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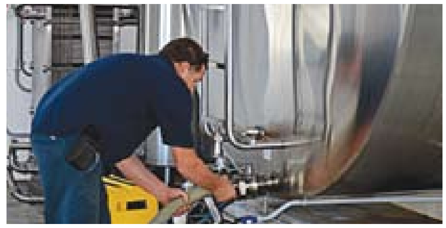
LABOUR MARKET INFORMATION


Dairy Industry Forecast to 2025

The ‘dairy’* industry is a significant agricultural employer, but a saturated domestic ‘dairy’ market and limited exposure to foreign markets are expected to restrict the industry’s growth over the next 10 years. Gains in productivity mean that fewer workers will be required to meet production targets. As a result, the industry’s labour gap is expected to shrink.

Industry Overview

While the ‘dairy’ industry has shed more than a third of its workers since 2009, it is still a significant agricultural employer, employing 39,900 workers, or 11% of the total agricultural labour force, as of 2014.

The ‘dairy’ industry includes operations that primarily engage in milking ‘dairy’ cattle. The market for the industry’s product is primarily domestic, and the combination of domestic market saturation and limited foreign-market exposure has resulted in the most stable production outlook of any industry in the agriculture sector.

Canada’s ‘dairy’ industry is geographically concentrated, with Ontario and Quebec accounting for three-quarters of the industry’s workforce. While this industry will be far less affected by labour shortages than other agricultural industries, the lack of workers is still expected to cost the industry money, impede growth potential, and delay or cancel expansion plans, with managerial positions being the hardest to fill.

The industry is almost entirely made up of domestic workers: foreign workers account for only 0.7% of the workforce.

In 2014, the ‘dairy’ industry employed 39,900 people.

The industry was unable to fill 3,400 jobs, which cost the industry $71 million.

Within 10 years, the labour gap will narrow, with only 1,100 jobs going unfilled by 2025.

* 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’.

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Labour Trends 2004–2014

Since 1995, the number of 'dairy' farms has fallen by half as a result of industry consolidation. This trend, along with productivity gains and lower demand for 'dairy' products in the Canadian market, have reduced the number of workers required by the 'dairy' industry. Since 2004, the demand for labour in this industry has declined by an average of 2.4% per year.

'Dairy' workers are concentrated in Ontario and Quebec, with Quebec accounting for 45% of 'dairy' workers and Ontario for 30%.

In 2014, labour shortages cost the 'dairy' industry an estimated $71 million, or 0.9% of sales.

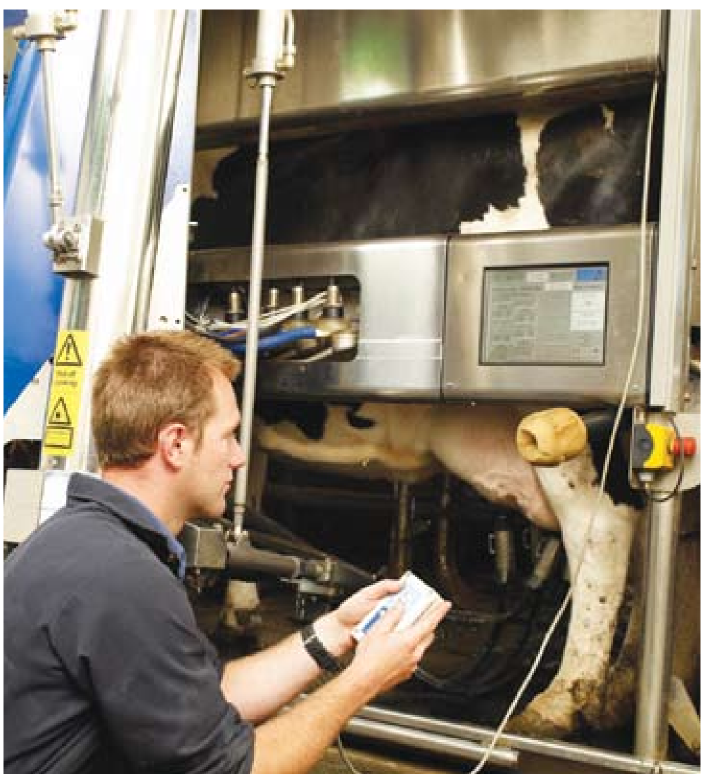
Our industry survey revealed that:

- **24%** paid overtime costs due to labour shortages
- **16%** delayed or cancelled expansion plans due to lack of workers
- **39%** couldn't find workers with the right qualifications, skills, and experience

Industry Forecast to 2025

A saturated market for 'dairy' products, a stable production outlook, and a steady decline in the number of 'dairy' farms will all impact the need for workers over the next decade.

The 'dairy' industry has the most stable production outlook in the agriculture sector, with output expected to grow by an average of just 0.3% per year between 2014 and 2025, compared to 2.2% growth for all of agriculture.



This will impact the demand for labour. The number of workers the industry needs to meet its potential production targets will decline by 3,600 positions between 2014 and 2025. The number of people available to work in the industry will also decline from 41,300 to 38,600 during this time period, but because the decline in worker availability is slower, the industry's labour gap is actually expected to shrink from 3,400 in 2014 to just 1,100 by 2025.

However, labour shortages will not be evenly distributed across the provinces. Quebec is predicted to have more workers than they need in the next 10 years, while Ontario, Alberta, and Saskatchewan will face a significant shortage of workers.

Meeting the Challenge

The 'dairy' industry's stable production outlook is expected to decrease the need for more workers between now and 2025. As a result, this industry is not as vulnerable to the labour issues other agricultural industries will face in the coming years. In fact, 'dairy' will have the most balanced labour market in the agriculture sector.

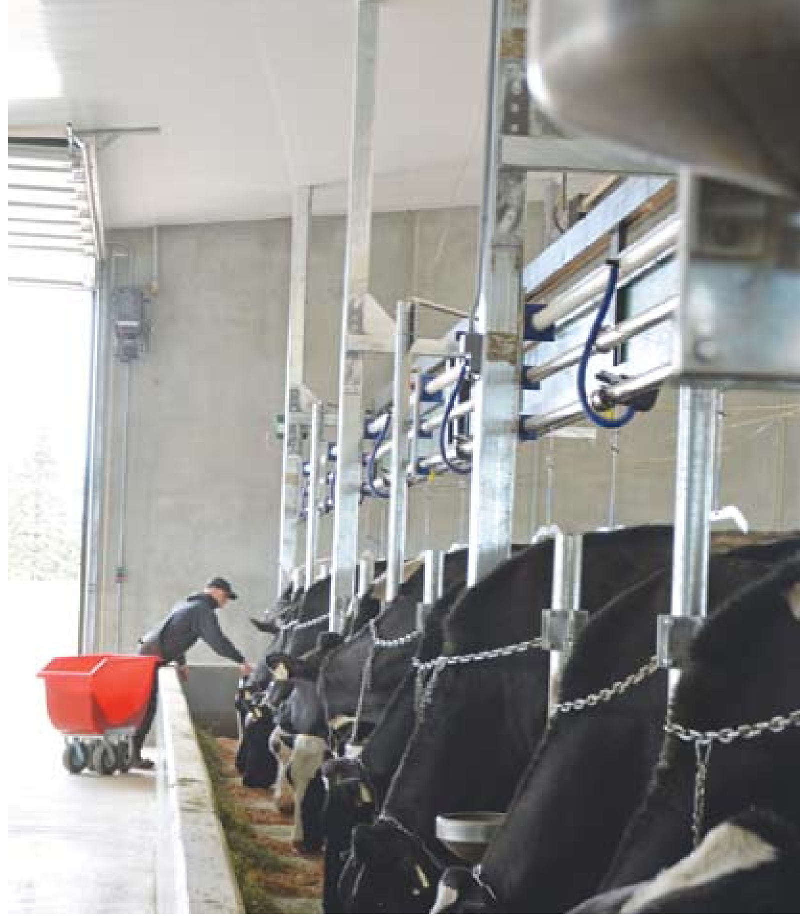
The 'dairy' industry still faces unique challenges:

- A high rate of retirements, particularly among owner-operators and managers, will create a labour gap at the more senior levels.
- The industry struggles to find workers with the right qualifications, skills, and experience, and it may need to support more formal training for workers.
- While Quebec, the biggest 'dairy' employer, will see a labour surplus, Ontario, Alberta, and Saskatchewan will all face significant labour shortages.

It also benefits from these advantages:

- The industry is less affected by seasonality and variability in its hours of operation, which makes it a more stable, attractive employment option.
- Rates of involuntary and voluntary turnover (at 5% and 15%, respectively) are below the average for all agricultural industries.

For more information on production trends and labour market challenges for the 'dairy' industry, please refer to the accompanying report available at www.AgriLMI.ca.



About This Fact Sheet

This fact sheet looks at key labour trends in Canada's dairy industry. The data is based on the results of a three-year study that examined the labour market in Canada's agriculture sector. Information was collected by modelling labour demand and supply by province, commodity, and occupation; conducting a survey of and interviews with more than 1,000 sector stakeholders; and validating the results through focus groups and webinars. To read the accompanying report, or to access additional provincial, commodity, or national fact sheets and reports, please visit www.AgriLMI.ca.

The study was initiated by the Canadian Agricultural Human Resources Council (CAHRC), a national, nonprofit organization focused on addressing human resource issues faced by agricultural businesses across Canada. For more information about the Council and its products and services for Canada's agriculture sector, please visit www.cahrc-ccrha.ca.

Photo credits: Alberta Milk, Lydia Schouten