



How Labour Challenges Will Shape the Future of Agriculture in Prince Edward Island: *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 Prince Edward Island between now and 2029.



Provincial Overview

Between now and 2029, a growing demand for agricultural labour and a shrinking workforce will pose challenges for Prince Edward Island's small, but vital, agriculture sector.

In 2017, Prince Edward Island had the second smallest agricultural workforce out of all the provinces, employing just under 3,500 people, or roughly 1% of Canada's agricultural workforce.

Although Prince Edward Island's share of Canada's agricultural workforce is small, the province depends heavily on its agriculture sector. More than 4% of the provincial workforce was directly employed in agriculture in 2017; only Saskatchewan had a higher percentage of its workforce employed in this sector. The province also accounts for an outsized number of Canadian 'aquaculture' workers and those employed in 'field fruit and vegetables'.

In addition to employing a significant share of the country's 'field fruit and vegetable' workers, this industry is also the largest agricultural employer in the province, accounting for just under one-third (30%) of its agricultural workforce. The 'dairy' and 'beef' industries are the second- and third-largest employers.

Prince Edward Island's agriculture sector has a lower than average reliance on foreign workers. In 2017, foreign workers accounted for 11% of its agricultural workforce, compared to 17% for all of Canada. Over four-fifths of these workers were employed in the labour-intensive 'field fruit and vegetable' industry.

In 2017, the pool of available domestic labour in agriculture did exceed the number of workers in demand by employers. Nevertheless, there were still roughly 190 jobs that went unfilled in the province which likely reflects a skills mismatch between the needs of employers and what employees have to offer, and the fact that employees willing to work in agriculture are not located where the jobs are located. This imbalance resulted in production losses and delays, as well as \$15 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'.

Prince Edward Island's agriculture sector at a glance

In 2017:

- 3,471 people employed
- 11% foreign workforce
- 190 jobs left unfilled
- 15 million in lost sales due to labour shortages

In 2029:

- 3,900 workers needed
- 24% of the workforce lost to retirement
- 200 jobs at risk of going unfilled

Although the province is currently in a small surplus position, the situation is expected to deteriorate between now and 2029. Two factors contribute to this trend. First, the province's need for agricultural labour is expected to rise as a result of production growth in a number of its key agricultural industries. Second, an aging agricultural workforce and a declining number of young people in the province will significantly reduce the number of domestic agricultural workers available.

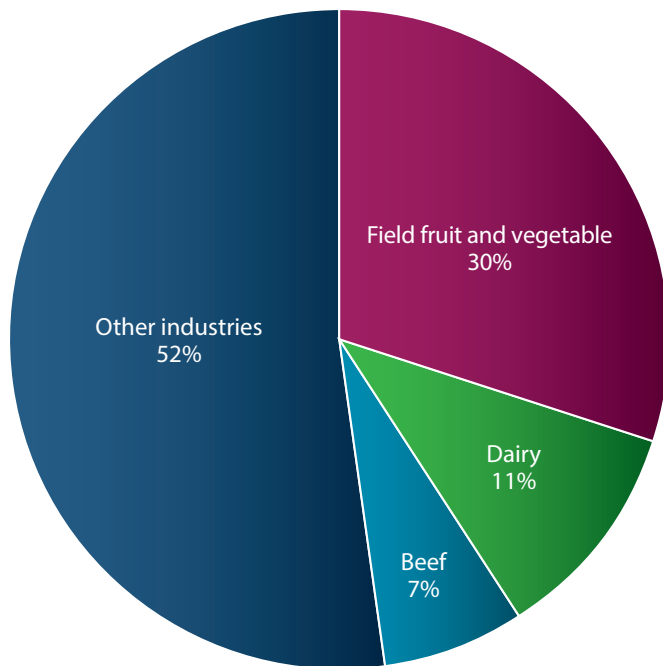
As a result of these demographic and production trends, Prince Edward Island's agricultural labour gap is expected to expand to 220 workers by 2029, which is equivalent to 6% of the total demand for labour.



Key Agricultural Industries

The province's agriculture sector is dominated by the 'field fruit and vegetable' industry. In 2017, just under one in three agricultural workers in the province (30%) were employed by the 'field fruit and vegetable' industry. Other significant agricultural employers include the 'dairy', 'aquaculture', and 'beef' industries. Relative to the Canadian total, Prince Edward Island accounts for an outsized share of the nation's 'aquaculture' and 'field fruit and vegetable' workers.

Prince Edward Island's Agricultural Employment Profile



Production Trends

Strong production outlooks in a number of Prince Edward Island's agriculture industries over the next decade will boost demand for labour. The 'aquaculture' and the 'tree fruit and vine' industries are forecast to see the strongest production growth between 2018 and 2029. Production in the 'aquaculture' industry is forecast to grow by an average of 3.9% per year during this time, which is the strongest production growth of any agricultural industry, and the 'tree fruit and vine' industry has the second-strongest growth profile, with expected growth of 2.5% per year on average.

The impact of these fast-growing industries on the province's labour demand will be offset somewhat by slower growth in other key agricultural commodities. The province's top agricultural employer, the 'field fruit and vegetable' industry, will see moderate growth of 2% per year, and its second-largest employer, the 'dairy' industry, will see growth of just 0.8% per year.

Overall, the demand for agricultural labour in this province is expected to grow by 0.5% per year over the forecast period, which is in line with the aggregate growth expected for all of Canada.



Labour Forecast

Increasing demand for labour combined with an expected contraction in the available labour supply will result in a widening labour gap between now and 2029.

Over the past decade, the demand for labour in the province's agriculture sector has seen moderate declines as greater demand in some industries, such as the 'grain and oilseed' and the 'greenhouse, nursery, and floriculture' industries, has been offset by declines in others. For example, the demand for labour in the swine industry fell by an average of 3.6% per year between 2007 and 2017 as the number of hog farms contracted by 80% in a decade. However, looking to the future, brighter production prospects in key industries will help increase the demand for agricultural labour in the province by 0.5% per year. Between now and 2029, the number of workers required to support the sector will increase from 3,700 to 3,900. At the same time, the supply of agricultural workers in Prince Edward Island is expected to shrink due to a rising number of retirements and fewer young people entering the industry.

The combination of a growing need for labour and a shrinking supply will widen the province's agricultural

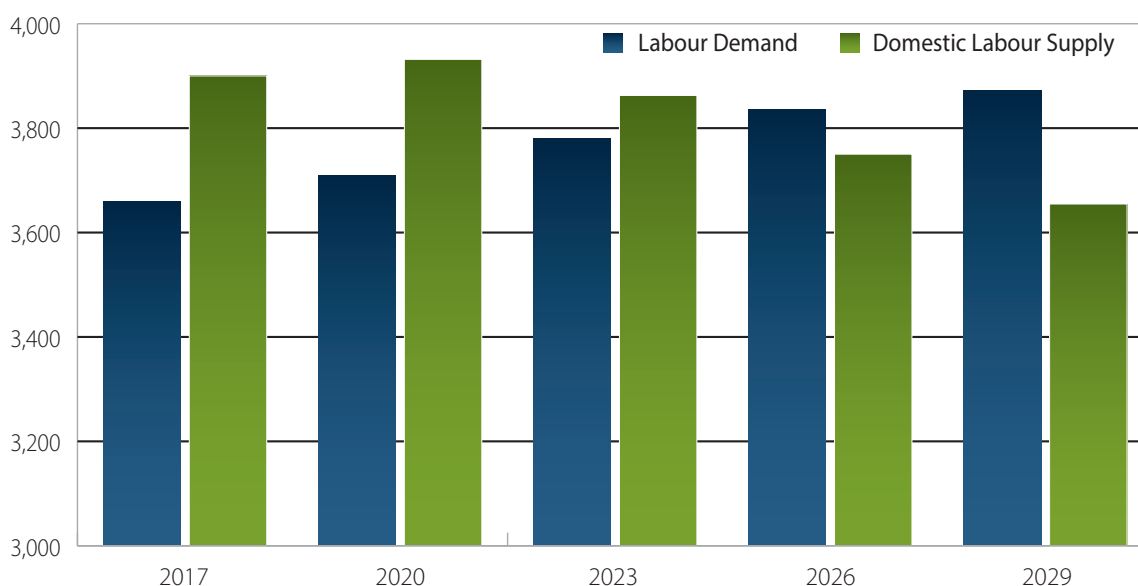
RESEARCH HIGHLIGHTS

- **53%** of Prince Edward Island farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **46%** of Prince Edward Island farmers expect employment at their farm to rise over the next five years, while only 25% expect to see a decline.

labour gap considerably. Indeed, the number of jobs at risk of going unfilled due to a lack of domestic workers will expand from a surplus of 240 workers in 2017 to a deficit of 220 workers by 2029. By the end of the forecast, we expect that 6% of jobs in the province could be at risk of going unfilled due to domestic labour shortages.

The labour shortage will hit some industries harder than others. By 2029, the province's 'field fruit and vegetable' industry will see 430 jobs at risk. The 'aquaculture' and the 'greenhouse, nursery, and floriculture' industries will account for another 100 and 80 jobs at risk, respectively. In contrast, the 'dairy', 'beef', and 'swine' industries are expected to enjoy a surplus of workers relative to their needs.

Labour Surplus to Become Deficit for Prince Edward Island's Agriculture Sector



Foreign Workers

Prince Edward Island's agriculture sector has a moderate reliance on foreign workers, with 11% of its total agricultural workforce comprised of foreign workers. Among the provinces, Prince Edward Island has the fifth-highest reliance on this source of labour. This puts the province below the national sector average of 17%, and far below Ontario, and Nova Scotia, the two provinces most reliant on foreign workers at 30% and 29%, respectively. The province's agriculture sector employed approximately 400 foreign workers in 2017, four-fifths of whom worked in the seasonally variable and labour-intensive 'field fruit and vegetable' industry.



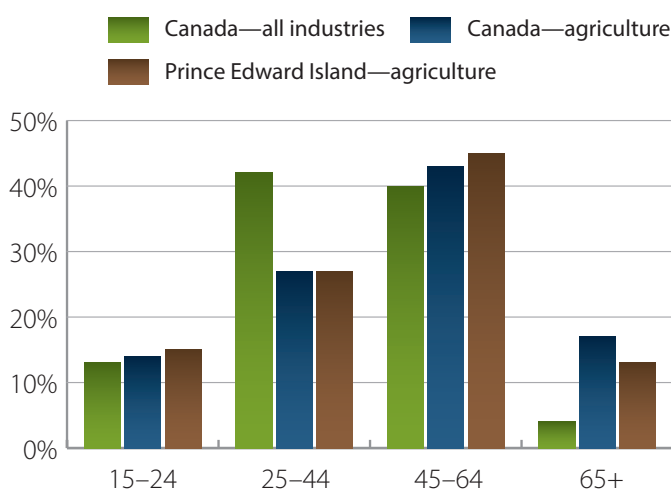
Demographic Trends

An aging workforce and a declining number of young people in the province will be the key factors reducing the agricultural labour supply. The decline by 0.5% per year in Prince Edward Island's agricultural labour supply will be driven mainly by the impact of retirement and fewer young people in the province entering agriculture.

In 2016, 58% of the province's workforce in the agriculture sector was 45 years of age or older, which is slightly below than the 59% average across the Canadian agriculture sector and significantly higher than the average of 45% across all Canadian industries. By 2029, Prince Edward Island is expected to see 24% of its current agricultural workforce retire. While this is the lowest share among all the provinces, it will still have an impact on the size of the workforce.

At the same time, the province will see a smaller number of young people available to take those jobs left vacant by retirement. By 2029, the number of young people entering agriculture in the province will decline by 20% compared to 12% across provinces.

2016 Workforce Age Distribution



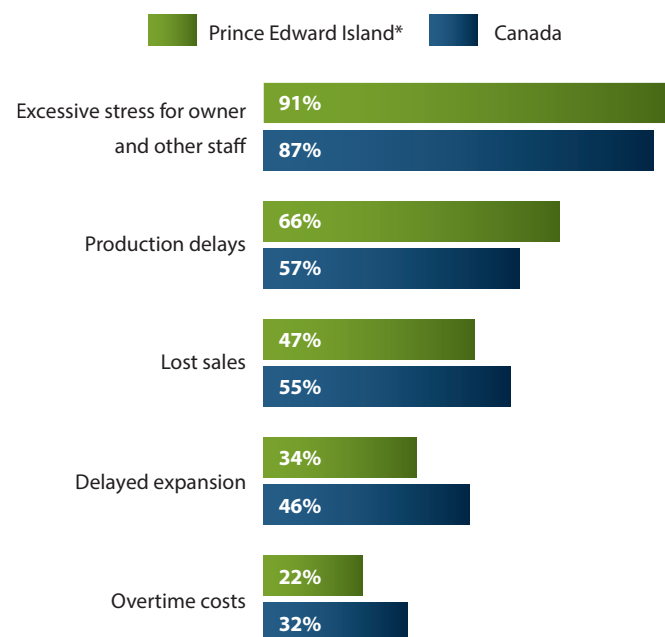
Financial Impact

The province's growing agricultural labour shortages can be expected to result in sustained financial losses and limit the industry's potential growth in the future.

Prince Edward Island's agriculture sector saw the second-lowest share of lost sales due to labour shortages of any province. This is partly because the province's agricultural product mix results in lower sales per worker. As a result, each unfilled vacancy tends to have a smaller impact on sales overall.

In 2017, the province was unable to fill 190 jobs, which is equivalent to 5.7% of the total workforce needed. This is higher than the nationwide sector average of 5.4%. Labour challenges cost the province \$15 million, or 3.1% of sales.

Impacts of Labour Shortages



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

An inability to find enough workers affected the province's agricultural employers in other ways as well. Of producers who reported labour shortages, 66% reported production delays, compared to 57% of agricultural employers nationwide.

On a positive note, a smaller percentage of the province's agricultural employers reported delaying expansions due to a lack of labour; only 34% of producers that reported labour shortages cited this as an issue, compared to a national average of 46%.

Labour Challenges

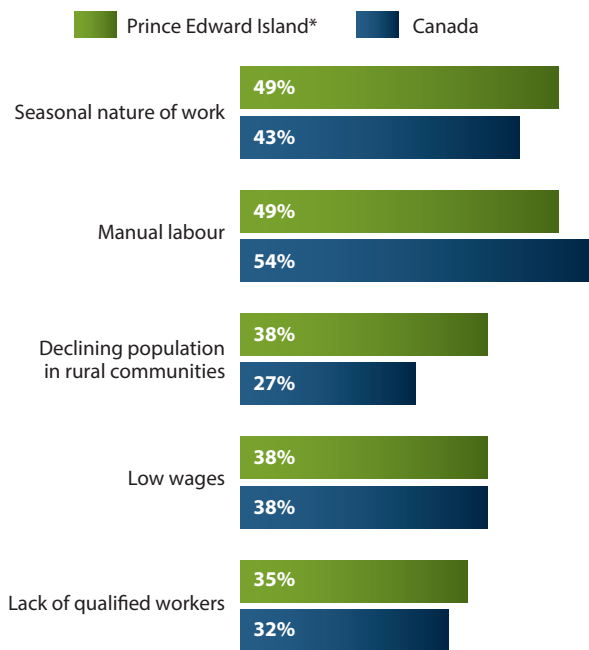
Prince Edward Island's agriculture sector faces a number of challenges in recruiting and retaining enough workers.

The sector's ability to find and retain enough agricultural workers is impeded by rural operations, variability in hours, and the physical nature of work.

Recruiting Workers

When it comes to recruiting agricultural workers, Prince Edward Island faces challenges similar to the rest of Canada. However, the province's agricultural employers are more likely to be challenged by the rural location of their operations. Prior research conducted by the Canadian Agricultural Human Resource Council has found that only 13% of respondents reported being close to a population centre of more than 10,000 people, compared to 35% for agricultural operations across Canada. As a result, greater numbers of employers are concerned about the impact that rural operations have on recruitment, specifically the depopulation that is occurring in such areas. Almost two in five employers (38%) indicated that declining populations in rural areas is a concern, compared to 27% of employers across Canada.

Challenges in Recruiting Workers



*Based on responses of 68 producers in Prince Edward Island.

Retaining Workers

Prince Edward Island's agriculture sector has above-average turnover rates. The involuntary turnover rate is significantly above the national average (12%, compared to 3%). What is more, its voluntary turnover rate of 26% is the highest in the country and significantly higher than the national average of 10%. In particular, the voluntary turnover rate among seasonal workers is very high at 33% compared to 15% nationally.

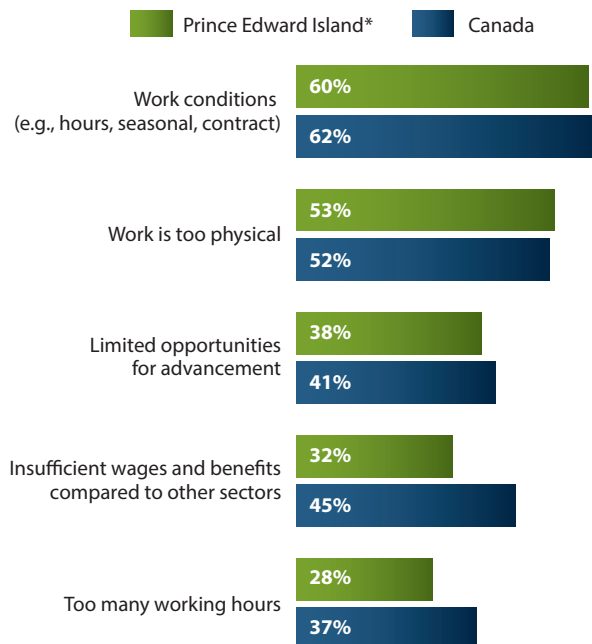
The province's agricultural employers face similar challenges to other provinces when it comes to retaining workers. However, it stands out in a few ways. Insufficient work is an issue for 16% of the province's employers compared to 10% of agricultural employers nationwide.

On a more positive note, only 32% of employers in Prince Edward Island cited compensation relative to other sectors as a retention barrier compared to a national average of 45%.

Toughest Jobs to Fill

Over the forecast period, Prince Edward Island's agriculture sector will have the most trouble filling managers in agriculture positions. This occupation, which accounted for 27% of employment in 2017, is expected to see its labour gap increase to roughly 120 workers by 2029. More than half of all unfilled jobs in 2029 will be managers in agriculture positions.

Challenges in Retaining Workers



*Based on responses of 68 producers in Prince Edward Island.



Conclusion

With labour demand expected to increase and supply expected to contract, Prince Edward Island's agriculture sector faces significant challenges in the years ahead. After years of shrinking demand for agricultural labour, Prince Edward Island more workers will be required to support the bright production outlook for some of its largest agricultural industries over the next ten years,

These production trends, combined with a decline in the province's domestic labour supply, brought about by a rising number of retirements and a dwindling supply of young people in the province, is expected to widen the labour gap substantially. From 2017 to 2029, the balance between labour supply and demand will go from a surplus of 240 workers to an expected deficit of 220 workers. That is equivalent to 6% of workforce requirements at that time.

To address its agricultural labour issues, the province will need to overcome a number of key challenges:

- Declining populations in rural areas make it difficult for employers with rural operations to attract workers, with more than one in three of the province's agricultural employers (38%) citing this as a key recruitment challenge.
- The province's voluntary turnover rate of 26% is the highest in the country and significantly above the national average of 10%.
- Insufficient work affects retention in this province. Nearly one in six agricultural employers (16%) cite this as a retention challenge, compared to a national average of just 10%.
- Significant use of foreign workers makes employers vulnerable to policy changes, such as a change to the Temporary Foreign Worker Program (TFWP).

However, the province's agriculture sector also has strengths that it could leverage:

- Compensation poses less of a retention issue for agricultural employers in Prince Edward Island.
- The province has a younger-than-average agricultural workforce, so it will benefit from fewer retirements over the forecast period.
- Providing advancement opportunities could help make work in the agriculture sector more attractive and improve retention.
- Access to training programs, mentorships, and internships has the potential to create more skilled labour.

Over the forecast period, Prince Edward Island will need to find ways to strengthen the domestic labour pool in order to address its fast-growing labour gap, avoid financial losses, and reach its growth potential.



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

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