



How Labour Challenges Will Shape the Future of Agriculture in Newfoundland and Labrador:

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 Newfoundland and Labrador between now and 2029.



Provincial Overview

The agricultural workforce in Newfoundland and Labrador is the smallest, and one of the most balanced, of any province. However, the sector can expect to see its surplus of available workers become a deficit over the coming decade.

In 2017, the province of Newfoundland and Labrador was the smallest agriculture sector employer, employing roughly 2,000 people, or 1% of Canada's agricultural workforce.

The workforce is fairly evenly divided among several industries, including 'dairy*'; 'poultry and egg'; 'greenhouse, nursery, and floriculture'; and 'field fruit and vegetable'. Between 175–325 workers are employed in each of these industries.

The province's agriculture sector has a very low reliance on foreign workers: only 2% of its workforce is foreign workers, and roughly half of those are employed by the 'field fruit and vegetable' industry.

The province currently has a younger-than-average agricultural workforce, but the number of young people entering this workforce is expected to decline significantly.

Over the next decade, a rising number of retirements and fewer young people entering school is expected to shrink the province's agricultural labour supply. While the demand for labour is also expected to shrink, it will do so at a slower pace. The result is that the surplus of agricultural workers is expected to become a deficit over the forecast period.

In 2017, the province had a small surplus of agricultural workers, but approximately 70 jobs still went unfilled, costing the sector \$4.3 million in lost sales. The sector's inability to fill these available jobs despite the surplus of labour is likely explained by a mismatch between workers' skills

*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'.

Newfoundland and Labrador's agriculture sector at a glance

In 2017:

- 2,035 people employed
- 2% foreign workforce
- 71 jobs left unfilled
- 4.3 million in lost sales due to labour shortages

In 2029:

- 1,750 workers needed
- 69% of the workforce lost to retirement
- 250 jobs at risk of going unfilled

and job requirements, or by a lack of workers in regions where jobs are available. Between now and 2029, stable production outlooks and technological advances in the 'dairy' and the 'poultry and egg' industries will result in labour demand falling. However, the available supply of workers is projected to contract more quickly, pushing the current surplus of labour into a deficit position over the next decade. Thus, the province's agriculture sector will experience greater difficulty filling certain jobs, especially those requiring skilled and experienced workers.

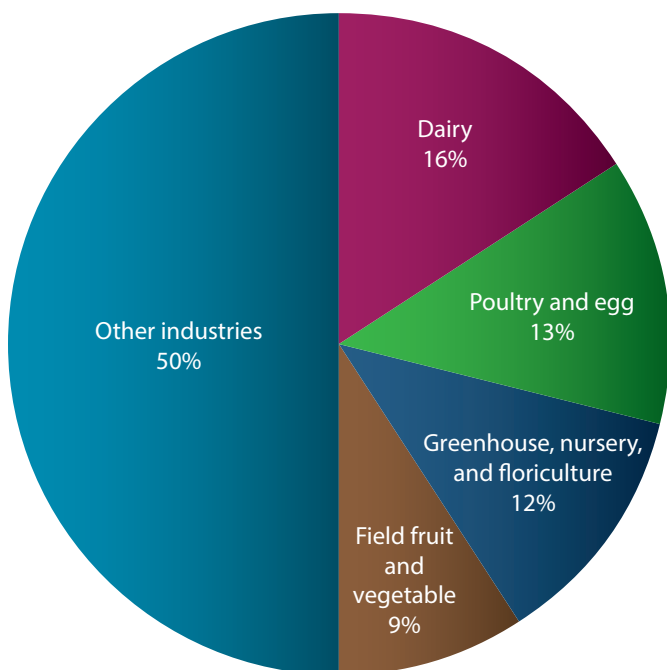


Key Agricultural Industries

Newfoundland and Labrador has a diverse agriculture sector, with the 'dairy'; 'poultry and egg', 'greenhouse, nursery, and floriculture'; and 'field fruit and vegetable' industries employing the majority of the province's agricultural workers.

The province's agricultural workforce is fairly evenly divided among four main industries, with between 175–325 workers in each. Newfoundland and Labrador does not account for a major share of Canadian employment in any agriculture industry, although the provincial 'aquaculture' industry does account for a higher than average share of the national industry.

Newfoundland and Labrador's Agricultural Employment Profile



Production Trends

Overall, Newfoundland and Labrador is expected to see a stable production outlook over the coming decade.

This province has seen a robust increase in production over the past decade, which has supported gains in labour demand during this time. In part, this also reflects the relatively soft productivity gains in the province which limits the ability of firms to substitute capital for labour in the production mix. Among the province's agriculture industries, 'dairy', and 'poultry and egg', have enjoyed the strongest increases in labour demand between 2007 and 2017.

Looking to the future, two of the province's biggest agricultural employers will see stable production outlooks. In particular, the 'dairy' and the 'poultry and egg' industries, both of which enjoyed strong growth in labour demand over the past decade, are forecast to see limited production growth over the next decade due to the fact that they are largely confined to the domestic market. Domestic consumption of 'dairy' products is also on a downward trend, which further limits market demand for these products.



Labour Forecast

While the demand for labour in Newfoundland and Labrador will decline, the supply of domestic workers will shrink even faster, widening the labour gap for several industries.

Stable production growth from the province's two biggest agricultural employers, combined with improvements in productivity, will reduce the number of agricultural workers required to meet production levels.

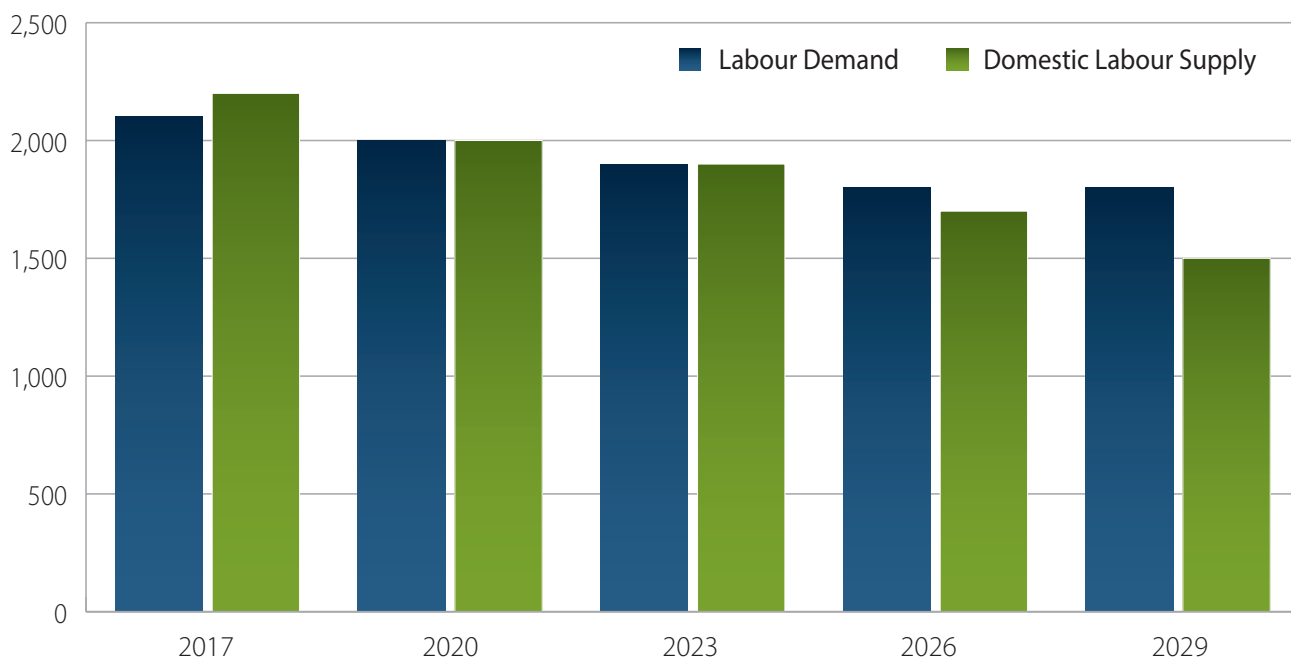
As a result, the province's demand for agricultural workers is expected to fall by 1.5% per year between 2017 and 2029, which is the steepest decline of any province. The impact will be concentrated in the 'dairy' industry, which will account for one quarter of the decline in the province's labour demand over the forecast. Other industries that experience notable declines in their need for workers include 'poultry and egg', 'greenhouse, nursery, and floriculture', and 'field fruit and vegetable'.

RESEARCH HIGHLIGHTS

- **32%** of Newfoundland and Labrador farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **49%** of Newfoundland and Labrador farmers expect employment at their farm to rise over the next five years, while only 14% expect to see a decline.

While the sector will have a need for fewer workers in the coming years, the number of domestic workers in the province's agriculture sector will also decline. Overall, the province's domestic labour supply will fall by an average of 3.1% per year, which is more than double the national agricultural average.

Labour Surplus to Become Deficit for Newfoundland and Labrador's Agriculture Sector

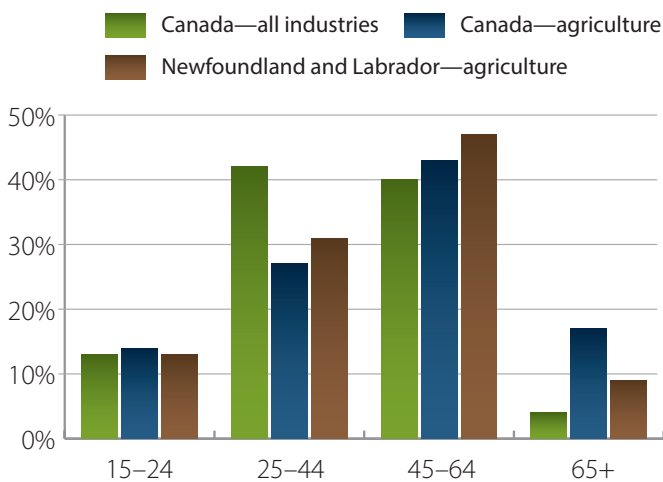


Foreign Workers

Newfoundland and Labrador’s agriculture sector has a very low reliance on foreign workers. With only 2% of its total workforce comprising foreign workers, Newfoundland and Labrador has an unusually 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%.

One-third of Newfoundland and Labrador’s foreign workers are employed in the ‘dairy’ industry. This stands out, as in other provinces, the ‘dairy’ sector tends to employ a relatively small share of foreign workers. Conversely, the province’s ‘greenhouse, nursery, and floriculture’ industry and its ‘tree fruit and vine’ industry, both industries which tend to rely more heavily on foreign works on a national basis, are predominantly supported by domestic employees in Newfoundland and Labrador.

2016 Workforce Age Distribution



Demographic Trends

Despite a younger-than-average agricultural workforce, the province will see a high rate of retirement over the coming decade.

In 2016, 56% of Newfoundland and Labrador’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.

Despite a younger-than-average agricultural workforce, the province is expected to see 69% of its current domestic agricultural workforce retire by 2029, compared to a 37% rate of retirement for the sector across Canada. This significantly higher-than-average rate of retirement reflects much lower labour force participation rates at older age cohorts in the province, and participation rates drop more quickly as people age. At the same time, the province faces a small share of managers in agriculture (which includes owner-operators) in the workforce. People in this occupation tend to retire later than the average, so the relatively small share will increase retirement pressures in the future. Put differently, the province faces an elevated retirement rate because its workforce consists mostly of non-management positions, where workers are less likely to delay retirement.

Lastly, the number of young people entering agriculture in Newfoundland and Labrador is expected to decline by 35% over the next decade, which is the most rapid decline among the provinces. This reflects the high number of younger families which have left the province in recent years, and whose children will therefore not enter the provincial labour force over the next decade.



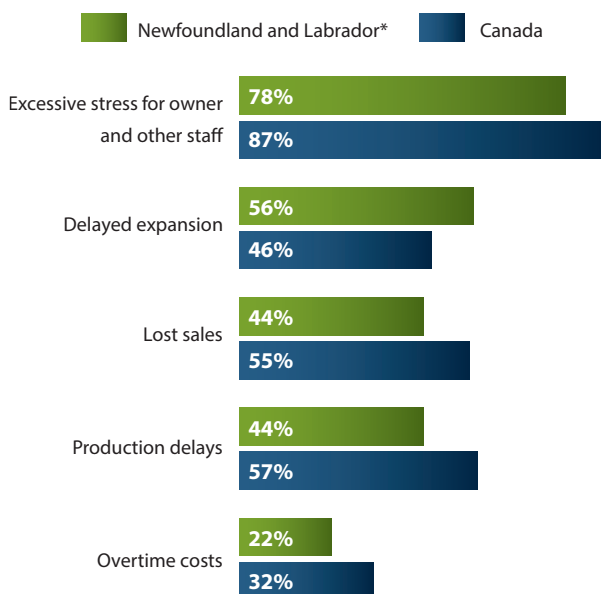
Financial Impact

Despite a labour surplus, the province's agriculture sector is still unable to fill every job, which results in lost sales and limits future growth.

Newfoundland and Labrador's agriculture sector was unable to fill 70 jobs in 2017, which is equivalent to 3.4% of the total workforce needed. While this is much lower than the nationwide sector average of 5.4%, these labour challenges still cost the province \$4.3 million, or 3.1% of sales.

Newfoundland and Labrador is also less likely to incur overtime costs as a result of labour shortages. This may be because many types of agriculture workers in the province are not entitled to overtime pay.

Impacts of Labour Shortages



*Based on responses of 7 producers in Newfoundland and Labrador who reported not having access to all needed workers.

Labour Challenges

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

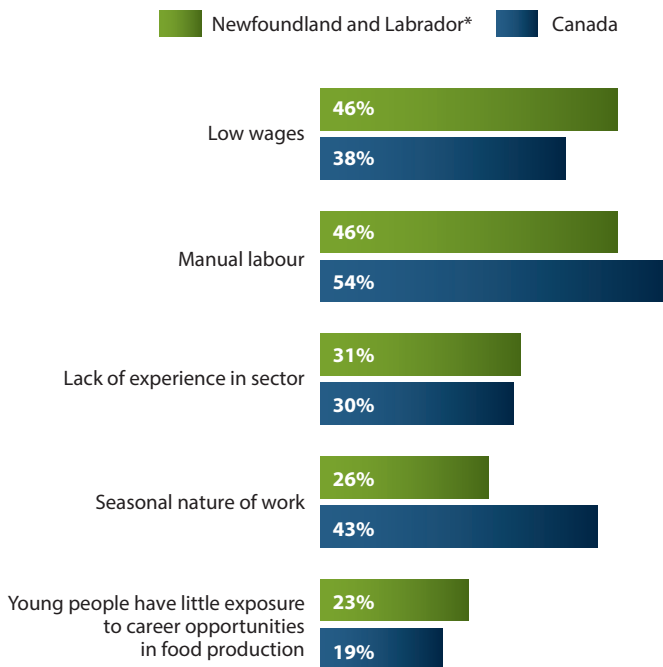
The sector's ability to find and retain enough agricultural workers is impeded by an inability to locate workers with the appropriate skills or experience, insufficient compensation, and the physical nature of the work.

Recruiting Workers

When it comes to recruiting workers, Newfoundland and Labrador faces unique challenges. Nearly half of agricultural operations in the province (46%) were challenged by the perception of low wages, compared to only 38% of agricultural operations across Canada. In addition, manual labour, and a lack of experience in the sector was cited by 46% and 31%, respectively, of producers in the province as a barrier to recruitment.

On a positive note, the rural location of operations was less of a concern for producers in Newfoundland and Labrador, with 20% of provincial respondents affected, compared with 38% of producers across Canada. The impact of declining rural populations, in particular, was cited by only 14% of respondents as a barrier to recruitment, compared to a national average of 27%. When coupled with the province's above-average unemployment rate, this suggests that the issue may be a lack of workers with the right skill sets, rather than a lack of people available to work.

Challenges in Recruiting Workers



*Based on responses of 31 producers in Newfoundland and Labrador.

Retaining Workers

Newfoundland and Labrador employers have difficulty retaining workers. The province's agriculture sector has an above-average voluntary turnover rate of 23% and it has an involuntary turnover rate of 11% which is among the highest in the country, and more than four times the sector average across Canada.

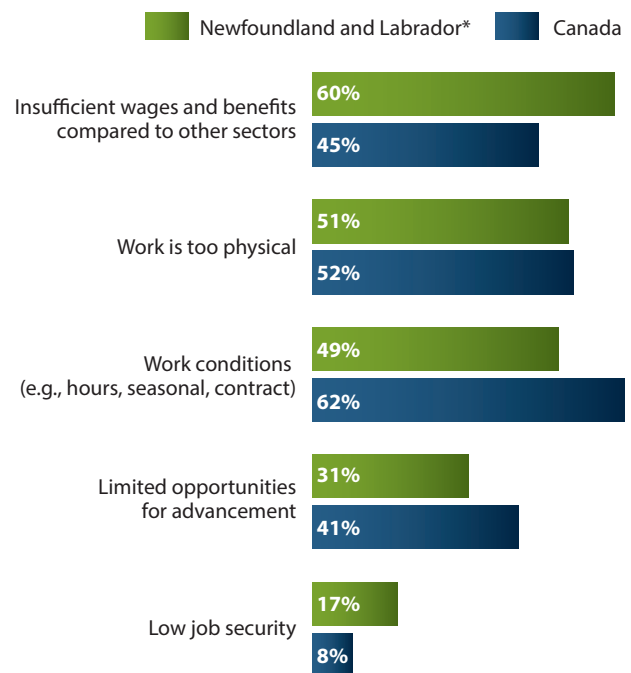
Three in five agricultural employers in this province (60%) cite insufficient compensation relative to other sectors as a retention challenge, compared to a sector average of 45% across Canada. The physical nature of the work is also a retention challenge for this province, with 51% of Newfoundland and Labrador's agricultural employers citing it as a key issue, on par with the sector average of 52%.

On a positive note, agricultural employers in this province were less likely to report that work conditions, including seasonality and long hours in season, was a key retention issue.

Toughest Jobs to Fill

Newfoundland and Labrador's agriculture sector will have the most trouble filling managers in agriculture positions, which include both owner-operators and hired managers, and general farm worker positions. Together, these positions accounted for 47% of the province's sector employment in 2017, and they will make up 80% of the jobs at risk as the labour gap widens. By 2029, there will be 110 managers in agriculture and 90 general farm worker jobs potentially going unfilled due to a lack of domestic workers.

Challenges in Retaining Workers



*Based on responses of 31 producers in Newfoundland and Labrador.



Conclusion

Despite being one of the few provinces expected to have seen a recent labour surplus, Newfoundland and Labrador still faces labour challenges in the years ahead. Newfoundland and Labrador enjoys one of the most balanced agricultural workforces of any province. And because sales per agricultural worker are the lowest in Canada, this province is less affected financially by each unfilled vacancy.

With agricultural labour supply shrinking faster than the demand for labour, the province should expect to see its need for labour overtake the available domestic supply as early as 2023. By 2029, the province's labour gap will represent 14% of the total demand for labour. Given that even with a labour surplus today, the sector was unable to fill 70 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:

- The province's voluntary turnover rate of 23% is the second highest in the country and significantly above than the national average of 10%.
- Difficulty in keeping workers was also an issue for agricultural employers, as evidenced by the high involuntary turnover rate.
- Agricultural employers in the province were much more likely to cite perceptions of low wages in the sector as a barrier to recruitment.
- A lack of workers with enough experience was more likely to be reported as an issue for agricultural employers in this province.



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

- Finding ways to communicate the benefits of agricultural work to a younger demographic could help to attract more young workers.
- 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, Newfoundland and Labrador will need to find ways to strengthen the domestic labour pool in order to 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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