

**Presentation to the
Prime Minister's Task Force on Seasonal Work
November 15, 2004**

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Appendix 1

Canadian Horticultural Council – Corporate Profile

Appendix 2

Horticulture Works: A Call to Action to Develop the Workforce for the Future of Horticulture in Canada

Introduction

Thank you, for the opportunity to address you here today. The opportunity to comment on seasonal work in the horticultural sector, and the many challenges which face our industry as a result of the seasonal nature of this work is indeed timely and much needed. It is imperative that we do not take our seasonal economy and its impact for granted. As a society we should recognize the value, strengths, weaknesses, and gaps in the seasonal economy and work together to improve it. Government and industry have a joint responsibility to seek ways to resolve the seasonal worker dilemma, and assure horticultural producers that they will have access to labor so that they can focus on production and management, rather than on how they will find the labor to plant and harvest their crops. The Prime Minister's Task Force on Seasonal Work provides a forum to highlight the value, benefit and contribution of the horticultural industry and to recommend human resource policies that promote recruitment, retention and professional development without mistakenly encouraging employees to leave the horticultural industry. We, and many others, recognize the need to urgently address the human resources issues which are so prevalent.

The Canadian Horticultural Council

The Canadian Horticultural Council (CHC) is a voluntary, not-for-profit, national association with a long and proud history of representing the dynamic and diverse sector of Canadian agriculture known as horticulture. The CHC has been committed to promoting the interests of its members since 1922. From the Atlantic to the Pacific, the CHC's members are primarily involved in the production and packing of over 120 horticulture crops comprised of fruit, vegetables, flowers and ornamental plants. The CHC's mission is an unwavering commitment to advance the growth and economic viability of horticulture by encouraging cooperation and understanding to build national consensus on key issues, thereby delivering unified and clear representation to governments and other national and international parties. Members include provincial and national horticultural commodity organizations representing more than 20,000 producers in Canada, as well as allied and service organizations, provincial governments and individual producers.

The Seasonal Nature of Horticultural Work

Labour is important and essential to the production of horticulture crops. This work provides a wide variety of significant benefits, including economic value, growth potential and human dignity. The Canadian horticultural sector represents a value of \$4.2 billion, which is approximately 14.2 percent of agriculture; a workforce of 300,000 persons and farm cash receipts greater than grains and oilseeds crops in seven out of ten provinces¹. It is the fastest growing agricultural sector in Canada.

Seasonal work is an important component of many industry sectors in this country that are major contributors to our overall economy, including the horticultural sector. In fact, the field horticultural sector of agriculture has the heaviest reliance on seasonal work of any of the components of the agricultural industry. Labour costs often account for 40 to 60 percent of the total cost of production. It also has some of the most challenging conditions under which it must conduct these seasonal activities.

1 Agriculture and Agriculture Canada, 2000/2001 Overview of Canadian Horticultural Industry. Please refer to www.agr.ca

The horticultural sector necessitates a mix of full-time, long-term seasonal, short-term seasonal and harvest workers. The industry considers full-time to be 11 to 12 month per year, long-term seasonal to be 5 to 10 months per year, short-term seasonal to be 2 to 4 months per year and harvest to be 1 to 12 weeks per year. Due to the nature of the production cycle, this requirement is extremely difficult to modify. At this time, there are only two significant sources of seasonal workers in Canada, the first being Canadians, and the second being the offshore workers who come into Canada under the Caribbean and Mexican Seasonal Agricultural Worker Program (C/MSAWP).

Progressive government policy should recognize, encourage, nurture, enhance, stimulate and grow the horticultural sector in spite of the many challenges that arise from the seasonal nature of our Canadian climate. Unfortunately, government policy decisions, especially the Employment Insurance (EI) system, frequently have a negative effect on seasonal employment and inadvertently encourage workers to leave the sector. The main disincentives stemming from government policy decisions affect individuals receiving EI, Social Assistance, and Pensions, as well as individuals who hold other regular jobs. In the case of those receiving EI, Social Assistance, and Pensions, there is little incentive to accept short-term horticultural work because wages are deducted from their benefits after a certain threshold earning level. EI claimants who earn an amount equal to 25 percent of their EI benefit in any given week are subject to an EI benefit reduction of \$1 for every \$1 that they earn above the 25 percent. Social Assistance in many provinces is clawed back dollar for dollar past a certain threshold earning level, while many disability pensions deduct dollar for dollar for any other monies earned. Individuals with regular jobs can find themselves bumped into the next tax bracket as harvest income gets added to their regular income if they work for more than 7 days for the same employer in a calendar year.

Even though most employees qualify for EI, the general trend in Canada has been to become more aggressive at getting claimants to attempt to find work during layoff periods, and to seek out more stable, year round employment. This situation makes it even more difficult for horticultural employers to retain their employees. Furthermore, employees are inadvertently encouraged to leave the sector given that the current structure of Canada's EI Program obligates them to take programs that promote non-seasonal work. While employees do have a responsibility to try and find employment during the off-season, the EI program should recognize the immense value of seasonal horticultural work and create policies to encourage employee retention. Government policies should encourage practices that would enhance professional and skill development to make the employee less prone to layoff periods, and enhance skills that would enable the horticultural season to be extended. However, current EI policies discourage employees from accepting work during the extended season because of the potential disruption to EI benefits. It is clear that current Canadian regulations have created huge problems for horticultural producers seeking short-term seasonal and harvest workers, and without these workers, the future of the industry is in jeopardy.

Given the fact that the number of reliable Canadian workers is inadequate to meet the needs of horticultural producers, employers have turned to the Seasonal Agricultural Worker Program (SAWP) to fulfill entry level labor requirements. This program creates a supplementary source of reliable and qualified seasonal workers. Just under 20,000 foreign workers came to Canada to work in the horticultural sector for the 2004 season. In the cases where offshore labor can be justified and successfully incorporated into seasonal work requirements of the industry, the presence of offshore workers actually increases the availability of both full-time and seasonal jobs that Canadians are willing to do. This provides participating businesses with the confidence

to expand and grow their operations rather than continually cut back because of a lack of workers. This program has been essential to the survival and growth of the horticultural industry. The key point to be remembered here is that this program is not 'the' solution to all of our seasonal work needs; it is merely a tool that can be successfully utilized when the right critical mass criteria exist in a region. Since its implementation, this program has proven its worth and reliability for many businesses in Canada, particularly in the fruit and vegetables sector, but also for nurseries in ornamental subsectors. During the 2001 season, the gross wages of foreign workers amounted to a total of \$157 million. From that, they contributed \$3.4 million in E.I. Premiums and \$6 million for CPP. In addition to these mandatory payments, the government collected \$12.2 million for income taxes and working visas. The impact on rural Ontario economies alone amounted to \$82 million. Merchants in rural communities testify to the importance of seasonal workers for their businesses. Because the SAWP is not available across Canada, or for all subsectors, there are opportunities to expand the reach and effectiveness of this program.

Specific Issues for Consideration by the Task Force

The specific needs of seasonal industries and workers in the area of skills development, life-long learning, and literacy: The current situation discriminates against seasonal employment. If a seasonal worker applies for EI they are automatically directed to programs that they can access for training to qualify them for full-time work. There is no recognition of the fact that the seasonal work they do is necessary to both their current employer and the economy. There should be equal access to training programs to make them more valuable to their current employer rather than redirecting them to other jobs that may or may not exist.

Ways to promote greater economic diversity and stronger local economies, particularly in rural and remote communities across Canada: One of the best ways to promote greater economic diversity is to create a business climate where businesses and individuals want to participate openly. The current trend is to create a patchwork of rules and conditions that businesses and individuals must attempt to function under. This patchwork will inevitably end up stifling any creativity and entrepreneurial spirit, particularly with respect to the agricultural community.

The support required to help seasonal work dependant communities to adapt to seize opportunities provided by the new knowledge-based global economy: This question serves to verify that the problem is not with the "seasonal work dependant communities" but with the policy makers. Seizing opportunities in the new knowledge-based global economy translates into activities such as call centre outsourcing. The problem with this is that while we may be able to do it more cost effectively today than the location of the company that wants the service, as technology progresses, there will inevitably be someone that can do it more cost effectively in the future. Government must recognize the fact that seasonal work is a legitimate and necessary component of our economy and acknowledge it for its strengths, not destroy it because of a perceived weakness.

Ways of lowering barriers to regional and interprovincial labor mobility: A preferred option would be to remove the disincentives so that local labor can be effectively used to meet short-term seasonal and harvest labor needs. Perhaps mobility options that existed historically under HRSDC guidelines could be reestablished with funding from the EI pool of funds directed to reducing impediments to interprovincial movement of workers for long and short-term seasonal needs.

How to align income support programs such as Employment Insurance and Provincial Social Assistance Programs to improve income support, while also promoting full, year-round participation in the labor force: First, the EI system must not be used to discourage people from participating in seasonal employment. This tactic only serves to force the businesses that rely on seasonal workers for significant portions of their labor force out of business. The federal government should use the huge EI surpluses that have been collected for the purpose of funding income support programs and not be ashamed of doing it. These funds were never intended to be borrowed to balance budgets.

Ways of addressing the challenges and opportunities offered by temporary foreign workers: Temporary foreign workers are essential to many segments of our economy. The current offshore labor program for agricultural workers must be maintained and expanded. Serious consideration should be also given to allowing workers with trades and equipment skills into Canada for temporary agricultural related employment that could lead to permanent immigration.

The potential role for government in encouraging new approaches to community development, i.e., the “social economy”: Where agricultural labor issues are concerned, the government should absolutely be encouraging new approaches to community development, i.e., the “social economy”. The status quo is not working. Seasonal work must be recognized as important and supported in the communities and industries that depend on it. That is the only way that they can contribute to the local economy. If governments do not start taking the “social economy” more seriously, there may be no rural economy to worry about in the very near future.

An assessment of the opportunities and challenges specific to seasonal economies in promoting the safeguard of our natural environment: The natural resource sectors in this country are the primary safeguards of our natural environment. Inadequate access to seasonal workers will erode any capability these sectors have to maintain adequate stewardship over our natural and environmental resources.

Recommendations

- Develop a separate EI Program, which would be industry and seasonal specific, to provide a real incentive for laid off workers to find a secondary job during winter months without clawing back the extra earnings on a dollar for dollar basis. Alternatively, the current EI system could be modified to allow individuals claiming EI to work on a part-time or seasonal basis in the horticultural sector, without losing or reducing their existing EI benefits,
- Create awareness on the part of EI staff that seasonal horticultural work has value, benefit, and respectability, and therefore employees should not be counseled to leave the industry.
- Raise the Profile of seasonal workers on the Agenda for Urgent Policy Reform
- Make the appropriate federal ministries aware of the value and importance of seasonal labor; and determine which regulations need to be changed in order to recognize the value of seasonal work and prioritize which reforms are most urgent.
- Employees with return-to-work dates should not be obligated to take retraining programs in other industries.
- The relevant provincial ministries need to amend social welfare legislation to enable individuals to work in horticulture without losing their cash and in-kind (non-monetary) social welfare benefits.
- Encourage and support laid-off employees to take apprenticeship and professional development training in horticulture. This would make them more valuable and less prone to

repeated layoffs while at the same time encouraging life-long learning and heightened competencies that will benefit all Canadians that utilize horticultural services.

- Reassess government training funds, with a larger share allocated to upgrading programs for those already employed in the industry.
- Allow workers receiving EI benefits to access training support for jobs in horticulture through the regional HRSDC offices, regardless of whether or not the jobs are seasonal in nature.
- Increase the number of hours that laid-off employees can work without jeopardizing their EI benefits.
- Provide ongoing skill development to the many unskilled entrants to the sector. Off-season apprenticeship programs should be readily available to seasonal horticultural workers without jeopardizing EI benefits.
- Develop an effective system for identifying other areas of horticulture or other industries with counter-seasonal labor needs in order to facilitate sharing and pooling of seasonal labor. The idea of developing a specialized seasonal employment agency could accelerate the development of alliance solutions.
- For those long-term skilled employees who are fortunate enough to work in operations that can support and sustain 2000 hours per year, the idea of averaging income across a 12 month period would greatly assist the sector. The Task Force can help the industry develop appropriate employee contracts and find ways to educate employers and employees about this option.
- The C/MSAWP should be expanded at the national level and made affordable for, and accessible to, all stakeholders.
- Review the EI and CPP premiums paid by seasonal workers and their employers under the C/MSAWP so that these payroll taxes are reduced and/or redirected to provide services of direct benefit to participating employers and workers.
- Horticulture should establish a joint industry-government committee to:
 - Review applications by growers to recruit skilled immigrant labor;
 - Identify skilled horticultural occupations which are in short supply and add these to the designated occupations qualifying for points under the *Immigration Act*; and
 - Review and reform immigration policies to allow for the arrival of immigrants that will accept horticultural sector jobs, including unskilled positions.
 - Create a Horticultural Tax Credit that could be available through qualified horticultural producers.
 - Change the existing 7 day EI exemption and the 25 day CPP exemption for agriculture to either (A) a 35 day exemption for both or (B) no (0 days) blanket exemption from both but allow a voluntary exemption to a maximum of 35 days for field horticultural work in short-term seasonal and harvest applications.
 - Eliminate or greatly reduce the claw-backs from EI, Social Assistance and Pension income when an individual is engaged in short-term seasonal or harvest employment in field horticulture.

Conclusion

We believe that our case as outlined to you today illustrates that this is not just a newly recognized problem, but one that governments have been reluctant to recognize and deal with. Many key recommendations will not present additional cost to government. In fact, cost savings will be realized.

Access to Canadian workers in these short-term and harvest positions has been increasingly difficult to obtain for a number of reasons, including changing demographics, rural-urban population shifts, geographic location differences between available workers and potential jobs,

lifestyle choices, and disincentives to accepting short-term employment created by the effects of government legislation. These are all factors that have contributed to the current shortage of short-term seasonal and harvest workers in many areas of this country.

The biggest single factor that has impacted the horticultural industry's ability to attract short-term and harvest workers appears to be a result of disincentives to short-term employment that were aggravated by the changes to the EI Act in 1997. The horticultural sector believes that this is one of the key areas that must be seriously reviewed by government in an effort to enable horticulture to access the quantities of short-term seasonal and harvest workers which are essential to our continued survival and growth.

We thank the Prime Minister's Task Force on Seasonal Work for hearing our views and recommendations. It is our hope that the Task Force will place strong emphasis on raising awareness of the importance, value and respectability of the seasonal horticultural sector. Policies which aim to encourage the recruitment, retention and development of horticultural workers must be created and implemented, and current detrimental policies which dissuade workers from seeking employment in the horticultural sector need to be identified and removed. We look forward to working with Government to identify and implement solutions to the many challenges which face seasonal industries such as the horticultural sector, in an effort to improve the quality of life for seasonal employees and their employers, as well as the Canadian public in general.

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