

How Labour Challenges Will Shape the Future of the 'Tree Fruit and Vine' Industry:

Agriculture Forecast to 2029



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



Industry Overview

A significant employer with a heavy reliance on foreign workers, the 'tree fruit and vine'* industry faces a widening labour gap that will increase its vulnerability to policy change unless it can find and retain domestic workers more effectively. The 'tree fruit and vine' industry includes farms that produce all types of tree fruits (such as apples and peaches), tree nuts (such as walnuts and hazelnuts), berries (such as strawberries, blueberries, and raspberries), and vineyards.

The industry is a significant agricultural employer, employing 23,900 people and accounting for 7% of the total agricultural workforce in Canada. More than one in two workers (51% of the workforce) are foreign workers, which makes this industry the most reliant on foreign workers of any agricultural industry.

Work in the 'tree fruit and vine' industry is labour intensive, requiring extensive hand-picking and packaging. It's also subject to the most pronounced seasonal pattern of any agricultural industry. As a result, the industry relies more heavily on foreign workers to meet its labour requirements.

The work is also highly seasonal: at its seasonal peak, the domestic workforce is nearly 5 times bigger than it is during the seasonal low.

'Tree fruit and vine' operations are concentrated primarily in British Columbia and Ontario. More than two-fifths of the industry's workforce (42%) is located in British Columbia, 32% is located in Ontario, and 12% is located in Quebec.

*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'.

'Tree fruit and vine' industry at a glance

In 2017:

- 23,900 people employed
- 51% foreign workforce
- 900 jobs left unfilled
- 94 million in lost sales due to labour shortages

In 2029:

- 1,100 fewer domestic workers available
- 35% of the workforce lost to retirement
- 15,400 more jobs than the domestic workforce can fill

The industry is predicted to see an increase in the output each worker can produce, which will limit the demand for labour. However, the industry still faces a widening labour gap as the available domestic workforce shrinks by 1,100 workers over the forecast period as a result of retirements.



Production Trends

Strong productivity growth and a moderately slower rate of output will limit the industry's need for more labour.

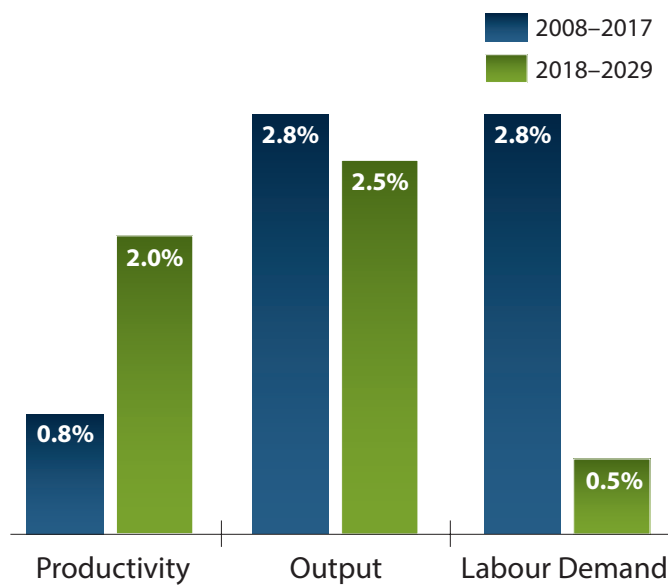
The 'tree fruit and vine' industry saw a modest productivity performance over the past decade, with productivity (the output each worker can produce) rising by 0.8% per year. Over the next 10 years, productivity growth is expected to accelerate, with productivity averaging 2% per year from now until 2029. This is one of the strongest productivity outlooks in the agriculture sector.

At the same time, output levels, which increased by 2.8% per year between 2007 and 2017, will continue to grow at a slightly slower rate over the next 10 years, increasing by 2.5% per year.

With output increasing at a slower pace and the output per worker remaining strong, the industry's need for more workers will rise only modestly between now and 2029.

Productivity, Output, and Labour Demand Trends

(average annual percentage change)



RESEARCH HIGHLIGHTS

- **45%** of 'tree fruit and vine' producers were not able to find all the workers they needed in 2018, compared to 47% for all agriculture.
- **44%** of 'tree fruit and vine' producers expect employment at their farm to rise over the next five years, while only 23% expect to see a decline.



Labour Forecast

While strong productivity will minimize the 'tree fruit and vine' industry's need for more workers, a shrinking domestic labour force is expected to widen the industry's labour gap over the next 10 years.

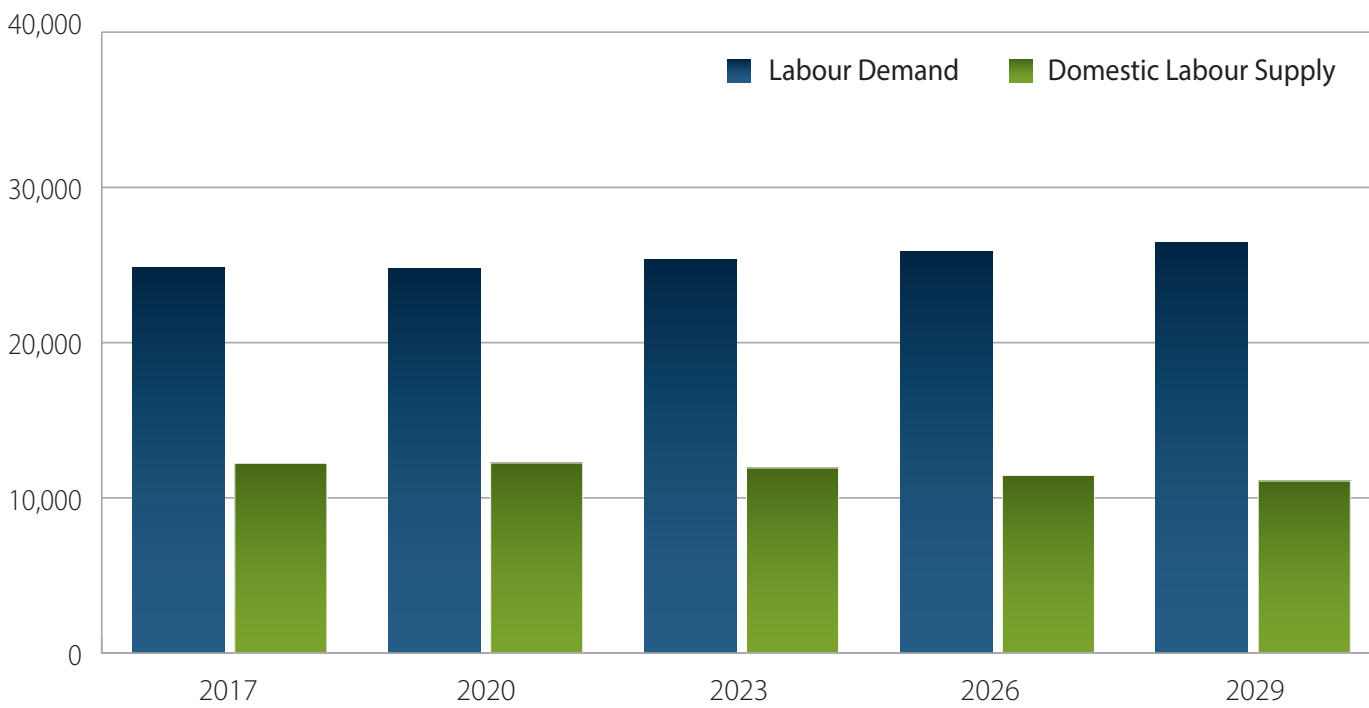
The demand for workers in this industry is expected to grow modestly, rising from 24,800 workers in 2017 to 26,500 by 2029. At the same time, the domestic labour force is expected to shrink, with 1,100 fewer workers predicted to be available by forecast end. The reduction in the labour force will be substantially due to retirements.

As a result, the labour gap will widen from 12,600 to 15,400 jobs that can't be filled by the available pool of domestic workers. This means that by 2029, nearly three in five jobs (58%) will need to be filled by foreign workers or remain unfilled. This is the widest gap of any agricultural industry.



While the industry has been generally successful in supplementing the available domestic workforce with foreign workers, this strategy leaves it vulnerable to policy changes that could reduce or eliminate access to this critical labour source.

The Labour Gap Widens for the 'Tree Fruit and Vine' Industry



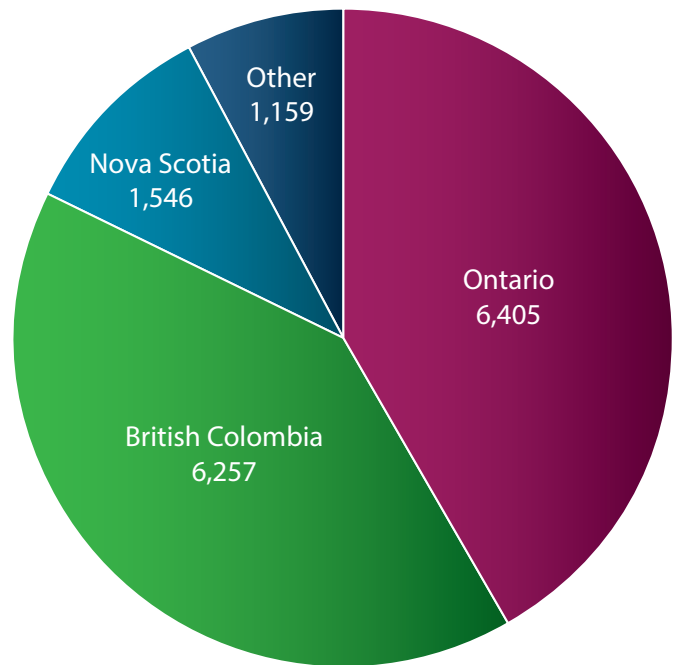
Regional Trends

The 'tree fruit and vine' industry is concentrated in British Columbia and Ontario, so labour challenges are expected to impact these regions most heavily. British Columbia and Ontario are home to the majority of workers in the 'tree fruit and vine' industry, with each province accounting for a respective 42% and 32% of the workforce. British Columbia also has one of the strongest concentrations of industry employment, with just over one in five workers in the province's agriculture sector (22%) employed in the 'tree fruit and vine' industry. By 2029, British Columbia will have 6,300 more jobs than its domestic workforce can fill.

However, Ontario will be impacted even more heavily by labour challenges over the next 10 years. It will see a larger share of the industry's labour gap than any other province, and it will also have the highest percentage of jobs either going to foreign workers or going unfilled due to a lack of domestic workers. In fact, the total available domestic workforce in this province will be just over a quarter (27%) of the industry's total workforce requirements. In total, Ontario will have 6,400 more jobs than its domestic workforce can fill.



Number of Industry Jobs at Risk by 2029



Nova Scotia will also be impacted by a labour shortfall, with 1,500 more jobs than its domestic workforce can fill.

Demographic Trends

A high number of retirements will erode the available workforce between 2018 and 2029.

The supply of domestic labour for the 'tree fruit and vine' industry has shrunk from 15,000 in 2007 to 12,200 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 4,300 retirements between 2018 and 2029, a number equivalent to 35% of the current workforce. However, this is still below the average for the entire agriculture sector, where 37% of the current workforce is expected to retire between 2017 and 2029.



Financial Impact

In 2018, labour shortages impacted 'tree fruit and vine' more heavily, in percentage terms, than any other agriculture industry. As the supply of domestic labour dwindles over the next decade, the costs will climb even higher.

An inability to fill 900 vacancies, which is equivalent to 7.2% of the total jobs needed to support the 'tree fruit and nut' industry, cost the industry \$94 million in lost sales in 2018, or 9% of total sales. No other industry in agriculture saw a greater share of sales lost to labour shortages.

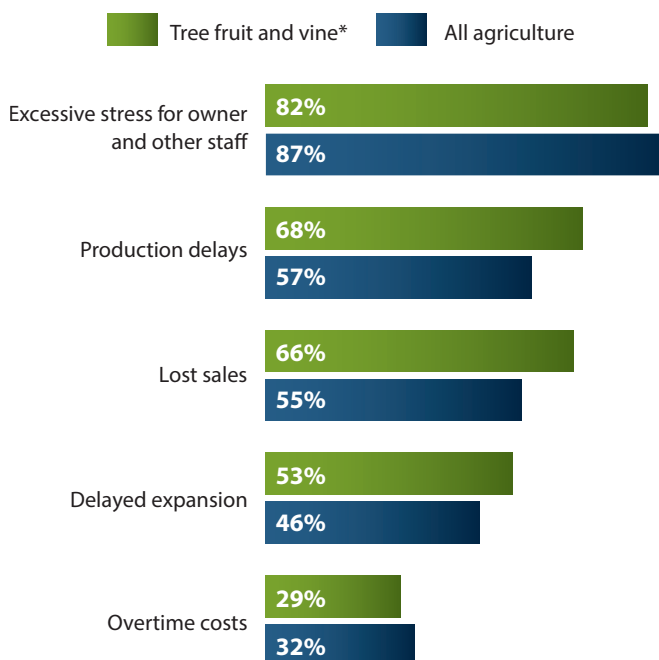
However, lost sales were not the only financial impacts that the labour gap caused. Of 'tree fruit and vine' producers who reported labour shortages, 82% of respondents reported that labour shortages caused excessive stress for owner and other staff, while 68% said they caused production delays, and 66% said they caused lost production.

Labour shortages don't just impact the industry today, they also limit its future growth by preventing or delaying expansion plans. Over half (53%) of tree fruit and vine producers impacted by labour shortages reported delaying expansion due to these shortages, compared with 46% of producers across all agriculture industries.

As the labour gap widens, these financial impacts could cost the industry significantly more in dollar terms and inhibit its ability to grow to its full potential.



Impacts of Labour Shortages



*Based on responses of 38 tree fruit and vine producers who reported not having access to all needed workers.



Labour Challenges

'Tree fruit and vine' employers face specific challenges in recruiting and retaining enough workers.

The ability of the 'tree fruit and vine' industry to find and retain enough workers is impeded by perceptions of low wages, the high seasonality and variability in hours, and the physical work involved.

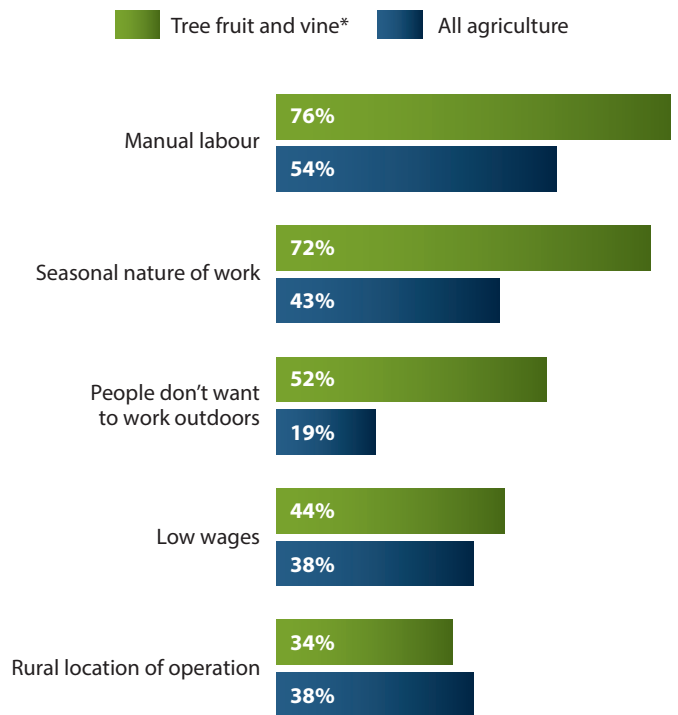
Recruiting Workers

The 'tree fruit and vine' industry is affected by many of the same recruitment issues facing the agriculture sector as a whole. However, it also faces a number of unique barriers. For one, employers are much more likely to cite limited interest in outdoor work among potential employees as a key recruitment barrier: 52% cite this as a recruitment challenge compared to 19% across all agricultural industries. This represents the highest share of employers reporting this barrier among surveyed industries.

In addition, 'tree fruit and vine' industry employers were also much more likely to cite the seasonal nature of work as a recruitment barrier. Indeed, 72% cited it a recruitment problem, compared to 43% of producers across Canada. Compensation was also more likely to challenge for 'tree fruit and vine' industry employers. Over two in five (44%) of respondents cited perceptions of low wages as a barrier to recruitment, compared to 38% of respondents across all agricultural industries.

On the positive side, industry employers were less likely to be affected by a lack of qualified workers. Of the industry employers surveyed, 18% reported a lack of qualified workers in their area, well below the 32% of agricultural employers across Canada.

Challenges in Recruiting Workers



*Based on responses of 88 tree fruit and vine producers.

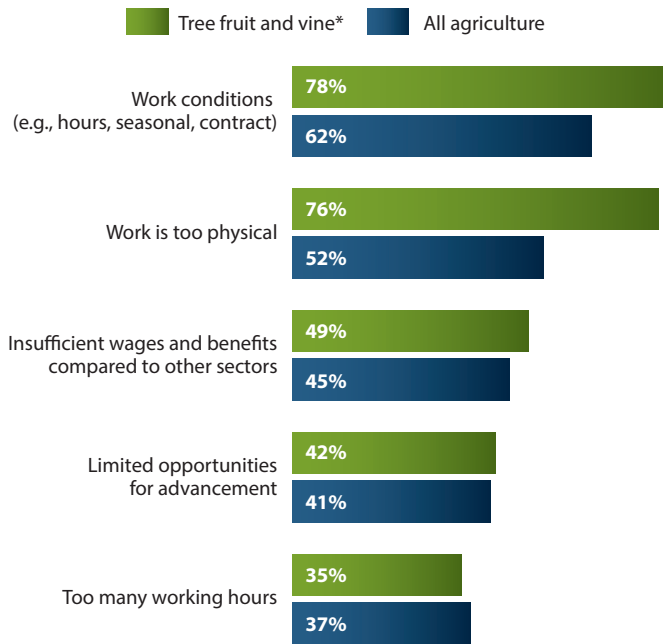
Retaining Workers

The 'tree fruit and vine' industry has difficulties retaining workers. The industry not only has the second-highest involuntary turnover rate among agricultural industries (8.3% versus the national sector average of 3%), it also has the highest voluntary turnover rate of 22.5%, which is more than double the national sector average of 10%.

The variability in hours, which includes seasonality and long hours in season, is the top retention challenge for 'tree fruit and vine' producers, with 78% reporting it as an issue, compared to 62% of all producers nationwide. Specifically, 76% of the industry's producers cited the physical nature of work as a key retention challenge, while 35% reported too many working hours.



Challenges in Retaining Workers



*Based on responses of 88 tree fruit and vine producers.



'Tree fruit and vine' producers are also more likely to have issues related to the remote location of their operations. One in three respondents (33%) reported difficulties in transporting workers to remote worksites as a recruitment problem, compared to 19% of producers across Canada.

Toughest Jobs to Fill

The 'tree fruit and vine' industry will have the most trouble filling general farm worker, and harvesting labourer, positions. Together, these positions account for 70% of the industry's current employment. By 2029, these two occupations will account for 88% of the jobs that can't be filled by domestic workers. Agricultural service contractors and farm supervisors will account for another 6% of jobs that can't be filled by domestic workers by 2029.



Conclusion

Already heavily reliant on foreign workers, the 'tree fruit and vine' industry faces a shrinking domestic labour pool and a growing need for workers. Unless it can attract and retain more workers, either domestic or foreign, its growth potential will be at risk.

The 'tree fruit and vine' industry has one of the strongest productivity outlooks in the agriculture sector. However, it also has the widest gaps between its workforce requirements and the available domestic labour pool. While the industry has been able to supplement the domestic workforce with foreign workers, this solution may not always be a viable option. For example, while the Seasonal Agricultural Worker Program (SAWP) has remained exempt from restrictions placed on the Temporary Foreign Worker Program (TFWP), the Agricultural Stream within the TFWP has not. Any further regulatory changes could have a devastating impact on the industry's ability to meet its labour requirements. The rules and processes that govern the TFWP are under review by the various government departments. It is uncertain whether access to foreign workers in the sector will be disrupted in the future.



Managing the workforce effectively will require this industry to overcome several challenges:

- 'Tree fruit and vine' employers were much more likely to cite people not wanting to work outdoors, and the physical nature of work, as barriers to recruitment.
- The industry has very high voluntary and involuntary turnover rates, which creates considerable cost and strain for employers.
- Industry operations have the highest seasonal fluctuations of any agriculture industry, which affects workforce stability.
- Labour shortages for this industry are more likely to affect expansion plans, an issue of real concern for an industry facing robust growth.

In terms of meeting these challenges, the industry has several strengths it could leverage:

- It has a below-average retirement rate.
- Operations tend to be closer to urban areas with large labour pools.
- Tapping into pools of workers who may only be interested in working part of the year (e.g. retired people) may help to address the sector's need for large numbers of workers for limited periods of time.
- It has the potential to offset high seasonality with banking hours or partnerships with other employers who have different seasonal peaks.

Finding solutions to labour challenges and increasing the pool of available workers will ensure that this vital agriculture industry 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.

LMI Advisory Group

Chair: Alberta Federation of Agriculture, Humphrey Banack
Aboriginal Aquaculture Association: Marguerite Parker
AGRIcarrières: Robert Ouellet
Agricultural Alliance of New Brunswick: Marc Ouellet
Agriculture and Agri-food Canada: Li Xue, Alejandro De Maio-Sukic, and Michael Donohue
Agri-Food Economic Systems: Al Mussel
Agri-Food Management Excellence: Larry Martin
Ag Women's Network: Katie Keddy
Canadian Aquaculture Industry Alliance: Cyr Couturier
Canadian Canola Growers Association: Gayle McLaughlin
Canadian Federation of Agriculture: Norm Hall and Chris van den Heuvel
Canadian Horticulture Council: Beth Connery
Canadian Nursery and Landscape Association: Leslie Sison
Canadian Pork Council: Phyllis MacCallum
Canadian Sheep Federation: Harry Elsinga
Farm Credit Canada: Marty Seymour
Indigenous Agriculture Advisor: Trevor Kempthorne
Immigration, Refugees and Citizenship Canada: Martha Justus and Jonathan Van Amburg
Newfoundland and Labrador Federation of Agriculture: Merv Wiseman
Ontario Federation of Agriculture: Peter Sykanda
Prince Edward Island Agriculture Sector Council: Laurie Loane
Saskatchewan Women in Agriculture: Stacy Brownridge

Provincial LMI Panel

Chair: Manitoba: Manitoba Agriculture, Food and Rural Development, Stephanie Cruickshanks
British Columbia: B.C. Agriculture, Heather Anderson, and Kelly Rainsforth
Alberta: Alberta Agriculture and Forestry, Gerard Bos
Saskatchewan: Saskatchewan Agriculture, Bob Wiens
Ontario: Ontario Ministry of Agriculture and Food & Rural Affairs, Jill Melo-Graydon
Nova Scotia: Nova Scotia Agriculture, Bettina Brown
Quebec: Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec, Hélène Brassard
New Brunswick: New Brunswick Post-Secondary Education, Training and Labour, John Calhoun
Prince Edward Island: Prince Edward Island Department of Agriculture and Forestry, Darryl O'Brien
Newfoundland and Labrador: Advanced Education, Skills and Labour, Derrick Barrett
Agriculture and Agri-Food Canada: Li Xue and Alejandro De Maio-Sukic

The use of any part of this publication, whether it is reproduced, stored in a retrieval system, or transmitted in any form or by any means (including electronic, mechanical, photographic, photocopying or recording), without the prior written permission of CAHRC is an infringement of copyright law.

Canadian Agricultural Human Resource Council
Published September 2019

T: 613.745.7457

E: info@cahrc-ccrha.ca

This document may be downloaded from www.cahrc-ccrha.ca
All rights reserved. © 2019 CAHRC

Photo credits: Jealous Fruits, Murray Porteous, Lydia Schouten.