



Alberta

Agricultural Labour Market Forecast to 2025



CANADIAN AGRICULTURAL
HUMAN RESOURCE COUNCIL
CONSEIL CANADIEN POUR LES
RESSOURCES HUMAINES EN AGRICULTURE



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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 Alberta between 2015 and 2025.



Provincial Overview

A significant employer with a bright production outlook, Alberta's agriculture sector faced a costly labour gap in 2014, and that gap is expected to widen over the next 10 years.

In 2014, Alberta was home to the third-largest agriculture sector in Canada, employing 67,000 people, or 18% of Canada's agricultural workforce.

Alberta's agriculture sector has a very low reliance on foreign workers: only 5.2% of the province's workforce is foreign. Of those, more than half, work in the 'greenhouse, nursery, and floriculture'* industry, which tends to be highly seasonal and labour intensive.

Alberta's agriculture sector has an aging workforce: in 2011, two out of three workers were aged 45 years or older. Over the next decade, the impact of retirements on the size of the workforce is expected to be acute, with the province's domestic agricultural labour supply declining by an average of 1.2% per year.

The province's agricultural employers must compete for labour with the high-paying energy sector of Alberta's economy, which makes it harder to attract and retain the labour force required to meet production targets.



* 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'.

Alberta's agriculture sector at a glance

In 2014:

- 67,000 people employed
- 5.2% foreign workforce
- 3,900 jobs left unfilled
- \$406 million in lost sales due to labour shortages

In 2025:

- 78,400 workers needed
- 28% of the workforce lost to retirement
- 23,300 jobs potentially left unfilled

In 2014, the province was unable to find enough workers, and 3,900 jobs went unfilled as a result of labour shortages. Those shortages resulted in production losses and delays, as well as \$406 million in lost sales.

Between now and 2025, Alberta's key agriculture industries are all predicted to have strong productivity and a growing demand for labour. However, the province's domestic labour supply is predicted to shrink during that time, which will more than triple the labour gap and create even greater labour challenges in the years ahead.



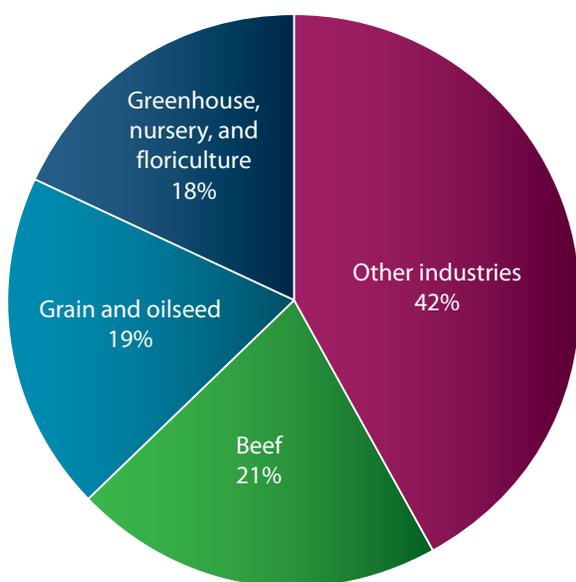
Key Agriculture Industries

Alberta has a diverse agriculture sector, with 'beef', 'grain and oilseed', and 'greenhouse, nursery, and floriculture' employing the majority of the province's agricultural workers.

While Alberta is known for its 'beef' industry, which employs 21% of the province's agricultural workers, the 'grain and oilseed' and the 'greenhouse, nursery, and floriculture' industries are also significant employers with 19% and 18% of the sector's workers, respectively.

Alberta employs a high share of Canada's agricultural workers in a number of industries. The province employs more than one-third (35%) of the nation's 'beef' workers, which is more than Ontario or Saskatchewan, at 22% and 19%, respectively. Alberta also employs 23% of Canada's 'grain and oilseed' workers and 20% of its 'greenhouse, nursery, and floriculture' workers, making this province the second-largest employer for both of these industries. Additionally, the province accounts for 23% of the nation's 'sheep and goat' workers.

Alberta's Agricultural Employment Profile



Production Trends

A strong production outlook for Alberta's top three agricultural employers will boost the demand for labour across the province.

Alberta's agriculture sector has undergone a transformation in recent years, shifting from 'beef' production to 'grain and oilseed' production. As a result, the demand for 'beef'-industry labour has dropped, but the demand for labour across the sector has risen by an average of 0.7% per year, which is higher than the nationwide sector average of 0.1%.

Looking at the decade ahead, strong market demand for products in all three of these industries will support a growing demand for labour. Production for the 'grain and oilseed' industry is predicted to grow by an average of 2.6% per year until 2025, and production for both the 'beef' industry and the 'greenhouse, nursery, and floriculture' industry is predicted to grow by 2.5% per year.

The 'beef' and the 'grain and oilseed' industries will both see stronger productivity, which is the output each worker can produce, and this will enable these industries to stay productive with fewer workers. However, these industries will still need additional workers to meet production targets, and Alberta's agricultural labour force will need to grow by 1.1% per year over the next 10 years to keep pace. This is considerably higher than the average of 0.5% per year across all provinces.



Labour Forecast

A growing demand for labour and a shrinking supply of domestic workers will widen Alberta's labour gap considerably, with the 'beef' industry hardest hit by labour shortages.

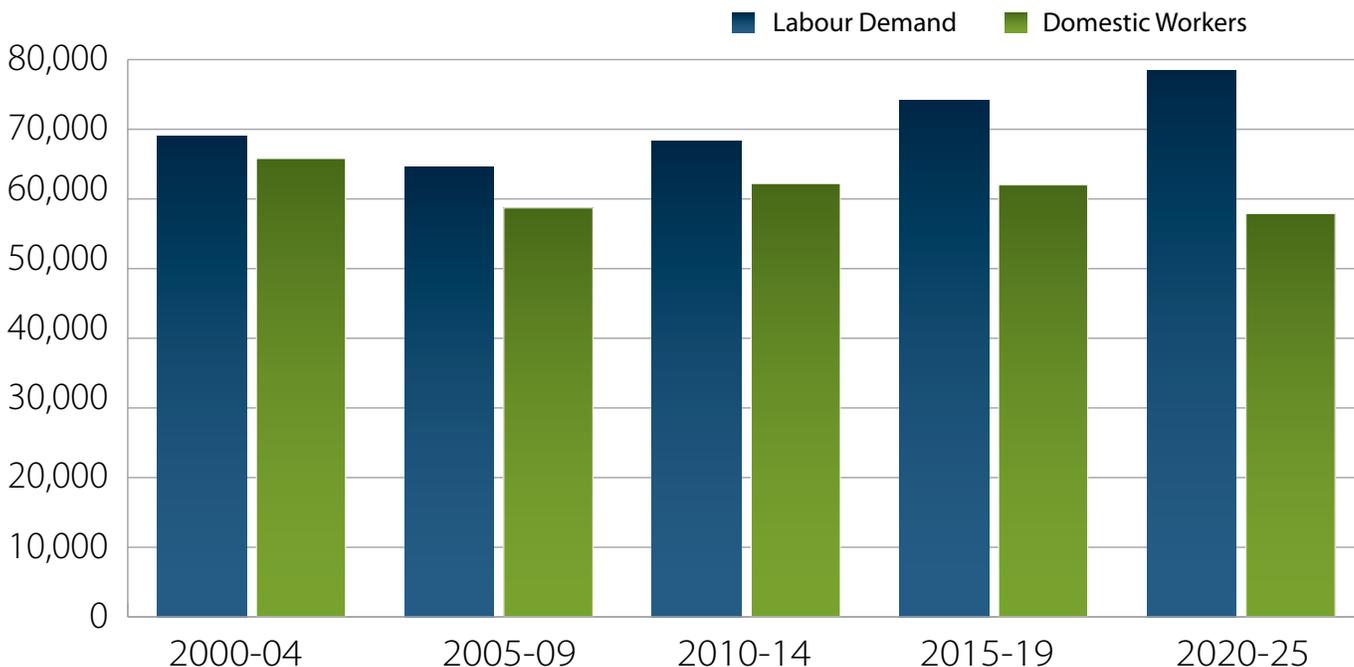
The demand for agricultural workers in Alberta is expected to grow by 1.1% per year between 2014 and 2025, rising from 70,900 to 79,600 workers required by the province's agriculture sector. However, the supply of domestic workers is predicted to shrink, with 7,900 fewer Canadian residents available to work in Alberta's agriculture sector by 2025. As a result, the gap between the number of workers needed and the domestic workers available will widen by 11.8% per year. This means that over the next decade, the number of jobs that can't be filled with domestic labour will more than triple, increasing from 6,800 to 23,300, and the percentage of jobs at risk will rise from 10% to 29% of the total workforce required to support the industry. In other words, within 10 years, more



than one in four agricultural jobs in this province will remain vacant unless more foreign or domestic workers can be found.

The labour gap will widen further for some industries than others, and unfortunately, it is the three industries with the brightest production outlook that will be hardest hit by labour shortages. By 2025, Alberta's 'beef' industry will see an additional 6,400 jobs that can't be filled by the domestic labour pool. Its 'grain and oilseed' industry will see an additional 3,400 jobs at risk of going unfilled, and its 'greenhouse, nursery, and floriculture' industry will see 1,700 jobs at risk.

2000 – 2025: The Labour Gap Widens for Alberta's Agriculture Sector



Foreign Workers

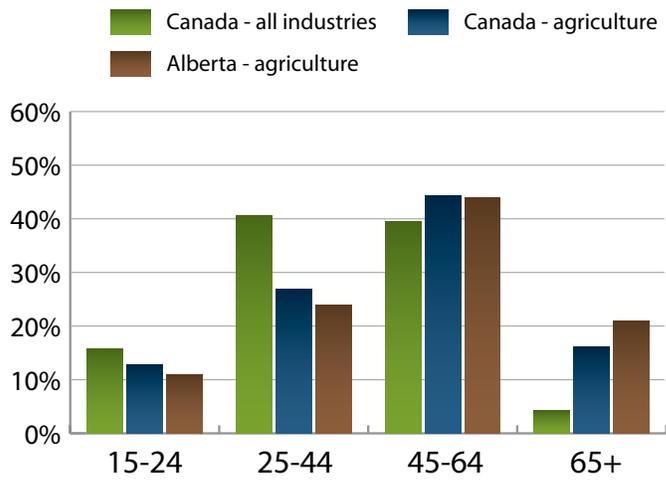
Alberta's agriculture sector has a relatively low reliance on foreign workers.

An above-average share of Alberta's agricultural labour demand is currently met by domestic workers. Foreign workers accounted for only 5.2% of the province's agricultural workforce in 2014, compared to 12% for all of Canada. However, while Alberta's share of foreign workers is low compared to Ontario (at 23%) and British Columbia (at 17%), it is higher than the other Prairie provinces: Manitoba's share is just 1.4%, and Saskatchewan's is 1.1%.

Alberta's high percentage of foreign workers, compared to Manitoba and Saskatchewan, is due to the size of its 'greenhouse, nursery, and floriculture' industry. With many products needing to be hand-picked and/or packaged, particularly during seasonal peaks, the industry is more labour intensive compared to the 'grain and oilseed' industry, which dominates the other Prairie provinces.



2011 Workforce Age Distribution



Demographic Trends

The aging of Alberta's agricultural workforce will reduce the supply of available workers in the coming decade.

While Alberta benefits from above-average rates of international and interprovincial migration and a stable supply of school graduates, these factors will not offset the rising number of retirements driven by the province's older-than-average agricultural workforce.

In 2011, 66% of Alberta's agriculture sector workforce was 45 years of age or older, compared to 60% for the Canadian agriculture sector as a whole and just 44% across all industries. Only Saskatchewan had a greater share of older workers, with 70% of its agriculture sector workforce being over the age of 45. Because of the province's age profile, it is predicted to lose more than one in four workers (28%) to retirement between now and 2025. That number would be even higher if management-level occupations (which include owner-operators) didn't make up a higher-than-average share of the workforce (46% compared to 37% for all of Canada). Managers in agriculture tend to retire several years later than the average worker, which will help to reduce the province's retirement rate over the forecast period.



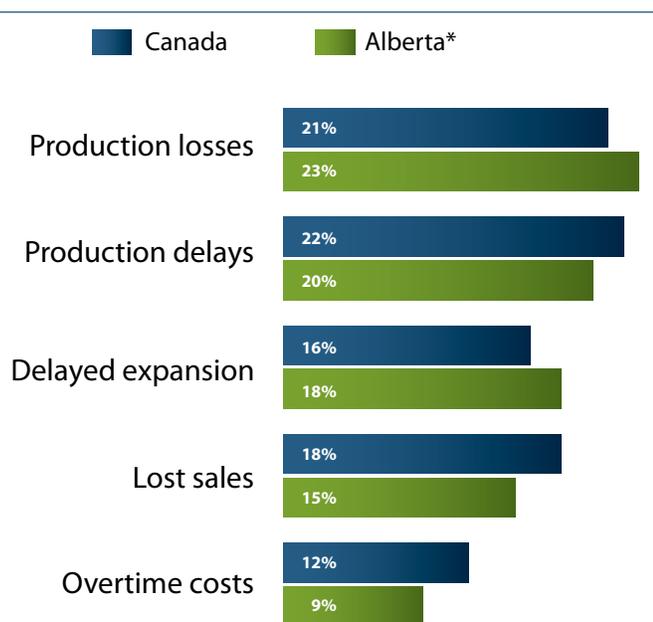
Financial Impact

Labour shortages hurt the province financially in 2014 and will continue to restrict profitability and future growth over the forecast period.

Alberta's agriculture sector was unable to fill 3,900 jobs in 2014, which is equivalent to 5% of the total workforce needed. While this is lower than the nationwide sector average of 7%, these labour challenges still cost the province \$406 million, or 3.2% of sales in 2014. Only Ontario lost more sales in dollar terms as a result of labour shortages.

Alberta's agricultural producers also reported other issues related to labour shortages: 23% reported production losses and 20% reported production delays. Labour shortages are also more likely to impede the province's future growth potential, as nearly one in five (18%) of respondents indicated that delayed or cancelled expansion plans were a direct result of not having enough workers.

Percentage of Alberta Producers Impacted by Labour Shortages



*Based on the responses of 63 agricultural producers in Alberta

Labour Challenges

Alberta'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 the rural locations of agricultural operations, a lack of skilled workers, and insufficient compensation.

Recruiting Workers

The province's agriculture sector is affected by many of the same recruitment issues facing the sector across the country, including rural operations, negative perceptions, seasonality, and the physical nature of the work.

However, this province also faces some unique challenges. Only 28% of producers surveyed said that they were close to a population centre of more than 10,000 people, compared to 35% for agricultural operations nationwide. As a result, Albertan producers are more likely to have issues related to rural locations: 34% cited this as a recruitment problem compared to 31% of producers across Canada. In particular, 14% of survey respondents indicated that the rural location of operations was not of interest to workers, compared to just 10% of producers nationwide.

Producers in Alberta were also slightly more likely to have difficulty finding workers with enough skills and experience: 38% reported this as an issue, compared to 37% of producers nationwide.

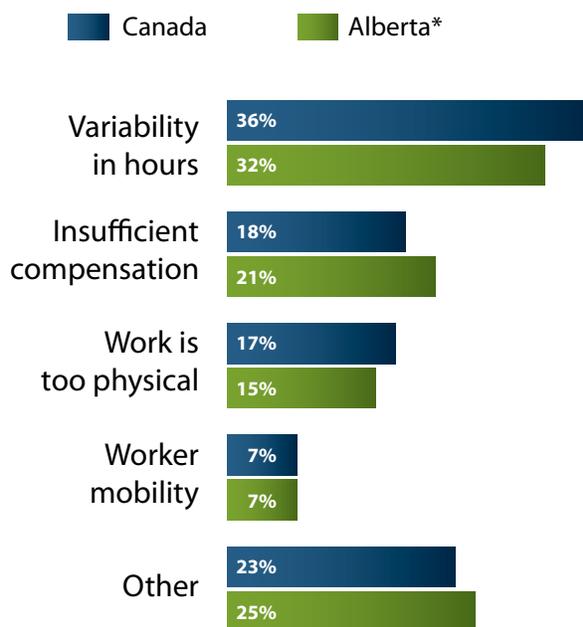
On a positive note, only 9% of producers reported that negative industry perceptions posed a recruitment barrier, compared to 12% of producers nationwide.

Retaining Workers

Alberta's agricultural producers have difficulties retaining workers, with nearly three-quarters of respondents citing retention as a key factor affecting their operations. This compares to 63% of producers across Canada, and is the highest share of any province. While the involuntary turnover rate, at 6%, is slightly below the national average of 7%, the voluntary turnover rate, at 23%, is higher than the national average of 18%, and the third-highest in the country. Retention is a bigger issue for Alberta in part because of competition from the province's high-paying energy sector.

The variability in hours is one of the top retention challenges for Alberta's producers, with 32% of them reporting it as an issue. More than one in five producers (21%) cite insufficient compensation as an issue, and nearly one in 10 (9%) cite limited advancement opportunities as top barriers to retention. These percentages are higher than the national average of 18% and 7%, respectively.

Challenges in Retaining Workers



*Based on the responses of 106 agricultural producers in Alberta

Toughest Positions to Fill

Alberta's agriculture sector will have the most trouble filling "managers in agriculture" positions, which includes both owner-operators and hired managers, and "general farm worker" positions. Together, these positions accounted for 66% of the province's sector employment in 2014 and 59% of the jobs that couldn't be filled by domestic workers. By 2025, there will be an additional 4,300 "general farm worker" jobs that can't be filled by the available labour pool, bringing the total number for this position up to 10,100. There will also be an additional 2,400 "managers in agriculture" jobs potentially going unfilled.



Conclusion

With a strong production outlook, a growing demand for labour, and a shrinking domestic labour supply, Alberta's agriculture sector faces challenges ahead. Unless the province can find ways to build the sector's labour force, the widening labour gap will threaten its growth and profitability.

Driven by changes in the province's 'beef' industry, the agricultural workforce in Alberta has undergone a significant transformation over the past decade. Since 2005, 'beef' operations have diminished by a third, and many farms have transitioned to the 'grain and oilseed' industry. However, the province's agricultural workforce has continued to grow steadily.

Looking ahead to the future, Alberta's three largest agriculture industries have a strong production outlook, which will create an even greater need for more workers. However, the labour force is predicted to shrink for the agriculture sector, creating a widening labour gap. By 2025, that gap will be equivalent to 29% of the total labour demand. In other words, more than one in four agricultural jobs in Alberta are at risk of going unfilled unless more workers can be found, a reality that will hamper the sector's ability to thrive in this province.

Alberta faces challenges in growing its workforce:

- The rural location of operations is a major recruitment barrier, with many workers unwilling to move to rural areas or commute to work from the city.
- Voluntary turnover is an issue, with three-quarters of respondents citing retention as a key factor affecting their operations.
- Retirement will shrink the workforce considerably, with 28% of today's workers predicted to retire between now and 2025.
- Attracting young workers to the agriculture sector is difficult, with four out of five employers reporting this as a key recruitment issue.



In terms of meeting these challenges, the province could leverage these strengths:

- Agricultural operations have lower-than-average involuntary turnover rates.
- A high share of operations are already employing foreign workers, which could make it easier to increase the number of foreign workers as required.
- The province has above-average immigration rates and a stable number of school graduates predicted over the forecast period.
- The sector has the potential to create more advancement opportunities to attract and retain more workers.

Finding solutions to labour challenges and increasing the pool of available workers will ensure that Alberta is better prepared to take advantage of an upcoming decade of growth.



About This Report

This report features data collected during a three-year research project to examine Canada's labour market situation for primary-production agricultural businesses. The project was led by the Canadian Agricultural Human Resources Council (CAHRC) and was launched in response to the unique workforce challenges faced by the agriculture sector.

The purpose was to assess the current labour market, project supply and demand for agricultural workers from 2015 until 2025, 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 a number of industry consultation activities conducted Canada-wide, including:

- **A large-scale survey** of 813 employers, 132 workers, and 89 industry stakeholders
- **Phone interviews** with 80 industry stakeholders
- **Six focus groups** with 100 participants in total, including employers, workers, and other stakeholders
- **Seven webinars** focused on specific commodity groups, with 100 participants in total

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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