Canadian URBAN Institute

Final Report

The Ontario Food Terminal: A Unique Asset in the Central Ontario Economy

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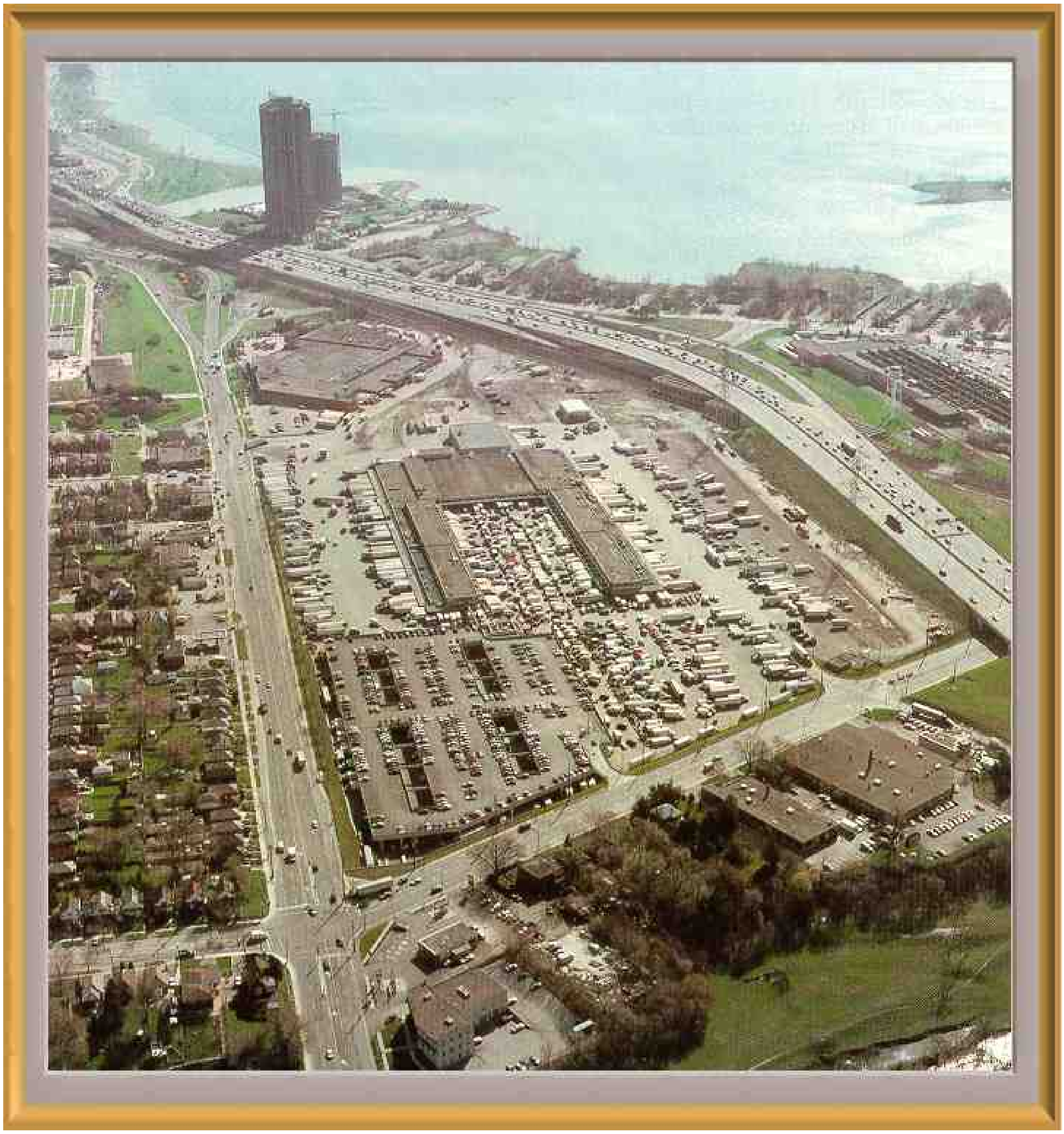


Source: Ontario Food Terminal Board

A unique asset

The Ontario Food Terminal is a unique asset, not just in the Toronto region, but in Canada. It is the largest wholesale fruit, vegetable, and flower market in Canada, and one of the five largest produce markets in North America. It plays a central role in the food industry, which is one of the major manufacturing sectors in central Ontario, and supports grocery stores, restaurants, caterers, and florists in eastern Canada and in some American states.

Yet the Terminal is facing challenges. It urgently needs to expand its facilities, but there is limited room to do so on its current site. Although there are tentative plans for new facilities, it is not clear where the funds to support improvements to the Terminal would come from. As well, non-industrial uses are encroaching on the land it occupies. The government has considered privatizing the Terminal, which would have repercussions throughout the food industry. And there are some long-standing internal sources of friction that affect its operations.

This report was written to explain the importance of the Food Terminal in the local and provincial economy, identify and analyze threats to the Terminal, and suggests ways to ensure the survival and growth of this important resource.

Part One: The role of the Ontario Food Terminal in the food industry

What is the Ontario Food Terminal?

The Ontario Food Terminal brings together about 6,000 registered buyers with 22 produce wholesalers and more than 400 growers. The buyers include produce and flower retailers, restaurateurs, caterers, and jobbers (intermediaries who sell to restaurants, as well as to hospitals and other institutions). Members of the general public are not admitted. About 400 different products are handled through the Terminal, from potatoes to bok choy to daffodils.

The Terminal occupies 38.6 acres in Etobicoke, just north of the Gardiner Expressway and south of the Queensway. It consists of a large, U-shaped building containing up to 63 wholesale units and more than 50 offices, all of them leased out; a covered area used as a farmers' market with 477 stalls, also fully leased; a 80,000-ft^2 cold storage facility; and acres of parking and loading space. More than 50 related services also occupy almost 25,000 ft^2 of office space at the terminal, including a bank, inspection services, trucking firms, grower co-operatives, and some buyers. There are also two restaurants that serve workers and visiting buyers.

The Terminal is run by a general manager and a staff of 35, and overseen by a seven-member board of directors. The board acts as a landlord for the physical space in the Terminal, a market regulator for the transactions occurring within the Terminal, and a manager of the facility, with specific responsibilities for maintaining food safety standards. Members of the board are appointed by the Ontario government.

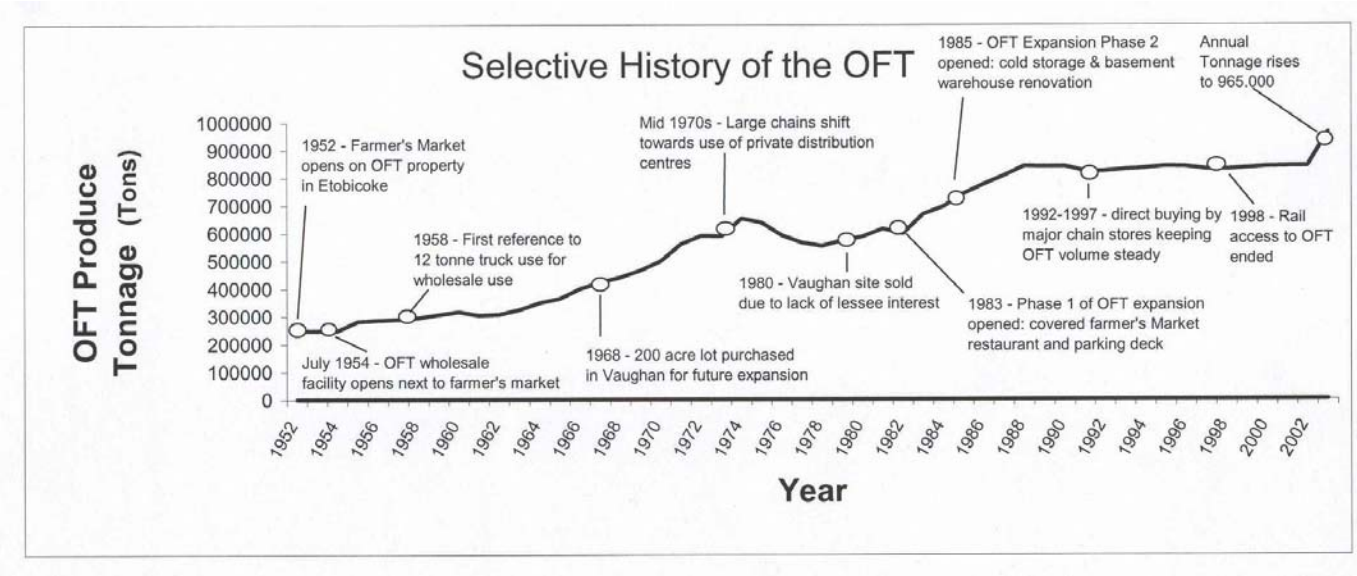
When and why was the Ontario Food Terminal created?

Beginning in the 18th century, a produce and meat market operated on and around the site of what is now the St. Lawrence Market in downtown Toronto, close to the Great Western Station, since most produce came into the city by rail. As the market grew in size, its importance in setting prices also grew, so that transactions in the Toronto market affected produce prices from Halifax to Winnipeg.

By 1906, the market was already starting to overflow the available space, and the growing use of trucks to transport produce was causing traffic congestion on market days. Study after study was completed, but nothing changed, at least partly because the powerful railway interests opposed any move to a site that favoured the trucking industry. Finally, shortly after the Second World War, the provincial government stepped in. Concerned about public health and safety at the aging market building, as well as the difficulty of modernizing facilities in the original, cramped site, the government passed the *Ontario Food Terminal Act* on March 27, 1946, making the market a publicly owned facility.

In 1948, plans were drawn up for a new facility in Etobicoke (at that time the area was called Mimico). A site was chosen on land that had previously been used for market gardening, and was close to highways and railway lines. The first section to open was the farmers' market, in 1951. However, construction of the main facility was delayed because of post-war steel shortages. The Department of Defence signed the permit to make steel available only after the Toronto summer wholesale fruit market was destroyed by fire in May 1952. The wholesale terminal in Etobicoke opened in 1954.

How has the Terminal site changed since the 1950s?



Source: Ontario Food Terminal Annual Reports

Despite the fact that the Terminal had moved to its new location to have enough space to operate and allow room for expansion, parts of the original parcel of land in Mimico were sold off in the late 1950s. Some of the land was used to widen the Queensway, just to the north of the site. The board also sold the eastern part of the property to the principal of M. & M. Wolfe, who was a member of the Terminal Board. Wolfe's company built an IGA warehouse on the site (now demolished). The board used the money from these sales to pay down the debts that had accumulated in moving to the new site and constructing the new facility.

The first major expansion of the Ontario Food Terminal occurred in 1983. It consisted of the construction of a parking deck for more than 500 cars, an addition of 74 stalls in the farmers' market, and the creation of a restaurant and an office for police and security. In 1985, the facility was expanded further, by the addition of a larger cold storage facility, renovation of the basement warehouse under the Terminal building, the installation of a new computer system, and improvements to the lighting. Over the next few years, the cold storage facility was enlarged, dock space was increased to handle larger trucks, the heating system was overhauled, and the area around the Terminal was repaved several times to handle increasing truck traffic (rail access ended in the late 1990s).

These improvements reflected the increase in the volume of produce moving through the Terminal each year, from less than 300,000 tons a year in the 1950s, to more than 800,000 tons in the late 1990s, before rising to 965,000 tons in the year ending March 31, 2004. The volume leveled off in the late 1980s as the existing facilities began to operate close to capacity. There is very limited room on the present site to handle more goods efficiently. Deals are still officially made at the Terminal, but in many cases, the produce is stored elsewhere and shipped directly to retailers.

As of 2004, the Terminal facility is virtually bursting at the seams. Every stall, every office, every storage space at the Terminal is rented out and there is a waiting list for space. According to one informal estimate[i], an increase of as much as 50% in the space at the Terminal could probably be filled as soon as it was built.

See the Appendix for a brief summary of the major changes to the Terminal site.

What major trends have affected the Terminal since it opened?

One of the most noticeable trends affecting the Terminal is the increase in imported produce. There are two main reasons for this change. First, less agricultural land in Ontario is under cultivation. Toronto once sat in the centre of an important agricultural region, which supplied much of its need for fresh food. However, Toronto's success as a settlement has led to the disappearance of farms as land is paved for urban uses. The process continues as the Toronto region continues to expand outwards, and is the subject of considerable study by planners and researchers[ii].

The second reason for increased imports is an overall change in Canadians' tastes and eating patterns. Twenty or thirty years ago, most people planned their meals around seasonably available food – lots of fresh fruit and leafy vegetables in spring and summer; lots of hardy apples and root vegetables in fall and winter. Now consumers want the full range of produce all year round. Consumers also want a wider variety of produce than can be grown in the Ontario climate and immigrants from around the world seek out the fruits and vegetables that are familiar to them from their home countries. The demand for oranges from Florida, plantains from the Caribbean, and kiwis from New Zealand has risen.

Another trend is the sheer increase in the quantity of goods handled by the Terminal, as the population has steadily risen in the surrounding region. When the Terminal opened, the population of Ontario was about 4.5 million – today it is more than 12 million. As the population has grown, so has the per capita consumption of produce. Consumption of fruit has increased 19% since the early 1990s, and that of vegetables about 3%. Today Canadians eat, on average, 72 kg of fruit and 110 kg of vegetables a year[iii].

A third trend that has affected the Terminal is the consolidation and expansion of the grocery industry since the 1970s, which has reduced the number of retail grocery chains from 24 to 13 today. These large chains have reduced their reliance on the Terminal, building their own warehouses and distribution centres and setting up their own supply chains. As a result of these developments, the volume of produce passing through the Terminal dipped noticeably during the mid-1970s, but rose again, as new independent firms entered the market.

What is the role of the Ontario Food Terminal in the food industry?

The Ontario Food Terminal is an essential part of Ontario's food supply and food industry. It is not merely a Toronto asset, since buyers and sellers come from all over Ontario, and even from outside the province and the country. It sets prices, supports local growers and retailers, direct and indirectly contributes to the employment of thousands of Ontarians, provides unsold produce to charitable enterprises, and ensures a diverse range of foodstuffs for the diverse population of the Toronto region.

The Terminal helps set prices for produce

Given the volume of produce passing through the Terminal, and the huge number of transactions occurring between buyers and sellers each day, the Terminal has the market clout to influence prices in fresh fruits, vegetables, and flowers for central and eastern Canada. As a report written in 1952 put it:

> The Toronto market is of national concern to both growers and consumers, not only because of the great tonnage of food passing through it, but because prices all over the country on domestic produce are arrived at in accordance with the prices established in Toronto. As such the Toronto wholesale fruit and vegetable market is the price barometer for home grown supplies from Fort William to Halifax[iv].

The volume of transactions also ensures that prices are fair for both sellers and buyers. Growers do not have to accept unreasonably low offers when there are thousands of potential customers for their produce, and buyers can shop around for the best deals.

Not all transactions necessarily take place in at the Terminal itself, since its space is limited. Buyers and sellers who meet at the Terminal may just as easily transact business without using the Terminal facilities – that is, the grower may truck product directly to a retailer after making a deal at the Terminal. In this way, the Terminal exerts an influence that considerably exceeds its capacity as a physical marketplace.

The Terminal supports the Ontario agricultural industry

About 30% of the fresh food that passes through the Ontario Food Terminal is grown in Ontario. For many of the 475 Ontario growers who use its facilities, the Ontario Food Terminal is the primary market through which they offer their goods for sale and an important buffer against the increasing domination of the purchasing power of the supermarkets

Ontario growers do not have to be leaseholders at the Terminal in order to sell their produce. The Board allows any Ontario producer to participate in the Farmers' Market, a provision that benefits small producers and helps them to keep down their costs.

Another way that the Terminal supports growers is through its waste management program. Waste from produce is collected and is sent to compost facilities.

The Terminal supports local retailers, restaurateurs, and institutions

The 6,000 registered buyers range from large retail chains to tiny corner stores, restaurants, caterers, jobbers, and florists. The major chains, like Loblaws or Sobey's, normally buy directly from suppliers and have their own food warehouses, but if they run short of produce or face unexpected customer demands, they turn to the Terminal to fill the gap.

Most of the buyers are from central Ontario, although some come from as far away as northern Ontario, Quebec, the Maritimes, and upstate New York. The only condition required to register as a buyer is proof that the purchases are being made for resale in some form to consumers, and not for personal use by the buyer.

The existence of the Terminal allows for just-in-time buying by businesses that have limited storage and need to replenish their inventory every day or every few days. Competitive pricing also benefits small retailers and small businesses, such as caterers.

The proliferation of small food retailers in Ontario (3,100 independent grocery stores and 1,172 franchised stores in addition to the chain stores) is directly linked to the role played by the Terminal. In many American cities, by contrast, food retailing is dominated by large chains and independent retailers are rare. The Terminal makes it possible for small food businesses to thrive on Ontario.

The Terminal also plays an important role in relation to Toronto's retail and hospitality industries. Well-known independent stores (such as Pusateri's), famous restaurants (such as The Fifth), and buyers for hundreds of less well-known establishments also rely on being able to personally select high quality produce at the Terminal. Toronto is also home to some of the province's largest institutional purchasers (more than a dozen major hospitals, for example), which depend on the Terminal for bulk purchases at affordable prices.

The Terminal is an economic generator

The sales volume at the Terminal is about $800 to $900 million a year, of which about a quarter comes from the farmers' market and the rest from the wholesalers. One study has estimated that for every dollar of sales, about three dollars was returned to the Ontario economy, for a total of $2.4 billion in economic benefits[v].

The same study estimated that the Terminal directly and indirectly supports about 42,000 jobs, through its network of wholesalers, growers, buyers, truckers, and warehouse and office operations.

The Terminal also contributes to the Canadian economy through a variety of taxes. In addition to $1.2 million in property tax paid annually by the Terminal, the businesses that operate there (ranging from wholesalers, to retailers, to growers) also pay corporate and property taxes in locations throughout the province. And the estimated 42,000 people employed in Terminal-related businesses pay personal income tax.

Over the decades, the Terminal has played a key role as an informal incubator for small business, many of them run by immigrants who have found their first jobs working at the Terminal.

The Terminal is a keystone in the local Etobicoke economy, which contains a cluster of food processors, the largest of which are Campbell's and Christie's. Food is also crucial to the Toronto economy. Food processing is the largest manufacturing employer in the Greater Toronto Area, with 320 firms and 18,500 workers in the city alone, and 600 firms employing 40,000 people in the GTA as a whole.

The food processing sector is expected to continue to grow over the next decade, adding up to 10,000 new jobs. (Most other types of manufacturing are declining in Toronto.) Thousands of people in Toronto and the Toronto region work for restaurants, caterers, and retailers – about one in ten jobs in Toronto is related to food production or consumption[vi].

But the Terminal supports more than just food companies. Transportation, logistics (the businesses that facilitate matters such as customs clearance and the timing of deliveries), and machine repair companies also cluster near the Terminal, because of its reliance on trucking and imports.

The Terminal supports charitable and social enterprises

The Daily Bread Food Bank and Second Harvest (a non-profit agency that collects food from restaurants and food retailers) regularly pick up unsold produce from the Terminal before it has a chance to spoil. Daily Bread distributes the food directly to low-income families who cannot afford to buy food, and Second Harvest delivers it to social service agencies that provide food to low-income and homeless people in the city. Another agency, FoodShare, buys food at wholesale prices to distribute to low-income households through its Good Food Box program.

The Terminal even sponsors fundraisers, such as a ball hockey tournament, organized by the tenants, which raised $475,000 for cancer research in 2000.

The Terminal makes available a wide range of produce

By supporting small local growers and small local sellers, the Terminal increases the food choices available to Ontario consumers. Canadians, on average, eat about 600 pounds of fresh fruit and vegetables a year (compared to Americans, who average 400 pounds a year). Given the recent furor over the prevalence and costs of obesity, the government has every reason to ensure that fresh fruits and vegetables are available at reasonable prices to the Canadian public.

The Toronto region, with its large, diverse population, also generates demand for an enormous variety of fruits and vegetables – not just lettuce and peaches, but rapini, sorrel, and lichees. Some of this produce is imported, but many of the vegetables used in East Asian cooking are grown in areas such as the Holland Marsh, north of Toronto. The trade in so-called “exotic” produce is brisk at the Ontario Food Terminal, supporting retailers across the city and its suburbs.

The Terminal ensures the safety of the food supplied to retailers

In 2001, the Ontario government invested $78,000 in a Hazard Analysis and Critical Control Point (HACCP) and food safety education program at the Ontario Food Terminal, as part of its Healthy Futures for Ontario Agriculture program. HACCP is an internationally recognized system for preventing food contamination. The Terminal and the Toronto Wholesale Produce Association also contributed funds to the $142,000 project[vii].

The project included comprehensive food safety standards and policies, a training video on food safety, and 18 new or upgraded jobs at the Terminal related to monitoring and ensuring food safety. The Terminal manager, Bruce Nicholas, has been recognized by his industry peers for his work in helping the Terminal to gain a North American reputation as an innovator in food safety, continuing a long tradition of commitment to food safety on the part of Terminal managers.

Part Two: Threats to the Ontario Food Terminal

Given the many important benefits of having such a food market in the Toronto region, it may surprise some people to learn that the Ontario Food Terminal's future is by no means assured. It faces barriers to expansion, threats to its continued operation at the Etobicoke site, questions of privatization, and some internal problems.

Barriers to expansion

In the 1990s, industrial land uses were giving way to residential and retail developments throughout Metropolitan Toronto. When the Terminal was constructed, it was in a greenfield area on the edge of the city. Over the succeeding decades, however, the city grew around it, with shopping strips along the Queensway and residential areas to the north. Currently, high-rise condominiums are being constructed along the waterfront that overlook the Terminal site from the southeast. The lands to the west, separated from the site by Park Lawn Road, are also being rezoned to allow for residential development.

In 2003, the 8.5-acre site to the east of the Terminal, where the IGA warehouse once stood, was rezoned, with the support of City Council, to allow the creation of a Sobey's, five other large stores, and associated parking. This move precluded any possibility of expanding the Terminal to the east. The Queensway and the Gardiner Expressway hem in the site to the north and south. There is nowhere to go but up or down.

In 1968, the Ontario Food Terminal board bought a 196-acre site north of Metropolitan Toronto, in what is now Vaughan, intending to build an even larger terminal when it outgrew the Etobicoke site. However, the Terminal tenants opposed any move to a site so far away from its main customer base in Toronto and southern Ontario, and in 1980, the land was sold. The option of moving to another readily available site is now closed, and rising land prices in the Toronto area would make it prohibitive to acquire another equally large parcel of land in a reasonably central location, accessible to buyers and sellers.

Ontario Food Terminal Area Land use Map

Source: City of Toronto Staff Report to Etobicoke Community Council, April 14, 2003

Land use conflicts

The Terminal is an industrial site, designed to be efficient. Outsiders are excluded by a chain-link fence. Over the course of a year, one million vehicles enter and leave the site. Deliveries occur around the clock, often in the early hours of the morning, since the market opens at 6 a.m. This means not only that trucks are arriving and departing at all hours, but that the site must be brightly lit at night.

None of these features make it an ideal neighbour for a residential area, yet the area to the north is largely filled in with houses, and the area to the south is filling up with condominium towers that overlook the site. Even though the Terminal was there long before the houses or the condos, residents sometimes complain about noise, light, or traffic. The automobile traffic generated by the new retail stores recently built to the east of the Terminal must now share the roads with the tractor trailers and other trucks bound for the Terminal, leading to more congestion on the roads.

At present, the complaints do not yet add up to sufficient pressure to close or move the facility. However, the Terminal, like all industrial operations in the city, is becoming hemmed in by non-industrial uses. The value of the land is rising, yet the City does not receive as much in property taxes from the Terminal ($1.2 million in 2003) as it might from another use such as a series of high-rise condominiums on the site. Industrial sites are disappearing across the City of Toronto, and without some protection from development, the Ontario Food Terminal may be vulnerable.

Privatization

In 1996, the Ontario government looked into the question of privatizing the Terminal. This option was rejected, because the disadvantages far outweighed the advantages. The advantages consisted mainly of the proceeds from selling off the facility, and possibly even the property. The disadvantages included a potential loss of jobs, harmful effects on the Ontario agricultural industry and smaller food retailers, and the dangers of leaving the pricing and safety of the food supply in the hands of a small group of private companies. The privatization study concluded that the board ran the facility efficiently and in the public interest and there was no compelling argument to support privatization[viii].

Nevertheless, just because many people think privatization is unworkable or detrimental to the public interest doesn't mean that public-sector entities will not be privatized. The government insists that it is facing a fiscal crunch, and the thought of the short-term cash flow that would result if the Terminal were privatized may at some point become too tempting to resist.

Internal problems

Although in general, the Terminal operates smoothly, and is professionally run, problems do occur. There have been both disruptive strikes from wholesalers and protests from farmers over the years. The wholesalers feel that they are under-represented on the board, and that growers are over-represented, even though the Terminal is a provincial facility, and the wholesalers are mostly importers of produce from outside the province. The competing interests on the Board may prevent concerted action to ensure the long-term survival of the Terminal.

The Ontario Ministry of Agriculture and Food (OMAF) is also represented on the Board. However, there is little evidence (beyond investment in food safety) that OMAF is prepared to act as a champion on behalf of the Terminal.

The fact that the Terminal is required to fund its operations out of cash-flow also presents difficulties. The terms of the *Ontario Food Terminal Act* require the Terminal to be financially self-sufficient, while at the same time, prohibiting the accumulation of surpluses from year to year. Few other businesses would be able to operate within such a financial straitjacket. Meanwhile, rising costs and unpredictable expenses (such as increased insurance premiums) make it difficult if not impossible for the Terminal to finance expansion through debt instruments.

Another perennial issue has to do with perpetual leases created in the original legislation, which were intended to attract potential leaseholders. They have ensured stability during periods of recession, but they give the leaseholders something of an unfair advantage, while making it hard for newcomers to get established. Breaking the leases would require legislative changes, and some form of compensation.

These problems do not in themselves threaten the future of the Ontario Food Terminal, but they do create rifts within the institution, and a divided organization is more vulnerable to external threats than a unified one.

Part Three: What would happen if the Ontario Food Terminal closed?

Important as it is, the Ontario Food Terminal does not have a high profile. Most Torontonians who eat the food that passes through the Terminal don't even know it exists, and many of those who pass the site as they drive along the Gardiner have no idea what it is or does. Any serious threat to the Terminal might go largely unnoticed by the public or the media. Without a public outcry, politicians might accept a decision to close the Terminal, unaware of the consequences. Only after the Terminal disappeared would people notice a difference.

Consumer prices for fresh produce would likely rise

The Ontario Food Terminal is the largest market in Canada for fresh produce, bringing together "willing buyers and willing sellers" to negotiate the prices of everything from bananas to bedding plants. Despite the presence of a few large players, the overwhelming majority of market participants are small and medium-sized businesses, so the market cannot be dominated by any individual company. This ensures that prices are fair for both buyers and sellers.

If the Terminal did not exist, the only way for consumers to buy fresh food would be through the large supermarket chains, which have their own warehouses and deal directly with suppliers. There are only a small number of chains operating in the Toronto region, and they would automatically fill the vacuum left by the Terminal. Without the moderating influence of the open market that the Terminal represents, the chains would be able to set their own prices, and perhaps increase the retail mark-up on fresh food, thereby paying less to growers and demanding more from customers.

At present, the Terminal maintains a balance between growers and retailers, but if it were closed, retailing chains would dominate the market, likely leading to increased food prices for consumers. These increases would particularly affect specialty or imported produce.

Prices paid to growers would likely fall

If the fresh produce business were dominated by large chains, they would be in a position to demand the lowest possible prices from growers, and the growers would have fewer places to sell their produce. Without the Terminal to moderate prices, the lack of competition would distort the market.

Small businesses in the food industry would suffer

Major retail chains prefer to operate large stores, in locations accessible by car, where there is ample room for parking. Smaller, independent retailers, however, generally operate from locations that are accessible on foot from surrounding residential areas. "Mom-and-Pop stores," corner stores, mini-markets… they go by a number of names. These are the stores that depend on the Ontario Food Terminal for their inventory. If the Terminal did not exist, they might find it difficult to impossible to ensure a regular supply of fresh produce.

Some of the mid-sized chains (Longo's, Commisso's, Highland Farms, Rabba Fine Foods) could survive, perhaps by cooperating to ensure a stable food supply. Smaller stores would either close or have to switch to selling packaged goods only, which would put them in competition with convenience store chains such as Mac's or Seven-Eleven.

The Ontario Food Terminal also sells to restaurants and caterers, and these businesses would also be adversely affected by the closure of the Terminal. For a city like Toronto, which prides itself on the quality and variety of its eating places, and is already facing a drop in tourism, a blow to the restaurant trade could be very serious.

Ontarians' access to fresh food would be reduced

If the number of independent stores were reduced in the Toronto region, many people would find it more difficult to obtain fresh produce. Many independent stores provide convenient access to fresh food for people who do not have cars, such as seniors or students.

The Ontario Food Terminal also supplies a number of groups that provide fresh food to low-income people, such as the Daily Bread Food Bank, Second Harvest, and FoodShare. If the Terminal closed, these groups might be able to deal directly with growers to supply some of their needs, but the variety of foods available to them might be restricted.

Ontario growers' access to markets would be restricted

The Ontario Food Terminal is an essential market for Ontario growers, through the farmers' market on the site. Other farmers' markets exist in Toronto, but most are seasonal, space is limited, and they are retail markets, which means that farmers cannot arrange bulk sales of produce to other retailers. Without the Terminal, farmers would have fewer places to sell their produce, lowered access to retailers, and would suffer financially.

Jobs would be lost

The Ontario Food Terminal is estimated to contribute, directly or indirectly, to 42,000 jobs in the region – including wholesalers, retailers, growers, truckers, and all the companies that support the fresh food industry. The exact losses cannot be calculated, and would occur over several years, as companies folded, moved away, or reduced operations. But job losses would certainly follow the closure of the Terminal.

Toronto's food processing industry would be affected

The Ontario Food Terminal is a central institution in the food industry in Toronto and the surrounding region. Food processors that obtain produce through the Terminal (such as China Brand Food Products Inc.) would have to seek out other sources of supply, and, if prices for certain foodstuffs rose, they would suffer financially.

Food safety could not be ensured to the same extent

The Ontario Food Terminal has a comprehensive food safety program for all the food passing through the Terminal, which is overseen by the Ministry of Agriculture. If the Terminal did not exist, most food storage and handling would be left in private hands, with less government oversight and varying degrees of warehouse food safety practises between companies.

A decrease in government oversight has in the past been associated with the contamination of water and meat; there is no assurance that decreased government monitoring of the produce supply would not lead to similar problems.

Part Four: How to protect the Ontario Food Terminal

The best defence of the Terminal is a good offence – that is, the Terminal needs to expand in order to survive. It needs the freedom to handle a wider range of goods, it needs room to increase capacity for the goods it already handles, and it needs new financial arrangements that will support expansion.

Increase the spectrum of goods handled at the Terminal

At present, the Terminal is restricted to trade in fruit, vegetables, flowers, and bedding plants. It has been suggested that under the *Ontario Food Terminal Act*, it might be possible to add a fish market. There is no central fish market in Toronto, so this proposal could fill an important niche. However, as with all proposals, it depends on the space available on site.

A further proposal is to expand operations into dry goods or packaged goods, as a way to support the hundreds of small grocery stores that depend on the Terminal. This option would offer "one-stop, cash-and-carry shopping" for these small retailers, which already face stiff competition from the chains. The management of the Terminal recognizes the mutual dependence of the Terminal and independent grocery stores; what benefits one will benefit the other. However, such a move might require an amendment to the *Ontario Food Terminal Act*, and there is no sign that the province would support such as step. The proposal may also have implications for the zoning of the site.

Build additional facilities

Although the site is constricted, a study prepared in 2001 for the South Etobicoke Regeneration Project suggested that a new facility could be built on the south part of the site, that would offer not only additional capacity for existing product lines, but include a food preparation area that would offer ready-to-eat meals[ix]. This proposal does not appear to have led to any further action.
The Terminal itself is investigating the possibility of expanding the existing facility, by adding extra floors on top, or enlarging below-ground storage space, or a combination of the two. This proposal would increase the capacity (and built-form density) of the facility, without changing the existing footprint.

Both proposals would need City Council approval, and might run into opposition from landowners of nearby properties. Moreover, any expansion would require a solution to the financing problems facing the Terminal.

Review the financial arrangements that limit the Terminal's growth

At present, the Terminal would have great difficulty financing new construction, given the restrictions of the *Ontario Food Terminal Act*. Government grants would permit the Terminal to expand, but the Ontario government is currently in a belt-tightening phase, and may not be in a position to offer grants.

Another option would be to develop a business plan that would allow the Terminal to use future increased revenues from the expansion to service construction debt.

Finally, changes to the *Ontario Food Terminal Act* might allow the Terminal to accumulate surpluses that could be used to finance expansion, although it is not certain that the Terminal could generate a sufficient surplus to pay for new facilities.

Conclusion

The Ontario Food Terminal is a valuable asset to the Toronto and Ontario economy. Its very existence supports many of the stated goals of local and provincial governments – from maintaining a healthy agricultural industry to supporting small businesses. Yet it seems that both the provincial and municipal government take it for granted, and have neglected its interests. For example, the decisions to rezone the lands to the east to allow big box retail and the lands to the west to allow residential development indicate a lack of sensitivity to the value of the Terminal and its need for space to continue its operations.

Without carefully considered, deliberate action to support the Terminal, it may wither through government neglect, to the detriment of the economy, local agriculture, and even the health of Ontario residents.

Appendix A: Timeline

July 1, 1951	Farmers' market opens on Etobicoke site
July 1, 1954	Wholesale market opens
1955	New office construction, addition to cold storage dock, improvements to boiler house
	Land sold to Metro Toronto for Queensway widening; land sold to M. & M. Wolfe for IGA warehouse
1968	OFT buys 200-acre site in Vaughan
1980	Vaughan property sold
1983	Phase 1 expansion opens, with enlarged farmers' market, 525-car parking deck, 140-seat restaurant, police and security offices, take-out food service
1985	Phase 2 expansion opens, with renovated cold storage and basement warehouse facilities, new lighting for farmers' market, new computer system
1986	Drainage system and buyers' court upgraded
1991	Additional cold storage completed, dock space increased to accommodate larger trucks
1992	Expansion of cold storage facility, large truck loading space
1996	Boiler plant replaced with more efficient heating system; question of privatization raised.
1998	Old boiler room renovated to create rentable storage; farmers' market repaved
2002	Railway spur to Terminal removed

Appendix B: Current warehouse tenants

Dom Amodeo Produce Ltd.
Canadian Fruit and Produce Co. Inc.
Chiovitti Banana Co. Ltd.
City Foods Produce Ltd.
Dominion Citrus Ltd.
Fresh Advancements Inc.
Fresh Taste Produce Ltd.
Gambles Ontario Produce Ltd.
Ippolito Produce
Italian Produce
Johnvince Foods
J.E. Russell Produce Ltd.
Lamantia Garcia Produce Ltd.
F.G. Lister and Co. Ltd.
Mel-O-Ripe Banana Brands Ltd.
Morris Brown and Sons Co. Ltd.
North American Produce Buyers Inc.
Provincial Fruit Co. Ltd.
Rite-Pak Produce Co. Ltd.
Streef Produce Limited
Stronach & Sons Ltd.
Tomato King Ltd.
Veg-Pak Produce Company Ltd.

Appendix C: Current Ontario Grocery Chains

Empire Co. Ltd.

<u>Chains:</u>
Sobey's (1987 in Ont.)
Foodland
Food Town
IGA *
*Knechtel's **
*Price Choppers **
Grocery Gateway (partnered 2002)
Commisso's (bought 2003)

**purchased along with Oshawa Foods in 1998*

George Weston Ltd.

<u>Chains:</u>
Loblaws (bought 1947)
No Frills
Zehrs
*Independent Grocer * (est. 1990s)*
*Valu-mart * (est. 1980s)*
*Freshmart * (est. 1980s)*
Fortino's (bought 1988)

<u>Retired Chains:</u>
Mr. Grocer

** operated by National Grocer's division*

Great Atlantic & Pacific Co. of Canada

<u>Chains:</u>
A&P (est 1927)
Dominion (bought 1984)
Ultra (bought 1990)
Food Basics (est 1995)
The Barn Markets

<u>Retired Chains</u>
Miracle Food Mart

Hasty Markets Corp.

<u>Chains:</u>
Farah Foods (est. 1980)
Hasty Markets (bought 1994)
Min a mart

Metro Inc.

<u>Chains:</u>
Loeb (bought from Loblaws 1999)

Non-Affiliated Grocery Chains

Farmboy (est. 1981)
Galati Bros.
Highland Farms
Market Fresh (est.1991)
Rabba Fine Foods
Sak's Fine Foods
Bruno's Fine Foods (est. 1960s)
Longo's (est. 1956)

Endnotes

i Interview with Ian McKenzie.

ii Wayne Caldwell and Claire Weir, “The Countryside: Urban Area in Waiting or a Resource to Preserve?” unpublished paper, Guelph University; Planscape Consultants, Greater Toronto Area: Agricultural Profile Update, October 2003; Margaret Walton, “Agriculture in the Central Ontario Zone: An Issues Paper,” prepared for the Central Ontario Smart Growth Panel, Toronto: Neptis Foundation, 2002.

iii Canadian Press, “Canadians are eating more fresh fruit and fish, Statistics Canada says,” October 16, 2003.

iv G.F. Perkin, “The Ontario Food Terminal,” *Yearbook of the Canadian Fruit Wholesalers’ Association*, Ottawa, 1952.

v OFT website.

vi Planting the Seeds, Phase 1 Report of the Food and Hunger Action Committee, Toronto, May 2000, page 28.

vii “Ontario Invests in Improving Food Safety at Terminal” (http://foodhaccp.com)

viii Unpublished privatization study,. OFT Management

ix BCI Marketing Partners, South Etobicoke Food Cluster Investment Options, Final Report, Toronto, November 2001, pages 26-27.