



Vegetable Growers' Association of Manitoba

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Employment Standards Code Review
614 - 401 York Ave.
Winnipeg MB
R3C OP8

Dear Sirs:

At this point in time agriculture is exempt from the Employment Standards code in Manitoba and we hope that this will continue to be the case. Agriculture, and especially vegetable production, is controlled by the weather. Nature does not operate by a clock or by a calendar. Vegetable farmers must be flexible to work with the conditions that nature gives them.

The buying environment that the vegetable industry operates within is constantly changing, with the greatest changes happening in the last five to ten years. We now have only two truly national produce retail operations (Sobeys and Loblaws) with four regional companies in the east and three in the west. We now have the possibility next year of Wal-Mart selling produce. This would make them the largest produce retailer in Canada in a few years, as they are already the largest seller of produce in the world at this time. All of the current produce buying operations are actively competing with each other and all are aggressively trying to prepare themselves for Wal-Mart's entry into the market.

Safeway had moved their head offices to Calgary and have since moved them to Arizona. Loblaws currently has moved their office to Calgary with future plans to move everything to Toronto in the next year or two. Grocery People and Associated Grocers are based in Calgary. This puts much pricing pressure on our industry as there is no local loyalty or concern about our local product.

All of these buyers are of a size that they require large volumes of supply and because of this they source product from all over the world. Their position is to source cheaper and cheaper produce to strengthen their competitive position before Wal-Mart's entry into the market. Up to this point much of the means of competition has been funded by continuously lowering the price paid to the farmers that supply them. The growers have now reached their cost of production and can go no lower. The buyers are sourcing more and more of their produce from Mexico where the labour and environmental laws are very different from Canada's. Many workers make \$5 per day with no benefits of any kind.

China is also entering the market as a sourcing point for our buyers. They are sourcing a lot of product from China because of their even lower prices. Labour there is \$1 per day and there are no environmental laws. There is now carrots, broccoli, cauliflower, etc. being imported from China into Western Canada. China is now the largest producer of apples in the world.

Until a few years ago, vegetable producers were able to offset the lower prices they were receiving for their product by lowering their cost of production. This was accomplished by varietal changes, higher yields, more efficient equipment, lower usage of chemicals and fertilizers, and better storage that enabled them to extend the selling season. But, we have reached the end of this pattern. The future gains will be smaller than the cost to implement them, especially if we have to continue to lower our prices.

Still, with all of this happening, an even bigger problem has been the influence of government policies on our cost of production. Food safety, environmental and labour policy costs have been borne by the grower. These policies have affected our land costs, energy costs (fuel, heat, hydro), material costs (containers, repairs, buildings, refrigeration cost), municipal and school tax costs, labour costs (increasing minimum wages), CPP, EI, workplace safety and health, etc. All of these things have increased our cost of production about 5% annually with our pricing for our product decreasing. Before 2004 growers had minimal profit, but in the 2004 and 2005 crop years we are in survival mode. Government support for the vegetable industry is minimal.

While we agree that workers need to be treated fairly, we believe that we are doing what we can while still staying competitive. A change in the present situation will not better the worker or society if there are no jobs available to them because the grower cannot remain competitive. If the government decides that it must change agriculture from its present exemption, we feel that we would need a societally supported price structure that would give farmers the cost of production plus a profit. If not, vegetable farming would only have a few years before they would be out of business.

We would be willing to discuss this issue with you for your better understanding and would appreciate being contacted if there were going to be any changes.

Sincerely;

A handwritten signature in blue ink that reads "Ed Courney". The signature is written in a cursive style with a large, looping "y" at the end.

for

Vegetable Growers Association of Manitoba