

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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food processors association

RECOMMENDATIONS:

LABOUR

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

RECOMMENDATION 2: The federal government make permanent the 30% Temporary Foreign Worker Program cap increase announced in 2022, recognizing that this flexibility is essential for companies navigating the changing nature of their workforce needs.

RECOMMENDATION 3: The federal government build on efforts to improve the Temporary Foreign Worker Program by simplifying the application process, increasing transparency for applicants through publicly available consolidated information on processing times, identifying measures to address processing delays, and creating pathways to permanent residency for foreign workers in critical sectors such as food and beverage manufacturing

RECOMMENDATION 4: The federal government extend the Recognized Employer Pilot to allow companies to take advantage of it beyond one hiring cycle. This extension would provide ample time for assessment of the Pilot, ensuring the program's effectiveness.

CRITICAL INFRASTRUCTURE AND SUPPLY CHAINS

RECOMMENDATION 5: The federal government ensure a consistent and coordinated approach to support supply chain resilience for Canada's food system, including:

- Timely implementation of all the recommendations laid out by the National Supply Chain Task Force to strengthen Canada's transportation infrastructure system.
- 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.
- Collaborating with provinces and territories to establish a coherent emergency management approach, prioritizing communication for Critical Infrastructure sectors.
- Ensuring that the National Supply Chain Office is equipped and empowered to respond to disruptions to Canada's food supply chain.

RECOMMENDATION 6: The federal government collaborate with the food and beverage manufacturing sector to identify measures to mitigate the detrimental effects of labour disruptions on food supply, including exemptions for perishable products.

RECOMMENDATION 7: The federal government work with the food and beverage manufacturing sector to identify housing solutions for both domestic and foreign labour, providing support and partnering with industry to implement viable solutions.

COMPETITIVENESS:

RECOMMENDATION 8: The federal government introduce incentives for food and beverage manufacturing companies that specifically encourage investment in innovation. A customized program, tailored to the unique needs of companies, would not only foster broader adoption of innovative practices but also ensure the sector's preparedness for the challenges and opportunities of the future.



RECOMMENDATION 9: Environment and Climate Change Canada (ECCC) create a dedicated fund aimed at assisting Canadian companies in their transition towards adoption of more recyclable packaging materials. This fund should provide financial support and resources to encourage the development and implementation of sustainable packaging practices.

RECOMMENDATION 10: Before advancing the pollution prevention (P2) notice for primary food packaging, the federal government conduct an in-depth study of the current packaging materials available in the market, with a specific focus on the food sector. Additionally, extensive consultations with industry should be conducted to ensure that the packaging industry is adequately equipped to meet the increased demand for sustainable materials.

RECOMMENDATION 11: Before advancing the pollution prevention (P2) notice for primary food packaging, the federal government engage in meaningful consultations with federal, provincial, territorial and municipal counterparts. This collaborative effort aims to identify existing recycling standards and capabilities across jurisdictions, to avoid contradictions or inefficiencies.

INTRODUCTION

With nearly 8,000 food and beverage manufacturers dispersed across Canada, the majority being small and mid-sized enterprises (SMEs), this sector holds a pivotal role in our nation's economic landscape. As Canada's second-largest manufacturing sector and the largest manufacturing employer, food and beverage manufacturers are strategically positioned at the heart of our food supply network.

From coast to coast, food and beverage manufacturers transform raw farm products – such as wheat, canola, milk, and pork – into everyday essentials like bread, oil, yogurt, and bacon, and are the largest purchaser of primary agriculture products. This underscores the sector's significance in ensuring Canada's food sovereignty, supporting primary agriculture, and fortifying local food security.

Beyond its vital role in sustaining our food system, the food and beverage manufacturing sector is a key contributor to the Canadian economy and economic growth. Boasting a workforce of over 300,000 Canadians across more than 13,000 establishments, this sector generates an annual revenue approaching \$120B and exports \$40B worth of products each year.

However, recent years have presented unparalleled challenges. From critical labour shortages to disruptions in global supply chains, historic price inflation, climate emergencies, and transportation infrastructure interruptions, the sector has faced unprecedented pressures. Instead of focusing on recovery and growth, the industry often finds itself responding to the most recent crisis.

To secure the future of Canada's food system, it is imperative that we strengthen the foundational elements – such as labour, supply chains, and infrastructure – necessary to support and stabilize not only the food and beverage manufacturing sector, but also other interconnected industries. Simultaneously, collaborative initiatives must be fostered to propel the industry toward a more sustainable and resilient future. As we approach Budget 2024, it is crucial to address these challenges and invest in the long-term sustainability and competitiveness of the food and beverage manufacturing sector, safeguarding the nation's food security and economic prosperity.

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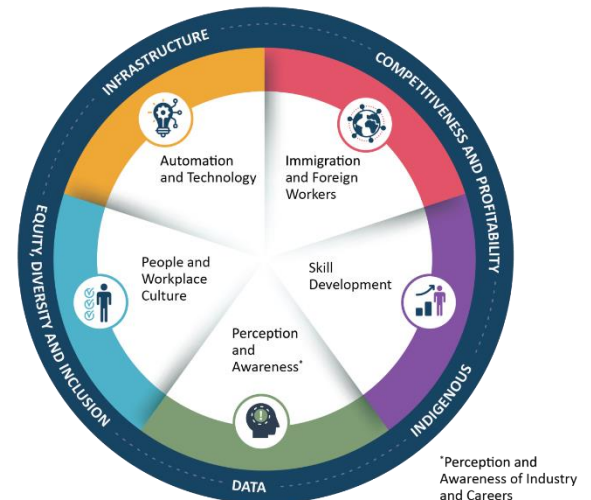
LABOUR

Without intervention, the persistent labour challenges within the food and beverage manufacturing sector are anticipated to escalate in the coming decade. According to Food Processing Skills Canada's (FPSC) Industry Growth and Outlook report, the sector is projected to face the need to recruit and retain more than 92,500 additional people between 2023 and 2030 – while the industry already faces approximately 50,000 job vacancies. By 2030, a staggering 142,000 new individuals will be required, representing nearly half of the current workforce. This calculation considers FPSC's projection that 22% of the existing workforce is expected to retire by 2030.

The chronic nature of labour shortages and the evident skills gaps pose a significant threat to Canada's ability to sustain current levels of food production. This jeopardizes food security and undermines the sector's prospective economic development and trade growth. Without decisive action in the short, medium, and long term, the industry will be hampered in achieving its full potential. Addressing these workforce challenges is not only crucial for the continued success of individual companies but is also vital for safeguarding the resilience and competitiveness of the entire sector in Canada.

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 gap, 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, Skills Development, and Automation and Technology.



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

Immigration and Foreign Workers

Foreign workers are and will continue to play a critical role in addressing the labour needs of the food and beverage manufacturing sector. As Canada's labour markets face contractions, these workers remain essential contributors to our economy, fostering not only the growth of the businesses that employ them but also making positive contributions to the communities they join.

The decision to allow the food and beverage manufacturing sector to hire up to 30% of their workforce through the Temporary Foreign Worker Program (TFWP), recently extended through the Workforce

Solutions Road Map, was a crucial step in ensuring stability for employers. This increased cap to 30% accommodates the cyclical nature of business for many companies, offering much-needed flexibility, especially for those anticipating changing workforce needs in the coming years due to changing demographics.

However, challenges persist in securing foreign workers for year-round and permanent positions which has led to continued reliance on the TFWP, despite it offering limited pathways for these workers to obtain permanent residency. Considering the evolving demographics in our industry, we strongly urge the federal government to shift focus towards recognizing the permanent nature of jobs in our sector, which requires exploring opportunities to welcome foreign workers in our workplaces and communities in a more lasting and meaningful manner.

The launch of the Recognized Employer Pilot this year has been an encouraging development. This initiative effectively recognizes companies with a longstanding history of program compliance and will hopefully improve efficiencies for applicants. While it is still early to evaluate the Pilot comprehensively, we believe that extending this initiative would enable companies to consider it for more than one hiring cycle, facilitating better long-term workforce planning.

RECOMMENDATION 2: The federal government make permanent the 30% Temporary Foreign Worker Program cap increase announced in 2022, recognizing that this flexibility is essential for companies navigating the changing nature of their workforce needs.

RECOMMENDATION 3: The federal government build on efforts to improve the Temporary Foreign Worker Program by simplifying the application process, increasing transparency for applicants through publicly available consolidated information on processing times, identifying measures to address processing delays, and creating pathways to permanent residency for foreign workers in critical sectors such as food and beverage manufacturing.

RECOMMENDATION 4: The federal government extend the Recognized Employer Pilot to allow companies to take advantage of it beyond one hiring cycle. This extension would provide ample time for assessment of the Pilot, ensuring the program's effectiveness.

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, acknowledging its vital role in ensuring the well-being of Canadians. Despite the essential nature of Canada's food system, it remains susceptible to external pressures, as evidenced by destabilizing shocks experienced by food and beverage manufacturers since the onset of the pandemic. These challenges include global supply chain disruptions, ingredient shortages, rising input and manufacturing costs, climate-related events, border closures, geopolitical incidents, and the threat of various labour stoppages.

We are pleased with the launch of the National Supply Chain Office, an outcome of the report of the National Supply Chain Task Force released in October 2022, and look forward to engaging with the Office further. At the same time, we urge the government to provide the Office with the resources necessary to support industry beyond its transportation related supply chain concerns.

RECOMMENDATION 5: The federal government ensure a consistent and coordinated approach to support supply chain resilience for Canada's food system, including:



- Timely implementation of all the recommendations laid out by the National Supply Chain Task Force to strengthen Canada’s transportation infrastructure system.
- 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.
- Collaborating with provinces and territories to establish a coherent emergency management approach, prioritizing communication for Critical Infrastructure sectors.
- Ensuring that the National Supply Chain Office is equipped and empowered to respond to disruptions to Canada’s food supply chain.

RECOMMENDATION 6: The federal government collaborate with the food and beverage manufacturing sector to identify measures to mitigate the detrimental effects of labour disruptions on food supply, including exemptions for perishable products.

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 attract and secure labour. While our sector supports thriving rural economies, the ability to do so is sometimes limited due to a lack of rural infrastructure. At the same time, many of our companies have identified the unique needs of the communities they operate in and have come up with creative solutions to housing shortages and inadequate transportation networks.

RECOMMENDATION 7: The federal government work with the food and beverage manufacturing sector to identify housing solutions for both domestic and foreign labour, providing support and partnering with industry to implement viable solutions.

COMPETITIVENESS

Innovation

Innovation is pivotal to ensuring the stability and growth of Canada’s food system, particularly within the food and beverage manufacturing sector. Adopting innovation could not only address immediate challenges like labour shortages but also fosters a culture of continuous improvement. Innovation extends beyond cutting-edge technology; for many companies, it includes the strategic acquisition of used equipment that can significantly enhance operational efficiency. However, barriers to innovation are multifaceted, ranging from structural challenges like a lack of rural infrastructure to capacity-based obstacles such as a shortage of skilled employees proficient in these types of skills.

As we navigate the path towards sustainability, innovation becomes integral to meeting climate initiative targets, such as the 2030 Emissions Reduction Plan, and enhancing the overall competitiveness of the sector. Automation and artificial intelligence, for example, present opportunities in reducing food waste, lowering energy and water consumption, and mitigating supply chain disruptions. Real-time data sharing across the supply chain, coupled with forecasting analytics, can optimize the matching of supply and demand, thereby reducing waste. Smart manufacturing processes further contribute by optimizing energy use and minimizing waste generation.

Unfortunately, there is currently a significant funding gap for the sector to align with the federal government’s environmental initiatives through investments in automation and technology. While the federal government has made efforts to help industries develop and adopt clean technologies in their journey to net-zero emissions, there is still more to be done. An approach which aligns with broader sustainability



goals, driving economic growth, creating new roles, enhancing skills, and meeting the demands of industry is required.

RECOMMENDATION 8: The federal government introduce incentives for food and beverage manufacturing companies that specifically encourage investment in innovation. A customized program, tailored to the unique needs of Canada's would not only foster broader adoption of innovative practices but also ensure the sector's preparedness for the challenges and opportunities of the future.

Sustainability

Canada's food and beverage manufacturers recognize the imperative of developing strategies to minimize plastic waste, and in being more sustainable in their operations. Many are actively participating in industry initiatives such as the Canada Plastics Pact or are independently working towards their own sustainability targets. While we share the government's commitment to reducing plastic waste, there are concerns about potential unintended consequences resulting from the current approach, and that existing climate initiatives may not sufficiently account for the unique challenges of the food supply chain.

These challenges include considerations related to food waste, food safety, product shelf life, transportation logistics, supply chain relationships, and the current realities of recycling industries across provinces, territories, and municipalities.

RECOMMENDATION 9: Environment and Climate Change Canada (ECCC) create a dedicated fund aimed at assisting Canadian companies-in their transition towards adoption of more recyclable packaging materials. This fund should provide financial support and resources to encourage the development and implementation of sustainable packaging practices.

RECOMMENDATION 10: Before advancing the pollution prevention (P2) notice for primary food packaging, the federal government conduct an in-depth study of the current packaging materials available in the market, with a specific focus on the food sector. Additionally, extensive consultations with industry should be conducted to ensure that the packaging industry is adequately equipped to meet the increased demand for sustainable materials.

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