

LEGISLATED WAGE SUPPRESSION:

Farm Worker Piece Rate Wage System Needs to End in the BC Blueberry Industry

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IN JANUARY 2021, British Columbia's minister of labour, the Honourable Harry Bains, suggested that the economics of berry farming in the Fraser Valley might not justify any change in the minimum piece rate system for hand harvest labourers that has been in place since 1981.¹ He was responding to the Fair Wages Commission, an independent advisory group established in 2017, which had recommended an end to the exclusion of hand harvesters from the hourly minimum wage requirements stipulated in the Employment Standards Act and Employment Standards Regulation. Although researchers have investigated aspects of the blueberry industry in British Columbia relating to food security, market viability, and sustainability, they have not rigorously analyzed the impact of labour costs on its economic viability. An analysis of the available data on industry costs, revenue, and farm wages in both British Columbia and the United States indicates that blueberry growers in British Columbia are using regulated piece rate wage suppression to compensate for problems created by increasingly consolidated farm ownership, vertical integration into processing, and, especially, the rising cost of farmland, and that this reliance should end. In addition, if the industry shifted away from the current system of for-profit middle-person farm labour supply contracting for domestic

* The author acknowledges the valuable comments of Professor Emeritus Mark Thompson (UBC), Professor Emeritus Marjorie Griffin-Cohen (SFU), Assistant Professor Anelyse Weiler (UVic), and anonymous reviewers on an earlier version of this paper.

¹ The minister of labour expressed this concern during a January 2021 meeting with representatives of the BC Employment Standards Coalition in response to their urging an end to the exclusion of hand harvesters from the general hourly minimum wage provisions of the Employment Standards Act. The minister referred to Dr. Karen Taylor's piece rate study report, in which she concludes that adopting the minimum hourly wage as the floor for berry industry hand harvesters would affect the sector's viability, employment, and degree of mechanization, and that increased hand-picking costs would significantly affect grower returns at the farm level for the blueberry industry. See K. Taylor Business Solutions Inc., *Piece Rate Study: Exploring the Economic Impact of the Piece Rate System in British Columbia*, prepared for the BC Ministry of Labour, 10 January 2019, <https://engage.gov.bc.ca/app/uploads/sites/121/2019/12/FINAL-Piece-Rate-Study-K-Taylor-Jan-2019-1.pdf>.

workers towards a non-profit farm labour supply agency system both workers and employers could benefit.

THE ECONOMIC BACKGROUND OF THE INDUSTRY

British Columbia is the fifth largest producer of cultivated high bush blueberries in the world;² in 2019, the production of 195 million pounds made it the largest regional producer in North America.³ Ninety-five percent of these berries, which are fairly uniform in size, colour, and taste, are grown in the Lower Fraser Valley. Seventy percent of the harvest is exported, mainly to the United States – itself a major producer of blueberries – and Japan.⁴ In 2019, the export of blueberries, valued at \$273 million, was the province's third most important food and beverage export commodity.⁵ As Table 1 shows, that year blueberries were the largest source of BC farm cash receipts from fruit production.⁶ And, between 2009 and 2019, on a percentage basis, farm cash receipts, tonnage, and receipts per acre grew more for blueberries than they did for the other three major fruits and almost tied with sweet cherries in increased acreage over that ten-year period (but not over the twelve-year period from 2009 to 2021, when sweet cherry acreage increased by 94.8 percent as against 45.9 percent for blueberries).⁷ Table 1 also shows that this high growth trend for blueberries continued into 2021.

² See website of BC Blueberry Council, which represents over six hundred blueberry farmers and thirty blueberry packers and processors, at <https://www.bcbblueberry.com/sites/default/files/inline-files/BCBC%20Industry%20Backgrounder.pdf>. See also BC Ministry of Agriculture, *Market Opportunities Assessment for BC Berries, Final Report*, by Ference and Company Consulting, March 2020, 4, obtainable from the BC Ministry of Agriculture through a Freedom of Information request or the author.

³ See Alan Schreiber, *State of the Washington Blueberry Industry*, Washington State Blueberry Commission, December 2019, <https://s3.wp.wsu.edu/uploads/sites/2093/2019/12/2019StateofBlueberryLynden.pdf>.

⁴ US International Trade Commission, *Fresh, Chilled, or Frozen Blueberries*, Investigation no. TA-201-77, Publication 5164, March 2021, Washington, DC.

⁵ BC Ministry of Agriculture, *Sector Snapshot: BC Food and Beverage Processing*, August 2020, https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/statistics/industry-and-sector-profiles/sector-snapshots/sector_snapshot_2019_-_food_and_beverage.pdf.

⁶ Statistics Canada, Table 32-10-0364-01, *Area, Production, and Farm Gate Value of Marketed Fruits*, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210036401>. Note: Farm gate values and production volumes for all four of the largest fruit products in British Columbia declined in 2020 (after peaking in 2019) due to poor weather and harvests.

⁷ In 2020 the total farm gate value of BC blueberries declined slightly by 13 percent to \$146,378,000, and the total volume of BC production of blueberries declined by 15 percent to 80,332 tons. These declines are partly attributable to poor spring weather and a severe shortage of farm labour due to the COVID pandemic.

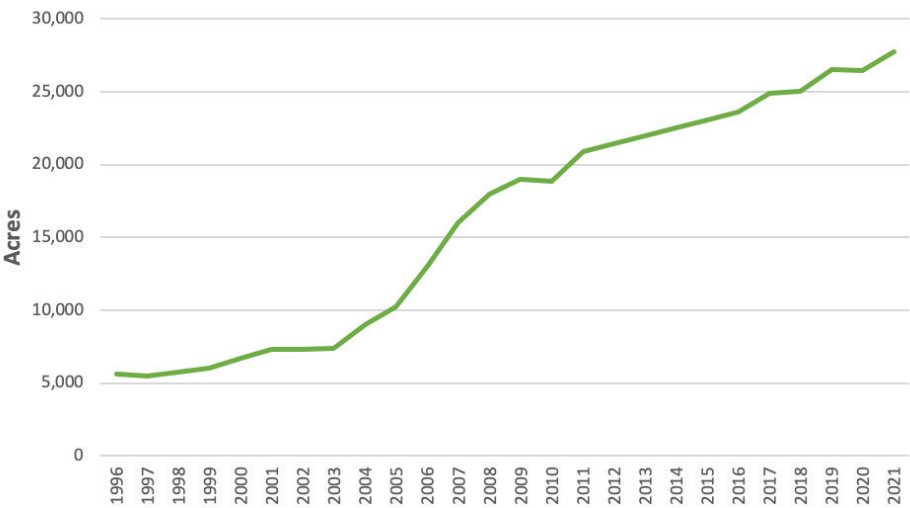
TABLE 1

British Columbia major fruit production statistics

PRODUCT	FARM CASH RECEIPTS (\$'000)					
	2009	2019	Increase*	2020	2021	Increase**
Blueberry	\$52,568	\$168,358	220.3%	\$146,378	\$157,443	199.5%
Sweet Cherry	\$37,734	\$85,658	127.0%	\$73,674	\$64,755	71.6%
Grape	\$36,101	\$83,091	130.2%	\$77,284	\$73,974	104.9%
Apple	\$36,546	\$61,955	69.5%	\$56,955	\$58,783	60.8%
PRODUCT	PRODUCTION (TONS)					
	2009	2019	Increase*	2020	2021	Increase**
Blueberry	44,175	94,718	114.4%	80,332	72,626	64.4%
Sweet Cherry	15,669	23,407	49.4%	20,039	16,624	6.1%
Grape	17,929	36,443	103.3%	32,745	28,451	58.7%
Apple	102,800	114,660	11.5%	100,777	91,871	-10.6%
PRODUCT	CULTIVATED AREA (ACRES)					
	2009	2019	Increase*	2020	2021	Increase**
Blueberry	19,000	26,542	39.7%	26,452	27,714	45.9%
Sweet Cherry	3,479	4,863	39.8%	5,691	6,778	94.8%
Grape	9,010	9,739	8.1%	11,586	11,667	29.5%
Apple	9,375	9,500	1.3%	9,443	9,210	-1.8%
PRODUCT	RECEIPTS PER ACRE					
	2009	2019	Increase*	2020	2021	Increase**
Blueberry	\$2,766.74	\$6,343.08	129.3%	\$5,533.72	\$5,680.99	105.3%
Sweet Cherry	\$10,846.22	\$17,614.23	62.4%	\$12,945.70	\$9,553.70	-11.9%
Grape	\$4,006.77	\$8,531.78	112.9%	\$6,670.46	\$6,340.45	58.2%
Apple	\$3,898.24	\$6,521.58	67.3%	\$6,031.45	\$6,382.52	63.7%
* 10-Year Increase						
** 12-Year Increase						

Source: Statistics Canada, Table 32-10-0364-01, *Area, Production, and Farm Gate Value of Marketed Fruits*.

FIGURE 1
Annual cultivated area in BC blueberry production, 1996–2021



Source: Statistics Canada, Table 32-10-0364-01, *Area, Production, and Value of Farm Gate Marketed Fruits*.

The table also shows that the receipts per acre of cultivated land (derived from dividing the farm cash receipts figure by the cultivated area acre) over the past twelve years increased by the greatest percentage but were still the lowest of the four leading fruit products.

As shown in Figure 1, the area devoted to blueberry production increased steadily between 1996 and 2021 even though, as shown in Figure 2, there were wide annual fluctuations in both nominal and real consumer price index (CPI) deflated average farm gate prices, especially in the period between 1996 and 2010, showing a dramatic decline in 2009 (a great recession year), as shown in Figure 2.⁸

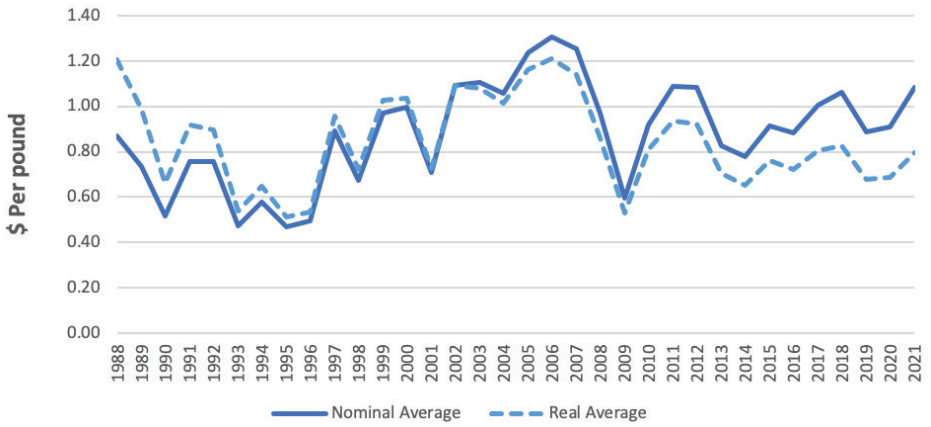
As shown in Figure 3, since 2010 prices have varied around one dollar per pound in nominal terms, but with a slight linear trend decline in real prices.⁹

⁸ “Nominal” prices are the prices actually received, while “real” prices are the nominal prices discounted by the consumer price index to account for the impact of inflation on price.

⁹ Following Jinbin Yang, the annual average farm gate price of blueberries is derived from dividing the total annual farm gate value of blueberry production by the annual total weight of blueberry production as reported by Statistics Canada (see footnote 6 for the data source).

FIGURE 2

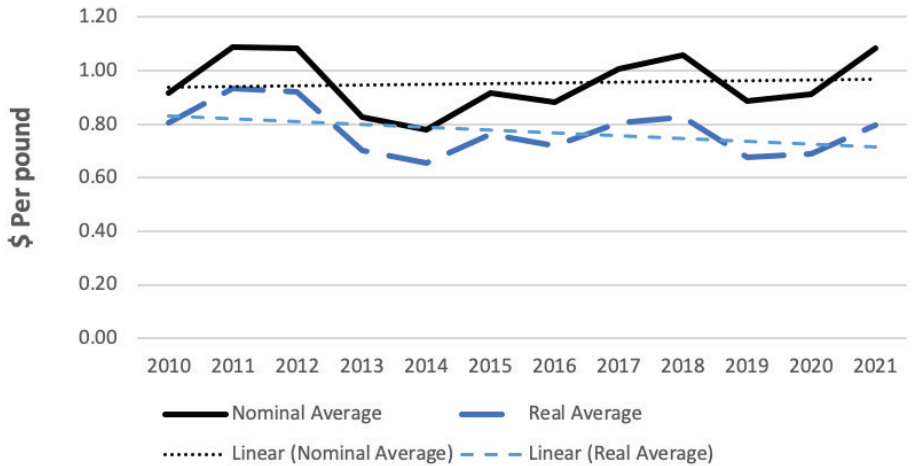
Nominal and real average farm gate prices for BC blueberries, 1988–2021



Sources: Statistics Canada, Table 32-10-0364-01, *Area, Production, and Value of Farm Gate Marketed Fruits*. BC Stats, consumer price index for BC.

FIGURE 3

Nominal and real average farm gate prices for BC blueberries, 2010–2021



Sources: Statistics Canada, Table 32-10-0364-01, *Area, Production and Farm Gate Marketed Fruits*. BC Stats, consumer price index for BC.

In investigating the reasons for the boom-and-bust cycles of the blueberry sector in British Columbia,¹⁰ Jinbin Yang observed that a substantial increase in the area dedicated to blueberry cultivation from 1999 to 2009 resulted in a boom in production and a wide fluctuation in the farm gate price, including a dramatic fall in price in 2009, as shown in Figure 2.¹¹

Based on financial analysis modelling, Yang determined that blueberry farmers earn a considerable return on investment in years of high prices, but when prices are low, they can only break even or incur losses. He concluded that farmers remain in production when prices are low due to their large capital investment in land and plantings. Since it takes about seven years for a blueberry bush to reach full production, it is difficult to switch to a more profitable crop in the short term. While farmers are inelastic to blueberry price changes in the short run, they are highly elastic to long-term price changes, which partly explains the steady growth in production in anticipation of long-run price stability and growth in demand.¹²

MARKET POWER IMBALANCES IN THE BC BLUEBERRY INDUSTRY

Growers receive only 15 to 22 percent of total industry revenue. By far the largest share accrues to retailers (50 to 56 percent), followed by processors/freezers (13 to 15 percent) and packers (13 to 15 percent).¹³ The marketing of blueberries has shifted so that, as of 2019, 62 percent of BC blueberries are processed (frozen).¹⁴ An oligopoly has developed as large farms with processing and marketing capacity have increasingly dominated the market and reaped the lion's share of revenue. This negatively affects the prices

¹⁰ Jinbin Yang, "Economic Analysis of Blueberry Investment in British Columbia." (MSc thesis, University of British Columbia, 2010).

¹¹ Yang attributes the price bust in 2009 to oversupply; however, he does not consider the fact that British Columbia's GDP declined by 4 percent in 2009, corresponding to a worldwide recession, which likely had a negative impact on the demand for blueberries. During 2009 prices generally were in decline. In Canada, for the first time in over three decades, there was no year-over-year change in the consumer price index in 2009 compared to 2008.

¹² The price elasticity of supply measures how the amount of a goods that a supplier wishes to supply changes in response to a change in price. It captures the extent of horizontal movement along the supply curve relative to the extent of vertical movement. If supply elasticity is zero, the supply of a goods supplied is "totally inelastic," and the quantity supplied is fixed. It is calculated by dividing the percentage change in quantity supplied by the percentage change in price.

¹³ BC Ministry of Agriculture, *Market Opportunities Assessment for BC Berries, Final Report*, 22n2.

¹⁴ Schreiber, *State of the Washington Blueberry Industry*.

received by farmers who do not have processing operations. Researcher Susanna Klassen found that this market power imbalance resulted from the ongoing shift towards growing and processing blueberries for export and the increasing reliance of approximately eight hundred growers on the relatively small number of large farms or companies engaged in grading, processing, packaging, and marketing.¹⁵ Her structured interviews with thirty-three blueberry growers and processors revealed that processors generally profit “disproportionately from this industry relative to growers.” Moreover, all the blueberry farm operators she surveyed implied that the viability of their businesses depended largely on the processing side of their operations.¹⁶

According to Klassen, processors, by purchasing and “carrying” product, serve as a relatively dependable and convenient way for growers to sell product immediately after harvest. The growers in her study sold 73 percent of their crop to processors who then distributed it to retailers or foreign buyers. This gives the processors a large amount of control over production requirements: they can reject fruit depending on market conditions and the season’s yield and can set prices below what growers can obtain by selling fresh or chilled blueberries directly to consumers. According to Klassen’s limited grower survey research, this has a few different outcomes – positive and negative – depending on the processor and its terms of production. On the negative side, in some cases it was reported that some processors had contractual purchase agreements with growers, while others had verbal or informal purchase contracts, with growers not knowing what the prices or volumes would be until the end of the season.¹⁷

¹⁵ See Susanna Elsie Klassen, “Principles and Processes for Food Sovereignty: An Examination of the Blueberry Sector in British Columbia” (MSc thesis, University of British Columbia, 2016). Note: Of the twenty-six blueberry processors listed on the BC Blueberry Council’s website, sixteen are vertically integrated growers and processors.

¹⁶ Klassen, “Principles and Processes for Food Sovereignty,” 68.

¹⁷ Klassen, 67–68.

BRITISH COLUMBIA'S HAND HARVESTER MINIMUM PIECE RATE WAGE LAW

British Columbia is unique in Canada in excluding harvesters of blueberries and of certain other fruits, vegetables, and daffodils from the legislated hourly minimum wage.¹⁸ The pay for these workers is, instead, governed by legislated minimum piece rates based on how much they harvest. Employers benefit because piece rate wages promote a fast pace of work and reduce the need for field managers to ensure productivity. These government-set rates are updated irregularly and not as frequently as the hourly minimum wage. Workers often earn less than the general minimum wage.¹⁹ This discriminatory feature of the BC Employment Standards Act dates from 1981, and, despite government-initiated studies demonstrating its unfairness, it persists.²⁰ I characterize this labour regulation policy as “legislated wage suppression.”

In 2011, the provincial Ministry of Labour commissioned consultants Darrell M. Zbeetnoff and Bruce McTavish to study hand harvester piece rates in order to assist it in determining whether the regulated minimum piece rates for hand harvesters met the minimum wage provisions, to assess the effectiveness of piece rates in providing competitive farm harvest labour, and to gain an understanding of the role of piece rate employment in the sectors using it. The consultants determined that about two-thirds of the blueberry hand harvesters worked under piece rates, except at the beginning and end of the season when they were paid

¹⁸ Quebec specifies minimum piece rates for the harvesting of strawberries and raspberries; Ontario, Newfoundland and Labrador, and New Brunswick require a piece rate that is at least equivalent to the general minimum wage. The other provinces require that agricultural workers receive at least the general hourly minimum wage with reasonable effort. In Washington and Oregon, the workers employed under a piece rate system must receive at least the hourly minimum wage. See Mark Thompson, *BC Pickers: A Report on Piece Rates in Agriculture*, Fair Wages Commission, Ministry of Labour, Government of British Columbia, 30 January 2018, 17, https://www.sfu.ca/content/dam/sfu/labour/fairwagescommission/Thompson%20report_Farm%20workers_FWC_2018.pdf. Farm workers operating machine harvesters or employed in processing operations are paid on an hourly basis and are therefore covered by the Employment Standards Act hourly minimum wage.

¹⁹ Unlike the hourly minimum wage, minimum piece rates include 4 percent for vacation pay. Workers paid the hourly minimum wage receive in addition vacation pay based on years of service, starting at 4 percent. Other employment standards exclusions for farm workers relate to hours of work, and overtime pay, and entitlement to statutory holidays with pay.

²⁰ See Thompson for the history and origins of the ESA piece rate wage provision in BC legislation.

on an hourly basis.²¹ Two limited studies based on surveys of growers estimated that a hand harvester could pick from two hundred to five hundred pounds in a ten-hour day. Pickers at the low end were often older.²² On a piece rate basis, 74 percent of the harvesters earned less than the equivalent of the hourly minimum wage of \$10.25 in 2012; 48 percent earned less than \$8.75 per hour; and some earned as little as \$3.70 per hour.²³ At the piece rates of \$0.49 a pound, to earn the equivalent of the hourly minimum wage of \$14.60 in 2020 and \$15.20 in 2021 would require picking thirty pounds and thirty-one pounds an hour, respectively, in a ten-hour work day.

In 2018, the BC Fair Wages Commission recommended adopting a baseline hourly minimum wage floor for hand harvesters with optional incentive rates, using a phase-in between June 2018 and June 2019.²⁴ However, the government declined to adopt this recommendation and indicated further research was necessary. A subsequent 2018 study conducted for the Ministry of Labour found that blueberry hand harvesters were the lowest-paid sector of the hand harvesters and made less than the hourly minimum wage. Calculations based on payments of \$0.44 per pound to nine harvesters revealed an estimate of hourly earnings of \$4.62 at a time when temporary foreign workers were guaranteed an hourly minimum wage of \$12.65.²⁵ The minimum hourly wage rose incrementally by 90 percent between 2003 and 2021, but minimum piece rates for hand harvesters increased by only 35 percent in that period. This was because there were only increases in 2011, 2015, 2016, 2017, and 2019, with no increases in 2018, 2020, and 2021 – years when the minimum hourly wage was increased.²⁶ Thus, despite the government's awareness that some blueberry harvesters were making less than the minimum wage, the growing inequity continued.

²¹ Darrell M. Zbeetnoff and Bruce McTavish, *Review of Regulated Minimum Piece Rates for Agricultural Hand Harvesters in BC: Final Report*, prepared for BC Ministry of Labour, Citizens Services, and Open Government, 29 December 2011, http://www.11bc.leg.bc.ca/public/pubdocs/bcdocs2012/517974/piece_rate_study.pdf. According to Zbeetnoff and McTavish hourly wages are used at the beginning and end of the season, when piece rate productivity is hard to achieve, and hourly wages are used when stick picking (i.e., shaking the bushes with sticks to knock ripe berries loose onto a tarp).

²² Klassen, "Principles and Processes for Food Sovereignty," 69; Zbeetnoff and McTavish, *Review of Regulated Minimum Piece Rates* 55.

²³ Zbeetnoff and McTavish, 52.

²⁴ See BC Fair Wages Commission, *Minimum Wages for Those with Alternative Rates in British Columbia*, Report and Recommendations to the Minister of Labour, March 2018, https://news.gov.bc.ca/files/FWC_Second_Report_March_2018_FINAL.pdf.

²⁵ Taylor Business Solutions Inc., *Piece Rate Study*.

²⁶ Derived from BC Employment Standards Branch historical records regarding hand harvester minimum piece rates at: <https://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards/forms-resources/igm/esr-part-4-section-18?keyword=piece&keyword=rates&keyword=history>.

THE LABOUR SUPPLY

Labour is typically the most significant cost factor under the control of producers. In 2019, the BC Ministry of Agriculture commissioned Ference and Company Consulting to identify key market opportunities for blueberry, cranberry, raspberry, and strawberry growers and their main challenges. The March 2020 final report observed “significant and universal challenges faced by BC berry farmers in accessing an adequate supply of labour and the ensuing prohibitive cost when local labour is available.” It stated, without evidence, that “recent successive minimum wage hikes have reduced the bottom line of farmers who cannot pass on these increased labour costs to their buyers.” The report also refers to the consensus of industry representatives that “there is a declining appetite among the BC population to work in agriculture.”²⁷ This observation reflects the failure of the industry and the government to address the long-standing need for a sustainable harvesting labour force. The lack of a livable wage and the precarity of employment discourages British Columbians from seeking work in the industry and requires growers to rely on farm labour contractors or, as in many parts of the world, hiring seasonal temporary foreign workers.

FARM LABOUR CONTRACTING

Unique to the supply of workers in the harvesting of blueberries and other agricultural products in British Columbia is the farm operators’ dependence on farm labour contractors (FLCs) who directly employ and supply seasonal itinerant farm workers who are mostly recent immigrants. From the beginning of the farm labour contracting system in the Fraser Valley in the late 1970s, the Farm Worker Organizing Committee, which became the Canadian Farmworkers’ Union (CFU) in 1980, has opposed the system and has wanted to replace it with a union hiring hall that would cut out the intermediaries and increase wages and protection for the workers without increasing the cost to the farmers or consumers.²⁸

FLCs are regulated under the Employment Standards Act. They must be licensed by the Employment Standards Branch to employ farm workers, whom they daily transport to farms. A worker who is bonded to an FLC is employed on a temporary basis and assigned to a specific farm selected by the contractor. For small- and medium-sized blueberry

²⁷ BC Ministry of Agriculture, *Market Opportunities Assessment, Final Report*, 6 and 7n2.

²⁸ See Murray Bush and Canadian Farmworkers’ Union, *A History of the Canadian Farmworkers’ Union*, 1995, chap. 2, <https://www.vcn.bc.ca/cfu/chap2.htm>.

growers, FLCs provide a valuable service in recruiting and transporting workers to their farms. The contractors also keep track of how much each worker harvests by volume and/or how many hours are worked, and pay the workers based on those records.²⁹

According to the Employment Standards Branch, as of April 2021, ninety-two FLCs were licensed and bonded for a total of seventy-three hundred farm workers in the Lower Fraser Valley. In that year, the number of bonded workers varied from five to 730 per contractor, with seventy-nine being the average number.³⁰ Most workers harvested blueberries and other berries. Some secured off-season work planting or pruning blueberry bushes.

Most hand harvesters employed by FLCs are of Indo-Canadian ethnicity. To the extent that the names of FLC owners are identified in the FLC licence registry, a significant proportion of the contractors also appear to be of Indo-Canadian ethnicity. Of the 768 harvesters surveyed by Zbeetnoff and McTavish, 64 percent are female of predominantly Indo-Canadian ethnicity. Another 2019 study estimated that 60 percent of Lower Mainland hand harvesters are elderly women and 40 percent are elderly men, both mostly Indo-Canadian immigrants.³¹ In short, the denial of a minimum hourly wage for hand harvesters shows inequality based on race, gender, age, and residency.

Workers employed by FLCs are commonly paid a piece rate according to the amount of fruit picked (the minimum as of June 2021 was \$0.488 per pound for blueberries). Moreover, the limited data available indicate that the farm labour contracting system adds significantly to the cost of labour. From interviews with ten blueberry growers in 2018, who collectively employed twelve hundred harvesters, Karen Taylor ascertained that, when hand harvesters employed through FLCs were paid the legislated minimum piece rate – at that time, \$0.438 per pound – the FLCs charged farm operators between \$0.65 and \$0.85 per pound, representing a labour cost margin of between 48 and 94 percent above the minimum piece rate being paid to hand harvesters.³²

In 2008, an investigation of their working conditions published by the Canadian Centre for Policy Alternatives found that the for-profit farm labour contracting system contributed to the precarity, powerlessness,

²⁹ Oregon and Washington also have regulated farm labour contracting systems. Oregon has about five hundred licensed farm labour contractors and Washington has 247.

³⁰ In his 2018 report for the Fair Wages Commission, Mark Thompson identified farm labour contractors as a significant factor in the harvesting labour market in the Fraser Valley. See Thompson.

³¹ See Taylor Business Solutions Inc.

³² Taylor Business Solutions Inc., 38–40.

and exploitation of farm workers, and recommended replacing the flawed for-profit contracting system with a non-profit farm labour supply agency that would mutually benefit farm workers and growers.³³ Provincial governments have not acted on any recommendations to address the wage exploitation of farm workers.

TEMPORARY FOREIGN WORKERS

In contrast to the regulation of minimum piece rate wages for Canadian farm workers, foreign farm workers brought to British Columbia to work on a temporary basis for one employer are required by contract to be paid the general hourly minimum wage, which is another aspect of the discriminatory wage treatment of Canadian farm workers. Yet both foreign migrant and Canadian immigrant farm workers are vulnerable to a high degree of exploitation, something that is well documented in sociology research literature.³⁴

Since 2004, an increasing proportion of the harvesting labour, especially on large farms, has been through farm operators directly employing temporary foreign workers under one of the federal government's temporary foreign worker (TFW) programs. Because the published statistics on the employment of TFWs do not provide breakdowns by sector or region, it is difficult to know how many are employed on BC blueberry farms, but it is reasonable to assume that a significant portion of the 9,514 temporary foreign farm workers employed in 2018 worked on blueberry farms, as did a similar number in 2019.³⁵

Most TFW workers spend eight months a year in British Columbia under the Seasonal Agricultural Worker Program (SAWP) and are from Mexico or one of the eleven Caribbean countries that participate in the scheme. Some, such as Guatemalans, may stay longer under either the agricultural stream or the low wage stream. Under all programs TFW

³³ See David Fairey et al., *Cultivating Farmworker Rights: Ending the Exploitation of Immigrant and Migrant Farmworkers in BC* (Vancouver: Canadian Centre for Policy Alternatives, 2008), <https://www.policyalternatives.ca/publications/reports/cultivating-farmworker-rights>.

³⁴ See, for example, Kerry Preibisch and Gerardo Otero, "Does Citizenship Status Matter in Canadian Agriculture? Workplace Health and Safety for Migrant and Immigrant Workers," *Rural Sociology* 79, no. 2 (2014): 174–99.

³⁵ As reported by Statistics Canada, in 2018 there were 707 farms in British Columbia with at least one temporary foreign worker employed and a total of 9,514 temporary foreign workers employed by BC Farms. See Statistics Canada, *COVID-19 Disruptions and Agriculture: Temporary Foreign Workers*, 17 April 2020. It is estimated by a TFW advocate that 45 percent of all temporary foreign farm workers in British Columbia are employed on farms in the Fraser Valley, 40 percent are employed in the Okanagan and southern Interior, and 10 percent are employed on Vancouver Island.

blueberry harvesters must be paid at least the legislated hourly minimum wage, even when working side by side with Canadians employed by farm labour contractors who are only being paid the minimum piece rate. The TFW program appeals to employers because it severely restricts workers' freedom to seek better wages and conditions elsewhere. Although paid by the hour, workers are pressed to engage in extremely high rates of productivity in order to receive a favourable end-of-season evaluation and a recommendation that they be called back for the next season.

US INTERNATIONAL TRADE COMMISSION INVESTIGATION INTO BLUEBERRY IMPORTS

In the absence of a rigorous analysis of the impact of labour costs on the economic viability of blueberry farming in British Columbia, it is instructive to take into account a recent analysis of the economic viability of blueberry farming in the United States, which is both the main export market for BC blueberries and a major producer of blueberries.

Concerned that rising imports of BC berries, especially of frozen ones, might cause "serious injury" to the US industry, in 2020 the US International Trade Commission surveyed blueberry producers on both sides of the border, invited submissions from interested parties, held a public hearing in January 2021, and conducted research into the economics of the industry.³⁶ To support their position that BC imports do not injure the US industry, the governments of Canada and of British Columbia as well as the BC Blueberry Council made submissions. Their major argument was that the cultivated high-bush blueberry industry in the Pacific Northwest is highly integrated. Blueberries were commonly "shipped from Washington to Canada for individual quick freezing (IQF) during their peak harvest time in mid-July" before the peak harvest began in British Columbia, and shipments of frozen products continued back and forth across the border during the year. The submission cited the experience of Berryhill Foods, a farm and processing operation in Abbotsford, British Columbia, one of the larger processors of blueberries in the province. Berryhill also has operations in Washington. Three or four growers who own farms on both sides of the border often send their combined harvest to the same processor. The submission argued that, given this high degree of integration, "the trade in blueberries between

³⁶ US International Trade Commission, 1.

the United States and Canada is symbiotic, not competitive.”³⁷ The commission concluded that imports of fresh, chilled, or frozen blueberries were not of sufficient quantity to cause serious injury to US producers. By comparing the economic aspects of the industry on both sides of the border, the commission’s research throws light on the BC industry. The most significant differences are in the cost of land, which is lower in the United States, and the cost of labour, which is lower in British Columbia.

With regard to land costs, Washington provides the most relevant comparison with British Columbia. According to the US Department of Agriculture, in 2019 the average value of cropland in the United States was USD\$7,690 an acre.³⁸ In comparison, according to Farm Credit Canada, the value of farmland in the BC south coast region was CAD\$102,067 per acre in 2019, representing a percentage increase of 85.1 percent from 2009 to 2019.³⁹ Using 2010 prices of \$60,000 an acre for his financial analysis modelling of a five-acre blueberry farm, researcher Jinbin Yang budgeted \$300,000 as the cost of land – that is, 74.6 percent of total capital costs.⁴⁰ Yang’s calculations based on \$60,000 an acre were soon outdated. In 2018, Vancity Savings Credit Union underscored the unique challenge of farmers in Metro Vancouver: the high price of farmland. Prices for five-acre parcels ranged from \$80,000 to \$110,000 per acre with 40- to 60-acre parcels ranging from \$50,000 to \$70,000 per acre. Many blueberry farms in the Fraser Valley are much larger than sixty acres; however, the Vancity survey data do not provide price ranges for them. Not surprisingly, almost one-third of Metro Vancouver’s actively farmed Agricultural Land Reserve land was leased from non-farm owners. Vancity concluded that high farmland prices are a significant challenge to developing a more resilient, self-reliant local food system.⁴¹

³⁷ US International Trade Commission, 60. See also Curtis, Mallet-Prevost, Colt, and Mosle LLP, Counsel to Government of Canada, British Columbia Blueberry Council and Wild Blueberry Association of North America, *Pre-Hearing Brief of Canadian Respondents Before the United States International Trade Commission*, in the matter of *Fresh, Chilled, or Frozen Blueberries*, 30 December 2020, only available from the US International Trade Commission’s Electronic Document Information System (EDIS) at <https://edis.usitc.gov/external/>.

³⁸ US Department of Agriculture, National Agricultural Statistics Service, *Land Values 2020 Summary*, August 2020, <https://downloads.usda.library.cornell.edu/usda-esmis/files/pn89d6567/js957404w/hq37w9890/lando820.pdf>.

³⁹ Farm Credit Canada, *2020 FCC Farmland Values Report*, <https://www.fcc-fac.ca/fcc/resources/2020-farmland-values-report-e.pdf>.

⁴⁰ Yang, “Economic Analysis of Blueberry Investment in British Columbia,” 17. This land cost assumption is consistent with the Farm Credit Canada reported farmland value of \$55,000 per acre in 2010 in the BC south coast.

⁴¹ Vancity Savings Credit Union, *Home on the Range: Cost Pressures and the Price of Farmland in Metro Vancouver*, 2018, <https://www.vancity.com/SharedContent/documents/pdfs/News/Vancity-Report-Cost-Pressures-and-the-Price-of-Farmland-in-Metro-Vancouver-2016.pdf>.

COMPARATIVE BLUEBERRY PRODUCTION LABOUR COSTS,
PRODUCTIVITY, AND LABOUR COST RATIOS

The US blueberry industry labour costs data in Table 2 are derived from the US International Trade Commission's national survey questionnaire responses from ninety-eight growers, processors/freezers, and firms engaged in both growing and processing, of which between seventy-four and seventy-six responses were from producers of fresh and chilled blueberries, depending on the year for which data were reported over the period from 2015 to 2020. As these are data from a national industry survey, they should be viewed with caution when comparing them to BC industry labour costs. Another caution in interpreting the US International Trade Commission's wage costs survey data is that they inevitably include hourly rated machine harvesting labour costs, which are less than hand harvesting costs on a unit cost of production basis, and payments made to farm labour contractors, which include their profit margins when they are the labour suppliers. However, in the absence of comparable data at the state level, and as Washington and Oregon

TABLE 2

*US blueberry industry harvesting labour costs, productivity, and cost ratios for fresh and chilled operations**

NATIONAL INDUSTRY AVERAGES	2019**	2020**
Hourly wages:	\$19.10	\$20.24
Productivity (lbs/hour):	22.9	22.7
Unit labour costs (\$/lb):	\$0.83	\$0.89
Ratio – direct labour costs to total operating expense (%):	50.1	48.5

* Data limited to growing operations for the fresh market.

** 2019 and 2020 survey data for January to September. Costs data in US dollars.

Source: US International Trade Commission, Fresh, Chilled, or Frozen Blueberries, Investigation no. TA-201-77, publication 5164, March 2021. Data extracted from Tables III-15, III-16, III-17, III-18, III-20, and III-22.

are responsible for nearly half of the total US production of high-bush blueberries (according to the Washington State Blueberry Commission), for comparison purposes the average labour costs reported in Table 2 may be viewed as a reasonable approximation of Washington and Oregon harvesting labour costs.

All farm workers in Washington and Oregon, including piece-rate workers, must earn at least the state hourly minimum wage. In both states there are no legislated minimum piece rates, so when farm workers are paid by piece rate, their wages still must average the minimum wage for every hour worked during a work week. If farm workers do not earn at the minimum hourly wage for their work, the employer must pay the difference. In Washington, beginning 1 January 2020, farm workers were granted the right to earn overtime pay after 55 hours in 2022, 46 hours in 2023, and 40 hours in 2024. In British Columbia, farm workers are exempt from the overtime pay provisions of the Employment Standards Act, which is another example of the legislated wage suppression for BC farm workers.

TABLE 3
*Comparative US, Washington, and BC blueberry industry hourly wages and unit labour costs**

	2019	2020	2021
HOURLY WAGE:			
US blueberry industry average**	\$24.07	\$25.50	N.A.
Washington State minimum hourly wage	\$15.12	\$17.01	\$17.25
BC minimum hourly wage	\$13.85	\$14.60	\$15.20
UNIT LABOUR COSTS (\$/LB.)			
US industry average unit labour cost**	\$1.05	\$1.12	N.A.
BC minimum per pound piece rate	\$0.49	\$0.49	\$0.49
Ratio BC piece rate to US industry average	47%	44%	N.A.

* In Canadian dollars = US dollars x 1.26.
** See Table 2 for fresh and chilled operations.

Table 3 shows that the average hourly wages paid in blueberry harvesting in the US industry nationally in 2019 and 2020 were significantly higher than the hourly minimum wage for hand harvesters in Washington. It also shows that, if BC hand harvesters were guaranteed the BC hourly minimum wage, hourly blueberry harvesting labour costs in British Columbia would still be significantly lower than the US industry average and the Washington minimum wage.

Table 3 also shows that, based on the survey data in Table 2, the per-pound labour cost relating only to berries for the fresh market translated into Canadian dollars was \$1.05 per pound in 2019 and \$1.12 per pound

in 2020. In British Columbia, in comparison, the minimum piece rate for hand harvesters of blueberries was \$0.49 per pound in both years. Significantly, if BC producers only paid the legislated minimum piece rate, then their unit labour cost was only 47 percent and 44 percent of the average unit labour cost in the US industry in 2019 and 2020, respectively.

The data on the productivity of British Columbia's hand harvesters are very limited but one can surmise that, even if they had been paid the minimum hourly wage of \$14.60 in 2020, and their productivity was the same as that in the US industry survey (i.e., 22.7 pounds per hour), then the unit labour cost of production in British Columbia at \$0.64 per pound would have been almost half the average US unit labour cost of CAD\$1.12 per pound. But even if BC hand harvesters had picked only fourteen pounds per hour, the BC unit labour cost of \$1.04 per pound would still have been substantially less than the comparable US figure.

With respect to the comparative ratios of direct labour costs to total operating expense in the US and BC industries, the very limited information available suggests that about half of blueberry harvesting costs in fresh and chilled production for the fresh market in both British Columbia and the United States is attributable to labour.⁴² From the US survey data the ratio of direct labour costs to total operating expense was 50.1 percent in 2019 and 48.5 percent in 2020 for fresh and chilled blueberry production (the most labour intensive). In comparison, in response to her survey of thirty-three BC blueberry growers in 2016, researcher Susanna Klassen found that, for the farms reporting the distribution of their operating costs, labour represented, on average, 49 percent.⁴³ From the very limited data available for BC production costs, without taking into account the currency differential between Canada and the United States (the exchange rate), it appears that the ratio of labour costs to the total cost of production in British Columbia is similar to that of the United States, where the US International Trade Commission reports that blueberry farming is profitable.

⁴² The only relevant BC comparison data available are found in Jinbin Yang's 2010 master's thesis, in which he estimates that, at full production, the labour costs of a small five-acre blueberry farm in British Columbia, based on 2008 data provided by the BC Ministry of Agriculture and Lands, was \$0.58 per pound in relation to total operating costs of \$0.99 per pound – a labour cost ratio of 58.6 percent. However, while there are a significant number of small blueberry farms in British Columbia, a labour cost analysis of a small five-acre farm is not representative of the many medium to large blueberry farms in the Lower Fraser Valley. For example, Golden Eagle Farms based in Pitt Meadows has over five thousand acres of blueberry bushes in British Columbia, the United States, and Australia, the largest area being in British Columbia. From her interviews with ten blueberry farmers in the Fraser Valley in 2018, Karen Taylor reports that the average farm size was 117 acres.

⁴³ The average acreage in blueberries of the farms surveyed was 49.6 (see Klassen, 56).

CONCLUSION

For several decades the regulation of agricultural labour has been the subject of controversy in British Columbia. At issue has been the ability of fruit and vegetable farming to survive without excluding farm workers from the employment rights and protections provided to most other workers. BC blueberry farmers claim they are struggling economically and so cannot pay hand harvesters more. On the contrary, the industry's continued expansion suggests that it is economically robust and competes effectively with producers in the United States, especially in Washington and Oregon, who, despite higher hand harvesting labour costs, have, according to the limited available research, enjoyed positive rates of return in recent years. Because there has not been a rigorous analysis of the economics of the blueberry industry in British Columbia or of the impact of domestic hand harvesting labour costs on its profitability, the conclusions here must be viewed in this context.

Labour costs in British Columbia are lower because domestic hand harvesters (who comprise about 50 percent of that labour force) are excluded from the legislated hourly minimum wage, and their legislated minimum piece rates are suppressed. These domestic workers, predominantly Indo-Canadian women who are often recent immigrants, are employed and paid directly by farm labour contractors who charge growers significantly more for labour than they pay the harvesters.

British Columbia's small and medium growers without processing capacity are also handicapped by the oligopolistic control that large vertically integrated fruit processors exert over the volume, price, payment timing contracts, and marketing of blueberries, and reap an outsized proportion of industry revenue. This reduces the profitability of the small producers who seek to compensate through political pressure for regulatory measures to suppress the wages of farm workers and to control their access to employment through a for-profit labour contracting system.

In addition, unlike US producers, BC growers must pay increasingly high prices for land. Comparisons of land values on both sides of the border suggest that the capital cost of agricultural land in the Fraser Valley is the main problem of the BC industry. The cost of land affects far more than the agriculture and is not easily resolved. In the meantime, however, the provincial government could take steps to give hand harvesters a living wage without handicapping the blueberry industry and possibly even benefiting it. First, it must end their exclusion from the legislated minimum hourly wage and overtime pay provisions of

the Employment Standards Act, an action that would encourage more local people to seek employment in the industry. Second, eliminating the exploitative for-profit farm labour contracting system would reduce costs for employers and provide workers with greater freedom to choose worksites that offer better wages and working conditions. Finally, it should investigate the oligopolistic control of blueberry processing by a small number of large companies over the processing and marketing of blueberries produced by the many small- to medium-sized farms. In sum, the evidence available suggests that the economically healthy, viable, and internationally competitive BC blueberry industry could pay the minimum hourly wage to its Canadian hand harvesters and remain a profitable and growing business.