Canadian meat packers find low pay leads to recruitment problems

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WINNIPEG (CP) - After aggressively driving down wages, Canada's meat packers have found themselves scraping the bottom of the bologna barrel for workers willing to take an unpleasant job for a small pay packet.

"It's a problem across all of Canadian meat packing," says Kevin Grier of the George Morris Centre at the University of Guelph, which specializes in agribusiness issues.

"Packers in Alberta are looking all across the Prairies and Canada for labour."

The beef industry in Alberta has already started to recognize the problem, says Wayne Covey of the United Food and Commercial Workers in Red Deer.

He says starting wages at the Cargill Foods plant in High River went to $12.30 an hour last year, with workers receiving $14 after six months.

"They knew they had a problem recruiting, and they knew they had to pay a decent rate to recruit people."

Angela Dawd, a spokeswoman for Cargill Ltd. In Winnipeg, doesn't dispute that.

"We recognize the importance of offering a wage that will attract highly skilled employees," she says.

The pork industry seems to be a different story.

With too few Canadians to fill all the slots on the production line at its new giant hog plant in Brandon, Man., Maple Leaf Foods Inc. is now bringing in workers from Mexico.

Canadian recruiting as far afield as the Atlantic provinces largely bombed, with only one out of 10 new hires remaining for a second year. By that second year, a line worker who started at $8 an hour plus change would have hit the wage ceiling of just over $11 an hour.

Maple Leaf officials deny wages are a problem. "Our wages, fully loaded in, are actually very competitive as far as our local market here," insists Steve LeBlanc, human resources manager at the Brandon operation.

Despite a turnover rate of about 60 per cent a year, he says the relatively small

numbers of imported Mexican workers are just needed to supplement local hiring. The first group of 21 arrived earlier this month.
"We're definitely in a growth mode here. Our challenge is finding enough skilled workers."

Packers decided to slash wages in the '90s by as much as 40 per cent to compete with giant American companies such as IBP and Smithfield Foods, which had moved in the same direction more than a decade earlier.

It was a painful process, particularly for workers. Almost 900 Maple Leaf employees in Edmonton, for example, went on strike five years ago to fight the rollbacks and ended up losing their jobs altogether when the company closed the plant.

In the end, companies like Maple Leaf did a lot better than just match U.S. wage rates. They undercut them significantly, paying in Canadian dollars the same or less than U.S. workers received in U.S. dollars.

Now, however, even industry leaders in the United States seem to be taking a second look at low-wage policies.

Smithfield's Joseph Luter III, chairman and CEO of the largest pork processor in the world, shocked the industry last fall when he suggested his workers should get about $2 more an hour.

"Workmanship in the plant suffers when we have high turnover, and that's a result of paying low wages," he told a conference.

So far, Luter hasn't turned words into action, but Grier says the logic is simple: "If you can't get the supply, increase your price."

Ironically, it was a report from his centre on the competitiveness of the industry that was used by the packers as they took on their unions. Only in Quebec did workers have much success bucking the trend.

Questions about the wisdom of Maple Leaf's pay scale, given the absenteeism and high turnover at its Brandon plant, have even surfaced in the investment community.

"Perhaps the strategy of paying relatively low wages is not so good or not so smart given today's low unemployment levels," wrote Shawn Allen of investment-picks.com.

Manitoba recorded the lowest unemployment rate in the country in December of just 4.7 per cent; in the Brandon area the rate was only four per cent.

"Of course we'd like to see wages increase," says Don Keith of the UFCW in Winnipeg, which represents the Brandon workers.

"They are having trouble attracting workers. We would hope that when we get into negotiations, that should put us in a position to make improvements for them."

Keith says wages are increasing slowly - the latest 20-cent hourly raise took starting pay to $8.45 – but the contract doesn't expire until 2005.

The UFCW was criticized by many of its own members for secretly bargaining low wages for the Brandon plant - then still on the drawing board - while members were on strike in Edmonton and being pressured for concessions in Winnipeg.

Another problem with a high turnover rate is a higher rate of injuries, since new workers are more likely to make mistakes, particularly at new plants like Brandon, where the speed of the production line is very high.

In 1999, the first year the plant opened, a brand new workforce resulted in 1,272 instances of lost-time injuries or cases requiring medical aid, according to provincial figures. In 2000, even with a larger workforce, that number dropped to 1,119.