AGRI-LMI
LABOUR MARKET INFORMATION

How Labour Challenges Will Shape the Future of the 'Sheep and Goat' Industry:
Agriculture Forecast to 2029

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

Industry Overview

The smallest employer in agriculture, the 'sheep and goat'* industry has experienced labour shortages that impeded growth. In the future, those shortages are predicted to become more acute.

The 'sheep and goat' industry includes operations that are primarily engaged in raising sheep and goats and feeding or fattening lambs.

Since peaking in 2006, the number of 'sheep and goat' farms has declined steadily, and its workforce has shrunk by more than a third. It is now the smallest employer in agriculture, accounting for 3,200 workers as of 2017, or 1% of the total agricultural workforce. This number included both employees and owner-operators.

The industry is primarily supported by domestic workers, with foreign workers making up just 0.1% of its workforce. This is one of the lowest shares within agriculture.

The majority of industry workers are located in Alberta, Ontario, and Quebec, which account for 31%, 28%, and 24% of the workforce, respectively.

Despite its small size, the industry still faces difficulties in finding enough workers. In 2017, the industry had roughly 80 unfilled vacancies, a number equivalent to 2.5% of the industry's total demand for labour. These labour shortages resulted in sales losses of $4 million, or 2.4% of sales.

Over the next 10 years, the industry's labour gap is predicted to grow, as the labour force shrinks, in large part due to a high rate of retirement.

'Sheep and goat' industry at a glance

In 2017:
- 3,200 people employed
- 80 jobs left unfilled
- 4 million in lost sales due to labour shortages

In 2029:
- 460 fewer domestic workers available
- 38% of the workforce lost to retirement
- 300 more jobs than the domestic workforce can fill

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*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'.

Production Trends

With productivity expected to grow faster than output, the 'sheep and goat' industry will be able to meet production targets with a smaller workforce. Since 2007, the number of 'sheep and goat' farms have fallen by a quarter. However, output has increased during this time, as the industry's productivity, or the output each worker can produce, has increased by 8.5% per year, so the decline in farms hasn't negatively affected production levels.

Looking ahead to 2029, the industry's productivity will continue to rise, albeit at a slower pace of 1.5% per year. As a result, the demand for labour will decline by 0.6% per year during this time.

RESEARCH HIGHLIGHTS

- **45%** of 'sheep and goat' producers were not able to find all the workers they needed in 2018, compared to 47% for all agriculture.
- **34%** of 'sheep and goat' producers expect employment at their farm to rise over the next five years, while 14% expect to see a decline.

Productivity, Output, and Labour Demand Trends
(average annual percentage change)

Legend: 2008–2017, 2018–2029

	2008–2017	2018–2029
Productivity	8.5%	1.5%
Output	1.1%	0.9%
Labour Demand	-2.6%	-0.6%
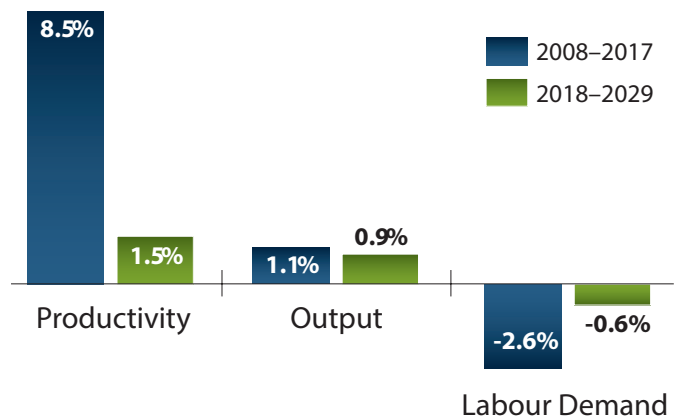
Labour Forecast

While healthy productivity will reduce the number of workers needed, the industry's shrinking labour force is predicted to widen the labour gap over the next decade.

The demand for workers in this industry is expected to decrease by 0.6% per year over the next decade. This is in part due to the rise in productivity, which enables the industry to increase output without increasing the size of the workforce. While the industry needed at total of 3,300 workers in 2017, by 2029, only 3,000 workers will be needed.

While the industry's demand for labour will decrease, the labour supply will shrink even faster, decreasing from 3,200 available workers in 2017 to 2,700 workers by 2029. A high rate of retirement for this older-than-average workforce is the main reason behind the decline.

With the supply shrinking faster than the industry's labour requirements, the labour gap for the 'sheep and goat' industry will widen to 300 workers by 2029. Although this is a relatively small number of workers, it represents one-tenth (10%) of the workforce the industry needs to maintain production targets. In other words, nearly one in ten jobs is at risk of going unfilled if the industry can't find additional labour sources.

The Labour Gap Widens for the 'Sheep and Goat' Industry
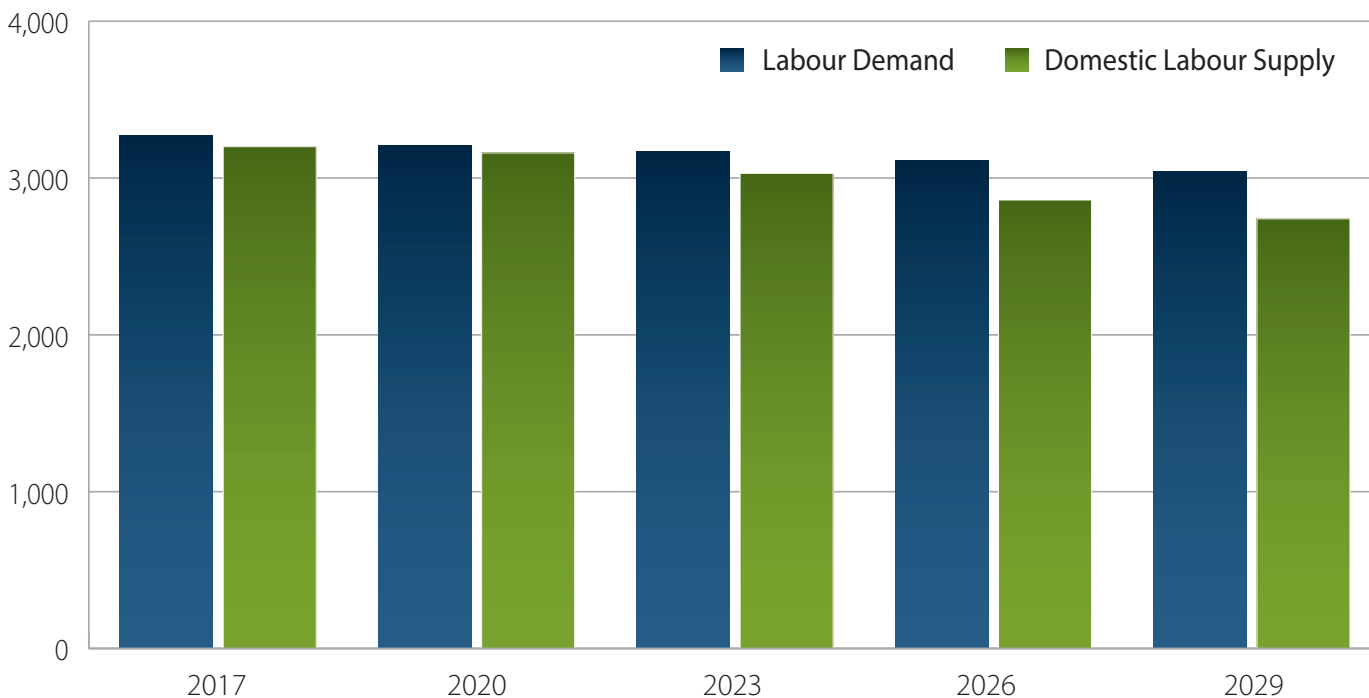
Regional Trends

While labour challenges will affect the 'sheep and goat' industry throughout Canada, Alberta will be hardest hit.
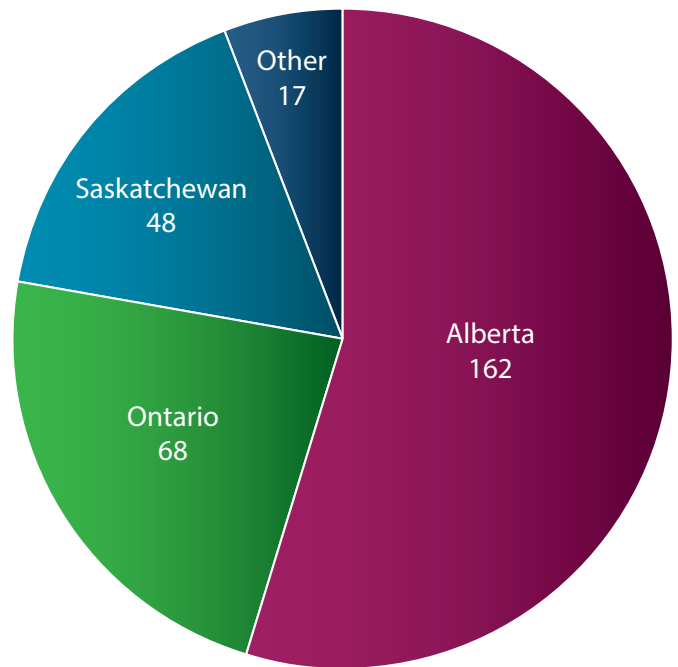
Canada's 'sheep and goat' industry is geographically concentrated, with Alberta, Ontario, and Quebec accounting for over four-fifths of industry employment.

As the labour gap widens over the next decade, Alberta will be hardest hit by the labour shortage. More than half of the labour gap, equivalent to roughly 160 jobs, will be located in Alberta. This number equals 17% of the province's total demand for labour in the 'sheep and goat' industry. In other words, just under one in five jobs will go unfilled unless additional domestic or foreign workers can be found.

Outside Alberta, the labour gap will impact Ontario and Saskatchewan most heavily, with roughly 70 and 50 jobs, respectively, going unfilled due to a lack of available workers.

Number of Industry Jobs at Risk by 2029

Other 17
Saskatchewan 48
Alberta 162
Ontario 68

Demographic Trends

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

The supply of domestic labour for the 'sheep and goat' industry has shrunk from 3,750 in 2007 to 3,200 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 1,200 retirements between 2018 and 2029, a number equivalent to 38% of the current workforce. This is third-highest share among agricultural industries and slightly above the average for the entire agriculture sector, where 37% of the current workforce is expected to retire between 2018 and 2029.

Financial Impact

While the 'sheep and goat' industry is less affected by labour shortages than other agriculture industries, a lack of workers still affects the industry's profitability and ability to grow.
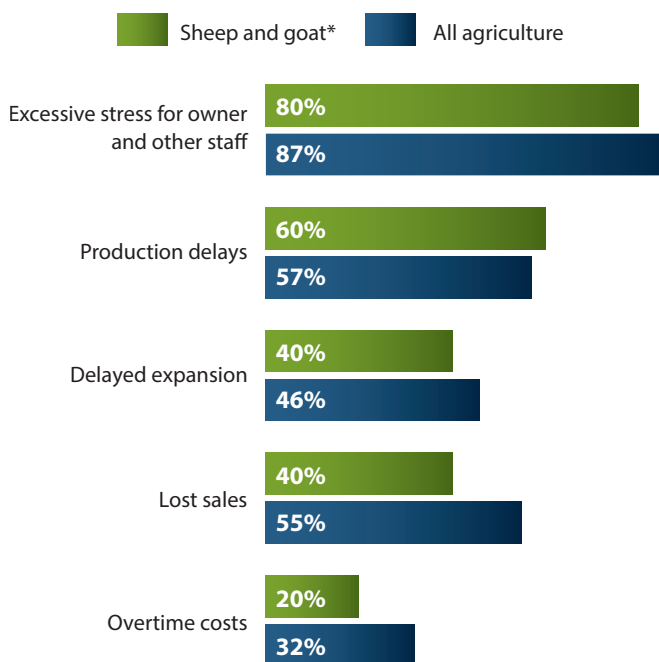
In 2017, the 'sheep and goat' industry was unable to fill 80 jobs. This number was equivalent to 2.5% of the total number of workers required, which is below the average of 5.4% for the entire agriculture sector.

Survey respondents from the 'sheep and goat' industry reported a number of issues caused by labour shortages. Of producers who reported labour shortages, four out of every five respondents (80%) reported excessive stress for owner and other staff, while three in five (60%) reported production delays.

Labour shortages don't just impact the industry today, they also limit its future growth by preventing or delaying expansion plans. Two in five (40%) of 'sheep and goat' producers that experienced labour shortages reported delaying expansion as a result.

Labour shortages cost the 'sheep industry' industry 2.4% of sales in 2018, which is a relatively small share of sales compared to those reported by other agriculture industries. Only the 'poultry and egg' and 'dairy' industries experienced a smaller percentage of lost sales due to labour shortages. However, this still represents $4 million in losses for the 'sheep and goat' industry.

Impacts of Labour Shortages

Sheep and goat*   All agriculture

Category	Sheep and goat*	All agriculture
Excessive stress for owner and other staff	80%	87%
Production delays	60%	57%
Delayed expansion	40%	46%
Lost sales	40%	55%
Overtime costs	20%	32%

*Based on responses of 10 sheep and goat producers who reported not having access to all needed workers.

Labour Challenges

Sheep and goat' farmers face specific challenges in recruiting and retaining enough workers.

The ability of this industry to find and retain enough workers is impeded in part by a lack of experience among candidates, the physical nature of work, and perceptions of low wages.

Recruiting workers

The 'sheep and goat' industry is affected by many of the same recruitment issues facing the agriculture sector as a whole. However, it is more heavily affected by perceptions of low wages. Over two in five survey respondents (44%) cited it a barrier to recruitment, compared to 38% across all agricultural industries.

'Sheep and goat' producers are also slightly more likely to be challenged by a lack of experience among candidates. Just under one in three survey respondents (31%) reported a shortage of candidates with experience in the sector as a recruitment barrier, compared to 30% of producers across Canada.

On a positive note, the industry was less likely to report that depopulation in rural locations was a barrier to recruitment. Indeed, only 6% of respondents identified declining populations in rural areas as a key barrier to recruitment, compared to 27% across all agricultural industries.

Retaining Workers

'Sheep and goat' industry producers are less challenged in retaining workers. The industry has below-average turnover rates, with involuntary turnover rates of 1.2% (compared to the national average of 2.5%), and voluntary turnover rates of 6.7% (compared to the national average of 10.3%).

The physical nature of work is the industry's biggest retention challenge, with 44% of producers citing it as a barrier to retaining workers, compared to 52%

Challenges in Recruiting Workers

Legend: ■ Sheep and goat* ■ All agriculture

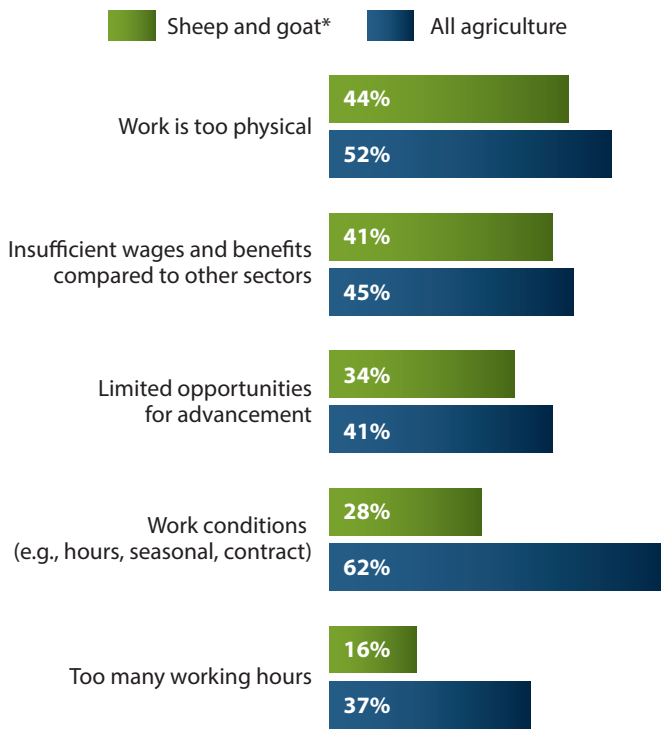|	Sheep and goat*	All agriculture
Manual labour	47%	54%
Low wages	44%	38%
Lack of experience in sector	31%	30%
Seasonal nature of work	31%	43%
Rural location of operation	28%	38%
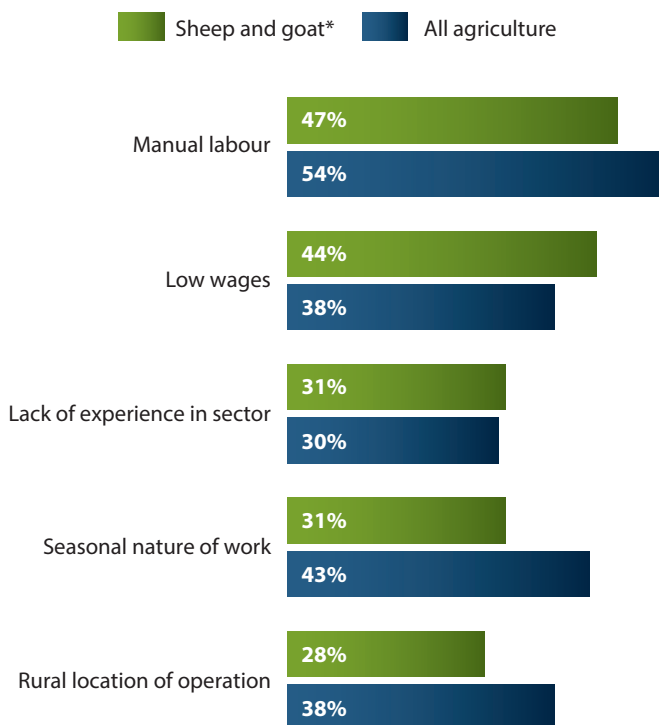
*Based on responses of 32 sheep and goat producers.

of producers nationwide. Limited opportunities for advancement is another issue for 34% of 'sheep and goat' producers, compared to 41% of producers across agricultural industries.

On a positive note, the variability in hours, which includes seasonality and long hours in season, poses less of a challenge for this industry than for others in agriculture. While 62% of all agricultural employers reported that variability in hours challenged their retention efforts, only 28% of 'sheep and goat' industry producers cited it as a barrier to retention.

Challenges in Retaining Workers

Legend: ■ Sheep and goat*   ■ All agriculture

Work is too physical
- Sheep and goat: 44%
- All agriculture: 52%

Insufficient wages and benefits compared to other sectors
- Sheep and goat: 41%
- All agriculture: 45%

Limited opportunities for advancement
- Sheep and goat: 34%
- All agriculture: 41%

Work conditions (e.g., hours, seasonal, contract)
- Sheep and goat: 28%
- All agriculture: 62%

Too many working hours
- Sheep and goat: 16%
- All agriculture: 37%

*Based on responses of 32 sheep and goat producers.

Toughest Jobs to Fill

The 'sheep and goat' 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 48% of the labour gap, with 140 management-related jobs at risk of going unfilled because of a lack of domestic workers. General farm workers will account for 43% of the labour gap, with 130 jobs potentially going unfilled.

Conclusion

The 'sheep and goat' industry is small, but its labour challenges have a big impact on sales and growth potential. Between now and 2029, a widening labour gap could create even bigger losses unless the industry can address these issues. The 'sheep and goat' industry will enjoy improved productivity over the next decade, and as the output per worker increases, the industry will need fewer workers to reach productivity targets.

However, the industry's labour force will shrink at an even faster rate, as 38% of the workforce will be lost to retirements over the next decade. As a result, the industry's labour gap is predicted to widen until it reaches 10% of the total workforce required. In other words, one in ten jobs is at risk of going unfilled by 2029. Given the impact of labour shortages on the industry's sales and expansion plans in 2018, the widening labour gap could be particularly devastating.

To increase its workforce, the industry will need to overcome a number of challenges:

➜ This industry has an older-than-average workforce, which means it will lose workers to retirement at a more rapid rate.

➜ There is a lack of career paths that offer opportunities for advancement.

➜ There is a lack of skills and experience among job candidates.

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

➜ Below-average seasonality and variability in hours create a more stable, attractive workplace.

➜ The work is less physical than average for jobs in agriculture.

➜ 'Sheep and goat' producers enjoy below-average voluntary and involuntary turnover rates.

Finding solutions and increasing the pool of available domestic workers will ensure that the industry can mitigate the widening labour gap and reach its full potential in the coming years.

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.

Acknowledgements

The Canadian Agricultural Human Resource Council (CAHRC) acknowledges the support and guidance of volunteers, the Advisory Group, the Provincial LMI Panel, and the Strategic Steering Committee.

LMI Advisory Group

Provincial LMI Panel

Photo credits: Canadian Sheep Federation, MOPANI.