MEAT OF THE MATTER

Labour Challenges and HR Best Practices of Canada's ***Remote Meat*** Processors

EXECUTIVE SUMMARY

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Labour Market Information Report Series

Created by:

FOOD PROCESSING HR COUNCIL
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In Partnership with:

CMC
CANADIAN MEAT COUNCIL
CONSEIL DES VIANDES DU CANADA

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INTRODUCTION

SECURING CANADA'S MEAT WORKFORCE, REAL CHALLENGES – PRACTICAL SOLUTIONS – FRESH PERSPECTIVES

Many Canadian meat processors say they are unable to meet increasing demand for their products in international markets due to labour shortfalls. Meat processors located in rural or remote regions are particularly struggling to fill critical vacancies.

In response to these industry-wide HR challenges, the Food Processing Human Resources Council (FPHRC) is undertaking a comprehensive labour market information (LMI) study of the meat processing sector to help identify human resources best practices and assist employers with their workforce development efforts.

Meat of the Matter is the first stage of the *Securing Canada's Meat Workforce* project. The report analyzes labour market employment information collected by FPHRC through the lens of meat processors located in remote regions of Canada.

INTRODUCTION

To date, the best LMI available for remote meat processors are found in eight case studies representing 14 different plants commissioned by the Canadian Meat Council. These cases contain quantitative and qualitative information on recruitment, retention and other HR challenges faced by plants, and describe how these challenges impact their business and, in some instances, the local economy. This data is analyzed throughout *Meat of the Matter*, which refers to the cases collectively as *The Plants*.

In order to identify trends and industry-wide challenges, *Meat of the Matter* is complemented by HR information from the Ontario Independent Meat Processors Association (OIMP) and BC Association of Abattoirs.

THE STORY

EXPORTS AND EXPANSION: DRIVING INCREASED DEMAND FOR LABOUR AMONG REMOTE MEAT PROCESSORS

As federally inspected meat processors, *The Plants* export to a number of international markets. Overall, they are motivated to increase exports to growing markets in Asia, Europe, and beyond, but only if they can expand production capacity in their Canadian plants.

Currently, *The Plants* have a combined processing capacity of 20.4 million hogs and 2.5 million cattle annually. To increase this capacity to meet growing international demand, *The Plants* are prioritizing investment, innovation, and expansion at their Canadian facilities.

THE STORY

The Plants are spread across 12 Canadian economic regions and 14 Canadian census subdivisions, meaning labour market information is unique to each. Compared to Canada's urban centres, however, all of *The Plants* are located in what we can refer to as "small" or "remote" communities.

LABOUR SUPPLY: ECONOMIC REGION AND LABOUR FORCE UNEMPLOYMENT

A low labour force unemployment rate means that a meat processing plant in that economic region has a relatively small available labour pool from which to recruit workers and fill critical vacancies compared to regions with higher unemployment rates.

Based on Statistics Canada labour force information for November 6 to 12, 2016, the average labour force unemployment rate for the economic regions surrounding *The Plants* is 5.8 per cent – below the 6.8 per cent national average.

THE STORY

The 12 specific economic regions mentioned in Table 1 below are ones in which *The Plants* are located. Unemployment rates in *The Plants*' economic regions range from a low of 3.4 per cent to a high of 9.9 per cent. *The Plants* in economic regions with lower labour force unemployment rates say they've experienced difficulties in filling critical vacancies when most of the nearby labour pool is already fully employed.

Table 1: Labour force unemployment information by economic region[1]

Economic region	Labour force pop.	Labour force pop. unemployed	Labour force unemployment rate (%)
Canada	**--**	**--**	**6.8**
The Plants	**380,725***	**23,767***	**5.8***
Bas-Saint-Laurent, QC	95,900	7,700	8.0
Calgary, AB	963,600	95,000	9.9
Centre-du-Québec, QC	135,000	5,200	3.9
Chaudière-Appalaches, QC	226,400	9,600	4.2
Kitchener-Waterloo-Barrie, ON	733,400	34,200	4.7
Lanaudière, QC	264,600	18,400	7.0
Lethbridge-Medicine Hat, AB	159,500	9,700	6.1
Lower Mainland-Southwest, BC	1,626,600	84,200	5.2
Mauricie, QC	126,500	7,100	5.6
Southwest, MB	57,600	2,800	4.9
Swift Current-Moose Jaw, SK	55,400	1,900	3.4
Red Deer, AB	124,200	9,400	7.6

*Average value

THE STORY

POPULATION DENSITY AROUND THE PLANTS

Canada's most dense census subdivision – Vancouver, BC – has 5,249 people per square kilometre. Comparatively, the average population density per square kilometre in *The Plants'* census subdivisions is 376.[2]

Statistics Canada defines "rural" as an area with less than 400 people per square kilometer.[3] Thus, on average, *The Plants* are located in census rural areas.

Table 2: Population density & Employment Insurance statistics by census subdivision

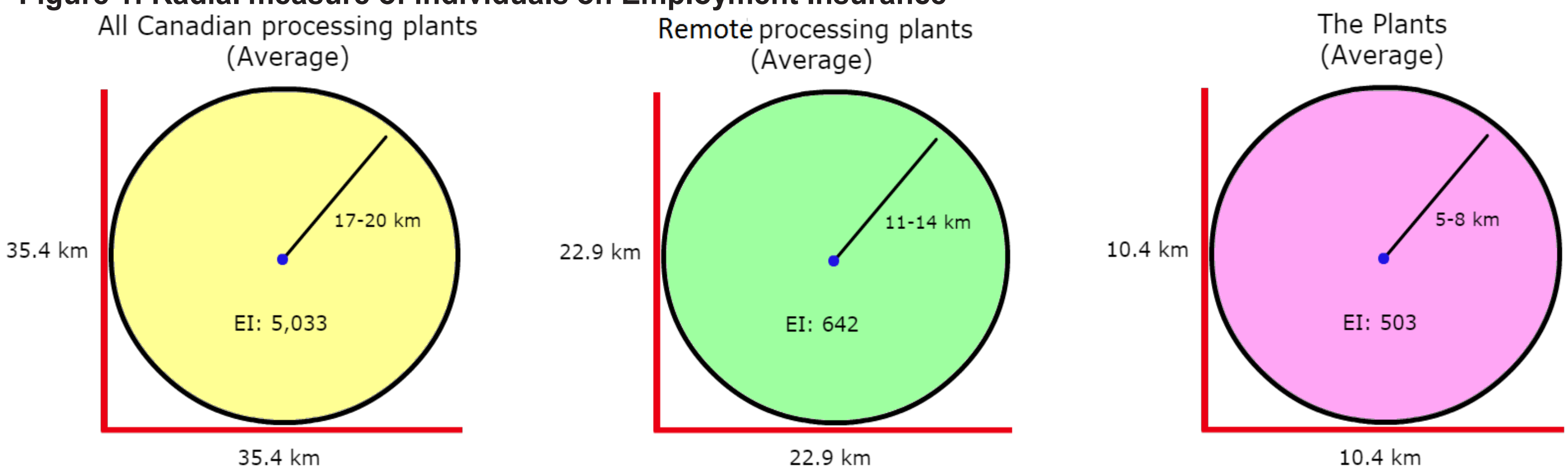
Census subdivision	No. of meat processors[4]	Land area (square km)	Pop. per square km [5]	Individuals on EI[6]
All meat processors	**1759**	**1,256***	**1,163***	**5,033***
Remote meat processors[7]	**1033**	**524***	**236***	**642***
The Plants	**14**	**109***	**376***	**503***
Brandon, MB	2	77	599	570
Brooks, AB	1	18	752	370
High River, AB	1	14	905	290
Langley, BC	15	308	338	770
Lethbridge, AB	6	122	683	1,330
Moose Jaw, SK	1	51	657	650
Neepawa, MB	5	18	206	60
Princeville, QC	3	194	29	90
Red Deer, AB	10	104	868	2,660
Saint-Alexandre-De-Kamouraska, QC	1	111	18	50
St-Esprit, QC	1	54	36	40
Vallée Jonction, QC	1	25	77	90
Woolwich, ON	8	326	71	100
Yamachiche, QC	3	107	56	50

THE STORY

If we plot a meat processing plant in the centre of its census subdivision, we can approximate how many individuals are receiving EI benefits within radial distance of the plant. The actual land area (per square km) of Canadian census subdivisions is not standard, however, meaning the radial distance of each subdivision will vary. Nevertheless, plotting meat processing plants in this way helps illustrate the unemployed individuals located nearby.

Overall, there are far fewer individuals on EI within the census subdivisions of remote meat processing plants and *The Plants*, indicating that remote plants have a much smaller pool of labour from which to hire than their more urban counterparts.

Figure 1: Radial measure of individuals on Employment Insurance



THE STORY

LABOUR SUPPLY: NEARBY FIRST NATIONS

First Nation reserves close to *The Plants* (and all remote meat processing facilities) have a labour force population that is currently underrepresented in the sector. Knowing how many First Nation persons are available for work within a reasonable commuting distance would be valuable information for meat processing plants looking to fill critical vacancies

A First Nation within an 80 km distance of a meat processing plant and with over 1,000 individuals in the labour force seems like a viable source of recruitment. More data is needed, however, as labour force unemployment rates of these nearby First Nations are not currently available. Other factors, like the availability of transportation and infrastructure conditions may also affect the potential of First Nations labour forces.

Table 3: Distance to nearest First Nation

	Distance to nearest First Nation (average)[8]	Total population of nearest First Nation (average)	Labour force population of nearest First Nation (average)
All meat processing pants	61 km	3,291	709
Remote meat processing plants	61 km	3,193	702
The Plants	79 km	3,335	1,019

THE STORY

HR CHALLENGES: HIRING CANADIANS AND RETAINING EMPLOYEES

The Plants cite a number of reasons as to why they have consistent difficulty hiring Canadians to fill critical vacancies. The most common of these reasons include:

- Remote location/lack of transportation
- High labour force participation
- Lack of absolute labour
- Negative perceptions/impressions of meat processing work

Overall, *The Plants* prioritize employee quality of life as the primary means of retaining labour (i.e. wages, benefits, bonuses). Persistently high turnover rates and continued critical vacancies, however, suggest that retention efforts do not easily overcome deterrents like remote location, lack of transportation, and “unpleasant”, or “undesirable” working conditions.

THE STORY

HR STRATEGIES: RECRUITMENT EFFORTS

All of *The Plants* have made significant efforts to recruit employees from a variety of potential labour pools. Their efforts include, but are not limited to:

- Building relationships and programs with nearby First Nations to directly recruit from an underrepresented group of workers
- Developing partnerships with nearby high schools and colleges to promote employment among the youth population (e.g. practicum opportunities to, part-time and seasonal student work)
- Advertising in ethnic media outlets to reach immigrant populations who may not speak English or French and working with immigrant employment agencies.
- Extensive traditional and digital advertising activities at both local and national levels (e.g. online job boards, email marketing, participation in job fairs, mobile signage, etc.)

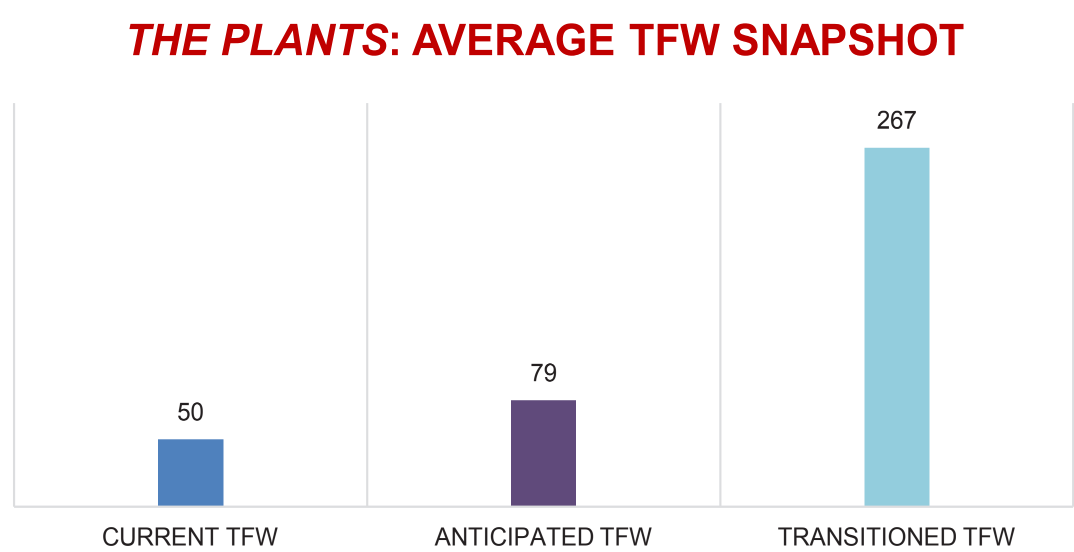
THE STORY

HR STRATEGIES: THE TEMPORARY FOREIGN WORKER PROGRAM (TFWP)

On average, *The Plants* have a current workforce of 999 employees, but operate under capacity with an average of 104 job vacancies and an average annual turnover rate of 26 per cent.

They have an average of 50 TFWs currently employed in their facilities. They also employ an average of 267 former TFWs (those who have transitioned to Canadian workers/permanent residents). As of now, *The Plants* anticipate they will need an average of 79 additional TFWs in 2017 to operate at full capacity.

Figure 2: *The Plants:* Average TFW Snapshot



THE STORY

WHY THE TFWP?

All of *The Plants* say that TFWs are critical to filling persistent job vacancies and allowing their meat processing facilities to operate closer to capacity. More than half of *The Plants* note that retention rates for TFWs are significantly higher at their meat processing facilities compared to that of Canadians. More than three-quarters of *The Plants* say they are focused on family reunification and paths to permanent residency for their TFWs.

Many of *The Plants* have identified the new LMIA process, introduced in 2014, as particularly prohibitive to filling critical labour gaps at their meat processing facilities. They say that the increased cost of LMIA applications (from $275 to $1,000) is not only burdensome, but non-refundable should an application be denied. If an LMIA application is refused, there is no appeals process currently available for *The Plants* to pursue.

THE STORY

Overall, *The Plants* view TFWs as integral members of their companies and of their rural communities, and believe that certain changes to the TFWP could better address the rural labour market landscape and the needs of foreign workers themselves. Some suggested changes to the TFWP include:

- Extension of the LMIA work permit from one to two years in duration
- Treating skilled, semi-skilled, and low-skilled workers equally under NOC classifications
- Creating a federal path to permanency for both industrial and retail butchers
- Limiting the LMIA application fee

THE STORY

CASE STUDY GAP ANALYSIS

In reviewing the case study data and considering best practices in conducting labour market situational analyses, a gap analysis resulted in two main observations:

1) Emphasis on "current point in time": Much of the evidence presented in the case studies clearly outlined the "current" position or point in time. However, strong situational analyses often have a past, present, and future component to recount a strong, contextualized path of achievement through understanding growth, challenges, and solutions.

2) Emphasis on "activities" rather than "outcomes": While it is important to understand what attempts have been made to overcome challenges with recruitment and retention (activities), it is even more important is to understand the outcomes (impacts) of those efforts. A more systematic analysis of why certain initiatives did or did not work would be useful in determining how to address particular challenges.

CONCLUSIONS & RECOMMENDATIONS

Our analysis of available data paints a picture of meat processors operating in remote parts of Canada as struggling, and, in some cases failing, to meet their labour needs.

In an effort to address some of the inherent hiring and retention challenges they face, plants have implemented a range of retention and recruitment strategies, but the success of these strategies appear to vary greatly.

The most effective HR strategies to date have involved TFWs; first, as way of filling urgent labour needs, and subsequently as a longer-term solution, as employers have helped their TWFs become permanent residents of Canada. Some of the changes that have been made to TFWP, however, have made it more difficult and expensive for meat processors to use the program.

CONCLUSIONS & RECOMMENDATIONS

The following are examples of recommendations made in *Meat of the Matter* to fill in information and data gaps in order to provide policy-makers, industry and labour with an evidence-based understanding of the HR situation faced by meat processors in remote parts of Canada.

CAPACITY/EXPANSION

• Complete, consistent, accurate data about the current number of employees and the demographic breakdown of employees is needed for a representative sample of remote meat processors, including youth employees, women employees, First Nations employees, disabled employees, immigrant/refugee employees, and TFW employees.

LABOUR MARKET CONDITIONS

• The labour market supply for remote meat processors would be better understood if labour market unemployment rates were available based on census subdivision.

CONCLUSIONS & RECOMMENDATIONS

RECRUITMENT EFFORTS

• It would be beneficial to gauge perceptions of the meat processing industry through surveys of youth (e.g., under 25 years of age), new Canadians, individuals receiving EI benefits and social assistance benefits, and other relevant demographic groups, in order to understand public misconceptions, stereotypes, etc.

TRAINING OPPORTUNITIES

• Up-to-date reporting on enrollment in and graduation from the Sandy Bay First Nation Meat Cutting Training School in Neepawa, MB, will help gauge the potential success of similar programs across the country, if implemented.

IMMIGRATION AND WORK PROGRAMS

• An analysis of the Atlantic Immigration Pilot Project, including its successes and failures thus far, would help determine the extent to which the Project could serve as a model for the development of new or updated immigration programs across the country.[9]

CONCLUSIONS & RECOMMENDATIONS

IMPROVING CASE STUDY EVIDENCE

- Collect and present data on previous five years along with any growth projections to go beyond “one point in time” evidence. Ideally, there should be evidence of trends if possible.

IMPROVING MEAT PROCESSING EVIDENCE OVERALL

- Build on the themes and issues identified in the current case studies to conduct a more comprehensive labour market information study for the Canadian meat processing sector that is also more representative of the sector according to region, community size, plant size, products, stage of processing, and occupations.

REFERENCES & NOTES

1 *Labour force characteristics by province and economic region, unadjusted for seasonality, 3 month moving average ending in November 2015 and November 2016*, Statistics Canada. http://www.statcan.gc.ca/pub/71-001-x/2016011/t021-eng.htm.

2 Data and Definitions, Rural and Small Town Analysis Bulletin, Statistics Canada. http://www.statcan.gc.ca/pub/21-006-x/2008008/section/s2-eng.htm.

3 Per 2011 Canadian Census Data.

4 According to FPHRC meat processing database.

5 Per 2011 Canadian Census Data.

6 As of December 2016.

7 Canadian meat processors located in census subdivisions with a population density less than 1000/km2.

8 Based on postal code,

9 The Pilot Project very likely includes a requirement for both formative and summative evaluations to take place.

NOTES

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