AGRI-LMI

LABOUR MARKET INFORMATION





How Labour Challenges Will Shape the Future of the 'Grain and Oilseed' Industry:

Agriculture Forecast to 2029

CANADIAN AGRICULTURAL HUMAN RESOURCE COUNCIL
CONSEIL CANADIEN POUR LES RESSOURCES HUMAINES EN AGRICULTURE
CAHRC-CCRHA

Canada

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

Industry Overview

One of Canada's largest agricultural employers, the 'grain and oilseed'* industry faces a widening labour gap that could significantly impede its ability to grow and reach its full market potential over the next decade.

The 'grain and oilseed' industry is one of the largest in Canada's agriculture sector, accounting for 11% of the total agriculture workforce. That workforce is generally comprised of domestic workers, with foreign workers making up only 0.4% of the total labour pool.

The industry includes farm operations that produce a wide variety of crops, with canola, wheat, soybeans, and feed corn being the industry's key products. Other industry products include pulses (such as lentils and dry peas), barley, oats, and fodder crops. Over 80% of the 'grain and oilseed' industry labour force is concentrated in the Prairies, with 44% located in Saskatchewan, 21% in Manitoba, and 20% in Alberta.

In the past decade, the industry saw some of the strongest production, productivity, and labour-force growth of any industry in the agriculture sector. However, it also saw the biggest sales losses, in dollar terms, due to labour shortages.

While production growth and productivity are expected to slow in the coming decade, the 'grain and oilseed' industry could face even greater losses during this time, as the available domestic labour force dwindles. By 2029, the labour gap will have quintupled in size, and the industry is predicted to have 10,600 jobs that can't be filled by the available domestic workforce.

*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'.

'Grain and oilseed' industry at a glance

In 2017:

- 38,750 people employed
- 2,000 jobs left unfilled
- 594 million in lost sales due to labour shortages

In 2029:

- 6,900 fewer domestic workers available
- 39% of the workforce lost to retirement
- 10,600 more jobs than the domestic workforce can fill

Production Trends

After a very strong growth performance over the past decade, production growth is predicted to slow down in the 'grain and oilseed' industry between now and 2029.

Between 2007 and 2017, a shift away from animal production and toward 'grain and oilseed' products, together with strong crop yields, resulted in an average growth in output of 5% per year, which is the strongest growth performance of any agriculture industry.

Now that the shift away from animal production has already had its effect on the industry, production gains over the next 10 years are predicted to slow to 2.5% per year. While this is a significant decline compared to the gains made in the recent past, it still remains one of the strongest growth outlooks in agriculture: only the 'aquaculture' industry will experience stronger production growth during this time.

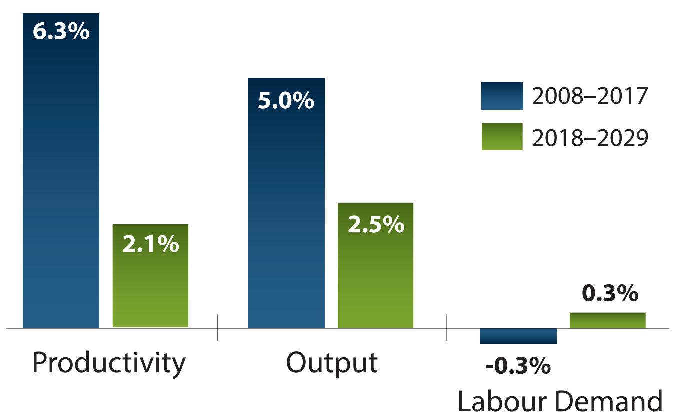
While the industry will sustain higher-than-average growth in output, the industry's productivity level, which is the output each worker can produce, will slow. As a result, the industry will need to grow its workforce to meet production targets. Labour demand is expected to grow by 0.3% per year between 2018 and 2029. This is roughly half the growth rate of the agriculture sector as a whole.

RESEARCH HIGHLIGHTS

- **41%** of 'grain and oilseed' producers were not able to find all the workers they needed in 2018, compared to 47% for all agriculture.
- **37%** of 'grain and oilseed' producers expect employment at their farm to rise over the next five years, while 17% expect to see a decline.

Productivity, Output, and Labour Demand Trends

(average annual percentage change)



Labour Forecast

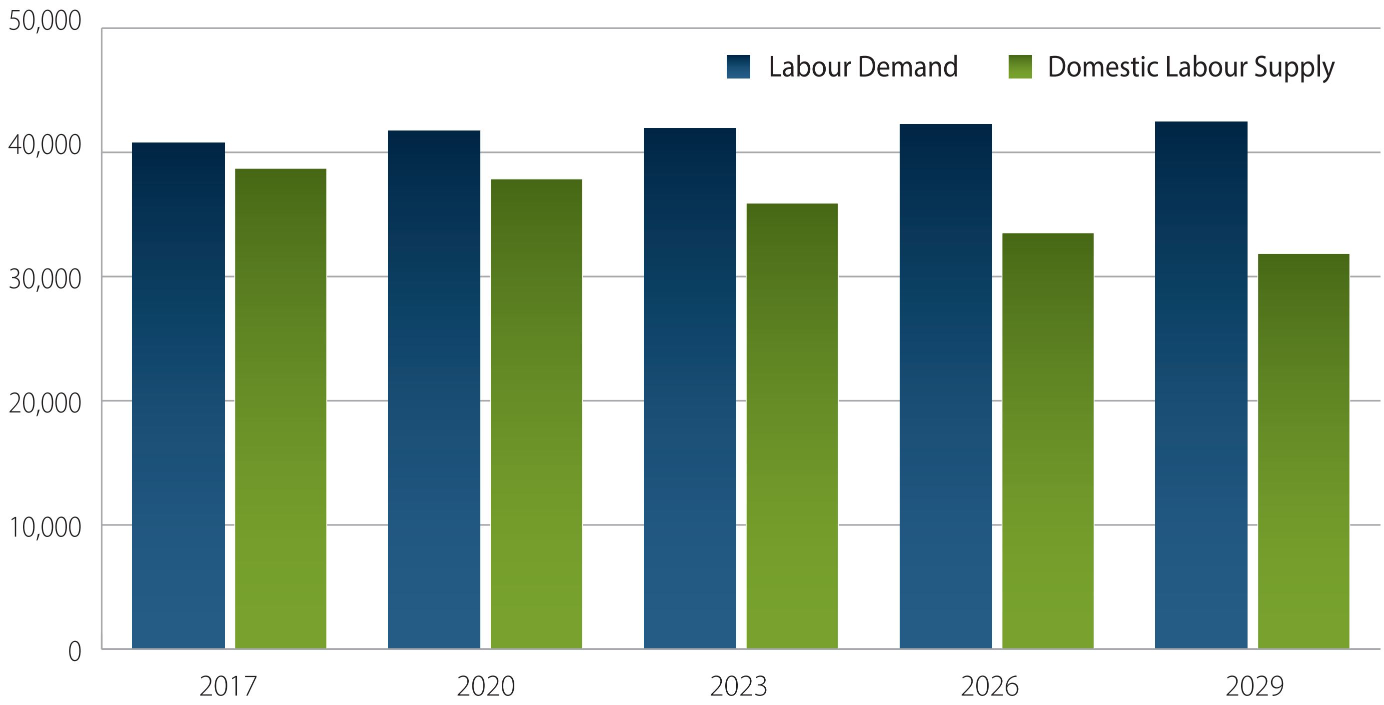
While the 'grain and oilseed' industry's strong growth outlook will require a bigger workforce to meet output targets, the domestic labour force is predicted to shrink, with retirement being one of the key factors affecting the labour supply.

The demand for workers in the 'grain and oilseed' industry is expected to grow by an average of 0.3% per year, from 40,800 in 2017 to 42,500 in 2029. The domestic supply of workers is expected to decrease by an average of 1.6% per year during the same time period. By 2029, the available workforce will have shrunk from 38,700 to 31,900 workers.

As a result, the labour gap will widen significantly, increasing by an average of 15% per year between 2018 and 2029. While there were 2,000 fewer workers than available jobs in 2017, that number will more than quintuple in the coming decade, reaching 10,600 in 2029. In other words, to reach its production potential, the industry will need to find 10,600 workers beyond what the domestic labour force can supply.

With no access to the Seasonal Agricultural Worker Program (SAWP) and the Agricultural Stream of the Temporary Foreign Worker Program (TFWP), this industry is unable to supplement its domestic workforce with foreign workers through these mechanisms.

The Labour Gap Widens for the 'Grain and Oilseed' Industry



Regional Trends

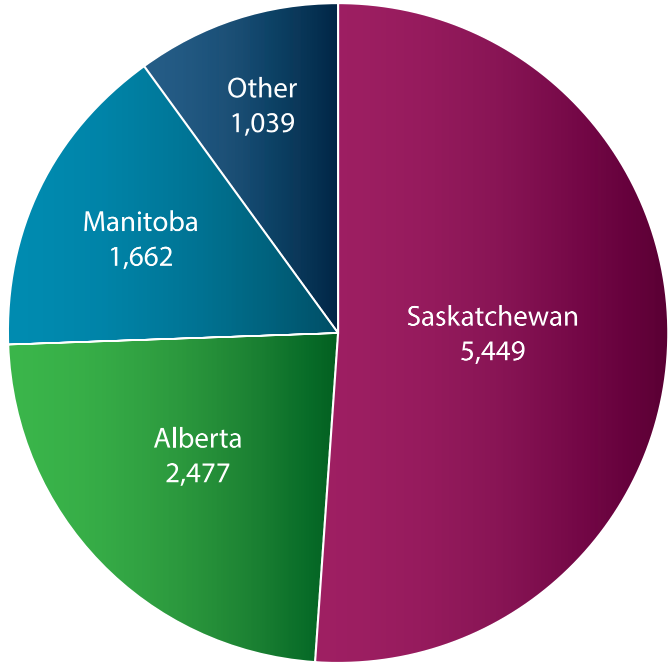
The ‘grain and oilseed’ industry is concentrated in the Prairies, and labour challenges are expected to impact this region most heavily.

Approximately 85% of the industry workforce is located in the Prairies: 44% is located in Saskatchewan, 21% in Manitoba, and 20% in Alberta. These three provinces also have the highest concentration of ‘grain and oilseed’ workers: just under half of Saskatchewan’s, 33% of Manitoba’s, and 14% of Alberta’s total agricultural workforce is employed by this industry.

As the labour gap widens over the next decade, the Prairies will be hardest hit by the labour shortage. Between now and 2029, Saskatchewan is predicted to see an additional 4,600 jobs that can’t be filled by the available labour pool. Alberta will see an additional 2,000 jobs at risk, and Manitoba will see 1,200.

Outside the Prairies, the labour gap will impact Quebec and Ontario most heavily, with an additional 400 and 350 jobs, respectively, going unfilled due to a lack of available workers.

Number of Industry Jobs at Risk by 2029



Demographic Trends

A high number of retirements will erode the available workforce between now and 2029.

The supply of domestic labour for the ‘grain and oilseed’ industry has shrunk from 44,700 in 2007 to 40,800 in 2017. Over the next 10 years, this labour force will continue to shrink in every province, and retirement will be a key factor.

In fact, the industry is expected to see 15,000 retirements between 2018 and 2029, a number equivalent to 39% of the current workforce. This is second-highest share among agricultural industries and above the average for the entire agriculture sector, where 37% of the current workforce is expected to retire between 2018 and 2029.

Financial Impact

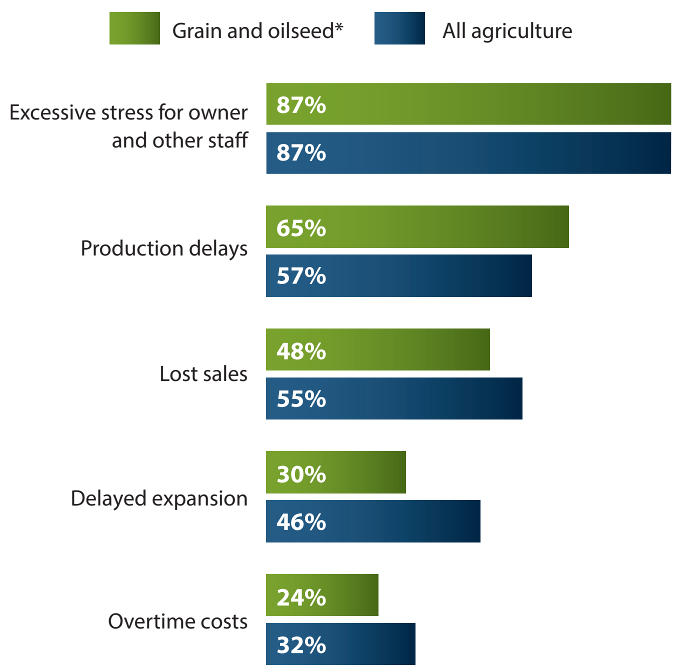
In 2018, labour shortages impacted 'grain and oilseed' more heavily, in dollar terms, than any other agriculture industry. As the supply of domestic labour dwindles over the next decade, the costs will climb even higher.

An inability to fill 2,000 vacancies, which is equivalent to 5.0% of the total jobs needed to support the 'grain and oilseed' industry, cost the industry $594 million in lost sales in 2018.

However, lost sales were not the only financial impacts that the labour gap caused. Of 'grain and oilseed' producers who reported labour shortages, 87% of respondents reported that labour shortages caused excessive stress for owner and other staff, 65% said they caused production delays, and 48% said they caused lost production. Virtually every producer was affected in some way by labour shortages: only 3% reported that a lack of workers did not impact their business in any way.

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 63 grain and oilseed producers who reported not having access to all needed workers.

Labour Challenges

'Grain and oilseed' industry employers face specific challenges in recruiting and retaining enough workers.

The ability of the 'grain and oilseed' industry to find and retain enough workers is impeded by a lack of skills or experience in the available workforce, the seasonality of the work, and the fact that operations are often in rural locations, where there are increasingly fewer people available locally to work.

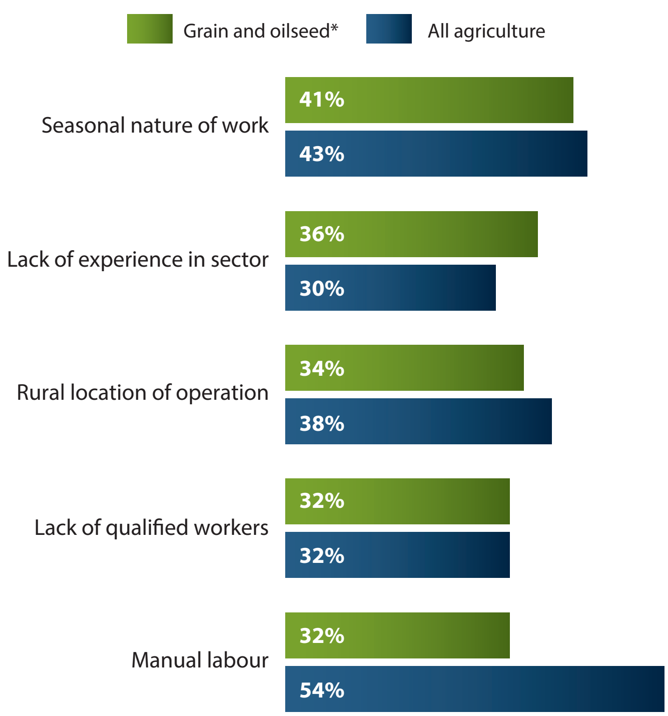
Recruiting Workers

'Grain and oilseed' employers are affected by many of the same recruitment issues facing agricultural industries across the country, including the seasonal nature of work.

However, the industry also faces some unique challenges. For example, 36% of 'grain and oilseed' employers consider the lack of workers with adequate experience to be a barrier to recruitment. This is above the average of 30% across the agriculture sector.

In addition, the trend toward depopulation in rural areas has made the rural location of most agricultural operations one of the top recruitment barriers for the industry. The 'grain and oilseed' industry is slightly more affected by this trend than the others, with 31% of industry employers reporting it as a key recruitment barrier, compared to 27% across the sector.

Challenges in Recruiting Workers



*Based on responses of 190 grain and oilseed producers.

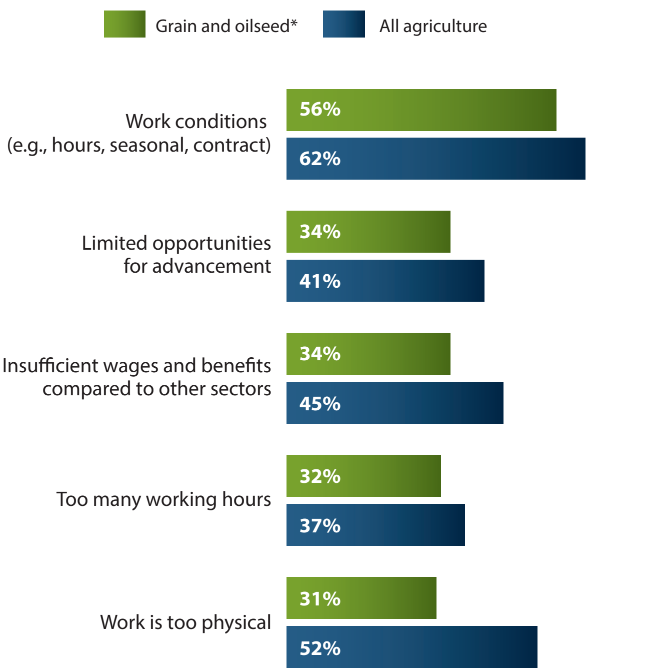
On a positive note, 'grain and oilseed' employers are much less likely to report manual labour a barrier to recruitment, with 32% of respondents citing it as a barrier to recruitment, compared to 54% of respondents across all agricultural industries.

Retaining Workers

While 'grain and oilseed' employers benefit from lower-than-average voluntary turnover rates (5.3% compared with the agricultural average of 10.3%), the involuntary turnover rate of 3.7% is the third highest among agricultural industries, and slightly above the agricultural average of 2.5%.

'Grain and oilseed' employers face a number of issues that impede their ability to retain workers. Work conditions, including seasonal variations and long hours in season, are an issue for just under

Challenges in Retaining Workers



*Based on responses of 189 grain and oilseed producers.

three-fifths of the industry's employers (56%), which is slightly below the agricultural average of 62%. In addition, limited opportunities for advancement is a key retention issue for 34% of the industry's employers.

On a positive note, employers in this industry are less affected by compensation: only 34% considered

insufficient compensation relative to other sectors an issue, compared to an average of 45% across agricultural industries.

Toughest Jobs to Fill

The 'grain and oilseed' industry will have the most trouble filling managers in agriculture positions, which include owner-operators and hired managers, and general farm worker positions.

By 2029, managerial roles will account for 61% of the labour gap, with 6,500 management-related jobs at risk of going unfilled because of a lack of domestic workers. General farm workers will account for 18% of the labour gap, with 1,900 jobs potentially going unfilled.

Roles in finance, insurance, and related business occupations and other management will represent just 5% of the gap, with 560 jobs at risk of going unfilled.

Conclusion

The 'grain and oilseed' industry is a large and growing part of Canada's agriculture sector, with promising foreign markets and strong production and productivity growth. However, a growing inability to find enough workers threatens the industry's growth potential.

With one of the largest workforces and a high reliance on domestic labour, the 'grain and oilseed' industry can only grow with access to an adequate pool of workers. However, the industry is already unable to fill approximately 5% of total jobs required to support production targets, a labour issue that resulted in a $594 million loss in product sales.

Over the next decade, the labour gap will more than quintuple, with one in four 'grain and oilseed' jobs (25%) potentially going unfilled due to a lack of available workers. If the issue can't be addressed, it will impede the industry's growth.

However, there are a significant labour challenges to overcome:

- 'Grain and oilseed' operations tend to be far from urban centres, and rural depopulation is thinning the available workforce further and requiring employers to provide housing for their workers.
- 'Grain and oilseed' producers do not have access to foreign workers through the SAWP and the Agricultural Stream of the TFWP.

- 'Grain and oilseed' production is concentrated in the Prairies, where competition for workers in natural resource sectors is intense.
- This industry's workforce is significantly older than the agricultural average and will be heavily impacted by retirements, with nearly two in five workers expected to retire between now and 2029.

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

- The work is less physical than average for jobs in agriculture.
- 'Grain and oilseed' producers enjoy below-average voluntary turnover rates.
- Perceptions of insufficient compensation compared with other sectors is less likely to impede recruitment and retention efforts within the industry.

Finding solutions to these 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 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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