



How Labour Challenges Will Shape the Future of Agriculture in Manitoba:

Agriculture Forecast to 2029



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 Manitoba between now and 2029.



Provincial Overview

An important economic force with a bright production outlook, Manitoba's agriculture sector faced a costly labour gap in 2018, and that gap is expected to widen over the next decade.

In 2017, Manitoba was home to the sixth-largest agriculture sector in Canada, employing 24,700 people, or 7% of Canada's agricultural workforce. Agriculture plays an important role in the province's economy, with 3.7% of the province's domestic workforce directly employed in agriculture. Only Saskatchewan and Prince Edward Island have a higher economic dependence on the sector.

Manitoba's top three agricultural employers are the 'grain and oilseed'* , 'beef', and 'poultry and egg' industries. Manitoba is the second-largest employer of 'grain and oilseed' workers in Canada, with 33% of the province's agricultural workforce employed by this industry. The 'beef' industry and 'poultry and egg' industry account for another 17% and 6% of the workforce, respectively.

The province has a very low reliance on foreign workers; only 2.8% of the province's agricultural workforce is foreign workers.

Manitoba's agriculture sector is aging; in 2016, 58% of Manitoba's agriculture sector workforce was 45 years of age or older. By 2029, we expect that the province will see 33% of its workforce lost to retirement. This trend will be a key contributor to the decline of the province's domestic agricultural labour supply which is forecast to fall by an average of 1.0% per year over the coming decade.

In 2017, the province was unable to find enough workers, and 1,100 jobs went unfilled as a result of labour shortages. Those shortages resulted in production losses and delays, as well as \$367 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'.

Manitoba's agriculture sector at a glance

In 2017:

- 24,704 people employed
- 3% foreign workforce
- 1,100 jobs left unfilled
- 367 million in lost sales due to labour shortages

In 2029:

- 27,000 workers needed
- 33% of the workforce lost to retirement
- 5,300 jobs at risk of going unfilled

Between now and 2029, the need for labour will grow even faster, driven by strong production growth in the 'grain and oilseed', 'beef', and 'swine' industries that collectively account for 54% of the province's agricultural workforce. With a growing demand for labour and a shrinking supply of workers, the labour gap will continue to widen, preventing the sector from reaching its full potential.

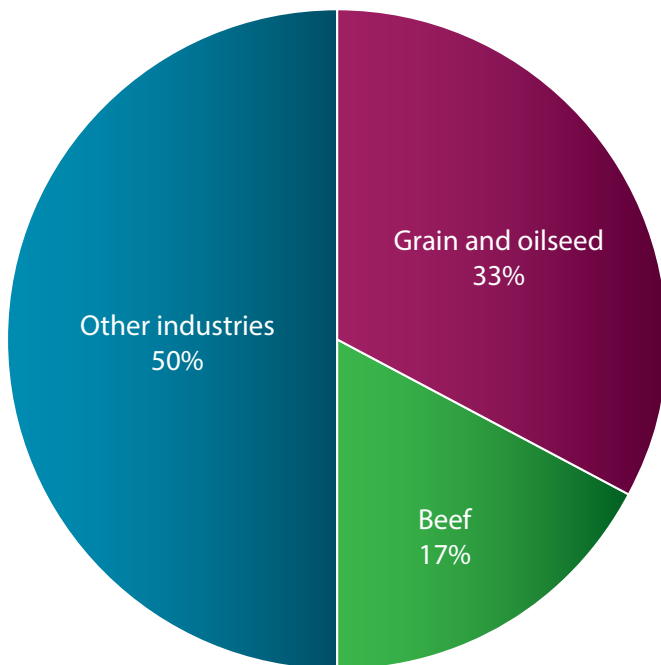


Key Agricultural Industries

Manitoba's agricultural workforce is dominated by the 'grain and oilseed' industry, with the province's 'beef' industry being the second-largest employer. In 2017, 33% of agricultural workers within the province were employed by the 'grain and oilseed' industry, with the 'beef' industry accounting for a further 17% of the workforce.

Manitoba accounts for a considerable share of Canada's agricultural employment in several industries. For example, the province employed 21% of the 'grain and oilseed' industry's workforce, making it the second-largest industry employer after Saskatchewan, which accounted for 44% of the 'grain and oilseed' workforce. Manitoba is also the fourth-largest employer of 'beef' workers, accounting for 9% of the industry's workforce. Only Alberta (34%), Saskatchewan (20%), and Ontario (19%) accounted for a larger share.

Manitoba's Agricultural Employment Profile



Production Trends

A strong production outlook for Manitoba's top two agriculture industries will boost the demand for labour across the province.

Over the past decade, a drop in North American market demand for beef has contributed to a decline in the number of animal farms in Manitoba. As a result, the province's need for workers declined more steeply than most other provinces, dropping by an average of 1.5% per year, double the rate of decline of 0.7% per year seen across Canada.

However, looking ahead to the next 10 years, a number of Manitoba's key agriculture industries have bright production outlooks that will reverse this downward trend and increase the demand for labour. Manitoba's top two agricultural employers are forecasted to see robust production growth: 'grain and oilseed' will grow by 2.5% per year, and 'beef' by 2.1% per year between now and 2029.

When a predicted increase in productivity, or the output each worker can produce, is factored into the equation, it reduces the overall demand for workers to some extent. However, to reach its production potential, Manitoba's agricultural workforce will need to grow.



Labour Forecast

A growing demand for labour and a shrinking supply of domestic workers will widen Manitoba's labour gap considerably, with the 'grain and oilseed' industry hardest hit by labour shortages.

The demand for agricultural workers in Manitoba is expected to grow by a modest 0.4% per year over the forecast period, rising from 25,800 workers in 2017 to 27,000 by 2029. This growth rate is slightly lower than the national average of 0.5%.

While the demand for labour will rise, the supply of domestic workers is predicted to shrink, with 2,700 fewer Canadian residents available to work in Manitoba's agriculture sector by 2029. This means that over the next decade, the number of jobs that can't be filled with domestic labour will more than triple, increasing from 1,400 to 5,300, and the percentage of jobs at risk will rise from 6% to 20% of the total workforce required to support the industry. In other words, within 10 years, one in five agricultural

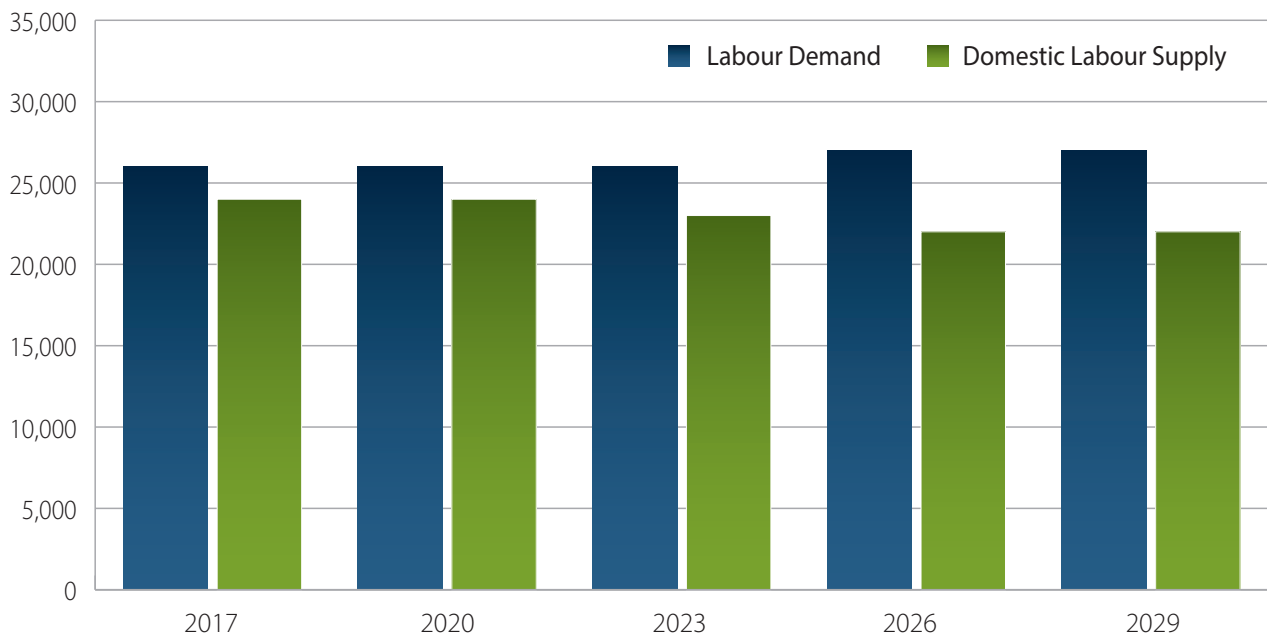
RESEARCH HIGHLIGHTS

- **52%** of Manitoba farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **53%** of Manitoba farmers expect employment at their farm to rise over the next five years, while only 16% expect to see a decline.

jobs in this province will remain vacant unless more domestic or foreign workers can be found.

The labour gap will widen further for some industries than others, and Manitoba's two most important agriculture industries will be hardest hit by labour shortages. The 'grain and oilseed' industry will need to cope with roughly 1,200 additional jobs that the available domestic labour pool can't fill, while the 'beef' industry will see an additional 900 jobs that can't be filled by the available domestic labour force accumulating by 2029.

The Labour Gap Widens for Manitoba's Agriculture Sector



Foreign Workers

Manitoba's agriculture sector has one of the lowest shares of foreign workers. Foreign workers accounted for just 2.8% of the province's agricultural workforce in 2017, compared to 17% for all of Canada. Only Newfoundland and Labrador and Saskatchewan had lower shares of foreign workers.

The low share of foreign workers is linked to the comparatively large number of workers in the province's 'grain and oilseed' industry. 'Grain and oilseed' commodities are not included on the National Commodities List, which is a list of agricultural commodities maintained by Employment and Social Development Canada. Only producers of commodities on the list qualify for the Seasonal Agricultural Worker Program (SAWP) and the Agricultural Stream, which are the two most common ways that farm operators gain access to foreign workers.

Demographic Trends

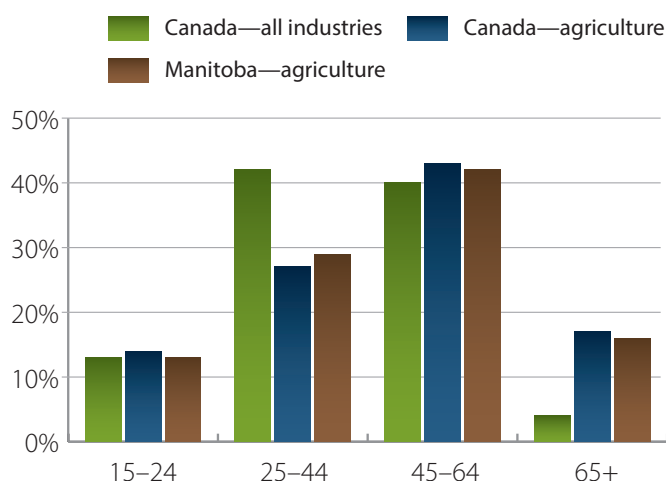
Manitoba's aging agricultural workforce will reduce the supply of available workers in the coming decade.

While Manitoba benefits from robust rates of international migration and a healthy number of school graduates, these factors will not offset the rising number of retirements driven by the province's aging agricultural workforce.

In 2016, 58% of Manitoba's agriculture sector workforce was 45 years of age or older, which is roughly on par with the Canadian agriculture sector average of 59%, but much higher than the average of 45% across all Canadian industries.

Because of the province's age profile, it is predicted to lose one in three workers (33% of its current domestic agricultural workforce) to retirement between now and 2029.

2016 Workforce Age Distribution



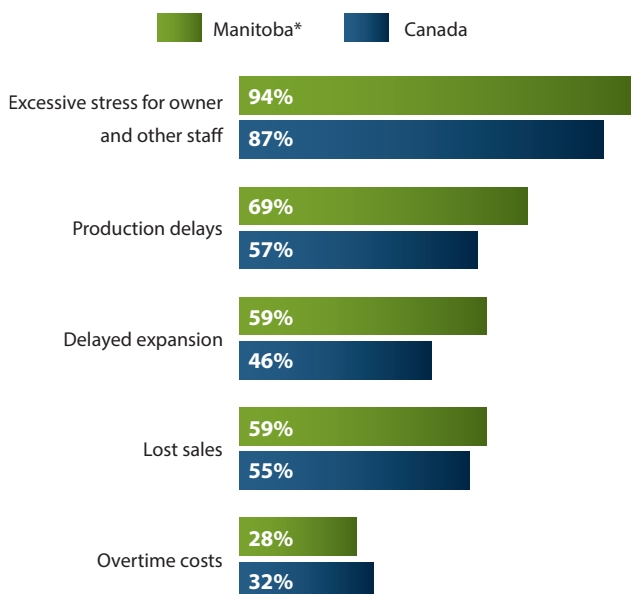
Financial Impact

Labour shortages hurt the province financially in 2018 and will continue to restrict profitability and future growth over the forecast period.

Manitoba's agriculture sector was unable to fill 1,100 jobs in 2017, which is equivalent to 4.5% of the total workforce needed. This was lower than the average of 5.4% across Canada. However, Manitoba's agriculture sector is still estimated to have lost 5.6% of its sales to labour shortages in 2018, a percentage equivalent to \$367 million. Because the product mix in Manitoba's agriculture sector results in a much higher ratio of sales per worker, each unfilled vacancy has a larger impact on sales.

Manitoba's agriculture producers also reported other issues related to labour shortages: Of producers who reported labour shortages, 94% reported excessive stress for owner and other staff, while 69% reported production delays. Labour shortages are also likely

Impacts of Labour Shortages



*Based on responses of 32 producers in Manitoba who reported not having access to all needed workers.

to impede the province's future growth potential, as 59% of respondents indicated delaying or cancelling expansion plans was a direct result of not having enough workers. This compares to only 46% of producers across Canada.

Labour Challenges

Manitoba's agriculture sector faces a number of challenges in recruiting and retaining enough workers.

The ability of the province's agricultural employers to find and retain enough agricultural workers is impeded by the rural locations of agricultural operations, and work conditions.

Recruiting Workers

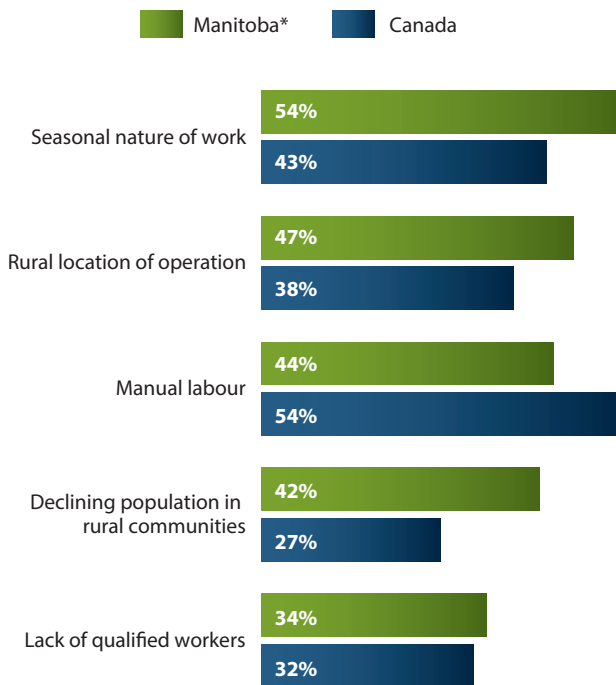
Manitoba's agriculture sector is affected by many of the same recruitment issues facing the sector across the country, including a lack of qualified workers, and manual labour.

However, the province also faces some unique challenges. Prior research conducted by the Canadian Agricultural Human Resource Council has found that only 17% of producers surveyed said that they were close to a population centre of more than 10,000 people, compared to 35% for agricultural operations nationwide. As a result, producers are more likely to have issues related to rural locations: 47% cited this as a recruitment problem compared to 38% of producers across Canada. Specifically, declining populations in rural areas is a greater concern for producers in this province, with 42% of survey respondents indicating that this is key barrier to recruitment, compared to 27% of producers across Canada.

Manitoba producers were also more likely to be concerned about the seasonal nature of agricultural work, with 54% reporting that this was a barrier to recruitment, compared to 43% across Canada.

A lack of qualified workers is another common retention challenge, with over one in three Manitoba producers (34%) reporting it as an issue.

Challenges in Recruiting Workers



*Based on responses of 79 producers in Manitoba.

Retaining Workers

Manitoba's agricultural producers are less challenged in retaining workers. The province has below-average turnover rates, with involuntary turnover rates of 1.8%, compared to the national average of 2.5%, and voluntary turnover rates of 6.7%, compared to the national average of 10.3%. However, the province has high turnover rates among its seasonal workforce compared to other provinces.

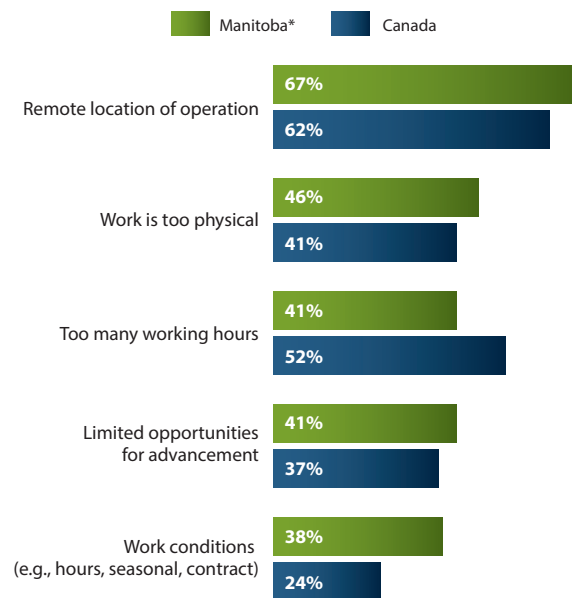
Work conditions, which include seasonality and long hours in season, is the top retention challenge for Manitoba's producers, with 67% reporting it as an issue, compared to 62% of all producers nationwide. Limited opportunities for advancement was the second-biggest challenge, with nearly one in two (46%) of Manitoba's producers reporting this as a retention barrier, compared to the national average of 41%.

On a positive note, producers in this province were less likely to consider compensation a retention challenge: one in three survey respondents (33%) reported it as an issue, which was the third-lowest percentage of any province and far less than the national average of 45%. This is due in part to the high level of mechanization in the 'grain and oilseed' industry, which supports higher wages for employees working with complex machinery and which employs 33% of the agricultural workforce in this province.

Toughest Jobs to Fill

Manitoba's agriculture sector will have the most trouble filling managers in agriculture positions, which include both owner-operators and hired managers, and general farm worker positions. Together, these positions accounted for 73% of the province's sector employment in 2017, and they will make up the majority of the jobs at risk as the labour gap widens. By 2029, there will be an additional 1,800 general farm worker jobs and an additional 900 managers in agriculture jobs potentially going unfilled due to a lack of domestic workers.

Challenges in Retaining Workers



*Based on responses of 79 producers in Manitoba.



Conclusion

Manitoba's agriculture sector has a bright production outlook, but a growing demand for labour, combined with a shrinking domestic workforce, threatens its future profitability and growth.

After a decade of reduced market demand for animal products, a decline for Manitoba's animal farms, and an attendant drop in the province's need for agricultural labour, Manitoba is now entering a period of growth, with its top two agricultural employers (i.e. the 'grain and oilseed', and 'beef' industries) forecast to see robust production increases in the years ahead.

However, the workforce is trending in the opposite direction, with an additional 2,700 workers expected to be lost to retirement and other factors. As a result, the labour gap will widen, with one in five agricultural jobs in the province (20%) potentially going unfilled by 2029. Labour shortages cost Manitoba's agriculture sector \$367 million in 2018: in the future, those shortages may result in even greater losses and will affect the sector's ability to thrive.

Manitoba faces challenges in growing its workforce:

- The rural location of operations is a major recruitment barrier, with many workers unwilling to move to rural areas or commute to work from the city.
- Agricultural employers have difficulties keeping employees because of work conditions and the limited opportunities for advancement.
- An aging workforce will result in 33% of today's workers being lost to retirement between now and 2029.
- Labour shortages are more likely to result in excessive stress for owner and other staff at agriculture operations within the province.



To meet these challenges, the province could leverage these strengths:

- Manitoba benefits from below-average voluntary and involuntary turnover rates.
- Robust rates of international migration and a healthy number of school graduates have the potential to increase the labour supply.
- The sector has the potential to use training programs, mentorships, and internships to create more skilled labour.

Finding solutions to labour challenges and increasing the pool of available workers will ensure that Manitoba 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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