Securing Canada's MEAT Work Force

REGIONAL SPOTLIGHT

A detailed look at the labour supply and demand in

Guelph (Tri-Cities) Region

Ontario

FPSC FOOD PROCESSING SKILLS CANADA COMPÉTENCES TRANSFORMATION ALIMENTAIRE CANADA

SECURING CANADA'S MEAT WORKFORCE

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TABLE OF CONTENTS

SUMMARY

REGIONAL OVERVIEW

The Guelph Region is in is located to the west of the Greater Toronto Area in southwestern Ontario. It includes the City of Guelph (pop. 131,794) as well as the Tri-Cities metropolitan area which consists of the City of Waterloo (pop. 104,986), the City of Kitchener (pop. 233,222) and the City of Cambridge (pop. 129,920). Meat processing in the Guelph, Ontario region includes mostly processing and rendering of hog and poultry.

LABOUR MARKET OVERVIEW

Regional labour market analysis suggests that after accounting for labour requirements in other sectors, the local available labour supply has the potential to cover meat processing employment demands over the entire forecast period. However, supply constraints are expected to be more acute among lower-skill workers, where employment demands are projected to equal 70% to 90% of available workers during the period. The analysis indicates that meat processors in the region, known for its expanding tech sector, may experience difficulties finding the lower-skill workers that are important for many processing occupations. Furthermore, potential recruitment challenges could be exacerbated by competing demands from other sectors as well as competing opportunities in the GTA.

Regional meat employment is expected to reach nearly 3,900 workers by 2020 before declining below current levels in the coming decade. Local processors will likely need to hire 1,700 additional workers between 2017 and 2030, due almost entirely to the need to replace workforce retirements. This figure does not include turnovers which can add significantly to total annual recruitment demands.

The region's population is expected to exceed 950,000 by 2020 and over 1 million by 2030. Net in-migration of nearly 87,400 individuals is expected to be the main source of population growth in the region. However, rising retirements will cause labour force growth to lag behind employment resulting in a declining regional unemployment rate over the latter half of the next decade.

POPULATION
916,564

LABOUR FORCE
520,337

LABOUR MARKET TIGHTNESS

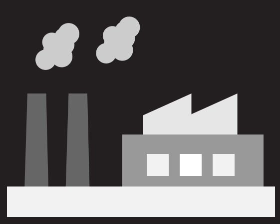
The labour market tightness, a measure calculated by estimating labour requirements in other sectors in the Guelph Region and subtracting those requirements from the total labour force estimates, reveals substantial challenges facing this industry.

	2017	2018	2019	2020	AVERAGE 2021 TO 2025	AVERAGE 2026 TO 2030
TOTAL	1	1	1	1	1	2
LOWER SKILL	2	2	2	2	2	2

1 = Meat processing employment demand is less than 50% of regional labour force at annual average employment levels
2 = Meat processing employment demand is between 50 and 100% of regional labour force at annual average employment levels
3 = Meat processing employment demand is greater than 100% of regional labour force at annual average employment level

2

MEAT PROCESSING ESTABLISHMENTS



18[1]

MEAT PROCESSING EMPLOYMENT

3,816[2]

HR CHALLENGES

As meat processors struggle to remain competitive and increase productivity, common challenges experienced by plants throughout the region include ongoing recruitment and retention issues, challenges with NOC coding, struggles with stabilizing the workforce, and the impact of labour shortages and vacancies.

1 The number of establishments is based on 2016 data from Statistics Canada's Business Register.
2 Meat processing employment is estimated based on 2016 Census data for the Kitchener-Waterloo-Barrie economic region.

1.0 INTRODUCTION

This report is one in a series of 14 regional reports developed to provide detailed labour market information (LMI) for the meat processing industry in Canada. The regionally focused LMI is one component of a broader study undertaken by Food Processing Skills Canada (FPSC) in collaboration with the Employment and Social Development Canada, and various provincial and industry partners entitled Securing Canada's Meat Workforce: Real Challenges, Practical Solutions and Fresh Perspectives.

The overall study aims to identify the scope of human resource (HR) challenges for the meat processing sector, and compile HR best practices that would help employers meet their labour force current and future needs. One important aspect of understanding HR challenges in the sector, some of which are region specific, was to gather detailed information and profiles of areas that rely heavily on meat processing for their local economies. Fourteen regions across Canada were selected for specific focus based on the amount of processing activity, and proportion of labour force working in the industry. Guelph Region on Ontario was selected as one of these regions for detailed focus.

The initial sections of this report provide overviews of the Guelph Region, meat processing overall in the province of Ontario, and specifically in the Guelph Region. This is followed by sections that provide an overview of the region's labour force, and the specific findings for the labour supply and demand, current and future. The final two report sections outline the HR challenges identified in the region and some of the promising practices and innovative solutions that employers and communities are trying to address labour supply issues.

THE STUDY METHODS USED TO DEVELOP THESE DETAILED REGIONAL PROFILES INCLUDED:

- Two robust econometric models that provide detailed quantifiable projections for both labour demand and supply at the regional level (the first time these numbers have been produced at the regional, provincial and national level for the meat processing industry);

- A broad survey of meat processing facilities (n=417) across Canada covering approximately 75 per cent of the industry workforce; and

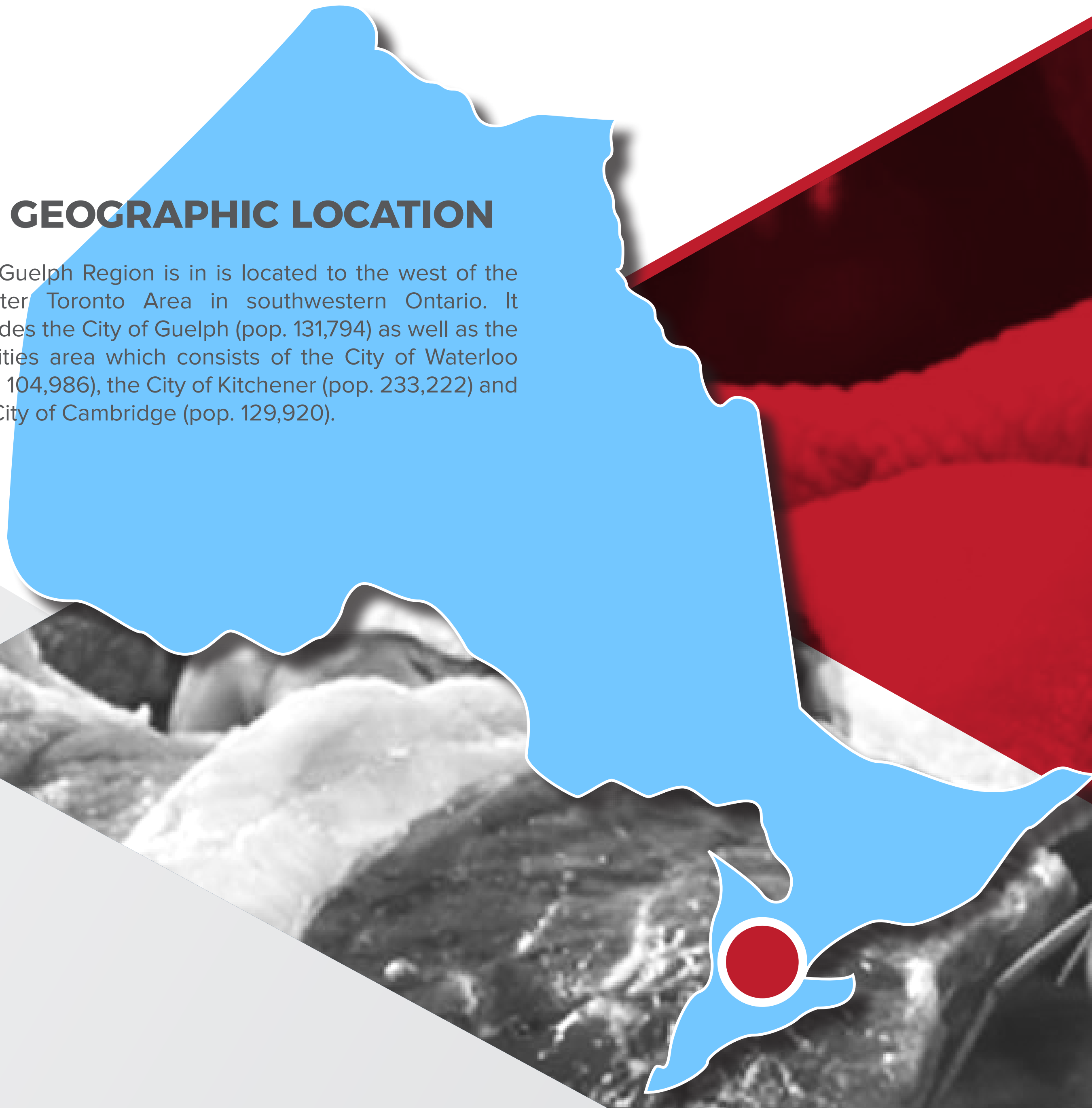
- Qualitative information focused on themes and issues collected through site visits and interviews with plant managers, employees, unions and community stakeholders. For the Guelph Region, the study team collected information from one large pork processing plant (approximately 1000 employees), and one large poultry processing plant (approximately 200 employees).

REAL CHALLENGES, PRACTICAL SOLUTIONS AND FRESH PERSPECTIVES

2.0 OVERVIEW OF THE GUELPH REGION

2.1 GEOGRAPHIC LOCATION

The Guelph Region is in is located to the west of the Greater Toronto Area in southwestern Ontario. It includes the City of Guelph (pop. 131,794) as well as the Tri-Cities area which consists of the City of Waterloo (pop. 104,986), the City of Kitchener (pop. 233,222) and the City of Cambridge (pop. 129,920).



2.2 POPULATION CHARACTERISTICS

The population of Guelph Region is expected to grow over the next decade primarily due to in-migration. Compared to the province overall, the population has slightly lower proportions of immigrants, non-Canadian citizens, people identifying as Aboriginal (according to Census definitions) and visible minorities.

The overall population for the region in 2017 was 916,564. According to Census 2016 profiles, the proportions of immigrants (23.5%), non-Canadian citizens (6.2%), the Aboriginal identified population (1.6%), and visible minorities (20.7%) are slightly lower compared to those overall for Ontario (see Table1).

TABLE 1: GUELPH REGION POPULATION CHARACTERISTICS

CHARACTERISTIC	GUELPH REGION	ONTARIO
FEMALE	440,260	6,889,105
SHARE OF POPULATION	50.7%	51.2%
IMMIGRANTS	201,005	3,852,145
SHARE OF POPULATION	23.5%	29.1%
NOT CANADIAN CITIZENS	53,380	1,019,095
SHARE OF POPULATION	6.2%	7.7%
VISIBLE MINORITIES	177,175	3,885,585
SHARE OF POPULATION	20.7%	29.3%
ABORIGINAL IDENTITY	13,580	374,935
SHARE OF POPULATION	1.6%	2.8%

Source: Census 2016

According to projections, the population levels are expected to increase over the upcoming 13 years (916,564 in 2017 and then 1,015,416 by 2030). The population median age of 40.6 years in the Kitchener-Waterloo-Barrie economic region is close to the median age in Ontario of 41.3 years and to the national median age of 41.2 (Census, 2016). Although the total population will increase, it will begin to be an aging population with the proportion of the age cohort 65 years or older rising from 14.2% in 2017 to approximately 19.4% by 2030 (see Figure 1). While population growth will be negatively impacted by the continued aging of the population and increased number of deaths, this will be countered to a large extent by a predicted continuation of a pattern of net in-migration of approximately 87,400 people by 2030. Overall, the period under study will be impacted by the predicted in-migration in the region, which will result in a rise in population (see Figure 2).

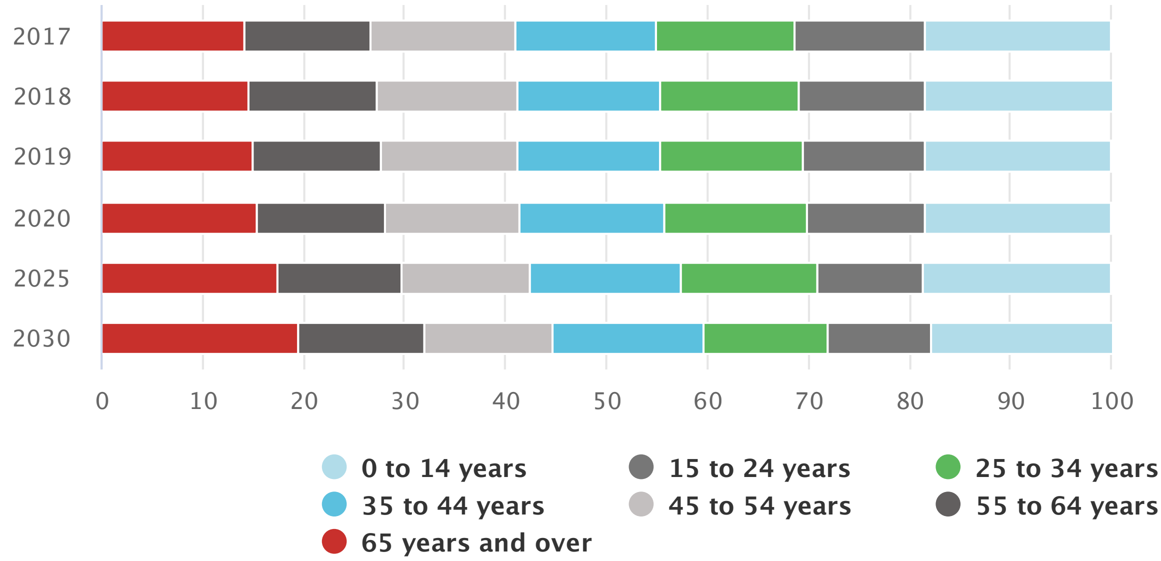


FIGURE 1: POPULATION BY AGE GROUP (%) (2017 TO 2030)

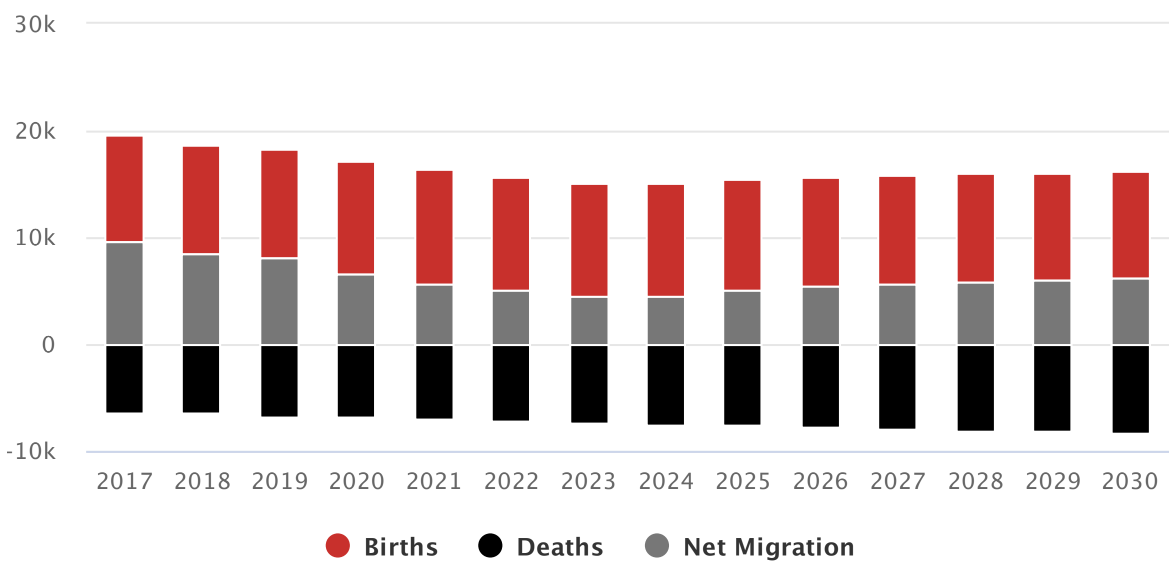


FIGURE 2: COMPONENTS OF POPULATION CHANGE (2017 TO 2030)

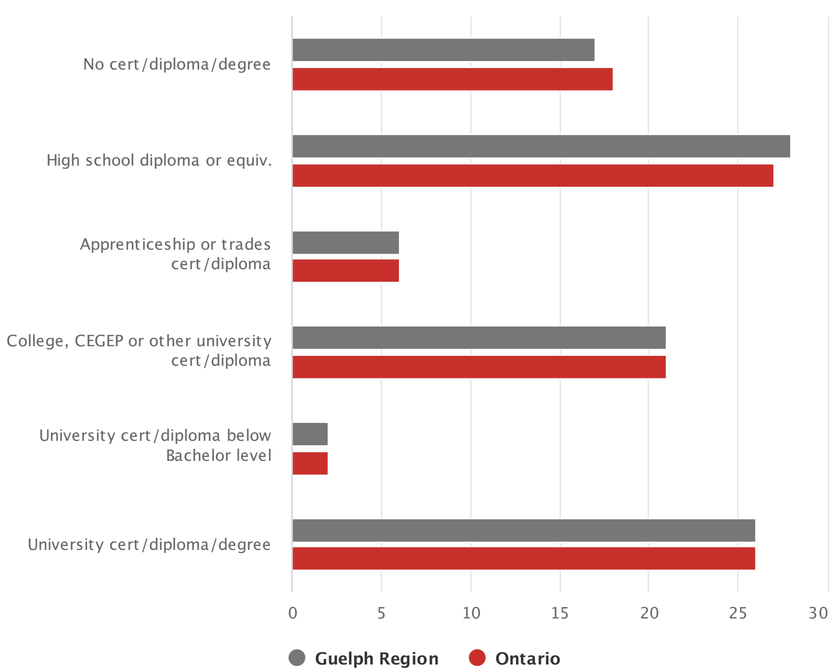


FIGURE 3: EDUCATIONAL ATTAINMENT – GUELPH REGION AND ONTARIO

The overall education level of the region's working age population is equivalent to that of Ontario overall (see Figure 3), with 17% of the population not having a high school diploma (compared with 18% for the province), and 28% (vs. 27% for the province) having a secondary school degree.

3.0 OUTLOOK OF ONTARIO MEAT PROCESSING

3.1 ONTARIO MEAT PRODUCT OUTLOOKS

Total real gross output (or total end market demand) for meat processing is forecast to expand at a moderate pace of 1.6% on average over 2018-30. Growth will be helped by the increases in overall meat consumption that is forecast to average 0.8% over 2018-21 to 0.7% over 2022-26, and 0.8% over 2027-30 as poultry and lamb consumption boosts overall meat consumption. International exports are forecast to expand at a moderate rate over the projection period, averaging 2.9% over 2022-26, and 2.1% over both 2022-26 and 2027-30. There are broad-based gains in beef, veal, pork and poultry product exports. Meat of all types will benefit the implementation of the CETA and the TPP. Ontario's exports to other provinces will gain from the overall rise in meat consumption in those provinces; interprovincial exports are forecast to expand at a modest rate of 1.3% over 2018-21, 1.0% over 2022-26 and 2027-30. Interindustry demand is forecast to average 2.5% over 2018-21, and 3.0% over 2022-25 and 2.9% over 2026-30.

TABLE 2: ONTARIO PREPARED MEAT END MARKET GROWTH (ANNUAL AVERAGE % CHANGE)

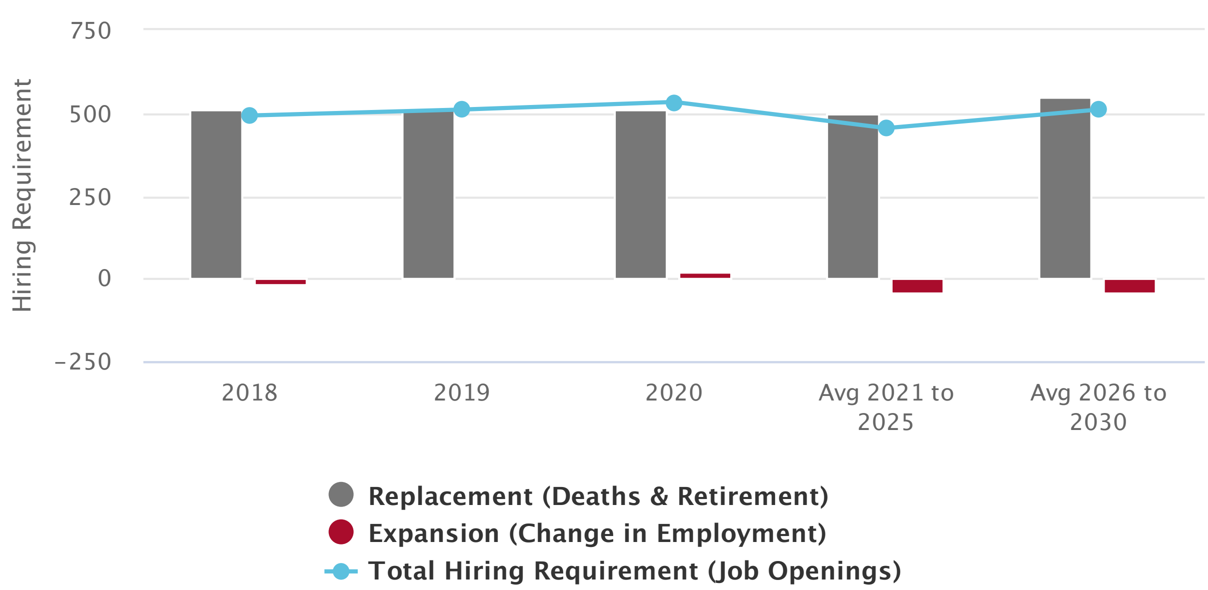
END MARKET	2013-2017	2018-2021	2022-2026	2027-2030
Consumption	-0.2	0.8	0.7	0.8
International Exports	1.6	2.9	2.1	2.1
Interprovincial Exports	0.9	1.1	1.3	1.2
Interindustry Demand	3.2	2.5	3.0	2.9
Imports	0.8	1.3	1.0	1.0
Total End Market Demand	1.3	1.6	1.6	1.6

3.2 MEAT PROCESSING EMPLOYMENT OUTLOOK FOR ONTARIO

Meat processing employment in the province is expected to hover around 13,350 between 2017 and 2020 and then rest at approximately 15,000 over the following decade despite modest growth in output. Meat processing real GDP is forecast to expand on average by 1.6% over the 2018-21 period, 2022-26 and 2027-30. Labour productivity (GDP per hour worked) is forecast to increase by 1.9% on average over the projection period. This means that the needed total hours of work will fall modestly by 0.3% on average over 2018-30, 0.3% over 2022-26 and 0.4% over 2027-30. Average hours worked per employee is forecast to fall by 0.1% on average over the projection period, which leads to the total number of jobs falling by 0.2% over 2018-21, 0.2% over 2022-26 and 0.3% over 2027-30.

Taking account of both replacement and expansion demands, the industry will likely need to need to hire just over 6,350 new workers, or (41%) of the current workforce over the next 13 years (see Figure 4). These hiring requirements are net numbers of new workers and do not include annual hiring requirements due to turnover.

FIGURE 4: ANNUAL MEAT PROCESSING HIRING REQUIREMENTS (EXCLUDING TURNOVER), ONTARIO



4.0 GUELPH REGION MEAT PROCESSORS

4.1 EMPLOYERS

The region hosts 18 processors ranging significantly in size.

Overall, there are eighteen meat processing establishments in the Guelph Region[3], with a focus on pork and poultry processing and rendering activities. As noted on the map in Section 1, there are a small number of large plants, with a greater number of smaller plants within the region.

THE CURRENT INDUSTRY WORKFORCE IS APPROXIMATELY 3,816 WORKERS AT PEAK SEASON WITH APPROXIMATELY ONE-HALF BEING LABOURERS AND PLANT WORKERS.

4.2 WORKERS

4.2.1 WORKFORCE SIZE & OCCUPATIONS

The estimated total number of individuals employed by the meat processing sector in the Guelph Region in 2017 was 3,816 (see Table 3). Approximately one-fifth of all employed (19%) were in occupations at an intermediate skill level (NOC 9461; 9462) with a large number of meat cutters. Approximately 8% of the workforce is in the higher skill occupations of specialized meat cutters and master butchers. Close to one-third (30%) are in occupations requiring a foundational skills level. This distribution was confirmed during interviews in which one of the plants involved in pork processing made significant training and recruitment efforts in the attempt to ensure sufficient numbers of skilled meat cutters would be available to meet their requirements. Some of the plants interviewed indicated that they have extensive on-the-job training for all their positions ranging from the foundational to the higher skill level occupations. While a high school diploma is often preferred, it is often not necessary to secure a starting position according to the plant and HR managers interviewed for the study.

3 Number of establishments is based on the 2016 data from Statistic Canada's Business Registrar.

TABLE 3: PROFILE OF WORKERS BY OCCUPATIONS FOR GUELPH REGION - 2017

	AVG 2017 (#)	AVG 2017 (%)
Total Employment	3,816	100%
FOUNDATIONAL (NOC 9617)		
Production Labourer	609	16%
Poultry Production	553	14%
INTERMEDIATE (NOC 9462; 9461)		
General Meat Cutter/Knife Person	528	14%
Machine Operator	128	3%
Slaughter Person	91	2%
HIGH (NOC 9213)		
Master Butcher	64	2%
Specialized Cutter	230	6%
SUPERVISORY (NOC 9213)		
Supervisors	179	6%
MANAGEMENT (NOC 0911)		
Management	269	7%
OTHER CATEGORIES		
Maintenance	212	6%
Skilled Trades	347	9%
Quality Control Technician	35	1%
Office Staff	362	9%
Other Occupations*	209	5%

* this includes occupations in areas such as transport, logistics, material handlers that do not fall within the main NOC codes identified above.

3,816 **AVERAGE NUMBER OF WORKERS EMPLOYED IN THE MEAT PROCESSING INDUSTRY IN 2017**

4.2.2 WAGES

Median hourly wages for labourers in food processing are above the provincial average by $3/hour, and slightly above the provincial median hourly wage in the case of industrial butchers and meat cutters. Wages for these two occupations are higher than some other C and D level occupations available in the region.

The median hourly wage for labourers in food processing (NOC 9617) in the Kitchener-Waterloo-Barrie region of Ontario in 2017-18 was $17.00/hour (see Table 4). This rate is $3/hour higher than the provincial median but slightly lower than the median rate in the closest economic region of Hamilton-Niagara ($17.55/hour). The median wage for industrial butchers and meat cutters (NOC 9462) was slightly higher in Kitchener-Waterloo-Barrie at $18.66/hour. These wage rates are slightly higher than the provincial median rate ($18.00/hour) for this occupation as well as the median rate for that occupation in the region of Hamilton-Niagara. To provide some context, the minimum wage in Ontario in 2017 was $11.60/hour.

When compared with other C&D Level Occupations in the same region, the median wages for labourers in food processing were generally higher by approximately $3.00 to $4.00/hour.

TABLE 4: WAGE LEVELS FOR SELECTED OCCUPATIONS - 2017 ($/HOUR)

	Low Wage (10th percentile)	Median Wage (50th Percentile)	High Wage (90th percentile)
Labourers in food processing (NOC 9617)			
Kitchener Waterloo Barrie Region (ON)	14.00	17.00	22.00
Hamilton Niagara Peninsula Region (ON)	14.00	17.55	28.86
All Ontario	14.00	14.00	21.00
Industrial butchers and meat cutters (NOC 9462)			
Kitchener Waterloo Barrie Region (ON)	15.80	18.66	22.00
Hamilton Niagara Peninsula Region (ON)	14.25	18.00	24.00
All Ontario	14.25	18.00	24.00
Other C&D Level Occupations Lethbridge-Medicine Hat (AB)			
Farm Labourer (NOC 8431)	14.00	14.50	22.60
Retail Sales (NOC 6421)	14.00	14.00	20.00
Food Services (NOC 6711)	14.00	14.00	15.00

Source: Employment and Social Development Canada – Job Bank – Labour Market Information

On a provincial level, the average hourly wage in food manufacturing ($18.26) is lower than other forms of manufacturing ($20.94) and lower than the average hourly wage for all industries combined ($20.39) (see Table 5). The hourly wage in food manufacturing is higher than that found in retail ($14.04) and accommodation and food services ($14.04), but lower than other industries such as construction ($25.61), educational services ($27.66) and professional, scientific and technical services ($29.46).

TABLE 5: AVERAGE HOURLY WAGE – ONTARIO, 2016-2017 – ($/HOUR)

	Avg. hourly wage
All industries	**$20.39**
Food Manufacturing	**$18.26**
Manufacturing (Total)	**$20.94**
Professional, scientific & technical services	**$29.46**
Accommodation and food services	**$12.23**
Retail trade	**$14.04**
Health care and social assistance	**$24.49**
Construction	**$25.61**
Educational services	**$27.66**

Source: Job Vacancy and Wage Survey Q3 2016 – Q2 2017

5.0 REGION'S LABOUR FORCE

THE REGION'S LABOUR FORCE IS APPROXIMATELY 520,337.

5.1 OVERVIEW OF LOCAL LABOUR FORCE

5.1.1 SIZE OF LABOUR FORCE, MAIN SECTORS AND WORK PATTERNS

The overall size of the labour force for the region in 2017 was estimated at 520,337 (out of a total population of 916,564). The largest proportions of the labour force for the Kitchener-Waterloo-Barrie Economic Region work in manufacturing (14% of the labour force - includes meat processing), retail trade (11%) and health care and social assistance (10%) (Census 2016).

5.1.2 UNEMPLOYMENT

The average unemployment rate for the region in 2017 was 5.8%

The unemployment rate for the region in 2017 was 5.8% on average. According to Census data, approximately 4.3% of the population in the Guelph Region 15 years or older who had income received regular Employment Insurance (EI) payments at some point in 2016.

According to EI data provided by ESDC for the Southern Central Ontario region, there has been generally a declining trend in the number of workers from the food and beverage processing sector (not just meat processing) making EI claims (see Table 6). The one exception is for Supervisors in food and beverage processing, where the number of workers making claims has increased by 16% on average per year between 2014 and 2016.

The highest number of EI beneficiaries are found among material handlers (917 beneficiaries in 2016), a number that has remained fairly stable since 2014 (939 beneficiaries). The largest annual proportional decreases are observed among process control and machine operators (with an average annual 37% decrease between 2014 and 2016) and industrial butchers and meat cutters (with an average annual decrease of 23% between 2014 and 2016).

TABLE 6: EI BENEFICIARIES BY OCCUPATION – SOUTHERN CENTRAL ONTARIO REGION

Occupation	2014	2015	2016	Avg. Annual % Chg.
Manufacturing managers	222	223	182	-9%
Material handlers	939	1101	917	-1%
Supervisors, food and beverage processing	92	79	N/A	16%
Process control and machine operators, food and beverage processing	97	43	26	-37%
Industrial butchers and meat cutters, poultry preparers and related workers	250	132	134	-23%
Labourers in food and beverage processing	764	555	424	-22%

Source: Employment and Social Development Canada 2017

5.2 OVERVIEW OF IMMIGRANT SOURCES OF LABOUR

Currently, recent immigrants and temporary foreign workers play a significant role in addressing labour supply issues in the meat processing industry in Guelph Region, particularly with respect to the highly skilled meat cutting occupations.

While the proportion of immigrants in the Guelph Region is lower when compared with Ontario overall (23.5% vs. 29.1%), the meat processing industry is reliant on recent immigrants and temporary workers working towards permanent residency in Canada. It was noted that while the region is not an immigration hub for Ontario (compared with nearby Toronto), there are a significant number of recent immigrants who select to settle in the area, including a sizeable population of Syrian refugees. One of the plants interviewed makes use of the Temporary Foreign Worker Program to supplement their skilled meat cutter staff given the significant difficulties they encounter recruiting Canadians with these skill sets. Another plant that uses a temporary hiring agency to fill many of its part-time and temporary positions note that many of the workers are recent immigrants, some of whom later become employees once permanent positions open up. Within both plants interviewed, each noted that they have a very ethnically diverse staff representing many different backgrounds, cultures and languages.

5.3 OVERVIEW OF INDIGENOUS SOURCES OF LABOUR

There are no First Nations communities (reserves) located directly within the defined region within commuting distance of the larger meat processing plants. There are approximately 2% of residents in 2016 who self-identified as Aboriginal according to Census definitions.

The Guelph Region does not have any First Nations communities located within commuting distance of the larger plants. There is a small proportion of the population (1.9% in Census 2016; 13,580 individuals) in the Guelph Region who identify as Aboriginal according to Census definitions. In interviews with plant managers in the Region, there is some outreach to the local Indigenous employment and training organization with varied levels of success.

6.0 CURRENT AND FUTURE LABOUR DEMAND VS. SUPPLY

6.1 LABOUR MARKET TIGHTNESS

ACCORDING TO THE MODELS DEVELOPED, OVERALL THERE IS CURRENTLY A SUFFICIENT LOCAL LABOUR FORCE TO MEET THE REGION'S LABOUR REQUIREMENTS FOR ALL INDUSTRIES WHEN CONSIDERING NUMBERS OF WORKERS AVAILABLE. WHEN SKILL LEVELS ARE CONSIDERED, THE MODELS PROJECT TIGHTER LEVELS OF AVAILABILITY, PARTICULARLY FOR LOWER SKILL OCCUPATIONS. THIS INDICATES A POTENTIAL GAP WITH THIS TREND CONTINUING THROUGH UNTIL 2030.

TABLE 7: POPULATION AND LABOUR FORCE OUTLOOK SUMMARY – GUELPH REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Population	493,042	497,988	502,790	507,499	522,466	549,724
Avg. Annual Change (%)		1.0%	1.0%	0.9%	1.0%	1.0%
Total Labour Force	273,073	276,501	279,453	281,099	284,309	291,465
Avg. Annual Change (%)		1.3%	1.1%	0.6%	0.4%	0.5%
Total Employment	259,314	263,095	266,435	268,271	270,956	279,029
Avg. Annual Change (%)		1.5%	1.3%	0.7%	0.4%	0.6%
Unemployment Rate	5.0%	4.8%	4.7%	4.6%	4.7%	4.3%

The model projections indicate that taking into account the trends in migration and aging, the Chilliwack Region will experience population growth within the period under study (2017 to 2030) (see Table 7). These factors will also contribute to a growing labour force for the region, albeit at a slower rate than population growth given the aging population and anticipated retirements. As a result, unemployment rates are expected to decline from an average of 5.0% to 4.3% based on increased opportunities, but slower growth in the overall labour force.

LABOUR MARKET TIGHTNESS EXPLAINED

Specifically, for this project, the analytic team developed an approach to demonstrate the "tightness" of the labour market in supplying the employment demands from meat processing in the identified regions. This was calculated by estimating labour requirements in other sectors in the region (non-meat-processing labour requirements) and subtracting those requirements from the total labour force estimates. This difference results in an estimated "residual" labour force for the region from which meat processing needs to draw. Not all of the meat processing workers come from the residual pool, as the sector actively competes with other sectors for workers; however, the "tightness" measure indicates where shortages are likely occurring for not only the meat processing sector but likely other sectors drawing from the same labour supply. Using this approach, the current and future labour market tightness was calculated to determine the extent to which the region's labour force can meet the labour requirements of all sectors (both non-meat processing and meat processing).

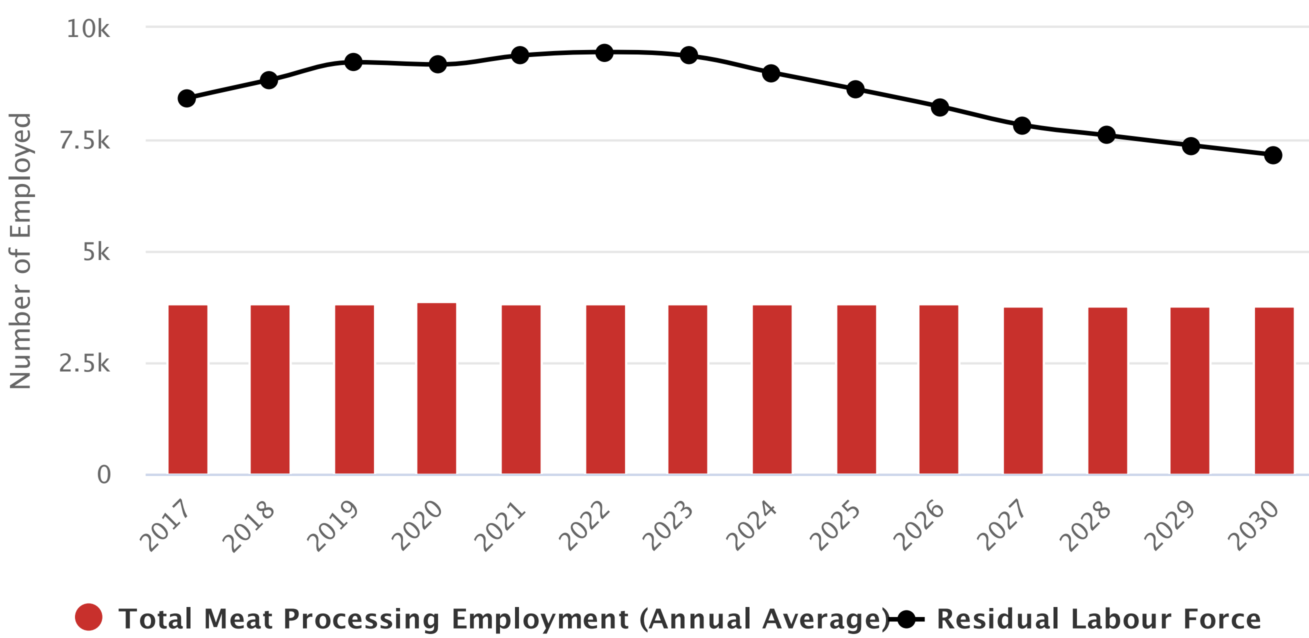
As illustrated in Table 8 and Figure 5, the Total Meat Processing Employment (Annual Average) is lower than the Residual Total Labour Force. This suggests that there is currently (2017) a sufficient local labour force to meet all of the region's labour requirements (for all industries). This trend continues all the way through to 2030. This type of analysis describes the number of workers available but does not take into account their skills, training or work history/experience.

The analysis outlined in Table 7 and Figure 6 describes the labour market context within which the meat processors in the Guelph Region are operating with respect to finding enough workers from the local labour supply. Within this labour market, the industry employers have had some success recruiting. For example, in 2017, the meat processing industry was able to recruit and employ 3,816 within a labour market that had a residual total labour force of only 8,429. This means that the meat processing industry was likely recruiting workers from other industries or potentially from outside the local region. While the industry did experience vacancies, these would likely have been substantially higher had it not been successful in recruiting labour external to the region, and/or competing with other industries in recruiting workers.

TABLE 8: TOTAL LABOUR MARKET TIGHTNESS – GUELPH REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Labour Force [4]	520,337	527,832	534,421	538,968	547,438	556,110
Total Non-Meat Processing Labour Requirement [5]	511,908	518,988	525,012	529,788	538,273	548,478
Residual Total Labour Force[6]	8,429	8,843	9,229	9,180	9,166	7,632
Total Meat Processing Employment (Annual Average)	3,816	3,825	3,838	3,854	3,822	3,789

FIGURE 5: TOTAL MEAT PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE – GUELPH REGION – 2017-2030



4 The labour force includes all individuals who are either employed or unemployed and actively seeking work. The unemployed would include those on regular EI claims along with those receiving other sources of income (e.g., social assistance) who are actively looking for employment.
5 Non-meat processing labour requirement consists of employment demand from other sectors with an allowance for typical levels of sector-specific unemployment.
6 The residual labour force is the difference between the labour force and the non-meat processing labour requirement.

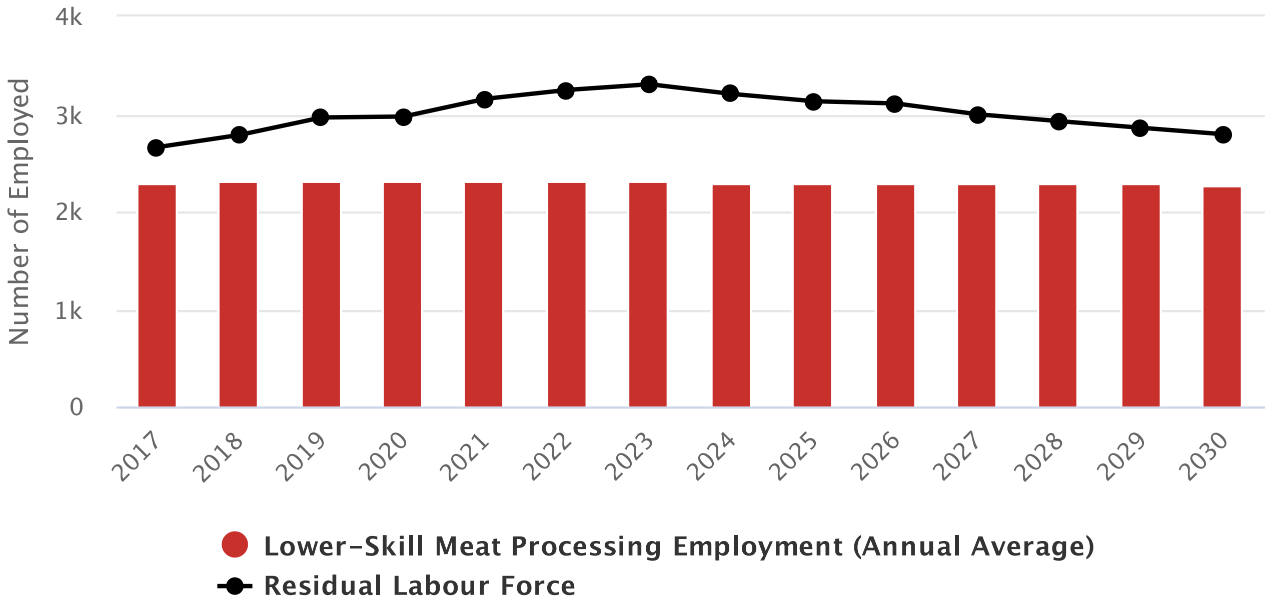
As noted in the description of the occupations, approximately 57% of the occupations in the industry in this region are in the “C” and “D” levels which are often referred to as “lower-skill level” occupations, not requiring post-secondary education. Given much of the focus is on the lower-skill level labour force, the study also analyzed the “tightness” of the lower-skill level labour market (see Table 8 and Figure 7). The tightness of lower-skill level labour market is high. For example, in 2017, the meat processing industry was able to recruit and employ 2,301 workers within a labour market that had a residual total labour force of only 2,660. This means that the meat processing industry was likely recruiting workers from other industries, and from outside the local region. This level of tightness suggests that many of the industries that rely on a lower-skill level labour market are also experiencing labour shortages in this region.

TABLE 9: LOWER-SKILL LEVEL LABOUR MARKET TIGHTNESS – GUELPH REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Lower-Skill Labour Force[7]	185,090	187,756	190,036	191,717	194,730	197,815
Lower-Skill Non-Meat Processing Labour Requirement	182,430	184,970	187,071	188,743	191,521	195,278
Residual Lower-Skill Labour Force	2,660	2,785	2,964	2,974	3,209	2,936
Lower-Skill Meat Processing Employment (Annual Average)	2,301	2,307	2,315	2,324	2,305	2,258

7 The lower-skill labour force is the portion of the total labour force with no education beyond a high school diploma

FIGURE 6: LOWER-SKILL LEVEL MEAT PROCESSING EMPLOYMENT AND RESIDUAL LABOUR FORCE – GUELPH REGION – 2017-2030



The overall summary of the labour market tightness as modelled for the Guelph Region (Table 8) demonstrates that the local labour force is providing enough workers to meet the employment requirements of employers in the area when all levels of workers are considered (this does not take into account specific skill sets or level of willingness to work in various industries). However, when considering only the lower-level skill workers, the labour market is tighter. This trend is anticipated to continue throughout the period of study (2017 to 2030), and tightness for the total labour market is expected to increase towards the end of the projection period. These results assume similar industry employment demand (e.g., no new major employers arriving or leaving the area), and no major changes in net migration patterns.

TABLE 10: SUMMARY OF LABOUR MARKET TIGHTNESS – BROOKS REGION – 2017-2030

	2017	2018	2019	2020	AVERAGE 2021 TO 2025	AVERAGE 2026 TO 2030
TOTAL	1	1	1	1	1	2
LOWER SKILL	2	2	2	2	2	2

1 = Meat processing employment demand is less than 50% of regional labour force at annual average employment levels
2 = Meat processing employment demand is between 50 and 100% of regional labour force at annual average employment levels
3 = Meat processing employment demand is greater than 100% of regional labour force at annual average employment level

6.2 NUMBER OF WORKERS REQUIRED

Projections indicate that the Guelph Region employers will need to attract approximately 1,585 new workers to the meat processing industry by 2030. This is equivalent to approximately 41% of their current annual average workforce. This requirement is due to both anticipated industry growth and replacement of anticipated retirements over this period. Unfortunately, this recruitment will be occurring within the context of a regional labour market that is bordered by large urban centres offering various employment opportunities. The increasing tightness in the labour market combined with various other opportunities available in neighbouring urban regions (e.g., Toronto, Hamilton) is contributing to the high number of current vacancies experienced by employers in meat processing in this region (estimated at 13% in Ontario), and to some degree the higher turnover rates in the industry as workers have more employment opportunities from which to choose, particularly in the lower-skill level occupations (estimated imputed turnover rate of 36% in Ontario in meat processing industry). All of these factors contribute to the substantial challenges facing Guelph Region meat processors in their attempts to recruit enough workers to replace retirements, fill ongoing vacancies, work to address turnover rates, while also trying to grow, remain competitive and increase productivity.

Overall, it is anticipated that as of 2017, there will be a need for increased numbers of new hires, due to both industry growth and the need for replacements attributable to anticipated retirements and deaths among the workforce (see Table 10). Overall, this results in the need to attract 1,585 new workers to the industry between 2018 and 2030. This equates to replacing approximately 41% of the 2017 average meat processing workforce in the region.

TABLE 11: HIRING REQUIREMENT OUTLOOK – GUELPH REGION – 2017-2030

	2017	2018	2019	2020	SUM 2021-2025	SUM 2026-2030
Net Hiring Requirement[8]	158	137	141	144	588	574
Industry Growth	31	9	13	16	-40	-42
Retirements and Mortality	127	128	128	128	628	616

The employment outlook according to occupation is detailed in Table 12 (Annual Average).

8 Net hiring requirement does not include hiring required as a result of turnover (i.e. hiring workers to replace individuals who quit or are fired from their positions). The imputed turnover rate (total number of people workers hired as a share of the total number of workers) for Ontario meat processors is estimated at 36%.

TABLE 12: EMPLOYMENT OUTLOOK (ANNUAL AVERAGE) – GUELPH REGION – 2017-2030

	2017	2018	2019	2020	AVG 2021-2025	AVG 2026-2030
Total Employment	3,816	3,825	3,838	3,854	3,822	3,789
FOUNDATIONAL (NOC 9617)						
Production Labourer (including Processor, Packer, Barn Worker)	609	611	613	615	610	605
Poultry Production Labourer (including Plant Production Worker, Poultry Worker, General Labourer)	553	554	556	558	554	549
INTERMEDIATE (NOC 9462; 9461)						
General Meat Cutter or Knife Person/Poultry Cutter	528	529	531	533	529	524
Machine Operator (including Saw Operator)	128	128	129	129	128	127
HIGH (NOC 9213)						
Master Butcher, expertise in multiple cuts (includes Butcher or Lead Hand of a shift)	64	65	65	65	65	64
Specialized Cutter, expertise in one cut (including Pull tenderloin, Drop (seam) Inside Round, Lead Hand, Specialized Meat Cutter)	230	231	231	232	230	228
SUPERVISORY (NOC 9213)						
Supervisors (including Kill Floor Supervisor, Abattoir Supervisor, Production Supervisor, Raw Room Supervisor)	179	179	180	181	179	178
MANAGEMENT (NOC 0911)						
Management (including Plant Manager, Director of Operations, Sales, Kill Floor Manager, Food Safety Managers)	269	270	271	272	270	267
OTHER CATEGORIES						
Maintenance (including Janitors, Sanitation Workers, Cleaners)	212	212	213	214	212	210
Skilled Trades (including Millwright, Industrial Electrician, Truck Driver)	347	348	349	350	347	344
Quality Control	35	35	35	35	35	35
Office Staff (including Administrator or HR Manager)	362	362	364	365	362	359
Other Occupations*	209	210	210	211	210	208

* this includes occupations in areas such as transport, logistics, material handlers that do not fall within the main NOC codes identified above

7.0 OVERVIEW OF HR ISSUES ENCOUNTERED

Interviews with plant managers in the region outlined various HR issues that they have experienced in the attempt to retain and recruit an adequate labour force. While issues and challenges vary from plant to plant, these are some of the common themes that were identified and may be characteristic of this region. Main themes include:

Retention issues

Retention issues noted during interviews also tended to vary according to not only the facility but also the types and sources of workers. For example, among the TFWs hired in one plant, there was nearly 100% retention during the TFW period, and similar rates among TFWs who receive their permanent residency (continue working for the same employer). With the more local hires, the turnover tended to be highest with the first six months on the job with reasons provided such as the physical requirements of the jobs, the environment (temperature, blood, odours), and often the hours of work that do not mesh with other requirements (e.g., family, daycare, not enough hours if temporary staff). One plant noted an approximate 15 percentage point decrease in turnover rates during the past three years which they partially attributed to stabilizing the workforce through the addition of a few key highly skilled workers via the TFW program.

Recruitment

According to the interviews with local plants, the types of positions that are most challenging to recruit for depend to some extent on the type of facility. For the larger pork processing plant, the most challenging positions to recruit for are the skilled industrial meat cutters. The challenges are that there are limited numbers of highly skill meat cutters available in Canada and that the current internal workforce requires considerable time to be trained to the levels required. For another plant, the main challenges in recruitment were primarily for part-time and temporary positions that are required to accommodate the types and methods of processing that is becoming increasingly tailored to specific clients and requires variability in scheduling.

Stabilizing the workforce

The plants interviewed indicated that there are considerable challenges in stabilizing the workforce to be then able to concentrate on development and training. Considerable efforts have been made to not only focus on the in/out of constant recruitment and turnover which can be 100% time consuming for HR and management, but rather find some way to stabilize the workforce and then start to work on solutions to further develop internal mechanisms and processes that can stem the spiraling that has occurred in these areas. For one plant the stabilization of the workforce was assisted through the use of the TFW program. For another plant, the stabilization was aided by using temp agencies for part-time and as-needed staffing requirements.

Impact of labour shortages and vacancies

The main challenges noted with the labour shortages were the lost opportunities for increasing production overall, introducing new lines, expanding existing lines and investing in developing specialty, value-added products. The other challenge noted concerning shortages of specialized positions is that there can quickly be a chain effect on production if there are an insufficient number of specific people in key positions. Given the volume and speed of production, many of the specialized cutting positions are crucial to have fully staffed with performing, experienced personnel in order to not risk interruptions in the production chain. As noted during one interview, filling a specialized meat cutting position can easily contribute to the creation of an additional 4-5 jobs among the various lines.

Challenges with NOC coding

Representatives from the plant interviewed that was attempting to recruit skilled meat cutters also mentioned that one of the main challenges they were encountering was that retail butchering is now occurring in the plant more often than on the site of their retail customers. As a result, the level of skill required to work in the industrial plant setting is not aligning with the skill set and rating of NOC codes for industrial meat cutter. The NOC coding for an industrial meat cutter is 9462 with the second digit "4" indicating a lower-level or semi-skilled occupation (level C). In contrast, the NOC coding for a retail meat cutter is 6331 with the second digit "3" indicating a higher skill level than that required for industrial meat cutters (level B). The managers noted that given the changes in the industry to case-ready products being produced within the plant (and not in a retail setting) and the level of skill required for many of the more complex tasks (, that the classification of industrial meat cutters is dated and no longer reflective of the reality of these occupations. Given this misalignment in coding, there are considerable challenges in obtaining permanent residency for industrial meat cutters which could be avoided with updates to the relevant codes.

8.0 PROMISING PRACTICES AND INNOVATIONS

Employers in the region are trying various approaches to address the challenges with labour supply and retention. Some of those that were identified during interviews include:

HEAVY EMPHASIS ON TRAINING

During interviews, it was noted that improved training could be linked to success in reducing turnover. One plant interviewed has invested considerably in the development of internal training programs that incorporate adult learning techniques, considerations for those with English as an additional language (use of video, symbols, colours), and ongoing learning assessments. They consider that this type of investment has contributed directly to decreasing turnover rates among staff. Everyone is given the opportunity to move up and be trained (even before a position being available – see below in cross-training). Another plant has been exploring the outcomes derived from encouraging work shadowing among employees with additional compensation being provided to the identified trainer (+$1/hour).

CROSS-TRAINING OF POSITIONS

One plant indicated that they invest considerably in cross-training of staff. This is linked directly to the retention of employees. Effort is expended in cross-training individual employees so they are capable of doing multiple jobs and are ready when positions become available. Their compensation reflects their ability to do multiple jobs, so cross-training is an incentive for not only obtaining a higher skilled – higher paying position but also being compensated while they wait for a job to open-up by filling in for replacements, working overtime, etc.

SELF-DIRECTED WORK TEAMS

One plant is starting a pilot project regarding self-directed work teams. Every team of 4 people also has a relief worker, and each team member can do everyone else's job within the team. This means that they can easily switch if people need a break or a change. The teams are self-directed in that they control the switching and arrangements.

INNOVATIVE APPROACHES TO ASSESSMENT

One plant has developed an assessment approach that includes components of work simulation for each job and the movement of each skill required. Currently, this is an involved assessment (2-hours; additional costs), but indications are that it can have a positive impact on reducing WSIB claims, improve hiring and promotion decisions, and set out various paths for training and development.

INJURY REDUCTION

The importance of injury prevention and reduction are also important in one plant that stresses having stretch breaks that are then incorporated into the line processes. In addition, the plant works with a buddy system where workers new to a specific position will have someone working with them who shows them how to do the job but also to monitor and encourage them to learn correct technique from a skilled ergonomic perspective.

IDENTIFYING LEADERS AND PROMOTING FROM WITHIN

Within a strong emphasis on assessment and training, one plant that was interviewed indicated that they are often looking for the opportunities to identify potential leaders (trainers, lead hands, supervisors) from within the current workforce and work with them to assess, train and develop them in this manner. One example was a young person who was promoted to lead hand, and when interviewed for this project indicated that the company had “taken a chance on me” and appreciated the support, confidence and encouragement received from the company to progress through the various levels. Similarly, another young person who had recently immigrated to Canada indicated that the plant had also “taken a chance” and had encouraged the person’s development and attainment of a high skill position (back-up lead hand) with extensive cross-training. Both young people indicated that they intended to remain with the company and strive for higher, supervisory roles that require them to develop managerial skills.

WORKING WITH COMMUNITY AGENCIES AND ORGANIZATIONS

Interviews with managers and employees noted that there is ongoing work with community agencies and organizations to identify potential sources of new workers. These include the John Howard Society, employment and training groups working with vulnerable youth, agencies assisting people with mental health issues, YMCA, and immigrant-serving organizations.

CURRENT EMPLOYEES AS A REFERRAL BASE

For one plant, there is a bonus system in place for current employees to refer job applicants. This was noted as quite successful.

USE OF A TEMP AGENCY AS A SCREENING PROCESS FOR NEW EMPLOYEES

One plant that is using a temporary staffing agency to supply part-time, temporary and flex employees noted that they have applications from the temp agency workers for the full-time positions that become available. They indicate that while many temp agency workers (e.g., students) are not interested in full-time permanent work, those that have worked in this employment arrangement are aware of the work environment and both the benefits and challenges. As well, it provides the employer with a brief opportunity to assess performance and suitability before hiring. Respondents during interviews noted that this has contributed to lower rates of turnover, particularly among that group who leave within a few weeks of being hired.

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