



**CANADIAN
CO-OPERATIVE
ASSOCIATION**



LOCAL FOOD INITIATIVES IN CANADA - AN OVERVIEW AND POLICY RECOMMENDATIONS

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*Canadian Co-operative Association
Suite 400, 275 Bank Street
Ottawa, Ontario K2P 2L6*

(613) 238-6711 www.coopscanada.coop



THE CANADIAN CO-OPERATIVE ASSOCIATION

The Canadian Co-Operative Association (CCA) is a national association for co-operatives, representing more than nine million co-operative and credit union memberships in 3,000 co-op organizations. Our members operate in many sectors of the economy including, agri-food and supply, wholesale and retail, finance, insurance, housing, health and the service sector. CCA provides leadership to promote, develop, and unite co-operatives and credit unions for the benefit of the people of Canada.

Our members include Federated Co-operatives Ltd., United Farmers of Alberta, Co-op Atlantic, GROWMARK, Gay Lea Foods Co-operative Ltd., Scotsburn Co-operative Services Ltd., Northumberland Co-operative, Arctic Co-operatives Ltd., The Co-operators Group, eight provincial credit union centrals that provide services to local credit unions (financial co-operatives), and national associations representing co-op housing, co-op healthcare and worker co-ops. In addition, other co-operatives across the country are represented at CCA through the membership of seven provincial co-operative associations.

Our francophone sister umbrella organization, the Conseil Canadien de la Coopération (CCC), is made up of provincial francophone councils in eight provinces of Canada, the largest of which is the Conseil québécois de la coopération et de la mutualité (CQCM). One of its members, La Coop Fédérée, is a large force in Quebec agriculture with 104 local co-ops and 35,000 farmer members.

Canada has one of the highest proportions of co-op membership in the world: 40% of Canadians are a member of at least one co-op. In Quebec, co-op membership stands at 70% of the population; in Alberta 65%, and in Saskatchewan 56%.

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For more information, contact Lynne Markell, Government Affairs and Public Policy Advisor at: (613) 238-6711 ext.204 or lynne.markell@coopscanada.coop

INTRODUCTION

Over the last 60 years, Canada's overall food system has become more geared to large-scale systems of production, distribution and retail. There is a greater emphasis on export markets for many of our food products. At the same time, we import more food - products which cannot be produced in Canada but also food products which we can grow here.

There is now a growing interest in the production, processing, and buying of local food. New "local food systems" are being set up to organize the various components that will meet the needs of all the stakeholders in the community or region.

Our Food System

- Canada imports about half of what Canadians eat, and exports about half the food it produces *Statistics Canada*
- Canada is the world's fourth largest exporter of agriculture and agri-food products *Agriculture and Agri-Food Canada*
- Two-thirds of fruits and vegetables consumed in Canada are imported from 150 countries *Agriculture and Agri-Food Canada*
- A study done by the *Region of Waterloo* found that food consumed in that region travels an average of 4,497 km
- Canadians spent 10.2% of their income on food in 2007. In 1997 they spent 12.7%. *Statistics Canada – Food Statistics and Farm Product Price Index*

This brief examines the local food initiatives or components that comprise these new local food systems, some of the research results, social and economic benefits, and the role that the co-operative movement and governments can play to facilitate the development of local food.

We believe that the growth of new local food systems can produce some important developments and that, in the end, we can have an agriculture and food industry which accommodates a thriving export trade, as well as a more developed domestic and local food marketplace. We see a place for both large and small-scale producers, distributors and retailers, and, of course, a larger place for co-operative food organizations.

CO-OPERATIVES AND LOCAL FOOD

Historically, co-operatives have been useful to the agricultural sector and today's co-ops remain true to these roots. Some of the most vibrant community based food projects, including organic, natural, and local food initiatives, are organized as co-operatives. Canada's retail co-ops and their federations are an important part of buying, distributing and processing food in Canada.

The Agricultural Community Development Initiative (Ag-CDI) provides technical and developmental support to new value-added agricultural co-ops organized by producers. Currently thirty percent of the projects supported by Ag-CDI focus on local food. Ag-CDI is a partnership between the federal Co-operatives Secretariat, CCA and le Conseil Canadien de la Coopération and is funded by Agriculture and Agri-Food Canada.

The Canadian Co-operative Association (CCA) participated in the consultations on *Growing Forward*, the federal and provincial government's new agricultural policy framework (APF). We provided a brief that includes a recommendation that the next APF "provide support to help local communities – rural and urban – organize food systems to distribute locally-grown and processed food."¹

¹ Available at www.coopscanada.coop/pdf/aboutcca/gapp/govsubmissions/APF_Submission_FINAL.pdf

LOCAL FOOD INITIATIVES

There is growing recognition among farm groups and consumers of the benefits of developing local food system. This trend is animated by dozens of media reports, articles, and bestselling books such as the 100 Mile Diet: A Year of Local Eating by a British Columbia couple, Alisa Smith and J.B. MacKinnon².

Many factors are fuelling the local food movement and there is a strong confluence between preference for natural and organic food, a renewed interest in buying Canadian food, and the Slow Food movement³. Other influences are provincial and regional branding campaigns and the environmental crisis. The recent increase in transportation fuel and the food crisis in other countries have led more Canadians to think about the security of domestic food supply.

A recent report prepared by Canadian Organic Growers for Agriculture and Agri-Food Canada⁴ reveals a thriving community-based alternative food system in communities across the country. This system exists almost completely outside the mainstream food system and receives little economic and policy attention from senior governments.

DEFINITION

“Local food initiatives” are the food organizations, activities, and businesses that support the creation of local food systems in which **food is grown, processed and sold within the same geographical region**. A recent publication, From the Ground Up, provides comprehensive information on local food systems and defines a food system as “the broad term for everything required to bring us food and deal with the food waste”⁵

The concept of local food is defined in many ways, with 100 miles being one of the most commonly used definition of “local food”. Some definitions are based on political boundaries such as a regional municipality or province. Many consumers purchase from concentric circles, starting with acquiring food from their local community and then moving out to the region, province, country and beyond, as needed.

Although proximity to production appears to be an important attribute for consumers, other reasons for purchasing local food include the desire to support local farmers, reducing the distance food has to travel (food miles) and higher food quality and taste. Research and experience shows that most people are willing to pay more for local food

RESEARCH

A 2006 Ipsos Reid survey found that Canadians have a tendency to ascribe a wide range of attributes to locally produced foods⁶. For instance, given a list of possible benefits of locally grown fruits and vegetables, respondents were most likely to say the top benefit is that local foods help the local

² Smith, A. and J.B. MacKinnon, The 100-Mile Diet: A Year of Local Eating, Random House, 2007

³ Slow Food is a non-profit, eco-gastronomic member-supported organization that was founded in 1989 to counteract fast food and fast life, the disappearance of local food traditions and people’s dwindling interest in the food they eat, where it comes from, and how it tastes. www.slowfood.com

⁴ Canadian Organic Growers, Local and Regional Food Economies in Canada: Status Report. Report for the Sectoral Policy Directorate, Food Quality, Agriculture and Agri-Food Canada, March 2007, www.agr.gc.ca/pol/index_e.php?page=qualit

⁵ Local 316 of the National Farmers Union and Food Down The Road, From the Ground Up: A Primer for Community Action, 2007 www.fooddownthe.road.ca

⁶ IPSOS Reid, Canadians see many benefits of locally grown food. 2006: www.naacnsa.ca/downloads/documentloader.aspx?id=1440

economy (71%) and that they support family farmers (70%). Fifty-three percent of respondents believed the top benefit of locally grown fruits and vegetables is that they taste better, while 50% said they are cheaper, 48% said they are not genetically modified, 45% said they were healthier, 45% said such foods are chemical and pesticide free, 44% said they were safer and 43% thought they were more environmentally friendly. Only one in ten Canadians (11%) said there are no real benefits of locally grown fruits and vegetables over other fruits and vegetables.

When asked how often they shopped for a given a list of food attributes such as local, whole grain, family size, free range, sustainably farmed, organic or fair trade in the past six months, local food ranked second to whole grain with 42% of respondents. Organic was 12% and fair trade was 9%.

A 2006 survey of shoppers at Ontario farmers markets revealed 95% of shoppers felt that "buying products produced in your community" is either very important (77%) or moderately important (18%)⁷. More recently, a poll of Ontario consumers conducted by Environics in partnership with the Greenbelt Foundation in October 2007, found that 88% of respondents read origin labels on the foods they buy⁸. Eighty percent preferred to buy locally-grown produce and over half reported purchasing local products at least once a week. 91% of the Ontarians polled said would buy locally grown food if they could find it in their grocery stores.

When asked about farmers' markets, respondents said it was important to them that farmers' markets sell locally-grown food (86%) and that they be able to meet the farmer (63%). Respondents cited taste and freshness as being important attributes of local food, but the vast majority of respondents agreed strongly that locally-grown food supports local farmers (85%), the local economy (82%), and preserves farmland (70%).

A study by Corporate Research Associates Inc. in Atlantic Canada for the Council of Atlantic Premiers in March 2005 explored the perception of local food and local food purchasing behaviour in that region. More than 70% of the people surveyed said that they would choose local food over their favourite brand⁹.

The Canadian Food Inspection Agency conducted focus groups across the country in 2007 to examine Canadian attitudes towards the safety of the food system¹⁰. Although the report was not designed to study attitudes about local food, it revealed a number of negative attitudes related to imported food. For instance, the study showed that participants were concerned about the safety of imported foods, with some respondents pointing out that other countries had less government regulation with respect to food safety and the environment and that food inspection systems in other countries were less stringent. Participants were concerned that imported foods were more likely to contain higher level of pesticides and other toxins than domestically produced food. Some saw globalization to be a cause of declining food quality and others wondered why Canada was importing so much food and why the food is not grown in our own country. There was also interest from respondents for product of origin labelling.

⁷ Cummings, H., Kora, G, and Murray, D., *Farmers Market in Ontario and their Economic Impact*, School of Rural Planning & Development, University of Guelph, 1998

www.ofa.on.ca/site/PDFs/EconomicImpactStudies/FarmersMarket/FarmersMarketsOntario.pdf, and *Taking the Pulse of Ontario's Farmers' Markets. Market Shopper Profile Study 2006, Farmers' Markets Ontario, 2006*

⁸ Environics Greenbelt Foundation 2007 Awareness Research, 2007 www.ourgreenbelt.ca/greenbelt-news/peak-ontario%E2%80%99s-thanksgiving-harvest,-new-poll-finds-overwhelming-majority-prefer-buy-

⁹ Corporate Research Associates Inc. *Atlantic Canada Food Consumer Study, 2005*

¹⁰ Les Études de marché Créatec, *Canadians' Perceptions of the Safety of Canada's Food Supply*. Report prepared for the Canadian Food Inspection Agency, 2007

TYPES OF LOCAL FOOD INITIATIVES

A wide variety of local food initiatives led by farmers, consumers and non-profit organizations are springing up across the country. The most common of these initiatives are listed below.

1. Farmers' Markets

Farmers' markets are public markets where farmers and often, other vendors, sell locally produced food directly to consumers. The pace of growth of farmers' markets has been phenomenal. The number of Canadian markets has doubled since the late 1980's, with urban centres such as Toronto adding six new markets in 2007. British Columbia added 40 new farmers markets between 2000 and 2006, while Ontario farmers' markets increased from 60 in 1991 to 132 in 2007.¹¹ Using one example, Your Local Farmers Market in Vancouver grew from \$1.2 million in sales in 2005 and is projected to sell well over \$3 million in the 2008 season.

According to Farmers Markets Canada, there are currently about 500 farmers markets in this country. Not all of the food distributed through these markets is locally grown, but there is a movement to ensure that the by-laws of markets, especially of new markets, forbid the practice of reselling. A new trend is a requirement for third party audits to verify that the products sold at farmers' market are indeed locally grown.

2. Community Supported Agriculture (CSAs)

A CSA is an alternative food distribution system that engages eaters as equal partners in the growing of food. Consumers take on some of the risk of the farm by paying up front for a share of the season's produce grown by a local farmer or a group of farmers. The food is delivered direct to consumers or to nearby drop off points on a weekly basis throughout the growing season.

Most CSAs have between 35 and 200 members and most are based close to large urban centres. This model is particularly prevalent in Québec due to the efforts of the non-profit group Équiterre which has linked up more than 100 small-scale producers with urban consumers. The CSA model is also gaining popularity in British Columbia and Ontario. Some larger CSAs, such as Plan B Organic Farm near Toronto, purchase food from other farms.

Farmers Taking the Lead

The Really Local Harvest Co-op, an innovative farmer-run co-operative in New Brunswick is regaining control of the food system and finding the fun in farming. A small group of farmers had had it with the old way of doing things. They were working all the time, not making any money and most of the food they were growing was being shipped out of province.

“We felt that we didn't have a choice about creating the Co-op. You either work for nothing or you create your own system”.

Donald Daigle, President Really Local Harvest Co-operative

The farmers went to the town of Dieppe with a plan to create a farmers market in 2004. Now on typical sunny summer day, some 10,000 people visit the Dieppe Farmers' Market to get a taste of locally grown foods like goat's cheese, cranberries, vegetables and other local products. The farmers have gone from nearly “losing their shirts” according to Daigle, to leading the charge to revitalize their community. Within a few short years the co-op has built a three million dollar local enterprise with numerous positive economic spin-offs for the community.

The co-op doesn't plan to stop there. Soon they will be unveiling an ambitious plan for an agro-tourism venture that will have visitors pondering the wonders of the apple and taking rides on a wagon powered by buffalo, all while enjoying the food bounty of New Brunswick (see Appendix 1 for more detail).

Planning support is provided by the Ag Co-operative Development Initiative (Ag-CDI) with funding from Agriculture and Agri-Food Canada.

¹¹ Cummings, H., Kora, G, and Murray, D, op cit

3. Local Food within Grocery Stores and Food Co-ops

For consumers who find direct sales inconvenient and prefer to do all their shopping in a single locality, there are now a number of retail options. Some retailers are beginning to show an interest in locally grown foods, despite the fact that such foods represent a significant challenge to their centralized procurement and distribution systems.

In 2007, Fiesta Farms, the largest independently owned supermarket in Toronto, signed on with Local Food Plus (LFP)¹² to profile and make available food products certified by LFP in their retail store. LFP members are certified to standards that seek to improve environmental sustainability, provide safe and fair working conditions for farm labourers, provide humane care for livestock and lower greenhouse gas emissions through reduced transportation and packaging, conservation and recycling.



In Atlantic Canada, Co-op Atlantic is the only grocery store chain to partner with local farmers and producers to market products from the region. Their website¹³ features an innovative “meet the producer” database that profiles the farmers who grow the food. Co-op stores use point of sale materials that focus on food producers in an attempt to put the farmers’ face on the food.

The co-op works with farmers at every stage of the food cycle, providing the feed, seed and other supplies farmers needed to grow their food. When it is ready for sale, Co-op Atlantic

purchases the food through its wholesale arm and the 100 co-operative grocery stores across Atlantic Canada then purchase these food products for sale in their community-owned stores. These co-ops serve over 200,000 families and employ over 5,000 people. Co-op Atlantic also co- owns a bakery and meat processing plant.

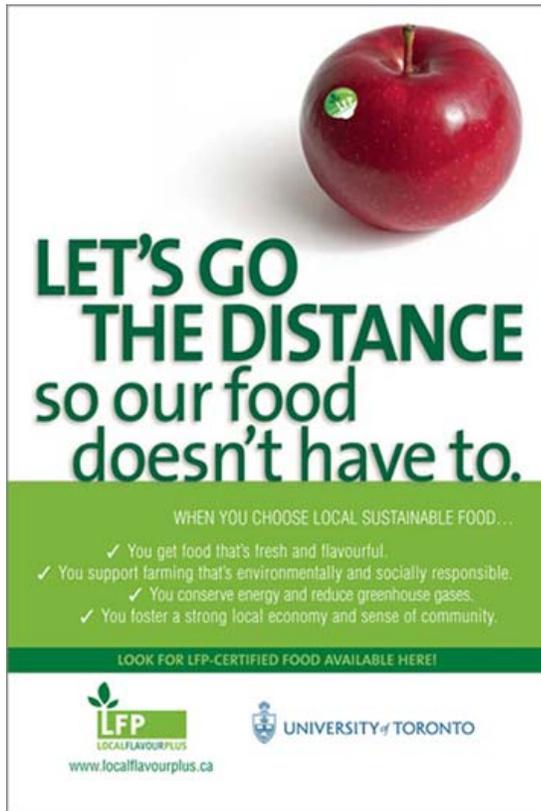
In the Co-op Atlantic model, the farmer benefits from being able to visit a nearby co-op farm store for inputs, from membership in a community run co-op that fosters cooperation rather than competition, and most importantly, from being able to market products through the co-op’s centralized purchasing system. Elimination of the usual multi-step brokerage results in a greater share of the food dollar going to the farmer. Consumer members of the grocery co-op benefit from a guaranteed supply of local, fresh food.

Natural and organic food co-ops are owned by consumers interested in ensuring access to natural and organic food. In the past, they have had to purchase a large quantity of processed and fresh food from many sources. Some co-ops are adapting more local buying policies.

For example, in Nelson BC, the Kootenay Country Store Co-op assures its supply of locally and sustainably grown food by working directly with a group of local organic farmers. Each winter the co-op meets with local producers to share their buying list to ensure that the farmers grow the volumes and varieties of crops that co-op members want to purchase.

12 Local Food Plus (LFP) is non-profit organization that brings farmers and consumers together to share in the benefits of environmentally and socially responsible food production. It is committed to building and fostering local sustainable food systems by certifying farmers and processors and linking them with local purchasers.

13 www.atlanticproduced.coop



4. Institutional Procurement

Institutions like the University of Toronto are showing that preferences for local food can be spelled out contractually. The university sources up to 15% of its food from Ontario and there are plans to increase this percentage over time. The City of Toronto is considering a proposal to adopt a local food policy for at least 50% of the food it buys through city-operated day care centres, nursing homes and other venues.

The government of Nova Scotia supports local farmers using policies that encourage the purchase of local products in provincial health care and justice institutes. The program currently gets 90% of processed dairy products such as butter and yogurt, 60% of fresh produce and up to 80% of fresh produce from storage, and 60% of beef, chicken and pork from local sources.

In Michigan, the *Buy Michigan First* program promotes local food procurement in state institutions. One of the largest adopters of the program is the state prison program which has found that it can save significantly on the cost of

food by buying locally grown food. The revenue helps Michigan farmers and fuels the state's economic prosperity.

In Kentucky, a bill now awaiting senate approval would require public postsecondary institutions to buy locally grown agricultural products if they are the same price and quality as those from outside the state.

5. Restaurant and Chef Initiatives

Because of their interest in fresh, high quality food, restaurants and chefs are playing an active role in promoting local food systems. Many restaurants have identified local farmers and set their menus based on the produce that is available on a given day in their region. Other chefs take this a step further and work on a contractual basis with local growers to grow the ingredients that the chef requires.

Of particular note in this category is a group of chefs in Victoria who have formed the Islands Chef Collaborative. The collaborative works directly with farmers to help farmers gain access to land and farm equipment. The collaborative also hosts a farmers' market on behalf of farmers and purchases any food that is not sold.

6. Culinary Tourism and Regional Cuisine Initiatives

With help from the Slow Food movement, culinary or agro-tourism initiatives are growing. These initiatives bring tourists to rural communities with driving routes, farm stays, and other activities linked to the consumption of locally produced food. Most provinces have developed, or are in the planning stages to develop, such initiatives. For instance, Québec has a number of scenic rural driving tours through parts of the province that have developed their own Terroir (regional cuisine).

7. Food Security or Policy Groups

Food security groups across Canada work to assure that all Canadians have access to sustainably grown, nutritious and affordable foods. The local food initiatives described in this brief are all seen as tools to achieve these objectives. Often they are sources of information and undertake public education on local food. Other activities include community gardens, urban agriculture (including intensive backyard and rooftop market gardening) and gleaning initiatives, where citizens collect unsold crops from farmers' fields. These groups often take stands on the preservation of local agricultural land.

A strong example is the Toronto Food Policy Council which partners with business and community groups to develop policies and programs promoting food security. Their aim is a food system that fosters equitable food access, nutrition, community development and environmental health. The Council has been instrumental in putting Food Security and Food Policy development on the municipal agenda in Toronto for ten years.

8. Food Box Programs (door to door delivery)

Most large urban centres have a number of delivery options that feature both organic and locally produced food. These include the delivery of a box of food on a regular basis. The boxes usually include a mix of fresh and packaged foods and for some business, such as Small Potatoes Urban Delivery (SPUD) based in Vancouver, a high percentage of the fresh food is sourced from local organic farmers. In Toronto each month, FoodShare's Good Food Box program distributes 4,000 boxes of fresh produce through 180 volunteer-run neighbourhood drop-offs; about 60% is locally-produced.



9. Regional Value Chains

The ultimate goal of the local food movement is to develop self-sufficiency through complete local food systems that include all the pieces of the food value chain (production, processing, packaging, and distribution) within a single region. The part of the chain that often proves most elusive to local food initiatives is local processing infrastructure.

A group on Vancouver Island called Vancouver Island Heritage Food Service Co-operative is developing a pilot project to demonstrate that complete regional value chains are possible. The co-op is a multi-stakeholder group that includes farmers, workers, co-packing businesses, alternative food distributors, and community organizations. Their goal is to produce “primarily organic” foodservice ingredients for restaurants, hospitals and institutions. SPUD (see above) is one of the partners.

The venture will add value to raw products grown by area organic farmers in order to convert them into foodservice ingredients in a facility that meets the highest food safety standards. Currently the co-op is developing a local labour pool to be trained in organic production, greenhouse and manufacturing. Community investment is being sought for two co-packing kitchens and refrigerated delivery trucks, as well as for a fund to help local farmers purchase season extension equipment and carbon footprint reduction technologies to grow winter crops on the islands and measure more than just food miles.

10. Other Local Food Initiatives

i. Local Produce Auctions

In Elmira, Ontario, a group of Mennonite farmers started a produce auction to assure a stable market for their products. The Elmira Produce Auction Cooperative (EPAC) supports over 300 local growers. Preference is given to food grown within 75 km of Elmira. There is an auctioneer and produce is sold to the highest bidder.

ii. New Farmer Training Programs

Various programs offer training, including business planning, for new farmers. Often agricultural co-ops provide expertise to help members learn new growing techniques and gain information on new products.

iii. Incubator Kitchens

Incubator kitchens are organized by local community economic development groups to provide small food businesses with licensed kitchen space to process food. Space is shared with others and often there is some business support as well.

iv. Agricultural Land Protection

Through agricultural zoning, provinces and municipalities can ensure that land is available for growing local food for their citizens. In British Columbia, the Agricultural Land Reserve (ALR) is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The Greenbelt around the Greater Toronto Region protects 1.8 million acres of sensitive land from development and a significant component of this land is designated as agricultural. One of the goals articulated in the plan was “to ensure that farmers can continue to grow the food we eat closer to home”.



The Friends of the Greenbelt Foundation is providing funding to develop programming that will ensure that the Greenbelt reconnects urban consumers with the rural countryside, while providing them with sustainably and locally grown food.

BENEFITS OF LOCAL FOOD SYSTEMS

1. Economic Benefits

i) Benefits to local communities

Although there is limited data on the economic benefits of local food production systems in Canada, the information that has been collected indicates that these systems can have positive impacts on regional economies, including keeping food dollars in the local community and local job creation.

Some Canadian studies have attempted to quantify the impact of local food production systems on the regional economy. The Alberta Agriculture, Food and Rural Development estimated the total value of the province's alternative agricultural markets, including farmers' markets, regional cuisine initiatives, on-farm and off-farm activities, to be \$963.6 million in 2004. In British Columbia, farmers' markets generated sales of \$65.3 million and an additional \$53 million in spin-off sales in neighbouring businesses in 2006. Ten cooperative farmers markets in Nova Scotia contribute \$62 million dollars a year to the provincial economy¹⁴, while in Ontario, 130 farmers' markets generated an estimated \$645 million in total farmers' market sales across Ontario in 2006⁵.

A Minnesota study articulated the case for improving the local food system in a number of seminal studies on the food systems of southeast Minnesota.^{15,16} By analyzing the flow of food dollars, including government subsidies, the authors were able to show that the region spent as much money buying and producing food as the total value of the food grown in the region. The authors concluded that if area consumers were to buy only 15% of food from local sources, it would generate income equal to two-thirds of the farm subsidies.

A UK study done by the New Economics Foundation found that £10 spent on a local organic box scheme in Cornwall generated £25 for the local economy compared with £14 if spent in a supermarket¹⁷. The research suggested that if every person, tourist and business switched only 1% of their current spending to local goods and services, an additional £52 million would be put into the local economy annually. This finding is supported by data from studies of Ontario⁵ and BC¹⁸ farmers' markets showing that the average shopper spends considerable additional revenue at neighbouring businesses.

ii) Benefits to farmers

One of the reasons that farmers struggle is that the proportion of the food dollar returning to them has shrunk. *The Farmers' Share*¹⁹ compares prices received by primary producers, processors, and retailers in Canada between the 1970s and 2003. The research indicates that farm gate prices have remained stagnant, or even declined, while prices to consumers have consistently increased. In the

¹⁴ Farmers' Markets Association of Nova Scotia Cooperative

http://nsfarmersmarkets.ca/index.php?option=com_content&task=view&id=13&Itemid=28

¹⁵ Meter, K., A Brief History of the 'Finding Food in Farm Country' Studies, Minnesota: Crossroads Center, 2005

¹⁶ Meter, K. and Rosales, J., Finding Food in Farm Country: The Economics of Food and Farming in Southeast Minnesota, Lanesboro: Community Design Center Hiawatha's Pantry Project, 2006

¹⁷ New Economics Foundation, Plugging the Leaks, London: NEF, 2002

¹⁸ D. J. Connell, T. Taggart, K. Hillman, and A. Humphrey, Economic and community impacts of farmers markets in British Columbia, 2006 www.unbc.ca/assets/planning/localfood/reports/unbc_province_report.pdf

¹⁹ Centre for Rural Studies and Enrichment, The Farmers' Share, St. Peter's College, 2004

meantime, farm input prices have continued to rise. As a result, net farm income for Canadian farmers has declined from over \$3 billion annually in 1989 to below \$0 in 2003²⁰. In other words, agriculture is no longer paying off for farmers.

There is some evidence that suggests that farmers can increase their share of the food dollar through local food initiatives. Farmers can realize a 40-80% increase in return on their product by marketing through farmers' markets, rather than traditional brokers.²¹ All three of the local food production co-ops that we interviewed for this report (see Appendix 1) reported significant improvements to net farm incomes when they began to sell their products at local farmers' markets.

2. Food Self-sufficiency and Emergency Preparedness

Half of the food Canadians consume must cross international borders. By securing a larger supply of locally grown food, communities can be better prepared for emergencies and Canada can ensure sufficient food for its citizens at all times.

When traffic across the Canada-US border ground to a halt following the 9/11 crisis, Canada's major food warehouses came perilously close to emptying. The mad cow (BSE) crisis provided another example of how the flow of food across international borders can stop almost overnight. The rising price of oil which affects the transportation of goods by plane and trucks is pointing the way to a future where it may be very expensive to move food long distances.

“We convinced the town of Dieppe to partner with us on a farmers' market by convincing them that a local market could offer protection against a “food storm” in the same way that an electrical generator could help in an ice storm.”

Donald Daigle, President, Really Local Harvest Co-operative

3. Environmental Benefits

Agriculture and food systems are significant energy users and contributors to greenhouse gas emissions, which in turn are driving climate change. Local food initiatives decrease “food miles” - the distance that food travels from the location where it is grown to the location where it is consumed. A study done by the region of Waterloo in Ontario in 2005, examined the distance that 58 commonly purchased foods travelled to get to the Waterloo region²². On average, the food travelled 4,497 kilometres. The energy used to get the food to its destination accounted for 51,709 tonnes of greenhouse gas emissions annually, contributing to climate change and poor air quality. By replacing items in the food basket with products grown in South-western Ontario, green house gas emission reductions of 49,485 tonnes could be realized - equivalent to taking 16,191 cars off the road.

Another study by the Region of Waterloo has shown that many of these “food miles” are unnecessary, since the food trade is “redundant” – that is, we are importing exactly the same foods that we are exporting²³. The example provided was that of tomato imports and exports in Ontario during the growing season. Between July and September of 2005, Ontario exported \$69 million in fresh tomatoes. During the same period, the province imported \$17 million in fresh tomatoes.

²⁰ Agriculture and Agri-Food Canada Farm Income Issues Data Source Book, p. 30

²¹ J. Lencucha, M. Williams, L. Capjack, and V.M. Gross Farmers' markets in Alberta: A direct channel of distribution, Alberta Agriculture, Food and Rural Development, 1998

²² Xuereb, M. Food Miles: Environmental Implications of Food Imports to Waterloo Region, 2005

²³ Maan Miedema, J. A Study of Redundant Trade in Waterloo Region, 2006

Significant reductions in the energy use associated with food transportation could be achieved with little sacrifice to consumers simply by substituting locally grown foods for imported products. Such initiatives could also be used as a hedge against rising food prices as the price of oil rises.

4. *Food Quality and Freshness*

Many of the consumers, restaurants and institutions that purchase direct from local farmers are seeking higher quality and fresher food. In all of the market research done on local food systems, taste and freshness appear on the list of attributes that consumers list as motivators for local food purchases. A study of 3500 consumers in the US found that one-third of them believed it is likely that the resource characteristics of a particular region influence the taste and quality of foods such as meat, produce, and dairy²⁴.

THE GROWTH OF LOCAL FOOD PRODUCTION SYSTEMS

Given the interest and benefits of local food, it is not surprising that there is increased support. This is evident in:

- *Provincial promotion programs and investment.*
See side box
- *Product of Canada labelling.* The Federal Government has committed to changing the Product of Canada labelling. It is aware that consumers want more Canadian food and want to be assured that the food they are purchasing is truly grown and processed in Canada.
- *Municipal government funding.* Most of the food security groups have received funding from their local municipality and some municipalities have also provided land for farmers' markets, community gardening, and other initiatives.

A number of barriers also stand in the way of growth of local food initiatives. These include:

- *Government policies.* Emphasis is on food production for export and not enough on domestic and local food production.
- *The lack of a coherent domestic food policy for Canada.* Responsibility for food and agriculture is split between numerous ministries and agencies and different levels of government.

Provinces Taking Action

Some regions of the country are putting money into promoting their food.

- Québec is investing \$14 million over three years into a new initiative called *Le Québec dan votre assiette! (Put Québec on your plate!)*, a strategy to increase domestic sales of Québec food products. Aliments du Québec promotes provincially made food.
- Ontario is investing over \$12.5 million for its *Pick Ontario Freshness* campaign to increase sales of Ontario grown foods.
- Nova Scotia's *Select Nova Scotia* campaign is designed to increase awareness and consumption of Nova Scotia food products by Nova Scotians and visitors.
- In British Columbia, the pilot *School Fruit and Vegetable Snack Program* provides fresh BC grown fruits and vegetables to approximately 57,000 children throughout the Province.
- The *Agri-Food Market Development Program* is part of a \$400,000 commitment by the New Brunswick government to develop domestic markets to increase the sale and consumption of NB foods in the province. There are also a number of buy-local initiatives, such as government procurement of NB food products, a school fruit and vegetable program, promotional signature and agri-tourism.

²⁴ Leopold Center for Sustainable Agriculture Consumer perceptions of place-based foods, food chain profit distribution, and family farms, 2006

- *Production issues relating to an aging farmer demographic and increasing land prices.* While there are “new” entrants to farming, particularly in niche markets such as organic agriculture, these farmers lack access to land, as well as farming experience. Although there are some programs such as Everdale, CRAFT and FarmStart in Ontario designed to provide new farmers with the skills they need, these are small projects that can only reach a few farmers per year.
- *Retailer Buying Habits.* Large food distributors and retailers prefer year round purchasing contracts, purchasing from larger suppliers, and requiring a guaranteed food supply. The limited growing season in most parts of Canada represents a considerable challenge for producers to meet retailers’ demands.
- *Undeveloped infrastructure for food distribution, processing and purchasing* that is not designed for small localized food systems. The disappearance of local processing infrastructure represents a significant barrier to the development of regional value chains. This is a significant lost revenue opportunity for local entrepreneurs and farmers. The small scale and seasonality of local food initiatives also represents a challenge for food processors.

Although alternative food production systems abound in Canada, the development of alternative and efficient localized distribution systems that match their scale is lagging. On the procurement side, smaller scale venues such as farmers’ markets and restaurants are thriving, but larger scale channels represent a challenge for local food initiatives.

- *Lack of access to capital.* Small-scale food producers and processors often lack access to capital, thus limiting development of new infrastructure for value-added processing (on or off farm). Local Food Initiative groups that want to start or purchase incubator kitchens, food processing plants, or abattoirs face many challenges in finding the equity and debt capital to finance their new ventures.

THE ROLE THAT CO-OPERATIVES CAN PLAY

Some of the most vibrant new community-based food projects, including organic, natural, and local food initiatives, are using the co-operative model. These co-ops are owned by consumers, workers, farmers, community organizations, or local businesses. Some co-ops involve a combination of stakeholders such as farmers and consumers. These relatively new co-op forms are called multi-stakeholder co-ops.

All aspects of the food system, including marketing, processing, distribution, retailing, and transportation can be organized as a co-operative. Currently, there are three existing networks of co-op retail stores that can play a role in promoting the sale of local food products. Co-operatives allow for democratic control, profit-sharing, greater access to capital, pooling of product, and sharing of work. Local co-ops ensure that the food system serves local needs and is accountable to local residents.

For farmers, co-operatives offer a way for individual producers to compete with larger vertically integrated agri-businesses. Co-ops allow farmers to gain access to capital, to access larger markets, to share equipment, infrastructure and knowledge and to collectively market their products. More importantly, they enable farmers to gain a fair share of the food system, and undertake value-added enterprises that they could not afford to undertake on their own

The co-op model is being successfully used by a growing number of farmers specializing in local food production. For instance, despite overtures from retailers, the Quinte Organic Farmers Co-operative has decided to focus on direct sales through farmers' markets. In this way, they interact directly with the users of their products, gain first-hand knowledge of market trends, cut out the middlemen by transporting and marketing their food directly and gain top dollar for their products.

The Fitzroy Beef Co-operative is using the cooperative model to battle an industry dominated by a few companies and decimated by the BSE crisis. Although the co-op has only been in existence for a year, members are already finding that their incomes are higher than they were when they sold their beef at the cattle auctions for export to southern and western Ontario. They have also discovered the joy of contributing to a local food system and meeting the people who consume their products.

The Really Local Harvest Co-op developed its own farmers' market where none existed. It now controls three million dollars in assets and provides 15% of the fresh food consumed by area residents. The co-op has a stable year round high-paying market for its products and is developing new markets that will bring new farmers into the co-op.

See Appendix 1 for details of these local food initiatives that have benefited from the co-operative model.

A Vision for Local Food Systems

Reconnecting consumers to the food system Relocalizing the food system will improve linkages between rural and urban communities.

Greener communities By embracing policies that substitute locally grown and processed foods for imports, we can reduce the energy costs associated with transportation and storage within the food system and improve our environmental footprint.

Improved community self-sufficiency By ensuring that Canadian communities have enough fresh and locally processed foods to feed themselves, communities can improve their self-sufficiency and resiliency at all times, including in times of emergency.

Greater wealth for farmers and communities Through involvement in local food systems, farmers can play a larger role in producing food, and once again make a living from farming while contributing to the communities in which they live.



THE ROLE THAT THE FEDERAL GOVERNMENT CAN PLAY



There are important steps that senior governments can take in the short term to support the growth of local food systems:

1. Within *Growing Forward*, recognize the important role that local food initiatives play in providing high quality and nutritious food to Canadians. Local food production is different from, but not in direct competition with, export agriculture. Both systems are needed and the local food system must be supported to play a bigger role.
2. Over the next four years, commit to the development of a national policy framework to facilitate community-based local food initiatives. This framework should be the result of working with the key stakeholders and should include:
 - Coordination between the various federal departments and agencies that oversee food production
 - Coordination with provincial governments
 - Funding, similar to that awarded through the US Department of Agriculture's Community Food Projects Competitive Grants Program, to support the development of community-based food initiatives
 - Support for the creation of scale-appropriate regional processing infrastructure to facilitate the development of regional value chains
3. Undertake a study of the government policies (federal, provincial and municipal) that provide supports or barriers to the development of local food initiatives and develop solutions to deal with these issues.
4. Fund networking and educational opportunities for local food initiatives to share knowledge, learning and strategies.
5. Continue funding the Ag-CDI program beyond 2009, with local food initiatives as an additional category of eligible co-ops. Change the program criteria to enable local food initiatives led by residents and consumers to receive financial contributions for technical assistance. The primary beneficiaries of the co-op ventures will still be farmers and rural communities.
6. Develop financing tools for the creation of local food system infrastructure.
 - Implement the recommendations for changes to the FIMCLA program in order to facilitate more investment in food-related co-ops. Allow co-ops that have some non-farmer members to borrow.
 - Provide loan loss reserve funds to encourage credit unions to provide agricultural lending for local food initiatives.
 - Build on the financing methods used by other jurisdictions to encourage the development of local food manufacturing and distribution infrastructure

▪ **Fitzroy Beef Farmers Co-op Inc.**

Ken Stewart, President

The Fitzroy Beef Farmers Co-op was incorporated in March 2007 in response to the ongoing BSE (bovine spongiform encephalopathy) crisis that disrupted cattle exports to the US. A group of sixteen small-scale beef farmers near Ottawa felt that the crisis in the beef industry was not likely to resolve anytime soon, so they took matters into their own hands to try to turn things around by creating alternative direct markets. The co-op is capitalizing on a niche market and the growing interest in local food. In addition to local, the co-op offers quality beef products free of hormones and antibiotics.

The co-op received start-up funding from the City of Ottawa's Rural Association Partnership Program to cover 50% of initial costs, most of which were related to accessing a farmers' market, a new marketing venue for the members. The farmers matched these funds.

Following slaughter, the co-op purchases the butchered meat and value-added products such as beef patties, sausage, pepperettes, and jerky. The final products are then taken to a centralized location at one co-op members' farm which houses the scales and freezers purchased by the co-op. The farmer receives remuneration from the co-op based on final product weight. Farmer members sell the meat at the Farmers' Market. The co-op will adjust the price it pays to the members each year as it gains a better knowledge of costs and revenue. The goal is to maximize producer returns.

The key barrier to growth faced by the co-op is concern that the rising price of grain will cause some of the members to consider selling the grain as a cash crop rather than feeding it to their animals. The co-op is also concerned that their slaughterhouse could close and leave them without a processing facility.

▪ **Quinte Organic Farmers Co-Operative**

Achim Mohssen-Beyk, President

The mission of the Quinte Organic Farmers Co-operative is to grow and market local, certified-organic products in a co-operative and sustainable way. All members must be certified organic. The group is a marketing co-op, but it has plans to expand into education with a new apprenticeship program. The co-op's 13 members market to some eight regional farmers' markets within 200 km of their home base in Northumberland, Prince Edward and Hastings counties of Ontario. For the members, attending the markets is optional. Those that choose to do this work are paid by the co-op for their time and mileage.

The co-op started with funding from the Ontario Government, a local co-operative and the Ontario Co-op Association. They would have liked access to longer term funding to allow them to do more than organize. The co-op finds it difficult to come up with capital to undertake new projects such as developing value-added products.

The co-op has no problem selling all its produce and profits have been increasing steadily since the co-op incorporated.

The major hurdles the co-op has encountered are related to agricultural policies that make it difficult to do agriculture on a small scale. Discrimination from farmers' markets with policies against food reselling has also been a problem.

▪ **Really Local Harvest Co-operative**

Donald Daigle, President

The Really Local Harvest Co-op is based in New Brunswick and currently has 31 members. Prior to its establishment in 2000, many of the members were struggling to survive in an export based agriculture system. Now co-op members market their products at farm gate, through the Dieppe Farmers' Market or through the co-op's new agro-tourism initiative. Farmers who sell at farm gate support other co-op members by purchasing and selling their products. Most members are reporting significantly higher economic returns than they had prior to the co-op.

The co-op is capitalizing on the growing demand for local and sustainably grown food in New Brunswick. Some of the members are certified organic, some are conventional and others are choosing to use the co-op's new brand – *Ecologik*.

The co-op initiated the Dieppe Farmers' Market in 2004 in partnership with the town of Dieppe four years after it was incorporated. Initial funding for the market came from the Atlantic Canada Opportunities Agency. Dieppe was in the process of revitalizing the downtown core and was looking for ways to bring people to the downtown. The Co-op wanted increased marketing opportunities for its members so the market was a mutually beneficial arrangement. The co-op used the argument that having a Farmers' Market could protect the town against a "Food Storm". In other words, a market would protect the town in the same way as an electrical a generator would in an ice storm.

Dieppe agreed to own the market infrastructure which they would lease to the Co-op for 75 years at \$1.00 per year. This made sense to the Co-op since it reduced costs as well as liability. The Co-op currently rents out 18,000 sq feet of market space year round to farmers and other vendors (some sell crafts, ready to eat food, jewellery, etc.). Each vendor is responsible for constructing their own kiosk and for following the market rules. All profits from the rental agreements go into the Co-op.

The co-op now produces 15% of the fresh food consumed in the region and manages assets worth three million dollars with no mortgage.

The co-op has faced some challenges with respect to government agricultural and health regulations. For instance, the co-op had to intervene to get the health agency to reconsider a decision that was preventing a local goat cheese producer from using novel pasteurization technology





The **Agricultural CDI program** (Ag-CDI) aims to create sustainable livelihoods for Canadian farmers by helping develop biofuel and other value-added agricultural co-operatives. The program is financially supported by Agriculture and Agri-food Canada and co-managed by the Canadian Co-operative Association and le Conseil Canadien de la Coopération, in partnership with the Co-operatives Secretariat. Ag-CDI is part of a larger Government of Canada initiative to ensure that farmers and rural communities can participate in and benefit from new opportunities in agriculture, especially biofuels production.

OVERVIEW OF THE AG-CDI PROGRAM

CO-OP TECHNICAL ASSISTANCE

Advisory Services contributions can assist biofuel and value-added co-ops with:

- Group formation and early-stage planning
- Membership promotion and recruitment
- Equity drives and offering statements
- Co-op formation and legal consultation
- Member and leadership development
- Other advisory services necessary to the development of the co-operative

Learning Exchange contributions can help biofuel and value-added co-ops learn from similar producer co-ops that are further along in the development process, or to address specific learning needs in other ways.

CAPACITY-BUILDING

Ag-CDI provides a range of educational opportunities for producer groups developing biofuel and other value-added agricultural co-ops, such as:

- A national conference
- Peer support networks
- Teleconference training sessions on specialized topics
- Website and other learning resources

Ag-CDI will also help build the knowledge and skills of professionals who assist co-op groups, to broaden the base of support available to biofuel and other value-added co-ops over the long term.

The Ag-CDI program will run from November 2007 to March 2009.



For More Information:

visit: www.coopzone.coop/en/ag-cdi

or contact:

Patti Giovannini
 Program Manager, Ag-CDI
 275 Bank Street, Suite 400
 Ottawa, ON K2P 2L6
 Tel. 613-238-6711 ext. 238
Patti.Giovannini@coopscanada.coop



