

Food and
Beverage
Canada



Aliments
et boissons
Canada

Written Submission for the Pre-Budget Consultations in Advance of the 2024 Federal Budget

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RECOMMENDATIONS:

RECOMMENDATION 1: The federal government provide funding to support development and implementation of a *National Workforce Strategic Plan for Agriculture and Food & Beverage Manufacturing*.

RECOMMENDATION 2: The federal government improve access to foreign workers for food manufacturing by making permanent the 30% Temporary Foreign Worker Program CAP increase announced in 2022.

RECOMMENDATION 3: The federal government build on efforts to improve the Temporary Foreign Worker Program by simplifying the application process, increasing transparency for applicants, and identifying measures to address processing delays particularly for applications originating in Quebec.

RECOMMENDATION 4: The federal government speed up efforts to introduce a Trusted Employer Model within the Temporary Foreign Worker Program, as announced in Budget 2022.

RECOMMENDATION 5: The federal government establish programs to secure foreign workers for permanent and year-round jobs, including establishing pathways to permanent residency for Temporary Foreign Workers, and by ensuring immigration pathways for workers in critical sectors such as food and beverage manufacturing.

RECOMMENDATION 6: The federal government ensure a consistent and coordinated approach to support supply chain resilience for Canada's food system, including:

- Implementing the recommendations of the National Supply Chain Task Force.
- Investing in on-going monitoring and intelligence gathering related to global and Canadian food supply chains.
- Investing in measures to buffer Canada's food system from external shocks and support food supply chain resilience, starting with a critical assessment of key risk factors and vulnerabilities along the food supply chain.
- Establishing protocols for engaging stakeholders in the event of a serious national or regional food supply chain disruption.
- Working with sub-national governments to ensure a coherent approach to emergency management, including a single point communication system for industry.

RECOMMENDATION 7: The federal government work with provinces, territories and municipalities to ensure a coordinated approach to affordable housing, public transportation and other infrastructure needed to support a local workforce.

RECOMMENDATION 8: The federal government closely monitor work to build a Grocery Industry Code of Conduct, ensuring transparency and inclusion in its development and ensuring the Code adequately protect Canada's food and beverage manufacturers. The federal government intervene if needed to ensure participation in the Code is mandatory for retailers and is effective in protecting the interests of Canada's food and beverage manufacturing sector.

RECOMMENDATION 9: The federal government implement the recommendations of the Competition Bureau's Retail Grocery Market Study.

RECOMMENDATION 10: The federal government provide incentives for food and beverage manufacturing companies to invest in innovation and boost competitiveness through increased automation and digitization.

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INTRODUCTION

Across Canada there are almost 8,000 food and beverage manufacturers, the vast majority of which are small and mid-sized businesses. Food and beverage is Canada's second largest manufacturing sector, and largest manufacturing employer.

Found in every region, food and beverage manufacturers are at the center of Canada's food supply. Few farm products – wheat, canola, milk, pork – make it to consumer pantries without first being transformed into products such as bread, oil, yogurt, bacon. A strong and vibrant processing sector is critical to ensure Canada's food sovereignty, to support primary agriculture, and to ensure local food security.

Food and beverage manufacturing is also critical to the Canadian economy, and to economic growth. The sector employs over 280,000 Canadians, generates close to \$120B in annual revenue and exports \$40B annually.

The past few years have been unprecedented. Critical labour shortages, disruptions in global supply chains, historic price inflation, climate emergencies and natural disasters, transportation infrastructure disruptions – these events have placed inordinate and destabilizing pressure on Canada's food and beverage manufacturers. While industry should be looking towards recovery and growth, it is instead contemplating consolidation and contraction.

Critical to the future of Canada's food system, is ensuring we strengthen foundational elements – labour, supply chains, and infrastructure – that are required to support and stabilize this and other sectors, while also ensuring the food and beverage manufacturing sector can remain competitive.

LABOUR

Labour continues to be one of the biggest issues facing Canada's food and beverage manufacturers. Today, the sector is short an estimated 20% of its workforce, a situation that was exacerbated during the pandemic. Furthermore, with a significant number of the population reaching retirement age in the coming decade, it is likely to worsen. Like other Critical Infrastructure sectors, food and beverage manufacturing is struggling to attract workers from a limited and shrinking labour pool.

Chronic labour shortages and serious skills gaps undermine Canada's ability to maintain current levels of food production, threatening local food security and weakening the sector's future economic development and trade growth.

Workforce Strategic Plan for Agriculture and Food & Beverage Manufacturing

With funding from the Future Skills Centre, Food and Beverage Canada, the Canadian Agricultural Human Resources Council, and the Canadian Federation of Agriculture are leading the development of a *Workforce Strategic Plan for Agriculture and Food & Beverage Manufacturing*. This industry-led project, with participation from over 100 stakeholders, is identifying the root causes of industry's labour shortages and skills gaps, identifying concrete actions to address these shortfalls, and setting meaningful goals and timelines to measure progress in resolving workforce issues. Work is built around five key themes - Perception and Awareness of Industry and Careers, People and Workplace Culture, Immigration and Foreign Workers, Skill Development, and Automation and Technology.

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Immigration and Foreign Workers

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Foreign workers are, and will continue to be, critical to addressing the food and beverage manufacturing sector's labour needs, particularly as Canada's labour markets contract.

Today, options for foreign workers to enter Canada are limited. The Temporary Foreign Worker (TFW) Program, intended for seasonal or temporary jobs, is complex to navigate. Approval times are lengthy, particularly for Quebec-based employers; there are limits on the number of workers a company can employ; and for returning workers, the process is highly repetitive. Equally, there are few options to secure foreign workers for year-round and permanent jobs, with companies often forced to rely on the TFW system despite there being limited paths for these temporary workers to obtain permanent residency. As well, Canada's immigration system, itself facing significant backlogs, offers few opportunities for food and beverage manufacturing workers.

In April 2022, the federal government announced changes to the TFW Program to provide short-term relief to labour force challenges. These changes, notably the temporary increase in the program CAP to 30% for food manufacturers, were welcomed by industry and have helped some companies increase access to much needed workers.

Despite this, challenges remain. Although Budget 2022 included an investment to increase capacity to process employer applications through the TFW Program, companies are still experiencing delays in processing their Labour Market Impact Assessment (LMIA)s. These delays mean that some companies are not always able to secure the workers they need in time.

RECOMMENDATION 2: The federal government improve access to foreign workers for food manufacturing by making permanent the 30% Temporary Foreign Worker Program CAP increase announced in 2022.

RECOMMENDATION 3: The federal government build on announcements made earlier this year to improve the Temporary Foreign Worker Program by simplifying the application process, increasing transparency for applicants, and identifying measures to address processing delays particularly for applications originating in Quebec.

RECOMMENDATION 4: The federal government speed up efforts to introduce a Trusted Employer Model within the Temporary Foreign Worker Program, as announced in Budget 2022.

RECOMMENDATION 5: The federal government establish programs to secure foreign workers for permanent and year-round jobs, including establishing pathways to permanent residency for Temporary Foreign Workers, and by ensuring immigration pathways for workers in critical sectors such as food and beverage manufacturing.

CRITICAL INFRASTRUCTURE AND SUPPLY CHAINS

The federal government has designated food and beverage manufacturing a Critical Infrastructure sector in its [National Strategy for Critical Infrastructure](#). Critical Infrastructure sectors are considered essential to the well-being of Canadians.

Despite the essential nature of Canada's food system, few measures are in place to insulate it from external pressures. Since the start of the pandemic, food and beverage manufacturers have experienced a series of destabilizing shocks including global supply chain pressures; ingredient shortages; increased input and manufacturing costs; weather and climate events; border closures and blockades; international geo-political incidents; and the threat of various labour stoppages. Today, over 90% of Canadian food companies are still experiencing supply chain issues.



In large measure, the challenge of maintaining Canada's food infrastructure and supply chains falls to industry itself. Complicating this is the lack of coordination across differing jurisdictions including federal, provincial, territorial, regional and municipal governments.

The report of the [National Supply Chain Task Force](#), released in October, 2022 notes the fragmented approach to managing Canada's transportation infrastructure, and highlights the need for Canada to build a supply chain system that is more agile, flexible, resilient, competitive and efficient. This includes a recommendation to establish a Supply Chain Office to unify the federal government's responsibility/authority over transportation supply chain management across federal departments. We believe this approach should be extended to Critical Infrastructure supply chains such as Canada's food system.

RECOMMENDATION 6: The federal government ensure a consistent and coordinated approach to support supply chain resilience for Canada's food system, including:

- Implementing the National Supply Chain Task Force recommendations.
- Investing in on-going monitoring and intelligence gathering related to global and Canadian food supply chains.
- Investing in measures to buffer Canada's food system from external shocks and support food supply chain resilience, starting with a critical assessment of key risk factors and vulnerabilities along the food supply chain.
- Establishing protocols for engaging stakeholders in the event of a serious national or regional food supply chain disruption.
- Working with sub-national governments to ensure a coherent approach to emergency management, including a single point communication system for industry.

In its 2018 report, the [Agri-food Economic Strategy Table](#) identified the importance of high quality and resilient transportation infrastructure to Canada's agri-food system. More recently the [National Supply Chain Task Force](#) has outlined specific measures to strengthen Canada's transportation infrastructure system, including addressing transportation labour issues.

Finally, infrastructure extends beyond supply chains. More and more, the lack of local and regional infrastructure - including affordable housing, public transportation, and childcare - is impacting the ability of companies to secure labour.

RECOMMENDATION 7: The federal government work with provinces, territories and municipalities to ensure a coordinated approach to affordable housing, public transportation and other infrastructure needed to support a local workforce.

COMPETITIVENESS

Grocery Code of Conduct

Retail fees and tensions in supply chain relationships continue to be one of the greatest challenges facing Canada's food and beverage manufacturers. While work on a Grocery Industry Code of Conduct commenced in 2021, there are concerns about the ability for the Code to protect the interests of small and medium sized manufacturers if it is not mandatory and enforceable.

RECOMMENDATION 8: The federal government closely monitor work to build a Grocery Industry Code of Conduct, ensuring transparency and inclusion in its development and ensuring the Code adequately protect Canada's food and beverage manufacturers. The federal government intervene if needed to ensure participation in the Code is mandatory for retailers and is effective in protecting the interests of Canada's food and beverage manufacturing sector.



RECOMMENDATION 9: The federal government implement the recommendations found in the Competition Bureau's Retail Grocery Market Study.

INNOVATION

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.

RECOMMENDATION 10: The federal government provide incentives for food and beverage manufacturing companies to invest in innovation and boost competitiveness through increased automation and digitization.

