

The Economic Impact of the Seasonal Agricultural Worker Program in the Ontario Horticulture Sector

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EXECUTIVE SUMMARY

The purpose of this study was to provide an economic analysis of the Seasonal Agricultural Worker Program (SAWP) in the context of the economic contribution of the Ontario horticulture sector. To do so, an overview of the key features of SAWP program was developed, the economic impact of Ontario horticulture was estimated, a survey of employers using the SAWP was conducted, and the trends in the domestic workforce were surveyed.

The results showed that the SAWP is a lynchpin for Ontario horticulture, supporting an economic impact of \$5.4 billion based on output and about 34,280 jobs- which is especially significant in parts of rural Ontario, where economic opportunities are more limited. The SAWP is an important and significant source of seasonal farm employees in Ontario, with just under 18,000 workers employed annually under the program, the vast majority of which work in horticulture.

SAWP is relied upon by Ontario horticulture to build farm businesses at sufficient scale that they can support hiring Canadians, as well as fill in gaps in the local workforce. Foreign workers hired under the SAWP represented an expense for 2013 averaging about \$238,000 per farm in the survey, and surveyed farms reported that labour costs, both domestic and foreign, commonly amount to 38% or more of total production costs.

The costs of using the SAWP are material. The variable costs associated with housing reported in the survey averaged the equivalent of \$.52/hour, and local transportation costs were about \$5759/farm or the equivalent of \$.18/hour. Thus, there are quantifiable premium costs of about \$.70/hour associated with SAWP, and it is acknowledged that this is only a portion of the extra costs entailed in the program.

SAWP helps the horticultural segment in Ontario confront a future in which it will look to fill roughly the same number of job openings as it has today, but with a domestic workforce not well oriented to laborious and highly seasonal jobs with repeated tasks. Thus, SAWP is a premium cost program, and one that is critical for the economic development provided by Ontario horticulture, and extends of the domestic workforce so that the natural resource base supporting horticultural production can be more fully capitalized upon.

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1.0 Introduction

Horticulture constitutes a significant component of the Canadian and Ontario agri-food economies. Commodity production in horticulture has experienced broad growth over the past decade; Canadian sales were about \$6.4 billion in 2013, and Ontario sales approximately \$2.8 billion (Statistics Canada-CANSIM Table 20001). Horticultural commodities¹ represent a significant percentage of the overall value of farm cash receipts in each province; in Ontario, horticultural commodities represent 20% of total farm cash (CANSIM Table 20001, 2014).

The agriculture sector has invested heavily in research, technology and innovation to reduce labour and increase the value of jobs. However, it remains that important facets of horticulture present less opportunity to automate processes and remain labour intensive. Due to the perishable nature of horticulture products, having a reliable and productive staff to prune, harvest, process or package during peak periods is critical to the success of the industry in getting products to market. Therefore, the need for agricultural labour remains high and acute at certain peak times of the year.

At the same time, there is a chronic shortage of agricultural labour in the workforce due to an aging demographic, competition with other sectors and reduced numbers of young entrants moving into the sector. The need for agricultural labour resulted in the creation of the Seasonal Agricultural Worker Program (SAWP). As labour issues continue to challenge the agricultural sector, the purpose, role and value of the SAWP need to be understood in the context of human resource planning.

1.1 Purpose and Objectives

The purpose of this study is to provide an understanding of the SAWP and human resource development in horticulture, in the context of the economic contribution of the Ontario horticulture sector.

The objectives are

- To provide an overview and description of the SAWP
- To provide an overview of the current and expected Canadian workforce in relation to horticulture
- To consult participants in the program regarding its benefits and costs
- To place the SAWP in the context of economic impact of the horticultural sector.

1.2 Organization of the Report

Section 2 below provides an overview of the SAWP. Section 3 provides the economic impact context for Ontario horticulture. Section 4 presents the results of a survey of SAWP employers.

¹ This includes potatoes, greenhouse vegetables, other vegetables, tree fruits, small fruits, floriculture, nursery, and sod, ginseng, tobacco, and Christmas trees.

Section 5 provides an overview of the context for the labour market facing horticulture. Section 6 concludes the report.

2.0 Seasonal Agricultural Worker Program- Overview

The Seasonal Agricultural Worker Program had its beginnings in 1966 as a means to fill gaps in the Canadian farm workforce, especially in horticulture, and primarily in Ontario. Today, the SAWP is built on agreements that Canada has with Jamaica, Mexico, Barbados, Trinidad and Tobago, Anguilla and Barbuda, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines. Governments from these countries appoint agents present in Canada that liaise with SAWP workers and employers.

Seasonal agricultural workers can work in Canada for up to 8 months per year. Employers can access SAWP from January 1st to December 15th of the year; between December 15th and January 1st no foreign workers under SAWP are permitted in Canada. Table 2.1 below provides a summary of statistics on SAWP for Ontario provided by FARMS. It shows that, in 2014 approvals were granted for 21,512 workers under SAWP. After accounting for employer cancellations and approvals for transfers of SAWP workers between farms, the total number of foreign workers arriving in Ontario under SAWP was 17,968. As can be seen from the table, these are up modestly from 2013 values.

While a number of commodities are eligible for the SAWP in Ontario, in practice the program is dominated by horticultural farms. Table 2.2 provides an overview of vacancies filled by workers under the SAWP and farm employers involved, by farm commodity type. As a subset of the total, horticulture (defined as apples, flowers, fruit, greenhouse, nursery, tobacco, vegetable, and ginseng) constituted about 97% of Ontario SAWP workers in 2013 and 2014, and about 98% of employers were from these commodity segments.

Table 2.1 Ontario SAWP Workers, 2013-2014

	2013	2014
Approved Vacancies	20,753	21,512
Cancellations	1,016	1,060
Subtotal Vacancies Filled	19,737	20,452
Total Worker Arrivals	17,252	17,968
Total Worker Transfers	2,484	2,482

Source: FARMS

Table 2.2 Worker Vacancies Filled and Employers by Farm Commodity, 2013-2014

	2013		2014	
	Vacancies Filled	Employers	Vacancies Filled	Employers
Apples	2,239	133	2,250	136
Cattle	2	1	2	1
Canning/Food Processing	448	10	473	10
Dairy	-	1	-	-
Farm Worker- Bees	23	8	24	8
Farm Worker- Christmas trees	61	3	118	3
Farm Worker- Flowers	829	61	820	66
Farm Worker- Fruit	3,197	249	3,065	237
Farm Worker- Greenhouse	3,955	177	4,322	186
Farm Worker- Mink	-	-	-	1
Farm Worker- Nursery	1,117	56	1,110	59
Farm Worker- Sod	7	3	6	2
Farm Worker- Tobacco	2,100	228	2,057	227
Farm Worker- Vegetable	5,104	362	5,503	388
Farm Worker- Poultry	2	1	6	3
Ginseng	653	66	695	68
Swine	-	-	1	1
Total	19,737	1,359	20,452	1,396
<i>Total Horticulture</i>	<i>19,194</i>	<i>1,332</i>	<i>19,822</i>	<i>1,367</i>
<i>Horticultural Share</i>	<i>97%</i>	<i>98%</i>	<i>97%</i>	<i>98%</i>

Source: FARMS

2.1 Key Features of SAWP

The SAWP is based on an agreement between the Government of Canada, the Government of Mexico, the governments of participating Caribbean countries, and the agricultural industry in Canada. Its fundamental components are the following:

- Canadians first. Employers must demonstrate that they have attempted to hire qualified Canadian citizens and permanent residents first before accessing workers under the SAWP. Applications for SAWP workers are subject to a Labour Market Impact Assessment (LMIA) that evaluates whether a gap exists between job vacancies and the locally available supply of labour.
- Binational agreement. The contract between Canada and host country must be co-signed by both the employer and the worker.

- Seasonal work. Work terms for SAWP workers are limited to eight months, over the period of January 1 to December 15th. Employers agree to provide a minimum of 240 hours of work in a period of six weeks for SAWP workers.
- Minimum wages. Employers are required to pay the higher of the provincial minimum wage, the prevailing SAWP wage rate as determined by ESDC/Service Canada, and the rate paid by the employer to Canadian workers doing the same work
- Premium program. Under the SAWP foreign workers are to be provided with suitable accommodations that meet provincial/municipal housing standards by the employer. Employers also cover costs of return airfare and provide local transportation.

2.2 Program Costs

There is a recoverable application/visa fee of \$155 per worker associated with the SAWP Travel costs to and from workers' home countries are established in advance through FARMS and CanAg Travel Services, payable by the employer. Housing expenses subject to inspection approval are expenses to employers. Workplace Safety Insurance and Ontario Health Insurance Plan coverage is provided to workers upon arrival. Transportation to local retail locations for groceries, etc. is provided by the employer. The wage paid to foreign workers under SAWP in Ontario is the Ontario minimum wage of \$11/hour (increasing to \$11.25/hour in October, 2015).

A number of the program costs under SAWP are recoverable as payroll deductions under the program, with some differences according to country of worker origin, and with some limitations on the period over which these are charged back. The visa fee is recoverable or is refunded by worker country governments. Costs of air transport of workers to and from Canada can be recovered up to 50% of actual cost. Recovery of overall program costs can be charged back up to \$2.21 per worker per day, as negotiated with participating countries. Extended health coverage is managed between the worker and the host country.

A number of elements of program cost remain fully with the employer. Employers pay the costs of advertising, which feeds into the Labour Market Impact Assessment process. The costs of housing, the costs of inspection of housing, and local transportation for workers throughout the season are borne by the employer. Fees payable to FARMS of \$40 per worker are not recoverable, nor are payments made to recognize length of service for returning workers of up to \$128 per worker for workers in excess of 5 years' service with the same employer. Finally, the costs of reporting and working with the program remain with the employer.

3.0 Economic Context for Ontario Horticulture

Horticulture in Ontario is a large economic segment of Ontario agriculture, and one that is broadly labour intensive. This section of the report provides a brief overview of the economic size of Ontario horticulture, and its significance.

3.1 Farm Cash Receipts

The basic metric of the economic significance of an industry is its estimated sales. At the farm level, this is aggregate farm cash receipts. Farm cash receipts, as presented here, are sales of farm products exclusive of farm program payments or crop insurance indemnities. Table 3.1 presents Ontario farm cash receipts in horticultural crops between 2009 and 2013, based on Statistics Canada categories for horticultural crops. Tobacco is periodically listed as either a field crop or a horticultural crop, however because of the extensive use of the SAWP in tobacco it is included here as a horticultural crop. Mushrooms are included in the field vegetable category.

The table shows that total horticultural farm cash receipts in 2013 were almost 2.6 billion, up from about \$2.3 billion in 2009. In 2013 the two largest constituents of this were floriculture, nursery and sod (\$800 million), and greenhouse vegetables (just under \$800 million). When the subsectors are grouped into the primarily field (outdoor) segments (field vegetables, potatoes, tree fruits, small fruits and tobacco) and into primarily greenhouse (greenhouse vegetables and floriculture, nursery, and sod), the field category had 2013 receipts of just over \$1 billion. The greenhouse segment had 2013 receipts of just under \$2.6 billion.

Table 3.1 Farm Cash Receipts, Horticultural Crops in Ontario (Thousand Dollars)

	2009	2010	2011	2012	2013
Potatoes	100,574	103,654	96,637	90,221	98,719
Greenhouse vegetables	608,037	666,749	700,014	692,650	791,965
Field vegetables	527,599	510,603	530,459	553,784	544,636
Total tree fruits	123,400	105,910	108,150	88,598	111,965
Total small fruits	91,730	101,705	109,521	116,934	127,425
Floriculture, nursery and sod	748,876	789,928	783,160	795,884	800,452
Tobacco	75,977	105,083	111,359	112,459	120,417
Total Field Horticulture	919,280	926,955	956,126	961,996	1,003,162
Total Greenhouse Horticulture	1,356,913	1,456,677	1,483,174	1,488,534	1,592,417
Total	2,276,193	2,383,632	2,439,300	2,450,530	2,595,579

Source: Statistics Canada. Table 002-0001 - Farm cash receipts, annual (dollars)

3.2 Economic Impact

In order to generate economic activity estimates associated with the farm cash receipt estimates, the Statistics Canada Industry Accounts Division / System of National Accounts Input-Output develops economic impact multipliers are used. The input-output multipliers assess the effects on the economy of an exogenous change in final demand for the output of a given industry. They provide a measure of the interdependence between an industry and the rest of the economy. The most recent updates to these have been calibrated to 2010 observations.

The multipliers show the direct, indirect, and induced effects on gross output, the detailed components of GDP, jobs, and imports. The Input-Output tables show the production of goods and services, the generation of income from the production process and the flow of goods and services through the economic system between producers and consumers. In this case, the relevant industries are “111400- Greenhouse, Nursery and Floriculture Production” and “111A00- Crop Production (except Greenhouse, Nursery and Floriculture Production)”.

The other point of definition is that the economic impact includes the direct impact, in this case, horticultural product sales, as well as the indirect and induced impacts. The indirect impact is generated by suppliers such as fertilizer dealers, fuel suppliers, transporters, and utilities. The induced impact measures the changes in the production of goods and services in response to consumer expenditures induced by households' incomes (i.e., wages) generated by the production of the direct and indirect effects. In this case, provincial estimates for Ontario are selected that relate economic activity in Ontario horticulture to direct, indirect, and induced economic impact across all provinces.

Based on the estimates of farm cash receipts in the two categories of Ontario horticulture contained in Table 3.1, the farm cash receipts in the two categories (field horticulture and greenhouse horticulture) were multiplied by the respective multipliers to obtain estimates of output (sales), Gross Domestic Product (GDP), and employment impacts. These are presented below in Table 3.2.

Table 3.2 Economic Impact Associated with Horticultural Production base, 2013

	Field Horticulture			Greenhouse Horticulture			Total
	Cash Receipts	Multiplier	Economic Impact	Cash Receipts	Multiplier	Economic Impact	Economic Impact
Gross Output	\$1.003 billion	2.13	\$2.14 billion	\$1.592 billion	2.05	\$3.26 billion	\$5.4 billion
Gross Domestic Product		0.95	\$0.95 billion		1.01	\$1.61 billion	\$2.56 billion
Jobs		10.22	10,250		15.10	24,038	34,280

Source: Statistics Canada, Industry Accounts Division / System of National Accounts, 2010

The table shows that in 2013, field horticulture, as defined above, had direct, indirect, and induced economic impacts in terms of output amounting to just over \$2.1 billion as well as

almost \$1 billion in GDP and 10,250 jobs. Greenhouse horticulture had direct, indirect, and induced economic impact of almost \$3.3 billion, with an impact on GDP of about \$1.6 billion and just over 24,000 jobs. When these are combined to provide an estimate of economic impact for Ontario horticulture, the impacts on output are \$5.4 billion, \$2.6 billion in GDP, and about 34,280 jobs.

3.3 Observations

Ontario horticulture is a very significant component of Ontario agriculture, and its economy more broadly. This is especially the case when it is understood that the employment and economic activity created by horticultural farms occur in rural areas where there may not be alternative industries present to provide incomes and opportunity. There are also reasons to believe that these estimates may be conservative. The classifications of enterprise by category used by Statistics Canada do not necessarily reflect the labour intensity. For example, the multipliers used for field horticulture are based on “crop production”, which also includes grain and forage enterprises which have been much more fully automated than field horticulture.

The linkage with SAWP is the following. Horticulture is heavily dependent upon labour, and due to domestic labour market gaps- as clearly measured in job vacancies- horticulture has been the dominant user of SAWP in Ontario. The SAWP is thus a very important factor underpinning about \$5.4 billion in economic impact in Ontario.

4.0 Survey Consultation with SAWP Participants

To better understand the perspectives of employer-participants in the SAWP, a survey was conducted. The survey was posted online and distributed by FARMS to current and past users of SAWP on May 15, 2014. It was closed on July 2, 2014. After the seven weeks, 287 respondents had completed at least some part of the questionnaire. An overview of the survey instrument is presented in Appendix A.

4.1 General Description of SAWP Participants

The respondents were asked to identify the range of enterprises on their farms. The responses are summarized in Figure 4.1. Almost all of the respondents were involved in horticultural production, with 34% indicating they were involved in field vegetable production, 32% indicating they were involved in tree fruit or vineyard production, 18% with greenhouse vegetables, 13% in floriculture/nursery, and 9% with other fruits². Respondents who indicated other production were commonly involved in greenhouse floriculture, greenhouse nursery, vegetable processing, ginseng production or beekeeping. About one third of participants indicated that they were involved with more than one type of enterprise on their farm operations, most commonly both field vegetable and other field crop production.

Almost all of the respondents (98%) indicated that they used the Seasonal Agricultural Workers Program annually. As illustrated in Figure 4.2, most of the respondents have been using the SAWP for many years, with 28% of respondents indicating that they have been using the program for more than 20 years. While many of the respondents are long time users, 18% have been using the program for 5 or fewer years.

Figure 4.1 Proportion of Responses by Farm Enterprise Type

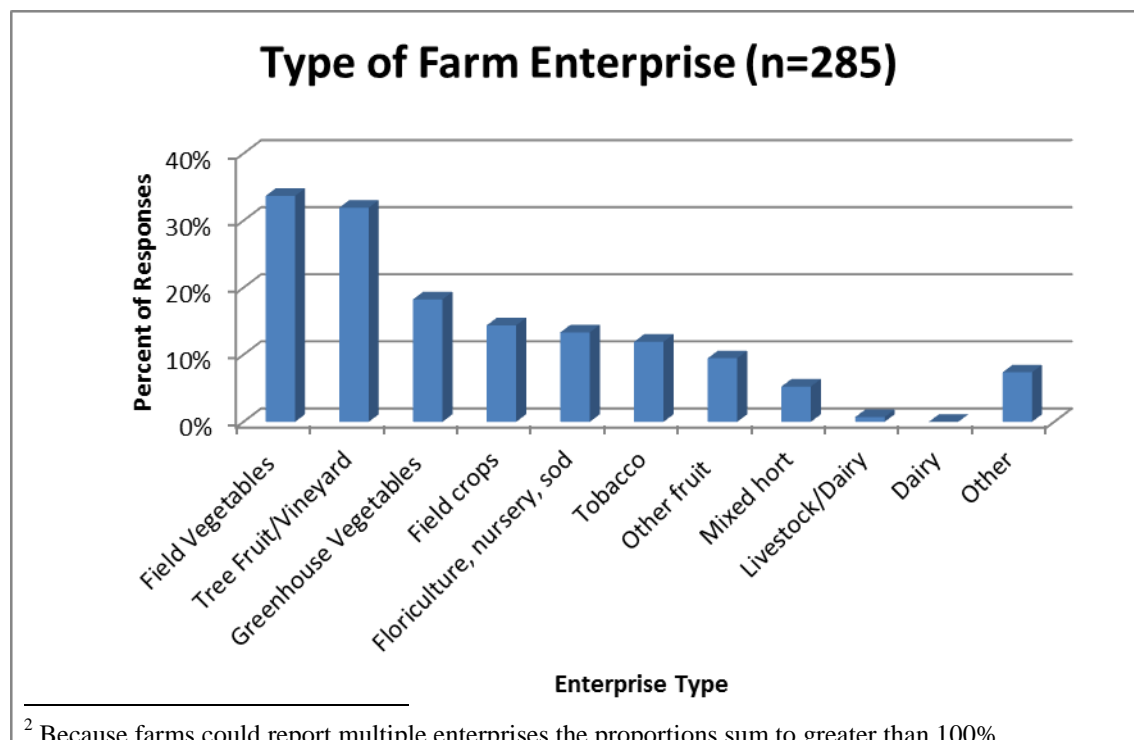
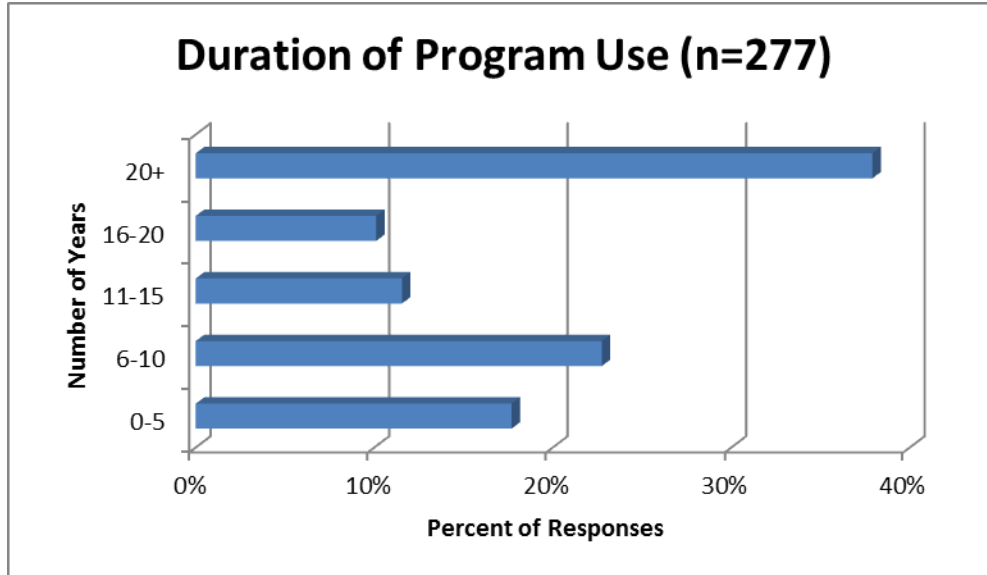


Figure 4.2 Experience with SAWP



4.2 Employment and Labour Costs on Farms Using SAWP

SAWP participants employ workers on their farms from a number of sources. Table 4.1 presents the number of respondents who indicated that they employed domestic and foreign workers, and the number of workers employed by source and workforce size category. The table presents the number of respondent farms reporting employees in the various employment categories. For example, in the first row of the table, 105 farms reported having less than 5 Canadian employees full-time; in the second row, 36 farms reported between 5 and 9 full-time Canadian employees, and so on. The second-last row presents the proportion of survey respondents that reported having workers from the various sources; for example, 76% of farms reported having full-time Canadian employees. The bottom row of the table provides the average number of workers in each category for farms that reported them. For example, for farms that reported having full-time Canadian employees, the average number was 12.97 employees.

The average number of SAWP workers per farm reported in Table 4.1 is about 21; however that encompasses a large range. The distribution of the number SAWP workers per farm is reported in Table 4.2. The table shows that the highest proportion of farms have a smaller number of SAWP workers. For example, for both Mexican and Caribbean workers, about 60% of farms have 14 workers or less. The median number of workers per respondent farm was 9 for Mexican workers, and 10 for Caribbean workers. A small proportion of farms have a larger number of SAWP workers, which brings the overall average (mean) up to 21 SAWP workers/farm.

Table 4.1 Farm Employees by Source

Employment at SAWP participant farms (n=254)

	Canadian			SAWP		Temporary Foreign Workers Programs		
	Full Time	Part Time Canadian	Seasonal	Mexico	Caribbean	Low Skill Agriculture Stream	Low Skill Program	High Skill Program
Number of Employees	Number of Responses							
Less than 5	107	68	72	47	27	19	5	5
5-9	36	30	43	31	28	8	0	1
10-14	10	14	28	15	14	4	1	0
15-19	8	3	17	6	9	2	1	1
20-24	3	2	12	16	7	4	1	0
25-49	16	1	29	24	18	12	1	0
50-74	7	1	10	11	8	3	0	1
75-99	2	0	2	0	1	1	0	0
100-149	3	0	4	3	3	0	0	0
150-199	0	0	2	1	0	0	0	0
200 or More	1	1	2	1	1	0	0	0
Percentage of Farm Reporting	76.0%	47.2%	87.0%	61.0%	45.7%	20.9%	3.5%	3.1%
Average Employees/Farm	12.97	10.30	19.07	21.13	20.89	16.60	9.56	10.13

Table 4.2 Distribution of SAWP Workers by Farm

SAWP Workers	Proportion of Farms	
	Mexican	Caribbean
Less than 5	30.3%	23.3%
5-9	20.0%	24.1%
10-14	9.7%	12.1%
15-19	3.9%	7.8%
20-24	10.3%	6.0%
25-49	15.5%	15.5%
50-74	7.1%	6.9%
75-99	0.0%	0.9%
100-149	1.9%	2.6%
150-199	0.6%	0.0%
200 or More	0.6%	0.9%

These results indicate that:

- SAWP participants also provide employment to Canadian workers. Workers accessed under SAWP appear to complement both full-time and part-time/seasonal Canadian workers- 87% of respondents hired Canadians seasonally, and 76% hired Canadians on a full-time basis. The average number of Canadians employed was about 13 full-time, and 19 part-time.
- Most farms have fewer than 14 workers under SAWP and the median number was 9-10 workers. The overall average employment of SAWP workers was 21 people, and consistent between Mexican and Caribbean workers. Some farms hired both Mexicans and Caribbeans, so the percentages of respondents hiring Mexicans or Caribbean workers sums to more than 100%
- SAWP participants also access foreign workers through other Temporary Foreign Worker Programs, but not to the same extent.

Labour costs are very significant and material aspect of total production costs, according to the responses summarized in Figure 4.3. The mean proportion of total production costs that are labour is 38.4%. Fifty-nine percent of respondents indicated that labour costs make up between 20 and 50% of their total operational costs. Figure 4.4 presents hours worked by SAWP workers of employer farms. Total hours per farm worked by SAWP employees in 2013 ranged from less than 735 to 824,002, with a mean of 32,705 hours/farm. Twenty percent of respondents indicated that SAWP employees worked a total of less than 2,500 hours, while 16% indicated total hours between 25,000 and 49,999 hours.

4.3 Housing

Most housing provided by employers for SAWP workers was owned housing, with 82% of respondents indicating that all housing that they provide is owned, 7% indicating that they use rental properties, and 11% using some combination of owned and rental properties to house workers (n=188). Survey respondents reported information on a total of 200 dwellings provided for use by SAWP workers. Of these, 178 were dwellings owned by the employer and 22 were rented by the employer.

Most of the owned dwellings are located on the farm property, with only 9% reported as being off farm. All of the off-farm, owned properties were within 15 km of the farm site. The longest distance between the dwelling site and the farm site was 11.26 km with an average of 2.95 km between the two sites. Rented dwellings ranged in distance to the farm from being on an adjacent property to being 33 km away, with an average distance of 6.5 km between the dwelling and farm site. For both rented and owned off-site housing, employees are provided transportation from their dwellings to the farm site by various modes of transportation including bus, van, bicycle and ATV.

Figure 4.3 Labour Costs as a Proportion of Total Costs

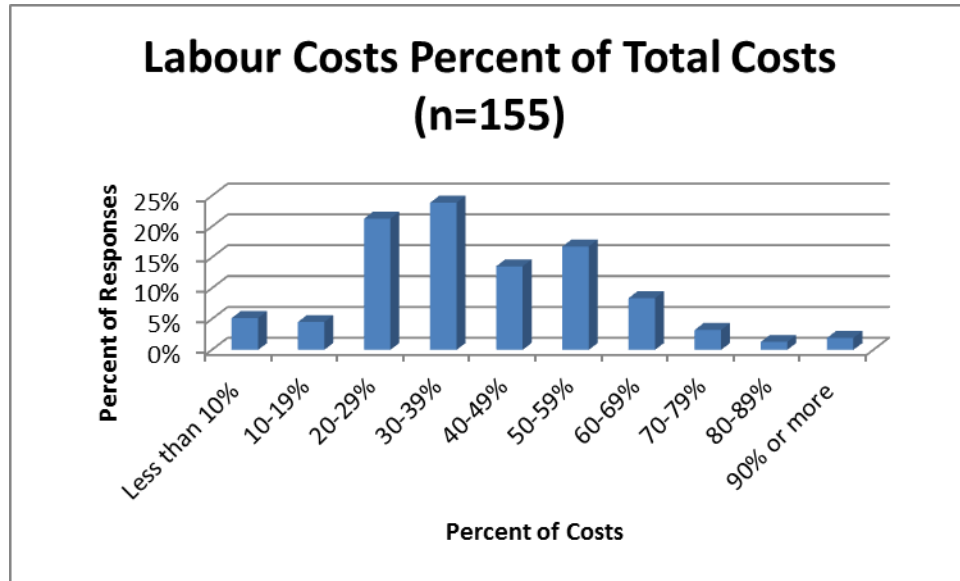


Figure 4.4 Hours Worked by SAWP Workers

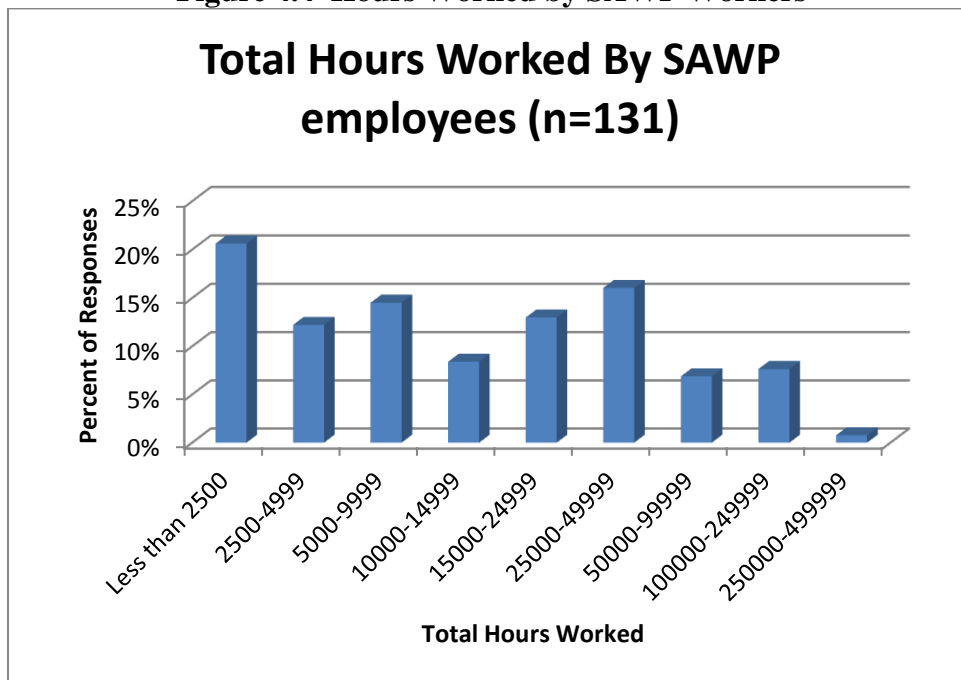
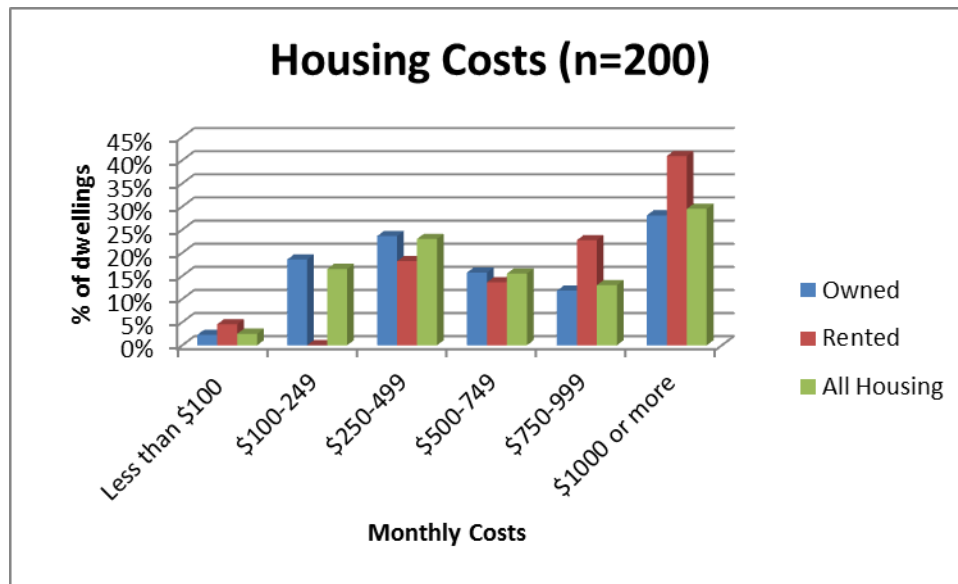


Figure 4.5 presents the reported monthly variable costs of worker housing (utilities, maintenance, insurance, etc.) by cost category, and proportion of dwellings. These exclude the costs of ownership such as depreciation and interest. A very small proportion of dwellings had a reported variable costs of \$100/month or less; however, most had variable costs much higher than this, ranging above \$1000/month. The monthly variable costs of housing averaged \$810/dwelling owned buildings and \$950/dwelling owned buildings. Costs associated with owned buildings were realized 12 months/year, and the average rental period for rental housing observed in the survey was 7.8 months/year.

Figure 4.5 Costs Associated With Housing



The variable costs of worker housing per hour were estimated from the survey information by taking the cost per dwelling and the period over the year they are incurred, multiplying by the average number of dwellings owned (1.85 dwellings) or rented (1.29 dwellings) per farm, and then dividing by the average number of hours worked per farm (32,705 hours). The resulting average variable costs of housing blended between owned and rented housing was about \$.52/hour. Farms with relatively higher variable costs for worker dwellings and/or fewer hours worked per farm experience higher costs of housing per hour.

4.4 Transportation Costs

Respondents indicated that they provide transportation for worker outings, either by providing vehicles workers can use or by hiring a service to take workers to town. The frequency of these trips is summarized in Figure 4.6. Most employers provide transportation for weekly trips for SAWP workers. Many employers indicated that in addition to at least once weekly trips provided they also allow for additional trips if needed. Some employers provide vehicles for workers to use throughout the week during off hours. Some employers with a large number of SAWP employees provide more frequent trips.

Twenty six percent of respondents reported using a bus service to transport employees into town for regular outings (n=163). The cost of this varies, as some services charge a fee based on the number of employees transported and distance, while others charge a flat fee. The range of responses was from \$6 to \$295 per trip. The mean cost of transportation through outsourced transportation service in 2013 was \$5,759 per employer, with a range of between \$480 and \$52,077 and the highest frequency of respondents (35%) spending between \$2,500-4,999 (Figure 4.7). When related to the average hours worked/farm, the cost of outsourced transportation was about \$.18/hour.

Figure 4.6 Local Transportation provided to SAWP Workers

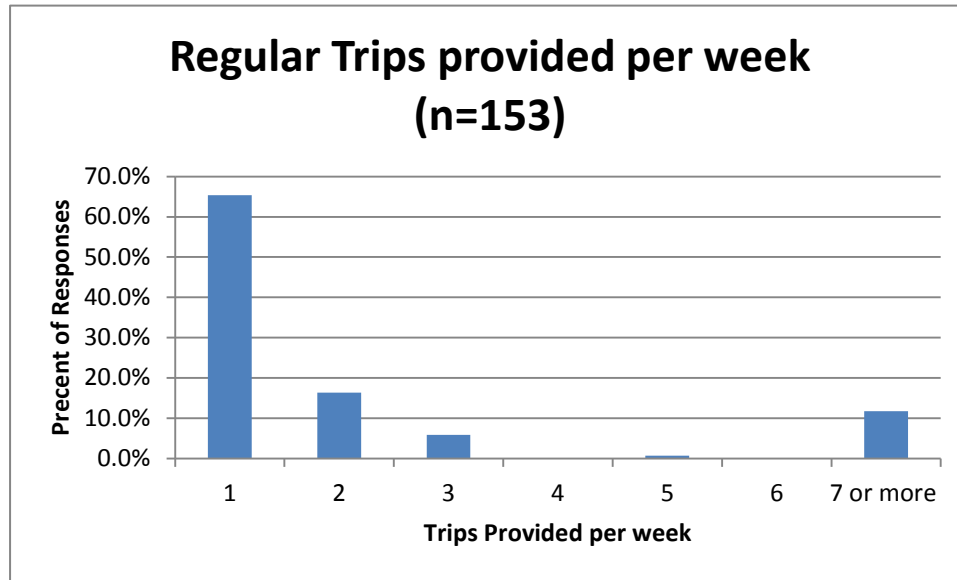
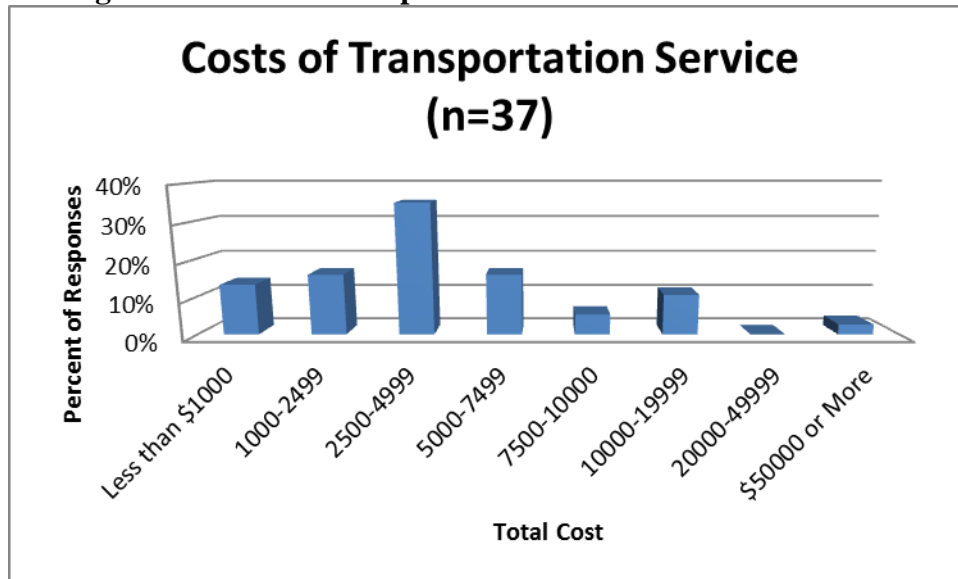


Figure 4.7 Cost of Transportation Provided to SAWP Workers



4.5 Overall Impressions of the SAWP

Respondents were provided an opportunity to provide open ended feedback on the SAWP program. Farmers who use the SAWP were overwhelmingly positive about the program and its role in helping them meet the labour requirements of their operations. They described the great difficulty of finding workers in the domestic market. Many respondents indicated that they would not be able to continue to operate farming without the workers available under these programs. Some come to view the foreign workers as members of their extended family and have travelled to visit them in their home countries. The SAWP is broadly viewed as being not inexpensive, but highly valuable.

4.6 Observations

The results observed in this section highlight the following. Employers that hire SAWP workers also hire Canadian workers on a full-time, part-time, and seasonal basis. Maintaining the operating scale at which this level of Canadian workers can be employed requires a balance of SAWP workers. The data from the survey show this relative balance and complementarity between Canadian workers and SAWP workers.

What makes the SAWP a premium program are the requirements and costs of housing, transportation, and demonstrating the gap in the local workforce. The costs of housing and transportation are material elements facing employers under the SAWP. On average, respondents reported \$825/month in variable costs of housing. When this average is adjusted for occupancy and associated with hours worked by SAWP workers, the costs of housing are about \$.52/hour. Out of pocket costs for transportation services hired for trips into town (mostly weekly) had costs that averaged \$5759/farm, or about \$.18/hour. Thus, measurable additional costs associated with the SAWP of about \$.70/hour were observed from the information in the survey.

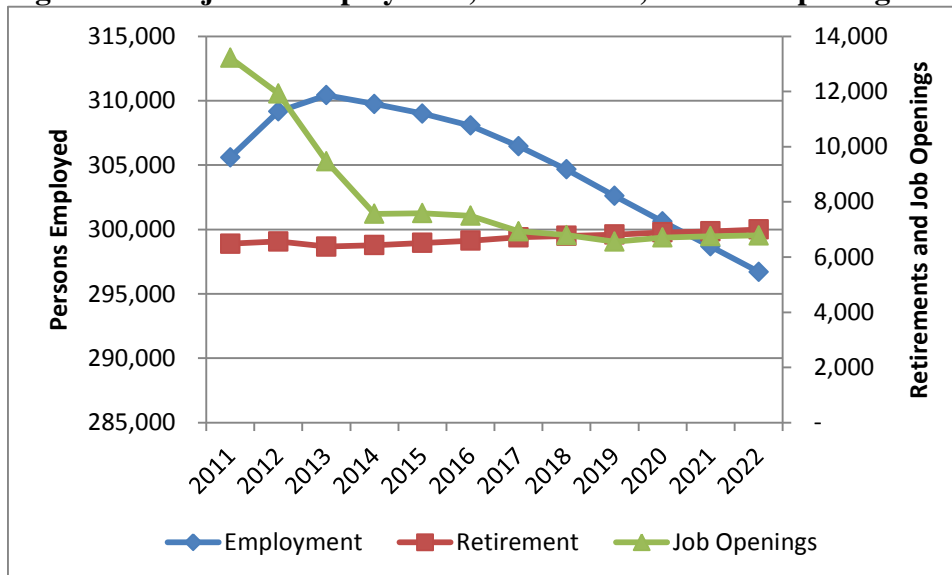
For employers, foreign workers under the SAWP assist in managing a material cost, with labour commonly 38% or more of total production costs. Based on averages across respondents to the survey, about \$238,000 per farm was spent on wages to foreign workers under the SAWP.

5.0 Economic Context for the SAWP

The natural resource base (soil, water, temperature and sunlight) and capacity for agricultural production in Canada ranges well beyond the domestic demand for food. It also pressures the human resource capacity in Canada; foreign workers under SAWP extend the Canadian workforce to allow farmers to fill positions and more fully staff their farms to better utilize capacity, especially in horticulture where many jobs have proven difficult or prohibitively expensive to automate. Future automation is likely to mitigate the demand for farm labour somewhat, as it has for a long period of time, but this will be uneven across farm commodities, and least likely in horticulture.

Figure 5.1 below provides estimates of farm labour demand by Employment and Social Development Canada. It shows that employment in Canadian agriculture is expected to decline by the year 2022 from about 310,000 positions to just over 295,000. Retirements of individuals employed in agriculture is expected to increase from around 5,500 per year to over 7,000. Job openings in agriculture are expected to remain relatively steady at just under retirements, or just under 7,000 per year. Thus, even as overall farm employment declines, the increase in retirements is expected to leave job openings and labour demand relatively unchanged out to 2022.

Figure 5.1 Projected Employment, Retirement, and Job Openings in Agriculture

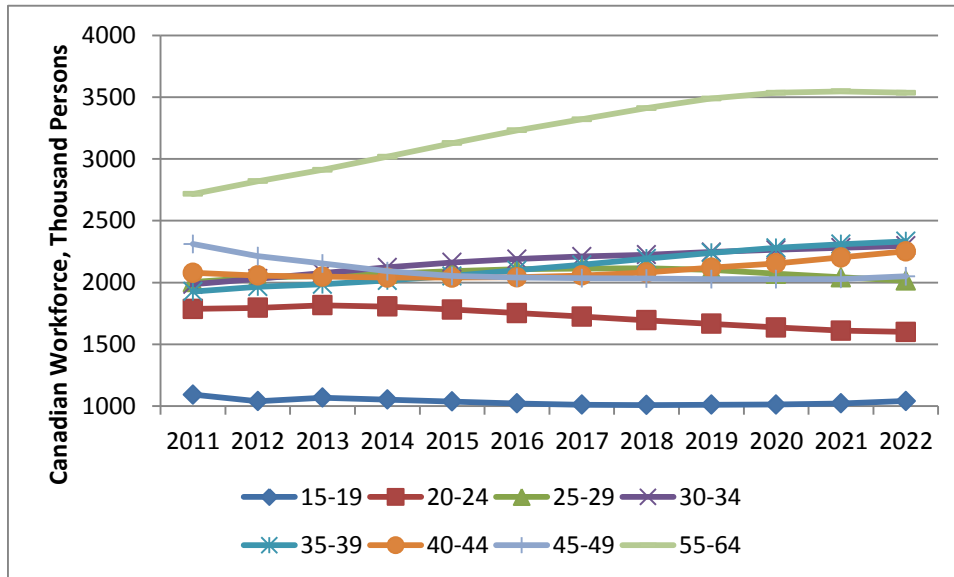


Source: Employment and Social Development Canada, 2012 projections

The Canadian workforce is generally getting older, with increasing levels of education and training, and higher expectations regarding income and working conditions. This creates challenges in filling job vacancies in outdoor, seasonal, and labour-intensive work in agriculture, typified by horticulture.

Figures 5.2 to 5.4 below provide some context. Figure 5.2 presents the trends in the projected Canadian workforce (population adjusted for workforce participation rate) according to age category for men and women combined. It shows that, in general, the growth in the workforce

Figure 5.2 Canadian Workforce Projections, by Age Category



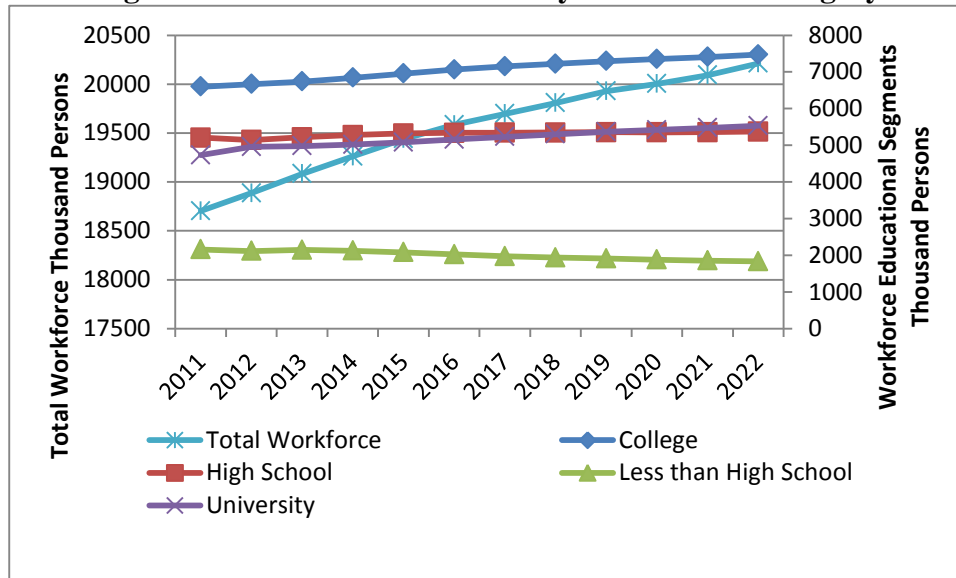
Source: Employment and Social Development Canada, 2012 projections

will not be in the younger age categories. The principal categories in which growth is expected are in ages 54-65, 40-44, 30-34, and 35-39 years. The younger categories, such as 15-19, 20-24, and 25-29 years are expected to remain just stable, or to decline.

Figure 5.3 presents current and future projected workforce trends in terms of education. The figure shows that, currently, the domestic workforce is oriented toward skilled occupations, with about 5 million university-trained and about 6.8 million college-trained personnel in 2014, or about 62% of the workforce. It also shows that the Canadian workforce is projected to increase by about 1 million between 2014 and 2022. Virtually all of that increase will come from highly skilled workers with college or university education. The workforce with a high school education will remain approximately steady, while the proportion that have not completed high school will decline.

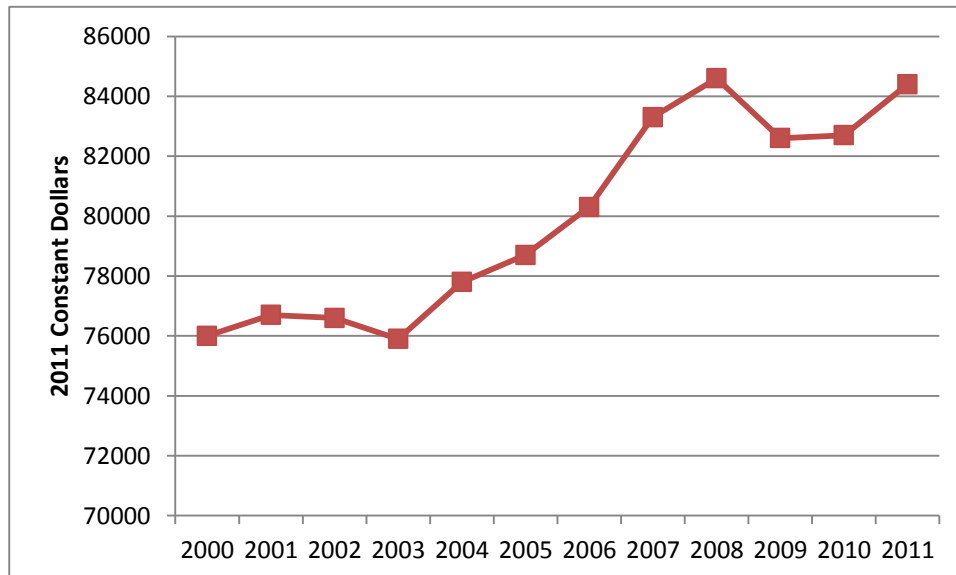
Figure 5.4 presents market income for families in Canada since 2000. It shows that incomes from wage and salary earnings have increased broadly on an inflation-adjusted basis since 2000. This increase has been about 10%, after the cost of living is factored in. Thus, the Canadian workforce has developed a reasonable expectation, based on history, for comfortable and increasing incomes from employment.

Figure 5.3 Canadian Workforce by Educational Category



Source: Employment and Social Development Canada, 2012 projections

Table 5.4 Market Income of Families in Canada



Source: Statistics Canada. Table 202-0202 - Average market income, by economic family type, 2011 constant dollars, annual (dollars)

The Canadian workforce is thus increasingly oriented toward highly skilled occupations, with commensurate expectations of income. Conversely, farm work can be repetitive and low-skill in nature. The Canadian workforce will also generally become relatively older in the future. Physical work such as in horticultural segments is not limited to the young, but it is more amenable to the able-bodied, who tend to be young. As such, the domestic workforce appears much less oriented to lower-skill occupations with highly seasonal, laborious, repetitive work. This is the situation of agricultural work, and horticultural farm work in particular.

Based on ESDC projections, the horticultural segment in Ontario looks forward to a future in which it will look to fill roughly the same number of job openings as it has today, but with a domestic workforce heading in a very different direction than its needs. With limited prospects for further automating existing jobs and a product that is highly perishable, foreign sources of workers amenable to this type of work are particularly important to the viability of the horticultural sector.

6.0 Conclusions

The purpose of this study was to provide an understanding of the SAWP and human resource development in horticulture, in the context of the economic contribution of the Ontario horticulture sector. To do so, an overview of the SAWP program was developed, the trends in the domestic workforce were surveyed, a survey consultation with employer using the SAWP was conducted, and the economic impacts of horticulture.

The SAWP is a lynchpin for Ontario horticulture, supporting an economic impact of \$5.4 billion based on output and about 34,280 jobs. This is especially significant in rural areas where economic opportunities are more limited. This level of economic impact draws upon the diversity and wealth on Ontario's natural resources; the SAWP has allowed for an extension of the domestic workforce so that these natural resources can be more fully capitalized upon to generate value in horticultural production. Ontario horticulture must confront a situation in which it must fill roughly the same number of job openings as it has today in the future, but with a domestic workforce heading in a very different direction as the Canadian workforce becomes more educated and more oriented to professional occupations. This pressure to extend the domestic workforce and utilize the abundance of natural resources to produce horticultural crops is expected to continue and intensify in the future.

In this environment, Ontario horticulture has been an extensive user of the SAWP. It is viewed by participating employers as not inexpensive, but very beneficial. SAWP is relied upon by respondents to build businesses at sufficient scale to support hiring Canadians and to fill in gaps in the local workforce. Foreign workers hired under the SAWP represented an expense for 2013 averaging about \$238,000 per farm in the survey, and surveyed farms reported that labour costs, both domestic and foreign, commonly amount to 38% or more of total production costs.

The costs of using the SAWP are material. The variable costs associated with housing averaged about \$.52/hour. Local transportation costs reported in the survey were about \$5759/farm or about \$.18/hour. Many other costs of using the program are borne by employers in whole or in part. Thus, SAWP is a premium cost program, and one that is heavily relied upon by Ontario horticulture.

Appendix A: Online Survey

Intro Page:

Thank you for taking the time to complete this survey – your input is greatly appreciated. As background, Foreign Agricultural Resource Management Services has commissioned the George Morris Centre to complete a study that will provide an understanding of the SAWP and of how Canadian producers’ have been using the program as part of their HR development process; including its history, use, the costs of using the program, and the benefits to both employers and employees.

Through this survey, we aim to get a better understanding of your usage of the program and the costs of the program.

Please complete the survey based on the last year that you participated in SAWP (e.g. 2013):

Introduction/ Context

1. Please check off all boxes that describe your farm enterprise (Check all that apply):

- Field vegetables
- Greenhouse vegetables
- Treefruit/vineyard
- Floriculture, nursery, sod
- Tobacco
- Field crops
- Dairy
- Livestock/dairy: _____
- Other fruit _____
- Mixed hort _____
- Other _____

2. What are your total workforce numbers at peak? _____
 - How long is peak (# of weeks/# of months)? _____
 - When does it occur (month)? _____
3. What are your total workforce numbers during slow periods? _____
4. How many years have you participated in the SAWP program?
 - Check box/incremental years (0-5, 6-10, 11-15, 16-20, 20+)
5. Do you use the program every year?
6. Please identify the number of employees, by category, in your workforce: (Changed it)
 - Canadian:
 - Full-time _____
 - Part-time _____
 - Seasonal _____
 - Seasonal Agricultural Worker Program:
 - Mexican: _____
 - Caribbean: _____
 - Low Skill Agricultural Stream: _____

- Low Skill Program:
 - High Skill Program: _____
7. How many foreign workers have been working on your operation for five or more consecutive years: _____

Wages

8. Approximately, what share of total farm expenses is labour (ALL labour: Canadian and foreign): _____ %
9. Please answer the following question for workers from the SAWP only:
- Total wage expenditure in 2013 (aggregated for all seasonal foreign employees): \$ _____
 - Total number of hours worked in 2013 for (aggregated for all seasonal foreign employees): _____

Cost of Housing

10. Is the housing you provide? (Check one):
- Owned :
 - Rented:
 - Both
11. Please describe in general terms the housing situation for your foreign employees (type of dwelling, location): _____
12. Owned Housing: Please fill in the table below, by dwelling

	# of employees living in this dwelling	Variable Housing Costs (utilities, maintenance, insurance) cost per month	Is this dwelling on the farm property? (Y/N)	If N, what is the distance to the farm?	If N, do you provide transport to and from the farm?
Dwelling 1					
Dwelling 2					
Dwelling 3					
Dwelling 4					
Dwelling 5					

13. Rental Housing: Please fill in the table below, by dwelling

	# of employees living in this dwelling	Rental cost/month (including rent & utilities)	# of months you rent the property per year	# of months occupied by foreign workers	Do you rent it out to others the rest of the year	How far is the dwelling from the farm?	Do you provide transport to and from farm?

					(Y/N)		
Dwelling 1							
Dwelling 2							
Dwelling 3							
Dwelling 4							
Dwelling 5							

Transportation

Airfare:

- 14. Under the Seasonal Agriculture Worker Program, part of the airfare paid by the employer can be recovered up to a maximum amount (In 2013 it was \$589.00 for workers from Mexico, and \$474.00 for workers from the Caribbean). Were you able to recover the maximum amount for all of your seasonal agricultural workers? Y/N
- 15. If no, then how many employees did you NOT recover the maximum? Please provide the number of employees, by origin:
 - o Mexico: _____
 - o Caribbean: _____

Other Transport:

- 16. Do you provide off-site transportation on a regular basis? Y/N
- 17. How many times a week? _____
- 18. Do you hire a service to take employees to town?
 - i. If Y:
 - what is the charge per outing?
 - What was your total bill for the season in 2013?
 - ii. If you provide your own transportation:
 - What type of vehicles are used for foreign employee transportation?
 - a. Bus: #
 - b. Car: #
 - c. Truck: #
 - d. Van/SUV: #
 - Number of vehicles required: _____
 - Km / vehicle:
 - o Regular Outings:
 - Number of times to destination by each vehicle (weekly, twice weekly)
 - # of km roundtrip:
- 19. Any additional trips? y/n
 - Please describe the purpose:
 - # of km

20. Please provide any additional comments regarding the Seasonal Agriculture Workers Program, your use of it, the cost of it and/or it's value to you.

Thank you.