



ANNUAL REPORT

NOURISHING & GROWING ONTARIO

JUNE 2015

Chair & CEO Remarks

NORM BEAL



It has been a remarkable year of change for this organization. Many will recall that this time last year, Food and Beverage Ontario became our new official name, swapping the old moniker – Alliance of Ontario Food Processors – for a name more relevant and recognizable to processor businesses, industry stakeholders and consumers.

Today, FBO is governed by an independent Board of Directors composed of industry leaders who have generously provided their unwavering commitment and leadership over the last year. Around our Board table sits an extraordinary team of food and beverage manufacturing experts from across the province, and I am grateful for their continued guidance.

I am pleased to report that complementing FBO's Board is an exceptional group of staff. This year Al Brezina and Anthony Perrotta joined the organization bringing their respective skills in processing and production and sales and marketing. It was also my pleasure to join FBO in January 2015 as Chief Executive Officer working closely with Isabel Dopta our Chief Operating Officer.

FBO's Board and staff have worked hard this year to finalize a milestone agreement funded by *Growing Forward 2*, a provincial-federal-territorial initiative, to provide resources for a multi-year career development program for the

sector and an innovation network for processor businesses.

As the owner of Peninsula Ridge Estates Winery, I am committed to our industry, as are our members. Food and Beverage Ontario is the provincial organization representing all sizes and categories of processor businesses in all parts of the province. We are your advocate and your voice.

I would like to thank our members for their continued support of Food and Beverage Ontario. I also extend an invitation and welcome to new members.

Wishing you and yours a rewarding year ahead.

Norm Beal

Chair & CEO
Food and Beverage Ontario

Food and Beverage Ontario is a not-for-profit organization that speaks on issues and concerns common to Ontario's food and beverage processing industry. Our focus is on the success, prosperity and growth of food and beverage businesses.

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A Message from the HONOURABLE JEFF LEAL

BOARD OF DIRECTORS

2014-2015



I am pleased to welcome you to Food and Beverage Ontario's annual conference. I would first like to thank Food and Beverage Ontario for its tireless efforts to promote and support Ontario's valuable food and beverage sector. Your organization plays an important role in helping Ontario companies take advantage of opportunities locally and around the world.

Your conference's theme, "Ontario's Economic Engine in the Global Marketplace," fits perfectly with the message Minister Chan and I took to China in April during our 2015 Ontario Agri-food Trade Mission. I'm proud of the results achieved during the 10-day mission. In the coming months, to support export growth, we will open a new International Marketing Centre office in Chongqing, China; hire a China-based agri-food trade advisor; and develop a Food Export Roadmap. These supports can benefit any Ontario food or beverage company looking to expand into China or elsewhere internationally.

The mission to China was an important component of one of my key priorities as Minister of Agriculture, Food and Rural Affairs — meeting Premier Wynne's Agri-food Growth Challenge. The challenge calls on the industry to double its annual growth rate and create 120,000 jobs by the year 2020. I am deeply committed to this challenge; it influences our work across the ministry and encourages Ontario

to solidify its place as an international powerhouse in agriculture and food.

Closer to home, our government launched the Food and Beverage Growth Fund under the Jobs and Prosperity Fund in January 2015. The Food and Beverage Growth Fund will support food, beverage and bioproduct manufacturing projects that will help create and retain jobs, strengthen supply chains, increase market access, and enhance innovation and productivity. It complements an existing suite of programs designed to support the entire agri-food sector, from producers to processors.

I wish you the very best for an informative and successful conference.

Sincerely,

Jeff Leal

**Minister of Agriculture,
Food and Rural Affairs**

Norm Beal, FBO Chair

Peninsula Ridge Estates Winery



Norm accepted the role of FBO (formerly AOFP) Chair in January 2013. With over 14 years experience as president and founder of one of Ontario's finest wineries, Peninsula Ridge Estates Winery, Norm is no stranger to the beverage processing industry. Norm also worked for 20 years in the oil industry as an International Oil Products Trader and in other roles for multinational giants such as Syncrude Canada, Shell Canada, Glencore International and British Petroleum. He earned a fourth class engineering degree from the Northern Alberta Institute of Technology, followed by a Marketing degree from the University of Calgary. Norm sits as a board member for the Wine Council of Ontario and is past director with the Vintners Association.

Rory McAlpine, Vice Chair

Maple Leaf Foods



Rory is Senior Vice President, Government and Industry Relations with Maple Leaf Foods, and has overall responsibility for working with government and industry partners on matters of public policy, programs, regulation, regulatory affairs and trade. Prior to joining Maple Leaf Foods, Rory served as Deputy Minister of the B.C. Ministry of Agriculture, Food and Fisheries from 2002 to 2005, and also obtained significant experience with the federal government as Executive Director and Director General, International Trade Policy Directorate; Director Grains and Oilseeds Division; and Deputy Director Multilateral Trade with Agriculture and Agri-Food Canada. Rory serves on a number of boards, associations and industry-government committees, including the Ontario Chamber of Commerce and the Canadian Food Innovators cluster.

BOARD OF DIRECTORS 2014-2015

Michael Burrows, Treasurer

Maple Lodge Farms



Michael is the CEO of Maple Lodge Farms, a family owned business founded in 1955 and the largest chicken processor in Canada. Maple Lodge Farms has 2200 employees in primary/further processing facilities, hatcheries and feed mills in Ontario and the Maritimes. Prior to joining Maple Lodge Farms in 2008, Michael was the CEO of E.D. Smith and Sons and the COO of Janes Family Foods. Michael earned an MBA from Queens University.

Dave Shepherd, Secretary

The Ippolito Group



Dave is a human resources professional with over 15 years of experience. Since 2008, he has been the Director of Human Resources for the Ippolito Group of Companies located in Burlington, Ontario. In addition to serving as a FBO board member, Dave sits as the Program Advisory Committee Chairperson for the Craig Richardson Institute for Food Processing Technology at Conestoga College.

Joe Abate

Abate Rabbit Packers



Joe is the President of Abate Rabbit Packers, operating in Arthur, Ontario since 1967. Joe is the second generation of this family operated business. Abate Packers is a processor of specialty game products, including rabbit, serving many markets in Ontario. In addition, to serving as an FBO board member, Joe is Past President of the Ontario Independent Meat Processors.

Rob Anderson

Bonduelle North America



Currently Vice President of Ontario and USA Operations with Bonduelle North America, Rob is responsible for seven company facilities in Ontario, Wisconsin and New York. Prior to Bonduelle, Rob also worked for Green Giant, Strathroy Foods and Carriere Foods. Industry posts include Past President of the Ontario Fruit and Vegetable Processors Association and Past President of FBO. Rob has a BSc. Agriculture from the University of Guelph.

Angela Bell

Speedo Foods & Flavours



Angela is part owner and general manager of Speedo Foods & Flavours Inc. Speedo manufactures natural and artificial flavours, pastry fillings and glazes. Angela obtained a Bachelor of Business Administration from Wilfrid Laurier University, followed by her Juris Doctorate and MBA from Western New England University in Springfield, MA.

Sarab Hans

Hans Dairy



Sarab is the Managing Director of Hans Dairy Inc., a family business located in Toronto that processes milk products focused towards the South Asian community. Prior to joining Hans Dairy, Sarab worked in the investment banking sector for six years. She has a BA from the University of Western Ontario and an MBA from McGill University.

Adrian Jaques

Sunshine Farms



Adrian grew up on his family's asparagus farm outside Thamesville, Ontario. Adrian pursued French and Spanish studies at Wilfrid Laurier University followed by two years in France teaching English. Upon returning to Canada, he completed his B.Ed French. Adrian is now part owner of the family's farming and vegetable processing business. Adrian was recently appointed by government to the Agricultural Research Institute of Ontario Board of Directors.

Rob Kee

Ingredion Canada Inc.



Rob has been Vice President and Managing Director of Ingredion Canada Inc. (formerly Casco Inc.) since 2010. Before this, Rob was Managing Director and Director of Food Sales at the company and has held sales positions at other companies in the food and chemical industries. He graduated from the University of Toronto with a Bachelor of Applied Science degree in Chemical Engineering and is a Professional Engineer in Ontario.

Reza Mecklai

Sultan of Samosas



Reza is the founder and president of Sultan of Samosas Inc. and was previously a director with the Alliance of Ontario Food Processors. Since then, Reza has launched Sikka Salaam Company and Tri-Jubilee Inter-Community Contribution Company Ltd. Reza has recently turned his focus to socio-economic and cultural engineering as a way to peace via food craft.

Jose Medina

The Original Cakerie



Jose is the Director of Quality and Operations Excellence at the Original Cakerie, located in Vancouver, BC and London, Ontario. The Original Cakerie is a private company that produces irresistible desserts with homemade taste for foodservice and retail customers across Canada, the USA and other markets. Jose has worked in The Original Cakerie for 12 years in different departments (QA, Maintenance, Production, Continuous improvement). Prior to coming to Canada, Jose worked for Adams in the confectionary division. He has a food science degree and an MBA from Universidad de las Americas in Puebla, Mexico and an Associate Certificate in Food Science from British Columbia Institute of Technology.

Doris Valade

Malabar Super Spice Company



Doris founded Malabar Super Spice in 1982. Malabar provides food processors across Canada with spices, seasonings, functional ingredients and marinades, and is recognized in the Canadian food processing industry for innovation, product quality, technical innovation and customer support. Doris is an active member of Women in Food Industry Management, the Canadian Meat Council and the Canadian Spice Association. PROFIT magazine has recognized Doris as one of the top 100 Women Entrepreneurs in Canada on seven separate occasions since 1999.

YEAR IN REVIEW

2014-2015

Food and Beverage Processing Industry Strategy

Following release of the FBO report, *Ontario's Food and Beverage Processing Industry Strategy | The New Engine of Ontario's Economy*, FBO worked with the Ontario Ministry of Agriculture, Food and Rural Affairs and Agriculture and Agri-Food Canada to develop a plan that would resource two key priorities:

- Establish a Food and Beverage Innovation Resource
- Develop Talent and A Future in Food

In 2014, a three year *Growing Forward 2* agreement was signed to kick start activities that will drive increased engagement by young people and new Canadians in food and beverage career opportunities, and improve business competitiveness through access to innovation resources.

In the first half of 2015, two FBO teams of processor and stakeholder representatives met to review the objectives and implementation plans for the two key priorities. This coming fall will see launch of a multi-media, province-wide campaign profiling career opportunities through collaboration with post-secondary schools and education leaders.

Planning for Ontario's Future Agri-Food Workforce

In October 2014, FBO with the University of Guelph — Ontario Agricultural College released a report on food and beverage processing training in Ontario colleges and universities. This report identified the immediate labour shortages existing in the agri-food sector and the type of employment and skills required as the industry

evolves. FBO consulted with stakeholders on report recommendations which have subsequently provided valuable direction to Ontario colleges, universities and government:

1. Promote the agri-food industry and provide necessary support to increase enrolment in underutilized programs.
2. Increase capacity and enrolment of successful programs that are relevant to industry's employment needs and have high interest from students.
3. Create new programs where there are gaps in the education being offered, compared to skills and education required by industry.

Ontario's Broader Public Sector

With support from the Greenbelt Fund, FBO commissioned the report, *Ontario's Broader Public Sector | New Opportunities for Ontario's Food and Beverage Processors*. BPS institutions including hospitals, school boards, universities, colleges and municipally-run long term care facilities are a growing market for Ontario-made food and beverage products with BPS spending \$750 million on food and drink each year. A related workshop hosted by FBO connected interested processors, primarily small and mid-size businesses, with BPS buyers.

Safe Food for Canadians Act

In response to the Canadian

Food Inspection Agency's consultation paper, *A New Regulatory Framework for Federal Food Inspection: Overview of Proposed Regulations*, FBO submitted comments in August 2014. FBO's submission identified import harmonization, consistent inspection activities and the mechanisms to reach compliance with new regulations as priorities for Ontario processor businesses.

Advocacy & Engagement

The Ontario food and beverage processing industry is represented by FBO in a number of ways including Board positions with the Agricultural Management Institute, Agricultural Adaptation Council, President's Council, Minister Leal's Agri-Food Growth Steering Committee, Agricultural Research Institute of Ontario, Farm Products Marketing Commission, Open

For Business and the Canadian Council of Food Processors.

FBO regularly meets with government and political officials to review items that have the potential to support or hinder industry's competitiveness such as the proposed Ontario Retirement Pension Plan. FBO is also a primary voice to governments on programs such as *Growing Forward 2* for Processors and the Jobs and Prosperity Fund, in addition to collaborating with subject matter expert organizations such as Provision Coalition on industry sustainability issues.

Food and Beverage Processing Sector Continues to Grow, OPPORTUNITIES AHEAD

With funding from *Growing Forward 2*, a federal-provincial territorial initiative, FBO completed an updated economic impact report of the Ontario food and beverage processing sector.

Highlights of the report¹

- The Ontario food and beverage processing sector grew by 5% in total revenue from 2010 to 2012 to \$41 billion. The sector also generated \$24.1 billion in indirect outputs in 2012.
- Net Profits increased by only 0.4% over this same period, as expenses increased more than revenues (6%).
- Employment in the sector grew by 4% from 2010 to 2012 to over 130,000 jobs in Ontario.
- There are close to 3,000 food and beverage processing businesses in Ontario, 90% of which were micro and small. Micro: 28% (1-4 employees). Small: 62% (5-99 employees).
- Exports increased 12% to \$7.6 billion and imports increased by 20% to \$14.1 billion from 2010 to 2012, resulting in an increase in the trade imbalance.
- Ontario is the largest food and beverage manufacturing jurisdiction in Canada accounting for 40% of the country's total food manufacturing revenues followed by Quebec (23%) and Alberta (13%).

The study also highlighted a number of challenges including: rising input costs, industry consolidation — both retail and manufacturers, the complex and constantly changing regulatory environment, increased pressure on profitability, increasing international competition and trade agreements.

Unique opportunities exist for processors to innovate towards shifting consumer preferences such as healthy, value-added specialty products. In addition, processors can leverage currency differences and the proposed Canada-European Union: Comprehensive and Economic Trade Agreement (CETA) and Trans-Pacific Partnership (TPP) trade agreements to expand export opportunities and substitute imports.

1. MNP, "Updated Economic Impact Study of the Ontario Food and Beverage Sector," 2015.

FBO Membership Benefits

In July 2014, Food and Beverage Ontario became official casting off the organization's old name, Alliance of Ontario Food Processors, and launching with a new brand, Board of Directors and membership plan.

As a processor-based organization, food and beverage processing members are the life force of the organization.

FBO members are small to multi-national processor businesses located across Ontario. FBO also provides a category of engagement for industry associates. FBO associates include industry stakeholders and businesses that are affiliated or supportive of the Ontario food and beverage processing sector.

Why be an FBO Member?

- FBO provides a powerful voice of influence with government on specific business concerns, public policy, regulations and programs
- Member access to the latest industry news and global trends impacting business
- Connect with FBO as the sector's advocate and provincial voice on food and beverage industry issues

VISION	NOURISHING & GROWING ONTARIO			
STAKEHOLDERS	1. FBO members 2. Stakeholders – Farmers, Retailers, Academics, NGOs		3. Public and consumers 4. Government	
VALUES	INTEGRITY	ENGAGEMENT	COLLABORATION	LEADERSHIP
GOALS	GROW THE INDUSTRY: 185K JOBS, \$70B REVENUE BY 2020		CREATE AND DEMONSTRATE FBO VALUE	
OBJECTIVES	STRATEGIC PARTNER OF CHOICE <ul style="list-style-type: none"> • Improve competitiveness • Develop and grow markets • Leverage and facilitate investment 		<ul style="list-style-type: none"> • Be a trusted leader • Be a trusted partner • Develop capacity (people, network, relationships and intelligence) 	
FBO AREAS OF FOCUS	Catalyze Innovation	Develop & Retain Workforce Capacity	Improve / Mitigate Competitive Environment	Develop & Expand Markets
	LEADERSHIP		INTELLIGENCE	
BUSINESS LINES/ ACTIVITIES	<ul style="list-style-type: none"> • Asset and infrastructure coordination • Innovation information • Long-term strategy 	<ul style="list-style-type: none"> • Partner in education training assistance and career promotion • Provide resources & tools for youth to locate & build career in food processing 	<ul style="list-style-type: none"> • Advocacy • Information and Data SME • Industry advice – government partner 	
PRIORITIES	<ul style="list-style-type: none"> • Coordination and access of innovation assets • Develop new tool & resources for gaps • Launch an online resource customized for Ontario processors 	<ul style="list-style-type: none"> • Expand on the sector's profile as exciting and creative jobs • Implement a multi-year campaign communicating job opportunities • Connect young people with the right education & employers 	<ul style="list-style-type: none"> • JPF – GF2 & 3: Investment development and long-term strategy • Drive competitive study: Data, relationships, network, information (Initiate industry data share) • Jurisdictional outreach/tour • High Profile AGM • Regulatory Streamlining 	
VALUE TO STAKEHOLDERS	<ul style="list-style-type: none"> • Innovation asset rationalization and assistance • Information, access to technology or investment, match-maker 	<ul style="list-style-type: none"> • Industry sustainability • Attracting the next generation of entrepreneurs, managers and employees 	<ul style="list-style-type: none"> • Trusted partner • Intelligence, advice and industry expertise and data 	<ul style="list-style-type: none"> • Investment leverage and market growth • Macro-opportunity promotion and firm level assistance
PERFORMANCE MEASUREMENT	<ul style="list-style-type: none"> • Growth in awareness, utilization and effectiveness of innovation assets 	<ul style="list-style-type: none"> • Growth in students pursuing and finding a career in Food and Beverage sector 	<ul style="list-style-type: none"> • Relevance and effectiveness as industry advocate and government partner 	

Annual Membership Rates

Ontario Food and Beverage Processors	
20 or less full-time employees	\$250
21-249 full-time employees	\$500
250 plus full-time employees	\$1000
Industry Associates	\$750

Food and Beverage Ontario is the provincial leadership organization for food and beverage processors across Ontario.



FBO STAFF



Norm Beal
Chair & CEO



Isabel Dopta
Chief Operating Officer



Al Brezina
Director of Innovation



Anthony Perrotta
*Director of Membership
and Industry Relations*

