



by  
**KAITLYNN  
ANDERSON**

# MAKING THE TRANSITION TO HIRED LABOUR

**Farmers should have all of their bases covered prior to beginning the hiring process.**

As farm families look to expand their operations, they can perhaps benefit from hiring staff.

Employees can help reduce farmers' workloads so that they can "spend more time on farm administration or other more complex aspects of their operations," Julie Thacker, a tax manager at Collins Barrow in Winchester, Ont. said.

In turn, this focus on broader operational activities could help farmers innovate their production practices, she added.

"Having employees may also allow farmers to spend more time with their families," she said.

Before deciding to hire any employees in their farm operations, producers may want to consider government regulations, health and safety guidelines, and legal issues.

This month, *Better Farming* spoke with Thacker as well as Cyrus Muller and Robert Fuller, lawyers at Brimage Law Group in Simcoe, to review some of these factors.

## Prepare for challenges

As with businesses in other industries, farmers may face some challenges when hiring new employees.

"Farmers may face competition from other agricultural operations for employees and may have to increase wages,"

Thacker said.

Producers may also face problems that are more unique to our industry.

Due to the seasonality of many operations, farmers may have difficulty finding individuals willing to work untraditional hours.

"Some farms are less busy during the winter months. But if the em-



**Julie Thacker**



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ployees are laid off during this time, it may be difficult to rehire them or find replacements when the farm is busier," Thacker said.

To avoid this issue, farmers may keep their employees year-round and find work to assign during the off-season.

However, this choice may lead to increased costs for the employer, she noted.

## Initial considerations

While employers should understand employment law, farmers who want to hire workers may want to familiarize themselves with additional legislation, too.

Since agricultural employees often work with heavy machinery or

chemicals and may even live on the premises, the hiring process may

involve health and safety issues and housing matters, Muller explained.

Producers may also want to ensure they are ready to



**Cyrus Muller**

train new employees.

To prepare, employers should understand that workers may have experience completing tasks in a different manner than what the hiring farmers are used to.

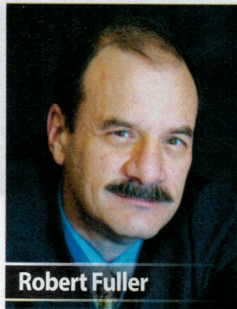
"Just as when a farmer lets his or

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her child start to run the operation, the risk of micromanagement is always there,” said Muller.

Producers should also consult with their accountants to ensure they can afford the costs involved in adding staff to their operations.

“There will be additional expenses such as wages, the employer portion of the source deductions withheld from the employee (i.e. Canada



Robert Fuller

Pension Plan and Employment Insurance), and Workplace Safety and Insurance Board premiums,” said Thacker.

Potential employers “will need to ensure they have the cash flow available to make regular payments to the Canada Revenue Agency (CRA) and to their employees.”

In addition, farmers should discuss



The employment contract should contain details such as the length of the working relationship, rate and method of wage or pay, number of working hours, job responsibilities and any rules behind termination, Cyrus Muller said.

how employees could affect their succession plans.

“When you add an employee – such as one who has been involved in the operation for a long time and

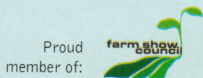
feels invested in it – into the parent-successor dynamic, there could be friction,” Fuller said.

To avoid any conflict, producers should invest the time to ensure

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strong communication exists between the involved parties, he said.

And a worker could even play a role in the succession planning equation, Thacker noted.

“An employee may be interested in taking over the farm operation,” she said. “This option would be beneficial if there are no family members interested in continuing the farm.”

**Policies and procedures**

Prior to beginning the hiring process, farmers should familiarize themselves with the rules associated with employment contracts.

And producers should understand that “the employment contract is vulnerable if it is signed after an employee starts working,” Fuller said.

If the contract contains additional tasks than what were originally agreed upon when the employee started work, the agreement is not binding, he said.

“In order for it to be a binding agreement, there has to be value going both ways.”

Fuller provided the following example.

“I hire you to manage and sell my crop, which you then begin doing,” he said. “Later on, I ask you to sign an agreement that says not only will you manage that crop but, if you leave, you agree not to solicit my buyers for a period of two years.”

The agreement could be overturned by a court if it contained this additional restriction.

“That wasn’t part of the deal going in ... and the employee is not getting any extra compensation for it,” Fuller said. “In order for the contract to be binding, there has to be value going both ways.”

To prevent this agreement from being overturned, “you have to sign it before you start the working relationship – not after – and it has to contain all of the terms.”

To help avoid potential complications, the farmer should decide what he or she wants to include in the employment contract.

The agreement should contain details such as the length of the working relationship, rate and method



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“In order for (an employment contract) to be a binding agreement, there has to be value going both ways,” said Robert Fuller.

of wage or pay, number of working hours, job responsibilities and any rules behind termination, Muller said.

“The farmer will need to determine ... whether to pay the employee weekly, bi-weekly or monthly,” Thacker added.

Employers also “need to decide how much autonomy the new hires will have,” she noted.

Before finalizing these details, producers should consult the appropriate laws.

“There are minimum requirements for termination in the employment legislation in Ontario,” said Fuller.

In addition to refining the details of the employment contract, farmers should ensure that relevant policies and procedures are accessible to employees when they arrive.

“In a general meeting room, you should post codes of conduct, safety procedures and harassment policies,” Muller advised.

Producers should also understand how to complete necessary government paperwork to avoid being penalized.

For each employee, “hours will need to be tracked, the net pay and

source deductions will need to be calculated and remitted monthly and, at the end of the year, a T4 will need to be prepared and filed with the CRA,” Thacker said.

“If the source deductions are late, the farmer may be charged with a late filing penalty.”

**Words of advice**

Replacing an employee who chooses to resign or isn’t a good fit for your operation can be costly.

To help ensure a successful hire, producers should look for an individual with the right competency and personality for the job, Fuller advised.

“It can be really hard for an outsider to step into that family farm dynamic,” he said. “You need to be able to give that person the power to do what you hired them for.”

Producers can prevent such tension in these relationships by having clear job descriptions for each employee, Thacker noted.

Finally, to plan for the transition to hired labour, farmers should “seek legal advice that addresses the specific employment matters in their operations,” Muller said. **BF**