



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

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 Ontario between now and 2029.



Provincial Overview

Ontario is Canada's largest agricultural employer, and a province with significant labour challenges that are expected to become more acute over the next decade.

In 2017, Ontario was the largest agricultural sector employer, employing 97,800 people (including self-employed, paid labour, and foreign workers), or 28% of Canada's agricultural workforce. Ontario is home to the highest concentrations of workers for three of Canada's agricultural industries. The province accounts for 48% of the nation's workforce in the 'greenhouse, nursery, and floriculture'* industry, 43% in the 'field fruit and vegetable' industry, and 25% in the 'poultry and egg' industry.

In terms of the province's agricultural workforce distribution, over one in four workers in the province's agricultural sector (26%) work in the 'greenhouse, nursery, and floriculture' industry. The second-biggest employers are the 'field fruit and vegetable' and 'dairy' industries, each accounting for 10% of the province's workers. The 'beef' industry employs a further 9% of the province's agricultural workforce.

Ontario has the heaviest reliance on foreign workers to meet its agricultural labour requirements. Currently, nearly one in three workers in the sector (30%) is foreign. The heavy reliance on foreign workers enables Ontario's agricultural sector to fill part of the sizable gap between its workforce requirements and the domestic labour supply. In 2017, the province had 30,600 more agricultural jobs than domestic workers available to fill them.

Even with help from the foreign labour force, the province's agricultural sector was still unable to fill 4,400 jobs in 2017, a shortfall that cost the industry \$591 million.

*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'.

Ontario's agriculture sector at a glance

In 2017:

- 97,801 people employed
- 30% foreign workforce
- 4,400 jobs left unfilled
- 591 million in lost sales due to labour shortages

In 2029:

- 112,300 workers needed
- 36% of the workforce lost to retirement
- 47,300 jobs at risk of going unfilled

Between now and 2029, the need for labour will grow and the available supply of domestic labour will shrink, caused in large part by a high percentage of workers lost to retirement. This will widen the labour gap even further and prevent the province's vital agriculture sector from reaching its full potential.

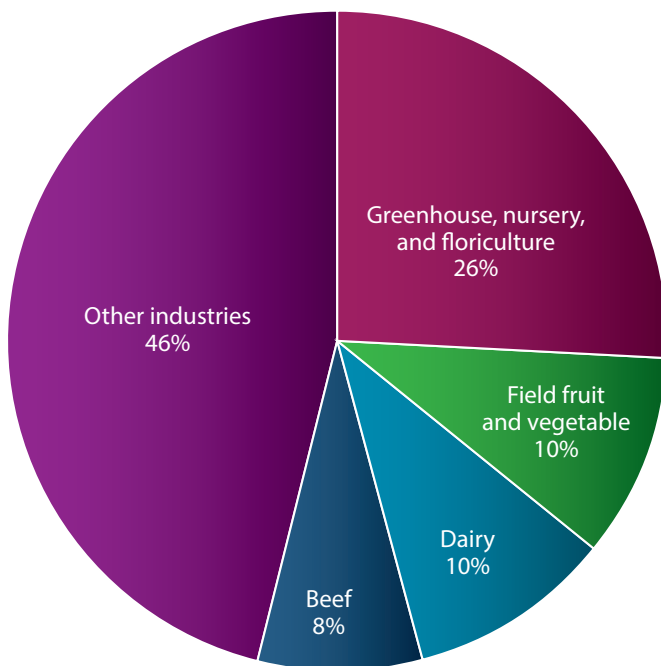


Key Agricultural Industries

With large tracts of land that are suitable for both livestock and crop production, Ontario accounts for a considerable share of Canada's agricultural employment. In 2017, the province employed the highest share of workers in three of the country's agriculture industries, including 'greenhouse, nursery, and floriculture'; 'field fruit and vegetable'; and 'poultry and egg'. Ontario was also the second-largest employer of the country's 'dairy', 'swine', 'sheep and goat', and 'tree fruit and vine' workers.

Within the province, Ontario's agricultural employment profile is more evenly balanced across a range of industries. The 'greenhouse, nursery, and floriculture' industry is the largest employer in the province's agriculture sector, with the 'dairy', 'tree fruit and vine', 'beef', and 'field fruit and vegetable' industries also being significant employers.

Ontario's Agricultural Employment Profile



Production Trends

Bright production outlooks for several Ontario's agriculture industries will support a growing demand for labour across the province.

While some industries experienced production growth and others experienced a decline, the overall demand for labour in Ontario's agriculture sector has declined sharply over the past decade.

However, looking ahead to the next 10 years, a number of Ontario's key agricultural industries are forecasted to experience bright production outlooks that will increase the demand for labour. Between now and 2029, two of Ontario's top five agricultural employers will see some of the strongest growth: the 'greenhouse, nursery, and floriculture' industry and the 'tree, fruit, and vine' industry will see production grow by a respective average of 2.3% and 2.5% per year over the forecast. Weaker production forecasts for other industries and improved productivity, which is the output each worker can produce, in others will reduce the overall number of workers required, but the province's agriculture sector as a whole will need to grow its workforce by 0.8% per year to meet production targets.



Labour Forecast

A growing demand for labour and a shrinking supply of domestic workers will widen Ontario's labour gap considerably, with the 'greenhouse, nursery, and floriculture' industry hardest hit by labour shortages.

The demand for agricultural workers in Ontario is expected to grow by an average of 0.8% per year over the forecast, rising from 102,200 workers in 2017 to 112,300 by 2029. This growth rate is the highest among provinces.

While the demand for labour will rise, the supply of domestic workers is predicted to shrink, with 6,600 fewer Canadian residents available to work in Ontario'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 increase by 3.7% per year, rising from 30,600 to 47,300. That number is equivalent to 42% of the total workforce required to support the industry. In other words, within

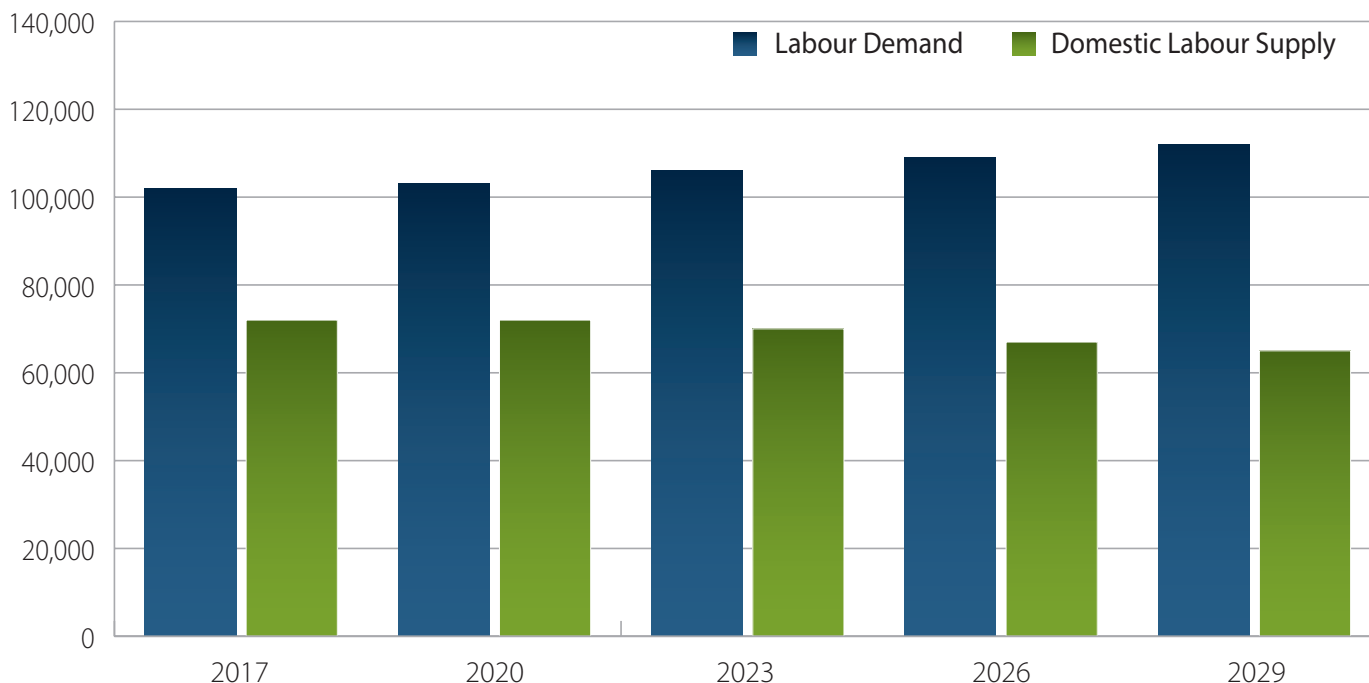
RESEARCH HIGHLIGHTS

- **46%** of Ontario farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **40%** of Ontario farmers expect employment at their farm to rise over the next five years, while only 16% expect to see a decline.

12 years, more than two in five jobs in this province will remain vacant unless more foreign or domestic workers can be found.

The 'greenhouse, nursery, and floriculture' industry is predicted to be hardest hit by labour shortages, with 18,000 jobs at risk of going unfilled. The 'field fruit and vegetable' industry will see 8,500 jobs at risk, and the 'tree fruit and vine' industry will see 6,400 jobs at risk, with the remaining agriculture industries accounting for the remaining 14,400 jobs at risk.

The Labour Gap Widens for Ontario's Agriculture Sector



Foreign Workers

Ontario's agriculture sector has the highest reliance on foreign workers of any province.

Ontario's agriculture sector employed 29,300 foreign workers in 2017, a number equivalent to 30% of the province's total agricultural workforce. This is the highest share of any province in Canada, and higher than other provinces with a heavy reliance on foreign labour, including Nova Scotia at 29% and British Columbia at 23%. It's also nearly double the average of 17% across all provinces.

The high share of foreign workers is linked to the importance of the 'greenhouse, nursery, and floriculture'; 'tree fruit and vine'; and 'field fruit and vegetable' industries in Ontario. These industries face labour pressures, particularly during seasonal peaks, because of the need to hand-pick or package many of these products. Together, these industries account for 86% of the foreign workers employed by the province's agriculture sector, with the 'greenhouse, nursery, and floriculture' industry alone accounting for 46%.



Demographic Trends

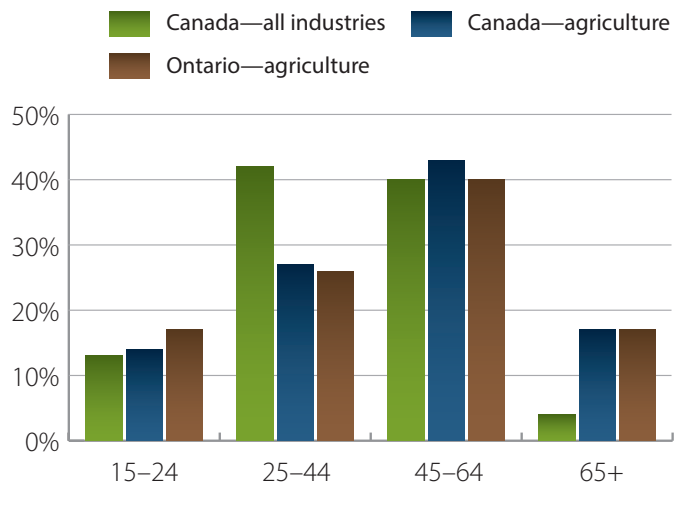
Ontario's aging agricultural workforce will reduce the supply of available workers in the coming decade.

While Ontario benefits from above-average rates of international and interprovincial migration, these factors will not offset the rising number of retirements driven by the province's aging agricultural workforce.

In 2016, 57% of Ontario's agriculture sector workforce was 45 years of age or older, which was lower than the Canadian agriculture sector average of 59%, but much higher than the average of just 45% across all Canadian industries.

Because of the province's age profile, it is predicted to lose more than one in three (36%) of its current domestic agricultural workers 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.

Ontario's agriculture sector was unable to fill 4,400 jobs in 2017, which is equivalent to 6.1% of the total workforce needed and slightly above the average for Canada's agriculture sector. Labour shortages in this province resulted in sales losses of \$591 million, or 4.4% of sales. Over one in four Ontario agricultural producers (27%) experienced lost sales as a result of labour shortages, and the total losses were higher, in dollar terms, than for all provinces except Alberta.

Producers also reported other issues related to labour shortages: Of producers who reported labour shortages, 84% reported excessive stress for owner and other staff, while 60% reported production delays. Labour shortages are also likely to impede the province's future growth potential, as 43% of producers surveyed indicated delaying or cancelling expansion plans was a direct result of not having enough workers.

Impacts of Labour Shortages



*Based on responses of 201 producers in Ontario who reported not having access to all needed workers.

Labour Challenges

Ontario's agriculture sector faces a number of challenges in recruiting and retaining enough workers. The province's ability to find and retain enough agricultural workers is impeded by work conditions, perceptions of low wages, the seasonal nature of work and limited opportunities for advancement.

Recruiting Workers

Ontario's agriculture sector is affected by many of the same recruitment issues facing the sector across the country, including manual labour, the seasonal nature of work, and perceptions of low wages.

However, the province is unique in a few ways. Because Ontario producers are more likely than producers in other regions to be close to larger population centres, rural locations of agriculture operations was less of an issue for producers in this province, with only 33% citing it as a barrier to recruitment, compared to 38% of producers Canada-wide.

Ontario producers were more likely to be concerned about people not wanting to work outdoors, with 27% reporting that this was a barrier to recruitment, compared to 19% across Canada. This is the highest share of producers in any province to be affected by this issue.

Insufficient skills and experience among potential workers and a lack of understanding about agriculture were also among the issues most commonly cited by the province's agricultural employers as recruitment barriers.

Challenges in Recruiting Workers



*Based on responses of 510 producers in Ontario.

Retaining Workers

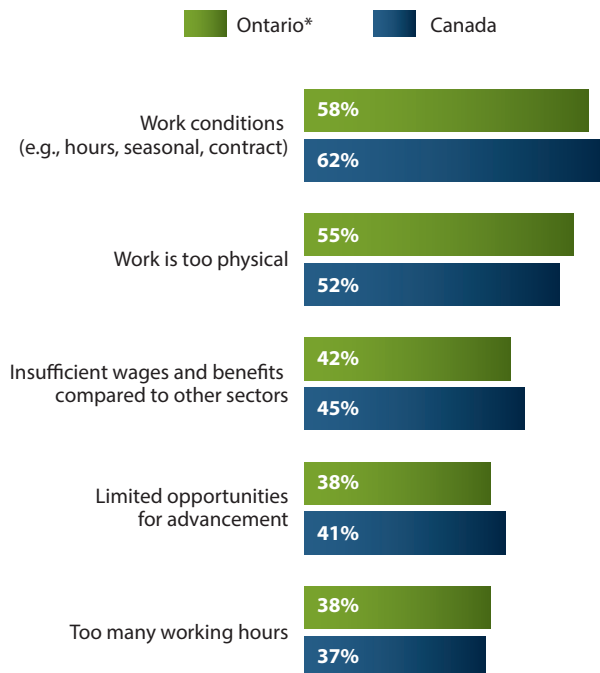
Ontario's agricultural producers have difficulty retaining workers. The province has the second highest voluntary turnover rate for year-round workers, with 18% of Ontario's agricultural workers choosing to terminate their employment, compared to 8% across all provinces. Only Prince Edward Island, at 22%, has a higher voluntary turnover rate.

The province's involuntary turnover rate, at 3.0%, is also higher than the 2.5% national average.

The physical nature of agricultural work is one of the province's biggest retention challenges, with more than one in two agricultural producers (55%) reporting it as an issue, compared to 52% of producers nationwide. Work conditions were also an issue for 58% of Ontario producers surveyed.

On a positive note, compensation was less of an issue, with only 42% of Ontario producers reporting it as an issue, compared to 45% of producers nationwide.

Challenges in Retaining Workers



*Based on responses of 511 producers in Ontario.

Toughest Jobs to Fill

Nursery and greenhouse workers, harvesting labourers, and managers in agriculture will be some of the more challenging jobs to fill over the next decade, but Ontario's agriculture sector will have the most trouble filling general farm worker positions. This position accounted for 35% of the province's sector employment in 2017, and it will make up 50% of the jobs at risk as the labour gap widens. By 2029, there will be 7,300 nursery and greenhouse worker jobs and 23,500 general farm worker jobs in excess of the available domestic labour pool.



Conclusion

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

After a decade that has seen noticeable declines in terms of the demand for agricultural labour, Ontario is entering a period of increased production and a growing need for workers to support higher production targets.

However, the decline in the supply of domestic workers has outpaced the weakening demand for labour. As a result, the province has developed a growing reliance on foreign workers, with nearly one in three jobs (30%) currently filled by foreign labour. While this labour source helps Ontario's agriculture sector remain viable, this solution is not without risks. A change in policy around foreign workers could reduce or eliminate access to this labour source, with devastating results.

Looking ahead to 2029, Ontario's labour challenges may worsen, with as many as 47,300 jobs going unfilled due to a potential lack of domestic or foreign labour. While the sales losses Ontario sustained due to labour shortages reached \$591 million in 2018, that figure will be substantially higher in the years ahead unless the province's labour challenges are addressed.



Ontario faces challenges in meeting the labour needs of its agriculture sector:

- ➔ In 2018, almost half of agricultural operations reported not finding all the workers they needed.
- ➔ Two in five of Ontario's agricultural employers said they receive zero Canadian job applicants for job postings.
- ➔ Ontario's agricultural employers were much more likely to cite people not wanting to work outdoors as a key recruitment barrier.
- ➔ Changes to the Temporary Foreign Worker Program (TFWP) could reduce or eliminate this vital source of labour.

In terms of meeting these challenges, the province could leverage these strengths:

- ➔ Agricultural operations in this province tend to be located closer to bigger cities with larger labour pools.
- ➔ The province will see some of the healthiest demographic trends over the next 10 years, including above-average international and interprovincial immigration rates.
- ➔ Tapping into pools of workers who may only be interested in working part of the year (e.g. retired farmers) may help to address the sector's need for large numbers of workers for limited periods of time.
- ➔ Creating more advancement opportunities within the sector could help to attract more workers.

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