Food Ecosystems Project: Interviews

Executive Summary

October 29, 2022

Background

Industry and other key stakeholders from NGO, research and support service organizations have been extensively involved in the development of this project. Activities began in early May and as of October 28, 46 participants have been interviewed for this project. The interviews were 30 minutes to over one hour.

One-on-one interviews have been our most effective form of data collection thus far. Interview participants remain confidential, however, where emphasis was required and approved by the participant, specific comments are identified (See Appendix A). All results have been summarized under over-arching themes.

In 2015, Manitoba Agriculture, Food and Rural Development (MAFRD) published a comprehensive report based on significant stakeholder input[1]. Led by Dr. Wayne Lees and with the direction of a working group, the goal of "Advancing the small scale, local food sector in Manitoba: a path forward" was to provide recommendations as to building and strengthening the small-scale food production and processing sector that included direct farm marketing in Manitoba. Members included the Manitoba Food Processors Association (MFPA), Keystone Agricultural Producers (KAP), Food Matters Manitoba (FMM), Farmers' Markets Association of Manitoba (FMAM) Co-op Inc., Harvest Moon Local Food Initiative, Canadian Culinary Federation (CCF) Manitoba, Community Supported Agriculture Manitoba (CSA), the provincially inspected meat sector and independent small scale food entrepreneurs - Cornell Creme and Crampton's Market.

This report is referenced here as it is critical to note that many of the issues that were cited by the working group are still of concern today. Through our process, we heard many of the same problems articulated repeated. Where appropriate, the findings of this extensive project are referenced here to emphasize our results.

The full interview results are included in Appendix A and the Full Interview questions can be found in Appendix B. A summary of high priority issues, gaps, challenges etc. follow.

1. **Capacity - Equipment and other Requirements**
    a. Many entrepreneurs don't have the capital to build own processing facilities ("missing middle")
        i. De-risking with government guaranteed loans was mentioned several times.

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[1] small-scale-food-report.pdf (gov.mb.ca)

b. Little to no co-manufacturing and co-packing
    i. Packaging (Bottling and jars, in particular, were mentioned frequently)
    ii. Labelling equipment
    iii. Limited Storage
c. Abattoirs are very limited especially for small livestock farmers. There is only one inspected chicken processor in the entire Province that will accept small orders.
d. Change in mandate of Food Development Centre[2]
    i. Need services previously offered (food development, business support, bottling, testing, labelling, NFT development, etc.), however, with more ease of access and at more economical rates.

2. Supply chain challenges
a. Necessitating large volume purchase of ingredients, packaging, etc.
b. Limits in financial resources for purchase and storage
c. Delays processing in some cases, causing kitchen rental cancellations and challenges

3. Accredited Testing in One place
a. Nutrition Fact Tables, Labeling, Universal Product Codes (UPC)
b. Functionality, Safety, Shelf life and stability, Sensory

4. Community Kitchens[3]
a. A very valuable cost-effective resource for start-ups
b. Challenges include:
    i. Limited equipment
    ii. Volunteer led so may not be responsive
    iii. Some lack certifications that are required
    iv. Can be limited for scale-up
    v. Limited for specialty food production (i.e., gluten free, equipment such as grinders, mixers, fillers etc.).
    vi. Lack of storage space

[2] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): For processors, there are some excellent technical resources available at the Food Development Centre (FDC), but these can be expensive for a start-up entrepreneur.*
[3] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): Infrastructure and facilities, such as commercial kitchens, co-packers or business incubators were not readily available in some areas.*

5. **Regulations**[4]
    a. Confusion regarding requirements
    b. Inconsistency and discrimination in the application of policies and guidelines, including multiple instances where racialized people had negative experiences in the way regulations are applied compared to their non-racialized peers
    c. Manitoba lacks the number of inspectors needed to provide guidance and oversight
        a. Ability to work with local inspectors prior to a purchase can be very cost effective in the long run as well as very helpful overall for food safety compliance
    d. CFIA and Health Canada have same standards of inspection, requirements for large and small companies even though safety standards are much different
    e. Current requirements prevent success and innovation in some cases, while actively discouraging it in others. A common example cited is ungraded eggs being illegal to sell at farmers' markets, despite significant demand from consumers.

6. **Road mapping**[5]
    a. Provide a "one stop" database of resources available to companies
    b. Concierge or navigational support, Business specialist(s), Training
    c. Mentorship and Advisors to support scale up decisions
    d. Facilitating access to export markets – US becoming increasingly attractive to MB SMEs

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[4] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): Many small-scale producers felt overwhelmed by regulatory issues. Some were not fully aware of the scope of the different regulations, while others had received inconsistent direction from different departments.*

The roles of Manitoba Health and MAFRD in the food inspection system were not always clear and entrepreneurs were unclear if both departments applied the same criteria consistently or had an appeal process. The terms "risk-based" and "outcome-based" used in the regulatory context were not clearly understood and entrepreneurs wanted more guidance to meet regulatory requirements. Food safety remains a high priority for entrepreneurs and consumers.

It is often taken as a "given" and there is an element of trust that enters into the direct producer/processor-consumer relationship. However, when intermediaries, such as restaurants or distributors are involved, documented food safety certification becomes much more significant. The small-scale food sector is not well equipped to take on a self-certification role at this time. There is only one provincially inspected poultry plant available for custom slaughter, but other non-inspected facilities exist. This and the present limit on non-quota production, were cited as limiting factors for small scale poultry production. Non-quota limits on other supply managed commodities like eggs, turkeys, milk and potatoes/root crops were also mentioned.

[5] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): Ongoing public communication and extension information about basic nutrition, food safety and food handling is needed. There are several target audiences to be reached with that information. Consumers need information about nutrition and safe food handling, food service providers and food processors need to know about safe food handling, manufacturing and storage, and producers need to be kept informed about current best practices for food safety. Because of their diverse yet integrated production methods, small scale farmers do not fit well within the present commodity-focused model of farm production advisors within MAFRD. There are constantly new entrants to small scale farming who require a great deal of guidance and mentorship.*

e. More professional training and mentorship options are requested, such as Food and Beverage Manitoba's recent "Sell Successfully to Retail" series, cited as one of the most valuable trainings by multiple interviewees.

7. New Models

a. Co-op Models are seen as a potentially promising structure to provide Central locations for sharing resources and risks
    i. Human, processing, equipment, logistics and distribution, marketing, co-packing, storage, etc. (Ie. Fireweed Food Co-op)

b. Would like more facilitating of the buying and sharing of local provincial inputs

c. Facilitate B2B and B2C interactions to support the development of new models

d. ***"The Open Kitchen" Model***
   - Privately owned food production facility. MB Inspected
   - Own core equipment with clients bringing in specialized equipment
   - 90% clients are scaling home recipes. Many then go onto building their own commercial kitchen or finding something larger.
   - About 60% may not succeed. Relatively small investment ($300/day for access vs $1500/day at FDC)
   - Houses about $250K capacity without the overhead and staff $ of FDC
   - Acts as an incubator - Focused on the needs of start-up and small-scale entrepreneurs, with a multi-use design of the facility (no internal walls, all equipment on casters) yields the opportunity for the client to configure a production line that best suits their resources.
   - Any expansion of a CCK must have large areas where pallets can be delivered, parking, loading docks and room to ship out of.
   - Flexibility is critical to the success of the operation, including allowance for last minute cancellations within reason.

8. Collective Marketing and Promotions to benefit entire sector[6]

a. MB Food Fest, Buy Local, Great MB Food Fight, Ag in the City, "Dragons Den" competition with "prize" being placement in retail; very challenging to educate consumers, promote their brand and their products

b. RD is quite well-supported in Manitoba, but there is a great need for commercialization and market access supports

9. Navigating Grants, Funding and Investment

a. More flexibility around lengthens of grants, intakes and categories

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[6] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): Many small-scale food processors indicated marketing as one of their biggest hurdles. It was difficult for them to access traditional distribution chains and retail grocery stores. On the other hand, most small-scale farmers who marketed directly to the consumer had little difficulty in selling their products. Most institutions and restaurants who purchased local foods directly had established their own network of suppliers. Several local food distributors operate in Manitoba. At least one cooperative food production and distribution network exists in the province.*

However, there is confusion about the legal definitions of direct sales and how the transaction is carried out. Clarification is needed. Food processors mentioned trade shows, fairs and local food promotion as important mechanisms to gain public recognition of their products.

b. Greater access to smaller loans ($500 to $5K) for start-ups for marketing, POS systems, website inventory, etc.
c. Consortium approach where several companies apply for overall capacity and infrastructure grants
d. Sliding scale of matching dollar requirements (i.e., 20 to 25% vs 50%) based on revenues and sales

10. **Support / Investment in the "missing middle"** [7]– Gap between start up and further progression
    a. Bottleneck of access to affordable facilities, equipment, space, and collective purchasing ability to allow expansion, hire new staff, and increase production
    b. Ability of these companies to access / apply for larger funding of ca. $100K
    c. Access to upfront loans or grants where the company doesn't have to pay first and claim later.

11. **Need for Further Support for Small-Scale Farmers**
    a. Most food businesses and farms struggle with finances due to small profit margins
    b. Working with food service is a huge gap. There's not a good pathway for food service ready products (ie. Fireweed is trying to fill some of these distribution gaps, but needs to find the right scale in order to be successful)
    c. Huge gap between large scale farms and small-scale food processing, meaning that farms are not incentivized to do on-farm processing and small farms have limited models and Government support for what this looks like
    d. The huge cost of farms /land, and the declining farmland as farmers retire
    e. Lack of risk management, difficult to scale
    f. Environmental farm plan through the government is needed, rather than Keystone Ag Producers (KAP). Currently advisors are on-line – little interaction
    g. Lack of access to cost share programming that would support more efficiencies: Resource management in Ag Action is a good example. For a small farm, $10k is too much to try to match. $1000 is the max
    h. Our competition is the conventional food system- we lack the ability to provide the same amount of convenience (such as the downtown Calgary farmers' market)
    i. Manitoba Local Food Currency (currently underfunded)
    j. Commodity crop producers have access to risk management, cost sharing opportunities that are better suited to their farm size – this type of risk management is not available to perennial crops are underwritten.
    k. The Agri-stability fund from MB Ag doesn't work for most small-scale farmers and new entrants

[7] *Excerpt from "Advancing the small scale, local food sector in Manitoba: a path forward" (2015): Many financial planning tools are widely available from most financial institutions, but small-scale entrepreneurs may not be able to qualify for crop or livestock insurance programs or business interruption and liability insurance.*