



Prince Edward Island

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 Prince Edward Island between now and 2025.



Provincial Overview

Between now and 2025, a growing demand for agricultural labour and a shrinking workforce will pose challenges for Prince Edward Island's small but vital agriculture sector.

In 2014, Prince Edward Island had the second-smallest agricultural workforce out of all the provinces, employing 4,900 people, or roughly 1% of Canada's agricultural workforce.

Although Prince Edward Island's share of Canada's agricultural workforce is small, the province depends heavily on its agriculture sector. More than 4% of the province's workforce was directly employed in agriculture in 2014; only Saskatchewan had a higher percentage of its workforce employed in this sector.

The province is the fourth-largest employer of 'field fruit and vegetable'* workers in Canada, accounting for 8% of the industry's workforce in 2014. Prince Edward Island also accounts for 10% of the country's 'aquaculture' industry workforce.

In addition to employing a significant share of the country's 'field fruit and vegetable' workers, this industry is also the largest agricultural employer within the province, accounting for more than one-third (34%) of its agricultural workforce. The 'dairy' and 'aquaculture' industries are the second- and third-largest employers, accounting for 11% and 8% of the workforce, respectively.

Prince Edward Island's agriculture sector has a lower-than-average reliance on foreign workers. In 2014, foreign workers accounted for 9% of its agricultural workforce, compared to 12% for all of Canada. Close to two-thirds of these workers were employed in the labour-intensive 'field fruit and vegetable' industry.

After years of flat labour demand, the province's agriculture sector saw a moderate labour gap in 2014, with 200 jobs going unfilled due to a lack of workers. The inability to find enough workers cost the industry \$4 million in lost sales.

* 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'.

Prince Edward Island's agriculture sector at a glance

In 2014:

- 4,900 people employed
- 9% foreign workforce
- 200 jobs left unfilled
- \$4 million in lost sales due to labour shortages

In 2025:

- 5,600 workers needed
- 22% of the workforce lost to retirement
- 1,100 jobs at risk

Between now and 2025, the gap is expected to widen and place more jobs at risk. Two factors are contributing to the widening gap. First, the province's need for agricultural labour is expected to rise as a result of production growth for a number of its key agricultural industries. Second, an aging agricultural workforce and a declining number of young people in the province will significantly reduce the number of domestic agricultural workers available.

As a result of these demographic and production trends, Prince Edward Island's agricultural labour gap is expected to expand to 1,100 workers by 2025, which is equivalent to 19% of the total demand for labour.



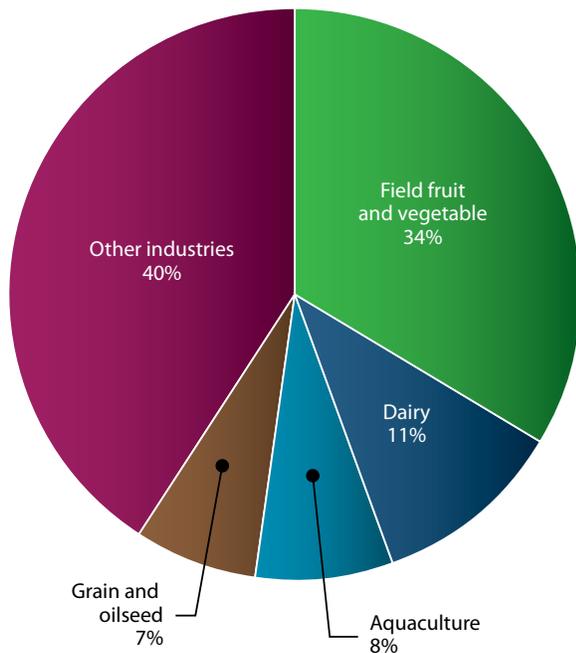
Key Agriculture Industries

The province's agriculture sector is dominated by the 'field fruit and vegetable' industry.

In 2014, more than one in three agricultural workers in the province (34%) were employed by the 'field fruit and vegetable' industry. The 'dairy', 'aquaculture', and 'grain and oilseed' industries are also employers of note, accounting for 11%, 8%, and 7% of the total agricultural workforce, respectively.

Prince Edward Island accounts for a significant share of the nation's agricultural workers in a number of different industries. In 2014, the province accounted for 10% of Canada's 'aquaculture' workers, and 8% of Canada's 'field fruit and vegetable' workers.

Prince Edward Island's Agricultural Employment Profile



Production Trends

Strong production outlooks in a number of Prince Edward Island's agriculture industries over the next decade will boost demand for labour.

Prince Edward Island will see rising rates of production for a number of its key agricultural industries in the future. The 'aquaculture' and the 'grain and oilseed' industries, which are the province's third- and fourth-largest agricultural employers, are forecast to see the strongest production growth between 2014 and 2025. Production in the 'aquaculture' industry is forecasted to grow by an average of 4.2% per year during this time, which is the strongest production growth of any agricultural industry, and the 'grain and oilseed' industry has the second-strongest growth profile, with an expected growth of 2.6% per year.

The impact of these fast-growing industries on the province's labour demand will be limited somewhat by slower growth among other key agricultural employers. The province's top agricultural employer, the 'field fruit and vegetable' industry, will see moderate growth of 2% per year, and its second-largest employer will see growth of just 0.3% per year.

Overall, the demand for agricultural labour in this province is expected to grow by 0.8% per year over the forecast period, compared to 0.5% per year for all of Canada.



Labour Forecast

An overall strong production outlook and a shrinking labour supply will result in a rapidly widening labour gap.

Over the past decade, the demand for labour in the province's agriculture sector has seen little growth. Improving labour demand in some industries, such as the 'grain and oilseed' and the 'field fruit and vegetable' industries, has been offset by declines in others. For example, the demand for labour in the swine industry fell by an average of 9.2% per year between 2004 and 2014 as the number of hog farms shrank to just a quarter of their original number.

However, looking to the future, bright production outlooks will increase the demand for agricultural labour in this province by 0.8% per year. Between 2014 and 2025, the number of workers required to support the sector will increase from 5,200 to 5,600.

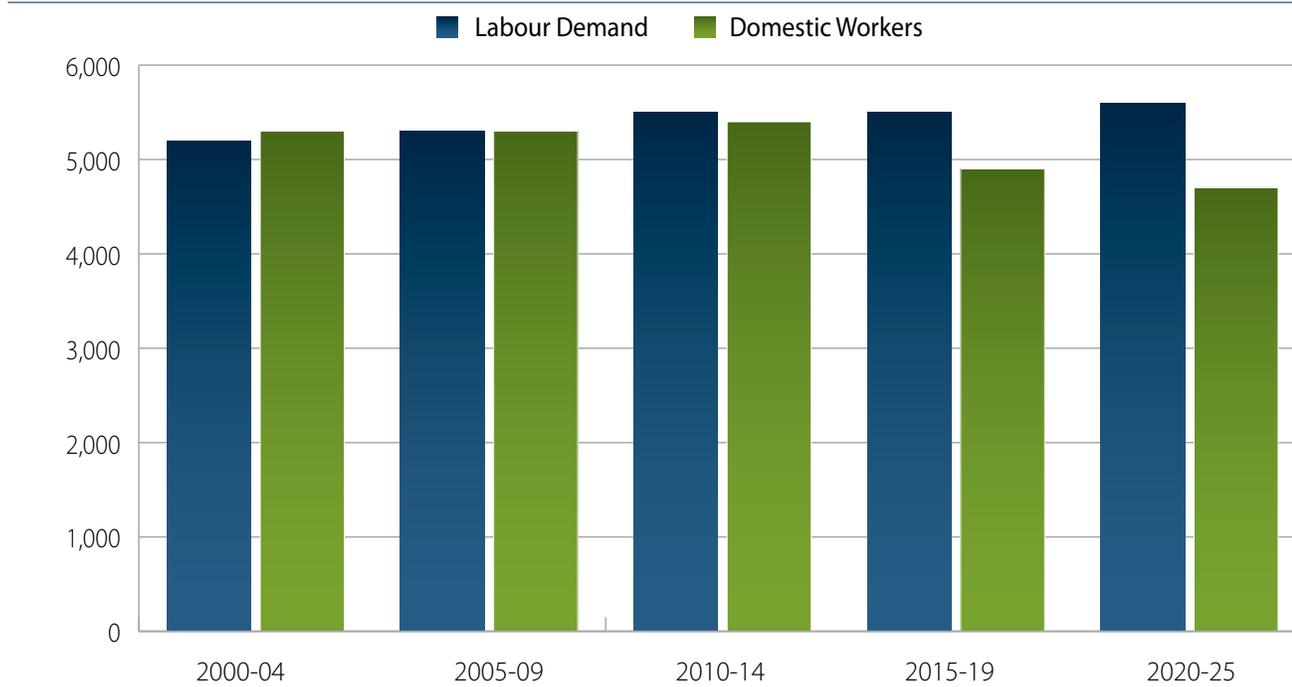
At the same time, the supply of agricultural workers in Prince Edward Island is expected to shrink due

to a rising number of retirements and fewer young people staying in the province.

The combination of a growing need for labour and a shrinking supply will widen the province's agricultural labour gap considerably. Between 2014 and 2025, the number of jobs at risk of going unfilled due to a lack of domestic workers will expand from 200 to 1,100, which is an increase from 3% of the total workforce to 19%. In other words, by 2025, nearly one in five jobs could be at risk of going unfilled due to domestic labour shortages.

The labour shortage will hit some industries harder than others. By 2025, the province's 'field fruit and vegetable' industry will account for half of its labour gap and 570 of the jobs at risk. The 'aquaculture' and the 'grain and oilseed' industries will account for a further one-quarter of the gap, with 120 and 100 jobs at risk, respectively.

2000 – 2025: The Labour Gap Widens for Prince Edward Island's Agriculture Sector



Foreign Workers

Prince Edward Island's agriculture sector has a moderate reliance on foreign workers.

With 9% of its total agricultural workforce comprising foreign workers, Prince Edward Island has the fifth-highest reliance of any province on this labour source. This puts the province below the national sector average of 12%, and far below Ontario and British Columbia, the two provinces most reliant on foreign workers at 23% and 17%, respectively.

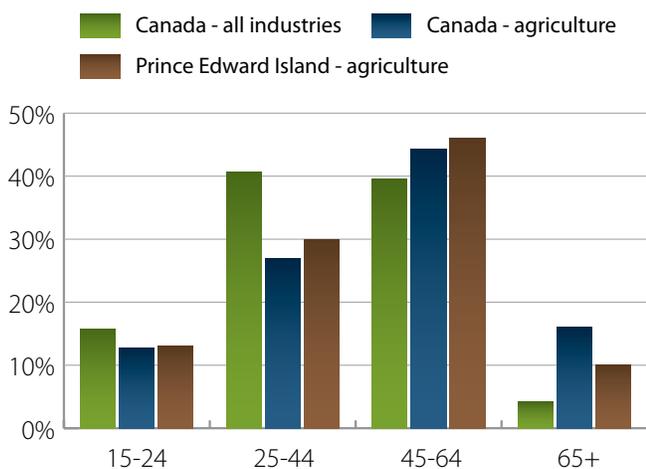
The province's agriculture sector employed approximately 400 foreign workers in 2014, two-thirds of whom worked in the seasonally variable and labour-intensive 'field fruit and vegetable' industry.

Demographic Trends

An older-than-average workforce and a declining number of young people in the province will be the key factors reducing the agricultural labour supply.

The rapid decline by 0.8% per year in Prince Edward Island's agricultural labour supply will be driven mainly by the impact of retirement and fewer numbers of young people in the province.

2011 Workforce Age Distribution



In 2011, 63% of the province's workforce in the agriculture sector was 45 years of age or older, which is slightly higher than the 60% average across the Canadian agriculture sector and significantly higher than the average of 44% across all Canadian industries. By 2025, Prince Edward Island is expected to see 22% of its current agricultural workforce retire. While this is the lowest share among all the provinces, it will still have an impact on the size of the workforce. In 2014, 57% of agricultural employers reported being affected by the need to replace retiring workers.

At the same time, the province will see a smaller number of young people available to take those jobs left vacant by retirement. By 2025, the number of young people entering agriculture in the province will decline by 12%; only Nova Scotia will see a steeper decline.



Financial Impact

The province's growing agricultural labour shortages can be expected to increase financial losses and limit potential growth.

Prince Edward Island's agriculture sector saw the lowest share of lost sales due to labour shortages of any province. This is partly because the province's agricultural product mix results in lower sales per worker. As a result, each unfilled vacancy tends to have a smaller impact on sales.

In 2014, the province was unable to fill 200 jobs, which is equivalent to 3% of the total workforce needed. While this is lower than the nationwide sector average of 7%, these labour challenges still cost the province \$4 million, or 0.8% of sales.

An inability to find enough workers affected the province's agricultural employers in other ways, as well. While production delays affected 22% of agricultural employers nationwide, 40% of employers in Prince Edward Island indicated that this was an issue.

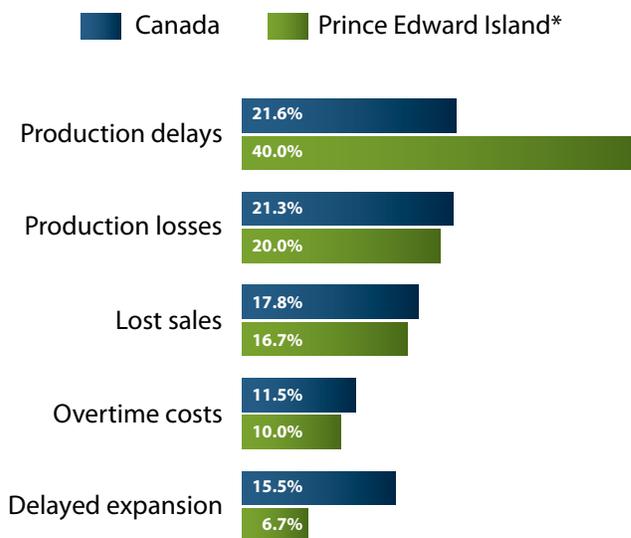
On a positive note, a smaller percentage of the province's agricultural employers reported delaying expansions due to a lack of labour; only 7% reported this as an issue, compared to a national average of 16%.

Labour Challenges

Prince Edward Island's agriculture sector faces a number challenges in recruiting and retaining enough workers.

The sector's ability to find and retain enough agricultural workers is impeded by rural operations, an inability to find workers with the appropriate skills or experience, and variability in hours.

Percentage of Prince Edward Island Producers Impacted by Labour Shortages



*Based on the responses of 16 producers in Prince Edward Island



Recruiting Workers

When it comes to recruiting agricultural workers, Prince Edward Island faces challenges similar to the rest of Canada. However, the province's agricultural employers are more likely to be challenged by the rural location of their operations. Only 13% of respondents reported being close to a population centre of more than 10,000 people, compared to 35% for agricultural operations across Canada. As a result, greater numbers of employers are concerned about rural locations and depopulation. More than one in three employers (34%) suggested that rural operations posed a barrier to recruitment, compared to 31% across Canada. In particular, 15% of survey respondents indicated that declining populations in rural areas is a concern, which is the second-highest share among the provinces.

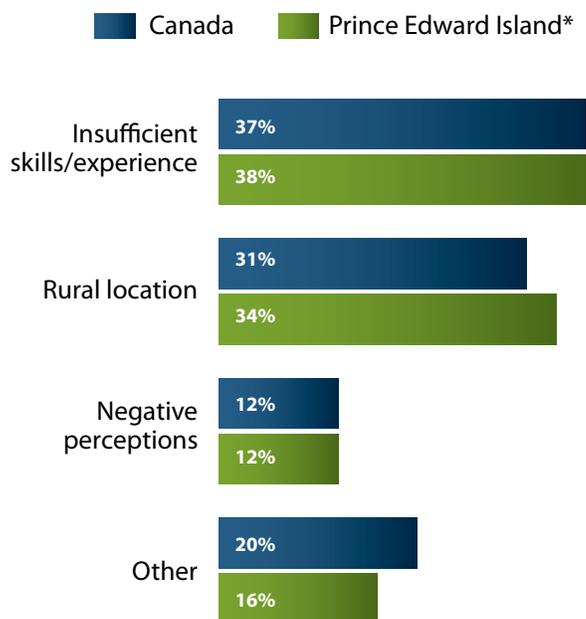
Retaining Workers

Prince Edward Island's agriculture sector has above-average turnover rates. The involuntary turnover rate is slightly above the national average (8%, compared to 7%). However, its voluntary turnover rate of 23% is the highest in the country and significantly higher than the national average of 18%. In particular, the voluntary turnover rate among seasonal workers is very high at 33% compared to 27% nationally.

The province's agricultural employers face similar challenges to other provinces when it comes to retaining workers. However, it stands out in a few ways. Variability in hours is an issue for 41% of the province's employers compared to 36% of agricultural employers nationwide. Specifically, 18% of the province's employers were challenged by insufficient work compared to just 5% of agricultural employers across Canada.

On a more positive note, only 12% of employers in Prince Edward Island cited the physicality of the work as a recruitment barrier compared to a national average of 17%.

Challenges in Retaining Workers



*Based on the responses of 39 producers in Prince Edward Island

Toughest Positions to Fill

Over the forecast period, Prince Edward Island's agriculture sector will have the most trouble filling "general farm workers" positions. This occupation, which accounted for 35% of employment in 2014, is expected to see its labour gap increase from 300 workers to roughly 800 workers by 2025. More than three in four unfilled jobs in 2025 will be "general farm worker" positions.



Conclusion

With strong production outlooks and a shrinking labour supply, Prince Edward Island's agriculture sector will face challenges in the years ahead.

After years of stability in the demand for agricultural labour, Prince Edward Island is looking at positive production outlooks in some of its largest agricultural industries that will support modest growth in labour demand.

Over the next few years, the effect of a high rate of retirement and a dwindling supply of young people in the province will increase this gap considerably. By 2025, there will not be enough domestic workers to fill the nearly one in three jobs (31%) required for the agriculture sector to reach its production potential.

These production trends, combined with a decline in the province's domestic labour supply, is expected to widen the labour gap substantially. From 2014 to 2025, Prince Edward Island's agricultural labour gap will rise from 3% to 19% of the total demand for labour, and 1,100 jobs will be at risk of going unfilled.

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, with more than one in three of the province's agricultural employers (34%) citing this as a key recruitment challenge.
- More than half of employers were challenged by the inability of the province's educational system to meet the needs of the agriculture sector.
- Turnover rates in the province's agricultural sector are above average, and the voluntary turnover rate, at 23%, is the highest of any province.
- Significant use of foreign workers makes employers vulnerable to the risk of policy changes, such as a change to the Temporary Foreign Worker Program (TFWP).



- Variability in hours affects retention in this province significantly. Nearly one in five agricultural employers (18%) cite this as a retention challenge, compared to a national average of just 5%.

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

- The physicality of farm work poses less of a retention issue for this province's agricultural employers.
- The province has a younger-than-average agricultural workforce, so it will benefit from a lower-than-average retirement rate over the forecast period.
- Providing advancement opportunities could help make work in the agriculture sector more attractive and improve retention.
- Access to training programs, mentorships, and internships has the potential to create more skilled labour.

Over the forecast period, Prince Edward Island will need to find ways to strengthen the domestic labour pool in order to address its fast-growing labour gap, avoid financial losses, and reach its growth potential.



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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