

Food and  
Beverage  
Canada



Aliments  
et boissons  
Canada

## Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

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## RECOMMENDATIONS:

**RECOMMENDATION 1:** That the federal government prepare a comprehensive analysis of the food industry's labour situation including a review and forecast of the agri-food sector's current and future labour and skills requirements. This review should consider the country's economic and trade objectives and goals for food security and domestic food sovereignty and include an assessment of labour and skills availability today and into the future.

**RECOMMENDATION 2:** That the federal government develop a national strategy to ensure the availability of skilled tradespeople in Canada and work with the provinces to identify recommendations and action plans for addressing skilled trades on a coordinated national basis.

**RECOMMENDATION 3:** That the federal government 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.

**RECOMMENDATION 4:** That the federal government develop a dedicated agri-food Temporary Foreign Worker (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.

**RECOMMENDATION 5:** That the federal government establish a pathway to permanent residence for workers in critical sectors such as the food industry.

**RECOMMENDATION 6:** That the federal government introduce a new \$150-million innovation fund carefully designed to support adoption of automation and robotics in the food and beverage manufacturing sector and that this fund include a skills-development component to ensure workers' skills support innovation adoption.

**RECOMMENDATION 7:** That the federal government examine the barriers to and measures to support the development of a domestic automation equipment sector for food and beverage manufacturing.

**RECOMMENDATION 8:** That the federal government review its regulatory framework to facilitate timely and predictable regulatory approvals of new technologies and manufacturing processes in Canada's food and beverage manufacturing sector.

## 1. INTRODUCTION

Throughout COVID-19, Canada's food and beverage manufacturers, as part of the country's critical infrastructure, continued to operate, ensuring Canadians had the food they needed despite the pandemic. To do that safely and while demonstrating their commitment to Canadians and their employee's wellbeing, food and beverage companies invested over \$1 billion to modify their plants/distribution centers and implement measures to protect the safety of their workers.

This pre-budget submission, made on behalf of Canada's food and beverage manufacturers, identifies federal policy and program measures that are necessary to support and strengthen this sector through COVID-19 recovery and into the future. Through these recommendations, we are calling on the federal government to confirm its commitment to Canada's food system and to partner with food and beverage manufacturers to address the systemic issues preventing Canada's food system from realizing its potential.

## 2. CANADA'S FOOD AND BEVERAGE MANUFACTURING SECTOR

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.

Canadian food and beverage manufacturers generate \$118 billion in annual sales and employ almost 300,000 people, making it Canada's second largest manufacturing sector.

Food and beverage manufacturers are also at the center of Canada's food supply. Few Canadian agriculture products make it to Canada's grocery stores or restaurants without first being transformed by a Canadian food manufacturer. As experienced through COVID-19, a strong domestic food sector is also critical to the country's food sovereignty and to individual/community food security.

Despite the sector's size and importance, Canada's food and beverage manufacturers are facing barriers that threaten the sector's stability and future growth. While Canada has the foundations to become a world leader in food and beverage production, realizing that potential will require an immediate focus on key policy threats.

## 3. ADDRESSING CANADA'S GROWING LABOUR CHALLENGES

Food and beverage is the largest manufacturing employer in Canada; however, we estimate the sector is currently short 30,000 workers – 10 per cent of its workforce. By 2025, we expect vacancies to reach almost 60,000. 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. These issues have been significantly exacerbated by the pandemic. Addressing the food and beverage manufacturing sector's labour shortages is fundamental to achieving the goals set in the federal government's Agri-food Economic Strategy Table and Industry Strategy Council reports.

### 3.1 NATIONAL LABOUR FORECAST

For several years, Canada's agri-food sector (agriculture production and food and beverage manufacturing) has flagged the industry's current and expanding labour problems – the inability to attract workers with the needed skills to support a strong domestic food sector. Despite industry's warnings of a labour crisis, governments continue to identify agri-food as a key driver of the country's domestic economy and trade growth, and critical to food security and sustainability. If Canada's labour issues are not addressed, goals for industry growth and sustainability will be nothing more than words on paper.

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### 3.2 SKILLED TRADES

Fundamental to the agri-food sector's labour problems is a national shortage of skilled labour (e.g., maintenance electricians, millwrights, automation technicians and electromechanical technicians). Although skilled trades training and certification fall under provincial jurisdiction, without federal leadership and coordination, there is little hope for meaningful progress.

We encourage the federal government to undertake and/or support work that will evaluate the skilled trade deficit in Canada; identify barriers to skilled trades education, certification, and recruitment; and develop clear recommendations on addressing the food and beverage manufacturing sector's skilled trades deficit – with the goal of producing a more resilient industry, enhanced career opportunities and beneficial systems change for skilled trades pathways.

**RECOMMENDATION 2:** That the federal government develop a national strategy to ensure the availability of skilled tradespeople in Canada and work with the provinces to identify recommendations and action plans for addressing skilled trades on a coordinated national basis.

### 3.3 FOREIGN WORKERS

Foreign workers are and will continue to be critical to addressing the food industry's labour needs. Quite simply, the sector requires workers – without them, food and beverage 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 several streams and relies on point-based systems 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 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. Those that do 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 also complicate access to labour. 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.

Starting May 6, 2021, Immigration, Refugees and Citizenship Canada launched a new program providing a pathway to permanent residence for over 90,000 essential workers, including certain occupations in the food sector, and international graduates. Programs such as this offer a valuable route to permanency for individuals already established in Canada and making a contribution to Canadian society and the national economy.

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#### 4. INVESTMENT IN AUTOMATION AND ROBOTICS

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 entire food system, including food and beverage manufacturing. 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 artificial intelligence (AI). Contributing to this is the absence of appropriately structured funding programs to support for the adoption of automation and robotics technology, the lack of a domestic automation equipment manufacturing sector in Canada, and the shortage of skilled labour (explored above).

The food and beverage manufacturing sector faces numerous challenges in accessing capital for automation. Government innovation funding 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 addition, funding is often tied to job creation; and often the timing of grant applications and announcements do not correspond with business planning cycles. The grant application process can also be costly and complex, particularly for small and mid-sized (SME) manufacturers that dominate the sector.

Canada also lacks a domestic automation equipment sector for food and beverage manufacturing. This leads to significant challenges including increased costs and logistical issues associated with importing, installing, and maintaining equipment. It also necessitates that Canada rely on foreign qualified technicians – a situation that proved particularly challenging given Canada's COVID-19 border restrictions.

Finally, Canada's regulatory system also presents barriers to investment in automation. While Canadian processors look to source new equipment, technologies and programs from off-shore, 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.

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

**RECOMMENDATION 6:** That the federal government introduce a new \$150-million innovation fund carefully designed to support adoption of automation and robotics in the food and beverage manufacturing sector and that this fund include a skills-development component to ensure workers' skills support innovation adoption.

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