

Pre-budget Submission for the  
upcoming 2021 Ontario Budget

By: Food, Health & Consumer Products of  
Canada

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Food, Health and Consumer Products of Canada (FHCP) is the voice of Canada's largest manufacturing employer. Food, health and consumer product manufacturers directly employ more than 350,000 people in Canada. In Ontario, our sector employs 96,000 people in over 3,000 facilities across the province.

Consumers have trusted FHCP members' brands for more than a century. We make safe over-the-counter medications and natural health products that empower Canadians to practice self-care while relieving pressure on the healthcare system. We transform Canada's agricultural riches into value-added finished goods that feed families here at home and around the world. We work closely with farmers and are the single largest employer in rural Canada, serving as a critical link between rural and urban communities.

With our significant footprint, our sector is a critical driver of Ontario's economy and can fuel post-COVID recovery and self-reliance, creating good jobs and opportunities along the way. FHCP is pleased to put forward the following recommendations for consideration for the upcoming 2021 Budget.

### RECOMMENDATION 1: Prioritizing Ontario's essential workers for vaccines

We commend the government of Ontario for its timely response and protection of public health during the pandemic. Our member companies take seriously the responsibility to protect the health and safety of their workers as they produce the products Ontarians rely on every day. As the province implements its vaccination rollout plan, we urge the government to ensure that all essential workers in our sector are prioritized in Phase Two, to ensure a steady supply of food and everyday essentials on store shelves, and progress towards economic recovery.

### RECOMMENDATION 2: Fund innovation initiatives for a circular economy

During this pandemic, our industry has continued to work with governments on our shared priority of ensuring plastic never becomes waste. The industry is taking voluntary collaborative efforts to achieve national or global targets within the Canadian context and continues to move toward producer responsibility for the end-of-life management for packaging in the residential stream. We urge the government to fund innovation initiatives that offer whole-of-industry solutions to encourage a circular economy and support the elimination of plastic waste through innovation and product design.

### RECOMMENDATION 3: Implement a UK-Style Code of Conduct

The consolidation of the grocery retail sector in Canada has resulted in just five grocery retailers controlling over 80% of what consumers purchase. This has created a power imbalance that has long allowed large retailers to arbitrarily shift their costs and risks disproportionately onto suppliers. These unfair practices contribute to the high costs of doing business in Ontario. New arbitrary fees imposed by retailers in the past year to fund their expansion plans only add to the long-standing pattern that pushes supply chains to the brink.

When similar market dynamics threatened UK supply chains, the government adopted a Groceries Supply Code of Practice (GSCOP). The UK code, with a dedicated enforcement agency, has shown significant success in restoring balance and fairness to the relationship between grocery retailers and their suppliers, while keeping food cost inflation low.

Manufacturers are calling on Ontario to implement a UK-style code of conduct to address these unfair practices. Without action, Ontario risks job losses, plant closures, and losing domestic manufacturing and supply chains.