

The Ontario Food Terminal

70 years young + more vital than ever

The Ontario Food Terminal (OFT) is celebrating seven decades in operation. It has gone from providing solutions to the problems of the post-World-War fresh food industry to its growth into a world-class facility that is one of the four largest and most important fresh produce hubs in North America.

The OFT has a rich history. Established in 1954, it was built to solve problems including poor existing produce distribution facilities in downtown Toronto, limited access by farmers to existing facilities, and the plight of the Ontario Farmer in the post-war period. Today, all Canadians in the food industry are directly or indirectly connected to and affected by OFT operations.

Today, the OFT is not only vital to our domestic economy, but it regularly serves as a case study for nations across the globe of a highly and uniquely successful food terminal operation worth emulating.



History

In 1954, the provincial government of the day recognized state planning as a tool for facilitating economic growth; planning for post-war reconstruction that called for unprecedented government involvement in the economy. Ontario farmers were able to organize and use political clout to influence provincial policy. At that time, there were gains in farming productivity, thus increasing produce supply, but this was not matched by the increasing demand. Therefore, farming incomes were declining and the farmers felt that they were not participating in the post-war economic boom. Farmers faced increased competition from American farmers who were able to penetrate the Ontario market more effectively than their Canadian counterparts. The Ontario Government passed the Ontario Food Terminal Act, through which it formed the Ontario Food Terminal Board to construct, equip

and operate a wholesale fruit and produce market as a public utility.

The terminal was envisioned as an institution that would address the excess supply problem. It was felt the terminal would provide space for Ontario farmers so that they could sell directly to the wholesale market, as well as centralize all wholesalers and farmers in one location, for modern storekeepers, in a modern and well-designed distribution facility, thus improving the efficiency of the urban distribution network. It was hoped that these gains in efficiency would be ultimately passed onto the farmers in the form of better income. The terminal was also to be a facility where buyers could obtain all their fruit and produce requirements in one convenient location.



In June 1954, warehouse tenants left their existing premises and, together with the farmers, moved to the current location of the OFT at 165 The Queensway in Etobicoke. Today, the OFT is open 24 hours a day, 365 days a year, and supported by 45 employees. The terminal is open to buyers Monday to Friday from 3 a.m. to 2 p.m. and on Sunday from 6 a.m. to 11 a.m., closed on Saturdays.



Breakthrough, 1954: George Frank Perkin, the diligent civil servant who spearheaded the construction of the Ontario Food Terminal, later became Chairman of the Board, with his right-hand man, General Manager George Reynolds, and wholesale food barons, George Stronach and Busy Joe Anspach.



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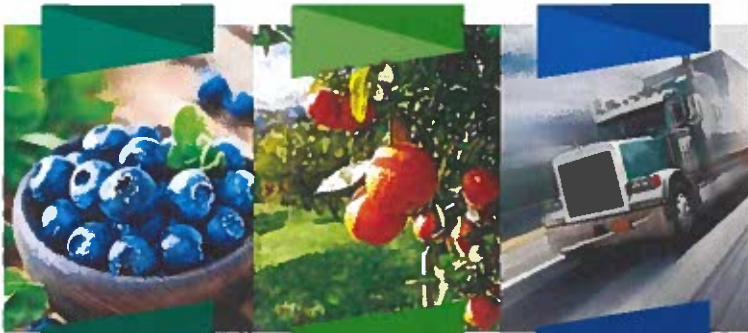
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OFT Market | Toronto Distribution Centre | Calgary Distribution Centre

Ownership



The OFT is owned and operated by the Ontario Food Terminal Board, which operates under The Ontario Food Terminal Act under the Ontario Ministry of Agriculture, Food and Rural Affairs. No public monies are used in OFT's operation, which is

fully self-funded by tenants and fees charged to the users of the facility. It is the main produce distribution centre for fresh produce and floral products in Canada. The OFT is known as the "stock exchange" for fruits and vegetables, where prices are determined by supply and demand and can change daily.

The current chair is Christy McMullen, and the general manager and secretary-treasurer of the Ontario Food Terminal Board is Bruce Nicholas. Board members are appointed by the lieutenant governor in council.

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OFT's footprint: In Toronto & North America



The U-shaped building occupies 1,740,000 square feet on 40 acres of land just west of downtown Toronto. It includes 100,000 square feet of cold storage and a parking deck area that can accommodate 575 vehicles and acts as a cover for the farmers' market stalls below it.

The OFT is not open to the public, as it is for wholesale purposes only, with 5,000 registered buyers, 20 warehouse tenants, over 400 farmers' market tenants and 50 office tenants. Annually, over one million vehicles arrive at the

centre, delivering produce from across the world or leaving to distribute fresh produce.

The OFT is Canada's largest wholesale fruit and produce terminal. It ranks amongst the top four terminal markets in North America by volume of produce distributed. The current distribution range is from Fort Albany in the far north of Ontario, to Windsor in the south, as far west as British Columbia, and as far east as Newfoundland. It is not unusual for users of the facility to also send these products to the United States.

At the forefront of the 'Buy Local' movement

The OFT is the only major food terminal or distribution outlet on this continent that has a central cold storage facility for tenants and a wholesale farmers' market that provides an outlet for local growers to

sell their produce and horticultural products in competition with imported produce. For almost 70 years, it has been at the forefront of the "buy local" movement.

The existence of the terminal allows buyers to have a one-stop shopping experience, for which the demand has only grown since the 1940s. Without a central marketplace, the buying infrastructure established by the OFT would collapse.

Due to the unique and tremendous success of the market, The OFT receives delegations from all over the world each year. New York

representatives have made numerous visits to the terminal to see how a wholesale farmers' market works in a "terminal market" operation; they have been trying for years without success to get the tenants at the largest wholesale fruit and produce distribution centre in the United States (Hunts Point Produce Market) to have what exists here in Toronto.

The OFT Board has been promoting "buy local" since the terminal opened its doors 70 years ago. All of OFT's warehouse tenants handle produce from local Ontario growers, including warehouse tenants who specialize in tropical fruits.





Tenants, retailers, and growers: In their own words

In addition to the 400 farmers' market tenants who sell local Ontario produce, the OFT has 20 warehouse tenants who also provide local Ontario, Canadian-grown produce in addition to imported fruits and vegetables from all over the world. Following are comments from some of these tenants...in their own words.

Walter Konik owner, Konik Farms

I've been at the food terminal probably for 35 years. I don't know the exact date. We've been farming since 1952, but when I took over the business, it was more of a place to get cash for our product. The buyers at the food terminal were always walking around with cash and you always got paid that day by cash. So that was one of the reasons why we started going there. The other reason was at the time, there was a surplus of product in the industry. And so there was a lot of fruit that was being harvested but not sold. Now it's a different story to sign enough product to supply the industry.

My dad owned our family business and when I started at the food terminal, I picked up a few customers that have stayed loyal to me since the early days. There are quite a few of the people that when I first started, they were just starting too. And we've continued our relationship as well as the relationship between ourselves and the buyers.

The food terminal has developed and adapted over the years. There are less conventional farmers in the market now than there were, say, 30 or 40 years ago. But many types of growers. There are more buyers from all over the world now; as people moved to the Toronto area from all over the world, they started coming to the terminal to buy the produce they were looking for and that really changed the offerings.

These days, I don't only go there to sell my product anymore; I go there to talk to all the guys!



Alex Mitsiopoulos director, human resources, Burnac Produce Ltd.

The OFT adds another dimension to the business that affords us to sell product quickly at volume.

As a wholly-owned subsidiary of Burnac Corporation, a Burnett family-owned company operating through Canada and the United States, Burnac Produce Limited is the storage and logistics operator for Provincial Fruit Co. Limited and Rite-Pak Produce Co. Limited. Rich in its history, Burnac remains true to its family values.

With roots in the 1930s starting from a one-man produce trucking operation, Burnac produce predates the modern iteration of the OFT. Burnac leases a 20 per cent footprint at the OFT through Provincial Fruit Co. Limited and Rite-Pak Produce Co. Ltd. following the purchase of Morris Brown and Sons.

Through the OFT, Burnac and its subsidiaries can sell wholesale direct to the market. Buyers at the OFT include independent grocery stores and businesses, restaurants and large chain stores.



Raymond Den Boer farm manager, Den Boer Family Farm Inc.

We immigrated from Holland as a family in 1992. In Holland, my mom and dad owned and ran a vegetable store. They went to the market there, bought vegetables, and by the time we decided to go to Canada, they had seven stores and they sold them.

We started farming in 1994 on the farm we're still at. We started right away going to the Ontario Food Terminal. Back then, it was 30 or 40 acres that we grew; now we're around 300 plus, so we kind of expanded over the years.

When we started going to market, my dad and I went together and we're still going now—we began with an old Ryder truck and now we go with basically two transport trucks full.

We go to the food terminal year-round. In the fall and into November, we have roots, celery, cabbage, beets, carrots, and leeks. That's basically our main crops that we store. We go with that all winter long to Toronto. Then in May, beginning of June, that's when we run out of old crop and start with the fresh bunches, radishes and all that again. The circle starts all over again.

Without the food terminal, I wouldn't know where we would have to go. Because of the terminal, we have independence and control over our response to market forces, supply and demand—if there's a sudden increase in demand, that means that the price will go up and vice versa. But we reap large benefits from being able to respond to those fluctuations.

One of our bigger customers is Longo's and then we also have the small buyers who come for three boxes of green onions a week and have a little store downtown.

The terminal is the biggest part of our income. Everybody's there, all your customers are there. Without it, and without offshore workers, I think we might as well just call the real estate and sell the farm.



Wes Visser owner, Northern Orchards Inc.

Northern Orchards Inc. was started by my father Leo Visser, a Dutch immigrant, in the late 1960s. Working with local farmers, he started a business selling fruit and vegetables door-to-door in downtown Toronto. Seeing an opportunity to sell larger volumes, he started selling wholesale to retail stores at the OFT in the early '70s. I took over the day-to-day operations in 1996, and my son, Tyler, came into the business in 2003—today, he is vice president, sales and storage operations.

We store, pack and market the apples from orchards across Canada, and the OFT has been incredibly important to us over the years. Without it, we would not be where we are today. Hundreds of customers come to the terminal every day—big customers and small, we can quickly show them or tell them what we have. They can put an order in and we will have it on their trucks in as little as an hour.

We don't have to spend a lot of time trying to find new customers—they find us. Owners and buyers from new stores walk around and will see our displays. If they like what they see, they can come into the office to put in an order. Sometimes they will not even see our display but see our product being loaded onto someone else's truck and inquire where it came from. My father started the business in 1970. We still have many of his customers to this day. Plus new stores that are coming in all the time. Especially with the growing immigration numbers, new and unique stores are showing up all the time.

Joe Greco president, Concord Food Centre-Greco's Fresh Markets

I've been going down to the terminal since the early '70s as a kid. My dad had a fruit market on the Danforth, and as a kid, I would go down when the market was crazy busy. Back in those days, at 13 years old, I would even drive the truck inside the market to load it. In 1982, I opened my own first store. A few years ago, my son started going, and now we also have a buyer down there who's doing a great job.

We know every independent. And we all were kids down there. We all started working young at the terminal. We all got



married together, had kids together. Our kids had kids, our grandkids. So we imagine growing up with the same people four times a week for 40 years. From what other business would you get that? We're a big family.

There are not many places that have the quality and the variety that Ontario has. You can go to California even and nobody can compete with the variety and the quality of the products in Ontario because of the OFT and the owners there.



Joey Longo owner & chief development officer, Longo Brothers Fruit Market

Longo's was built on a foundation of exceptional produce quality and consistency, and that standard remains today. In the early days, the OFT was the primary resource because that's where the local farmers were. We were able to build relationships with many of those farmers who we continue to work with today. The OFT remains our primary source for hand-selecting our produce, six days a week.

As our business grew, the OFT helped us to provide our guests with the highest quality of produce, not only sourced locally but from around the world. As our stores grew in number and the needs and wants of our guests evolved, the OFT provided us with selection and consistent supply. The OFT also enabled us to offer unique and exotic items that could be sourced through the terminal,

while ensuring access to the freshest, locally sourced seasonal items.

The OFT enabled us to source a broad assortment of the best produce, locally and from around the world. The OFT was also instrumental to farmers, giving them an audience and place to showcase their products and specialized commodities.

The OFT facilitated the making of many great relationships with our local farmers and global distributors. We have built relationships with Ontario farmers beginning in 1956 and we continue to have multigenerational connections and relationships with these family farms. We were able to align ourselves with people who share our values and quality standards, allowing us to offer our guests the best produce available, reliably and consistently.





Fred Koornneef
president, Koornneef Produce

I've been going to the OFT since I was 11 years old, around 1971. My dad was a fruit farmer selling at the market. After I finished high school, I did some different jobs and my dad wanted me to stay with him and work with him here. I transitioned to full-time going to the market in 1983. We moved the business inside the market in 2009.

Today, the third generation works alongside me, including my son Marcus and my nephew Bryan.

We marketed our own fruit and we represented some other Ontario fruit growers in our infancy, and then we expanded into greenhouse products over the years. The OFT was very helpful to my business. With the opportunity to buy warehouse stalls on the inside terminal, I could sell imported product when stuff wasn't available locally. The OFT environment is climate-controlled with lots of access to customers. So yeah, when I transitioned to the inside, I already had a great customer base from the farmers' market.

Where the OFT is located is crucial to a lot of Ontario farmers. Through our business alone, we represent about 20 Ontario farmers. Where would they go if they didn't have us to take it to the food terminal? And it supports hundreds of others in the farmers' market, from flower growers to produce. Proximity matters! We've had to fight hard to keep OFT where it is because it's prime real estate, but it's access to the GTA, to the highway.

We've seen other countries or cities move their markets out of the city and the entire ecosystem dies off. The OFT lets us realize our number one priority—looking after our customers, suppliers, and our growers.



Lorenzo Scala
owner, sales, buyer, TK Fresh Produce

I purchased Tomato King in 2010, and at that time, it was already a more than 40-year-old company. I already had my company, City Foods, started in 1985. Before that, my father was a small retailer and I worked with him. City Foods operated until 2010 when we bought Tomato King, and then we merged Tomato King, City Foods and Mel-O-Ripe into one business with my partner Vince Carpino.

Today, we are TK Fresh Produce.

The OFT is a cash-and-carry type of environment where people come in with their trucks and buy their five boxes or 10 or a pallet. We're servicing front-door customers through the terminal market, and then the back-door customers actually walk the terminal market, look at the showroom, look at the product available, and then put in their orders that go through our distribution centre. The terminal services everybody because we have access to every single customer looking for produce. It's an advantage having a centre for bigger clients, chain stores, and independents to take good volume.

The most essential provision that the OFT delivers to the food industry and retailers is competitive produce pricing.

The OFT is one of the four most successful markets in North America. In southern Ontario alone, we're servicing 15 million people, with more elsewhere in the country. We have the lowest retail prices in North America because of our competition. That's why the Toronto market is so important.



Hutch Morton

senior vice president, J.E. Russell Produce Ltd.

J.E. Russell Produce is a family-owned and operated fresh produce wholesaler based at the Ontario Food Terminal. Harry Russell, the father of our president John Russell, worked here at the Ontario Food Terminal for Oshawa Foods (now part of Gambles). Then John started working summers when he was 14 years old, and never left the terminal. He started his own business in 1977.

The Ontario Food Terminal has always been and will always be a vital part of Canada's fresh produce industry. As the largest produce distribution centre in Canada, and the third largest in North

America, it supports the local economy in innumerable ways, not least of which is the number of people who work at the Terminal. On any given day, more than 5,000 people come to work at the terminal and many more around the GTA rely on it for their livelihoods.

The greatest evolutions at the terminal have been in technology, people and product. Most recently, there has been a seismic shift in technology from conducting multi-million-dollar businesses all on paper to using very sophisticated enterprise software. On the people side, we have seen the terminal's

customers and workers come to more closely reflect the dynamic multicultural face of Canada. The shifting landscape of "people" also encompasses the expanding landscape of the customers. There are always new customers with different business models that demand we meet their new product needs. Fresh produce from around the globe is now available to Canadians because of the sourcing that happens at the terminal.

The terminal continues to be a vital source of product for all sizes of retailers and wholesalers.

Tony Fallico

owner and buyer, F.G. Lister

F.G. Lister is an importer and wholesaler of fresh quality fruits and vegetables, servicing southern Ontario and Quebec since 1931.

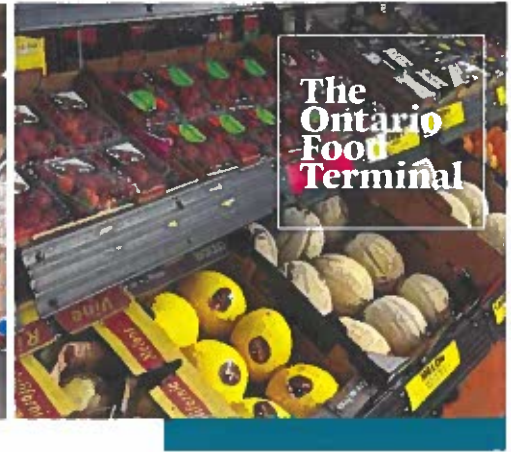
I'm one of those really rare individuals who doesn't have a family in the business. I came around when I was 14 when I started working in the farmers' market unloading farmers' trucks. I took urban studies in Economics at the University of Toronto. My future was to be an urban planner, but I worked the market through high school and university. All the people I met then became my customers when I chose this field. People like Longo's and Highland Farms and all these people I met as a young kid—things came full circle. One of the original owners at Lister convinced me to sell and I became a top salesman for the last 30 years. I became an owner in 2001.

The farmers' market provided me with knowledge. I also worked in grocery retail at Steinberg's, Miracle Food Mart back

then. After graduation, everything I had learned came together. Somebody called me a natural trader and I brought a lot of different products to the market.

The OFT provides structure and a destination point for retailers, wholesalers, and food purveyors. But the real workers here are the wholesalers—day-to-day, month-to-month, year-to-year—trying to crack a profit. The terminal provides our infrastructure now. It's clean, there are storage facilities. It has automation. We were the first ones to be computerized. We brought computer systems to the terminal. Today, we employ our own computer programmers and build our software and systems.

The future of the OFT depends on new talent coming up on all sides—suppliers, buyers, growers and wholesalers. The future depends on the people who run it and who bring in new product and innovation!



Economic Impact

The OFT distributes over 2 billion pounds of fresh fruits, vegetables and horticultural products from its facilities. This equates to an average of 5.6 million pounds of fruits, produce and horticultural products distributed DAILY from the 40-acre site.

These volumes are achieved because the OFT network has 20 warehouse tenants and 400 farmers' market tenants that sell directly, and another 1,176 Ontario farmers that sell indirectly through the warehouse tenants or farmers' market dealers to over 5,000 registered buyers who come from all over Ontario, New Brunswick, P.E.I., Newfoundland,

Nova Scotia, Quebec, Manitoba, as well as the northeastern United States.

There are approximately 3,500 fruit and produce farmers in Ontario. Of those, 45 per cent rely on the OFT to sell all or part of their produce grown, at an estimated average value of \$0.75 per pound, which represents \$1.5 billion of economic impact to Ontario. This number does not take into account shipments made by OFT warehouse tenants and farmer tenants directly from their offsite facilities and Ontario farms (which could easily add another 2 billion pounds of produce, bringing the total amount to over \$3 billion into the economy).

The terminal supports local fruit and vegetable stores, independent and chain supermarkets, retailers, restaurateurs, foodservice, caterers, farmers' markets, farm gate markets, florists, garden centres, landscapers,

convenience stores, institutions and charitable organizations such as FoodShare and Ontario food banks. These buyers come to the OFT to look at the produce firsthand, to feel and taste it to ensure that it meets their expectations for the price paid. In turn, their customers are assured they are receiving quality produce.

Buyers recognize the OFT as the source for high-quality products; this is evident, for example, in that Maritime and Quebec buyers prefer purchasing from the OFT versus markets that are geographically located closer to their business locations. In particular, food businesses located in southwestern Ontario choose Toronto versus Detroit, and in eastern Ontario, choose Toronto versus Montreal.

The existence of the OFT has a direct impact on the price consumers pay for their fresh produce and horticultural products.





Employment

For the OFT to produce and service such a high volume of product requires the efforts of a significant number of employees. Warehouse tenants, office tenants and the board make up an employee base of nearly 2,500.

It is estimated that the farm operations selling at or shipping to the terminal employ nearly 18,000 workers.

The 5,000 registered buyers represent over 150,000 employees.

Additionally, the OFT cannot operate without its support services. These are small and large businesses providing trucking services, equipment services such as forklifts, power machines, cooling equipment, refrigeration

and vehicle mechanics, food safety and quality assurance businesses, computer equipment, IT services, legal services, insurance services, food and truck brokers, waste removal services, janitorial services, among many others. These service industry companies employ over 1,000 people.

In total, close to 170,500 employees are either directly or indirectly related to the operation of the OFT.

Finally, a large number of agri-food companies have set up business operations, large and small, in south Etobicoke, close to the OFT, making it the hub of the second-largest food cluster in North America.



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Logistical Perfection

In the late 1940s, the OFT board did an excellent job of locating the terminal close to the heart of the city. For 70 years, this has ensured the OFT is easily accessible for Ontario growers and buyers located north, south, east and west via the existing Ontario highway infrastructure, such as the QEW, 400, 401, 403, 404, 410, 427 and the Don Valley Parkway.

Shipments to the OFT from Mexico and the United States arrive by truck or major rail yards in the GTA, and shipments from beyond North America arrive either via ship or airplane and are trucked into the terminal.

The terminal's proximity to Pearson International Airport completes its transportation linkage.

More and more fruits and vegetables are coming from Central and South America, Europe, Africa, the Middle East and the Far East. With the addition of the second Panama Canal linkage, larger ships are bringing more and more fruits and vegetables from South America to the market. All major food distribution centres in the United States are located within a city core—those in New York, Philadelphia, Chicago, Los Angeles and San Francisco are all located in the downtown core of their respective city, which provides easy access for buyers to their markets.

When compared to the American markets, Hunts Point Produce Market (New York) is the largest, with Toronto being either second or third to Philadelphia in volume. For markets to be successful, they must have a large population base to support the industry and have to be in the city core. When the markets in Washington and Baltimore decided to move the markets out of the city core, the Maryland Food Centre located in Jessup, Maryland, was created—it is not as successful a market as New York, Toronto or Philadelphia because buyers will



not drive out of the city to buy produce and then drive back into the city with that produce to sell. The Commissioner of Agriculture for the State of Maryland and chair of the market authority visited the OFT to see how its operations compared to their market and concluded that one of the reasons for OFT's remarkable success is its proximity to the population's critical mass that is required to sustain a successful wholesale terminal market. For example, the market in Melbourne, Australia, moved from the city core to outside the city and has lost a large volume of its buyers who do not want to travel out of and then back into the city each day to buy produce.

The OFT's reputation among terminal markets in the world is well known. The leadership of the OFT board in maintaining an organized marketplace that serves farmers, warehouse tenants and buyers of all sizes proves that small businesses can operate at the OFT, knowing that they will be treated equally and fairly. The facility is open for business to all new entrepreneurs who wish to become part of the food distribution system of fresh fruits, vegetables and horticultural products across the province, country and the continent.

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