



How Labour Challenges Will Shape the Future of the 'Field Fruit and Vegetable' Industry:

Agriculture Forecast to 2029



Canada's agriculture sector faces unique labour market challenges in the coming years, and so will the 'field fruit and vegetable' industry. This report explores some of the workplace trends and realities that will shape this industry between now and 2029.



Industry Overview

The 'field fruit and vegetable'* industry is a significant agriculture employer with substantial labour challenges. Over the next decade, those challenges will intensify as a shrinking pool of domestic workers and an increased reliance on foreign workers will make the industry even more vulnerable to labour policy changes and lost sales due to labour shortages. The 'field fruit and vegetable' industry includes farms that produce potatoes and other root vegetables, melons, sweet corn, tomatoes, peppers, and other vegetables not grown under cover. Jobs in this industry tend to be labour intensive and highly seasonal.

In 2017, the 'field fruit and vegetable' industry employed 24,000 people, or roughly 7% of the total agricultural workforce. The industry relies heavily on foreign workers to stay productive. Foreign workers accounted for 43% of the industry's workforce. Even with a high percentage of foreign workers, the industry was unable to fill 1,500 jobs in 2017.

Most of the industry's workforce (43%) is located in Ontario, followed by Quebec (14%), British Columbia (13%), and Alberta (12%).

*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'.

'Field fruit and vegetable' industry at a glance

In 2017:

- 24,000 people employed
- 43% foreign workforce
- 1,500 jobs left unfilled
- 403 million in lost sales due to labour shortages

In 2029:

- 1,800 fewer domestic workers available
- 37% of the workforce lost to retirement
- 14,500 more jobs than the domestic workforce can fill

The market for 'field fruit and vegetable' products is becoming increasingly saturated, with market demand and industry output growth expected to slow over the next decade. However, the industry will still be challenged to find enough workers to maintain this production growth and avoid lost sales due to worker shortages.



Production Trends

Despite slower growth in the market for Canada's field fruits and vegetables, the industry is expected to see a more pronounced slowdown in productivity growth (the output each worker can produce). As a result, the industry will need additional workers to meet its production potential. However, the dwindling supply of domestic workers means that the industry's labour challenges will continue to grow over the next decade.

Historically, the 'field fruit and vegetable' sector has outpaced other horticulture commodities in terms of the average output of each worker. Since 2007, the industry has increased output-per-worker by an average of 2.4% per year. The industry's productivity gains and the market demand for products has enabled the industry to increase overall product output by 2.5% during this time. However, slower growth in market demand for these products will make it hard to sustain the same rate of increase in the coming years.

Canada's 'field fruit and vegetable' products have only a limited exposure to foreign markets, and the domestic market is becoming increasingly saturated. This means that over the next decade, additional growth in domestic per capita consumption of fruit and vegetable products will be limited. As a result, output growth is expected to slow to 2.0% per year from now until 2029.

Slower growth in output will mean that the industry's need for workers will rise more modestly than it has in the past. Over the next decade, the total number of workers required to service the industry will rise by 0.6% per year, reaching 27,500 workers by 2029.

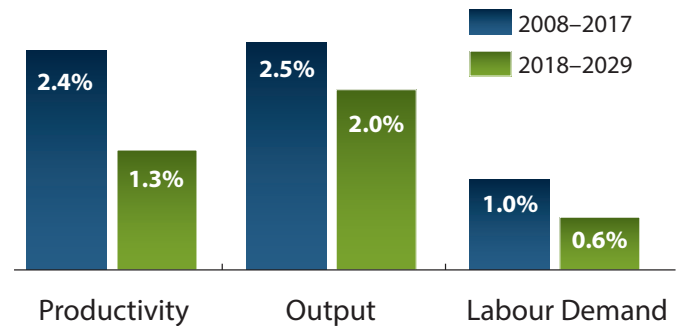


RESEARCH HIGHLIGHTS

- **49%** of 'field fruit and vegetable' producers were not able to find all the workers they needed in 2018, compared to 47% for all agriculture.
- **50%** of 'field fruit and vegetable' producers expect employment at their farm to rise over the next five years, while only 18% expect to see a decline.

Productivity, Output, and Labour Demand Trends

(average annual percentage change)



Labour Forecast

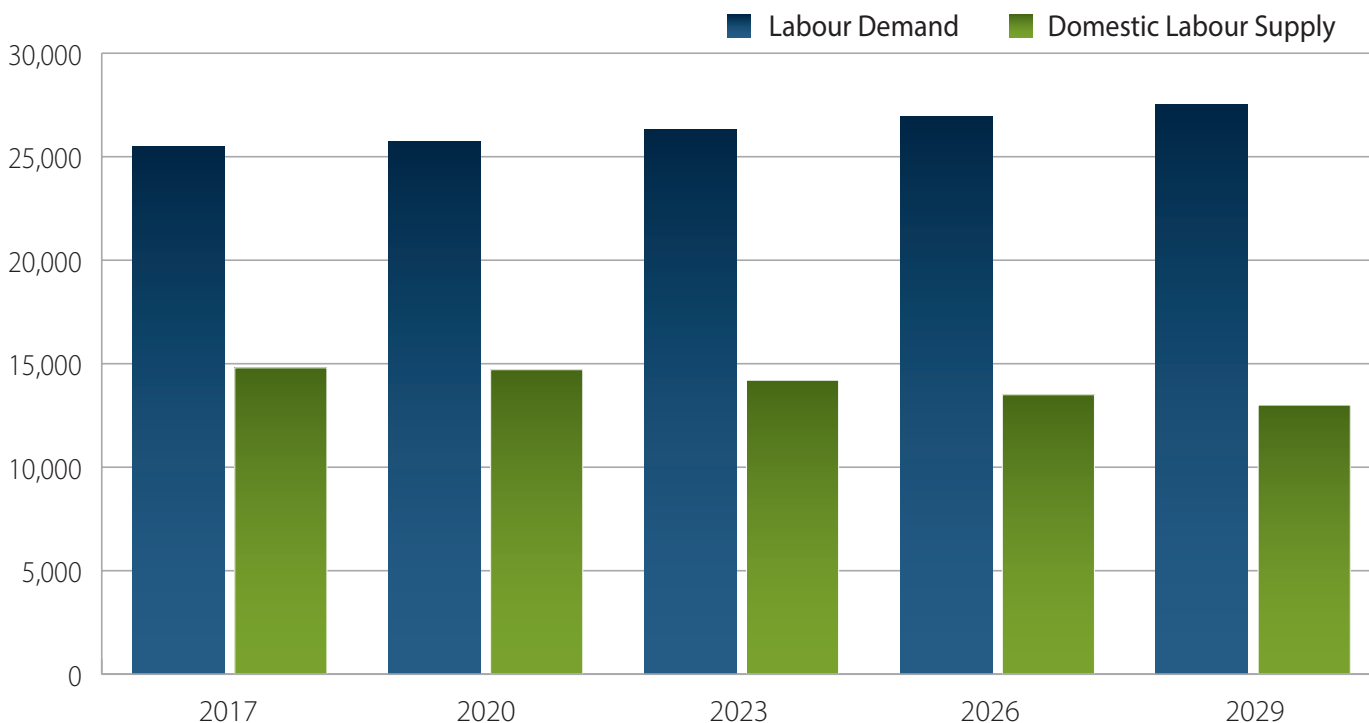
While market demand and industry productivity are slowing, the industry is still at risk of losing sales and missing production targets due to domestic labour shortages and a growing need for workers. Over the forecast period, the number of workers required by the 'field fruit and vegetable' industry is expected to grow by an average of 0.6% per year, rising from 25,500 in 2017 to 27,500 in 2029.

During the same time, the domestic supply of labour is expected to shrink by 1,800 workers. As a result, the number of jobs that can't be filled by the domestic labour supply will increase by 3,800 over the next decade, reaching 14,500 jobs, which is 53% of the total demand for workers in 2029. This is the second largest imbalance, in relative terms, of any agricultural commodity.

In other words, to reach its production potential and meet the market demand for product, this industry will be tasked with finding 14,500 workers beyond what can be expected from domestic sources.



The Labour Gap Widens for the 'Field Fruit and Vegetable' Industry



Regional Trends

While every region in the 'field fruit and vegetable' industry will face labour shortages, Ontario will be most seriously affected.

Together, Ontario and Quebec account for the majority of the industry's workforce, with Ontario alone accounting for 43% of 'field fruit and vegetable' workers. In 2017, Ontario relied on 6,650 foreign workers, amounting to just less than two-thirds of all foreign workers employed in the 'field fruit and vegetable' industry.

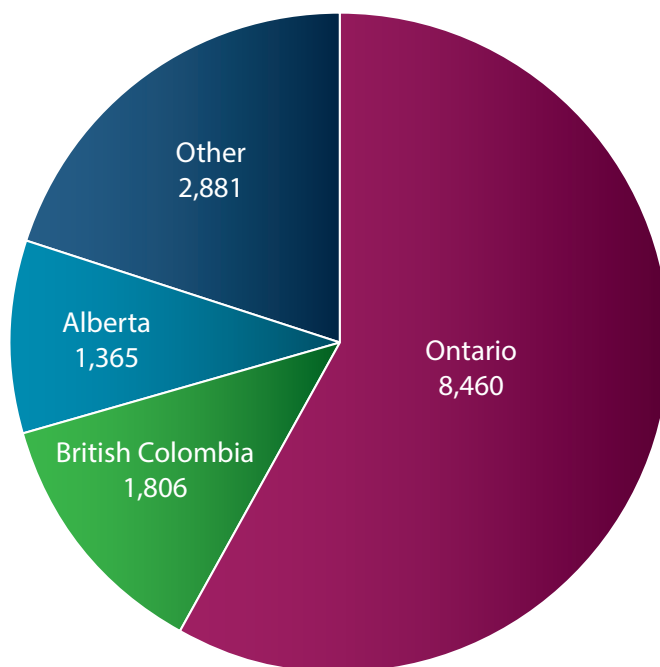
While Prince Edward Island accounts for a relatively small proportion of the total number of workers in the 'field fruit and vegetable' industry, this industry is a significant agriculture employer in the province, accounting for just under one-third (30%) of the province's total agriculture workforce. The industry is also a significant employer in New Brunswick and Newfoundland and Labrador, accounting for 11% and 10% of the total agriculture workforce, respectively.

By 2029, the industry's labour challenges will hit Ontario the hardest, with 8,500 jobs that can't be filled by the supply of domestic workers. British Columbia and Alberta will also experience significant shortages, with 1,800 and 1,400 jobs that will either go unfilled or be filled by foreign workers.

Demographic Trends

The 'field fruit and vegetable' industry's domestic labour supply has fallen in recent years, and this trend is expected to continue through 2029. A significant number of retirements affecting the workforce will be the key factor contributing to the decline in the domestic labour supply. Over one-third of the current workforce (37%) is expected to retire over the forecast period, which is on par with all of agriculture.

Number of Industry Jobs at Risk by 2029



Financial Impact

In 2018, labour shortages impacted the 'field fruit and vegetable' industry more heavily, in dollar terms, than all agriculture industries except 'grain and oilseed'. As the supply of domestic labour dwindles over the next decade, the costs will climb even higher.

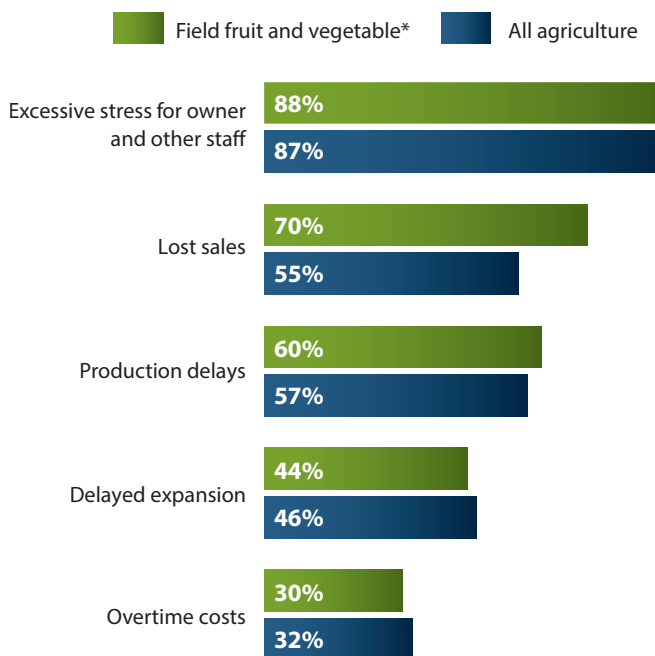
An inability to fill 1,500 vacancies, which is equivalent to 10% of the total jobs needed to support the 'field fruit and vegetable' industry, cost the industry \$403 million in lost sales in 2018. This represents 6.2% of the industry's total sales that year.

However, lost sales were not the only financial impacts that the labour gap caused. Of 'field fruit and vegetable' producers who reported labour shortages, 88% of respondents reported excessive stress for owner and other staff, while 70% cited production losses, and 60% production delays.

As the labour gap widens, these financial impacts could cost the industry significantly more in dollar terms and inhibit its ability to grow to its full potential.



Impacts of Labour Shortages



*Based on responses of 73 field fruit and vegetable producers who reported not having access to all needed workers.



Labour Challenges

'Field fruit and vegetable' employers face specific challenges in recruiting and retaining enough workers.

The ability of the 'field fruit and vegetable' industry to find and retain enough workers is impeded by the high seasonality and variability in hours, and the physical work involved.

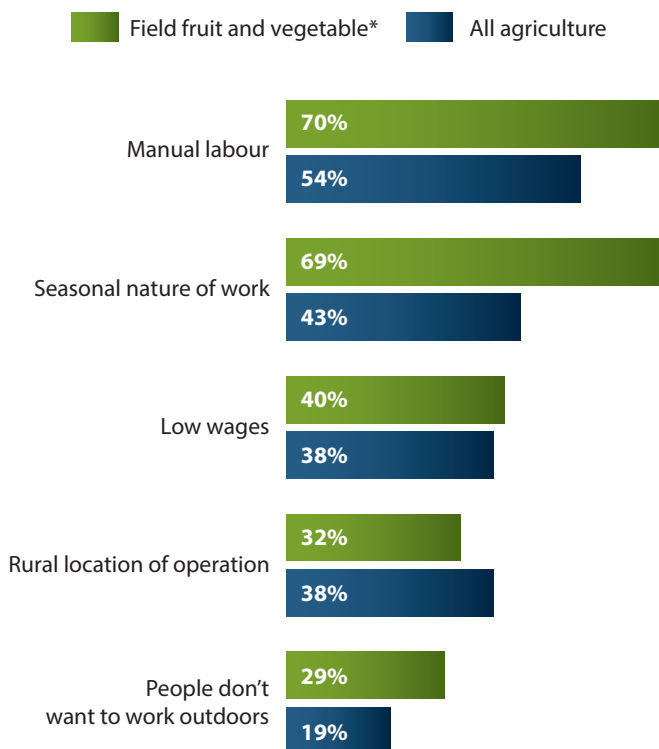
Recruiting Workers

The 'field fruit and vegetable' 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. For example, employers in this industry are much more likely than average to cite manual labour as a recruitment barrier. Indeed, 70% cited it a recruitment problem, compared to 54% of all agricultural producers across Canada. The seasonal nature of work was another key barrier to recruitment, with 69% of 'field fruit and vegetable' producers identifying it as an impediment to hiring, well above the 43% of employers across all agricultural industries.

On a positive note, industry employers were less challenged in finding workers with the right skills and experience. Of the industry employers that were surveyed, 23% reported a lack of qualified workers in their area impeded recruitment, while 24% cited a lack of experience in the sector. This compares favourably with a respective 32% and 30% of agricultural employers across Canada.



Challenges in Recruiting Workers



*Based on responses of 154 field fruit and vegetable producers.

Retaining Workers

The 'field fruit and vegetable' industry has a reasonable retention rate. Involuntary turnover rates are 2.7%, which is slightly above the agriculture sector average of 2.5%. At the same time, voluntary turnover rates in the 'field fruit and vegetable' industry are 11.6%, which is also above the sector average of 10.3%, but well below those seen in other horticulture industries. Overall, the survey results do suggest that 'field fruit and vegetable' employers have had slightly greater success in retaining staff relative to important comparator industries like 'greenhouse, nursery, and horticulture' and 'tree fruit and vine'.

Variability in hours—including seasonality and long hours in season—is the key barrier to this industry's ability to retain workers. Three in four industry producers (75%) reported it as an issue, compared to



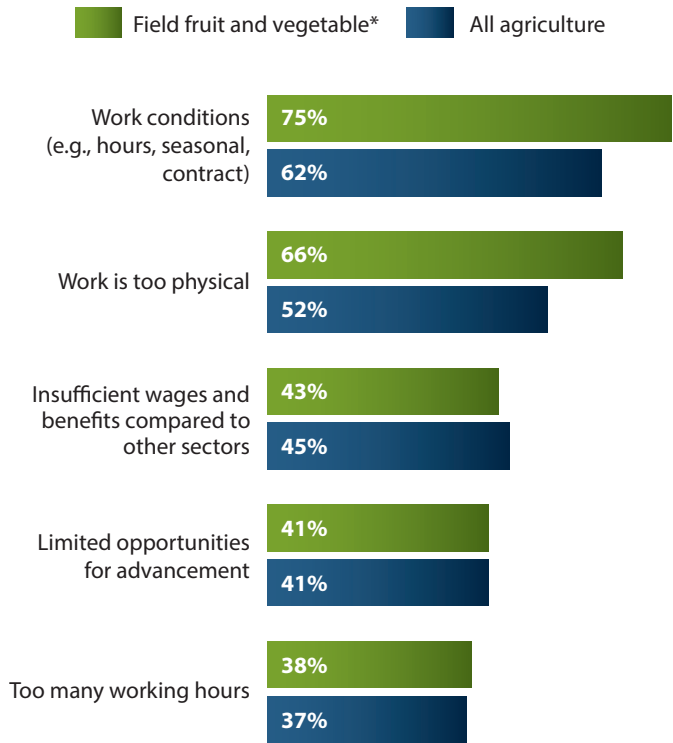
62% of all producers nationwide. Furthermore, 66% of the industry's producers cited the physical nature of work as a key retention challenge, while 38% reported too many working hours.

Toughest Jobs to Fill

Together, general farm workers and harvesting labourers account for 31% of the industry's current employment. The forecast for 2029 indicates that these two job categories will be the hardest for the 'field fruit and vegetable' industry to fill over the next decade. Between 2017 and 2029, the widening labour gap in this industry will create an additional 1,800 general farm worker jobs and 520 harvesting labourer jobs that the domestic labour supply can't fill.

While these two occupations will be most affected by the labour gap, the 'field fruit and vegetable' industry is unusual in that the gap will affect a wide range of occupations, including 770 manager in agriculture jobs, 470 jobs in finance, insurance, and related occupations, 420 in sales and service occupations, and 1,300 jobs in all other industry occupations.

Challenges in Retaining Workers



*Based on responses of 154 field fruit and vegetable producers.



Conclusion

As the industry with the second-greatest reliance on foreign workers, the shrinking domestic labour supply will create significant challenges for 'field fruit and vegetable' producers over the next decade. Despite robust productivity gains in the previous decade, the 'field fruit and vegetable' industry needed to expand its workforce to achieve its production trajectory. However, slower growth in output in the future will mean that the industry's need for workers will rise more modestly than it has in the past. But as the domestic labour supply continues to shrink, the industry will increasingly rely on foreign workers to maintain productivity levels.

This heavy reliance on foreign workers means that the 'field fruit and vegetable' industry must cope with the one of largest gaps in the entire agriculture sector between the number of jobs that need to be filled and the number of domestic workers available to fill them.



What is more, that gap is expected to grow until it is equivalent to 53% of the industry's labour demand in 2029. In other words, over half of industry jobs will either be filled by foreign workers or will go unfilled. Relying so heavily on foreign workers makes the industry vulnerable to policy changes or other unpredictable factors that could significantly reduce access to foreign labour.

In addition to its heavy reliance on foreign workers, the industry faces additional workforce challenges:

- ➔ Seasonal fluctuations in labour demand and the hard physical labour required on the job can make it harder to attract and retain workers.
- ➔ The industry has above-average turnover rates, which creates considerable cost and strain for employers.
- ➔ Labour shortages will heavily affect specific provinces, especially Ontario and British Columbia.

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

- ➔ Tapping into pools of workers who may only be interested in working part of the year (e.g. retired people) may help to address the sector's need for large numbers of workers for limited periods of time.
- ➔ It could explore innovative recruitment and retention practices.
- ➔ It could find ways to offset seasonal fluctuations, such as banking hours or partnering with employers whose seasonal peaks occur at different times of the year.

Finding solutions to the industry's considerable labour challenges will ensure that it can thrive in the years to come.



About This Report

This report represents an update to the Labour Market Information (LMI) study that the Canadian Agricultural Human Resource Council (CAHRC) undertook between 2014 and 2016. The purpose is to re-assess the labour market, project supply and demand for agricultural workers from 2018 until 2029, 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 several industry consultation activities conducted Canada-wide, including:

- **A large-scale survey** of 1,316 employers, 278 workers, and 110 industry stakeholders.
- **Eight webinars** focused on specific commodity groups, with 160 participants in total.
- An Advisory Group presentation.

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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