EXECUTIVE SUMMARY
PROFILE OF AGRICULTURAL ATTRIBUTES IN THE GTA

The objectives of this report are to:

- Describe the current status of the business of farming in the GTA;
- Describe and analyze significant changes in farming in the GTA during the past decade;
- Assess the economic, social and environmental contribution of farming in the GTA;
- Review the implications of the evolving demographic profile of the GTA for agriculture;
- Assess the potential to address the widening gap in agri-food trade; and
- Provide a strategic audit of the 2005 GTA Action Plan with recommendations regarding future goals.

The study area is comprised of the City of Toronto and the four surrounding Regional municipalities of Durham, Halton, Peel and York.

Agricultural Profile

An update of the profile of agriculture in the GTA based on the 2006 census, confirms that while agriculture continues to be an important sector of the Greater Toronto Area economy in terms of gross farm receipts produced and productivity per acre, there is an ongoing decline. The amount of farmland continues to drop, the average age of farmers is increasing and the profile is shifting. Overall the conclusions that can be drawn from the profile include:

- The amount of farmland continues to decline but at a slower rate than in the period from 1996 to 2001. Between 2001 and 2006, the area of farmland in the GTA declined by 31,476 acres or 4%. The rate of decline differed in the four regions. Halton experienced the largest decline in farmland at 9,859 acres or 10%; Peel declined by 9,144 acres or 9%; York declined by 8,889 acres or 5% and Durham declined by 3,584 acres or 1%. The trend to smaller farms in the GTA continues in all regions except Durham.
- Despite a 4% decline in the amount of regional farmland between 2001 and 2006, gross farm receipts generated in the GTA in 2006 were $6.5 million higher than in 2001.
- The total value of farm capital in the GTA rose from $6.1 billion in 2001, to $7.5 billion in 2006. Average farm capital in 2006 was $2 million per operation.
- Gross farm receipts generated in the GTA in 2006, totaled $677.3 million, an increase of $6.5 million from 2001. Regionally, GFR's increased in both York (25%) and Durham (2%) and decreased in Peel (30%) and Halton (7%).
- The share of GFR's generated by fruit, vegetable, greenhouse and nursery sectors continue to grow. Greenhouse became the leading sector in the GTA in 2006 based on GFR's; dairy dropped to second. The cash crop sector increased slightly in terms of GFR's between 2001 and 2006.
- The number of dairy operations declined between 2001 and 2006, particularly in the Regions of Halton and Peel, but the share of GFR's generated by dairy remained fairly constant.
- The livestock sectors including cattle, hogs and "poultry and egg" declined in number of operations and in GFR's, between 2001 and 2006.

- The Cost to Revenue ratio improved in Peel, York and Halton between 2001 and 2006, but worsened in Durham.
- The number of operations generating in excess of $250,000 in gross farm receipts per annum continued to grow between 2001 and 2006. The number of operations in all other categories declined. The largest decline between 2001 and 2006, was in the number of operations reporting less than $10,000 in GFR's per annum.
- The average age of farmers in the GTA at 55.4 years is higher than in other parts of Ontario and continues to rise.

With respect to the City of Toronto, agriculture does occur within the City limits. There is at least one operating farm and numerous undeveloped parcels are cultivated for cash crops, vegetables, fruits, nursery and greenhouse operations. With the growing interest in local food and the introduction of innovative ways to grow food including roof top and community gardens, the profile of agriculture in the City is shifting.

Demographic Profile

The demographic profile prepared by the GTA Regional Agricultural Working Group, identified opportunities for the agricultural sector and underscored some challenges.

The GTA is a rapidly growing area undergoing a comprehensive planning process to stipulate where the growth will occur and in what form it will be accommodated. When this process is completed, additional existing agricultural areas will be removed from production but there will be more certainty, about what areas will be available for production to 2031 and beyond. If circumstances exist to allow the remaining operators to operate efficiently and profitably this could stabilize primary production in the GTA.

While the rapid pace of growth in the GTA creates challenges, it also creates opportunities for both primary production and the agri-food industry. In planning for the future businesses can rely on an sophisticated, expanding market for their goods

The market for organic and local products tends to be driven by age and income. Given that the 20 to 44 year old age group is clustered in the more urbanized area of the GTA and that the highest density of population is located in that area; producers need to create linkages, market products and establish retail outlets that connect with and take advantage of this market.

Toronto has the highest proportion of people living in low income. Connecting these low income groups to healthy affordable food sources is a challenge that is being faced by public health agencies in the GTA. Farmers and food processors can play a role in supporting programs that will ensure healthy and accessible food programs for low income families.

Settlement patterns of new immigrants tend to be clusters, based on country of origin. Each of these clusters exhibit unique characteristics and customs and have specific demands. Understanding these clusters and the demands associated with them could assist in gearing food production and focusing on niche markets.

The higher income levels and cultural diversity of the GTA are factors that create a strong market for a diversity of food and other agricultural products.

A very high proportion of food, beverage and tobacco (FBT) establishments in the GTA are comprised of operations with less than 50 employees. These smaller companies are well suited to responding to specific niche markets and offer an opportunity for direct links with primary producers.

Given the aging profile of the farm population and the ongoing need for new farmers and farm labour, consideration should be given to programs to attract immigrants with agricultural skills. Such programs should provide support to access agriculturally related employment accompanied by social programs to allow new arrivals to adjust to rural communities.

The educational system should deliver programs that educate consumers to make informed choices and enjoy healthy diets; to understand and appreciate modern agriculture; and to introduce them to the interesting opportunities associated with agriculture and the agri-food business.

Although there are areas of relatively high unemployment in the GTA, they tend to be located in urban areas. Accessing available labour, ensuring the skills to work in the agricultural and agri-food businesses are being taught, and making candidates aware of available employment opportunities can be complicated by the urban/rural divide.

The GTA is a dynamic, fast growing region of contrasts. The settlement patterns reflect a mosaic of age, ethnic background, education and income. However one thing all residents of the area have in common is a need for the products of the agriculture and agri-food system. Understanding the patterns of the GTA and using them to the benefit of the industry is essential to its ongoing prosperity.

Contribution to the GTA

The contribution of agriculture and the agri-food sector to prosperity and quality of life in the GTA is multi faceted and significant.

The value of the gross farm receipts generated by agriculture in the GTA has increased steadily over time. Based on the increase since 1999, a reassessment of the economic impact confirmed that the contribution of GTA agriculture to the provincial economy in the year 2006 was approximately $2.1 billion.

As an intrinsic part of the rural landscape, agricultural lands provide many positive environmental benefits. Agricultural land preserves open spaces and provides natural corridors for the movement of wildlife, contributing to the biodiversity of the area. Retention of woodlots and windbreaks reduces soil loss through wind erosion, and provides habitat for birds and animal species that may be under stress due to habitat loss in urban areas. Farm fields provide habitat and a food source for birds and animals.

There is ongoing debate about the environmental impact of agricultural activities on the natural environment. In response, programs have been developed to reduce the impact of agriculture on the natural environment, focusing on farm practices that can contribute to improvements in surface and ground water quality, introduction of alternative energy sources and the use of bio solids to improve productivity and reduce waste. The Environmental Farm Plan program is designed to address environmental issues and provide farmers with a vehicle through which to confirm and monitor their commitment to environmentally sustainable practices.

As recognition of the links between a healthy community and a sustainable local food system grow, health organizations are becoming increasingly supportive of partnerships with the agricultural sector and involved in policy development to promote a healthy, sustainable food system. The GTA is fortunate to have a healthy, vibrant agricultural sector to provide a base for these partnerships.

Proximity to a healthy agricultural community provides urban residents with access to fresh produce from local farm markets. Such markets offer variety, improved freshness and quality of products at reasonable prices and can be an effective, informal source of information about the complexities of modern agriculture.

Having agricultural activity within close proximity to urban areas provides educational benefits to both the farm community and to urban consumers. Access to farms, farmers and local farm product provides an opportunity for urban residents to be educated about modern farm practices. Having access to the extensive educational resources of the GTA is a tremendous benefit for farmers and farm business operators in the area.

The rural and agricultural countryside represents an important element of life in the GTA. The public is able to enjoy rural landscapes and view and sometimes experience, farming activities. Farm bed and breakfasts, working holidays, “pick your owns”, and farm vacations provide opportunities for the urban public to experience the farm.

Having an active and successful agriculture and agri-food sector as an integral part of a city region such as the GTA enhances the viability, sustainability and livability of the region.

Agri Business Profile

The Canadian agriculture and agri-food system is comprised of:

- Primary agriculture;
- Farm input and service providers;
- Food beverage and tobacco processing (FBT);
- Food retail / wholesale; and
- Food service.

The sector generated 8.1 % of GDP and accounted for 1 out of every 8 jobs in Canada in 2008. Canada ranked as the 4th largest exporter of agriculture and agri-food products in the world in 2008.

Exports are broken into bulk, intermediate and consumer oriented products. In 2008 bulk exports accounted for 37.7% of total exports, consumer oriented products accounted for 37.5%. The percentage of bulk exports was pushed up in 2008 by higher prices for grains and oilseeds.

44% of the raw material that goes into food processing is supplied by primary agriculture.

There is a strong trend to consolidation in the retail sector with large chains grocery stores dominating volume of sales in all provinces except Quebec.

The largest market for food service products is the commercial market where full services restaurants have the largest market share.

In 2008, small food processing operations were dominant in terms of number. However, the operations with 200 employees plus, accounted for 3% of operations but 46% of sales.

Imports captured 26% of the domestic food market in 2008.

Agricultural costs are dominated by materials, supplies and labour with fertilizer being a leading expenditure.

At the provincial level, Ontario dominates the Canadian agri-food sector. In 2008, the Province contributed 33.2% of the total Canadian agriculture and agri-food GDP and accounted for 32.2% of the jobs in agriculture and food processing.

Within the Ontario agriculture and agri-food cluster, food service had the highest employment level followed by retail and wholesale, processing and primary production.

There are ongoing fluctuations in the employment profile for the agriculture and agri-food sector in Ontario. Even sectors which have a net increase in employment have not experienced constant growth.

The Food, Beverage and Tobacco (FBT) percentage share of Ontario GDP was 11.2% of the total in 2007. This is second only to the GDP of the transportation equipment category.

The value of agri-food imports in Ontario is approximately double the value of agri-food exports.

The commodities groupings where there is a positive trade balance are predominantly unprocessed commodities. Grain products is the largest followed in order by oilseeds, live animals, other animal products and tobacco.

Although exports have seen a relatively constant increase over time, there have been periods of slower growth or decline and the rate of growth has not kept pace with the increase in imports.

Ontario's largest trading partner is the United States. The EU, Asia, Latin America and Mexico are the next largest importers. In terms of exports, the American market captured 80% of all exports in 2009, followed by Asia (8%), Japan (3%), the Middle East (2%), and Mexico and "other East Europe" (1%).

Although the food processing component of the agriculture and agri–business cluster is third in size in terms of employment to the retail and food service sectors, it leads in terms of GDP. It is also a very diverse sector that has the potential to expand and capture larger shares of both the domestic market and the export market for intermediate and consumer ready products. The top five sectors in the cluster are meat processing, dairy products, bakery, confectionary and beverage.

Regionally, the GTA is the largest contributor to the agri-food sector in the province. The area is home to the second largest food cluster in North America. Toronto is the largest trucking, rail and air distribution hub for food products in North America and the most cost effective for road freight of all major metropolitan markets in North America. Although a disproportionate percentage of the food retail market is controlled by a handful of companies, farmers markets and facilities such as the Toronto Food Terminal provide alternative means of connecting the producer and the consumer.

The one activity which appears to be under represented in the GTA is the agricultural service and input sector. Durham is the one region that continues to support a large network of agricultural service providers.

Over half of the food manufacturing companies in the GTA have annual sales of less that $5 million. Many include owner operated businesses servicing specialty markets or producing fresh product. The majority of operations employ less than 20 people. The medium sized establishment with sales of between $5 million and $20 million are the fastest growing component of the food processing sector.

The GTA AAC

Creation of the Greenbelt and implementation of the Growth Plan for the Greater Golden Horseshoe has added a new dimension to managing agriculture and agri business in the region. The GTA AAC recognizes potential for new partnerships and an opportunity to revise, expand and update the Action Plan for supporting agriculture in the GTA. Based on this, they have revised their vision to include new priorities. Completion of this report is the fulfillment one of the revised goals and is intended to provide a resource as the group moves forward.

Challenges and Opportunities

This overview of agriculture and agri-business has confirmed the depth and breadth of the sector in the GTA. The agricultural production in the GTA occurs on some of the best agricultural land Canada has to offer. As a result, the production profile is extensive and diverse, producing hundreds of commodities which in turn support a sophisticated agri-business sector.

The GTA is a fascinating area. The ethnic diversity is unrivaled and the land uses range from dense urban areas, to lower rise suburban, light industrial subdivisions, commercial malls, bucolic rural landscapes, small towns and fertile and unique agricultural areas. Agriculture is embedded in the history of the area but is struggling to maintain its status in the face of pressures for growth. Agri-business is the second largest economic force in the region and has made the GTA a leader in North America. To support this important economic sector there are challenges and opportunities that need to be addressed.

Challenges

The goal for the future is to manage all of the elements of the agricultural and agri-business cluster to overcome challenges and seize opportunities to grow the sector. A healthy agriculture and agri business cluster support s the economic, social, environmental and cultural well being of the GTA. In conducting this study, certain challenges were identified. These included:

- the need for business support;
- management of regulatory regimes;
- maintenance of f arm service infrastructure;
- linkages between producers and processors;
- overcoming myths about agriculture;
- attracting new participants to work in agriculture and agri-businesses;
- preserving the agricultural land base; and
- encouraging farmers to continue farming in the GTA.

Opportunities

In preparing this report certain observations were made about opportunities facing the sector. These opportunities include potential actions to support expansion, innovation, diversification and reduction of the trade deficit for the agricultural and agri-food sector and are focused on:

- ethnic diversity;
- expanding niche markets;
- closing the income gap;
- educating consumers about the benefits of a healthy and productive local agricultural system;
- building a local food system;
- diversifying production;
- expanding access to wholesale facilities;
- capturing the growing market for bio-products;
- encouraging innovation;
- improving the existing trade balance;
- promoting nutrition and health as drivers of consumer demand and food supplies;
- supporting urban agriculture;
- developing alternative markets;
- implementing stable supportive and consistent planning controls;
- encouraging healthy choices over labels;
- planning for food;
- coordination of policy; and
- providing support for the GTA agriculture and agri-business cluster.