

A New Menu for Ontario's Food Economy

Ontario has long been a producer of food, but the nature of that production has changed significantly as has the quality. Now there is a buzz around food, and Ontario has the opportunity to be at the forefront of food innovations.

The Ontario food industry is one of the most diverse in the world, producing over 200 agricultural commodities. The Province is known for its work in food technology research and development, and the agri-food sector exports \$8.5 billion worth of commodities annually, accounting for 28% of Canada's total annual agri-food exports. In 2006, Ontario's Food Cluster consisted of 113,395 firms and farms, 726,200 jobs and \$85.2 billion in annual revenues.

Although this traditional agri-food industry is steady, there is a newer and more interesting food story that is emerging in Ontario. It is the story of the hybrid food companies that serve a variety of niche markets: from the affluent, to a variety of ethnic and immigrant groups (not all of whom are affluent), to a growing number of people interested in healthier food options.

This new "Creative Food Economy" has profound implications for sustainable economic development because place and providence become central to quality food making, marketing and lifestyle.

On the one hand, process innovations in the creative food sub-sector are very similar to what has occurred recently in more traditional manufacturing. On the other hand, these innovations are fundamentally different. Both creative and traditional food companies have introduced new equipment or methods to reduce waste and production costs. Most innovative firms, regardless of their size or industrial history, have certainly embraced these new trends. But as the following table demonstrates, there is exciting potential to transform those firms and communities in Ontario which embrace the new model.

Features	Old 'Industrial Food' Economy	New 'Creative Food' Economy
Prototypical company	Kraft – cheese products	Craft/artisanal cheese
Sources of economic power	Economic power is centralized National/international production, processing and marketing Concentrated farms and control of land, resources and capital	Economic power is diffused and decentralized from owners or controllers of means of production to individual, highly creative knowledge-workers and extra-firm institutions

Sources of quality and innovation	Quality is a measure of added value in highly-processed environments or incremental innovation in packaging and marketing of existing food products (e.g., 27 different kinds of Oreo cookies)	Quality is a measure of taste, terroir, and talent of entrepreneurs making new and innovative products
Enterprises' attitudes towards place	Firm or company located close to traditional production inputs like raw land, and transportation networks. Little relationship between place and product making. Preferences for place are subordinate to traditional company inputs.	Traditional production dimension important, but place becomes central to quality food making, marketing and consuming

In the food sector, the transformation from routine-oriented to creativity-oriented work is filled with uncertainty. Jurisdictions must figure out how to carve out new niches, and do so in a highly competitive environment where similar jurisdictions face similar pressures. “The Creative Food” economy represents one of the most promising and manageable sectors for this transformation because:

- Ontario is already leading the way in some food areas
- The trend towards ‘quality’, ethnic, healthy and organic foods will reward agricultural communities and food firms that can produce these kinds of products
- The farmer stands to capture more income in the creative system than during the ‘Fordist’ era
- Both rural and urban Ontario have unique opportunities to transform their economies through focusing on distinctive dimensions of the creative food supply chain

Those passionate about food and food research are inspired because food, unlike any other commodity on the planet, is intimate: we eat it and therefore how we eat it has implications for a host of policy related issues around local job creation, health, hunger, ecosystem protection, carbon footprint, labour practices, cultural awareness and diversity. As Kevin Morgan so eloquently states, “food is a prism through which we can explore the scope and complexity of many of our most pressing economic, social and ecological issues”. Once we understand this, we can begin to make significant policy change.

The Martin Prosperity Institute (martinprosperity.org) at the [University of Toronto's Rotman School of Management](http://www.rotman.utoronto.ca) is the world's leading think-tank on the role of sub-national factors – location, place and city-regions – in global economic prosperity. Led by Director [Richard Florida](http://www.rotman.utoronto.ca), we take an integrated view of prosperity, looking beyond economic measures to include the importance of quality of place and the development of people's creative potential.

This Martin Prosperity Insight is part of the “Ontario in the Creative Age” series, a project we are conducting for the Ontario Government and is supported by Betsy Donald's working paper “[From Kraft to Craft: innovation and creativity in Ontario's Food Economy](#)”. The project was first announced in the 2008 Ontario Budget Speech, and its purpose is to understand the changing composition of Ontario's economy and workforce, examine historical changes and projected future trends affecting Ontario, and provide recommendations to the Province for ensuring that Ontario's economy and people remain globally competitive and prosperous. The series will involve a number of Insight releases over the course of the coming months.