

Presentation to the
Fair Wage Commission
By the BC Fruit Growers' Association
November 21, 2017



1. \$15 minimum wage

- * The Agricultural minimum wage must practically match the provincial minimum wage, otherwise the labour shortage in agriculture will be worsened when workers leave to other sectors with a higher minimum wage.
- * Horticulture is very sensitive to changes in the minimum wage, compared to other sectors, as about 50% of production costs are wages. Apples and cherries specifically have up to 65 and 78 percent of total expense in wages, respectively. The impact of increasing minimum wage is expected to reduce profitability in the farm sector, impacting our ability to attract young farmers to the industry. Food sustainability could be impacted as we become more reliant on food production from countries with no minimum wage. For example, apple harvest wage in Mexico is reported to be 200 pesos per day, or about \$1.30 - \$1.50 per hour.
- * Changes to minimum wage will eventually (in several years time) be reflected in cost of food. This inflationary pressure on food will have the largest impact low income and fixed income earners, for whom food expenditure is a relatively large part of family income. Paradoxically, increasing minimum wage will reduce affordable food costs and erode the living wage, disproportionately for low income earners.
- * The objective of \$15 per hour minimum wage should be phased in over a longer period of time to allow government to monitor the impact on the economy and the living wage.
- * The date of any change to minimum wage needs to be January 1. Previously the date has been set at September 15, which is in the middle of harvest for many crops, especially apples. This is not practical in terms of changing the wage in the payroll system in the middle of the busy harvest season.
- * Predictability is important to business. A regular, reasonable increase in minimum wage allows for planning.
- * Farmers and ranchers are generally price takers and operate on a global basis. Business cycle is often a year or more, so changes to the rate

must be clearly understood and communicated in advance to enable market adjustments.

- * Farm employers throughout the province compete with other employers for employees. Many skills learned on farms are transferrable to other industrial sectors. To retain employees, farmers must match prevailing market rates. In fact, we must match rates in other jurisdictions, as we compete for foreign workers under the Seasonal Agricultural Worker Program.
 - * Other than for the lowest skilled, often temporary seasonal jobs, many farm employees are paid more than minimum wage. The farm sector employs more and more high-skilled, technical jobs due to introduction of technology to increase efficiency. However, manual labour is still the single largest operation expense in horticultural.
 - * As the minimum wage increases
 - i. Employers are encouraged to further automate production practices reducing jobs for people with limited skills/abilities to take on other jobs.
 - ii. Employees currently receiving more than the minimum wage expect a corresponding increase in rates - increasing minimum wage will lead to an increase in all hourly wage rates, and indirectly to salaries.
2. Minimum wage versus living wage
- i. Jobs in the farm sector are often provide the first experience in the job market - young people beginning their careers, new immigrants, or people re-entering the workforce for some reason.
 - ii. For workers who have barriers to employment and are in high-unemployment groups, a government subsidy or tax rebate will encourage employment of these workers in entry-level jobs, such as agriculture harvesting and grading.
 - ii. Farm earnings in this context are supplemental family income to social services payments, and farming is an entry point into the workforce. Farm work also provides part time or seasonal employment to augment other family income or fill gaps in regular employment.
3. Piece rates

- * Many farm workers desire the opportunity to work on a piece rate basis as it enables them to earn significantly more income in a shorter time period. Typically, cherry harvesters will begin picking 40 ten pound buckets per day, but with experience increase to 80 buckets ten pound buckets per day. At the present minimum piece rate, this means that almost all cherry piece-rate workers will earn between \$12.40 and \$24.80, in comparison with the minimum wage of \$11.35 per hour. While it is possible that a very small number of employees would pick fewer than 40 buckets per day, these workers would normally be encouraged to seek other types of work. Growers support piece rate as a way of maximizing labour productivity.
- * Changes in production practices (i.e. crop yields, how trees/bushes are pruned, new cultivars) are developed to increase productivity, further enhancing the ability of workers on piece rate to earn in excess of minimum wage.
- * The Ministry of Labour periodically reviews the changes in production practices from time to time to ensure that rates are comparable to prevailing minimum wage rates. The periodic review of piece rates should continue, possibly on a more regular basis (every 5 years, with inflationary adjustments in the intervening years).

6. Temporary Foreign Workers

- * Since confederation, waves of new immigrants came to Canadian farms to provide labour. As part of generational change, these immigrants often became the new farm owners. Also, the farm work provided a stepping stone towards employment in other, higher-paying, higher-skilled jobs. Because the current immigration rules do not include a category for the immigration of farm workers, the pool of available farm workers is shrinking quickly.
- * While farmers continue looking for other sources of domestic workers (groups of Canadians with higher levels of unemployment), the high season swings in low skilled workers, demographics (fewer younger people available for minimum wage jobs), and currently requires the use of Temporary Foreign Workers.
- * As an industry representatives, we are working with Canadian and foreign governments to improve working conditions, workers' understanding of Canadian standards, and specifically employment standards regulations.

7. Enforcement

- * Unfortunately in farming as is the case in every other part of society, there are individuals who chose not to adhere to laws and regulations.
- * Ongoing comprehensive and unannounced inspections of worker safety and employment standards are supported by farm organizations.
- * Penalties for employers repeatedly violating regulations are significant and have an economic impact on the employer.

Recommendations

1. Bring the minimum wage up to \$15/hr in regular steps, starting in January 1, 2018 with a half-step, and in full steps starting January 1, 2019.
2. Implement a tax credit for employers hiring Canadians from groups with higher levels of unemployment or who face barriers to employment (young people, First Nations, persons with disabilities).
3. Recognize the linkage between minimum wage increase, food price inflation, and living standard, and monitor the impact and relationship of minimum wage on living standards for low-income and fixed income populations.