out and the OFT took the opportunity to provide additional truck parking on the former rail siding.

34.2 The OFT Board's program of continuous improvement depends on collaboration with its principal stakeholders.

In 2005, the OFT Board was reorganized to include additional industry experts. From this point on, the Board began a program of continuous improvement and modernization, investing approximately \$47M on capital improvements over the past 14 years. These projects include:

Site design and environmental management: Following development of the shopping centre adjacent to the easterly boundary of the OFT site, the OFT created a bio-swale in 2016 to improve storm water drainage.

Extensive landscaping has improved the aesthetic appearance of the site's interface with surrounding land uses while also providing practical benefits to reduce run-off through the addition of trees and plantings across the site.

Access, egress and traffic management: The Board carried out major improvements to tractor trailer parking and vehicular circulation in 2016, constructing a second 'ring road' around the main Terminal buildings, which greatly improved internal traffic flow.

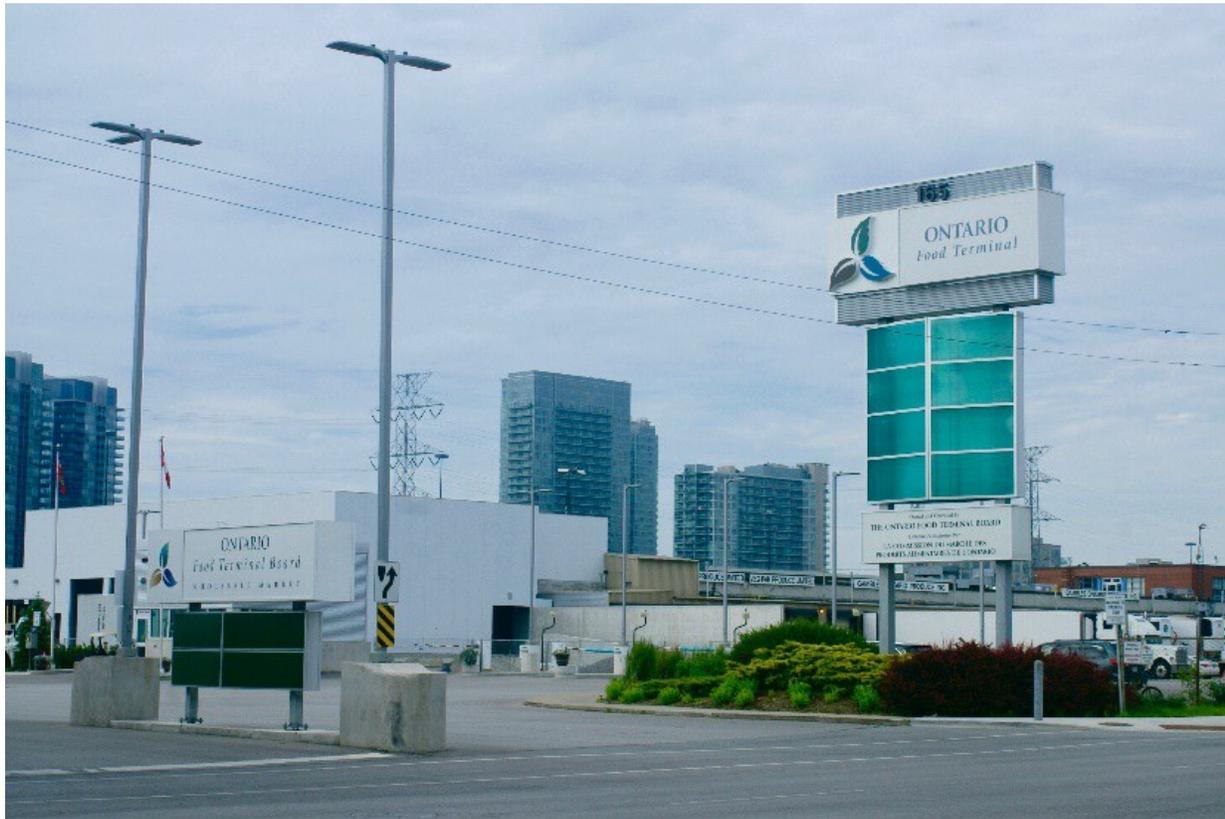


Congestion in the Farmers' Market prior to construction of an internal ring road in 1986



The addition of an external ring road in 2016 further improved circulation.

The Board also constructed a second access gate in 2016, capable of accommodating ten tractor trailers. This helps keep entrance gates clear and prevents tractor-trailer back-up onto the Queensway. These improvements, augmented with new signage, provide clear and unencumbered access for buyers and farmers entering the Terminal. The addition of new digital wayfinding signage clearly identifies the ring road for the benefit of tractor trailer drivers.



A second access gate for trucks constructed in 2016

The recent addition of a new front entrance guard house equipped with video surveillance provides enhanced access control and security for vehicles and pedestrians.

Energy management: The Terminal's electrical system has been continuously upgraded over the past 14 years, allowing the OFT to keep energy cost increases to a minimum and ensuring that everything from the main sub-station to the functioning of individual distribution rooms is code-compliant and operating at peak efficiency.

In 2015, the ammonia cooling system was replaced with an environmentally-friendly Freon cooling system. As part of the Terminal's commitment to energy efficiency and water quality, internal and external water lines have been replaced throughout the site and within the physical plant. The Board is also in the process of upgrading lighting and life safety systems, introducing LED lighting to help reduce energy consumption and enhance worker safety.

Internal circulation and AODA compliance: A pedestrian bridge was constructed to provide direct access from second floor offices to the parking deck over the Farmers' Market. An elevator was also installed as part of the Terminal's AODA compliance program. The Board has also undertaken reparations to the 4.5-acre parking deck to extend the useful life of the decking over the Farmers' Market. More than 90% of roofing on Terminal facilities has been replaced or upgraded since 2011.



Clearly labelled walkways separate the circulation of pedestrians and equipment

There are now more than 120 video cameras located strategically throughout the Terminal, including the cold storage facility. This improves security and assists with inventory control.

Produce handling efficiencies: The dock bays in the Buyers' Court were extended by 4' in 2005. Between 2013 and 2015 these docks were enclosed to provide weather-protection and direct produce loading at heights compatible with panel vans and trucks.

As a result of incremental expansions over a period of years, there are now 35 weather-protected docks, 23 of which are located in a new buyer loading and assembly building designed to accommodate tractor trailers. Dock height can be adjusted depending on the needs of the truck.

One of the unique features of the OFT is that the variable temperature cold storage facilities are available both to lessees in the Farmers' Market and to Warehouse Tenants. The addition of 20,000 sq ft of cold storage space at temperatures ranging from 33°F (.56°C) to 55°F (12.8°C) allows the Terminal to handle a greater range of fruits, vegetables and horticultural products.

The upgraded refrigeration systems are computer-controlled, which facilitates temperature maintenance and monitoring. This helps all parties keep their produce in peak selling condition for longer periods and facilitates the ability of buyers to assemble their orders from multiple sources. A second cold storage receiving, and shipping facility was recently added, and this space is currently being renovated and enlarged. Upon completion, there will be 17 truck-compatible access doors, triple the original number.



The OFT is expanding cold storage + waste separation receiving and shipping capacity

Weather protection: When the dock doors were added to the Buyers' Court docks in 2011 to protect workers from inclement weather conditions, additional weather-protection was provided to create covered pathways linking the Buyers' Court to parking areas for smaller vehicles and cube vans. As part of an initiative to ensure the highest levels of pedestrian safety, pedestrian circulation and vehicular traffic is now separated, signed and weather-protected through the installation of covered walkways in the Buyers' Court and Farmers Market.



Weather protected walkways for the Buyers' Court and Farmers' Market added 2013-2015

Health, safety and worker well-being: The Terminal Board is currently constructing a new state-of-the-art waste separation compactor station with six bays to allow separation of cardboard, plastics, and wood waste. By channeling the handling of product waste within an enclosed setting, this reduces the likelihood of external odours and improves air quality in the vicinity of the Terminal. A key benefit of these capital improvements is that the OFT will be able to increase the efficiency of recycling and divert as much material as possible from landfill.

The OFT Board is currently in the process of upgrading its HACCP management system (Hazard Analysis Critical Control Point) throughout the Terminal. This program allocates staff resources to collaborate with visiting workers to provide enhanced food safety monitoring and traceability through the analysis and control of produce handling.

A new meeting room capable of accommodating up to 75 people has been built to encourage training and product development. This room is also utilized for meetings and presentation to numerous international delegations, providing the OFT Board with the opportunity to promote Ontario as a leader in the efficient production and distribution of fresh fruit and vegetables.

The Board recently constructed a new restaurant to better serve farmers, buyers and other visitors. The facility includes additional washroom facilities in the Farmers Market.

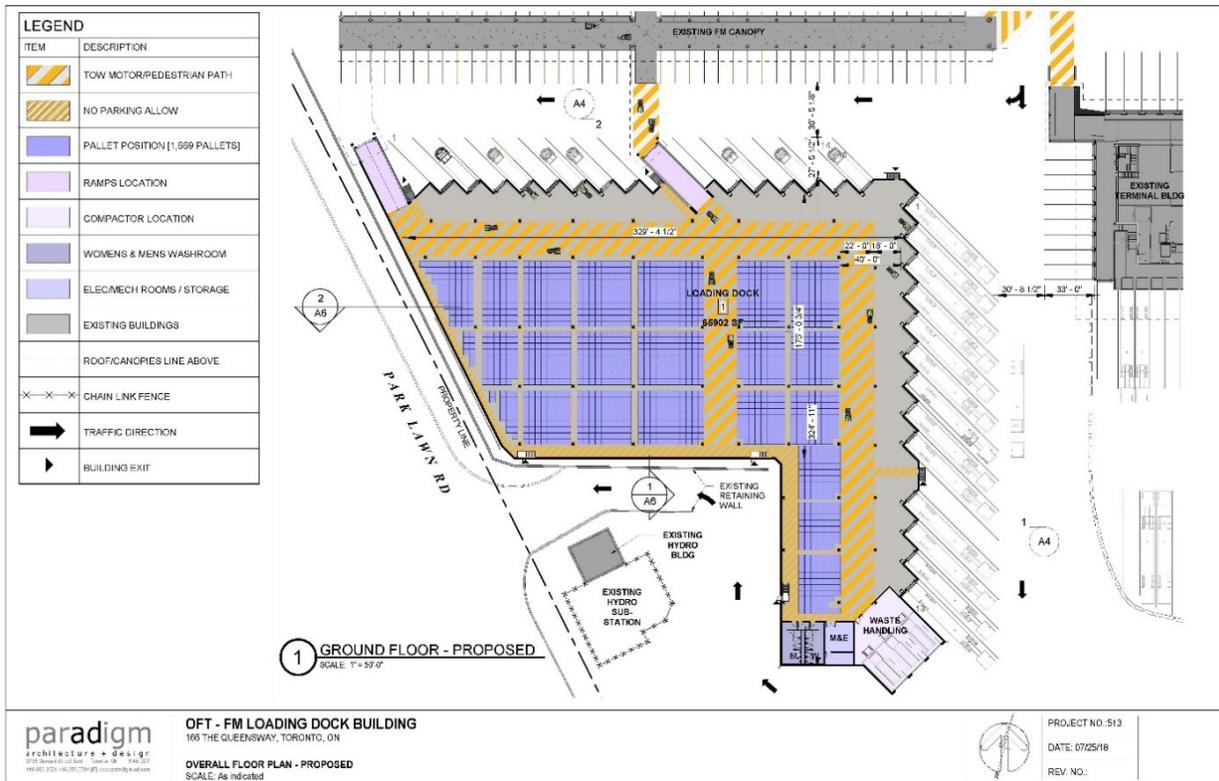
Future plans: Guided by a strategic advisory group with representatives from wholesalers, buyers and growers active at the Terminal, the Board is examining the potential to install wi-fi for the benefit of all Terminal users. The Board is also developing expansion plans for a new enclosed loading dock with the potential to be built as a multi-level building adjacent to the Farmers' Market footprint. The facility could potentially increase and add value to the distribution of Ontario fruits, vegetables and horticultural products. A key factor determining the timing and feasibility of proceeding with this planned facility is to reach agreement with growers on their appetite for higher rental fees.

As the average size of fruit and vegetable farms increases, so does the potential for handling higher sales volume and a wider range of fruits, vegetables and horticultural products.

Realistically, higher sales volume for the Farmers' Market can only be achieved with larger trucks, which would require the same standard of weather-protected, sophisticated docking facilities employed in the Buyers Court. The ultimate goal is to provide growers with a climate-controlled sales platform similar in quality to that enjoyed by Warehouse Tenants. Before proceeding with such a plan, the OFT Board must be satisfied that it is able to continue to serve the large number of smaller growers whose needs and preferences – and by extension, ability to pay – is better served by selling directly from their vehicles.

The proposed loading dock building could be built as a multi-level structure with value-added functionality.

There is also a desire to capitalize on industry-wide trends towards traceability and improved food safety by installing a digital tracking system or platform that will serve the new building and the rest of the Terminal. Other possible enhancements could include the provision of post-harvest handling capacity in addition to services provided by Warehouse Tenants either at the Terminal or through mobile facilities operated under the auspices of the Terminal, similar in concept to assets available to farmers in California and other areas dedicated to growing fruit and vegetables.



The proposed loading dock building could be built as multi-level structure with value-added functionality.

The new building could also include an Innovation/Training ‘Centre of Excellence’ and meeting space as well as a facility to host meetings with international visitors and welcome members of the public, expanding on the Terminal’s current practice of hosting an annual open house. In early September, for example, senior staff met with a delegation led by the United States Department of Agriculture Under Secretary, who received a tour of the Terminal operations.³⁵

During the recent period of uncertainty regarding the future of the OFT, an informal group called “Friends of the Ontario Food Terminal” was created. The OFT Board itself has limited capacity to engage in public outreach but could potentially take advantage of volunteer organizations dedicated to communicating the importance of the Terminal more broadly.

³⁵ OFT Board communications and annual report



PART TWO

The experience of other wholesale produce markets in the U.S. has lessons for the OFT.

Although the National Association of Produce Market Managers (NAPMM) has a number of international members from around the world, its focus is North America. There are 12 Canadian members, all of which – other than the Ontario Food Terminal – are produce markets that cater primarily to the public. In Ontario, the City of Ottawa, St Lawrence Market, St Jacobs Farmers' Market and the Kitchener Market are members. Farmers' Market Ontario located in Brighton, is also a member. There are also member markets in Montreal, Calgary, Winnipeg and Vancouver.

The Ontario Food Terminal, in addition to being the fourth largest wholesale produce market in North America, is the only one of its kind in Canada. In response to proven demand for access to locally-grown produce, however, Ontario has seen a rapid expansion of interest in farmers' markets in recent decades. The Elmira Food Auction Cooperative and the Bruce-Huron Produce Auction are two larger examples, established to provide a much more local alternative outlet for farmers to the OFT.

The popular success of these and other local markets has spurred interest in the potential for establishing 'sub-terminals' for the Ontario Food Terminal. A recent masters thesis analyzed the opportunities provided by these two produce auctions and found "the wholesale produce auction model in Southern Ontario exists as a unique way of selling and purchasing local produce, where re-socialization is able to flourish but is limited by issues of convenience."³⁶

The following section focuses on the role of four U.S. wholesale produce markets, all of which operate at a scale similar to the Ontario Food Terminal. As noted in the accompanying graphics, all of these markets benefit from a central location within the core their respective urban regions, from where they are able to service the needs of wholesalers across a range of sectors such as food production services, restaurants and local independent retailers.

4.1 Hunts Point

The largest wholesale produce market in North America is Hunts Point in the Bronx. The market relocated to the 113-acre site in 1967. Hunts Point supplies fruit and vegetables to 20 million people in an 80-km radius around New York. The market receives produce from nearly every U.S. state as well as imported produce from around the world.

The Hunts Point produce market is a co-op. Its lease from the City of New York ends in 2021, with the option for a 10-year extension. The current facilities need significant improvements, such as more cold-storage and rail improvements, with funding committed to by various levels of government.

³⁶Rylea Johnson. "Wholesale Produce Auctions: Assessing Their Viability in a Changing Food Economy". Thesis presented to The University of Guelph in partial fulfillment of requirements for the degree of Master of Arts in Geography, Guelph, Ontario, Canada, 2014.



Aerial view of Hunts Point Cooperative Market

Much of the focus of government regulation is the ability to trigger recalls in the event of an outbreak affecting contaminated spinach, lettuce or tomatoes. An important tool in such a case is the use of a GTIN (Global Trade Item Number) which is represented in a bar code (the lines and spaces that allow the GTIN to be scanned). As required by government regulation and through agreements with produce associations, GTINs are created for every pallet of produce, so theoretically produce can be traced from the moment it is stacked in cases on a pallet through to the point at which it is delivered to the end user.

In response to outbreaks resulting from contaminated produce and new regulation, the Produce Traceability Initiative (PTI) was created to provide a standardized traceability system. The PTI is a voluntary industry-driven program created by the Canadian Produce Marketing Association, GS1 US, Produce Marketing Association, and United Fresh Produce Association. The PTI provides a consistent and robust record tracking system to participants and has been promoted at Hunts Point along with other produce terminals and business in the produce industry.

The experience of Hunts Point illustrates some of the challenges associated with establishing and following through on government regulation regarding traceability. Hunts Point is the focal point for two sectors disproportionately represented in New York: restaurants and the food service industry, which often require much smaller amounts of produce than contained on a pallet. When companies beyond the control of Hunts Point take on responsibility for distribution or repackaging produce in small amounts, the integrity and value of identifying pallets of produce starts to break down.

An alternative but costly approach used in the UK is to pre-package smaller amounts of produce in clam-shells, which can be identified with a GTIN, although creating additional non-reusable packaging goes against the current interest in reducing unnecessary packaging. The size and high visibility of Hunts Point keeps issues such as these at the forefront of wholesale market 'politics.'

Although it may have seemed logical to co-locate a produce market, a fish market and a meat market in the same general area, an unintended consequence of this decision is that all three markets compete for the same scarce highway space for the thousands of trucks that move in and out of these markets' day-in, day-out.

4.2 The San Francisco Produce Market



San Francisco Wholesale Produce Market

The San Francisco Produce Market is a 20-acre site in one of the last light industrial areas of the city. The Market is a non-profit organization with a volunteer board of directors. The Market's plans for the future include sponsoring community outreach through maximizing 'food recovery,' a "makers market" for small scale processing, organizing educational tours and working with local stakeholders to promote a healthy retail and food policy environment.

As with wholesale produce markets everywhere, the San Francisco market's strongest advocates are those who depend on the activities of the market, not necessarily the city's residents. A recent article captured this dilemma, challenging people to identify the source of local and imported rarities such as edible pansies and fuchsia-stemmed chard., asking rhetorically, "How do they get to the shelves of (a well-known local grocery store), your \$11 salad at (a well-known local restaurant) of your \$18 pizza at (another well-known local eatery)?"

The basis for the market's commitment to multi-million-dollar capital improvement plans is a recently signed 60-year lease with the City of San Francisco. The plans include rebuilding the vendor spaces, modernizing systems and installing energy-efficient cooling facilities.

4.3 The Philadelphia Wholesale Produce Market

The Philadelphia Wholesale Produce Market (PWPM), which bills itself as “the world’s largest fully-enclosed, fully-refrigerated wholesale produce terminal market,” moved to its present location in 2011. The market promotes its modern services beyond refrigeration, such as security cameras and staff, Wi-Fi hotspots, onsite recycling facilities, a USDA inspection station, ripening services, and repacking services.



Front façade of the Philadelphia Wholesale Produce Market

Although the facilities are brand new, the way business is transacted is as traditional as it always was, with the possible exception of extra attention to “tagging,” the term used by PWPM to describe its approach to produce traceability.

The new Essington Avenue location, accessible to a number of interstate highways, is seen as a superior location to the previous Food Distribution Center in South Philly. That location, which was acknowledged as providing a much-needed centralizing force to wholesale produce activity, lasted only 50 years after moving from its origins at Dock Street at Society Hill. The new facility was funded by the State of Pennsylvania with some private sector participation, in part to prevent the market relocating to New Jersey.

One innovation made possible by the move to new facilities is providing Philadelphia’s equivalent of Warehouse Tenants with the opportunity to reduce logistics costs by sharing delivery arrangements when customers are located outside of the city. Wholesalers also point out that in addition to facilitating the distribution of higher overall volumes, the new facilities have encouraged a broader range of fruits and vegetables. There are even suggestions that the newly relocated market is pulling business away from Hunts Point, less than three hours away on the Interstate.

4.4 The Chicago International Produce Market



Chicago International Produce Market

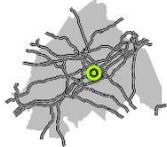
The Chicago market is also relatively new, with the 2003 decision to relocate from a smaller, congested site. The Chicago market operates differently from its other North American competitors, with information technology driving many of business dealings.

In addition to providing a home for 22 produce merchants, the Chicago market offers a variety of value-added services to merchants and buyers alike, dedicated to maximizing loading/unloading and delivery systems designed to reduce wait times.

One of these services – custom re-packing – is designed to eliminate problems such as those encountered at Hunts Point, where breaking produce orders into smaller components can limit the integrity of traceability systems. It is also possible to arrange cartage and ‘full truckload’ services on-site, potentially reducing the need for merchants and buyers to maintain their own fleets. Using data-driven loading techniques, Chicago offers companies the option to reduce overhead costs by contracting out a variety of logistics-centred functions with an overall aim of reducing kilometres travelled.

The Chicago market also offers a variety of post-harvest services such as ripening facilities and custom labelling.

Figure 10: All major North American wholesale produce markets are centrally located in their respective urban regions.

	Ontario Food Terminal	Philadelphia Wholesale Produce Market	Chicago International Produce Market	San Francisco Wholesale Produce Market	Hunts Point Produce Market
					
Size	350,000 sq.ft	686,000 sq. ft ⁴⁰ (main Building only)	436,000 sq. ft ⁴¹ or 450,000 sq. ft ⁴²	485,000 sq. ft (Warehouse space) ⁴³	> 1,000,000 sq. ft (within 4 main rows) ⁴⁴
Metro Area Population in 2018	7,826,000 (Golden Horseshoe)	6,096,372 (Philadelphia-Camden- Wilmington Metro Area) ⁴⁵	9,498,716 (Chicago-Naperville-Elgin Metro Area) ⁴⁶	4,729,484 (San Francisco-Oakland-Hayward Metro Area) ⁴⁷	19,979,477 (New York-Newark- Jersey City Metro Area) ⁴⁸
Number of Tenants	21 (Farmers' Market not included) ⁴⁹	24 ⁵⁰	22 ⁵¹	28 ⁵²	35 ⁵³
Governance Structure	7-member Board appointed by OMAFRA. Also, a Strategy Advisory User Group ^{54 52 53}	The PWPM board elected from owners of a market business. ⁵⁴	The CIPM is owned by Centrepoint Properties and has a private governance structure. 55	The SF Market is an NGO (2015). ⁵⁶ Volunteer non-expert board plus Merchant Board. 57 58 59	Hunts Point Produce Market is a cooperative owned by shareholders. ⁶⁰
Amenities/ Facilities	Buyers' Court is climate controlled.	Full climate control with high tech video surveillance. Onsite USDA inspection station, ripening services, and repacking services. ⁶¹	108 climate-controlled docks, temperature-controlled freezers and coolers, ripening rooms, packaging and repackaging areas. ⁶²		⁶³ Facility lacks many basic resources ⁶⁴ Tenants undertake renovations of their personal units for better lighting and air quality. ⁷⁰ There is \$10 million for upgrading the freight rail in the market from the federal government. ⁷¹
Expansion Information	Relocated from downtown Toronto in 1952, fully operational in 1954	The PWPM moved to the current location in 2011, in part due to requirements for more advanced facilities. ⁶⁵	Market was moved to current location from the South Water Market in 2001. ⁶⁶	The SF Market at its current location since 1963. \$100 million reinvestment plan to upgrade and expand. ⁶⁷	In 2015, the City of New York committed \$150 million over 12 years to modernize the infrastructure and increase spaces at all 3 wholesale markets. ⁶⁹

See Appendix A for References

The impact of changes in public policy on the Ontario Food Terminal.

The following section outlines the effect of three areas of public policy that are likely to influence future plans at the Ontario Food Terminal: food safety, land use policies and transportation, all of which are inevitably linked to the broader challenge of addressing climate change.

5.1 The agri-food sector is benefitting from increased emphasis on food safety.

Over the past 25 years, in response to occasional lethal outbreaks of foodborne illnesses, particularly those linked to the consumption of leafy greens and other vegetables, governments in many jurisdictions have stepped up efforts to regulate and monitor food safety. In Canada, concerns for food safety have been combined with initiatives to promote the nutritional value of fresh fruits and vegetables, and, by extension, the importance and value of protecting the viability of farming as a source of fresh produce.

There are many opportunities in supply chain linkages from field to table for produce to be contaminated with bacteria, viruses and parasites. When produce crosses international borders, the need for traceability through accurate monitoring is magnified. The impetus to adopt HACCP (hazard analysis and critical control points), a science-based approach that commits to a preventive methodology emphasizing training, sound record keeping and risk-based auditing, originated in the U.S. as a result of a need to provide astronauts with a guaranteed source of uncontaminated food.³⁷ HACCP was adopted by the Ontario Food Terminal in 2001³⁸ and is regularly updated to keep up with findings from research and best practices on both sides of the border.

The Canadian Food Inspection Agency (CFIA), which reports to the federal Officer of Health, was established in 1997. The CFIA is responsible for establishing policies and standards for the safety and nutritional quality of food sold in Canada. The Safe Foods for Canadians Act, passed in 2012, deals with (among other things) inspection and safety of imported food commodities. As of January 2019, companies that import food into Canada, including Warehouse Tenants located at the Ontario Food Terminal, must be licensed under the Safe Food for Canadians Regulations.

The Canadian Produce Marketing Association (CPMA) also plays an active role in support of efficiency and safety related to domestic and international supply chains. The CPMA established the Canadian Food Safety Fund to support “product ID, traceability, RFID/EPC, and data synchronization.”³⁹

³⁷ <https://www.foodqualityandsafety.com/article/the-evolution-of-haccp/>

³⁸ The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy. The Canadian Urban Institute. June 2004.

³⁹ <https://www.cpma.ca/>

In Ontario, provincial safety laws related to the Ontario Food Safety and Quality Act are administered through OMAFRA, which is also responsible for food safety, the promotion of local food and the role of the agri-food sector as an important economic generator. The OFT Board is appointed by the Minister.

5.2 Recent government decisions on land use policy may provide additional certainty to the long-term viability of the OFT

Since the early 2000s, beginning with revisions to the Planning Act, the Provincial Policy Statement and reforms to the former OMB, the priority for provincial policy with respect to employment lands has been to protect their viability, guard against inappropriate conversions and to require municipal plans to conform to an extensive range of provincial policies. These protections were reinforced in successive versions of the Growth Plan for the Greater Golden Horseshoe, first in 2005 and again in 2017. These provisions directly affect the Ontario Food Terminal because the site is designated as ‘employment lands’ in Toronto’s official plan.

In January 2019, the Province proposed an amendment to the Growth Plan intended to provide an additional layer of employment lands protection in the geographic area covered by the Growth Plan through the identification of Provincially Significant Employment Zones (PSEZs). After a period of consultation, the Province published a preliminary list of 29 PSEZs in the Golden Horseshoe, including a number in Toronto. The lands occupied by the Ontario Food Terminal, which are designated in Toronto’s official plan as an employment area, were not included in this list, although the neighbouring South Etobicoke employment area (referred to on the provincial list as QEW/427) was identified as a PESZ.

This changed on July 23, 2019, when the Minister announced that the government had decided to provide the Terminal with this additional layer of long-term land use protection⁴⁰. Toronto Council had previously requested the province to identify the OFT site as a PSEZ, and a similar request had been made in 2012 by Toronto’s former mayor, Rob Ford. More recently, Ms Bhutla Karpoche, MPP representing Parkdale-High Park, brought forward a private member’s bill proposing an amendment to the Planning Act to achieve the same goal.

Criteria for identifying an employment area as a PSEZ include:

- “Perceived vulnerability to conversion pressures;”
- “Encroachment by sensitive land uses that could threaten existing land uses that could threaten existing employment uses;”
- “A need to preserve the area as a means of attracting new investment and/or retention of existing industries;” and
- “The employment area exhibits a high concentration of employment and/or economic output and plays an economically strategic role to the region.”

⁴⁰ The Minister’s letter and other relevant correspondence is included as an appendix to this report.

These criteria are general in nature, and while identifying the OFT site as ‘provincially significant’ presumably rules out conversion to residential or other non-employment uses, it will be important to explicitly acknowledge the purpose and function of the Terminal in policy over and above the letter from the Minister.

The role of official plan policies regarding the designation of employment lands will continue to be central to the future of the Ontario Food Terminal. The term ‘employment lands’ is relatively new, and many sites in Toronto designated as such were originally designated ‘industrial.’ This is the case with the lands occupied by the Ontario Food Terminal, which was established by the provincial government through the Ontario Food Terminal Act in 1946. The difference in terminology is not just semantic: the ‘employment lands’ term is considered to be more inclusive and appropriate for today’s economy but is still intended to give primacy to land uses that provide and support jobs.

By the time that the CUI published its first study on the OFT in 2004, Etobicoke and five other local municipalities in the former Metropolitan Toronto had been amalgamated to form the new City of Toronto.⁴¹ The lands of the OFT were designated as ‘industrial’ in Toronto’s official plan (inherited from the Etobicoke plan), framed by a strip of land owned by Ontario Hydro designated as ‘utility.’ In keeping with the modernization of terminology, the OFT site is now designated in the Toronto official plan as ‘employment lands.’

Other applications for re-designations and rezoning have taken place since the CUI’s 2004 report, which described concerns of the OFT Board with respect to the impact of traffic congestion and incompatible land uses encroaching on the OFT site. The most significant land use change to occur since 2004 was the closure and sale of the Mr. Christie’s cookie factory in 2013, a 12.5-acre site south of the OFT on the other side of the QEW highway.

The property is now owned by First Capital, which is negotiating with the City to create a mixed-use development with employment uses under a ‘Regeneration’ land use designation. The new owners are also seeking to construct a new GO station from Mimico to serve the site directly.

In an environment where redevelopment and intensification are the driving forces for so much growth in the City of Toronto, concerns about potential land use conflicts as a result of encroachment remain valid. While the intent of identifying the OFT site as a PSEZ is to address in part the criterion regarding encroachment of incompatible uses, re-designation of the Mr. Christie’s site with a ‘Regeneration’ land use would represent another source of pressure for the OFT to contend with.

While encroachment pressures over the past 15 years have not yet had the negative impact on the Terminal that had been feared, this could change at any time. For example, the narrow strip of commercial lands on the north side of the Queensway could be redeveloped but as things stand, this strip is the principal buffer for the adjacent neighbourhood. Several factors are worth noting regarding potential encroachment from the south:

⁴¹ Amalgamation took place in 1998 when Metro Toronto and the cities of Etobicoke, Toronto, North York, East York, York and Scarborough were dissolved by the Province and amalgamated to create the new City of Toronto.

- First, the presence of a major sewage treatment plant to the northeast provides an important permanent buffer.
- Second, the constant roar of traffic from the QEW provides a significant screen from noises generated from within the Terminal. The corridor also includes the Lakeshore West rail line used by GO and VIA.
- Third, the Hydro corridor with its towers and high-tension wires represent another meaningful separator between the OFT and any additional new development to the south.
- Fourth, as a result of many capital enhancements (see 3.2) carried out over the past decade, the potential for noise and traffic conflicts has been greatly diminished.

The First Capital proposal and the position of the City will not be known until at least the fall so an assessment of the potential impact on the operations of the OFT cannot be made until these details are available.



The Hydro Corridor is one of the permanent barriers separating the Terminal from adjacent development

5.3 Traffic Congestion in the GTHA is worsening but off-peak trucking movements mitigate the impact on the OFT

When the wholesale produce market was relocated from downtown Toronto to its current site in Etobicoke, the site was chosen in part because it possessed rail access. But early on it was recognized that its location adjacent to the recently built QEW would be key to providing the kind of flexible access required by the activities of what would become Canada's largest wholesale produce market.

The world of transportation has changed a great deal over the past 65 years. In 1954, the year that the Ontario Food Terminal became fully operational, the city's network of highways was still very much a work in progress.

In these early days, the QEW – Canada's first divided highway – provided quick access to the fruit lands of Niagara and international crossings to the United States, but the highway ended at the Humber River in the 1950s, causing massive traffic jams. Although the newly created Metro Toronto government made extending the highway through downtown Toronto a priority, continuous highway access between the QEW and the Gardiner Expressway only became a reality in 1958.⁴² The connection from the QEW to Highway 427, which facilitated trucking access between the Terminal and Pearson Airport, opened a decade later.

Although it is hard to visualize now, the land uses adjacent to the QEW in the 1950s were still dominated by manufacturing plants such as Mr. Christie's, which had opened in 1948. Industrial land uses were interspersed with less urban activities such as the market garden that had occupied the site which is now the home of the OFT.



The Terminal's surroundings have changed beyond recognition since the 1950s

⁴² Retrieved from <http://www.gettorontomoving.ca/gardiner-expressway.html> July 2019

To address the problem of growing commuter traffic into downtown Toronto, the provincial government launched the Government of Ontario (GO) commuter rail service in 1967. Today, GO rail service accounts for about one fifth of all rush-hour trips into downtown Toronto. Although the network of TTC bus and streetcar services has also expanded across the City, providing essential commuting options for OFT workers, many of whom depend on transit, the burgeoning population in South Etobicoke has not been so well served, with the exception of a relatively high-speed connection to downtown Toronto via the grade-separated Queen Streetcar route along the Queensway.

Tackling increasing traffic congestion across the region has been a public policy priority for successive provincial governments since the 1990s, which is when the first estimates of the cost to the economy of congestion in the GTHA began to appear. Current estimates put the cost at between \$3B and \$6B, challenging the government to find an appropriate balance between the needs of commuters and demands on the highways imposed by the trucking industry.

The focus over the past 15 years has been to mitigate the impacts of congestion by investing heavily in public transit. The Ontario Trucking Association commented in 2008 that every public dollar spent on transit is a benefit for logistics and trucking.⁴³

Methodologies for calculating the costs of traffic congestion to the economy tend to focus on the impacts of lost productivity due to longer commuting times, but there is also consideration given to direct costs incurred by the manufacturing sector related to higher fuel and maintenance costs, as well as hidden costs such as an inability to reliably calculate when deliveries will be made.⁴⁴

Public policy on transportation affects the Ontario Food Terminal in three ways:

- The first is area-wide. Although the population in the vicinity of the OFT has increased exponentially over the past two decades, there are natural limits to the capacity of the highway system so area impacts tend to be felt mostly on arterial and local roads. The impact of industrial uses has also changed over time. The closing of Mr. Christie's actually had a beneficial impact on local traffic, because Mr. Christie's operated two shifts of workers who mostly drove to work. The late afternoon hours around shift change-over were acknowledged to be a significant problem because this often coincided with the times that trucks left the plant to deliver product.⁴⁵ However, since transit service has not yet been significantly improved in the area over 1990 levels, car traffic from the burgeoning population of condo residents has replaced one problem with another.
- Second, the amount of traffic generated by the Ontario Food Terminal has grown over the years. The OFT Board estimates that 2,500 cars, cube vans and tractor-trailers enter and exit the Terminal every day, but as a significant percentage of trucking movements take place in the early morning hours, the impact on local traffic is minimal. Also, as noted elsewhere in this report, capital improvements to the entry-points and internal circulation at the OFT have greatly reduced the potential for congested generated by the OFT itself.

⁴³ David Bradley, past president of the Ontario Trucking Association, CUI seminar 2008

⁴⁴ C. D. Howe (2013), Metrolinx (2008)

⁴⁵ Waterfront LRT Environmental Assessment, TTC/Metro, 1995

- The third perspective is the impact of highway congestion in the city and surrounding region on the ability of Terminal users to access the OFT in a timely fashion for deliveries and to make round-trip journeys to and from home-base as part of the order-fulfilment process. Although no one interviewed for this report was happy with the level of traffic congestion, the concerns raised by users appear to be manageable, in part due to the ability of users to schedule their activities in off-peak times.

As noted by an Ontario dealer (a farmer who also sells produce from neighbouring farms), the cycle of delivering produce from locations two to three hours from Toronto typically begins late at night to facilitate the sale and transfer of produce to truckers headed for Northern Ontario, Quebec or Atlantic Canada. Interviewed in a trade newspaper, the dealer stated that he remains on site until mid-morning (the following day) to complete more local sales.

Key Findings.

Although concerns related to government pronouncements concerning the future of the Ontario Food Terminal (OFT) have been allayed to some extent, some of the points raised by Minister Hardeman⁴⁶ in his criticisms of the Terminal are beyond the scope of this report and cannot be answered unequivocally. From the perspective of affected stakeholders and supporters of the Terminal, the Minister's announcement that the OFT will remain in its current location is clearly good news. The stakeholder list is extensive.

In addition to the businesses located at the Terminal, the list of interested parties ranges from hundreds of Ontario growers who depend on the Terminal as a trusted outlet for selling their locally-grown fruit, vegetables and horticultural products to the many independent grocery stores in the Golden Horseshoe, particularly more than 1,600 green grocers serving Torontonians on shopping streets throughout the City.

Other stakeholders and supporters relieved by the government's decision to allow the Terminal to stay where it is include the principal client for this report, the Golden Horseshoe Food and Farming Alliance as well as the Ontario Produce Marketing Association, Ontario Fruit and Vegetable Growers Association and others producer associations. Other supporters include City of Toronto staff and politicians who understand the importance of the Terminal's role as a major employer and economic generator, and, less directly, an entity that contributes to the health and well-being of the population, including less fortunate Torontonians who rely on surplus produce from the Terminal through the City's food banks.

This report makes several references to the unique "stock exchange" role of the Terminal, which results in the distribution of an estimated additional 1B pounds of produce over and above the produce shipped through the OFT via off-site facilities owned by the Terminal's Warehouse Tenants. It isn't possible to know how far this model can be expanded into the future, but Terminal users interviewed appear confident that government concerns about the Terminal's ability to service the needs of the growing population of the Golden Horseshoe are unfounded. The MNP study commissioned by the government may well have more to say on this matter, including the viability of establishing OFT "sub-terminals" in places like Guelph/Wellington County, which was recently awarded \$10M from the federal government through the Smart Cities Challenge fund⁴⁷. The Guelph/Wellington County submission addresses many of the same issues already identified by the OFT Board as key challenges related to technological innovation and environmental sustainability to be faced in the years ahead.

This report also identifies trends beyond the direct control of the OFT that merit careful tracking such as local and regional traffic congestion, pressures from incompatible development and the future viability of Ontario growers in the Golden Horseshoe. Other key issues such as keeping the Terminal's operating expenses in check, collaborating with industry and Terminal users to accelerate the pace of technological innovation are addressed in the recommendations that follow. Key among these is the challenge of how to achieve the stated goal of the OFT Board to expand and enhance facilities serving the Farmers' Market while balancing the interests of all parties engaged in the enterprise.

⁴⁶ <https://www.thestar.com/business/2019/04/23/the-ford-government-is-reviewing-canadas-3-billion-food-terminal-and-independent-grocers-are-worried.html>

⁴⁷ <https://guelph.ca/2019/05/guelph-wellington-awarded-smart-cities-challenge-prize/>

The Ontario Food Terminal enjoys broad support and well-deserved international recognition as a leader in the field. As suggested below, however, a potentially important source of inspiration is to explore in more detail lessons to be learned (positive and negative) from other wholesale produce markets. This report has only scratched the surface in this regard.

Finally, this report has noted a great many important capital investment and operational improvements made since our first report in 2004. This a credit to the OFT Board and staff, which bodes well for the future, but there is clearly more to be done as the Terminal strives to retain its place in the food value chain.



The Ontario Food Terminal in 2018

The recommendations are focused on our analysis of the OFT Board's needs but will require support from a variety of stakeholders.

This report describes in some detail the critical role played by the Terminal in supporting Ontario's complex economic ecosystem focused on the food value chain. A key element of this value chain is the growing importance of food safety and the burgeoning level of interest in developing both the capacity of businesses to implement new processes and the potential for introducing innovations such as advanced logistics solutions into the system. Ontario's approach may be unique in that the government vision for food combines food safety, nutrition/public health and the many business linkages between these factors to economic development and the environment, including the need to protect the viability of growers responsible for producing fruit, vegetables and horticultural products.

The purpose of this recommendation is to provide additional impetus to this approach and to complement the working relationship between the OFT Board and OMAFRA.

- **We recommend that the government consider assigning representatives from the Ontario Ministry of Economic Development and Growth, and the Ontario Ministry of the Environment, Conservation and Parks, to provide advice and support to the Terminal with respect to documenting and enhancing business linkages emanating from the OFT as and when requested by the Board.**
- **We further recommend that officials from OMAFRA and Economic Development & Growth provide direct support to the OFT Board to advance their stated commitment to enhance the digital quality and effectiveness of their food safety and logistics tracking.**

This action would be informed by the work of Hunts Point, Philadelphia, Chicago and San Francisco wholesale markets, and would entail working with affected stakeholders such as the Ontario Fruit and Vegetable Growers Association, the Canadian Produce Marketing Association and others engaged in the industry-led Produce Traceability Initiative (PTI). As noted in 4.0, other major wholesale markets in North America are embracing digital innovation, motivated by a desire to achieve cost efficiencies but also to reduce their carbon footprint through web-based load optimization and other actions to reduce kilometres travelled.

The OFT Board's commitment to continuous capital investments to improve the efficiency of the Terminal has accelerated since 2005, with inclusion of industry experts to the Board. With one minor exception, the cost of improvements undertaken at the Terminal has always been covered by revenues generated from the OFT's nine cost centres.

As provided for in its business plan and consistent with its long-term commitment to promote the interests of Ontario growers, the OFT Board has developed a proposal to create a new building at the westerly end of the Terminal to accommodate a revamped Farmers' Market. The building would include provisions for growers wishing to expand their capacity to bring in larger quantities of locally grown produce and to conduct sales in a climate-controlled facility comparable in quality

to the Buyers' Court. The OFT Board has also expressed its desire to add a number of 'value-added' systems and services. These could range from establishing a platform from which to implement state-of-the-art practices for post-harvest handling and innovations in logistics and food safety to the provision of education and training facilities related to community outreach. Achieving this vision while effectively balancing the needs of larger growers with the continuing desire of others to maintain the status quo will require capital contributions in dollars and in-kind from a variety of external organizations.

- **Recognizing the economic constraints of the OFT Board in needing to recover the capital cost of expansion plans from user fees, we recommend that the OFT Board consider designing the architectural program for the proposed new building to meet City of Toronto criteria for the IMIT program (Imagination, Manufacturing, Innovation and Technology).**

The program provides incentives for companies located in the City of Toronto to reduce business costs. If successful, the OFT's new building would benefit from a grant of 60 per cent of the increase in the municipal taxes attributable to the eligible development over a 10-year period. In the event that the site is found to be contaminated, the Brownfield Remediation Tax Assistance (BRTA) incentive would increase the value of the grant to 77 per cent.

As a not-for-profit Board Governed Provincial Agency, the Terminal is exempt from paying income taxes. The Board is nevertheless responsible for paying property and business taxes, which in 2018 amounted to approximately \$800,000. Other notable expenses include hydro fees.

- **We recommend that the Board consider exploring opportunities with the City of Toronto and the Municipal Provincial Assessment Corporation to reduce the Board's annual property tax burden in order to reduce operating expenses, and with other provincial agencies as appropriate.**

The opportunity to extend the OFT's ability to embrace digital technologies in all areas of the Terminal's operations, from enhancing produce traceability across supply chains to introducing cost-effective payment and logistics planning, the pace of change has never been as strong.

- **To ensure that the proposed new Farmers' Market building is equipped to include services and systems to help the OFT deliver on its mission, we recommend that consideration be given to exploring Ontario and Federal grants and interest-free loan programs in order to enhance the financial feasibility of proceeding with the proposed new building.**

These programs could include OMAFRA's Place to Grow Agri-Food innovation initiative, focused on supporting producer protection and assurance, economic development and environmental stewardship. This is a cost-share funding program for farmers, processors and other businesses designed to "encourage interest from outside the agri-food sector to participate on broad-impact projects that will benefit from different kinds of expertise" and "new partners engaged to further drive innovation in areas such as advanced manufacturing and the greater use of data available to the sector." This fund could help cover the cost of accommodating a post-secondary educational facility (such as an external campus of the School of Applied Technology and/or Food and Nutrition Management program at Humber College). Ontario also provides funding for projects that create

broader opportunities for the agri-food sector through the Grassroots Growth Program. Another program worth exploring is the Canadian Agriculture Partnership, which is federal-provincial initiative dedicated to fostering economic growth in the sector. As well, Fed-Dev Ontario was created by the federal government to foster “innovation, technology adoption and digital connectivity.” The new Farmers’ Market facility could be positioned to take advantage of these and other funding programs to minimize the capital outlay necessary.

The Minister of OMAFRA recently indicated that the government intends to identify the site of the Ontario Food Terminal as a ‘provincially significant employment zone (PSEZ).’ The City of Toronto is on record noting that a drawback to the PSEZ concept is that this creates a two-tiered approach to the protection of employment areas. The City nevertheless requested that the province amend its proposed list of PSEZs to include the site of the Ontario Food Terminal.

- **Since the province has indicated its intention to identify the OFT site as a PSEZ, we recommend that the City undertake to create an official plan amendment in advance of the current process to develop a new official plan.**

This would a) acknowledge the province’s decision to identify the OFT site as a PSEZ and b) specifically designate in policy language the role and functions of the Terminal to supplement the province’s broad criteria for identifying PSEZs and to ensure that these broad criteria continue to be interpreted to the future benefit of the OFT.

Further, this official plan amendment should also identify terms and conditions consistent with the provincial criteria for PSEZs with respect to mitigating the impact or encroachment of land uses that have the potential to impede the ability of the OFT to continue to thrive.

In this regard it is worth noting that the City is expected to come forward with recommendations related to redevelopment of the former Mr Christie’s site. These recommendations are expected to result in the re-designation of the Mr Christie’s site as a “regeneration” area. This will necessitate the upgrading of the Mr Christie’s site regarding exits and entrances along the length of Park Lawn from the Mr Christie’s site north as far as and including the OFT. It is important that the opportunity be taken to identify conditions in the form of capital contributions resulting from this redevelopment which could assist the OFT to upgrade and/or transform the retaining wall supporting the parking deck to the Farmers’ Market and access points on Park Lawn in expectation that a new building be created abutting this frontage.

Thanks to on-going efforts of consumer groups, municipal and public health departments, OMAFRA and others, interest in promoting the benefits of consuming locally grown produce continues to grow. Despite this, however, few members of the public question where fresh produce actually comes from. Even those who do make the connection with the role of local farmers often have no clue how fruit and vegetables labelled ‘Ontario produce’ gets to their main street grocery store.

Ironically, one of the first meaningful commitments to ‘Buy Local’ took place long before the catch phrase gained its recent popularity. This occurred when the Ontario Food Terminal’s Farmers’ Market was established in 1951. Although this and other facts about the Terminal may be appreciated within the network of businesses that comprise the food value chain connected to the Ontario Food Terminal, the important work of the Terminal is still largely unknown. This is a

problem.

When a key institution's story is muddled by myth and misconceptions, this undermines trust, and in practical terms, makes the job of the Ontario Food Terminal Board to protect the interests of the Terminal that much harder.

For example, few outside the Terminal's immediate network realize that many 'farmers' markets' around the province are actually re-selling produce purchased from the OFT. Another point poorly understood is that in addition to their role as importers of produce from the U.S. and many other locations around the world, the Terminal's Warehouse Tenants also distribute fruit and vegetables from more than 1,100 local growers. The critical role of the Terminal in supporting the viability of 1,600 small and medium-sized independent greengrocers – the fruit and vegetable shops that line Toronto's main streets – is also not widely known.

The final recommendation of this report, therefore, is that the Ontario Food Terminal Board should develop and implement a comprehensive communications strategy to publicize, inform and educate the general public about the activities of the OFT.

There are many different constituencies that the OFT might wish to influence but one of the most important is the school-age population – in addition to representing the next generation of consumers, children have a knack of influencing adult behaviour in important ways. At the other end of the spectrum, many thousands of drivers pass by the Terminal every day but have no idea what is going on in the facility at the edge of the QEW. There is therefore an opportunity to install a billboard on one of the rooftops of the OFT that could a) bring in much-needed revenue but b) on alternate screens deliver a constant stream of ever-changing messages about the role of the Terminal.

Another important element of an effective communications strategy these days must also include a commitment to social media. In addition to the OFT's existing presence on U-Tube, the Ontario Food Terminal Board should consider collaborating with post-secondary institutions to host interns who could make it their business to sustain a meaningful campaign on Twitter, Facebook and other appropriate media.

A key challenge regarding communications is that senior staff at the OFT are already fully committed to running the Terminal day-to-day so it will be important for the OFT Board to collaborate and receive tangible support for ramping up communications from formal and many informal sources to leverage the impact and reach of communications. A good place to start is to connect with the many grassroots groups that sprang to the defence of the Terminal during the recent period of uncertainty about the future of the OFT.

APPENDIX A

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APPENDIX B



City of Toronto

Mayor Rob Ford

MAYOR'S REPORT

Making Room for Jobs– Protecting an Employment Area in Etobicoke Lakeshore

Date:	November 19, 2012
To:	City Council
From:	Mayor Rob Ford
Wards:	5, 6
Reference Number:	

Summary

The recent public announcement by Mondelez Canada that it intends to close its operations at 2150 Lake Shore Boulevard West in Etobicoke caught most residents, City staff and Members of Council by surprise. This property has long been the home of a Mr. Christie's bakery and is an important parcel of employment land in South Etobicoke employing 550 workers.

This large parcel of land and others in the vicinity play a key role in Toronto's ability to maintain employment within the city and the province. Given the employment situation in Toronto and Ontario generally, and the proximity of this parcel of land to the Ontario Food Terminal, and a major Go Transit corridor, the City should ask the Province of Ontario to consider declaring the employment lands in the vicinity of the Mr. Christie's lands including the Ontario Food Terminal as a provincially significant employment area.

Recommendation

1. City Council request the Minister of Municipal Affairs and Housing and Minister of Infrastructure to consider exercising his authority under the Growth Plan for the Greater Golden Horseshoe to identify the employment lands in the vicinity of the Ontario Food

Terminal, as well as the Ontario Food Terminal site itself, and the lands at 2150 Lake Shore Boulevard West as a provincially significant employment area.

2. City Council direct the City Clerk to forward the letter attached as Attachment "1" to this report to the Minister of Municipal Affairs and Housing and the Minister of Infrastructure.

Background

The recent decision by Mondelez Canada to close the former Mr. Christie's Bakery at 2150 Lake Shore Blvd W. in late 2013, will result in the loss of 550 jobs. At the same time, Mondelez has requested, under Toronto's Official Plan and Municipal Comprehensive Review, that the site be considered for uses other than those provided under the Employment Area designation. City Planning staff are currently considering this request as part of the Municipal Comprehensive Review and expect to report to Council in the new year.

The Mr. Christie's site is a 27 acre property currently designated for employment and zoned for industrial use. The previous owners of this site expressed concern about the impact on employment uses on the lands when neighbouring properties were converted to residential uses within the past decade. Both the City and the owners of 2150 Lake Shore Blvd. W. attended at an Ontario Municipal Board hearing in opposition, but the Board ultimately approved the change in use of these lands.

Retaining employment land and stimulating investment is important to the City's future economic prosperity, competitiveness and long-term fiscal sustainability. In addition, protecting employment lands within the City helps to improve environmental quality by limiting urban sprawl. Toronto's Employment Districts currently accommodate about 30% of citywide employment. The entire supply of land in the City's Employment Districts will be required to achieve the growth forecast target in Toronto's Official Plan.

The Mr. Christie's plant is located adjacent to both the Ontario Food Terminal, the largest wholesale fruit and produce distribution centre in Canada, and a major Go Transit Line operated by the provincial agency Metrolinx in a major transportation corridor in which the Province has indicated plans to increase service in the near future.

The Ontario Food Terminal is the main venue for food distribution in the Greater Toronto Area, receiving fruits and vegetables from farms throughout Ontario and beyond. Over a million vehicles use the Ontario Food Terminal each year, with daily activity starting as early as 2 a.m. It is an employment activity whose operation could be affected by the encroachment of nearby residential uses. The Ontario Food Terminal is owned by the Province of Ontario and managed by the Ontario Food Terminal Board. The conversion of employment lands to residential uses near the Ontario Food Terminal could touch upon several areas of provincial interest including the adequate provision of employment opportunities, the protection of the Agricultural resources of the Province and the appropriate location of growth and development.



City of Toronto

Mayor Rob Ford

Attachment "1"

Mayor Rob Ford
City of Toronto,
100 Queen Street West, 2nd Floor
Toronto, Ontario
M5H 2N2

November 20, 2012

The Honourable Bob Chiarelli
Minister of Municipal Affairs and Housing,
Minister of Infrastructure,
Government of Ontario,
3rd Floor Ferguson Block
77 Wellesley Street West
Toronto, Ontario
M7A 1Z8

Dear Minister Chiarelli:

The City of Toronto is currently undertaking the review of its Official Plan required under Section 26 of the Planning Act, including the mandatory review of the Official Plan policies and designations dealing with areas of employment and policies dealing with the removal of lands from areas of employment. The City of Toronto has to date received two requests for the conversion of a significant amount of land in proximity to the Ontario Food Terminal, at 23 and 134 Park Lawn Road. The former is a request, but not yet an application, by Mondelez Canada Inc, to consider 27 residential towers on the lands currently occupied by Christie's bakery which employs 550 workers. City staff are reviewing these conversion requests as part of the Municipal Comprehensive Review process.

The Ontario Food Terminal is the main venue for food distribution in the Greater Toronto Area, receiving fruits and vegetables from farms throughout Ontario and beyond. Over a million vehicles use the Ontario Food Terminal each year, with daily activity starting as early as 2 a.m. It is an employment activity whose operation could be affected by the encroachment of nearby sensitive residential uses. The Ontario Food Terminal is owned by the Province of Ontario and managed by the arms length Ontario Food Terminal Board, with members appointed by the Lieutenant Governor on recommendation from the Minister of Agriculture. The conversion of employment lands to sensitive residential uses near the Ontario Food Terminal could touch upon several areas of Provincial interest cited in Section 2 of the Planning Act, including the

adequate provision of employment opportunities, the protection of the Agricultural resources of the Province and the appropriate location of growth and development.

The City of Toronto is therefore requesting that, as Minister of Infrastructure, you consider utilizing Section 2.2.6.8 of the Provincial Growth Plan to consult with other Ministers of the Crown and stakeholders to identify the employment lands in the vicinity of the Ontario Food Terminal, as well as the Ontario Food Terminal site itself, as a provincially significant employment area

Thank you for your consideration of these matters.

Yours truly,

Rob Ford
Mayor, City of Toronto

**Ministry of
Municipal Affairs
and Housing**

Office of the Minister

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Toronto ON M5G 2E5
Tel.: 416 585-7000
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**Ministère des
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19-3772

Christine Hogarth, MPP
Etobicoke – Lakeshore
Unit 21
195 Norseman St.
Toronto ON M8Z 0E9

Dear MPP Hogarth: *Christine*

Thank you for your request to identify the Ontario Food Terminal as a Provincially Significant Employment Zone (PSEZ).

I absolutely recognize the important role that the Terminal plays as a key economic hub for the agri-food sector and beyond. I know that many jobs rely on the Terminal's success, including farmers, retailers, transporters, grocers, restaurants and many more not only in the Etobicoke – Lakeshore area but across the province. I very much welcome the recently released findings from the review on modernizing and enhancing the Terminal.

I thank you as the MPP for Etobicoke – Lakeshore for bringing to my attention your local insights on the benefits of making the Terminal a PSEZ and its alignment to our government's priorities. I look forward to working together with you on this in the coming months to ensure that we designate the Terminal as a PSEZ to help sustain its long-term prosperity for decades to come.

As a part of our current Phase 2 review of the PSEZs, and due to your ongoing advocacy, my Ministry will designate the Terminal as a PSEZ. In addition to the economic function outlined above, we understand the importance of the strategic location of the Terminal (i.e. near transportation infrastructure) and the need for employment areas to be protected from encroachment by sensitive land uses. I also understand that the City of Toronto supports designating the Terminal as a PSEZ, which is one of the considerations in assessing the establishment of a new zone.

As you know, a Place to Grow supports the government's commitment to growth and prosperity. Through our priorities of increasing housing supply, creating more jobs, generating economic opportunities, and better aligning infrastructure investments, we will ensure that people can live and work locally, all while maintaining protections for our environmentally sensitive areas, notably the Greenbelt, cultural heritage assets, employment areas and agricultural lands.

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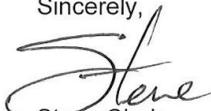
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The PSEZs not only help to ensure that communities are complete with opportunities to create local jobs and attract investments across the region, but they also facilitate our aim to have people working near where they live so that they can spend more time with their families.

Should you wish to discuss PSEZs further please feel free to contact Doug Brewer, my office's Director of Policy, at Doug.Brewer@ontario.ca

Please accept my best wishes.

Sincerely,



Steve Clark
Minister