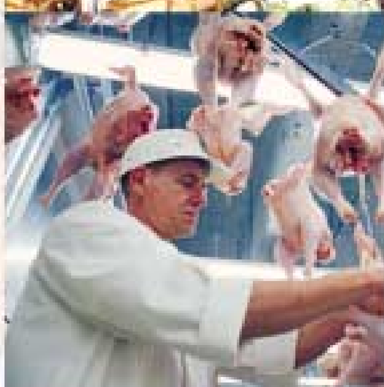
WORKFORCE AHEAD

Summary



A Labour Study Of Ontario's Food Processing Industry

Alliance of Ontario Food Processors

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- Ontario Ministry of Agriculture and Food
- Ontario Dairy Council
- Ontario Food Processors Association
- Ontario Independent Meat Processors

Dear Colleague,

Ontario's food processing industry is a vital part of the Province's economy. It is the second largest manufacturing sector in Ontario, after transportation, in terms of the value of shipments. Ontario's food processing industry collectively employs nearly 100,000 workers.

Labour issues have been identified as a critical and ongoing concern for the food processing industry. In order to better understand the current state of affairs and outlook for Ontario's food processing workforce, the Alliance of Ontario Food Processors, with support from the Ontario Ministry of Agriculture and Food and Human Resources and Skills Development Canada, commissioned a comprehensive labour study. That landmark study has now been completed. This document is a summary version of the full report. It is intended to cover the highlights without reproducing all of the data that corroborate the findings.

The results of this project will be important for developing strategies to best address the labour-related needs of Ontario's food processing industry now, and into the future. The information gathered through this study will foster new and more effective ideas to improve the industry's access to, and support of, its human resources. It will assist efforts to work more effectively with government, and allow individual companies to benchmark their own human resource practices against industry norms and assess their needs in relation to future labour demand and supply forecasts. It can also serve to engage a three-way partnership among the industry (including both management and unions), government and educational institutions aimed at finding and implementing new and more effective long-term solutions.

There are many people to thank in undertaking a project of this magnitude - the Ontario Ministry of Agriculture and Food (OMAF) and Human Resources and Skills Development Canada for their support of the project; the Advisory Committee for their time in providing direction; those companies and schools that completed a survey or personal interview for their participation; Chuck Bokor at OMAF as a driving force in ensuring that this study was undertaken and significantly contributing to the summarization of key findings; and the consultants for their diligence and perseverance in completing a thorough and comprehensive analysis. This study, including the summary and full final report, is the work of the consultants. Industry is currently in the process of evaluating the findings and determining the appropriate next steps.

Jane Graham, Executive Director
Alliance of Ontario Food Processors
February 2005

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1. Introduction

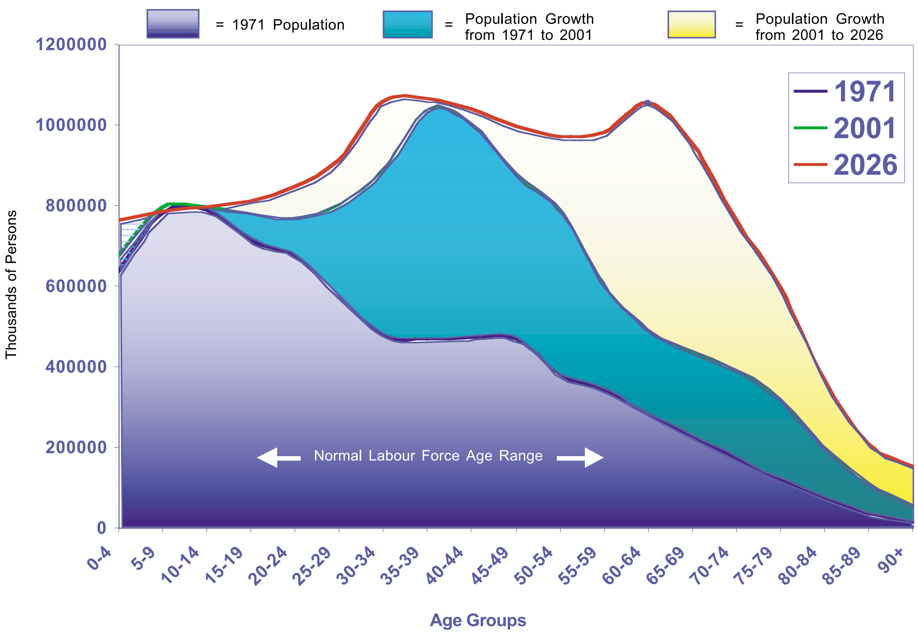
1.1 Goals of the Study

Recognizing that labour is an absolutely vital part of Ontario's food processing industry, the Alliance of Ontario Food Processors, with support from both federal and provincial levels of government, commissioned this study to assess:

- The competitive position of the Ontario food processing industry relative to other industrial sectors with which it must compete for workers.
- Employer human resource practices in recruiting, retaining and developing workers.
- The age, education, immigrant status and other characteristics that define the Ontario food processing industry's workforce. Such information is critical to understanding workplace performance, future replacement needs, potential sources for recruitment and training and development needs.

The analysis undertaken in this study looked at the consequences for the Ontario food processing industry of a growing imbalance between worker demand and worker supply at the regional, NAIC[1] sub-sector and occupational level.

Chart A: Ontario's Population By Age 1971 – 2026



This graph shows how the ages of Ontario's population changed between 1971 and 2001 and how they are projected to change by 2026. As the "Baby Boom" generation ages and leaves the workforce, there are expected to be relatively fewer workers available in the economy as a whole compared to the years prior to 2001.

Source: Statistics Canada 1971 to 2001 Census Data and Ontario Ministry of Finance Provincial Population Projections

1.2 Synopsis of the Methodologies Used In the Study

While the study was data-intensive, involving extensive analysis of custom tabulations prepared by Statistics Canada and original information gathered through an employer survey, industry interviews, and a school survey, its primary goal was to use "the numbers" as an informed basis for developing recommendations and strategies to assist the Ontario food processing industry in meeting both current and forecasted worker requirements. The study's purpose was not only to quantify the extent of problems but to formulate ways by which they might be solved or at least alleviated.

This project was awarded following a competitive bidding process. The consultants chosen to undertake this study represented a complementary team. Mel Soucie, principal of eConomics consulting, is a labour market economist with extensive experience in analyzing workforce trends and human resource best practices. James Farrar, principal of Jayeff Partners, is a professional accountant, with over twenty years' experience in working with Ontario's food processing industry.

1. NAIC refers to North American Industry Classification as adopted in 1997 by the governments of Canada, the United States and Mexico, for compiling and reporting official statistics and used for the 2001 census in Canada.

2. Profile of Ontario's Food Processing Industry Workforce

For the purpose of this study, Food Processing includes all food and beverage manufacturing but excludes tobacco. The Regions used for analysis in this study are depicted in Chart C on page 3. The Sub-sectors used for analysis in this study are summarized in the Table accompanying Chart D on page 4.

2.1 Economic Importance of Food Processing in Ontario

There are key facts about Ontario's food processing industry that set the context in understanding its economic importance:

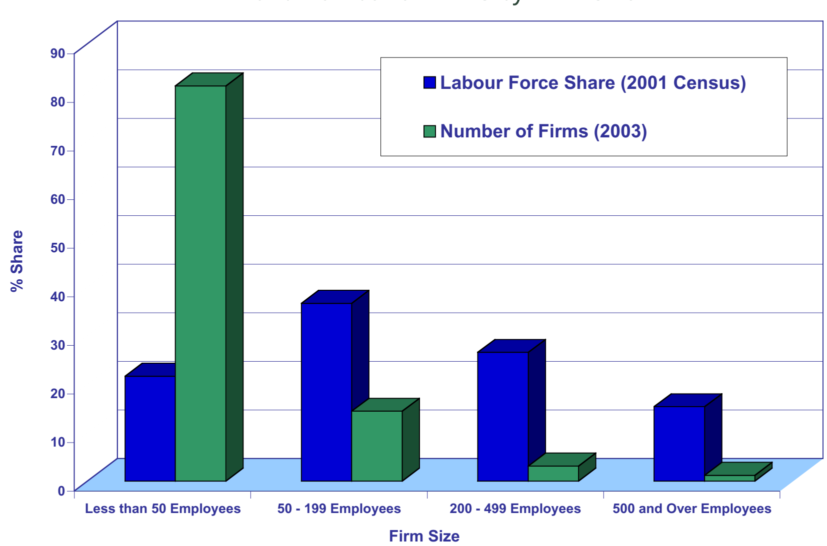
- The sector's $24.5 billion in food manufacturing shipments in 2001 (excluding beverage and tobacco) accounted for 8.6% of total manufacturing activity in Ontario – that output places the food processing sector second only to transportation in manufacturing in Ontario.
- Among sub-sectors within Ontario food processing, four stand out in particular as dominating the Canadian scene: Ontario-based Grain and Oilseed Milling, Sugar and Confectionery, Fruit and Vegetable Processing, and Baking. All account for more than half of the Canadian value of shipments in each of their sub-sectors.

2.2 Sub-sector and Regional Differences

Ontario's food processing industry is not homogenous. The sources and types of raw materials used in production are often different. Production processes, the scale of operations, the level of automation, the distribution of final products and even the sources of workers, all vary greatly, as can the importance of government regulation. Some of the differences are noted below:

- Within Ontario, on the basis of the value of annual shipments, Meat Processing represents 24% of the industry's total and Dairy Processing represents 15%, ranking 1st and 2nd respectively. Based on their shares of the industry's total labour force, Baking represents 24% and Meat Processing represents 20%, ranking 1st and 2nd respectively.
- Wages and salaries for Baking are nearly 30% of total production costs, making it the most labour-cost intensive of all food sub-sectors – this labour cost percentage is nearly 2.5 times as high as the average for all food manufacturing and 50% higher than the average for general manufacturing.
- There are over 2,300 food companies with full-time employees in Ontario – 50% of them have less than 10 employees and over 80% have less than 50 employees.

Chart B: Distribution of Ontario's Food Processing Labour Force and Number of Firms by Firm Size



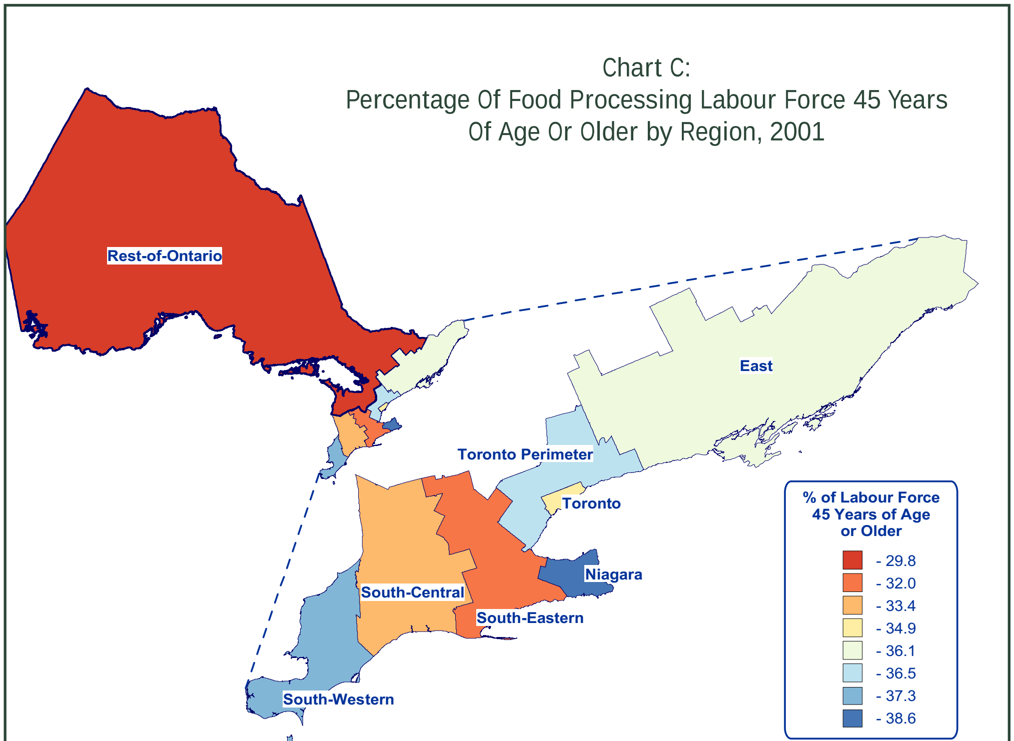
This chart provides a classic illustration of the "80/20 rule." 80% of the total firms – these being firms with less than 50 employees – account for only 20% of the workforce. 80% of the workforce is accounted for by only 20% of firms – these being firms with at least 50 employees.

Source: Statistics Canada – 2001 Census Custom Tabulations, Canadian Business Patterns & eConomics Consulting mathematical algorithm

- While firms having less than 50 employees make up over 80% of all firms in food processing, they only employ 20% of all workers in the industry.
- The Toronto Perimeter (22,855 workers – 24%) and Toronto (21,480 workers – 22%) account for nearly half of the workers in the food industry in Ontario. Combine that with the South-Eastern region (Waterloo, Wellington, Hamilton, Brant, Haldimand/Norfolk) and these three defined regions represent about two-thirds (62,335) of the Ontario food processing industry's labour force.

2.3 Worker Age

Worker age is important to understand because, among other things, it enables a reasonable prediction to be made as to when current workers will exit the workforce because of retirement and when new workers will be needed to take their places.



As well as showing the geographical make-up of the eight regions used in this study, the chart also shows the percent of the labour force over 45 years of age.
Source: Statistics Canada 2001 Census Custom Tabulations

- The average age of workers in the food processing industry is only slightly higher than that of the general labour force. At a sub-sector level, Grains and Oilseed, Sugar and Confectionery, and Fruit and Vegetable Processing have the oldest workforce, in that order.
- The distribution of workers by age groups tells a different story than suggested by looking at average ages. In the six key labour force age ranges examined in this study, the food processing industry has significantly more older workers than younger as compared to the Ontario labour force as a whole.
- During the employer interviews, companies were asked how an aging workforce was impacting on their operations:
  - Many companies report seeing the impact now on such measures as productivity and rate of absenteeism: the ability of workers to do strenuous physical activity and repetitive work generally declines with age.
  - Companies are investing in ergonomic improvements to reduce strain on employees and to ease the cost pressure of WSIB assessments from injured workers.
  - Because seniority provisions form part of many collective agreements, when downsizing occurs or new technology is introduced, younger workers are bumped in favour of older ones by the rules even though they may be less equipped for the changed job responsibilities.

Table 3.1: Areas and Sub-Sectors with Earliest Pressures Due to Retirement

This table was developed to show which sub-sectors, within which regions, have the oldest workforces and correspondingly the earliest pressures on finding sufficient workers to replace those slated for retirement in the near-term.

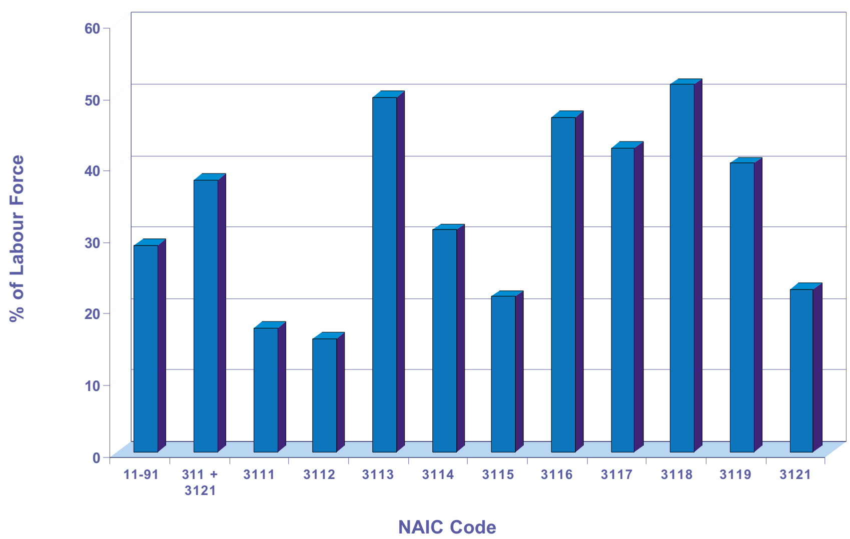
Region	Sub-sector with Earliest Pressures
East	• Grain and Oilseed Milling
Toronto Perimeter	• Sugar and Confectionery • Fruit and Vegetable Processing
Toronto Region	• Sugar and Confectionery • Fruit and Vegetable Processing • Seafood
South-Western	• Fruit and Vegetable Processing • Seafood
39% of Niagara's food processing labour force is 45 years of age or older, making it the oldest in Ontario. It also has one of the oldest general populations and labour forces in Canada.	

2.4 Role of Immigration

One of the sources of new workers is from immigrants to Ontario. It is important to understand what role they are playing in Ontario's food processing industry.

- Immigrants represent nearly 30% of Ontario's total workforce, but in the food processing sector, their share of the workforce is approaching 40%.
- Immigrants' share of the food processing industry workforce in some sub-sectors is nearly 50%.
- In some regions and sub-sectors, immigrants account for nearly 100% of new hires.
- Baking, Sugar and Confectionery, Meat, Seafood and Other Food have the largest percentage of immigrants in their workforces. Grain and Oilseed Milling, Animal Food, Dairy and Beverages have the smallest.
- There is a strong correlation between below-average pay and benefits in food processing relative to other industrial sectors and difficult working conditions, and a high dependence on immigrant workers.
- The East region is the only area of the study where the food processing industry employs a smaller percentage of immigrants than is found in its general labour force. There are two reasons: (a) there is a smaller immigrant flow into this region and (b) in the East region, there is a greater concentration of firms in sub-sectors that pay well relative to other food-processing sectors and to other competing industries.

Chart D: Immigrant Share of Ontario's Labour Force and Food Processing Sub-sectors, 2001 Census



NAIC Sub-sector CODE KEY

11-91	All Industry	3111	Food	3113	Sugar & Confectionary	3117	Seafood
31-33	Manufacturing	311+3121	Food & Beverage	3114	Fruits, Vegetables & Specialty Food	3118	Bakery
3361	Automotive Assembly	3111	Animal	3115	Dairy	3119	Other Food
3363	Automotive Parts	3112	Grain, Oilseed and Cereal	3116	Meat	3121	Beverage

This chart compares the percentage of immigrants in Ontario's total labour force with their equivalent shares in each of the food processing sub-sectors as referenced in the NAIC key above.

Source: Statistics Canada 2001 Census Custom Tabulations

2.5 Education

As technology becomes more sophisticated, the need for workers with sufficient education to function in a more complex environment is expected to increase.

- By most measures, the food processing industry's workforce is not especially well-educated compared to the general labour force: nearly 27% of domestically-born workers and 36% of immigrant workers in the industry have less than a high school education.
- A projection of current trends indicates that the education achievement gap between food processing and the rest of industry is likely to increase rather than close over time.
- Among sub-sectors, Meat and Baking, and among regions, Toronto, Toronto Perimeter and South-Eastern, which are highly dependent on immigrant workers, will be particularly challenged to improve workforce performance and productivity, due to the education levels of their workers.

2.6 Occupations

It is important to understand the uniqueness of occupations in the food processing sector and the degree of substitutability with other sectors that may compete for workers in the future.

- Nearly half of all workers in the food processing industry are in occupations that are common to all manufacturing.
- Process labourers are the largest group, followed by machine operators.
- One-third of the industry's workforce performs management, supervision, administrative, sales or service functions.
- Among sub-sectors, Sugar and Confectionery, Fruit and Vegetable Processing, Meat, and Seafood employ a significantly higher proportion of process labourers.
- Just under 35% of workers in both Ontario's total labour force and food processing as a whole are 45 years of age or older. Six key and highly-skilled occupations in food processing, led by Stationary Engineers, have 50% or more of their workers aged 45 years of age or older.

2.7 Wages, Benefits and Working Conditions

The food processing industry's wage rates on average lag behind the rest of the industrial economy. This means that in a tight labour supply market, it may be hard to retain workers who could be attracted to other manufacturing sectors that pay better on average.

- In 1992 in Canada, six out of ten sub-sectors paid wages below the Canadian manufacturing industry average. By 2001, it was eight out of ten sub-sectors.
- Workers in Meat and Baking, the two largest sub-sectors, are among the lowest paid in Ontario's food processing industry.
- Among sub-sectors, 90% of firms in Fruit and Vegetable Processing, and 75% of firms in Baking have afternoon and night shifts along with regular day shifts. Percentages of other sub-sectors with afternoon and night shifts are less than half of these two sub-sectors.
- Fruit and Vegetable Processing is the sub-sector which provides the most benefits compensation to workers:
  - 80% have a fully paid medical plan compared to an average 30% in other sub-sectors.
  - 70% fully paid dental benefits compared to 16-30% in other sub-sectors.
  - 40% fully-paid pension compared to 0-15% (Meat, Dairy, Baking).

- Fruit and Vegetable Processing is the sub-sector which has the most generous vacation policies:
  - After 20 years of service nearly 90% of employers offer at least 4 weeks vacation, and 65% of those offer 5 weeks.
  - Less than half of Dairy, Meat and Baking offer at least 4 weeks after 20 years.
  - Nearly one quarter of firms surveyed indicate they offer only two weeks vacation after 30 years of service.
- The percentage of employers which reported occurrence of the following working conditions in their production environments was:
  - long periods of standing 85%
  - significant repetitive motions 70%
  - cold 62%
  - heat 46%
  - heavy lifting 43%
  - noise 42%
  - high moisture 33%
  - dust 25%
  - strong smells 16%
- According to employers interviewed, the coming generation of workers is less committed to the company than their parents' generation as reflected in such factors as less satisfaction with repetitive work that does not change from day to day.
- Company pension plans, which worked in the past as a tool to keep employees with the company, will be less available to serve this purpose in future because companies are moving towards defined contribution plans that are more mobile with the worker.
- The anecdotal evidence gained from employer interviews indicates that companies that offer profit-sharing plans or contributory RRSP arrangements have more workforce loyalty and stability than those that do not.
- Companies may be unable to offer higher wages to new types of occupations emerging as a result of technological innovation, as a result of restrictions in their collective agreements.

Table 3.2:
Sub-sector and Region Comparative Wage Rates

Sub-sector	Average Lowest Wage	Average Highest Wage
Fruit and Vegetable	$12.15	$21.80
Dairy	$12.30	$20.09
Meat	$ 9.58	$17.53
Baking	$ 9.42	$17.71
Other Food Processing	$14.83	$22.60
Region		
East	$10.63	$22.93
Toronto Perimeter	$11.12	$20.57
Toronto	$10.10	$19.98
South-Eastern	$ 9.64	$17.54
Niagara	$12.14	$20.98
South-Central	$14.59	$20.21
South-Western	$12.22	$19.46
Rest-Of-Ontario	$ 9.11	$13.80

Source: Survey of Ontario food processing firms conducted for this study

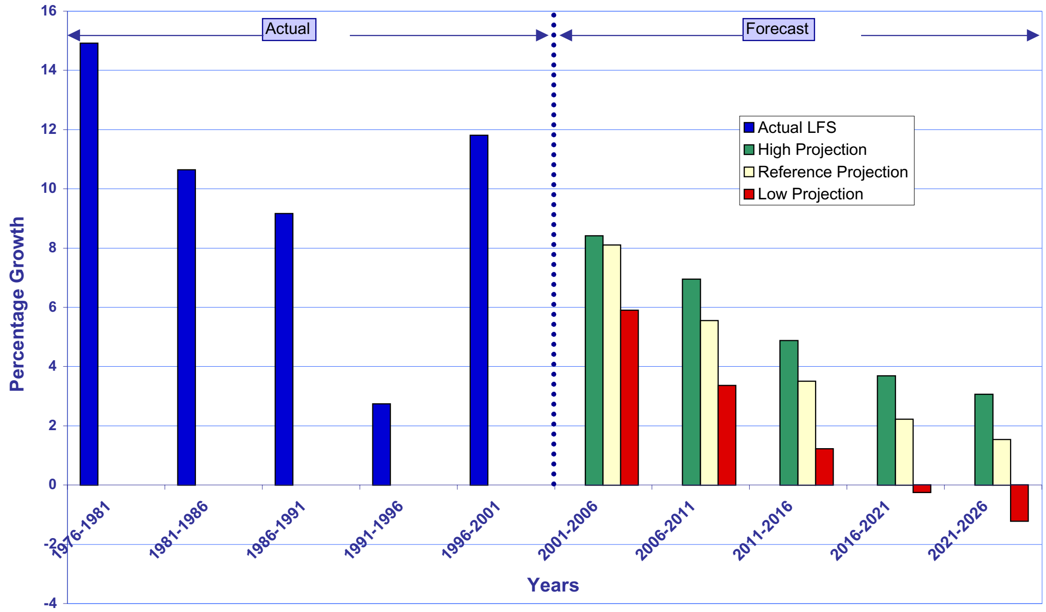
2.8 Labour Supply Projections

Projections of the future labour supply are based on current trends in population growth and labour force participation rates.

- Ontario's labour force growth rate from 2001 to 2026 is projected to drop significantly. Changes in employment practices, such as a large number of "over-65's" continuing to work past current retirement age, could alter this projection.

- The only region projected to experience significant growth in its supply of workers is the area around Toronto, referred to in this study as the “Toronto Perimeter”, and that is because it attracts nearly 25% of all immigrants to Ontario and a large number of workers from other parts of Ontario and Canada.
- Even though the City of Toronto region receives over 1/4 of the immigrants to Ontario, it loses as many people to other parts of Ontario, mainly the Toronto Perimeter.
- Labour force growth is projected to come to a halt by 2016 in some regions of Ontario. In those regions, the absolute number of workers available to employers will continue to decline every year thereafter through to the end of the forecast period in 2026.
- The implication of tightening labour supply conditions due to demographic changes is that employers with older workforces within key occupations will be challenged to maintain normal operations as worker availability tightens and retirements accelerate in the years prior to 2016.

Chart E: 5-Year Growth Rates for Ontario’s Labour Force, 1976-2026



This chart shows the actual growth rates in the total Ontario workforce on the left and three different possible projections of growth rates on the right. (Differences in the projections arise because of differing assumptions concerning immigration flows, birth rates and the other factors influencing population growth which underlie these labour force projections). The chart shows that the high historic rates of growth in Ontario’s workforce are projected to sharply diminish to marginal growth or even a negative rate by 2026.

Source: Statistics Canada’s Labour Force Survey (LFS) 1976-2001, Ontario Ministry of Finance’s Population Projections, August 2002 & eConomics Consulting’s Labour Force Projections, 2004

- Niagara region is projected to be the first region to experience a negative labour force growth rate, predicted to occur between 2011 and 2016, followed thereafter by South-Central, the East, Toronto and South-Western regions. Only the Toronto Perimeter and the Barrie area (part of the Rest-of-Ontario region in this report) are expected to maintain a positive labour force growth rate over the entire 25-year forecast period.
- Male and female labour force participation rates for most age categories in Ontario are lower than in OECD[2] Top-5 countries. If Ontario were able to increase its labour force participation rates to those of the top five OECD countries, it would substantially increase Ontario’s labour force growth, thereby increasing the labour supply.
- There is a need to better understand what drives labour force participation rates and what barriers to higher participation rates currently exist. Appropriate strategies to expand the labour supply through increasing participation rates can be developed from the knowledge gained through further study.

2. Organization for Economic Cooperation and Development, with thirty member countries including Canada, sharing a commitment to democratic government and the market economy. For more information, see www.oecd.org

2.9 Worker Training

Information on training practices in Ontario's food processing industry was primarily obtained from an employer survey conducted as part of this study.

- Based on the sample of food processing firms surveyed, the average number of hours per year spent on training by sub-sector is:
  - Fruit and Vegetable 9 hours
  - Dairy 38 hours
  - Meat/Seafood 20 hours
  - Baking 29 hours
- Employers ranked training for improved plant safety, product quality and productivity at least twice as important as training for improved employee attitude, performance or capability.
- The three top reasons given by employers for the comparatively low levels of training all related to cost. Employers gave as the top reasons that they could not afford:
  - the lost time
  - the lost production
  - the cost of delivering the training itself
- Other less important reasons given by employers for the low levels of training were:
  - employee motivation
  - lack of prerequisites for training
  - low English language skills
- Employers ranked food safety and workplace health and safety nearly twice as important as supervisor training, machine operator training, industry orientation training and interpersonal skills training. English language and computer training were ranked as the least important training needs of employers.
- On-the-job formal and informal training were the two highly preferred delivery mechanisms. These training mechanisms were twice as highly preferred over alternatives including apprenticeships, off-site contractor courses and community college courses. Employers' least preferred means of delivering training, by a large margin, were equipment supplier training off-site and correspondence courses.
- In employer interviews, managers reported that:
  - Many supervisors are not well equipped for their responsibilities, having moved up through the system from the shop floor based on superior performance and not necessarily because they possessed good leadership skills.
  - Line workers increasingly require analytical problem-solving skills and initiative to take independent action to troubleshoot production issues.
  - Machine operators will increasingly be expected to perform routine troubleshooting maintenance, a change that has training implications. Management and unions, in organized plants, will need to buy into changes in scope and greater flexibility in job classifications.

Ontario Food Indu

Please note: This is a summary of several tables in the 2004 Ontario Food Processing Labour Study. Percentages a								
	Animal 3111		**Grain, Oilseed and Cereal 3112**		**Sugar and Confectionery 3113**		**Fruits, Vegetables, an Specialty Food 3114**	
# of Ontario firms - 2003	**176**		**76**		**99**		**176**	
% of Ontario (ranking among Ont. sectors)	8% (7)		3% (9)		4% (8)		8% (6)	
% of Canada (ranking among Ont. sectors)	29% (9)		35% (5)		36% (3)		38% (2)	
1 - 4 employees (% of total)	49	28%	17	22%	38	38%	62	35
5 - 9 employees	42	24%	7	9%	15	15%	14	8%
10 - 19 employees	30	17%	6	8%	11	11%	23	13
20 - 49 employees	32	18%	12	16%	8	8%	32	18
50 - 99 employees	14	8%	17	22%	9	9%	19	11
100 - 199 employees	4	2%	11	15%	9	9%	14	8%
200 - 499 employees	4	2%	5	7%	4	4%	9	5%
500+ employees	0	0%	1	1%	5	5%	4	2%
# of employees - 2001	**3,970**		**5,205**		**7,845**		**8,715**	
% of Ontario (ranking among Ont. sectors)	4% (9)		5% (8)		8% (6)		9% (5)	
% of Canada (ranking among Ont. sectors)	36% (7)		57% (2)		60% (1)		40% (6)	
Value of shipments - 2001 ($B)	**1.6**		**3.1**		**2.1**		**3.1**	
% of Ontario (ranking among Ont sectors)	7% (8)		13% (4)		9% (7)		13% (3)	
% of Canada (ranking)	33% (7)		58% (2)		64% (1)		54% (4)	
Wages and salaries - 2001 ($B)	**0.14**		**0.22**		**0.29**		**0.40**	
% of Ontario	5%		8%		10%		14%	
Fuel and electricity - 2001 ($B)	**0.04**		**0.11**		**0.05**		**0.06**	
% of Ontario	7 %		22%		9%		12%	
Materials and supplies -2001 ($B)	**1.07**		**1.79**		**0.98**		**1.56**	
% of Ontario	7%		12%		7%		11%	

Ontario Food Indu

Please note: This is a summary of several tables in the 2004 Ontario Food Processing Labour Study. Percentages					
	Total # in Ontario	**East**		**Toronto Perimete**	
# of firms in each region - 2003	**2,322**	**264**	**11%**	**568**	**25**
1 — 4 employees	881	126	14%	209	24
5 — 9 employees	378	38	10%	93	25
10 — 19 employees	320	36	11%	75	24
20 — 49 employees	310	25	8%	73	24
50 — 99 employees	211	18	9%	57	27
100 — 199 employees	123	13	11%	37	30
200 — 499 employees	71	7	10%	17	24
500+ employees	28	1	4%	7	25
# of employees in each region - 2001	**96,725**	**9,880**	**10%**	**22,855**	**24**
Animal 3111	3,970	245	6%	790	20
Grain, Oilseed and Cereal 3112	5,205	1,540	30%	840	16
Sugar and Confectionery 3113	7,845	960	12%	1,950	25
Fruits, Vegetables and Specialty Foods 3114	8,715	310	4%	1,605	18
Dairy 3115	7,615	1,810	24%	1,660	22
Meat 3116	19,260	960	5%	4,305	22
Seafood 3117	985	45	5%	150	15
Bakery 3118	20,875	1,795	9%	5,420	26
Other Food 3119	9,870	1,260	13%	2,755	28
Beverage 3121	12,385	955	8%	3,380	27

East		**Toronto Perimeter**	**Toronto**	**S**
• Ottawa • Hastings • Lanark • Frontenac • Prince Edward • Peterborough	• Leeds & Grenville • Kawartha Lakes • Lennox & Addington • Northumberland • Prescott & Russell • Stormont, Dundas & Glengarry	• Durham • York • Peel • Halton	• City of Toronto	• • • • •

ustry Statistics - I

and absolute numbers from the original data have been rounded and may slightly affect the accuracy of the "totals" columns.

nd ds	Dairy 3115		Meat 3116		Seafood 3117		Bakery 3118		Other Food 3119		Total Food 311		Beverage 3121		Total Food & Beverage 311+3121	
	180		317		44		759		229		2,056		266		2,322	
	8% (5)		14% (2)		2% (10)		33% (1)		10% (4)		89%		11% (3)		—	
	30% (8)		33% (7)		4% (10)		36% (4)		35% (6)		—		41% (1)		—	
%	61	34%	89	28%	16	36%	280	37%	96	42%	708	34%	170	64%	878	38%
%	14	8%	48	15%	13	30%	167	22%	30	13%	350	17%	24	9%	374	16%
%	29	16%	32	10%	2	5%	137	18%	37	16%	307	15%	16	6%	323	14%
%	34	19%	54	17%	9	21%	91	12%	25	11%	297	14%	16	6%	313	14%
%	25	14%	48	15%	3	7%	38	5%	18	8%	191	9%	19	7%	210	9%
%	9	5%	25	8%	1	2%	30	4%	16	7%	119	6%	8	3%	127	5%
%	7	4%	13	4%	0	0%	15	2%	7	3%	64	3%	8	3%	72	3%
%	0	0%	10	3%	0	0%	0	0%	2	1%	22	1%	5	2%	27	1%
	7,615		19,260		985		20,875		9,870		84,340		12,385		96,725	
	8% (7)		20% (2)		1% (10)		22% (1)		10% (4)		87%		13% (3)		—	
	34% (8)		32% (9)		3% (10)		43% (3)		41% (5)		—		43% (4)		—	
	3.7		5.8		0.1		2.7		2.2		24.5		—		—	
	15% (2)		24% (1)		1% (9)		11% (5)		9% (6)		—		—		—	
	37% (6)		31% (8)		3% (9)		56% (3)		49% (5)		—		—		—	
	0.27		0.70		0.02		0.53		0.26		2.83		—		—	
	9%		25%		1%		19%		9%		—		—		—	
	0.05		0.10		0.00		0.07		0.04		0.52		—		—	
	10%		19%		1%		13%		8%		—		—		—	
	2.73		4.11		0.06		1.20		1.22		14.71		—		—	
	19%		28%		0.4%		8%		8%		—		–		—	

stry Statistics - II

and absolute numbers from the original data have been rounded and may slightly affect the accuracy of the "totals" columns.

r	Toronto		South-Eastern		Niagara		South-Central		South-Western		Rest-of-Ontario		% of Total in Ontario
%	560	24%	288	12%	121	5%	178	8%	115	5%	228	10%	100%
%	211	24%	82	9%	47	5%	66	8%	40	5%	100	11%	38%
%	83	22%	51	14%	13	3%	21	7%	23	6%	56	15%	16%
%	71	22%	44	14%	21	7%	24	8%	23	7%	26	8%	14%
%	83	27%	42	14%	19	6%	32	10%	12	4%	24	8%	13%
%	47	22%	36	17%	13	6%	18	9%	7	3%	15	7%	9%
%	37	30%	15	12%	6	5%	7	6%	4	3%	4	3%	5%
%	20	28%	12	17%	2	3%	7	10%	3	4%	3	4%	3%
%	8	29%	6	21%	0	0%	3	11%	3	11%	0	0%	1%
%	21,480	22%	18,000	19%	3,805	4%	9,675	10%	4,780	5%	6,250	6%	100%
%	170	4%	1,125	28%	140	4%	1,005	25%	175	4%	320	8%	4%
%	360	7%	385	7%	430	8%	980	19%	325	6%	345	7%	5%
%	2,620	33%	1,415	18%	240	3%	365	5%	80	1%	215	3%	8%
%	1,540	18%	1,245	14%	485	6%	1,205	14%	1,930	22%	395	5%	9%
%	1,170	15%	1,025	13%	125	2%	895	12%	50	1%	880	12%	8%
%	3,770	20%	6,415	33%	700	4%	2,110	11%	165	1%	835	4%	20%
%	220	22%	65	7%	25	3%	20	2%	365	37%	95	10%	1%
%	6,780	33%	3450	17%	485	2%	945	4%	495	2%	1,505	7%	22%
%	2,710	28%	1,305	13%	150	2%	940	10%	120	1%	630	6%	10%
%	2,140	17%	1,570	13%	1025	8%	1,210	10%	1,075	9%	1,030	8%	13%

South-Eastern	Niagara	South-Central	South-Western	Rest-of-Ontario
Waterloo Region Wellington Hamilton Brant Haldimand-Norfolk	• Niagara Region	• Perth • Oxford • Elgin • Middlesex • Huron	• Chatham-Kent • Essex • Lambton	• all other census divisions

2.10 Job Turnover

Employer experiences with job turnover are important to understand as they may affect the degree of urgency they attach to planning for the workforce of the future.

- 77% of employers surveyed stated that employees quitting had no serious impact on production.
- Almost half of employers with employee turnover make no attempt to interview workers who are leaving to find out why they quit.
- Employers' perceptions of the reasons for workers' quitting, using an index to rank their relative importance, are:

- to obtain a higher wage	25
- poor working conditions	17
- high physical demands of the job	13
- lack of promotional opportunities	13
- requirement of having to work shifts	11
- to return to school	9
- poor relationships with fellow workers	4
- aggressive recruiting by other employers	4
- poor relationship with supervisor	3
- substance abuse	0

2.11 Hiring Difficulties

Employers were surveyed to determine what difficulties they were experiencing in filling vacant or needed positions:

- Finding full-time skilled manufacturing workers was reported to be difficult by both Meat and Baking sub-sectors, and the Meat sub-sector also had difficulty finding skilled non-manufacturing workers.
- Both Fruit and Vegetable Processing and Dairy sub-sectors reported serious difficulty hiring seasonal and/or temporary workers.
- Not enough qualified workers available was cited as the #1 reason for hiring difficulties.
- In employer interviews, skilled trades including electronic instrument technicians (e.g. programming, robotics), industrial electricians, millwrights, process operators, stationary engineers and high-speed packaging mechanics were consistently identified as occupational classifications in short supply.
- In the meat packing industry, skilled butchers for cutting and trimming meat were identified as an acute skill shortage.
- Certain employers reported obtaining drivers with a valid A-Z commercial license to operate delivery vehicles, and obtaining workers with adequate English language skills, were issues.
- Quality control occupations (chemists and lab technicians) were also identified as a skill in increasingly short supply.

2.12 Retirements

As the Baby Boom generation ages and approaches retirement age, many workers will be exiting the work force. Employers were surveyed to determine their concern with this issue. Of employers interviewed:

- 95% were not concerned about retirements in the next two years
- 82% were not concerned about retirements in the next five years
- 61% were not concerned about retirements in the next ten years

2.13 Recruitment Practices

Employers were surveyed about the means they use to attract new workers to their company:

- 96% of employers bring new hires in at entry level jobs and another 76% fill higher level jobs primarily through internal promotion – workers with the most potential are moved into supervisory positions.
- Only 21% participate in student job fairs and 20% in career days.
- 20% are involved in school/work placement programs and 15% in school co-op programs.
- 17% specifically target immigrants.
- 7% participate in programs for disadvantaged workers.
- Employers identified employee word-of-mouth referrals as the most effective method of recruiting new workers, closely followed by newspaper ads.
- Linkages between the food processing industry's need for workers and the Ontario education system's capacity to supply them are not strong.
- The majority of companies surveyed have no relationship with their local community college and have no plan in place to develop future skills needed, such as an apprenticeship program with new workers in the training pipeline.
- Employer perception of community colleges is they are reactive rather than proactive in identifying and addressing wider industry needs.

2.14 Key Business Concerns

At the time of the survey of employers in early summer 2004, the three main business concerns expressed by Ontario food processing companies surveyed were:

  - Intense cost pressures resulting from a combination of the consolidation of buying powers among customers with rising costs of inputs such as energy, raw materials and regulatory compliance.
  - Finding sufficient workers, especially in skilled categories.
  - The rising value of the Canadian dollar relative to the U.S. dollar, particularly with respect to its impact on export business.

- In interviews with management of Ontario's food processors, executives confirmed that the intensely competitive environment within which the company is doing business was their major issue. They also identified (a) responding to the changing demands of the consumer and (b) obtaining reliable supply of key ingredients as major business challenges.

- When asked about the role of government and its impact on their labour cost structure, in the interviews employers reported that:
  - Regulatory changes regarding such factors as occupational health and safety, expanded requirements for stationary engineers, and proposed changes to employment standards concerning eligibility requirements for overtime all affect the labour cost structure for food processors.
  - Workers Safety Insurance Board (WSIB) premiums for some companies are a major and rising cost that improved safety training may alleviate.
- When asked about the role of trade associations in representing their interests to government, employers reported their perception that the food processing industry needs to become more involved in representations to government for needed regulatory and policy changes.

2.15 Key Human Resource Concerns

- The ranking of key human resource concerns in order was:
  - Finding workers
  - Holding workers
  - Training workers
- If they had additional training dollars to invest, employers most often cited people management and related leadership skills of supervisors such as coaching, teambuilding and conflict resolution skills as their first priority.
- Senior management had no hesitation in identifying their company's top three business issues whereas HR professional managers more often than not indicated they were not "in the loop" and unable to answer that question. Due to their level in the management structure, HR managers are often not involved with senior strategy development in many Ontario food-processing companies. The result is that HR issues are not given high profile in the planning process and tend to be seen as problems requiring reactive responses rather than proactive solutions. HR issues are consequently addressed with a short-term focus – the immediate priority is to ensure there are enough production workers to run the shift schedule for next week's production.

2.16 Role of Government

- Employers believe that government is responsible for ensuring a sufficient future supply of skilled workers.
- Potential roles for government include:
  - Ensuring the availability of public transit on a 24/7 basis, through the night and on weekends, to support food plants that operate 24/7.
  - Government assistance in screening candidates to reduce trial-to-success ratios for new hires – there is an Ontario community college that has been praised for its work with local employers in finding the right employees to match demand.
  - The education system needs to reposition blue-collar career choices as ones to be sought after and stream more students into post-secondary technical training, including an expanded role for apprenticeships, to ensure that the domestic source can supply more workers in future.

- Tax or other financial incentives for employers to provide worker training to raise skill levels and enhance productivity.
- Incentives to stimulate more investment in automation through the income tax system – estimates by company owners ranged from 10% to 30% immediate reductions in head count that could be obtained if capital was available for enhanced automation.
- More resources for ESL training to improve communications and basic math skills in areas of high immigrant population. One reason for high turnover is that many immigrant workers have difficulty with their tasks because they cannot read English or do routine math calculations.

2.17 Role of Unions

Among those companies that have collective bargaining agreements, experiences with their union range from very positive cooperation at one end of the scale, to very change-resistant or perceptions that the local's interests are subordinated to a national labour agenda rather than serving the needs of the employees at the plant, at the other end of the scale. Employer perceptions of areas in which the union could help include:

- Adopting flexible work rules such as cross-training and multi-skilling employees.
- Encouraging their members to acquire new skills and upgrade their training.
- Working with the company to rethink the current seniority system, in which younger workers are bumped by older workers who do not have the new skills required by new jobs.

2.18 Summary of Learning From Employer Interviews

- Companies recognize that, in principle, workforce planning issues, in particular ensuring sufficient workers with the right skills for today's production needs as well as future needs, are essential to their survival. But in the intense competitive environment in which they are operating, shorter-term, more immediate issues are commanding their focus. Developing their workforce may be sidelined in view of other priorities. Each skill shortage becomes a short-term crisis that eventually passes, and is not seen as part of an emerging strategic problem.
- Companies need to embrace the younger generation of workers by adopting policies that appeal to them such as the use of self-directed work teams and "crews" that allow for cross-training and other opportunities to develop and obtain variety.
- Firms might develop their own joint programs to supply apprentices and co-operative education especially in areas of acute shortages such as skilled butchers.
- Increasing automation requires new technical skills and will also result in a projected reduction in the overall number of workers in food processing in the range of 10% to 30% in Ontario. As automation is enhanced, or as plants close as a result of consolidation made possible by greater productivity, employees will be displaced and retraining will be required. Programs to address the needs of displaced workers could be enhanced for the mutual benefit of the worker and the new employer – either in food or non-food manufacturing or other occupations.
- Workforce development and succession planning are not on the high-priority radar screen of top management in the food processing industry in Ontario. Those companies that tackle the issues early are more likely to be the top performers in five to ten years.

2.19 School Survey

The survey of high schools undertaken for this study indicated:

- The industry's profile needs to be enhanced, not only on the local level but also on a provincial level, so that career opportunities and firms in the sector are better known.
- Teachers' perceptions of food processing plants as a place of employment are better than those of their students. This suggests the opportunity to target teachers in any future industry awareness building or career promotion programs so that they can better inform and influence their students.
- 1/3 of schools had no contact with food processing firms.
- The main form of contact with local firms is through a co-op placement program, which is judged to be the best way to attract students into full-time careers.
- The only other methods, after co-op placement programs, of attracting students to food processing jobs that were considered to be effective, in the order in which they were ranked, were:
  - Offering apprenticeships
  - Participating in career days
  - Providing work placements
- According to school officials, students looking for work rank wages as the number one criterion in deciding on whether to accept a job, contrary to other literature that suggests other criteria are more important. The authors propose that the reason for this discrepancy is that as workers gain first-hand experience in the workplace, their perceptions change. Job attributes that attract new, first-time workers may not be the same as those that hold them for the long term.
- Students want jobs that pay well, that offer challenge, personal development and advancement, flexibility, reasonable working conditions and to be associated with a company that has a positive reputation.
- More teachers perceive the food industry as having these desirable attributes than do their students in the teachers' judgment. Co-op programs and other school-to-work transition programs may help favourably influence students' perceptions.

3. Study Recommendations

3.1 Issue #1: Recruiting and Retaining Workers

Background

- Meat and Baking are two sub-sectors which are already experiencing serious problems with recruitment and retention for certain occupational classifications.
- Skilled trades such as millwrights, industrial mechanics and electricians, as well as truck drivers, are in short supply across the industry.
- Average industry wages are lower than other sectors of the economy and the gap with other industrial sectors that compete for workers is increasing. Ontario's food processing workforce is older on average than other industrial sectors especially in skilled trades and management occupations.
- The food processing industry is not a career choice for many of Ontario's graduating students and linkages with Ontario's educational institutions are not well developed with the result that immigrants provide the main source of new workers.
- Working conditions make jobs less attractive than in many other sectors.
- Small and medium-sized firms lack strong human resource management personnel and skills.
- Flat structure of the organization limits opportunities for career advancement.
- Human resource planning is seldom linked to the company's strategic business plan.

RECOMMENDATION #1

Individual employers and industry associations implement a strategy to strengthen their capacity to recruit and retain workers, including integrating human resource planning more closely with long-range strategic business planning.

Approaches To Implementation

- Identify firm or industry barriers to retention and recruitment, e.g. wages, working conditions, benefits, promotional opportunities, work organization, competent and adequate supervision.
- Undertake regular needs assessments by firms of their own workforces in relation to their current status and planning forecast to more effectively prepare for the future.
- Form a central repository of human resource "Best Practices" and a system for employers to access it easily – targeted at small and medium-sized employers who lack professional human resource staff (seminars, workshops, self-study modules, internet-based delivery providing tools and information resources).
- Develop an ongoing campaign to enhance the image of Ontario's food industry as a place to work, and highlight career opportunities that strengthen linkages with educational institutions (high school, college) so that more students can be streamed into the food processing industry and existing workers have access to better skills upgrading opportunities.

- Strengthen linkages with government and other organizations to promote stronger population and labour force growth in communities that are declining in population.
- Encourage potential retirees to extend their careers through incentives and the reorganization of work.
- Tap non-traditional sources of workers (aboriginals, people with disabilities, recent retirees).
- Reorganize work to allow greater opportunities for promotion and career advancement.
- Strengthen people management skills of front line managers and supervisors.

3.2 Issue #2: Maximizing Productivity

Background

- Greater output from the existing workforce can be accomplished if:
  1. People work smarter, or
  2. New/additional technology is adopted to assist them.
- Both approaches require increased workforce knowledge and skills but the study identifies several hurdles to improving productivity:
  - Educational attainment of the food processing workforce is significantly below the average of Ontario's total labour force.
  - Some immigrant workers have language barriers that may affect workplace performance.
  - Existing training is very basic, and geared to immediate production needs, rather than expanding to develop a more adaptable workforce and/or to address future requirements.

RECOMMENDATION #2

Employers embrace a strategy of continuous workforce development.

Approaches To Implementation

- Establish a long-term training schedule for each employee, including company short and long-term needs and employee aspirations.
- Encourage worker self-development through incentives.
- Conduct more selective hiring of new employees, ensuring they have the education, experience and attitude to function in a learning environment.
- Encourage immigration policy to target candidates more suited to the industry's current and future needs.
- Provide more support for ESL and numeracy skills development among immigrant workers.

3.3 Issue #3: Mobilizing the Industry

Background

- Responding to changing consumer preferences, the increasing consolidation of buying power in the grocery trade, the rising cost of key inputs which are difficult to pass on to customers in the current competitive environment, U.S. border security regulations, escalating workplace injury costs, and labour related and other legislation that impose costs, are among the factors increasing pressures on margins and making less company funding available to invest in the workforce.
- Certain regulations, such as CPP entitlements, hamper efforts to recruit or retain older workers and may encourage workers to retire earlier.
- Low levels of government training assistance further inhibit investment in worker training and apprenticeships.
- Access to capital is limited, thereby constraining major capital investment in technology advances that could accelerate productivity gains.

All the foregoing factors point to a greater need for an effective industry voice which can ensure that government resources [grants, tax incentives] are most appropriately allocated to and targeted at the needs of the food processing sector.

Getting the attention of employers at the present time is difficult because:

- Most firms are coping with their immediate recruitment and retention challenges and don't anticipate that conditions will get much worse.
- The fact that Ontario's population is aging is well known among industry decision makers, but the impact that an aging population will have on future labour force growth is not nearly as well understood.
- They are unlikely to see the need to increase training or spend limited dollars to improve wages, benefits or working conditions when the benefit to the bottom line may not be immediate.
- There is little immediate incentive to make changes because of a temporary easing in the tightness of the labour market.

RECOMMENDATION #3

The Alliance of Ontario Food Processors take the lead in organizing other industry representatives to create a new mechanism/institute to lead the development and delivery of a human resource strategy for Ontario's food processors.

Approaches To Implementation

- There is a need for an awareness campaign to reach employers, support organizations and governments, to mobilize the industry into collective action and convince them of the need for an umbrella organization to act in a coordinating role.

- There is a need for one umbrella organization to take on that coordinating role that can lead to the establishment of programs and the dedication of resources beyond the capacity of individual employers, and make them accessible to all employers in Ontario's food processing industry.
- There is an ongoing need to educate government on the industry's important role in the economy and argue the case for sufficient resources and appropriate policies to support its workforce development needs.
- The food processing industry's workforce needs, if well managed and met, can be an investment attraction tool in encouraging existing companies to expand and new entrants to come to Ontario.

The Way Ahead

This study represents the most comprehensive analysis of Ontario's food processing labour force ever undertaken.

The study points to growing difficulty in finding sufficient workers with the skills needed to keep Ontario's food processing industry vigorous and productive. As Ontario's population continues aging and labour supply tightens relative to demand, the Ontario food processing industry will be increasingly vulnerable to labour shortages for a number of reasons, all of which are discussed in the full report.

The Ontario food processing industry is at a crossroads. The road to "Complacency" runs in one direction. Taking this road means putting off dealing with the challenges to recruiting and retaining an adequate workforce until the severity of the problem in a few years' time is so intense that disinvestment in the industry and a decline in output may result. Pointing in the other direction is the road to "Proactive Solutions." This road means mobilizing the industry, initially by raising awareness of the problems looming ahead, and then by building commitment to urgently address them. The road to "Proactive Solutions" requires a concerted effort by individual employers to understand and prepare for their own specific workforce challenges, and a collective effort across the industry, with government support, to implement solutions that are beyond the capabilities of any one employer, but serve the interests of all employers and their workers.

This report provides the information necessary to take the first step on the road to "Proactive Solutions" – explaining why the problem is looming ahead, what it looks like, and why action to solve it is needed now, while time is still the industry's ally.

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eConomics

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This summary is a condensed version of the full report

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