



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

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 Quebec between now and 2029.



Provincial Overview

Canada's second-largest agricultural employer, Quebec, faces increasing labour challenges in this sector over the coming decade.

In 2017, Quebec was the second-largest agriculture sector employer in Canada, employing 70,500 people, or 20% of the nation's agricultural workforce. Only Ontario accounted for a higher share, at 28%. In terms of the province's national agricultural profile, Quebec is Canada's largest employer of 'dairy' workers, with nearly half of the industry's workers (48%) employed in this province. It is also the largest employer of 'swine' industry workers, accounting for 22% of the national industry's workforce.

Within the province, the 'dairy' industry is the largest agricultural employer, accounting for nearly one in four agricultural workers (22%). The 'greenhouse, nursery, and floriculture' industry is also a significant employer in Quebec, accounting for 9% of the agricultural workforce. The province has a younger-than-average agricultural workforce. In 2016, only 56% of its workforce was 45 years of age or older, compared to 59% of the agricultural workforce nationwide.

Foreign workers account for 19% of the agricultural workforce in Quebec, which is slightly higher than the sector average across Canada (17%).

Even with help from the foreign labour force, the province's agriculture sector was still unable to fill 2,700 jobs in 2017, a shortfall that cost the industry \$362 million.

Between now and 2029, Quebec's need for agricultural labour will remain flat, mostly due to limited market demand for 'dairy' products. However, because the labour pool is shrinking, the province is expected to experience greater labour shortages over the next decade.

*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'.

Quebec's agriculture sector at a glance

In 2017:

- 70,515 people employed
- 19% foreign workforce
- 2,700 jobs left unfilled
- 362 million in lost sales due to labour shortages

In 2029:

- 73,300 workers needed
- 36% of the workforce lost to retirement
- 19,900 jobs at risk of going unfilled

Unless additional sources of domestic or foreign labour can be found, this labour gap will prevent the province's vital agriculture sector from reaching its full potential.



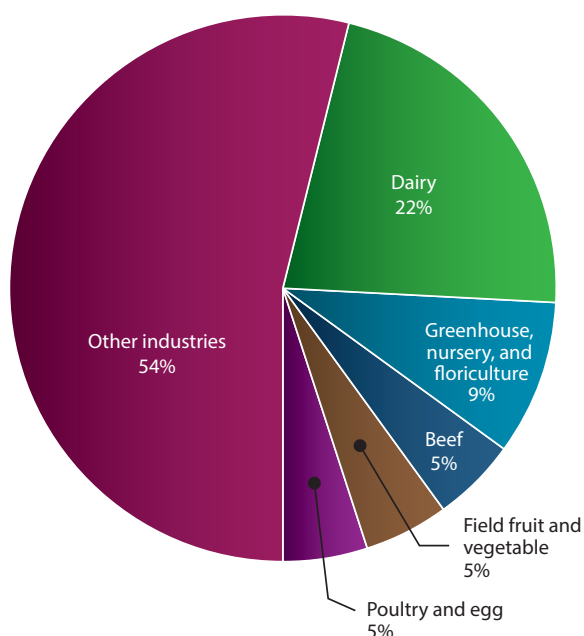
Key Agriculture Industries

Quebec's agricultural workforce is spread out over a number of industries, with 'dairy' being the largest agricultural employer in the province.

Quebec's agriculture sector produces a wide variety of products, but the 'dairy' industry is particularly important, employing more than one in every five (22%) of the province's agricultural workforce. The 'greenhouse, nursery, and floriculture' industry is also an important agricultural employer, accounting for another 9% of the workforce.

Quebec accounts for a substantial share of Canada's agricultural employment in a number of commodity areas. In 2017, the province employed 48% of the nation's 'dairy' industry workforce, with the second-largest employer (Ontario at 29%) trailing well behind. Quebec is also the largest 'swine' industry employer, accounting for nearly one in every four 'swine' workers (22%) on a national basis. It is also the second-largest poultry and egg industry employer, with 22% of the Canadian employment in this industry situated in the province.

Quebec's Agricultural Employment Profile



Production Trends

A stable production outlook for some of Quebec's key agricultural industries will dampen the demand for labour over the next decade.

With some industries experiencing growing demand for labour and others experiencing a decline, the overall demand for agriculture workers in Quebec has remained relatively flat over the past decade.

Looking ahead to the next decade, a stable production outlook for Quebec's biggest agricultural employer will dampen the demand for workers. The 'dairy' industry is expected to see production growth of just 0.8% per year between now and 2029, which is the weakest production outlook of any industry in the agriculture sector. The 'dairy' industry's stable outlook is the result of three market factors. First, people consume less dairy as they age, and Canada has an aging population. Second, dairy products are less likely than other agricultural commodities to be exported. And third, milk substitutes, such as almond milk, are growing in popularity and cutting into dairy's historical market share.

There are other important agriculture industries in Quebec which are expected to experience strong growth, however. The 'greenhouse, nursery, and floriculture' industry, Quebec's second-largest agricultural employer, will see production grow by 2.3% per year between 2018 and 2029, and its third-largest employer, the 'beef' industry, will see production grow by 2.1% per year.



Labour Forecast

While the demand for labour in Quebec will remain flat, the supply of domestic workers will shrink, widening the labour gap in a number of commodity areas.

With Quebec's 'dairy' industry entering a period of slower market growth, the demand for agricultural workers in Quebec is expected to level off. The number of workers required to support the agriculture sector in Quebec will average 73,200 workers over the forecast period. This stable outlook is weaker than that of the entire Canadian agricultural sector, which is expected to see aggregate labour demand increase by 0.5% a year over the same period.

While the demand for labour will remain flat, the supply of domestic workers is predicted to shrink, with 6,500 fewer Canadian residents available to work in Quebec's agriculture sector by 2029. This means that between 2017 and 2029, the number of jobs that can't be filled with domestic labour will increase by 3.4% per year, rising from 13,300 to 19,900. That means that by the end of the forecast, 27% of the total jobs required to support the industry

RESEARCH HIGHLIGHTS

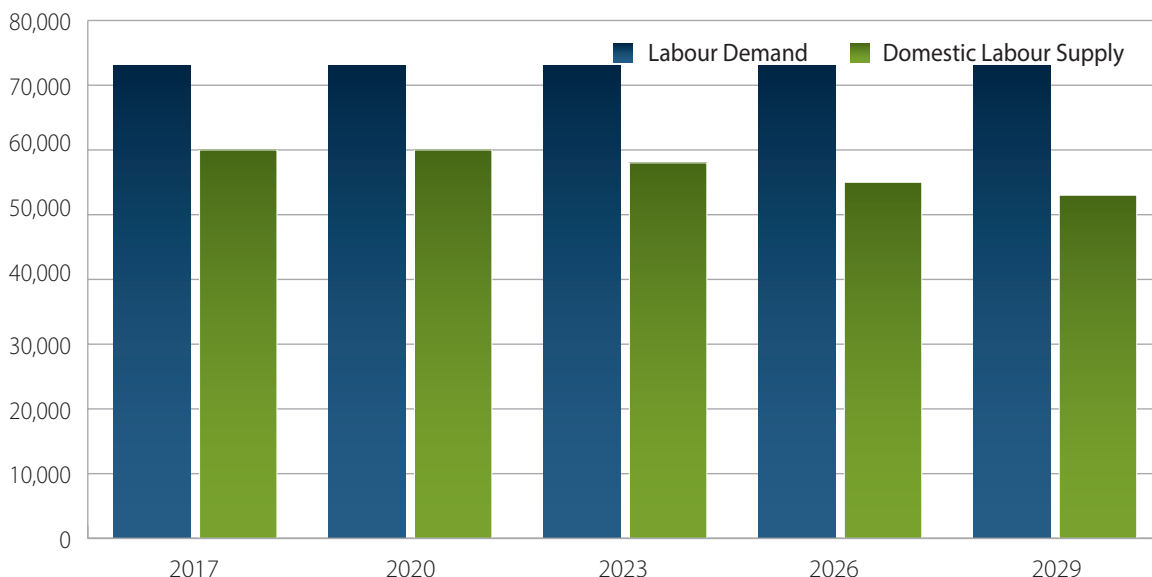
- **48%** of Quebec farmers were not able to find all the workers they needed in 2018, compared to 47% across Canada.
- **49%** of Quebec farmers expect employment at their farm to rise over the next five years, while only 15% expect to see a decline.

will be at risk of remaining vacant due to a lack of available domestic labour.

Quebec's 'greenhouse, nursery, and floriculture' industry is predicted to be hardest hit by labour shortages, with the number of jobs at risk rising from 2,100 today to 2,900 workers by 2029. This means that by 2029, over two in every five jobs available in this industry (42%) will be at risk. The province's 'beef' industry will also be strongly affected by labour shortages, as the deficit of available workers is expected to increase from approximately 175 in 2017 to 940 by 2029.

The 'dairy' industry, on the other hand, will see its current deficit of workers shrink over the forecast period. While there were 700 more 'dairy' jobs than domestic workers available to fill them in 2017, by 2029, there will be only 300 more available jobs than domestic workers willing to take them.

The Labour Gap Widens for Quebec's Agriculture Sector



Foreign Workers

Quebec's agriculture sector has a slightly above-average reliance on foreign workers compared to other provinces.

Quebec's agriculture sector employed 13,400 foreign workers in 2017, which is equivalent to 19% of the province's total agricultural workforce and slightly higher than the national average of 17%. Only Ontario, Nova Scotia, and British Columbia, rely more heavily on foreign workers.

One factor limiting Quebec's ability to use foreign workers to address domestic labour shortages is the prevalence of the 'dairy' industry in this province. Because of the high degree of mechanization and limited seasonality that characterize the industry, foreign workers are not an ideal solution to its labour challenges. However, in some of the province's more labour-intensive and seasonal industries, such as the 'greenhouse, nursery, and floriculture' industry, foreign workers can help to manage seasonal peaks during when the need for labour increases significantly for a short period of time.

Demographic Trends

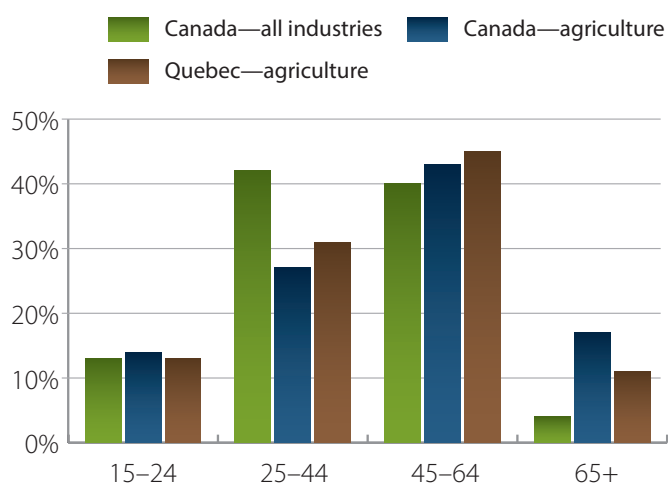
In the coming decade, retirements and a shrinking number of young people entering the industry will reduce the supply of available workers for Quebec's agriculture sector. The available labour pool for Quebec's agriculture sector is expected to decline by an average of 1.0% per year between now and 2029, which is slightly slower than the national average of 1.2%.

Quebec's agricultural workforce is the youngest of any province. In 2016, only 56% were aged 45 years or older, while the national agricultural average was 59%. However, this still means its workforce is older than the average across Canadian industries, where just 45% of workers are aged 45 years or older. As a result, Quebec is expected to lose over one in three agricultural workers (36%) to retirement between 2018 and 2029.

To replace those workers, Quebec will have to look to younger cohorts, but that demographic is shrinking. There will be 12% fewer school graduates entering the agriculture sector over the next decade compared to the previous one, putting increased pressure on employers to fill the void left by retirements.

Quebec is also expected to see below-average rates of both international and interprovincial migration, which will further limit the available labour supply for agriculture.

2016 Workforce Age Distribution



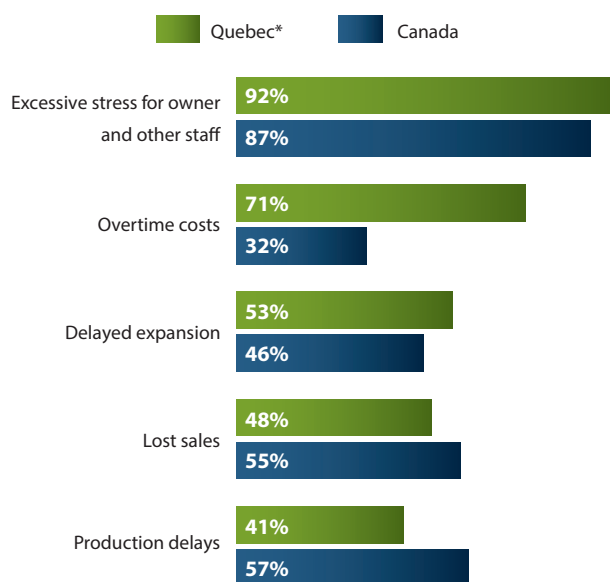
Financial Impact

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

Quebec's agriculture sector was unable to fill 2,700 jobs in 2017, which is equivalent to 4.5% of the total workforce needed. While this is below the national average of 5.4%, these labour shortages still cost the industry \$362 million. This amounts to 4.1% of total agricultural sales in the province, which is relatively less than some other provinces, although this simply reflects the province production mix which tends to result in slightly lower sales per worker on average.

Quebec's agricultural producers were also impacted by labour shortages in other ways. Of producers who reported labour shortages, 92% reported excessive stress for owner and other staff, and 71% reported overtime costs. What is more, more than half of producers (53%) reported delaying expansion plans, suggesting that labour shortages today will also affect the industry's growth potential in the future.

Impacts of Labour Shortages



*Based on responses of 85 producers in Quebec who reported not having access to all needed workers.



Labour Challenges

Quebec'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 perceptions of low wages, a lack of qualified workers, and work conditions.

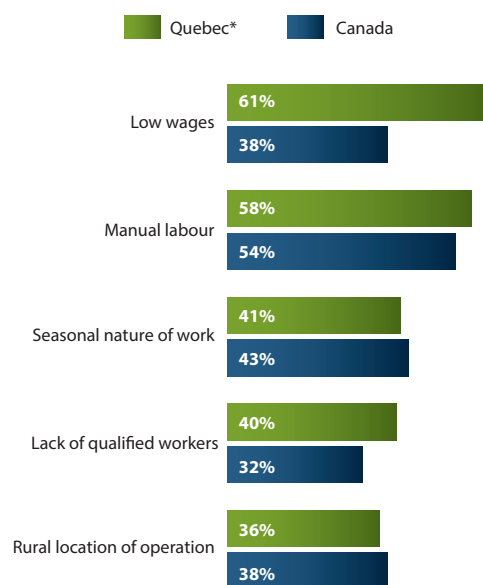
Recruiting Workers

Quebec's agriculture sector is affected by many of the same recruitment issues facing the sector across the country. However, the province is unique in a few ways. For one, Quebec producers are much more likely to cite perceptions of low wages as a barrier to recruitment. Over three in five employers in the province (61%), which is the highest share in Canada, cited perceptions of low wages in the sector as a key barrier to recruitment. Quebec producers also found it more difficult to locate qualified workers in their area. Two in five (40%) reported a lack of qualified workers as a barrier to recruitment, compared to 32% of employers across Canada.

On a positive note, prior research conducted by the Canadian Agricultural Human Resource Council has found that producers in this province were more likely than average to be close to population centres of more than 100,000 people (10%, compared to 8%) or 10,000 (42%, compared to 35%). As a result, declining populations in rural areas was less of an issue for producers in this province, with only 20% citing it as a barrier to recruitment, compared to 27% of producers Canada-wide.

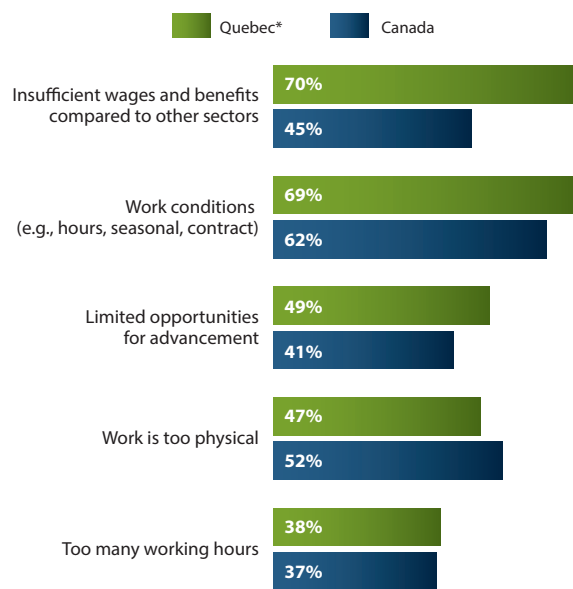


Challenges in Recruiting Workers



*Based on responses of 191 producers in Quebec.

Challenges in Retaining Workers



*Based on responses of 79 producers in Manitoba.

Retaining Workers

Quebec's agricultural producers are less challenged in retaining workers. The province has below-average turnover rates, with involuntary turnover rates of 1.1%, compared to the national average of 2.5%, and voluntary turnover rates that are the second lowest in Canada at 4.7%, compared to the national average of 10.3%. However, the province has very high turnover rates among its seasonal workforce compared to other provinces. Insufficient compensation compared to other sectors is the province's biggest retention challenge, with 70% of producers citing it as an issue, compared to 45% of producers nationwide. Work conditions, which includes the seasonal nature of work, is another issue for 69% of the province's agricultural firms, compared to 62% nationwide.

On a positive note, the physical nature of work in the industry poses less of a challenge, with 47% of Quebec producers citing it as a barrier to retention, compared to 52% of producers nationwide.

Toughest Positions to Fill

Quebec'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 68% of the province's agricultural employment in 2017, and they will make up 68% of the jobs at risk as the labour gap widens. By 2029, there will be 10,600 general farm worker jobs and 3,000 managers in agriculture jobs at risk of going unfilled.



Conclusion

While the aggregate demand for labour in Quebec's agricultural sector will remain flat, the domestic workforce will shrink. This will result in a widening labour gap and a mounting threat to the sector's future profitability and growth.

A stable production outlook for one of Quebec's largest agricultural employers will limit growth in labour demand over the next decade. However, the contraction in the available domestic workforce will sustain an increased risk of even more vacancies over the forecast. By 2029, there will be 6,500 fewer Canadian residents available to work in Quebec's agriculture sector, and the number of jobs that can't be filled by domestic labour sources will reach 19,900.

Given the labour market pressures the province's agricultural is facing, the \$362 million in lost sales that the industry suffered in 2018 is at risk of increasing significantly in the years ahead unless these challenges are addressed.

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

- Agricultural employers within the province were much more likely to cite perceptions of low wages in the sector as a barrier to recruitment.
- The sector has a strong reliance on foreign workers, leaving the industry at risk of policy changes, such as the reduction in numbers or elimination of the Temporary Foreign Worker Program (TFWP).
- The province is expected to see below-average rates of both international and interprovincial migration, which will limit the available labour supply for agriculture.



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

- Quebec's agricultural employers enjoy below-average voluntary and involuntary turnover rates.
- Agricultural operations in this province tend to be located closer to bigger cities with larger labour pools.
- The province has the youngest agricultural workforce in Canada, which will reduce the strain of retirements over the next ten years.
- 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 Quebec 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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