



How Labour Challenges Will Shape the Future of Agriculture in New Brunswick: *Agriculture Forecast to 2029*



Across Canada, the agriculture sector will face unique labour market challenges in the coming years. This report explores the ways in which those challenges will impact the province of New Brunswick between now and 2029.



Provincial Overview

After experiencing a decade of declining labour demand and labour surpluses, New Brunswick's agriculture sector today must cope with a shrinking workforce and a labour gap which is widening.

In 2017, the province of New Brunswick had the third-smallest agricultural labour pool in Canada, with 5,200 workers employed in the sector, or just 1.5% of the country's agricultural workforce. Only Prince Edward Island and Newfoundland and Labrador have fewer agricultural workers.

The 'greenhouse, nursery, and floriculture*' industry is the largest agricultural employer in the province, accounting for nearly one in five agricultural workers (18%) in 2017. The next-largest industries were 'field fruit and vegetable' at 11% and 'dairy' at 10%.

The province's agriculture sector has a very low reliance on foreign workers: only 4% of its workforce is foreign workers, compared to a sector average of 17% across Canada. By comparison, the neighbouring province of Nova Scotia, which has a very similar product mix, is far more reliant on this labour source with 29% of its workforce being foreign workers.

The province currently has a younger-than-average agricultural workforce, but it will still see two in five domestic workers (40%) retire between now and 2029.

New Brunswick is one of the few provinces where the agricultural labour market is relatively in balance. Although domestic labour supply slightly exceeded demand in 2017, the province was still unable to fill 268 jobs, a number that is equivalent to 5.1% of the total required workforce. The inability to fill the available jobs despite the surplus of labour is likely explained by a mismatch between workers' skills and job requirements, or by a lack of workers in the specific regions of the province where jobs were available.

Because the sales each worker represents is lower relative to other provinces, each vacant job results

New Brunswick's agriculture sector at a glance

In 2017:

- 5,195 people employed
- 4% foreign workforce
- 268 jobs left unfilled
- 30 million in lost sales due to labour shortages

In 2029:

- 5,200 workers needed
- 40% of the workforce lost to retirement
- 400 jobs at risk of going unfilled

in fewer lost sales on an industry-wide basis. Nevertheless, these vacancies still cost the sector \$30 million in lost sales in 2018.

Looking ahead to the future, New Brunswick will see its agricultural labour surplus turn into a labour deficit as the available workforce shrinks faster than the sector's demand for workers. As a result, the province is expected to face greater labour shortfalls that will hamper its future profitability and growth.



*The Labour Market Information data classifies Canada's agriculture sector into 11 commodity areas: 1) 'apiculture'; 2) 'aquaculture'; 3) 'beef'; 4) 'dairy'; 5) 'field fruit and vegetable'; 6) 'grain and oilseed'; 7) 'greenhouse, nursery, and floriculture'; 8) 'poultry and egg'; 9) 'sheep and goat'; 10) 'swine'; and 11) 'tree fruit and vine'.



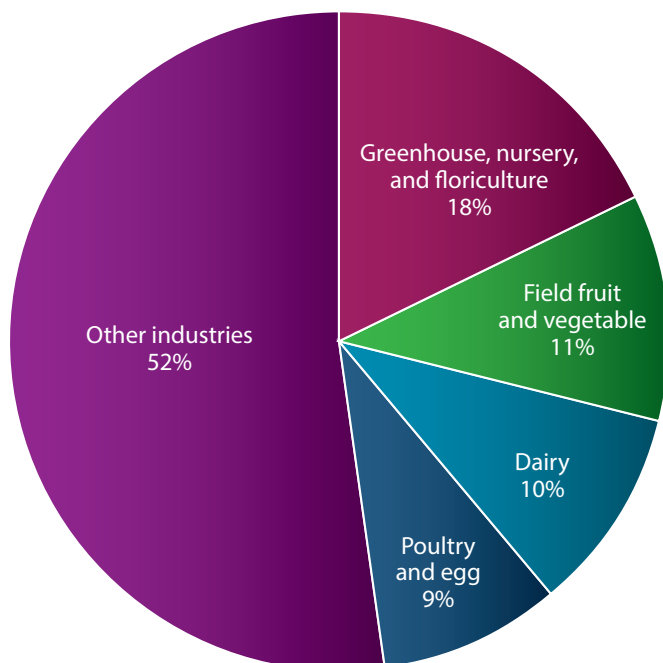
Key Agricultural Industries

New Brunswick's agriculture sector is relatively balanced across a number of different industries.

The province's agriculture sector isn't dominated by any one industry. The 'greenhouse, nursery, and floriculture' industry is the largest employer, accounting for 18% of the province's agricultural workforce. But other important employers include the 'field fruit and vegetable' industry at 11% of total agricultural employment, the 'dairy' industry at 10%, and the 'poultry and egg' industry at 9%.

Although New Brunswick's share of Canada's agricultural workforce is small, New Brunswick accounts for an outsized number of Canadian 'aquaculture' workers and those employed in the 'sheep and goat' industry.

New Brunswick's Agricultural Employment Profile



Production Trends

Several of New Brunswick's key agriculture industries will see stable production outlooks or productivity growth.

Over the past decade, the number of farms in the province has declined, a phenomenon that is part of a general trend across the Canadian agriculture sector towards greater consolidation, where several smaller farms are absorbed into a single, larger farm. Because consolidation tends to result in a need for fewer workers, the province's demand for labour has declined. Between 2007 and 2017, New Brunswick's demand for agricultural workers dropped by an average of 0.9% per year, slightly more quickly than the average decline of 0.7% a year recorded for all of Canadian agriculture.

In addition to consolidation, a stable production outlook for the 'dairy' industry, which is New Brunswick's third-largest agricultural employer and accounted for 10% of the sector's workforce in 2017, is expected to limit the growth in labour demand even further. Industry production is expected to advance by just 0.8% a year between 2018 and 2029, but after accounting for future productivity growth, the industry's demand for labour will fall from 550 workers in 2017 to just 450 in 2029.

Other substantial agricultural employers in the province have stronger production outlooks. For example, the 'greenhouse, nursery, and floriculture' industry, which is the province's largest agricultural employer, will see production rise by an average of 2.3% per year between 2018 and 2029. However, even for these industries, a simultaneous increase in productivity, which enables each worker to generate a higher output, will moderate the need for additional labour.



Labour Forecast

Although demand for labour will decline in New Brunswick, the available labour pool is projected to shrink even faster, resulting in a small labour gap by the end of the forecast.

A combination of stable production growth in some key agriculture industries and higher productivity in others will reduce the demand for labour in New Brunswick by an average of 0.4% per year between now and 2029. In 2017, the sector required 5,500 workers; by 2029, it will need only 5,200.

However, the domestic supply of labour will also decline by an average of 1.4% per year. By 2029, there will be 900 fewer domestic workers in the province's agricultural labour pool. With the supply of available workers contracting more quickly than the sector's demand for labour, the province is expected to see a widening gap between the available workforce and workforce requirements. Since 268 jobs were

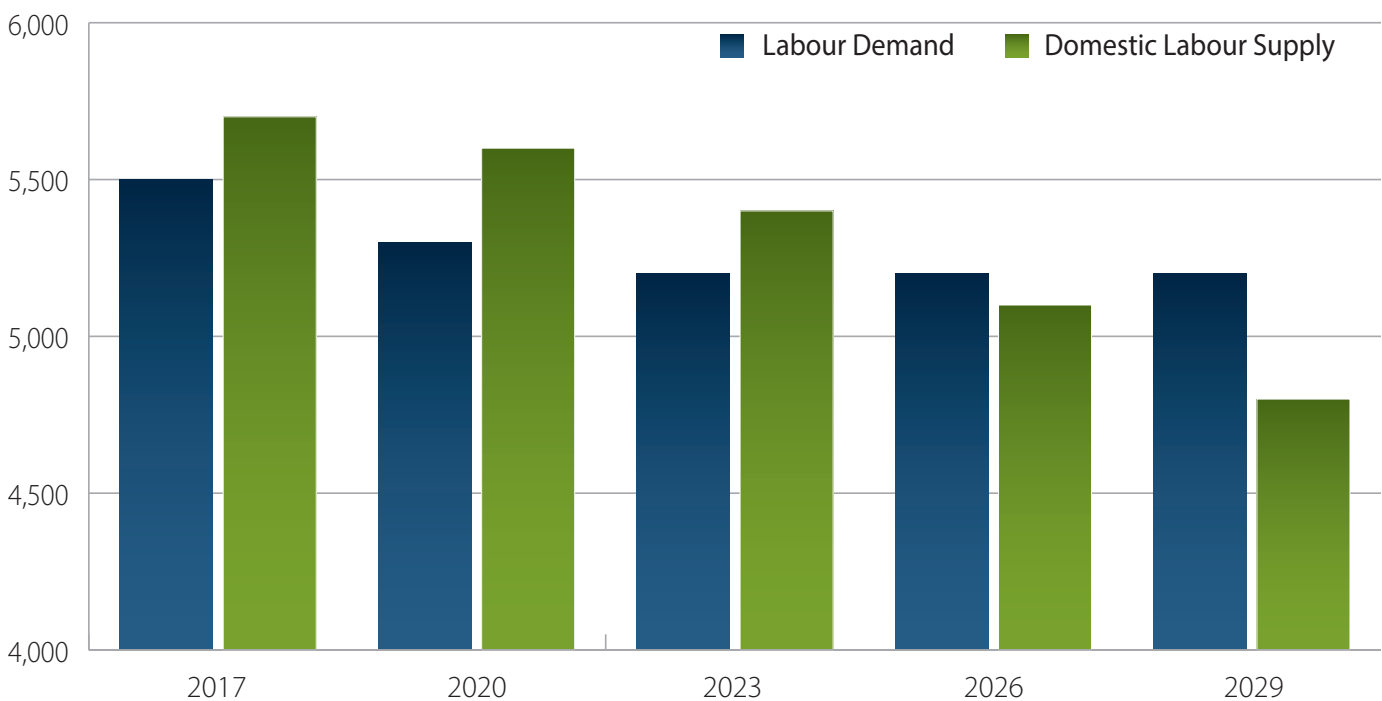
RESEARCH HIGHLIGHTS

- **35%** of New Brunswick farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **38%** of New Brunswick farmers expect employment at their farm to rise over the next five years, while only 20% expect to see a decline.

already unfilled in 2017, this dynamic may result in significantly more vacant positions by 2029.

The labour shortage will hit some industries harder than others. The province's 'greenhouse, nursery, and floriculture' industry currently has one of the largest labour gaps in the sector, and that gap is predicted to widen the fastest of any agriculture industry over the forecast period. The 'dairy' industry, at the other end of the spectrum, will see its labour gap shrink over the same period.

Labour Surplus to Become Deficit for New Brunswick's Agriculture Sector



Foreign Workers

With only 3.8% of its total workforce comprising foreign workers, New Brunswick has a low reliance on this labour source. By comparison, Ontario’s agricultural workforce comprises 30% foreign workers, Nova Scotia’s 29%, and British Columbia’s 23%.

New Brunswick’s lower reliance on foreign workers compared to Nova Scotia is especially surprising given the similarities in the product mix for each of these provinces. The different levels of reliance on foreign workers may be due to New Brunswick’s historically smaller number of unfilled vacancies.



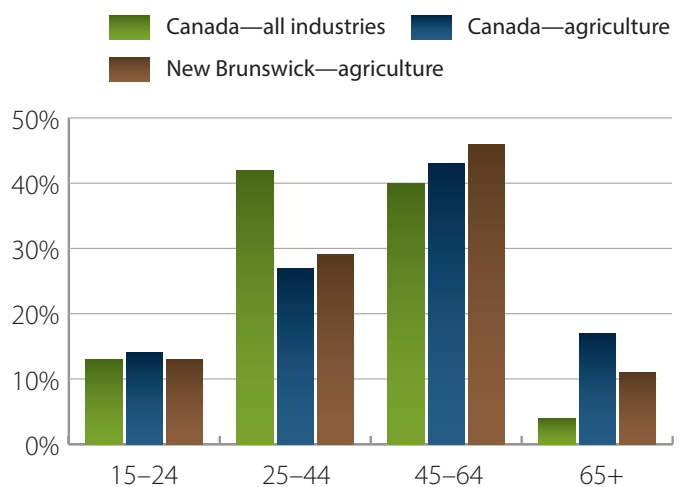
Demographic Trends

Retirement and a declining number of young people in the province will be the key factors reducing the agricultural labour supply.

In 2016, 57% of New Brunswick’s agriculture sector workforce was 45 years of age or older, compared to 59% for the Canadian agriculture sector as a whole and just 45% across all industries. In spite of a younger-than-average agricultural workforce, the province is expected to see 40% of its current domestic agricultural workforce retire by 2029, compared to a 37% rate of retirement for the sector across Canada.

Another demographic trend that will affect the labour supply between now and 2029 is the declining number of young people in the province. With a smaller pool of young people in the province, the number of young people entering the agricultural labour force is expected to decline by 22% over the next decade, which is one of the most rapid declines among the provinces.

2016 Workforce Age Distribution



Financial Impact

New Brunswick will see labour shortages in the coming years, which will continue to have a financial impact on this province.

New Brunswick's agriculture sector was unable to fill 268 jobs in 2017, which is equivalent to 5.1% of the total workforce needed. While this is lower than the nationwide sector average of 5.4%, these labour challenges still cost the province \$30 million, or 4.9% of sales. However, the sales each worker represents is lower in this province than in most others, which means that each vacant job is likely to have a smaller impact on industry revenues.

An inability to find enough workers affected New Brunswick's agricultural employers in other ways, as well. Of producers who reported labour shortages, more than four in five (85%) reported excessive stress for owner and other staff, 54% reported production delays, and 31% said that labour shortages result in overtime costs.

Over the forecast period, New Brunswick will transition from a labour surplus in its agriculture sector to a labour gap. As a result, the province's agricultural employers can expect to see lost sales and other negative impacts increase.

Labour Challenges

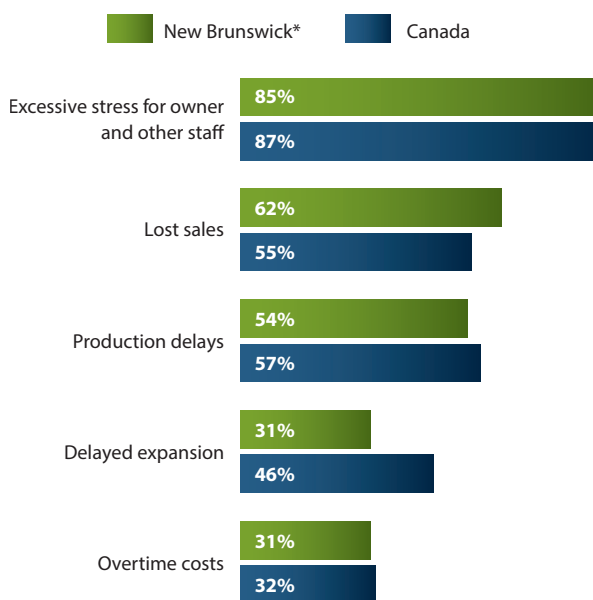
New Brunswick's agriculture sector faces a number of challenges in recruiting and retaining enough workers.

The sector's ability to find and retain enough agricultural workers is impeded by work conditions, perceptions of low wages, and the rural location of operations.

Recruiting Workers

When it comes to recruiting agricultural workers, New Brunswick faces challenges similar to the rest of Canada. The top challenge was a manual labour, with approximately three in five employers (58%) citing this as an issue.

Impacts of Labour Shortages

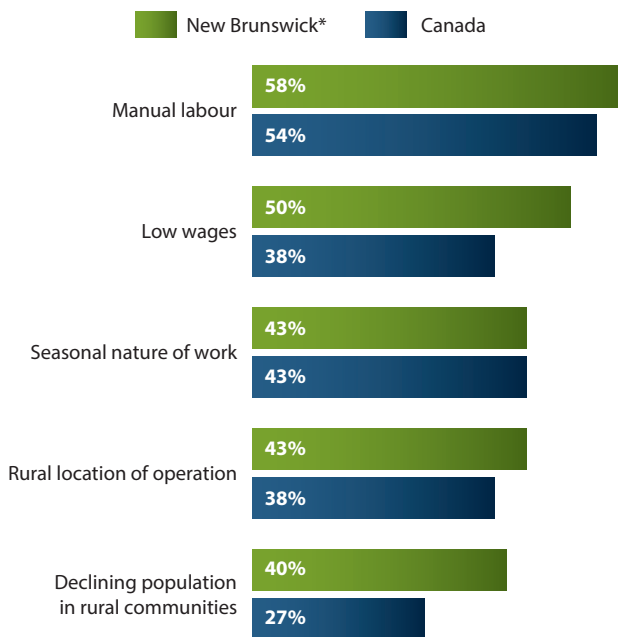


*Based on responses of 13 producers in New Brunswick who reported not having access to all needed workers.

New Brunswick's agricultural operations tend to be located in rural areas, which also poses a recruitment challenge. Prior research conducted by the Canadian Agricultural Human Resource Council has found that only 20% of respondents reported being close to a population centre of 10,000 people, compared to an average of 35% of respondents Canada-wide. As a result, producers are more likely to have issues related to rural locations; 43% cited this as a recruitment problem, compared to 38% of producers across Canada. Specifically, declining populations in rural areas is a greater concern for producers in this province, with 40% of survey respondents indicating that it's a key barrier to recruitment, compared to 27% of producers across Canada.

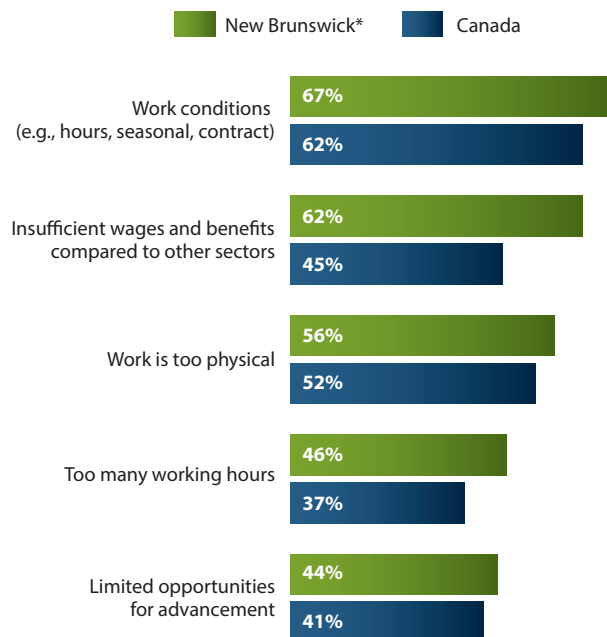
On a positive note, New Brunswick's agricultural employers were less likely to cite skills and experience mismatches as a barrier to recruiting workers. Compared to 30% of agricultural employers Canada-wide, only 20% of New Brunswick producers reported a lack of experience in the sector as an impediment to finding workers.

Challenges in Recruiting Workers



*Based on responses of 40 producers in New Brunswick.

Challenges in Retaining Workers



*Based on responses of 39 producers in New Brunswick.

Retaining Workers

While New Brunswick benefits from lower-than-average voluntary turnover rates (6% compared with the agricultural average of 10%), the involuntary turnover rate of 8% is the second highest among the provinces, and well above the agricultural average of 3%.

New Brunswick's agricultural employers face a number of issues that impede their ability to retain workers. Work conditions, including seasonal variations and long hours in season, are an issue for two-thirds of the province's agricultural employers (67%), which is higher than the agricultural average of 62%. In addition, insufficient compensation relative to other sectors is a key retention issue for 62% of the province's employers, compared to 45% of agricultural employers across Canada.

On a positive note, agricultural employers in this province are less affected by the issue of low job security: only 5% considered compensation an issue, compared to a Canada-wide average of 8%.

Toughest Jobs to Fill

Over the forecast period, New Brunswick's agriculture sector will have the most trouble filling general farm workers and managers in agriculture positions, which include both owner-operators and hired managers, and general farm workers positions. Together, these occupations accounted for slightly more than 53% of the province's agricultural workforce in 2017. Over the forecast period, they will continue to account for most of the province's labour gap, with approximately 440 general farm workers and 70 managers in agriculture jobs potentially going unfilled due to a lack of workers. In contrast, the province's agriculture sector is expected to see a surplus of approximately 140 workers in all other occupations.



Conclusion

Despite being one of the few provinces expected to have seen a recent labour surplus, New Brunswick still faces labour challenges in the years ahead.

New Brunswick is one of only three provinces that saw a labour surplus in its agriculture sector in 2017. However, with the agricultural labour supply shrinking faster than the demand for labour, the province's agriculture sector can expect to see its need for labour outstrip available supply, with a labour gap expected in the coming years. By 2029, the province's labour gap will represent 7% of the total demand for labour. Given that even with a labour surplus, the sector was unable to fill 268 jobs, the rapidly dwindling labour supply is likely to result in a larger number of unfilled jobs in the future.

To address its agricultural labour issues, the province will need to overcome a number of key challenges:

- Declining populations in rural areas make it difficult for employers with operations in rural areas to attract workers.
- Around three in five employers (58%) report that manual nature of the work creates recruitment issues.
- Too many working hours affects retention in this province. Almost half of agricultural employers (46%) cite this as a retention challenge, compared to a national average of just 37%.
- Compensation poses more of a retention issue for this province's agricultural employers.

However, the province's agriculture sector also has strengths that it could leverage:

- New Brunswick has below-average voluntary turnover rates (6% compared with the agricultural average of 10%).
- The province has a younger-than-average agricultural workforce, which could help mitigate the effects of retirement on the workforce.
- Access to training programs, mentorships, and internships has the potential to create more skilled labour.
- Finding ways to lessen the physical nature of agricultural work could help make jobs in this sector more attractive relative to other industries.

Over the forecast period, New Brunswick will need to find ways to strengthen the domestic labour pool in order to address its labour gap, avoid financial losses, and reach its growth potential.



About this Report

This report represents an update to the Labour Market Information (LMI) study that the Canadian Agricultural Human Resource Council (CAHRC) undertook between 2014 and 2016. The purpose is to re-assess the labour market, project supply and demand for agricultural workers from 2018 until 2029, and recommend potential solutions to labour issues.

The Conference Board of Canada, commissioned by CAHRC, constructed an economic model that forecasts agricultural labour demand and supply for each province, for 11 different commodity groups, and for 25 occupational groups.

The economic model was validated through several industry consultation activities conducted Canada-wide, including:

- **A large-scale survey** of 1,316 employers, 278 workers, and 110 industry stakeholders
- **Eight webinars** focused on specific commodity groups, with 160 participants in total.
- An Advisory Group presentation.

This data was used to produce the following reports:

Commodity-specific reports and fact sheets

Apiculture ■ Aquaculture ■ Beef ■ Dairy ■ Field Fruit and Vegetable ■ Grain and Oilseed ■ Greenhouse, Nursery, and Floriculture ■ Poultry and Egg ■ Sheep and Goat ■ Swine ■ Tree Fruit and Vine

Regional reports and fact sheets

National ■ British Columbia ■ Alberta ■ Saskatchewan ■ Manitoba ■ Ontario ■ Quebec ■ New Brunswick ■ Prince Edward Island ■ Nova Scotia ■ Newfoundland and Labrador

For more information on the research, and to access additional commodity-specific, national, and provincial reports, please visit the CAHRC website at www.AgriLMI.ca.

About CAHRC

The Canadian Agricultural Human Resources Council (CAHRC) is a national, nonprofit organization focused on addressing human resource issues faced by agricultural businesses across Canada. CAHRC conducts industry research and develops products and services designed to help agricultural employers attract, retain, and develop the workforce they need to succeed.

For more information about the Council and its products and services for Canada's agriculture sector, please visit www.cahrc-ccrha.ca.





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