

# Section 1

## Introduction

**Food Processing Skills Canada (FPSC)**, is pleased to present this report to the food and beverage processing industry, government decision makers and other stakeholders. This report stands as a resource for all. It details who the industry is, where it could go, and what's standing in its way. Producing this report in these challenging times has been a moving target. The world has changed and it's hard to know how history will look back on this time. A tectonic shift in every sector, and in everyday life, has occurred virtually simultaneously across the entire globe.

This report outlines what we observe to be the immediate economic and financial consequences of the COVID-19 global pandemic. However, according to our experts, the medium and longer-term impacts of COVID-19 on Canadian businesses cannot be fully estimated.





**7 in 10** employers facing recruitment and retention challenges.

**56,000** (The hiring requirement for the industry by 2025)

**1 in 5** people employed in the food and beverage processing industry.

**7,600** businesses located across the country.

“ 91% of food and beverage processing businesses employ less than 100 people. ”



**“ A pessimist sees difficulty in every opportunity, an optimist sees opportunity in every difficulty. ”**

— Winston Churchill

Canada's food and beverage processors are the link between farms and the sea and our tables. We transform Canada's agricultural and seafood commodities into a wide array of products for consumers or further processing. To put a finer point on it; almost every food or beverage product we consume is processed in some manner. This is a large, high value industry that touches every Canadian. It is also an industry at the crossroad to greatness.

This report is a call to action. The unprecedented upheaval brought on by the COVID-19 global pandemic will be remembered for a long time, of that there is no doubt. The question is will the food and beverage processing industry, and government decision makers, seize the opportunity this system-wide change presents. In the face of an uncertain future brought on by COVID-19, and pre-existing structural constraints on businesses, we must be optimists.

In 2017, there was an enthusiastic call from the Advisory Council on Economic Growth "to unleash the sector's full potential". The Agri-Food Table set even more ambitious growth targets calling for Canadian agricultural, agri-food and seafood exports to reach \$85 billion by 2025, a 32% increase from 2017 levels.

The recent international trade agreements - Comprehensive Economic and Trade Agreement, Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Canadian-United States-Mexico Agreement - present obvious opportunity outside our borders, although there is significant opportunities for growth in Canada's domestic market as well. The Advisory Council noted Canada processes only half of its own agricultural output. Domestic market growth should be made easier by The Canadian Free Trade Agreement which was put into place in the summer of 2017, and focuses on eliminating barriers that restrict the movements of goods and services within Canada. These trade mechanisms clear a path to capture greater shares of domestic and international markets.



**“ Canada will welcome more than 1.2 million newcomers between 2021 and 2023. ”**

If the sector is to achieve these ambitious targets, it would place Canada in an enviable position of truly “feeding the world”. The domestic and international strategic advantage of doing so is obvious. Abroad, we would strengthen our place in the world, develop trade relations and participate with our allies in lifting other nations out of food poverty. At home, we would strengthen and build the industry by creating wealth and jobs, and Canada would grow by welcoming more newcomers. In fact, the Government of Canada announced late last year, that to make up for the shortfall in 2020 due to Covid-19, the country would welcome more than 1.2 million newcomers between 2021 and 2023, in addition to more than 400,000 new permanent residents every year from 2021 to 2023.

Still many ask, “is there really that much opportunity?”. The answer is, “never more so than now”. The global demand for food is expected to rise by 70 % between 2009 and 2050, fueled by a growing population and an expanding middle class that will consume considerably more protein than is the case today. Many of these middle class consumers will want to know their food has been produced in a safe and environmentally sustainable way and will favour products from countries such as Canada where environmental, labour, and food safety and quality standards are globally-recognized.

# 11 Sub-Sectors

## Canadian Food & Beverage Manufacturing Sector

Labour market analysis shows that the Canadian food and beverage processing industry directly employs over 280,000 people and accounts for almost 1 in 5 of all manufacturing jobs. These jobs are with the industry's 7,600 businesses located across the country. It is important to note that there are an additional 4,000 or more, non-employer businesses that are defined as establishments with no employees or an indeterminate number of employees. These establishments do not maintain an employee payroll, but may have a workforce which consists of contracted workers, family members or business owners. They also include employers who have not had employees in the previous 12 months. The analysis shows that it isn't accurate to simply add both employment types together, which suggests closer to 12,000 businesses in the country, but it does provide an indicator of the type of businesses that comprise the industry.

Overall, the Canadian food and beverage processing industry is made up of 11 sub-sectors, with meat product processing being the largest. Ontario, Quebec, and BC are home to three-quarters of sector businesses. And, the sector is dominated by small and medium-sized businesses with 91% of businesses employing less than 100 people.

“**The Canadian food and beverage processing industry directly employs over 280,000 people.**”





As big as our sector is today, there is tremendous potential for it to become much bigger as the world's demand for food more than doubles by 2050 and consumers want new and innovative products.

## So, what's standing in our way?

We have well-defined consumer demand and modeling shows it is increasing. We also have sufficient trade agreements, both domestically and internationally, to scale-up the sector as called for by the Agri-Food Table.

What is really standing in our way is an astonishing lack of people. In fact, there aren't enough people working in the sector today to even maintain the status quo.

To ensure that Canada is at the forefront of this rapidly growing sector at home and abroad, the industry must recruit tens of thousands of new workers between now and 2025, as well as equip them with an increasingly diverse range of skills and knowledge.

Consider the magnitude of the figures in the following two scenarios we modelled:

1. "The baseline scenario" is where export growth is tied to a United Nations forecast of world population growth.
2. "The growth scenario" is an alternative scenario where the Agri-Food Table's \$85 billion export target is met by 2025.

The hiring requirement for the industry over the 2020-2025 period in the "the baseline scenario" is estimated at about 35,000 (or 12% of the industry's workforce in 2020).

In "the growth scenario" the total hiring requirement rises to 56,000 workers equivalent to 20% of the industry's 2020 workforce and an additional 21,000 workers over the baseline forecast.

If those figures aren't startling enough, this report illustrates that we're starting from a critical labour shortage deficit today, and its coming at a great cost.

A man wearing a dark cap and a light-colored work shirt is shown in profile, looking towards the right. The background is a bright, hazy sunset or sunrise over a field with trees, creating a warm, golden glow. The man's hand is slightly raised as if pointing towards the horizon.

**“ What is really standing in our way is an astonishing lack of people. In fact, there aren't enough people working in the sector today. ”**

# Impact of labour shortages

## Average Number of Vacancies (from survey)



## \$1.1K Average Daily Cost to Employer



**-\$3.1B**  
Average Yearly  
Loss of Revenue

Economic analysis estimates that a single unfilled position in the food and beverage processing industry could cost businesses as much as \$190 per day in lost net revenue. That may not seem like much, but when you aggregate it over the entire sector, losses from job vacancies could total up to an estimated \$8.5M in net revenue per day. If this is not addressed the \$8.5M per day becomes \$3.1B annually.

These figures underscore that this is not a human resource issue alone, it's actually the most critical business challenge for the industry. As this report reveals, labour availability is the top overall business challenge, ahead of coping with regulations, implementing technology and meeting customer preference.

7 in 10 employers report facing recruitment and retention challenges. Most of these employers describe the problem as persistent and on-going. The evidence also suggests that recruitment and retention problems have worsened over the past year.

How then can the industry "get its house in order" and address the most critical challenges employers face? Indeed, that is the purpose of this report. To outline the conditions that exist and deliver actionable recommendations for employers and governments.

This report shines a light on the challenges we face in recruiting, skills training and retaining qualified workers. It discusses the impact of integrating Industry 4.0 production processes and the effect it could have on reducing the hiring burden. We also explore the challenges we have to competitiveness in the industry.

We have included a detailed analysis of sector trends such as evolving consumer preferences, consolidating regulatory

frameworks, cannabis edibles and infused beverages, and climate change that employers and governments alike should appreciate. The report also explores perceptions of the industry and impact on preferences.

To give employers and other stakeholders a sense of the overall industry dynamic, this report profiles jobs, how individuals are paid, including comparisons with other manufacturing sectors, and unionization across the sectors.

We take a critical look inside food and beverage processor businesses – from business priorities to human resources. With labour constraints and the need for appropriately skilled people, this report also provides guidance to employers on data-driven best practices. Specifically, we look at human resource challenges, access to immigration programs, employer recruitment and retention strategies, methods of outreach and communications, and employee benefits and other incentives.

There is also a specific analysis of studies that assess five generations in the workplace and identify underrepresented groups in the industry who are most interested in employment. The analysis is rounded out with a comprehensive review on building a skills foundation to meet the needs of the sector.

This report calls on employers, industry associations, government, and educational and research institutions to be nimble and take heed of the valuable lessons we have learned so far in this global pandemic. The research also demonstrates that with a willingness to explore new opportunities and an enthusiasm to embrace change, we can successfully reach the next great chapter of our industry. An industry that feeds Canada and the world, and is at the crossroad to greatness.

## Objective of this Report

FPSC conducted this labour market information study to deliver detailed industry data highlighting tensions and opportunities, as well as actionable recommendations, to employers, government decision makers and other stakeholders. This report presents the findings of robust research drawing on numerous credible methodologies, including information on industry trends, labour trends, demographics, and key results from several surveys. Information is provided for the sector as a whole, as well as for the 11 sub-sectors that comprise it.

This report comes at a time when the sector is facing a combination of unprecedented opportunities, and also challenges. In addition, it is fair to say that the salience of this report has increased in light of the COVID-19 global pandemic.

## Organization of this Report

We designed this report to flow from the general to the specific, with the latter based on meaningful input of the many hundreds of industry employers and labour market participants.

The report begins with a profile of the Canadian food and beverage processing industry, including its contribution to the economy, sub-sectors, geographical distribution, opportunities for growth and barriers to growth. This is followed by an examination of key trends shaping the future of the sector, ranging from consumer preferences, climate change and the advent of Industry 4.0.

Then, we move to an analysis of major labour trends in the sector, including a projection of labour requirements to 2025 based on two different growth scenarios. Included here is a profile of the sector's labour force by key sociodemographic characteristics, such as age, gender, location, as well as a profile of major occupations.

The wide range of human resource issues faced by the sector are examined, as well as some of the key approaches that have been implemented by employers in response. Most of this information comes from three surveys, including one of employers and two of labour market participants. The third section assesses the impact that the COVID-19 pandemic has had on the industry. The end of the report is dedicated to conclusions and actionable recommendations.

Method	Objective	Approach
Review of Statistics Canada Reports	Profile the sector, sub-sectors, estimate current & potential future contribution to the economy, project growth in production and employment.	Examine the latest and most relevant Labour Market Statistics and Census data.
Review of other primary and secondary sources	Complement Statistics Canada data and to estimate potential labour demand and identify gaps. Identify key sector trends of most relevance to the labour market (e.g., Industry 4.0, cannabis edibles, climate change).	Examine the latest and most relevant government, private and NGO reports (e.g., OECD, Industry Canada, Agriculture and Agri-Food Canada, Advisory Council for Economic Growth, FPSC) Review findings from a survey of public perceptions of working in meat and fish and seafood processing. Review findings from a survey of public perceptions of working in meat and fish and seafood processing.
Identification of study programs relevant to the food processing industry	Profile the range of programs available and to help identify potential gaps (e.g., in light of employer needs).	Identification of approximately 500 programs and courses offered at Canadian post-secondary institutions, private career training organizations, industry associations, as well as secondary school vocational training in Quebec. Classification by province/territory and nine areas of study.
Survey of food and beverage processing companies	Identify labour market challenges and related issues (e.g., HR challenges, retention & recruitment strategies, impacts of COVID-19).	740 companies were surveyed using two methods: 269 respondents responded online between February and May 2020, and 471 respondents responded by telephone (an initial group in March 2020, followed by a second sample in April - May 2020). <sup>1</sup>
Survey of food and beverage processing companies	Examine generational perspectives in the workplace (e.g., career-related goals and aspirations, expectations of employers and the workplace, internal communications, learning and training).	1,500 people 16 years of age and older were surveyed online between March 27th and April 3rd, 2020. <sup>2</sup>

## Methodology

The information presented in this report was gathered from a wide variety of sources, including secondary and primary research. Each method was carefully selected to meet the study objectives. The methods complement each other so as to provide a 360-degree view of the industry across a range of key issues. Through the use of surveys and exhaustive reviews of labour market statistics and other data (e.g., relevant post-secondary education programs across Canada), the report goes into depth on several facets, including the industry's initial response to the COVID-19 pandemic.

Each source is described in the table on the left.