



Northern Meat Processing Capacity Study 2018

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Food processing is a key part of the Northern Ontario agri-food sector with 129 food and beverage processing establishments employing over 1,000 Northern Ontarians. Within food processing, meat processing is an important component with 37 Provincially and Federally licensed meat plants across Northern Ontario. The livestock and meat processing sector is defined as all the activities undertaken to produce and slaughter livestock and process, distribute and market meat.

The intent of the study – the *Northern Meat Processing Systems Study* – was to characterize the extent of meat processing and handling systems in Northern Ontario, assess gaps and develop recommendations for the Province to address these gaps. OMAFRA retained RSM to undertake a direct to client approach with this study. RSM interviewed 25 of these businesses for their final report.

Recent opportunities have set the stage for increasing livestock production in Northern Ontario including favourable land prices, a higher amount of undeveloped farmland and a strong desire for economic diversification. In addition, newer programs such as CFO's artisanal and local niche broiler production programs have provided more chicken volume for consumers and processing facilities in Northern Ontario. Growing interest in food origin and expanding interest in local food including beef, lamb and other livestock products is helping to drive demand.

To capitalize on this growth and current investment, OMAFRA wanted to determine the specific factors that are impacting livestock and meat processing in Northern Ontario. The Northern Meat Processing Capacity Study is intended to provide strategic direction on how to help develop the meat processing sector, further its economic viability and identify knowledge gaps that exist within the industry.

The meat processing value chain in Northern Ontario is unique for a variety of reasons and, as a result, faces challenges that differ from the meat processing value chain for Southern Ontario. The meat processing value chain in Northern Ontario is highly dependent on relationship-based businesses, resulting in a great emphasis on customer service. Most of these businesses have been operating for over 10 years and tend to rely on their network of contacts throughout the supply and distribution system. Without these relationships, entry into the Northern Ontario meat sector can be challenging.

Abattoirs in Northern Ontario are often small or medium sized and focus on customer service. They tend to be knowledgeable about their supply and the farmers who raise the animals they purchase. As a result, about 80% of their business is repeat business, with owners often having informal contracts with local farmers. Processing of meat occurs through several meat processing facilities in Northern Ontario. Some abattoirs will slaughter as well as process. Meat can also be processed at free standing meat plants, which only process meat (they do not slaughter). Processing includes activities such as aging, boning, cutting, slicing, smoking,

curing and fermenting. Local processors and abattoirs are called to provide customized orders from livestock suppliers and are generally able to meet this demand.

The report summarizes key recommendations to strengthen the livestock and meat processing value chain in Northern Ontario. Several general challenges were identified through the project including: lack of throughput, adapting to provincial regulations, availability of trained labour, high input costs (including higher energy costs) and distribution restrictions. Recommendations are structured as actions the Province could undertake or implement and, in some cases, may build on existing initiatives.