

Federal Support for Transition in the Seafood Processing Industry

Certain federal programs are creating avoidable labour shortages at seafood processing plants in Atlantic Canada. Regulations associated with the Temporary Foreign Worker (TFW) and Employment Insurance (EI) programs threaten to materially reduce the availability of processed seafood because of a loss of processing capacity. While close to 80% of Canada's seafood resource and processing sector is located principally in Eastern Canada, the consumption of this product occurs across the country and around the world. Further, reductions in the availability of processed fish and shellfish products have implications for the transportation, retail and foodservice sectors across Canada.

The seafood sector in Atlantic Canada is a multi-billion dollar industry, employing over 20,000 people, predominantly in communities characterized by aging populations and a large number of seasonal employees receiving EI benefits. This industry, which includes fish, shellfish, mollusks and aquaculture, holds significant importance to these rural economies. For example, in New Brunswick the value of the aquaculture industry surpasses all other agri-food industries, and in the southeastern county of Charlotte, employs more than 15% of the available workforce.

To compound the problem the Atlantic provinces, and to a greater extent the rural communities, are characterized by aging populations where young people are seeking employment in urban areas and higher wage industries such as oil and gas. The demographic profile of this part of Canada differs from other coastal regions in that a common challenge of the region is slow and even negative population growth and immigration rates are well below national averages.

Growth and consolidation in the industry over the last decade has been significant, with lobster landings increasing from 150 million pounds in 2006 to 330 million pounds in 2013. The unique characteristics of the seafood processing industry are that it must be able to access workers intermittently, based on the constraints imposed by a perishable product located in rural areas on a seasonal and weather dependent basis.

The demand to expand processing capacity has been addressed by employers through a combination of investments in technology, hiring every available Canadian in communities with aging populations, and by hiring temporary foreign workers (TFW). Due to an inability to recruit Canadian workers, the total number of TFWs working in the seafood processing sector in the region grew from five in 2005 to 960 in 2012. Despite this increase, the total employment in the industry is actually 90% Canadian and 10% TFW in Atlantic Canada.

The processing industry is facing significant challenges in recruiting Canadian workers due to the effect of several federal programs, including the TFW and the EI programs. In 2014 the federal government implemented changes to the TFW program that will reduce employers' ability to maintain or increase processing capacity and creates the risk that seafood will have to be exported unprocessed, thereby further reducing employment in this sector. The federal government is overlooking the fact that processors prefer to hire Canadians because it costs a lot less. When a company hires a Canadian, it doesn't have to pay for recruitment, airfare, settlement costs, and expensive fees to the federal government. In contrast to abuses reported in the hospitality industry, seafood processing companies pay Canadians and foreign workers the same wage rate and the same benefits.

Federal ministers have noted that there are Atlantic Canadians receiving EI who are qualified for these jobs. However it is not reasonable for the government to further restrict employers' access to workers when experience demonstrates that a willing and able labour pool is not locally accessible. The sector overall already pays competitive wages (above minimum wage in all provinces) in rural labour markets, while participating in a highly competitive global market. Furthermore, it is not the private sector's responsibility to convince EI recipients to accept low wage jobs in lieu of federal employment benefits. Greater federal vigilance and enforcement of EI access is required.

The result is that with caps on TFWs set to lower to 10% of workforce by 2017, the new regulations create an untenable situation where plants are challenged to process available fish stocks, fishers are prevented from maximizing landings and a critical component of small rural economies is materially impacted. The potential damage to processing capacity with the new caps on TFWs is large, and not worth risking. Additionally, these labour market interventions will restrict this sector's ability to pursue opportunities to increase trade - particularly ironic in light of

Canada's upcoming trade agreement with the European Union (CETA) - and thereby diminishing its contribution to the recovery of the Atlantic Canadian economy.

It is clear that without transition programs, seafood processors will be affected and the impact on Canadian workers and rural communities will be magnified due to their smaller populations. The alternative is to develop a win-win situation. When Canadian workers are not available, a dedicated mechanism is needed for processors to hire willing foreign workers as a backstop, and offer viable alternative pathways to permanent residency. The federal government can recognize the potential losses being imposed by rapid imposition of TFW caps, protect processing capacity and the associated Canadian jobs and support rural economies, while expanding capacity to compete in international markets.

Recommendations

That the federal government:

1. Complete a comprehensive labour market analysis of the industry and adjust programs and policies to put Canadians first while recognizing labour market conditions in rural agri-food economies and acknowledging the inclusion of many seasonal workers on EI in calculating local unemployment statistics.
2. Freeze the cap on TFWs working at processing plants at 30% for 4 years to allow for investment in technology and expansion of local recruiting programs.
3. Implement a system of sliding scale application fees for companies requesting TFWs under the same LMIA assessment to reduce the cost of filling multiple identical positions.
4. Recognize the sector as falling under the Canadian Agriculture and Agri-Food Workforce Action Plan and/or include seafood on the National Commodities List, qualifying TFWs for comparable treatment under the Seasonal Agricultural Worker Program (SAWP).
5. Develop programs to assist with necessary increases in staffing envisaged under a CETA tariff reduction environment.
6. Freely share population and EI data with provinces to assist in identifying potential workers for recruiting and training.
7. Create sector policies designed to facilitate extended residency in Canada by:
 - a. Reducing the cumulative duration restrictions for workers staying in Canada for less than 8 months,
 - b. Allowing 4 years to meet the requirements for provincial nominee programs or permanent residency requirements, or
 - c. Adjusting NOC code classification for processing plant workers in order to avoid the restrictions placed on low skilled temporary foreign workers.