



National Seafood Sector Council

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EXECUTIVE SUMMARY

# OVERVIEW OF THE FOOD PROCESSING INDUSTRY



## **Overview of the Food Processing Industry**

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The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

Canada 

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# 1.0 INTRODUCTION

## 1.1 Diagnostic Objectives

The National Seafood Sector Council, with support from Human Resource Skills Development Canada, commissioned this *Overview of the Food Processing Industry* to provide the context for understanding the sectoral and occupational structure and human resource trends and challenges taking place within the various segments of the food processing industry. For over a decade, the National Seafood Sector Council has been instrumental in preparing and advancing the seafood industry's human resources to meet evolving competitive demands through the development and execution of numerous industry studies, as well as the development of course and training material.

**Specifically, the goals of the *Overview of the Food Processing Industry* were to:**

- Provide a broad profile of the food processing industry and occupations therein;
- Identify future trends, issues and challenges in the sector and how they affect processors;
- Provide a description of current and past relevant initiatives and programs for the food processing sector, especially with respect to human resource development; and
- Assess the feasibility of moving forward and provide recommendations for a collaborative structure/ approach for addressing human resource development within the food processing sector.

The research and analyses executed in this study offers a snapshot of the challenges and opportunities facing the food processing industry, specifically with respect to the industry's workforce. This study constitutes a preliminary phase of research and will indicate the need and feasibility of proceeding with subsequent phases.

## 1.2 Methodology

An extensive literature review was conducted including the analysis of industry data and related studies, a variety of industry stakeholders were consulted in order to assess the challenges of processors first hand. The interviewees were selected based on a balanced sample of small, medium and large food processors from diverse sectors across Canada. In order to provide a greater understanding of external issues, the first half of the interview was spent inquiring about issues such as domestic and global competition, consolidation of the retail and food service sectors, and specific measures taken to manage competition such as new product development and technology advancement.

The second part of the survey addressed specific labour and skill development issues. This included challenges such as obtaining and retaining staff of various skill levels, training and incentive programs, succession planning due to attrition, essential skills and immigration.

### 1.3 Information Sources - Review of Existing Data and Literature

To achieve the study objective, the diagnostic sought to acquire as much data, information and analyses as possible using research methodologies heavily reliant on existing data sources and studies. The federal government, proactive provinces, as well as the City of Toronto, have all created industry and sub-sector reports for positioning the food processing industry for future success. Many of these publications were consulted and contributed to the recommendations within this report.



# 2.0 SNAPSHOT OF THE FOOD PROCESSING INDUSTRY IN CANADA

## 2.1 Industry Structure and Food Processing Sectors

Canada's food processing industry is extremely diverse. The industry consists of more than **5,347** firms representing various sizes, structures and sub-sectors that produce over \$50 billion in annual sales.<sup>1</sup>

The parameters of analysis within the diagnostic are intended to provide a **general** overview of the industry and are segmented into the sub-industries as per Agriculture and Agri-Food Canada's classification system:

- Animal Food Production
- Grain and Oilseed
- Sugar and Confectionary
- Fruit and Vegetable
- Dairy
- Meat and Poultry
- Fish and Seafood
- Bakery
- Other

For the purpose of this diagnostic, *food processing* excludes the beverage sector.

**Table 2.1 – Selected Key Data by Food Processing Industry - 2001**

	Number of Firms (2001) <sup>2</sup>	Annual Sales Estimate	Number of Employees (2003) <sup>3</sup>
Animal food manufacturing	562	\$4 billion	10,900
Grain and oilseed milling	177	\$8 billion	7,900
Sugar and confectionary product manufacturing	189	\$3 billion	17,700
Fruit and vegetable preserving and specialty food manufacturing	372	\$3 billion	20,400
Dairy product manufacturing	434	\$11 billion	20,400
Meat product manufacturing	769	\$14.6 billion	70,500
Seafood product preparation and packaging	700	\$5 billion	25,800
Bakeries and tortilla manufacturing	1,779	\$2.9 billion	48,300
Other food manufacturing	563		43,700

<sup>1</sup> Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003

<sup>2</sup> Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003

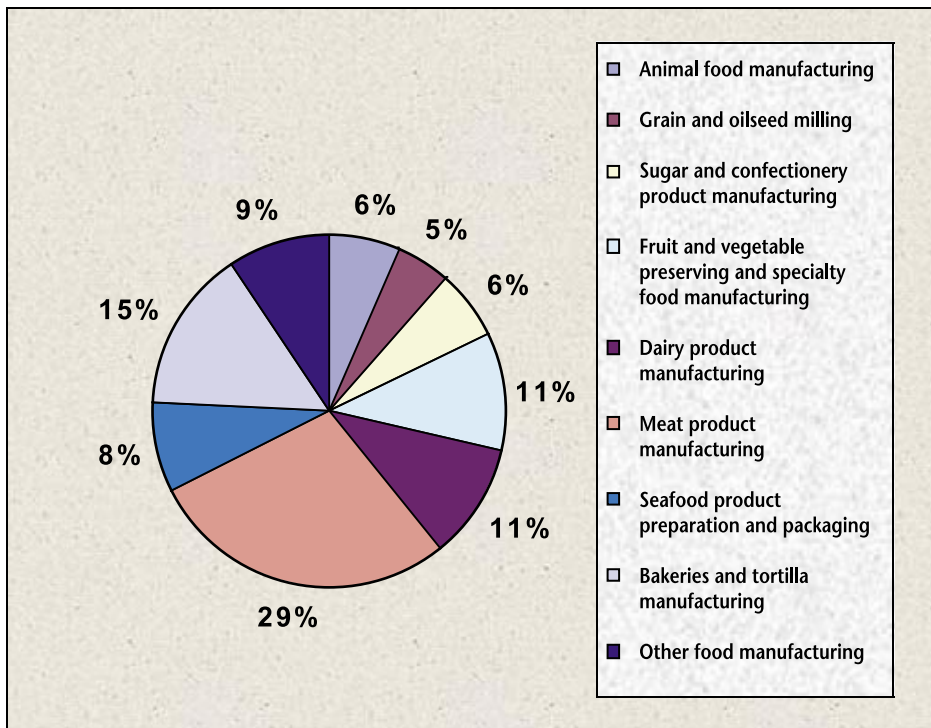
<sup>3</sup> Ontario Ministry of Agriculture, Food and Rural Affairs – Employed Labour Force by Industry Ontario and Canada, Annual Averages, 2003

## 2.2 Employment by Sector

The food processing industry in Canada is the country's third largest manufacturing industry, employing more than 265,600 people in 2003.<sup>4</sup> Total wages and salaries of the sector accounted for approximately \$6,984,333,000 in 2001.<sup>5</sup>

### Chart 2.2 – Percentage of Wages and Salaries in the Food Processing Industry

The chart below illustrates that meat and poultry processing is by far the largest portion of the food processing industry's wages and salaries budget. Bakeries and Tortilla Manufacturing has the second largest budget, while Grain and Oilseed Milling has the smallest budget among sub sectors.



<sup>4</sup> Ontario Ministry of Agriculture, Food and Rural Affairs – Employed Labour Force by Industry Ontario and Canada, Annual Averages 2003

<sup>5</sup> Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003

## 2.3 Regional Differences

Across Canada, in terms of the general labour force, there are wide ranging and complex issues that are very regional in nature. For example, Western Canada has issues with competition for wages from higher paying industries such as oil and construction. In Eastern Canada, the traditionally ample pool of employees knowledgeable in the seafood sector is aging, and younger employees are branching into other industries. This results in a need to increase access to general labour as well as to incorporate training strategies to deal with natural attrition. Ontario and British Columbia, on the other hand, are learning how to develop and train a new wave of immigrant workers.

The proceeding chart depicts the presence of food processing industries by region. It is important to consider regional needs in terms of industry competencies and challenges.

**Table 2.3 - Number of Establishments and Workers by Food Processing Industry (2001)<sup>6</sup>**

The following table illustrates the total workforce and that the majority of jobs in the food processing industry are in production, regardless of sub-sector.

Food processing industries	Establishments	Production Workers	Administration, Office and Other	Total Workforce
Animal food manufacturing	562	<b>10,252</b>	<b>2,954</b>	13,206
Grain and oilseed milling	177	<b>6,525</b>	<b>1,633</b>	8,158
Sugar and confectionery product manufacturing	189	<b>9,872</b>	<b>1,748</b>	11,620
Fruit and vegetable preserving and specialty food manufacturing	372	<b>20,849</b>	<b>3,737</b>	24,586
Dairy product manufacturing	434	<b>15,024</b>	<b>5,190</b>	20,214
Meat product manufacturing	769	<b>58,680</b>	<b>9,229</b>	67,909
Seafood product preparation and packaging	700	<b>31,743</b>	<b>3,096</b>	34,839
Bakeries and tortilla manufacturing	1,779	<b>30,972</b>	<b>5,108</b>	36,080
Other food manufacturing	563	<b>16,449</b>	<b>4,683</b>	21,132
All food manufacturing	5,545	<b>200,366</b>	<b>37,378</b>	237,744

<sup>6</sup> Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003



## Industry Reality #2

### **Cost Reduction and Improved Efficiencies**

- Consolidation has resulted in larger, multinational operations that have the ability to look to other markets for trends and opportunities that provide better margins; however Canadian, “land based” processors remain at the mercy of domestic prices and costs
- As the private label category becomes a larger percentage of the food processing industry, it is becoming increasingly difficult to keep production efficiencies competitive - industrial engineers and cost accountants will be vital to this process
- Shipping to Central Canada, the country’s largest population centre, is becoming increasingly costly as fuel prices continue to rise - transportation efficiencies in Atlantic and Western Canada will become necessary

## Industry Reality #3

### **Increased Technology and Automation**

- The number of technologies used by a plant is found to be highly correlated with expected gains in firm performance<sup>7</sup>
- Stringent controls and the use of technology have helped improve food processing production aspects such as shelf life; however this technology needs to be applied with precision
- Firms that lack adequate training strategies are at a disadvantage and tend to adopt fewer advanced technologies<sup>8</sup>
- Larger food processors tend to utilize technology more so than small and medium sized enterprises:

**Table 2.5 – Use of At Least One Advanced Technology by Firm Size<sup>9</sup>**

Advanced Technology Use	Plant Size			All
	Small	Medium	Large	
<b>Overall</b> – percentage of establishments	<b>86</b>	<b>91</b>	<b>97</b>	<b>88</b>
Functional technology				
• Processing	58	61	88	62
• Process Control	47	74	86	56
• Quality Control	37	57	72	44
• Communications	54	78	91	62
• Pre-processing	30	47	61	36
• Packaging	43	66	82	51
• Design and Engineering	11	30	66	20

<sup>7</sup> John R. Baldwin and David Sabourin. *Enhancing Food Safety and Productivity: Technology Use in the Canadian Food Processing Industry*, Statistics Canada. May 2002

<sup>8</sup> Ibid

<sup>9</sup> Ibid

#### **Industry Reality #4**

##### ***Product Development***

- Changes in consumer preferences and demographics have put pressure on food processors to create products and categories through new product development
- Industry statistics identify that 95% of new products fail; therefore, a considerable amount of development is needed for a very small percentage of products that will actually be launched
- Many industry stakeholders identified a lack of qualified research and development personnel (in fact, there was a decrease in R&D personnel from 1998 to 2000):

**Table 2.6 - Persons Engaged in Research and Development, Canada (1998-2000)<sup>10</sup>**

<b>Sector</b>	<b>Year</b>		
	<b>1998</b>	<b>1999</b>	<b>2000</b>
Food Industry	800	832	770
Manufacturing	45,289	45,706	55,901
All Industries	76,493	80,506	92,281

#### **Industry Reality #5**

##### ***Regulatory Change and Quality Assurance***

- Quality assurance, food safety programs, and new environmental legislation has become the norm across the food processing industry
- The new realities of HACCP-based processing requires consideration with respect to product flow and efficiency - in the past, food processing plants and production lines would move in relation to cost efficiencies but now food safety and HACCP must be a priority
- New product categories such as natural foods, organics and nutraceuticals/functional foods have created an entirely new arena of regulations that possess challenges for processors

#### **Industry Reality #6**

##### ***Globalization***

- The introductions of the World Trade Organization (WTO), the Canada-United States Trade Agreement (CUSTA), and the North American Free Trade Agreement (NAFTA) have increased export opportunities for Canadian food processors
- An increase in global markets means increased competition, requiring a commitment to technology, research and development, cost reduction, and efficiency
- Stakeholder feedback indicated that government's role must assist in making international trade more efficient
- The rising Canadian dollar is problematic for Canadian exporters

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<sup>10</sup> Statistics Canada, Industrial Research and Development: 1999, 2000, 2001, 2002 Intentions, Catalogue No. 88-202-XIB

## Industry Reality #7

### Consumer Trends

- There are several growth opportunities available to food processors in new and emerging categories:

**Table 2.7 – Consumer Trends and High Growth Food Categories**

Trends	Category Opportunities
<ul style="list-style-type: none"><li>• Health</li><li>• Convenience</li><li>• Organic and Natural</li><li>• Speed Scratch</li><li>• Ingredient</li><li>• Microwave</li><li>• Frozen</li><li>• Fresh/Traditional</li><li>• Functional Foods and Nutraceuticals</li><li>• Ethnic</li></ul>	<ul style="list-style-type: none"><li>• Bakery</li><li>• Dairy</li><li>• Fresh – Deli</li><li>• Ready to Serve (R.T.S.)</li><li>• Grocery</li><li>• Confectionary</li><li>• Condiments and Sauces</li><li>• Entrée</li></ul>

- It is important to distinguish between a market trend and a real opportunity – this will depend on available resources, expertise and distribution capabilities
- Skilled product development is required in order to compete with consumer trends that demand more sophisticated reformulation and product innovation

## Industry Reality #8

### Occupational Profiles

- Nearly half of all workers in the food processing industry are in occupations that are common to all manufacturing<sup>11</sup>
- As the food processing industry becomes an increasingly complex environment, managing the industry's workforce becomes more of a challenge
- The recent increase in industry technology has created a need for higher skilled labour, particularly in skilled trades such as electricians, mechanics, machinists and more technically oriented supervisory level employees
- The challenge to secure skilled trades is attributed to higher salaries commanded by the skilled trades and their ability to find work in other industries, some with more favourable working conditions

<sup>11</sup> Workforce Ahead Summary - A Labour Study of Ontario's Food Processing Industry

# 3.0 HUMAN RESOURCE NEEDS AND CHALLENGES

## 3.1 Essential Skills

***“Workers were labourers, now they are semi-skilled technicians”***

*- The Essential Skills Needs Assessment for Alberta's Food Processing Industry*

A new set of essential skills is on the horizon for the food processing industry. As technology becomes more sophisticated, the need for workers with an educational/technical knowledgebase is anticipated to increase. According to the Labour Study of Ontario's Food Processing Industry, the industry's workforce is generally less-educated than the general labour force. In fact, according to the same source, nearly 27% of domestically-born workers and 36% of immigrant workers have less than a high school education.

An increasingly diverse workforce often means that English as a Second Language (ESL) is an issue affecting the essential skill level of an organization. ESL workers require training documentation and other communication material is available in other languages, or written in simple English. It can be challenging for food processors to develop integrated training resources suitable for workers with ESL. As well, there is a need for communication training in order to ensure workers' understanding of important aspects of the job, such as food safety training.

## 3.2 Role of Immigration

It is necessary to understand the role of immigration in the food processing industry as, the industry's labour pool is increasingly sourced by new Canadians. In fact, in some regions and sectors, immigrants account for nearly 100% of new hires<sup>12</sup>.

Research shows that there is a strong correlation between below-average pay and benefits in the food processing sector relative to other manufacturing sectors with a high dependence on immigrant workers. The baking, sugar and confectionary, meat, seafood and the other food sector have the largest percentage of immigrants in their workforces.

Supervisors, managers and floor workers may come from different cultures. The new multi-cultural environment of the industry has many considerations requiring the need to expose management to managing diversity and cross-cultural communication. This requires exploring and understanding other related norms that were not issues 20 years ago such as sanitation and hygiene practices which vary among cultures.

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<sup>12</sup> Workforce Ahead Summary - A Labour Study of Ontario's Food Processing Industry

**Table 2.8 - Immigrants in the Labour Force, 2001<sup>13</sup>**

The table below compares the percent of immigration into the Canadian workforce by province and selected Metropolitan areas. Ontario and British Columbia have the highest percentage of immigrants in the workforce.

	Total labour force	All immigrants		Immigrants who arrived 1991-2000	
	Number	Number	%	Number	%
Canada	15,872,070	3,150,765	19.9	977,555	6.2
<b>Provinces and Territories</b>					
Newfoundland and Labrador	241,500	4,590	1.9	945	0.4
Prince Edward Island	73,635	2,235	3.0	350	0.5
Nova Scotia	451,375	22,010	4.9	4,770	1.1
New Brunswick	371,805	12,785	3.4	2,160	0.6
Quebec	3,742,485	393,570	10.5	124,935	3.3
Ontario	6,086,820	1,772,505	29.1	557,935	9.2
Manitoba	585,425	79,885	13.6	18,010	3.1
Saskatchewan	512,240	25,585	5.0	6,170	1.2
Alberta	1,696,760	274,685	16.2	74,815	4.4
British Columbia	2,059,945	558,415	27.1	186,360	9.0
Yukon	17,945	2,230	12.4	490	2.7
Northwest Territories	20,785	1,870	9.0	530	2.5
Nunavut	11,355	390	3.4	80	0.7
<b>Selected Metropolitan Areas in Canada</b>					
Toronto	2,564,590	1,235,885	48.2	439,360	17.1
Montréal	1,814,170	348,205	19.2	111,985	6.2
Vancouver	1,073,010	417,505	38.9	160,050	14.9
Calgary	568,465	127,305	22.4	39,715	7.0
Ottawa-Hull	594,945	111,085	18.7	36,555	6.1

### 3.3 Promotion of the Industry

There is currently limited industry marketing and promotion of the food processing industry with respect to specific job opportunities. Most employees enter by default, and few actually plan careers within the sector.

Few job fairs, courses or educational institutions, highlight food technology or food research and development. The education system has not caught up to the times according to many industry stakeholders. Increased advertising and other promotional materials (i.e. brochures, posters, and websites) need to be created to fuel interest in the sector.

An immediate need exists to enhance the food processing industry's image and promote specific jobs which are in critical shortage. This should be executed on a provincial, if not national level.

<sup>13</sup> Statistics Canada – Immigrants in the Labour Force, 2001

### 3.4 Working Conditions

Many sectors within the food processing industry present less than ideal working conditions. Extreme temperatures such as those in bakeries, as well as cold damp environments of meat and poultry processing plants, often deter more experienced and skilled employees.

Due to the need for processing facilities to maximize capacity, split shifts and weekend work are often required to allow for maximum production efficiency. Shift work and monotonous line work, combined with a less than attractive work environment contributes to employee turnover.

### 3.5 Retention

Retaining a qualified workforce is a challenge in any industry. The food processing industry is often referred to as a “stepping stone” to other jobs in better paying sectors. It is imperative that retention become a key mandate of food processing industries.

Employers tend to invest in training that is company and job specific, with little investment in transferable skills. Transferable skills are those skills that can be utilized in a variety of roles and companies. These skills are desirable by employees as it provides them with greater flexibility and increased marketability. Employers are sometimes leery to invest in transferable skills as employees may be trained to a general skill set and then leave to join another firm where the same skill set applies.

Many small and medium sized processors are trying hard to remain competitive and lack the time to train their staff, “We’re so small and hands-on that we’re understaffed. With so much to do and being in a growth mode, we can’t afford to do much training other than on-the-job.”<sup>14</sup> Most processors are too preoccupied with immediate issues to prepare strategic plans for human resource development. This lack of planning and training often results in retention challenges in the industry.

### 3.6 Attrition

Attrition is a general decline in the workforce due to retirement or resignation. Worker age is an important part of attrition, as it generally provides an accurate prediction of when new workers will be needed to fill vacated positions. The average age of workers in the food processing industry is only slightly higher than that of the general labour force and most industries will be impacted by the massive exit of “Baby Boomer” workers.<sup>15</sup>

Slow population growth has made the population of those 55 and over an important potential source of labour. During the past 10 years, Canadians aged 45-64 have increased almost 35.8% to nearly 7.3 million<sup>16</sup>. Many “key” plant positions are filled by experienced, typically older employees that have gained the expertise to solve line and equipment issues. These roles are vital to plant efficiencies and would likely require very practical training.

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<sup>14</sup> *Adding Skills Adding Value – The Essential Skills Needs Assessment for Alberta’s Food Processing Industry.* Alberta Food Processors Association, March 2000

<sup>15</sup> *Workforce Ahead Summary - A Labour Study of Ontario’s Food Processing Industry*

### 3.7 Turnover

Most hiring in the food processing industry is a direct result of employee turnover, not growth.<sup>17</sup> Turnover is an ordinary event in the workplace, however it becomes a problem when it is especially high and causes hiring and training costs to increase.

Turnover rates in the food processing sector differ based on the size and sector of a firm. Although there are exceptions to all industries, small firms (50 employees or less) have a turnover rate of approximately 6.5%, medium (51-200 employees) 17.5%, and large (200+ employees) 4.5%. Some multinational firms have turnover rates as low as 1-2%, and some small and medium firms have rates as high as 20–30%.<sup>18</sup> With regards to sectors, meat and poultry processing tends to have the highest rates of turnover in the industry.

Companies with higher rates of turnover generally offer non-competitive wage rates, unfulfilling social and cultural environments, limited feelings of job security, and no training or employee track programs. High turnover firms tend to hire a large number of New Canadians and possess few long-term employees (5 years or more tenure).

### 3.8 Wage Rates

The food processing industry's wage rates generally lag behind the rest of the industrial economy. In 2003, workers in the food processing sub sector were paid **\$30,869 on average**. This compares to the **average of \$43,186** for the manufacturing sector as a whole. The annual wages of food processing sub-sectors are listed in the following table:

**Table 2.9 - Annual Average Salaries by Canadian Food Processing Industries (2003)<sup>19</sup>**

Food Processing Industries	Annual Average Salary
Animal Food Manufacturing	\$29,133
Grain and Oilseed Milling	\$42,577
Sugar and Confectionary	\$33,702
Fruit and Vegetable Processing	\$26,995
Dairy Product Manufacturing	\$34,813
Meat Product Manufacturing	\$27,316
Seafood Product Preparation and Packaging	\$14,619
Bakeries and Tortilla Manufacturing	\$26,781
Other Food Manufacturing	\$25,852

Not only are the wages uncompetitive, they have also been declining since 1997.<sup>20</sup> Small companies unable to retain workers and offer competitive wages have adopted a strategy of hiring cheap unskilled labour. They often do not plan for training to offset constant recruitment, training, and hiring costs due to frequent turnover.

<sup>16</sup> Statistics Canada, Catalogue No. 75-001-XIE

<sup>17</sup> *Toronto Labour Force Readiness Plan – The Food Processing Industry in the Toronto Region*

<sup>18</sup> Ibid

<sup>19</sup> Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003

### 3.9 Unionization

UFCW and the CAW present two significant union forces in the food processing industry. Among stakeholders interviewed, most had positive experiences with their unions and mentioned that unions provide an excellent forum for training and skill development. Some important facts with respect to unionized environments are provided below:

- On average, wages are higher for unionized men and women. In fact, the overall wage difference between unionized and non-unionized male workers is about \$1.75 an hour
- For unionized women, wages are generally much higher than non-unionized female workers - approximately \$4.25 more per hour than non-unionized women
- With respect to gender-based wage gap, unionized women on average earn 89 cents for every dollar a male earns, while non-unionized women earn only 75 cents for every dollar a man makes<sup>21</sup>
- Union density rates are highest in the provinces of Newfoundland and Labrador and Quebec

### 3.10 Seasonality

Seasonal industries are drastically affected by human resource issues. Seasonal sectors offering temporary work tend to offer the lowest wages and most seasonal employees see their employment as temporary.<sup>22</sup> Many firms in food processing are forced to turn to employment agencies in order to replace workers on a weekly or even daily basis. Temporary replacement workers often have negative implications on production efficiencies due to learning curve lag times.

Due to the low wage rates typically offered by seasonal employment as well as fluctuating work times, it is difficult to source skilled labour. Furthermore, the high rates of turnover often characterizing seasonal employment make investment in training risky. It is often unlikely that the majority of workers will be returning the following season. If so, their training may not have been retained for use during the following season.



<sup>20</sup> Toronto Labour Force Readiness Plan – The Food Processing Industry in the Toronto Region

<sup>21</sup> Statistics Canada. Average Hourly Wages of Employees by Selected Characteristics and Profession, Unadjusted Data by Provinces, August 2005

<sup>22</sup> Toronto Labour Force Readiness Plan – The Food Processing Industry in the Toronto Region

# 4.0 EXISTING RESOURCES

There are several existing training resources available to Canadian food processors:

## 4.1 Training Programs

Province	Training Programs	Program Details
<b>Alberta</b>	Olds College	Offers a <b>19-week certificate program in meat processing</b>
	Leduc Food Processing Development Centre	<b>Product and process training and development</b>
<b>British Columbia</b>	British Columbia Institute of Technology (BCIT)	<b>Fish Harvesting and Processing Technology</b> certificate program
	Cariboo College, University College of the Cariboo (UCC)	Offers a <b>Retail Meat Processing and Manufacturing Certificate</b>
<b>New Brunswick</b>	Collège Communautaire du Nouveau-Brunswick	Comprehensive list of short term processing related courses
<b>Newfoundland and Labrador</b>	Marine Institute	<b>In-plant training</b> as well as fish and food processing courses
	College of North Atlantic	<b>Training</b> for individuals within the <b>fish and seafood processing sector</b>
<b>Nova Scotia</b>	Dalhousie University	Offers a <b>short course in Seafood Technology</b> intended for <b>managers, supervisors and trainees</b>
<b>Ontario</b>	Guelph Food Technology Centre (GFTC)	A diverse range of courses including: a <b>three-day certificate course in Meat Processing</b> , seminars in <b>food safety</b> , <b>“Train the Trainer”</b> courses as well as <b>product development assistance</b>
<b>Quebec</b>	Commission Scholaire de: La Capitale ; La Pointe de l’Île and Laurentides	All of these institutions offer <b>training courses relevant to the bakery sector</b>
	<b>Lester B. Pearson SB Centre de formation FG/FP Pearson</b>	<b>Retail Butchery, Pastry Making</b>
	<b>Institut de Technologie Agroalimentaire (ITA)</b>	<b>Food Processing Technologist</b>
	Centre Spécialisé des Pêches de Grande Rivière	<b>Seafood Processing and Preparation</b>
<b>Saskatchewan</b>	The Saskatchewan Institute of Applied Science and Technology	A number of certificates including <b>seafood merchandising, beef, pork, poultry, and lamb processing, sanitation, workplace communication, and value-added meat production</b>
		The institute also offers a <b>short workshop in food safety</b> (designed for small food processors)

<b>National</b>	Hermann Laue Spice Company Inc.	Training courses in <b>meat technology, food ingredients, food chemistry and microbiology of spices</b>
	Rector Foods Ltd.	Training seminars including <b>food safety, HACCP, ISO, market trends and ingredient usage</b>
	The Baking Association of Canada	Correspondence course for students to gain a certificate as a <b>Certified Bakery Specialist (CBS)</b>
	Packaging Association of Canada	Offers a <b>14-day certificate</b> course for <b>packaging professionals</b>

## 4.2 Skills, Learning and Training Programs

There are a variety of funds available to promote skills learning and training in the food processing industry. Some funds require that processors “match” contributions, while others are completely compensated for.

Interviewed stakeholders cited that they are generally unaware of available funding and how, or if, they qualify. In addition, the application process was defined as being complicated and intimidating.

<b>PROVINCE</b>	<b>Skills, Learning and Training Programs</b>
<b>Alberta</b>	<ul style="list-style-type: none"> <li>❖ Alberta’s Food Processing Association (AFPA) <ul style="list-style-type: none"> <li>– Skills Development Initiative</li> </ul> </li> <li>❖ Agricultural Processing Industry Employment Program <ul style="list-style-type: none"> <li>– funded by Agriculture, Food and Rural Development</li> </ul> </li> </ul>
<b>British Columbia</b>	<ul style="list-style-type: none"> <li>❖ Investment Agriculture Foundation of British Columbia</li> </ul>
<b>Manitoba</b>	<ul style="list-style-type: none"> <li>❖ Training Sponsorship Fund <ul style="list-style-type: none"> <li>– Manitoba Food Processors Association (MFPA)</li> </ul> </li> </ul>
<b>Ontario</b>	<ul style="list-style-type: none"> <li>❖ Ontario Ministry of Agriculture and Food</li> <li>❖ Materials and Manufacturing Ontario (MMO) and is funded by the Ontario Centre of Excellence</li> </ul>
<b>Prince Edward Island</b>	<ul style="list-style-type: none"> <li>❖ P.E.I. Food Products Development Fund</li> </ul>
<b>Saskatchewan</b>	<ul style="list-style-type: none"> <li>❖ Saskatchewan Government</li> <li>❖ Saskatchewan Food Development Centre</li> </ul>
<b>National</b>	<ul style="list-style-type: none"> <li>❖ CanAdapt Small Projects Initiative (SPI)</li> <li>❖ Human Resources and Skills Development Canada (HRSDC)</li> <li>❖ The Canadian Food Inspection Agency</li> <li>❖ CanAdvance Program (former C.A.R.D.S) funded by Agriculture and Agri-Food Canada’s Advancing Canadian Agriculture and Agri-Food (ACAAF) program</li> <li>❖ The Innovation Support Fund and the Direct Access Fund</li> </ul>

# 5.0 RECOMMENDATIONS AND ACTION PLAN

## Overview

Generally, the industry needs identified by interviewed stakeholders could be grouped into three areas of focus: *Communication, Market Knowledge and Employee Training and Skills Development*. Each of the options presented tries to incorporate areas from each of the following ‘pillars’:

<b>Pillar #1</b> Communication	<b>Pillar #2</b> Market Knowledge	<b>Pillar #3</b> Employee Training and Skill Development
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### **Pillar #1 - Communication**

- *Communication* and information sharing is a critical component of advancing the food processing industry
- The ability to share, exchange ideas, and offer suggestions could be invaluable to keeping all players up-to-date in a constantly changing environment

### **Pillar #2 – Market Knowledge**

- *Market Knowledge* is necessary to effectively compete in both the domestic and global markets
- Information on new products, consumer and customer trends, as well as the needs of retailers and commercial food operators is necessary to gaining and maintaining market share

### **Pillar #3 – Employee Training and Skills Development**

- *Employee Training and Skills Development* is essential to meeting the evolving and increasingly sophisticated demands of the food processing industry
- Common standards for key positions would be helpful to implementing training initiatives among diverse sectors
- Improving the knowledgebase throughout the industry as well as harmonizing the roles and requirements of various positions would provide employers with a greater pool of qualified workers from which to source

Advancing the industry’s competitiveness depends greatly on meeting and further defining the needs in each of these key areas. The three proceeding options are diverse and require varying levels of resource commitment and organization.

## 5.1 Option #1 – National Food Processing Sector Council

***Develop one collaborative entity, the National Food Processing Sector Council, to address the following needs:***

- Conduct a series of workshops, open forums, and other research efforts including food processors in differing regions across Canada to gain a more thorough understanding of the needs for human resources and skills development
- Discuss related market information which may help companies expand and grow their businesses. This forum could be executed by an umbrella organization that would include representatives from business, labour and government
- Identify harmonized training standards - this would also help the industry make hiring processes more efficient
- Improve communication of regulatory issues facing the industry through one information body in order to smooth implementation
- A National Food Processing Sector Council was generally well received among the food processors surveyed. They did, however, question how this type of structure served them in terms of current associations such as provincial food processor associations that represent regional interests
- The proposed National Food Processing Sector Council would be compensated for under the Human Resource and Skill Development's Sector Council program

## 5.2 Option #2 – Skills Development Centre

***Implement a Skills Development Centre to offer business support in implementing customized recruitment and training strategies linked to specific, long-term business goals***

- There is a general lack of urgency regarding skill and labour development; however there are companies that are struggling with even very basic human resource issues
- This would ensure that a “canned” approach to training was not pursued, despite commonalities among industry players
- The ability to access a forum to target very specific training and recruitment needs would be beneficial and could evolve into a strategic human resource development program as the company evolves
- Specific assistance on items such as transferable skill development, job training and job rotation, and career planning
- The Skills Development Centre would be paid for by industry membership, or on a “pay-per-use” basis

## 5.3 Option #3 – Annual Industry Conference

***Initiate an Annual Industry Conference to provide a forum for food processing industry stakeholder to discuss and share challenges and opportunities with respect to non-competing issues***

- An annual industry conference geared towards the most pressing challenges and opportunities facing the industry could provide assistance to the greatest number of processors within a relatively short time period
- A conference could be used as a tool to raise awareness regarding industry trends, regulatory and legislative directives, challenges and solutions for human resource issues, as well as information on ways to improve the competitiveness of the industry

- Could be used as a means to bring government, training and academic facilities, industry food processors, and unions together to collaborate on industry needs and realities
- Government would be necessary in providing the initial capital required to organize and implement the event, with attendees paying an admittance fee

## 5.4 Implementation Approach - Recommended Option

### *Option #1 - National Food Processing Sector Council*

#### Background

- Industry has communicated that one voice would be instrumental in receiving necessary human resource and skill development assistance as well as streamlining the funding and other support from diverse organizations
- There is a need for one umbrella organization to take on the coordinating role of managing the needs of the industry
- Government involvement was cited as very important as assistance and information transfer is vital to such an important economic force
- Should include involvement from a variety of stakeholders including government, industry, academic and training institutions and unions

## Implementation Approach – National Food Processing Sector Council

#### Industry – Management and Unions

- Identifying the labour and skill development needs will require food processors to collaborate in regards to major issues. Working with internal labour groups as well as industry and human resource experts will help complete and enrich the proposed outcomes and reduce implementation challenges. This information can form the basis for developing occupational standards based on industry needs
  - Develop recommendations and strategies that will assist food processors in labour and skill development issues, both current and long term
  - Management and labourers must work together to assess their strengths and weaknesses regarding human resources – both for general competencies as well as specific skill development
  - Management to provide a vision for company strategic growth to help identify gaps in human resources
  - Collaborate with academic and training institutions to identify areas that need to be developed more fully or included in order to produce potential employees with useful skill sets
  - Communicate with government regarding regulatory issues that impact human resource and skills development and work to develop solutions that are mutually beneficial
  - Develop training and skills development programs that allows for employee input and is flexible in structure to adapt to various learning styles, academic levels, and languages
  - Participate in forums with other food processing industry representatives to discuss non-competitive human resource issues in order to generate human resource solutions
  - Support the development of a communication system that promotes information transfer among industry stakeholders

### **Government**

- Liaise with government to determine the level of support for a National Food Processing Sector Council that will focus on human resource development
  - Provide support to the food processing industry by collaborating with businesses to build a sustainable infrastructure
  - Address gaps in current academic and training centre programs, including apprenticeship programs, and develop them to ensure they meet the needs of the current and future direction of the industry
  - Review the impact of regulations and work collaboratively with industry to increase understanding of existing regulatory procedures
  - Review regulatory issues affecting the competitiveness of the food industry, including export, food safety, and immigration
  - Participate in collaborative discussions with industry, academic and training centres, industry experts and labourers
  - Explore the cost benefit of wage subsidies tied to production efficiencies

### **Academic and Training Facilities**

- Collaborate with academic and training facilities as well as food processor associations in order to gain a better perspective of training requirements
  - Review and examine training programs that they have developed and use this as a building block or base for fulfilling industry needs
  - Participate in meetings with industry to identify training needs
  - Communicate within the training sector regarding possible solutions that may be adapted to the food processing industry
  - Prepare recommendations that can be discussed with industry and government to develop a sustainable infrastructure for the food processing sector
  - Define areas that require additional resource support and be progressive in updating and adapting to the needs of the industry

## **5.5 Moving Forward...**

This diagnostic was prepared in order to provide an overview of some of the challenges facing the Canadian food processing industry. The current industry climate is being drastically transformed by a variety of external factors including globalization, consolidation, new quality assurance standards and food safety regulations, as well as product development and technology advancements.

All of these dynamic external forces are placing increased demands on the industry's workforce. Additionally, an aging workforce, an influx of immigrant workers, and less than ideal working conditions make it continuously difficult to meet skilled labour requirements in the industry. The sector is in need of strategic direction for managing and preparing human resources in order to compete in an increasingly global economy.

Although this diagnostic is broad in nature, it is apparent that change in the industry is imminent. The tools needed to execute a proactive plan are outlined within the full report and include coordination among various food processors, the federal government, training and academic institutions as well as unions. Further research and analysis will assist in building upon the recommendations in this first phase of study and will, hopefully, begin to position the industry for success in the future.