BACKGROUND

In the fall of 2012 the City of Thunder Bay received a grant from the Friends of the Greenbelt Foundation to conduct research into the needs of local public sector institutions and the capacity of local farmers to meet those needs. By identifying these needs the City planned to help bridge gaps between public sector purchasers, the agricultural community and others in the value chain in the Thunder Bay area.

The City hired Kristine Hammel and Brenda Hsueh of the Grey Bruce Centre for Agroecology as consultants on the project, which was completed and presented via workshops in late winter, 2013. The Final Report for that project, titled “Making the Connections for Public Sector Local Food Procurement” included an assessment of the supply and demand for local foods and profiled local stakeholders on both production and procurement sides. Recommendations for an Education Strategy were included which identified a number of opportunities where the City of Thunder Bay and the Food Action Network could provide training and information to stakeholders in the local food system to bring parties closer to a middle ground.

Hammel and Hsueh described three audiences that an education strategy for local food procurement should address:

1. Public sector buyers
2. Local producers
3. Support groups
   a. Staff in municipal government, public health, and other public agencies
   b. City councilors and other politicians
   c. Civil society organizations
   d. Engaged citizens.
Recommendations were made for targeted content and learning approaches for each audience.

It became apparent, after the implementation of several of the recommendations made in the Education Strategy, that an important group of stakeholders had been omitted in its development.

Procurement stakeholders wish product to be aggregated and pre-processed whenever possible before it arrives at their door in one convenient delivery. They had expressed concerns about consistency of supply and regularity of delivery. On the supply side, area farmers are not typically producing enough on individual bases to be able to support institutional needs individually. Middle infrastructure for transportation, aggregation and, in some cases, processing appears to be a necessary component of a successful local food system in order to bring both parties together to mutual benefit.

Accordingly we moved to support the recommendation to map out the Thunder Bay value chain to see where links may be missing or underserved, seeking out stakeholders involved in that middle infrastructure and asking for information about the businesses, equipment and people involved in the transportation, aggregation and resale of food in the area. Collecting all this information gave us an understanding of the kinds of businesses operating in the system, how product arrives in our area and then how it moves at the local level.

**CONTEXT**

**Ontario Context: The Local Food Act**

In November of 2013 the Ontario government passed Bill 36, the Local Food Act. Up until that point the term “local” had been defined by the Canadian Food Inspection Agency (CFIA) and accepted on an informal basis by other levels of government as food produced within 50kms of the point of consumption, or within the same or a neighbouring municipality.

This was beginning to cause significant controversy. An example of this was in the news shortly before the passing of
the Act and dealt with complaints about a local claim on potatoes grown 200km away within the province, which focused public and regulatory attention on the issue and expedited change. The existing definition had been in use since 1974 and no longer fit modern food systems; the CFIA modified their definition shortly thereafter to better align with the new landscape.

When the Local Food Act was passed on November 5 the Province of Ontario adopted the same standards as the CFIA. Today the term “local food” means,

(a) **food produced or harvested in Ontario**, including forest or freshwater food, and
(b) subject to any limitations in the regulations, **food and beverages made in Ontario if they include ingredients produced or harvested in Ontario**.

http://www.omafra.gov.on.ca/english/about/localfood.htm

Foodland Ontario’s website offers more specific information on the definitions of Ontario food products (http://www.ontario.ca/foodland/ontario‐foods‐definitions) and actually includes a requirement that processed foods contain 80% Ontario ingredients in order to be considered Ontario product.

The Local Food Act itself was enacted with three purposes:

1. To foster successful and resilient local food economies and systems throughout Ontario.
2. To increase awareness of local food in Ontario, including the diversity of local food and
3. To encourage the development of new markets for local food.

http://www.omafra.gov.on.ca/english/about/localfood.htm

In support of the tenets of the Local Food Act the Ontario government has established a Local Food Fund and has funded other programs aimed at supporting the development of farming, infrastructure and procurement initiatives that will see more Ontario food product being procured by Ontario public sector institutions. It is worth noting that almost all of the applications for these funds have given preference to partnerships which span multiple links in a supply chain and create synergies between stakeholders.
The Act says that the Minister [of Agriculture] shall, to further the purposes of the Act, establish goals or targets to aspire to in the following areas:

1. Improving food literacy in respect of local food.
2. Encouraging increased use of local food by public sector organizations.
3. Increasing access to local food.

**Thunder Bay Context: Institutional Procurement**

At the Provincial level there have not yet been any targets set for local food procurement at publicly-funded institutions. However, just the passing of the Act has been enough to cause municipalities like Thunder Bay turn their attention to advance planning for their institutions and the potential therein to further economic development.

The City of Thunder Bay supports local food procurement. As noted earlier, in 2013 the City used most of its first round of Greenbelt funding to conduct a study that catalogued the farmers interested in growing for the BPS market as well as the institutions themselves. This research has been conducted as part of the Education Strategy which was a component of that project.

**METHOD**

We began by scanning local business listings to assemble a target list of stakeholders operating in the local area including wholesale distributors, meat processors, food manufacturers, commercial realtors and farms with onsite processing.

- Who are the assets in Thunder Bay’s middle?
- How does food come to Thunder Bay?
- Where does it come from?
- How does food flow within Thunder Bay?

An interview with well-known commercial realtor Bob Pfaff from Royal LePage/Lannon Realty provided the information that there is no idle equipment for food infrastructure in Thunder Bay and no facilities for sale which have not been stripped of any valuable equipment or proscribed for future use as food infrastructure as a result of sale agreements.
The questionnaire was developed after a few informal interviews with distributors, farmers and foodservice operators who gave us insights into the different ways food infrastructure interacts with other food businesses in the area.

Interview questions were designed to gather information about each stakeholder's scope and scale of operation so they could later be placed in context with their suppliers and customers as well as with other stakeholders in similar operations. The goal: to learn the following four things about the local food system:

- Who are the assets in Thunder Bay’s middle?
- How does food come to Thunder Bay?
- Where does it come from?
- How does food flow within Thunder Bay?

Informants were contacted by phone and either interviewed at the time or booked for later interviews.

The collected data was analyzed in simple ways with a goal of creating info-graphics that offered lay perspective snapshots of the gaps and opportunities that exist within the local food infrastructure.
### Findings

#### Infographic 1.0: The Players

Infographic 1.0 offers a visual representation of the businesses interviewed during this project.

Businesses have been categorized here in a couple of different ways. Down the vertical axis are the production sectors most closely associated with each type of infrastructure business. Across the top is a simplified breakdown of the different stages of handling between production and final sale, and in the middle are some representative businesses spanning the different stages of handling or transport they cover.

This region is characterized by a strong dairy sector and a healthy contingent of beef farmers. Our climate and soil conditions are probably the biggest reason for that. Just ask a vegetable farmer what happens to a delicate veggie crop after it gets pounded by spring rains or hail,
drowned in a runoff flood or nipped by frost at the beginning of September. Growing veggies is not the easiest thing to do in this part of the world.

1.1 Meat Sector

On the other hand, despite the relatively short growing season the days in this region are long, supporting good crops of grasses and grains for livestock feed and pasture. Land is also comparatively inexpensive. All of these factors contribute to the popularity in this area of farms dedicated to the raising of livestock for meat or dairy. In addition to beef and dairy farmers, Thunder Bay is seeing a growing interest in the production of pork and specialty meats like lamb, goat and rabbit.

To complement the livestock farmers, an abattoir operates in the neighbouring municipality of Oliver Paipoonge processing red meat only. There is also a slaughter and further-processing facility in Dryden and a slaughter-only facility in Rainy River and both those of operations handle red meat and do a little poultry processing as well.

In the immediate area a variety of local meat processors operate ranging from the local abattoir itself which provides butchery services to further-processing businesses that butcher, grind and smoke meat for human consumption. Most of the operations investigated have focused primarily on retail and specialty-scale wholesale.

None of the further-processors interviewed have been using Ontario beef in their sausages or smoked meat products yet, but there does seem to be an interest. This information is noteworthy because, as noted above, in order to be considered an Ontario product processed foods must processed in Ontario and be made with the lion’s share of Ontario ingredients.
1.2 Eggs

Eggs are a supply-managed commodity. This means that, with a few exceptions grandfathered in under the marketing agreement, a farmer cannot raise more than 100 laying hens without owning egg quota, controlled by the Egg Farmers of Ontario. Up until recently the area was home to an egg farm that sold to grocery retail, institutions and distributors but with the sale of their egg quota Vanderwees has reduced the scope of their operation to wholesaling eggs brought in from Manitoba and offering grading services for eggs produced by local small-flock farmers.

1.3 Dairy

The dairy business, which underpins a lot of the farm infrastructure that exists in this area, is supply-managed. What that means is that the quantity and quality of dairy moving between the farm and the finished product, whether it's fluid milk or further-processed products like cheese and sour cream, is all managed by the Dairy Farmers of Ontario and the Dairy Farmers of Canada.

The Parmalat plant operating in Thunder Bay produces fluid milk products only, sends a lot of raw local milk away for further processing, and brings in other Canadian Beatrice dairy products like sour cream, yogurt etc for distribution here.

A dairy-specialist distributor operates in the area, moving product between Beatrice/Parmalat and institutional, restaurant and grocery customers. There is also a fully licensed processor making cheese and another working on facilities and licensing to become a processor of dairy products like yogurt and kefir.

1.4 Vegetables

Vegetable farming is experiencing an upswing in Thunder Bay, in no small part because of customer demand at the retail level. This is working well enough for smaller-scale operations
looking to sell raw product at the Farmers’ Market but there are not a lot of big producers growing wholesale quantities in this area. Like there exists for almost any business involved in production, there is a plateau in vegetable farming that requires mechanization to surmount, and mechanizing requires capital or financial support.

There are a number of vegetable growers interested in expanding to meet the demand. There are also a few who have their own on-farm setups for washing and even primary processing in one case, but no sort of shared infrastructure has been identified in this area yet that would allow smaller farmers to lengthen their selling season or aggregate product for wholesale.

Thunder Bay offers neither climate nor soil conditions for growing less hardy crops like field tomatoes or citrus with any success. There’s a reason diets in the Northwest trend towards meat and potatoes: upon examining an atlas one notices immediately that the diets in Old World cultures along this band of latitude bear many similarities. In fact, the most common immigrant populations of Thunder Bay have come from nations along that latitude, bringing their own ethnic foods geared to the ingredients traditionally produced under these conditions (dairy, meat, potatoes, cabbage, carrots, onions) and endowing Thunder Bay with dishes like perogies, cabbage rolls and mojakka.

From Wikipedia, the free encyclopedia

“traditionally is focused on mutton and horse meat, as well as various milk products.”
1.5 Grains

As noted earlier, grasses and grains can do well in this part of the world, one of the reasons that there is a solid base of dairy and beef farming in the region. The majority of local dairy and beef farmers grow some combination of grains and hay for their livestock. There are a few farms growing grains for human consumption or for seed.

There is a single local flour mill in this area which produces partially-sifted, whole wheat and rye flour and has the capacity to clean grains as well; potentially to process cereals like oats for human consumption.

1.6 Distributors & Manufacturers

Distributors and manufacturers have been placed together in this grouping because of the way product flows through them. Like distributors a manufacturer tends to buy product from numerous locations, aggregate/add value to it and send it out to wholesale customers.

Distributors, as Franco Naccarato described in “Food Distribution,” presented at the Bring Food Home conference in Windsor, November 2013, can have a profound impact on the food landscape. Distributors operate between farmers and manufacturers, between manufacturers and customers to provide a single point of contact for buyers and an outlet for sellers.

The teal blocks in the figure above represent the distributors interviewed for this project and the majority of distributors operating in Thunder Bay. The red block indicates a distributor...
with a meat processing facility as part of its operation; the first purple block a manufacturer using primarily vegetable/grain ingredients, and the second a distributor/manufacturer working primarily with vegetable/grain ingredients.

Thunder Bay is served by a variety of distributors. For the purposes of this study, catering foodservice like Aramark and Sodexo were not included as they operate as purchasers, despite integrated supply chains.

The group represented here includes:
- international broad line distributors like Sysco and GFS
- trucking companies like Erb, Manitoulin and Gardewine
- Ontario-based broad line distributors like Flanagan Foodservices coming from Sudbury,
- local players like CavTal, LA Quality Foods and Loudon Brothers
- dairy distributor Sleeping Giant Dairy, a packer/manufacturer/distributor, and perogy manufacturer Aladdin's Feast.

INFOGRAPHIC 2.0: POLITICS AND GEOGRAPHY

Thunder Bay finds itself in an awkward place between politics and economics in this situation, because although Northwestern Ontario pays taxes to a government based 1400 kms away in Toronto, food tends to come into the city via Winnipeg, Manitoba, which is only half the distance or Calgary, which is further from Thunder Bay than southern ON but more convenient for Alberta-based distributors. All of the larger distributors serving the area have switched to serving Thunder Bay from Winnipeg or Alberta-based offices instead of locally or from the south for these reasons.
2.1 Major Players Located Out of Market

To maintain the logistical efficiencies created by moving warehousing to Manitoba and Alberta, the majority of product supplied by the big internationals tends to be derived from the western provinces - Alberta, Saskatchewan and Manitoba and of course the States and points south before it is aggregated for shipping to Thunder Bay.

This factor will have a significant impact on efforts to procure more Ontario product for Thunder Bay BPS institutions because it means that the most heavily-trafficked channels are not already set up to provide the Ontario product required; the distributors currently serving institutions have idled the channels that would have brought their product from southern Ontario.

It also means that local processors and manufacturers who want to get into the supply chain and who are buying ingredients through the traditional distribution channels are more often than not buying non-Ontario ingredients. When that happens their finished product cannot be considered Ontario product.
2.2 Opportunities for Local and Regional Operators

The regional distributor interviewed enters the Thunder Bay market from the East and tends to bring product from the States and from south and east of the region.

Local distributors buy from many sources. Small local businesses may not have the advantage of a large warehousing facility for aggregating product elsewhere, but they do have the advantage of established links with supply chains to the west, to the east and to the south. Smaller distributors are usually able to be flexible in your buying habits, which means they are better equipped to flex with the seasonality of Ontario suppliers. Locals also tend to have smaller vehicles in their fleets that larger competition does not keep locally, placing middle-distance routes within their reach. Local storage facilities provide these smaller businesses the opportunity to aggregate local product within the market, and established routes and contacts throughout the region offer opportunities for distributors to serve both buyers and sellers. Locally-based operators also have a better understanding of the local landscape, the communities and the products that are available within reach.

RECOMMENDATIONS

There appears to be a field of opportunity opening up as a result of the increasing focus on local food procurement at the City of Thunder Bay’s Broader Public Sector institutions. Further local economic development in support of the development of a local supply system could be encouraged in the following ways:

- Provide this report to infrastructure stakeholders to make them aware of the opportunities that exist
- Support infrastructure stakeholders with access to business development services and funding information
- Create networking opportunities to help develop relationships between buyers, producers and infrastructure stakeholders
- Explore opportunities to pilot the use of local/regional product in institutional settings.