



Canada's Agriculture Sector Labour Market Forecast to 2025

A widening gap between the labour requirements and the available domestic workforce for Canada's agriculture sector will create challenges for this vital part of the country's economy in the years ahead.

Introduction

The agriculture and agri-food sectors, which include primary agriculture, aquaculture, food and beverage processing, input and service suppliers, food distribution, retail, wholesale, and foodservice industries, are a major economic force in Canada. These sectors employ over 2.3 million Canadians and account for one in eight jobs in the Canadian economy, or 12% of total Canadian employment. They contribute over \$108 billion dollars annually, or 6.6% of Canada's GDP, and as demand for Canadian food and agriculture products increases worldwide, this contribution to the economy is expected to grow significantly.

* 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'.

The primary agriculture sector includes 11 key agricultural industries: 'apiculture'*, 'aquaculture'; 'beef'; 'dairy'; 'field fruit and vegetable'; 'grain and oilseed'; 'greenhouse, nursery, and floriculture'; 'poultry and egg'; 'sheep and goat'; 'swine'; and 'tree fruit and vine'. Without a thriving primary sector, the entire agri-food value chain is at risk. However, this sector faces labour challenges that threaten its continued growth. The area of greatest concern to agricultural employers and sector stakeholders is the persistent lack of workers, especially workers with the right skills who are located in areas where agricultural jobs are located.

In 2014, the nation's agriculture and agri-food sector employed 2.3 million Canadians.

The agriculture sector was unable to fill **26,400 jobs**, which cost it **\$1.5 billion**.

Without foreign labour, **59,000 jobs** would have been at risk, which is equivalent to **7% of the labour force**.

By 2025, the sector will have nearly 114,000 more jobs than can be filled by the domestic labour force.



To examine these challenges, the Canadian Agricultural Human Resource Council conducted a three-year Labour Market Information (LMI) research project. These research findings, together with input collected from commodity value-chain roundtables, industry associations, educational institutions, and agriculture and agri-food businesses, identify the key issues contributing to Canada's agricultural labour shortages and the impact they are likely to have on the sector between now and 2025.

Labour Trends 2004–2014

Between 1990 and 2014, Canada's agriculture sector saw the strongest productivity gains of any major sector in the country.

Towards the latter half of this period, Canada's agriculture sector underwent significant changes, with a trend towards consolidation that resulted in a smaller number of much larger farms. The product mix for the agriculture sector also changed, as farm operators responded to changing market conditions and leveraged technology to maximize the value of Canada's arable land. In addition, the sector saw a rapid rise in productivity during this time, with farm

In 2014, Canada's agriculture sector was unable to fill 26,400 jobs, which cost an estimated \$1.5 billion, or 2.7% of sales.

According to our survey, of the 41% of agricultural producers who could not find enough workers:

- 56% experienced production delays
- 55% experienced production losses
- 46% experienced lost sales

operators producing far more output today with fewer workers.

The effects of farm consolidation and higher productivity helped to reduce the need for additional labour; as a result, the sector's labour demand grew very slowly between 2004 and 2014, rising by an estimated 0.1% per year.

Despite the slow growth in the demand for labour, the sector's labour gap has steadily widened. In 2004, the sector had over 30,100 more jobs than the domestic agricultural workforce could fill; by 2014, that figure had nearly doubled to 59,200.



To address these labour shortages, Canada's agriculture sector has relied increasingly on foreign workers. In 2014, the sector filled about three-quarters of its labour gap with this labour source, and more than one in ten people in Canada's agricultural workforce (12%) were foreign workers.

Still, the sector was unable to fill 26,400 jobs in 2014, which is equivalent to 7% of the sector's workforce at its seasonal peak. This inability to fill agricultural jobs cost the sector \$1.5 billion in lost sales, or 2.7% of sales, and had other significant consequences. Our survey showed that of producers who could not find enough workers, 56% experienced production delays due to the lack of workers, and 55% experienced production losses. Labour shortages also affect the future growth of Canada's agriculture sector, with 40% of these producers reporting that they delayed or cancelled expansion plans due to the lack of available labour.

Sector Forecast to 2025

Between now and 2025, a growing global market for Canada's agricultural products is expected to increase the demand for labour. In particular, the rising global demand for food, especially animal protein, will be a key growth driver. In addition, the sector's strong productivity growth is expected to slow over the forecast period, which will further increase the demand for labour. Overall, labour demand for Canada's primary agriculture sector is expected to grow by an average of 0.5% per year over the forecast period.

At the same time, the size of the workforce is expected to shrink, mainly due to the rising number of retirements and fewer younger workers entering the labour force. While every sector in Canada will be impacted by the aging workforce, the agricultural labour force is considerably older than the average. In fact, over 16% of agricultural workers are over the age of 65, compared to 4% of the general labour force. The sector is expected to see 93,000 workers retire between 2014 and

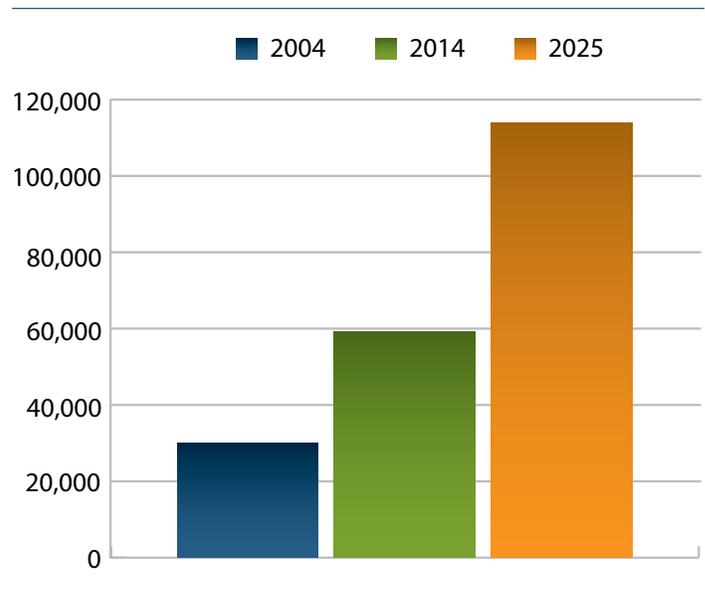
2025, which is equivalent to 27% of the current agricultural workforce, or more than one in four workers.

A shrinking number of young people leaving school will be another key factor limiting the sector's labour supply in the years to come. The number of Canadians aged between 15 and 24 years is expected to decline in the years to come, falling from a high of 4.6 million people in 2013 to about 4.4 million in 2025. Almost every province, with the exception of Alberta and Saskatchewan, is expected to see a decline in its young population, with fewer people leaving school and looking for work than in the past. Overall, roughly 300 fewer young workers per year are expected to enter the agricultural workforce throughout the forecast period.

As a result of these demographic forces, the sector's labour gap is expected to double, putting nearly 114,000 jobs at risk of going unfilled by 2025. This is equivalent to 27% of the total demand for labour, or more than one in four jobs.

Canada's Agriculture Sector Faces a Widening Labour Gap

Number of jobs at risk of going unfilled

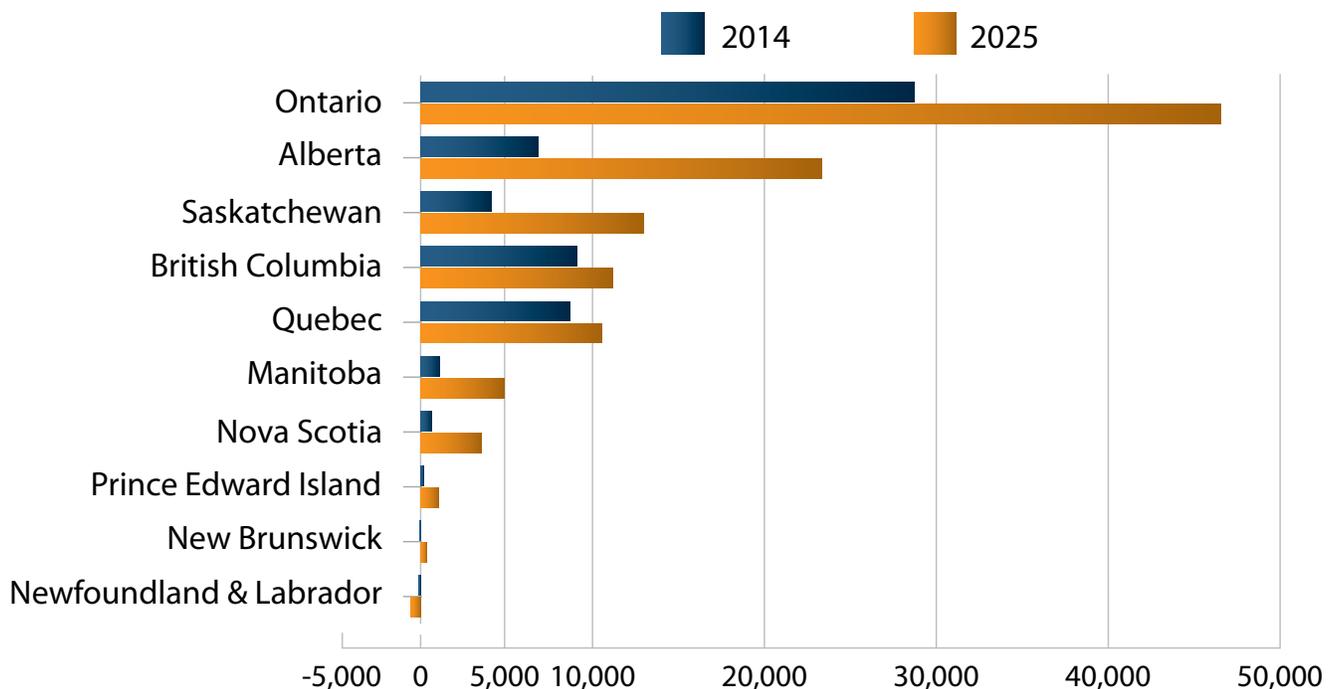


Provincial Overview

The labour gap will affect each province differently, with Ontario expected to see approximately 46,000 jobs at risk. This is the largest share of any province, and double that of Alberta, the province with the second-largest share. However, Alberta has one of the fastest-growing gaps; between 2014 and 2025, it will more than triple in size, rising from 7,000 jobs to 23,000. British Columbia and Quebec will both see more moderate shares of the labour gap, each with 11,000 jobs potentially going unfilled. At the other end of the spectrum, New Brunswick is expected to have a negligible labour gap, and Newfoundland and Labrador will see a small labour surplus.



Expected Changes in the Share of the Labour Gap, By Province

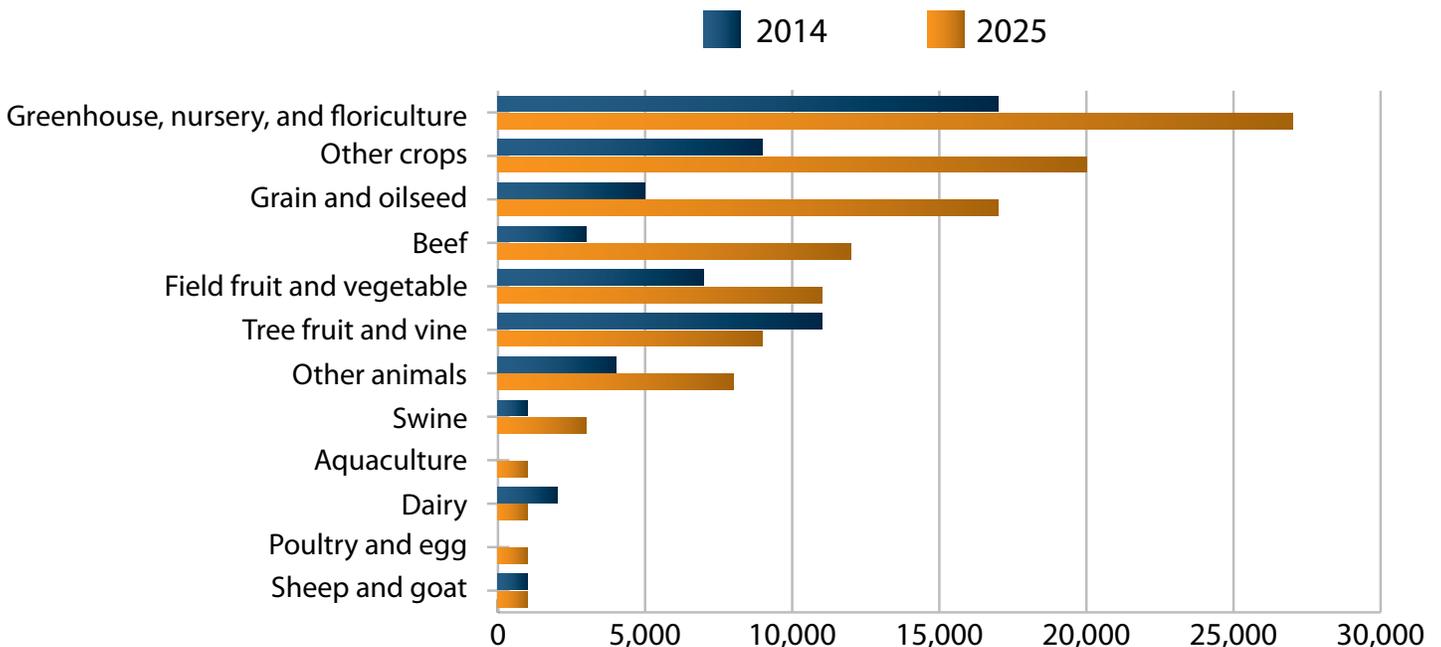


Commodity Overview

Each commodity group will experience a labour gap to a different degree. The 'greenhouse, nursery, and floriculture' industry will continue to have the largest labour gap; with 27,000 more jobs than available domestic workers by 2025, this commodity group will account for nearly one-quarter of the sector's labour gap. Other horticultural commodities will also continue to experience significant labour gaps. However, 'grain and oilseed' producers and 'beef' producers will see the largest increases in their labour gaps, in addition to accounting for much of the increase in the labour gap for the sector as a whole. The other commodity groups will generally be impacted less acutely, although these gaps are still sizeable relative to the total demand for labour. By contrast, the 'poultry and egg' industry and the 'dairy' industry account for a small share of the gap and are expected to have the most balanced labour markets over the forecast period.



Expected Changes in the Share of the Labour Gap, By Commodity



Meeting the Challenge

Canada's agriculture sector must navigate a future in which a strong production outlook and a growing need for labour coincides with a shrinking domestic labour pool. Looking ahead to 2025, the sector faces a situation in which domestic workers will not be available to fill 27% of its jobs. In other words, more than one in four agricultural jobs could be at risk of going unfilled.

Given that in 2014, a labour gap equivalent to just 7% resulted in lost sales of \$1.5 billion, this reality could significantly impact the sector's profitability and growth potential.

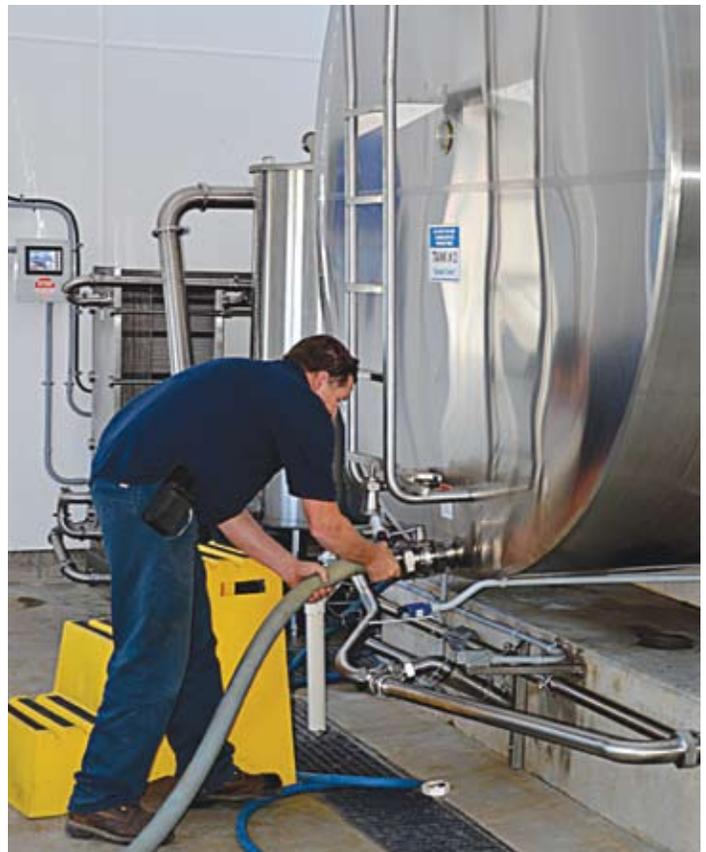
The agriculture sector faces a unique combination of labour challenges:

- The sector has the second-highest turnover rate of any Canadian sector; in 2014, the voluntary turnover rate was estimated at 18.3%, which is more than double the average voluntary turnover rate of 7.3% across all sectors in Canada.
- The sector's ability to recruit and retain workers is hindered by issues such as seasonality and variability in hours, rural locations of many agricultural operations, competition with other sectors for workers, the physical nature of the work, and the lack of workers with the right skills and experience.



- An older-than-average agricultural workforce is expected to reduce the size of the agricultural workforce, with 93,000 workers (or 27% of the total workforce) expected to retire between 2014 and 2025.
- Every province except Alberta and Saskatchewan will see a shrinking number of young people; between 2014 and 2025, 300 fewer young workers per year are expected to enter the agricultural workforce.

These challenges are significant, and require a coordinated effort on the part of agricultural employers, government ministries, educational institutions, sector councils, and other stakeholders. The sector data collected and analyzed by the LMI identified potential solution areas that align with the findings of the Workforce Action Plan, a roadmap published by the Labour Task Force after extensive consultation with industry stakeholders, including commodity value-chain roundtables, industry associations, educational institutions, and agriculture and agri-food businesses.



The key solution areas identified by industry stakeholders through the Workforce Action Plan include:

- **Improve access to foreign workers** to supplement the dwindling domestic workforce and enable employers to meet the labour needs of highly seasonal operations.
- **Attract more domestic workers** by promoting the vast number and types of agricultural jobs available across Canada and delineating clear career pathways to job seekers, students, and educators.
- **Increase awareness of agriculture careers** and enhance recruitment and retention efforts with a collective career-promotion and training tool for job seekers, students, and educators.
- **Enhance worker knowledge and skills** by improving the availability and accessibility of learning options, especially in rural areas where agricultural operations tend to be located.
- **Align training resources with workplace needs** and support on-the-job training requirements to ensure that today's students can meet tomorrow's needs.
- **Improve human-resource management** by giving managers and supervisors the support, knowledge, and training they need to enhance recruitment, employment, and retention efforts.



For more information on production trends and labour market challenges for Canada's agriculture sector, please refer to the accompanying report available at www.AgriLMI.ca. Additional reports are available for each province and major commodity area.

About This Fact Sheet

The data cited in this fact sheet 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.

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