



Beef Industry

Labour Market Forecast to 2025



CANADIAN AGRICULTURAL
HUMAN RESOURCE COUNCIL
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Canada's agriculture sector faces unique labour market challenges in the coming years, and so will the beef industry. This report explores some of the workplace trends and realities that will shape this industry between now and 2025.



Industry Overview

One of the largest agricultural employers in Canada, the 'beef'* industry has undergone a considerable decline in recent years. However, the next decade will see the trend reverse, with a strong outlook that will require a rapidly growing workforce to support growth.

The 'beef' industry, which includes operations that primarily raise and finish cattle, including feedlots, employs 40,900 people, which is equivalent to 11% of the agricultural workforce.

With less seasonality and less variability in hours than other sectors, the industry primarily relies on domestic labour, with only 0.7% of the workforce being made up of foreign workers. This is much lower than the agricultural average of 12%.

The Prairies account for more than half of the industry's workforce, with Alberta alone accounting for 35% of all 'beef' workers. Ontario is also a significant 'beef'-industry employer, accounting for another 20% of industry workers.

The age of the workforce skews older than the average: 60% of workers are 45 years or older, and 16% of those are 65 or older. Over the next 10 years, nearly one in three domestic workers in the 'beef' industry (32%) is expected to retire.

While Canada's 'beef' production has been in decline over the past decade, the next 10 years are predicted to bring strong growth. However, the industry faces serious challenges in finding enough workers to take advantage of this growth potential. In 2014, 3,500 jobs went unfilled due to a lack of domestic workers; by 2025, the labour gap is predicted to reach 12,500.

* 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'.

'Beef' industry at a glance

In 2014:

- 40,900 people working in the industry
- 3,500 jobs left unfilled
- \$141 million in lost sales due to labour shortages

In 2025:

- 5,400 fewer domestic workers available
- 32% of the workforce lost to retirement
- 12,500 more jobs than the domestic workforce can fill



Production Trends

The 'beef' industry can look forward to a period of strong growth, as global markets drive a higher demand for Canadian 'beef'.

The 'beef' industry shrank considerably over the past decade, as many operators shifted away from 'beef' production to a specialization in grains and oilseeds. Between 2005 and 2013, the number of 'beef' farms in Canada declined by one-third, from 63,000 to 42,000 farms. Industry output also fell 1.1% per year during this time.

With the number of farms dwindling and the industry's output falling, the number of workers required to support the industry also fell. Between 2004 and 2014, the demand for labour fell by an average of 2.6% per year. This was the steepest decline in labour requirements of any agriculture industry.

However, the outlook for 'beef' between now and 2025 is strong, due to a growing demand for animal protein in emerging markets. As a result, output in the 'beef' industry is expected to rise by an average of 2.5% per year during this time. Although productivity, which is the output each worker can produce, will also increase by 2% per year, the industry will still need to increase its workforce by 0.5% per year to keep up with the market demand.

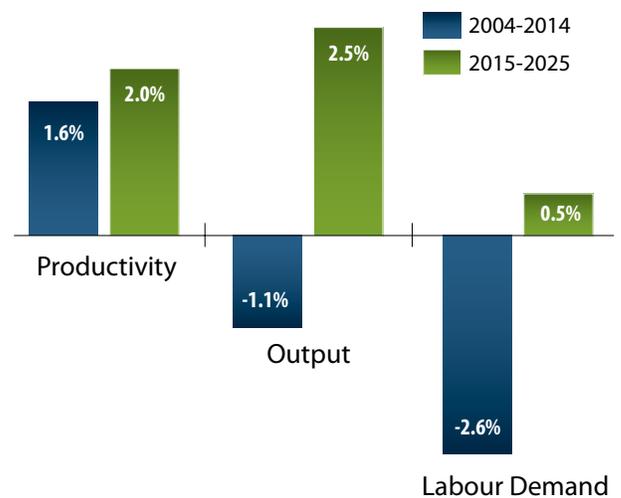


RESEARCH HIGHLIGHTS

- **48%** of 'beef' producers expect employment at their farm to rise over the next five years, while only **5%** expect it to decline.

Productivity, Labour Demand, and Output Trends

(average annual growth)



Labour Forecast

As the 'beef' industry rallies, the growing needs of its labour force will be met with a shrinking pool of domestic workers. As a result, the labour gap will widen from 2,700 to 12,500 workers by 2025.

While productivity will increase by 2% per year over the next decade, the industry must still expand its workforce to meet the fast-growing market demand for 'beef' products. The demand for workers is expected to grow by 0.5% per year, rising from 44,500 in 2014 to 46,900 in 2025.

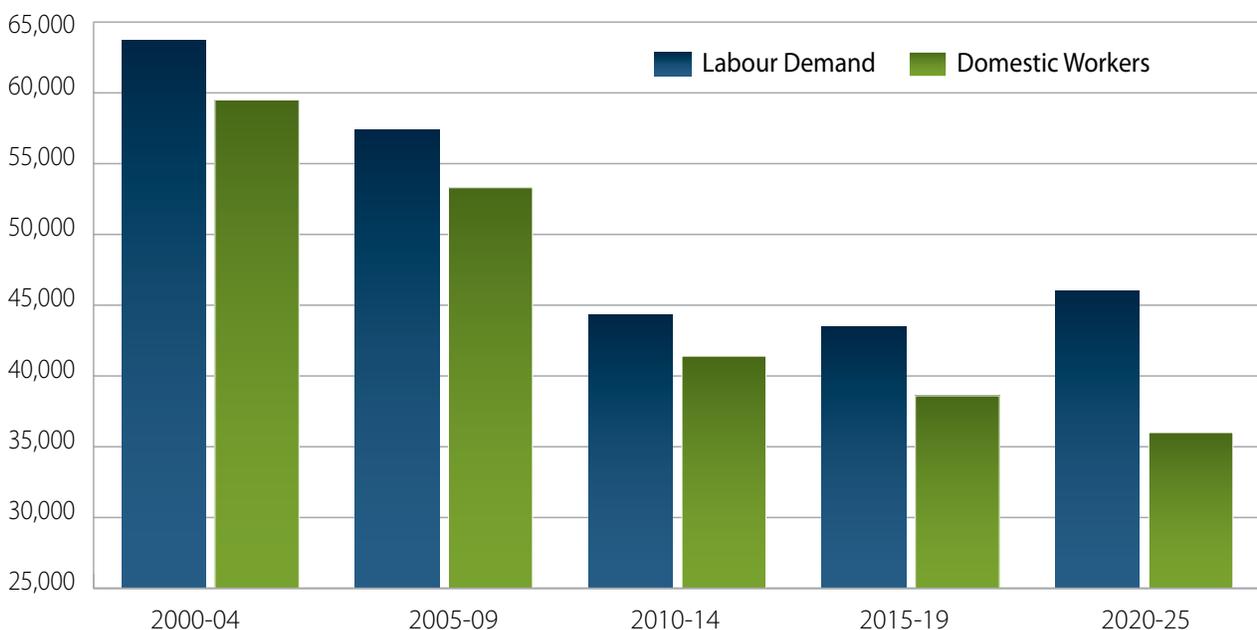
However, the domestic labour supply is expected to shrink even further over the forecast period. As a result, the labour gap will widen considerably, from 2,700 more jobs than workers today to 12,500 more jobs than workers in 2025, a number that's equivalent to 27% of the total demand for workers. In other words, more than one in four jobs in the 'beef' industry is at risk of going unfilled if additional sources of labour can't be found. This puts the industry at risk, with a labour gap that is the highest of any in animal production.



RESEARCH HIGHLIGHTS

- **42%** of 'beef' producers were unable to find all the workers they needed in 2014.

2000 – 2025: The Labour Gap Widens for the 'Beef' Industry



Regional Trends

The 'beef' industry is concentrated in the Prairies, and labour challenges are expected to impact Alberta and Saskatchewan most heavily.

The Prairies account for more than half of the industry's workforce, with Alberta alone accounting for 35% of Canada's 'beef' workers and Saskatchewan accounting for a further 19%. Alberta also has the strongest concentration of 'beef' employment: more than one in five of its agricultural workers (21%) are employed by the 'beef' industry.

As the labour gap widens over the next 10 years, the Prairies will also be hardest hit by labour shortages, with Alberta and Saskatchewan most deeply affected. By 2025, the labour gap for each of these provinces will be equivalent to more than a quarter of the total demand for labour. In other words, more than one in four 'beef'-industry jobs in these provinces will be at risk due to the labour shortage. Alberta is predicted to have 6,400 more jobs than workers, while Saskatchewan's labour gap will be equivalent to 3,100 jobs, and Manitoba's equivalent to 600 jobs.

Ontario is also a significant industry employer, with 22% of 'beef' workers located in this province. However, it will experience a labour gap equivalent to 600 jobs. Quebec accounts for a further 12% of the workforce, but it is predicted to see a surplus of workers, with 800 more domestic workers than jobs available.

Demographic Trends

An older workforce with a higher rate of retirement will contribute to the shrinkage of the 'beef' industry's domestic labour force.

The 'beef' industry has an older-than-average workforce, with the majority of workers (60%) being 45 or older, and 16% of those being 65 or older. Just over one in four workers (27%) are aged 25 to 44.

As a result, nearly one in three members of the industry's current domestic workforce (32%) is expected to retire by 2025. This is much higher than the average 27% retirement rate predicted across the agriculture sector as a whole, and will be a substantial contributor to the industry's predicted loss of 7,300 workers by 2025.



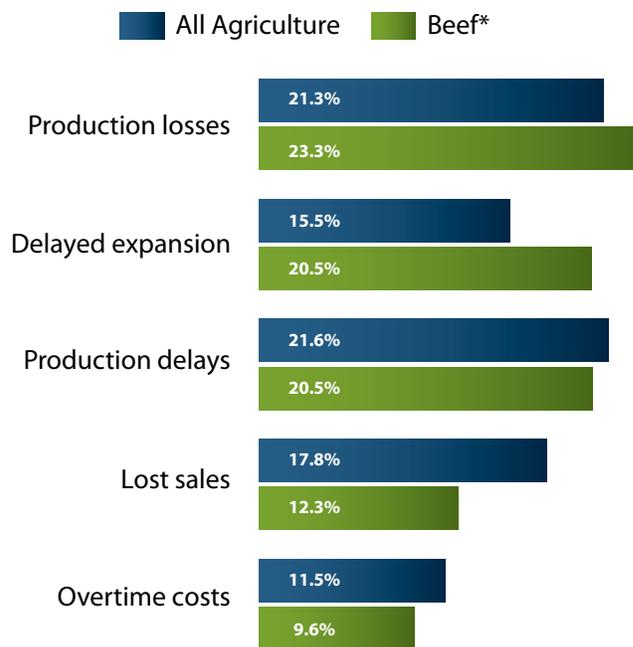
Financial Impact

In 2014, the 'beef' industry's considerable labour shortage resulted in lost sales of \$141 million and significantly impeded expansion plans.

The 'beef' industry was unable to fill 3,500 jobs, a number equivalent to 8% of the total jobs needed to support the industry. This was slightly higher than the average across the agriculture sector, and much higher than the average for other sectors of the Canadian economy.

These labour shortages cost the industry \$141 million, or 1.8% of sales, in 2014. However, lost sales were not the only negative effect on the industry's ability to thrive. Of the 'beef' producers surveyed, nearly one in four (23%) reported production losses, which is higher than the sector average of 21%. One in five (20%) reported delaying expansion plans, which is higher than the sector average and particularly troubling given the industry's opportunity to grow over the next 10 years. Another 20% of producers reported production delays as a labour-related issue.

Percentage of Survey Respondents Affected by Labour Shortages



*Based on the responses of 26 beef producers



Labour Challenges

'Beef'-industry employers face challenges in finding enough qualified workers to meet the needs of their industry.

The ability of the 'beef' industry to find and retain enough workers is impeded by a lack of experienced workers, rural depopulation, and a lack of adequate compensation. However, the industry has the advantage of low seasonality, minimal variability in hours, and less physically demanding work than other agricultural industries.

Recruiting Workers

The 'beef' industry is affected by many of the same recruitment issues facing the agriculture sector as a whole. However, it also faces a number of unique barriers. Employers are much more likely to cite an inability to find experienced workers as a key recruitment barrier; 43% cite this as a recruitment challenge, compared to 37% across all agriculture. Only 'sheep and goat' farms were more likely to cite this as a recruitment barrier. However, only half of 'beef' producers reported that they provided training for their workers: focusing on training resources could help to minimize this labour issue.

With many industry operations located in rural areas, nearly one in three (32%) of 'beef' producers mentioned declining rural populations as a hiring issue. However, most also reported that requiring workers to travel to a rural location for work was not a problem.



Only 9% of 'beef' producers cited negative industry perceptions as a barrier to recruitment, which was lower than the average of 12% across all agricultural operations.

Retaining Workers

The 'beef' industry has a reasonable retention rate. Voluntary turnover rates in the 'beef' industry are on par with the sector average of 18%, while involuntary turnover rates are 4%, which is lower than the sector average of 7%. This suggests that 'beef' employers have been more effective at hiring the right people for the jobs.

The 'beef' industry also benefits from a work environment in which there is low seasonality, little variability in hours, and less physically demanding work.

However, the industry faces two unique retention challenges. Nearly one in four employers (24%) cite insufficient compensation as a retention issue, compared to 18% of employers across the sector. This is likely to be related to the concentration of 'beef' operations located in the Prairies, where 'beef' producers must compete for workers with the oil and gas sector. 'Beef' producers were also more likely to cite limited opportunities for advancement as a barrier.

Toughest Jobs to Fill

The 'beef' industry will have the most trouble filling "general farm worker" positions. Currently, general farm workers account for 29% of the industry's total employment. While today, only 14% of jobs that can't be filled by domestic labour are those requiring general farm skills, that percentage will climb to 49% by 2025. This means that 6,100 jobs of this type could go unfilled.

"Managers in agriculture" positions, which include both owner-operators and employed farm managers, will be the second most difficult to fill. More than one in three positions that can't be filled by domestic labour (35%) will be for "managers in agriculture."



Conclusion

With a workforce that has shrunk considerably over the years and a strong growth outlook over the next decade, the 'beef' industry faces a widening labour gap that could seriously impede the industry's ability to reach its growth potential.

While Canada's 'beef' industry has been in decline over the past decade, the next 10 years are predicted to bring strong growth, as global emerging markets create a growing demand for animal protein.

To take advantage of this growth potential and meet production targets, the 'beef' industry will require a sizeable workforce. However, the industry is already challenged to find enough domestic workers: 3,500 jobs went unfilled in 2014, costing the industry \$141 million in lost sales. Over the next decade, the labour gap will widen to 12,500 jobs, or 27% of the industry's total labour requirements. In other words, more than one in four jobs could go unfilled unless this labour shortage can be addressed.

To do so, the 'beef' industry must overcome a number of challenges:

- The 'beef' sector is concentrated in the Prairies, where competition for workers in the oil and gas sector is most intense.
- This industry has an older-than-average workforce, which means it will lose workers to retirement at a more rapid rate.
- Close to one third of 'beef' producers surveyed identified finding workers with the necessary qualifications and experience as a top challenge.
- Labour shortages for this industry are more likely to affect expansion plans, an issue of real concern for an industry facing high growth.



To meet these labour challenges, the industry has several strengths it could leverage:

- Below-average seasonality and variability in hours create a more stable, attractive workplace.
- 'Beef'-industry operators report fewer negative perceptions about their industry.
- The work is less physical than average for jobs in agriculture.
- Staff training could help the industry improve worker qualifications.

Finding solutions to labour challenges and increasing the pool of available domestic workers will ensure that this vital agriculture industry 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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