

Appearance before the House of Commons  
Standing Committee on Agriculture and  
Agri-food Committee

Remarks by:

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Good afternoon Mr. Chair and members of the committee.

I'm Carla Ventin, Senior Vice-President, Government Relations at Food, Health & Consumer Products of Canada.

For over 60 years, FHCP has been the largest national industry association representing companies that manufacture and distribute the vast majority of the everyday essential products found in every refrigerator, pantry, cupboard, and medicine cabinet in Canada.

Our sector employs more than 350,000 people in nearly 10,000 facilities in urban and rural communities in every province.

Our food manufacturers are the top employer in rural Canada and purchase 40 per cent of the food that Canadian farmers grow.

We transform Canada's agricultural riches into value-added finished goods that feed families here and abroad. Consumers have trusted our members' brands for over 100 years.

Business is not back to normal.

From the cross-border blockades to the BC floods to the impact of Omicron to chronic labour shortages, our members have faced unprecedented challenges to ensure that Canadians have access to essential everyday products.

With Canada's inflation rate now at a 30-year high, it is not surprising that cost pressures are a huge challenge. We anticipate further pressure resulting from the invasion of Ukraine.

We are concerned about the risk this poses to food security. In our recent member surveys, FHCP members have told us:

Overall costs have increased by 17%.

The cost for commonly used raw materials for food companies has increased up to 80% in the past year.

Cost for paper pulp, a key ingredient in cardboard packaging and boxes, has increased 15-50% while the cost for key plastic packaging components have increased by 43%.

Labour costs for food processing alone has increased by 16%.

And over 60% are operating with a 25% reduction in production.

With growing supply chain disruptions, labour gaps and rising costs, manufacturers face mounting challenges in meeting consumer demand. Addressing worker shortages would add a great deal of domestic certainty during this crucial time in our economic recovery.

From our member surveys, over 75% reported labour capacity shortages, impacting their ability to supply products, while over 50% are experiencing an average of 20% absenteeism in their Canadian facilities.

While we believe the federal government is moving in the right direction to address our labour crisis, this needs to be expedited.

We welcome the commitment to a sector-specific Agricultural Labour Strategy to address persistent and chronic labour shortages in the agri-food sector and promote skilled trades.

Our members prefer to source their labour domestically. Despite investments in training and recruitment efforts, available jobs remain unfilled. It is, therefore, crucial to look abroad to fill this gap.

We are encouraged by the government's commitments to bring in a trusted employer stream for the Temporary Foreign Worker Program, expand pathways to permanent residence, and increase economic immigration.

More resources should be dedicated to accelerate progress in these areas.

Amid rising inflation and supply chain disruptions, grocery chains are making things worse by continuing to introduce new fines and penalties on suppliers. Our survey revealed that members experienced a 25% increase in supply chain fines. These escalating fines contribute to consumer inflation and food insecurity.

This underscores why Canada needs a mandatory and enforceable grocery code to restore balance and fairness in the retailer-supplier relationship. We must ensure the industry process currently underway continues at an expedited pace. Implementing a grocery code would also add a great deal of domestic certainty.

And finally, we applaud the government's commitment to reduce and prevent supply chain bottlenecks in Canada's transportation networks through the National Trade Corridors Fund.

While investments in transportation are essential, we must also invest in human capital to keep our critical infrastructure running. We can have the most efficient and modern transportation infrastructure, but it can easily come to a halt, as we have seen in recent weeks.

Governments need to take the necessary steps to secure and protect our critical infrastructure to prevent this from happening again and, more importantly, help rebuild Canada's international reputation as a reliable trading partner and an attractive place to invest.

I thank the committee for this opportunity. I welcome your questions.