



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

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 Saskatchewan between now and 2029.



Provincial Overview

A significant contributor to Canada's 'grain and oilseed'* production, Saskatchewan's agriculture sector faced a costly labour gap in 2018, and that gap is expected to widen over the next decade.

In 2017, Saskatchewan was a significant agricultural employer with 37,500 people working in the sector, equivalent to 11% of the national agricultural workforce. The sector is particularly important to Saskatchewan, as agriculture directly supports 7 per cent of all employment in the province—the highest share in the country. The 'grain and oilseed' industry is easily the largest industry in the province, accounting for 45% of Saskatchewan's total agricultural employment. Moreover, the province's 'grain and oilseed' industry is easily the largest in the country, with 44% of Canada's 'grain and oilseed' workforce in Saskatchewan. The province's second most significant agricultural employer is the 'beef' industry, accounting for nearly one in four (24%) of the province's agricultural workers.

Saskatchewan's agriculture sector has limited access to foreign workers and the lowest reliance on this labour source: only 1.6% of the province's agricultural workforce is foreign workers, compared to 17% across the entire Canadian agricultural sector.

In 2017, Saskatchewan's employers were unable to fill 1,600 positions. This was equivalent to roughly 4% of total workforce requirements. This labour shortage cost the sector \$574 million, or 4.1% of sales, and these shortages also impact the province's ability to expand and grow in the future.

Looking ahead to 2029, Saskatchewan's labour challenges are expected to intensify. The province's agriculture sector is expected to grow modestly over the next decade, putting upward pressure on labour requirements. But the pool of available labour is expected to shrink, due in large part to an

*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'.

Saskatchewan's agriculture sector at a glance

In 2017:

- 37,517 people employed
- 2% foreign workforce
- 1,600 jobs left unfilled
- 574 million in lost sales due to labour shortages

In 2029:

- 41,400 workers needed
- 41% of the workforce lost to retirement
- 12,300 jobs at risk of going unfilled

aging workforce which will result in an increasing number of retirements. Saskatchewan's agricultural workforce is the oldest in Canada: in 2016, 65% of the workforce was 45 years of age or older. Over the next decade, a wave of retirements is expected to reduce the size of the workforce by 41% and widen the labour gap significantly. Unless Saskatchewan can find alternative sources of domestic or foreign labour, the growth potential of one of its vital sectors and its key contribution to Canada's 'grain and oilseed' industry will be at risk.



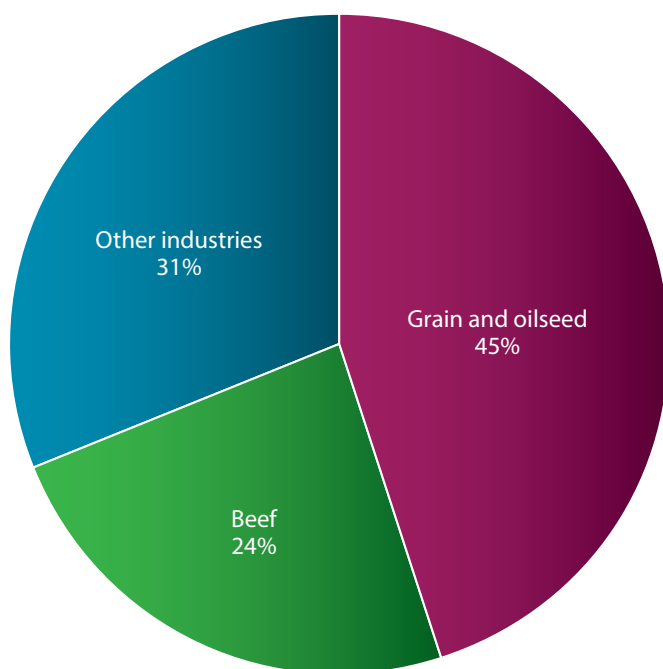
Key Agricultural Industries

Saskatchewan's agricultural workforce is dominated by the 'grain and oilseed' industry.

In 2017, 45% of the agricultural workforce within the province were employed by the 'grain and oilseed' industry, with the 'beef' industry accounting for a further 24% of the sector's workforce.

Saskatchewan accounts for a considerable share of Canada's agricultural employment in these two industries. The province accounted for 44% of Canada's 'grain and oilseed' workforce in 2017, ahead of Manitoba (21%) and Alberta (20%). The province also accounted for 20% of the nation's 'beef' industry workforce, with only Alberta (34%) employing a larger share.

Saskatchewan's Agricultural Employment Profile



Production Trends

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

Between 2007 and 2017, the number of farms in Saskatchewan declined by 20%, with smaller farms consolidating into fewer, larger farms. Because consolidation tends to result in a need for fewer workers, the province's demand for labour moderated as the industry restructured. At the same time, farms became more efficient, resulting in stronger rates of productivity growth which further reduced the need for workers. As a result, the province's labour demand 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, the two biggest employers in Saskatchewan's agriculture sector, the 'grain and oilseed' industry and the 'beef' industry, have positive production outlooks. The 'grain and oilseed' industry is expected to increase production by an average of 2.5% per year between now and 2029, while production in the 'beef' industry will increase by 2.1% per year over the same period. While labour productivity, or the average output each worker can produce, in these industries is also expected to increase, it will not fully alleviate the need for additional workers to meet its potential.



Labour Forecast

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

The demand for agricultural workers in Saskatchewan is expected to grow by a modest 0.5% per year over the forecast period, rising from 39,100 workers in 2017 to 41,400 by 2029. While the demand for labour will rise, the supply of domestic workers is predicted to shrink, with 8,600 fewer Canadian residents available to work in Saskatchewan'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 substantially, from 1,400 to 12,300, and the percentage of jobs at risk will rise from 4% to 30% of the total workforce required to support the industry. Put another way, within 10 years, just under one in three agriculture jobs in this province are at risk of going unfilled unless more foreign or domestic workers can be found.

RESEARCH HIGHLIGHTS

- **40%** of Saskatchewan farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **52%** of Saskatchewan farmers expect employment at their farm to rise over the next five years, while only 16% expect to see a decline.

The labour gap will widen further for some industries than others, and Saskatchewan's two most important agricultural industries will be hardest hit by labour shortages. The 'grain and oilseed' industry will see its labour gap increase from 890 in 2017 to 5,400 by 2029. 'Beef' producers, which faced a deficit of 225 workers in 2017, will have a labour gap equal to 3,250 positions by the end of the forecast. This amounts to 30% and 32% of labour demand for these industries, respectively, in 2029.

The Labour Gap Widens for Saskatchewan's Agriculture Sector



Foreign Workers

Saskatchewan's agriculture sector has the lowest reliance on foreign workers of any province. Foreign workers accounted for just 1.6% of the province's agricultural workforce in 2017, compared to 17% for all of Canada.

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.



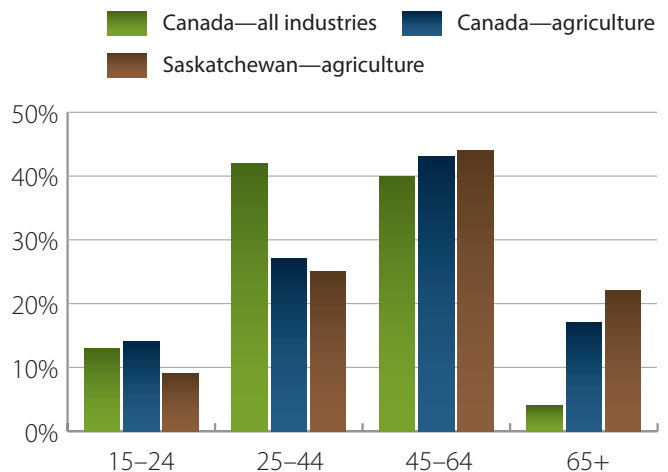
Demographic Trends

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

While a mild inflow of international migrants and a stable number of young workers entering the workforce are expected to provide some support to the province's labour supply over the next 10 years, these factors will not be enough to offset the effects of Saskatchewan's aging agricultural workforce. In 2016, 65% of Saskatchewan's agriculture sector workforce was 45 years of age or older, which is much higher than the average of 59% across the Canadian agriculture sector, and significantly higher than the average of 45% across all Canadian industries.

Mounting retirements will be the primary factor putting downward pressure on the province's future agricultural labour supply over the forecast period, with over two in five workers (41% of its current domestic agricultural workforce) expected to be lost to retirement between now and 2029.

2016 Workforce Age Distribution



Financial Impact

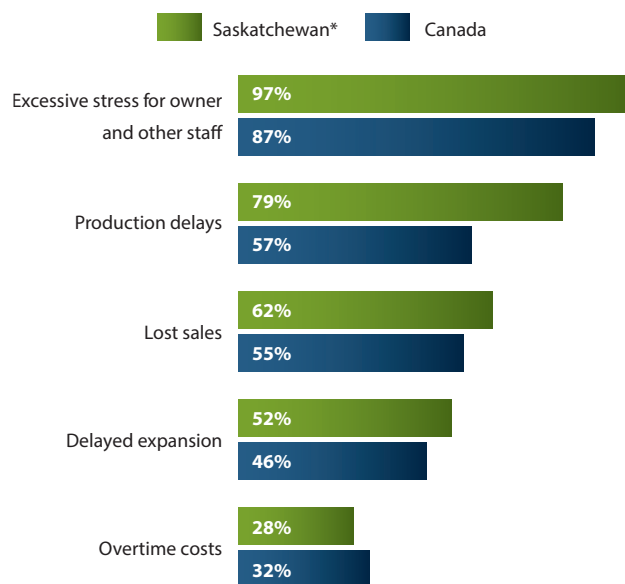
Labour shortages hurt the province financially in 2018 and will continue to restrict profitability and future growth over the forecast period.

Saskatchewan's agriculture sector was unable to fill 1,600 jobs in 2017, which is equivalent to 4.1% of the total workforce needed. This was the second-lowest share of any province, and lower than the average of 5.4% across Canada. However, Saskatchewan's agriculture sector is still estimated to have lost 4.1% of its sales, a percentage equivalent to \$574 million. Saskatchewan is highly vulnerable to the impact of labour challenges, because every job that goes unfilled in the 'grain and oilseed' industry, which is the province's biggest agricultural employer, costs the province \$590,000 in lost sales on average.

Saskatchewan's agricultural producers also reported other issues related to labour shortages. Of producers who reported labour shortages, almost all producers (97%) reported excessive stress for owner and other staff, compared to 87% across Canada. Saskatchewan operators were also more likely to cite production delays, with roughly four in five producers in the province (79%) citing it as a key outcome of labour shortages, compared to 57% across Canada. Lastly, it worth noting that labour shortages negatively affect the province's future production and profitability, as over half (52%) of respondents indicated that delayed or cancelled expansion plans were a direct result of not having enough workers.



Impacts of Labour Shortages



*Based on responses of 29 producers in Saskatchewan who reported not having access to all needed workers.

Labour Challenges

Saskatchewan'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 the rural locations of agricultural operations and the seasonal nature of work.

Recruiting Workers

Saskatchewan's agriculture sector is affected by many of the same recruitment issues facing the sector across the country, including insufficient skills and experience among potential workers.

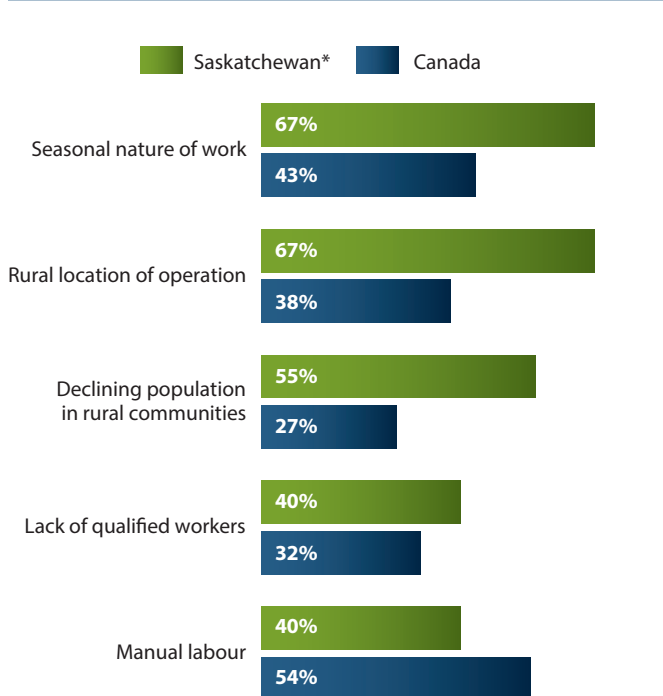
However, the province also faces some unique challenges. Prior research conducted by the Canadian Agricultural Human Resource Council has found that only 14% of producers surveyed said that they were close to a population centre

of more than 10,000 people, compared to 35% for agricultural operations nationwide. As a result, provincial producers are more likely to have issues related to rural locations and 67% cited this as a recruitment problem, compared to 38% of producers across Canada. Specifically, declining populations in rural areas is a greater concern for Saskatchewan producers, as 55% of survey respondents identified this trend as a key barrier to recruitment, compared to just 27% of producers across Canada.

Saskatchewan producers were also more likely to be concerned about the seasonal nature of work. Indeed, 67% cited it a recruitment problem, compared to 43% of producers across Canada.

Importantly, a relatively lower share of producers in Saskatchewan reported issues on compensation. Just 19 per cent of survey respondents in the province indicated the perception of low wages as a key barrier to their recruitment efforts, which is half the rate (38%) of producers across the entire country.

Challenges in Recruiting Workers



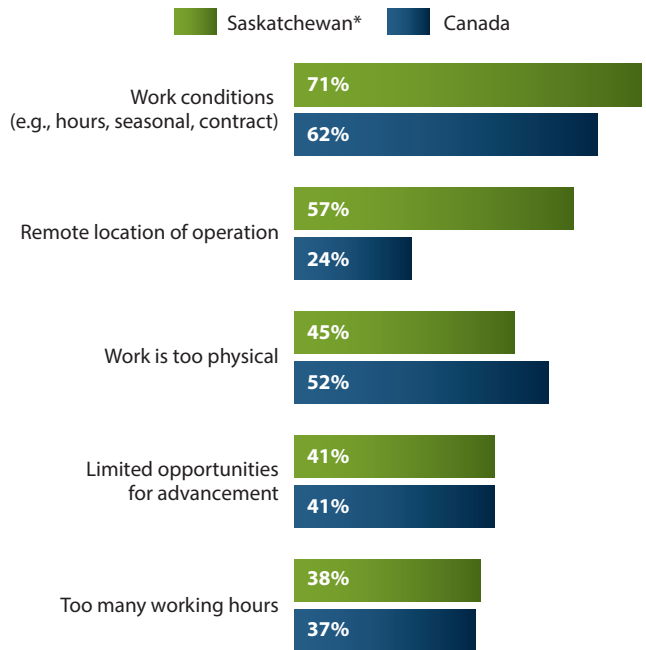
*Based on responses of 83 producers in Saskatchewan.

Retaining Workers

Saskatchewan’s agricultural producers do have difficulties retaining workers. The province not only has a high involuntary turnover rate of 5.3% versus the national sector average of 2.5%, it also has an above-average voluntary turnover rate of 14%, which is higher than the national sector average of 10%. The variability in hours, which includes seasonality and long hours in season, is the top retention challenge for Saskatchewan’s producers, with 71% reporting it as an issue, compared to 62% of all producers nationwide. Specifically, 45% of the province’s producers cited the physical nature of work as a key retention challenge, while 38% reported too many working hours.

On a positive note, producers in this province were also less likely to cite compensation as a retention challenge; only 26% of survey respondents reported it as an issue, which again is significantly lower than the national average of 45%.

Challenges in Retaining Workers



*Based on responses of 82 producers in Saskatchewan.



Toughest Jobs to Fill

Saskatchewan'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 76% of the province's sector employment in 2017, and they will make up 73% of the jobs at risk as the labour gap widens. By 2029, there will be an additional 3,800 managers in agriculture jobs and an additional 3,700 general farm worker jobs potentially going unfilled due to a lack of domestic workers.

Conclusion

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

After a decade of declining demand for labour, Saskatchewan's agriculture sector is entering a new decade in which the need for labour will rise. Both of the province's top agricultural employers, the 'grain and oilseed' and 'beef' industries are expected to see steadily higher production between now and 2029.

However, the available pool of domestic labour is expected to trend in the opposite direction, with an additional 8,600 workers lost to retirement and other factors. This means that over the next decade, the labour gap will widen from 1,400 jobs to 12,300. By 2029, just under one in three jobs in Saskatchewan's agriculture sector (30%) will be at risk of going unfilled unless more foreign or domestic workers can be found.

Labour shortages cost Saskatchewan's agriculture sector \$574 million in 2018; in the future, those shortages may result in even greater losses and affect the sector's ability to thrive.

Saskatchewan faces several challenges in growing its workforce:

- Many workers are not interested in moving to rural areas or are unable to travel to farms from town for work, which presents a recruitment barrier for agricultural employers in rural locations.
- In 2016, 65% of Saskatchewan's agricultural workforce was aged 45 years or older, compared to 45% of Canada's general worker population. By 2029, 41% of these agricultural workers will have retired.
- The province's agricultural operations face higher-than-average voluntary and involuntary turnover rates.
- Saskatchewan's biggest agricultural employer, the 'grain and oilseed' industry, does not qualify for access to foreign workers through the Seasonal Agricultural Worker Program (SAWP) and the Agricultural Stream.

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

- Highly mechanized production in the 'grain and oilseed' industry helps to reduce the amount of physical labour required to complete many activities, which can reduce the need for labour and keep turnover rates lower.
- A mild inflow of international migrants and a stable number of young workers entering the workforce are expected to provide some support to the province's labour supply.
- Finding ways to communicate the benefits of agricultural work to a younger demographic could help to attract more young workers.

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





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.

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Published September 2019

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