



Food and Beverage Manufacturing National Workforce and Recovery Action Plan

> Introduction

Food and beverage manufacturing is one of Canada's most important industries. Found in every province and region, the sector's almost 8,000 companies play a critical role in contributing to Canada's food sovereignty and economic well-being, and in supporting the country's primary agriculture sector and international trade objectives.

All through COVID-19, Canada's food and beverage manufacturers continued to operate, ensuring Canadians had the food they needed throughout the pandemic. To do that, food and beverage companies

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invested \$1 billion to modify their plants and implement measures to protect the safety of their workers. As this work continues, Canada's food and beverage manufacturing sector is also eyeing the future — ensuring it has the foundation for continued stability and future growth.

> The Approach

FBC-ABC is a national industry association created to amplify the voice of Canada's food and beverage manufacturers at the federal level. FBC-ABC's members include provincial/ regional food and beverage manufacturing associations and leading Canadian food and beverage manufacturing companies.

FBC-ABC recognizes that industry needs to take the lead in addressing the key issues limiting growth and recovery, while also consulting and collaborating with critical partners. Even before COVID-19, FBC-ABC had implemented a program of work to identify the key measures needed to support a strong food and beverage manufacturing sector. The pandemic has amplified the importance of these measures.

This **National Workforce and Recovery Action Plan** identifies the issues preventing Canada's food and beverage manufacturing sector from realizing its growth potential and recommends actions that can be taken by the federal government, in partnership with industry, to ensure the sector has what it needs to grow. The Action Plan focuses on two key themes: Labour and Innovation.

FBC-ABC'S National Workforce Model

Canada's food and beverage manufacturers are facing a workforce and innovation crisis. Food and beverage is the largest manufacturing employer in Canada, with almost 300,000 workers. However, we estimate the sector is currently short 30,000 workers — 10 per cent of its workforce. By 2025, we expect vacancies to reach 65,000. In addition to a shortage of workers, companies regularly report challenges in ensuring workers have the appropriate skills to match the needs of an evolving sector. Added to this, the food and beverage manufacturing sector is lagging other industries and other countries when it comes to investment in innovative processes and technologies.

These challenges are preventing Canada's critical food and beverage manufacturing sector from contributing to Canada's COVID-19 recovery.



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> Investment in Innovative Processes and Technologies

Increasing the adoption of innovation and, longer-term, fostering a culture of innovation will be critical to ensuring the stability and growth of Canada's food and beverage manufacturing sector. Innovation will also play a key role in mitigating labour shortages in the sector and in enhancing the quality of jobs.

Today, Canada's food and beverage manufacturing sector is lagging in the adoption of processing innovation, including automation, robotics and AI. In part, this is due to the unique challenges facing the sector, which is dominated by small and mid-sized firms (SMEs). Federal innovation funds requiring large-scale investments are out of range for the vast majority of companies.

Unfortunately, existing federal innovation programs are not well suited for Canada's food and beverage manufacturing sector. Often, these programs are premised on the development of disruptive technologies or the purchase of domestic equipment. In a small market like Canada's, it is unrealistic to think all or even most innovation will be disruptive.

As well, Canada's small market size cannot support a domestic equipment sector. As a result, Canadian processors often source new equipment, technologies and programs off-shore. Unfortunately, Canadian regulations do not easily permit the adoption and adaptation of technologies and processes readily used in competing jurisdictions, and approvals of technologies or new processes with modified equipment are not systematic, timely or predictable.

The lack of workers in the skilled trades in Canada also makes processors reliant on foreign manufacturers' technicians or recognized specialists to install, commission and maintain these assets. With COVID-19, access to these foreign technicians has become more difficult.

Fostering innovation requires a multi-pronged approach that addresses these barriers.

The federal government has already announced its support for the Canadian Food Innovators Network (CFIN). Additional direct, company-level investment support is also required — support that is geared to the particular needs of the Canadian sector and recognizes that bolstering the adoption of new technologies requires commensurate support for skills development. In addition, regulations must support the predictable and timely approval of new methods, processes and technology applications in Canada.

With these supports, Canadian food and beverage manufacturers can benefit from adopting technologies that already exist in other countries or industries, and in so doing, introduce and customize innovative products and processes within the sector.

Federal Policy Objectives

FBC-ABC urges the federal government to implement the following policies to strengthen innovation and investment in Canada's food and beverage manufacturing sector:

- Create a \$150-million innovation fund (Strategic Innovation Fund "light") to support adoption of automation and robotics in the sector.
- Set up this fund to include a program to support matched-funding investments, as well as a skills-development component to ensure workers' skills support innovation adoption.
- Implement reforms to ensure timely and predictable regulatory approvals of new technologies and manufacturing processes.

> Canadian Skilled Labour

Canada is facing a shortage of skilled labour (e.g., maintenance electricians, millwrights, automation technicians and electromechanical technicians), and this deficit is threatening the viability of many sectors, including food and beverage manufacturing.

Addressing the food and beverage manufacturing sector's labour shortages — including the shortage of workers in the skilled trades — is fundamental to achieving the goals set in the federal government's Agri-food Economic Strategy Table and Industry Strategy Council reports. In short, although skilled trades training and certification fall under provincial jurisdiction, without federal leadership and coordination, there is little hope for meaningful progress.

Taking urgent action to address the shortage in the skilled trades is critical, including in the following areas:

- Enhance collective understanding (industry and policymakers) of skilled trades pathways across Canada.
- Assess current availability and demand in the skilled trades and propose means for improving the situation for employers and skilled trades professionals.
- Identify barriers to skilled trades career development and recommend solutions in partnership with key stakeholders.
- Examine regional differences in skilled trades education/certification and labour markets to ensure recommendations offer flexibility to meet industry needs across the country.
- Examine the role of underrepresented groups in the skilled trades: What steps can be taken to attract individuals, and what measures are needed to ensure worker retention?

The federal government, working with industry, can play a meaningful role in all areas listed above.

Federal Policy Objectives

FBC-ABC urges the federal government to undertake or support work that will identify barriers and develop clear recommendations on addressing the food and beverage manufacturing sector's skilled trades deficit — with the ultimate goal of producing a more resilient industry, enhanced career opportunities and beneficial systems change for skilled trades pathways. Recommended actions include the following:

- Document the training and skilled trades certification systems across Canada, including gaps and inconsistencies across the country.
- Undertake an analysis of skilled trades demand relative to current and future forecast availability of certified skilled tradespeople.
- Evaluate the issues impacting the availability of skilled tradespeople, including labour supply, training, certification times, poor perception of the industry, and micro-credential gaps.
- Identify recommendations and action plans for addressing skilled trades on a coordinated national basis.

> Foreign Workers

Foreign workers are, and will continue to be, critical to addressing the food and beverage manufacturing sector's labour needs. Quite simply, the sector requires workers — without them, food production cannot be maintained at current levels, let alone grow to meet federal production and export targets.

In the context of continuing labour shortages, and absent significant new investment in automation and robotics, the food and beverage manufacturing sector will need to rely on foreign workers to meet its labour shortfall. Even with increased automation, during short seasonal production peaks, domestic labour will almost always need to be supplemented.

Today, there are two potential routes for foreign workers to enter Canada — Canada's economic immigration system, which has a number of streams and relies on a point-based system to determine eligible candidates, and the Temporary Foreign Worker (TFW) Program, which supports jobs that are seasonal or temporary in nature. Neither of these systems fully supports the needs of food and beverage manufacturers.

Canada's economic immigration system is complex, with a number of different entry streams, some under federal and some under provincial jurisdiction. Program criteria and eligibility vary across these streams, and very few prioritize positions in the food and beverage manufacturing sector. Among the few that do are Manitoba's Provincial Nominee Program (PNP), which does prioritize industrial butchers and meat cutters, poultry preparers, and related workers; the Agri-Food Pilot, which runs to 2023, and includes up to 3,690 meat product manufacturing workers (butchers and processing labourers) each year; and the Atlantic Immigration Pilot, which includes industrial butchers and long-haul truck drivers. These programs are limited in both the number and the range of workers that are eligible and will not meet industry's overall needs.

Multiple TFW streams complicate access to labour under that program, as well. In addition, approval times are lengthy and do not align with the cycle of agriculture and food production; limits are imposed on the number of workers; and, in the case of returning workers, the process is highly repetitive. Many food and beverage manufacturers avoid using the TFW program, given the administrative complexity and expense.

Federal Policy Objectives

FBC-ABC urges the federal government to undertake a review of food and beverage manufacturing labour needs, relative to Canada's labour market situation today and in the future, including through the following actions:

- Develop a national economic immigration stream that is dedicated to and values the skills required by Canada's food and beverage manufacturing sector, and which ensures timely access to foreign labour to address industry's labour shortages. This should include pathways to permanency for TFWs.
- Develop a dedicated agri-food TFW program that recognizes the seasonal and permanent labour shortages faced by Canadian food and beverage manufacturers and ensures minimal administrative and cost burdens, particularly with respect to the issue of returning workers, and for regions with on-going labour shortages.