



Sectoral Profile

Agriculture

Region of Western Canada and the Territories

2015-2017



EXECUTIVE SUMMARY

Western Canada's agriculture industry struggled in 2015, thanks in large part to challenging conditions in Alberta and Saskatchewan during much of last year's growing season. Employment in the agriculture industry fell more than 2% in 2015, following a decrease of 4.4% in 2014. The number of people working in agriculture is expected to decline even further over the next couple of years, continuing the longer-term trend of falling employment in the industry.

KEY DRIVERS

- Agricultural production has traditionally been an important part of the economy in Western Canada. However, urbanization, important technological advances, globalization, and growth in other resource industries have decreased agriculture's share of total GDP and employment over the last few decades.
- In 2015, the agriculture industry accounted for 1.5% of Western Canada's total GDP, slightly below the 10-year average.¹ According to Statistics Canada's 2011 Census of Agriculture, the western provinces were home to almost 116,000 farming operations— more than half of all farms in Canada.²
- With domestic consumption of agricultural goods expected to increase only moderately as the population grows, exports will provide the most significant opportunity for future growth.

BACKGROUND

All four western provinces have active and diverse agricultural industries. While there is relatively little agricultural production in any of the northern territories, efforts continue to develop commercial farming and livestock operations where possible. For example, the 5-year Growing Forward 2 program – launched in 2013 – includes federal funding for agricultural training and greenhouse projects in the North.³

Saskatchewan, Alberta, and Manitoba produce significant grain and oilseed crops, while B.C. accounts for the vast majority of fruit produced in Western Canada, as well as significant vegetable production.

Western Canada's animal production is also considerable. Alberta has the largest provincial share of cattle ranches and farms in the country, while Manitoba has the third most hog operations, and B.C. has the second most poultry and egg producers, as well as the highest aquaculture production.

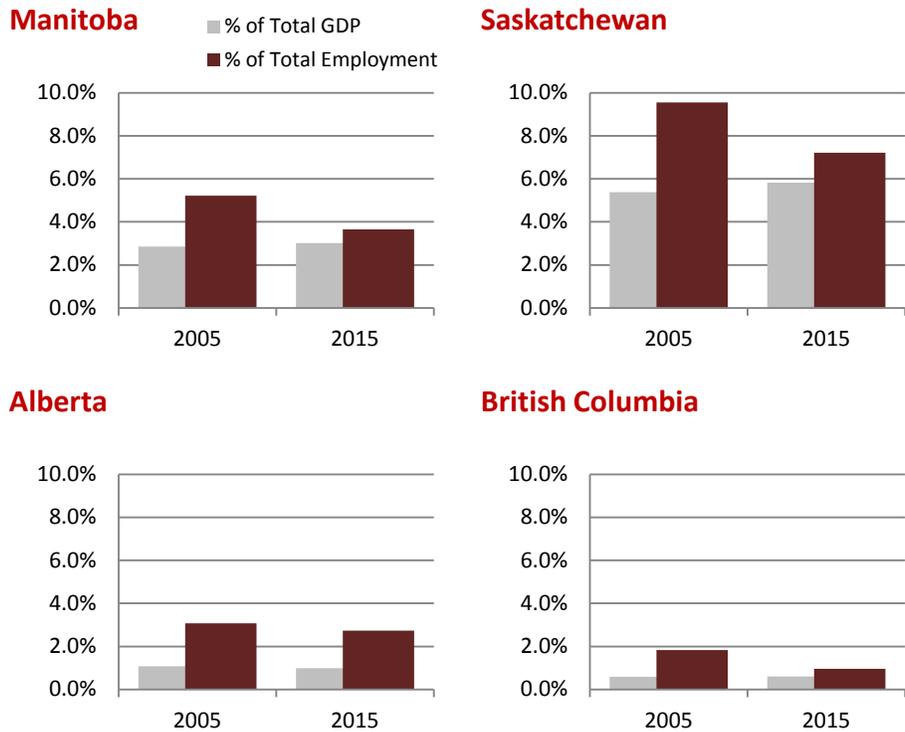
Employment

Employment in the agriculture industry has been in decline for decades. Thirty years ago, there were more than 230,000 people directly employed in the agriculture industry across the four western provinces. In 2015, there were just under 150,000 people employed. Agriculture's share of overall employment has also fallen dramatically over the years; 2.6% in 2015 compared to 7.1% in 1983.⁴

Technological advancements have had a significant impact on farm operations, shifting the agricultural industry to a much more capital-intensive model and resulting in larger farms and increased productivity. The number of farms across the western provinces continues to decline as many farms consolidate or expand operations. In fact, the total number of farm operations has been falling steadily since 1941. In 2011, there were 115,822 farms spread out across the four western provinces, a decline of 16,836 or 12.7% from 2006.⁵ The number of farm operators is also down substantially, decreasing by 12.6% between 2006 and 2011.⁶

Meanwhile, the age of operators is increasing. In 2011, farm operators aged 55 years and over represented the largest share of total farm operators – the first time this has occurred. Indeed, farmers in this age cohort comprised nearly 50% of all farmers in Western Canada. Conversely, less than 8% of farmers in Western Canada were under 35 years of age; a dramatic decline given that this age group made up nearly 20% of farmers in 1991.⁷

Agriculture’s Provincial % Share of Employment and GDP, 2005 vs. 2015



Sources : 1. Statistics Canada CANSIM Table 379-0030 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars) 2. Statistics Canada Labour force estimates by detailed industry, age, sex, class of worker.

INDUSTRY TRENDS

Recent Industry Trends

Crop growing conditions across many parts of Alberta and Saskatchewan presented challenges for producers in 2015. A dry spring followed by limited moisture in the early stages of the growing season had a negative impact on production. Drought-like conditions also led to a poor hay crop and much higher feed costs, forcing some livestock producers to reduce their herd sizes. In Manitoba, crop yields were generally at or just above 10-year average yields⁸ as growing conditions were more favorable compared to their western neighbours. Despite some of the challenges faced by grain farmers in Saskatchewan and Alberta last year, overall farm cash receipts were up in 2015, buoyed by a lower Canadian dollar that is making Canadian agriculture and food products more competitive in international markets.

2015 Agricultural Highlights

- Western Canada’s wheat production totalled almost 25.6 million tonnes in 2015, down 6.4% from the previous year. However, production of canola and barley increased by 5.0% and 15.9%, respectively.⁹

- At the mid-point of 2015, the total herd size for cattle in the western provinces declined by 2.5% from the previous year. In fact, annual cattle herd size has trended downwards in western provinces since 2006.¹⁰
- In 2015, farm receipts from the western provinces climbed 5.3% to \$36.8 billion, which accounted for more than 60% of the national total. Crop production in Western Canada accounted for \$21.9 billion in 2015, up 7.3% year-over-year. Livestock receipts rose 1.5%, totalling over \$13 billion.¹¹
- In 2015, Western Canada’s agricultural exports were valued at \$22.3 billion, up 4.4% year-over-year and accounting for 76% of Canada’s total.¹²
- Overall employment in Western Canada’s agriculture industry fell by 2.3% in 2015. British Columbia had the highest rate of decline among western provinces at 8.6%, followed by Saskatchewan (-6.3%), and Manitoba (-3.7%), while employment in Alberta was up 3.6% during the same period.¹³

Industry Outlook

Agricultural conditions varied across Western-Territories (W-T) region in 2015, with Saskatchewan and Alberta facing drought-like conditions, while Manitoba had a bumper crop thanks to ample moisture during the growing season. Over the next two years, Western Canada’s agriculture industry is projected to experience moderate levels of output growth. According to Farm Credit Canada, low interest rates, lower crude oil prices and a weak Canadian dollar will support farming operations, agribusinesses and food processors over the outlook period.¹⁴

Crop prices are anticipated to remain low for the remainder of 2016, owing to high levels of global grain stocks resulting from several years of record global production. However, a weak Canadian dollar should increase demand for Western Canadian agriculture products, keeping profits fairly stable for W-T grain and oilseed producers. Crop prices are expected to stabilize over the medium-term though, due in part to rising demand for agricultural products in developing countries and a disruption in growing conditions as a result of El Nino.¹⁵

Results will be mixed for the W-T livestock industry over the next two years. U.S. livestock producers have been expanding operations over the years, which has built-up cattle and hog supply in North America. In the short term, Farm Credit Canada expects cattle and cow-calf prices to fall, resulting in lower profits for Canadian feedlots and livestock operations. In contrast, hog operations are expected to see profits in line with the five-year average as demand for pork increases from China. Looking ahead, per capita meat consumption is projected to rise over the medium term in developing countries as the middle class expands; this should lead to additional opportunities for Canadian producers.¹⁶ In addition, the repeal of country-of-origin labelling (COOL) in 2015 is a positive result for livestock producers in W-T region, as industry groups estimate that the regulations may have cost producers over \$1 billion a year since its implementation in 2008.¹⁷

According to Export Development Canada, Canadian agricultural and food exports are expected to increase 4% in 2016 and 3% in 2017. The U.S. will remain Canada’s top market for agricultural exports, with a forecast growth rate of 6% in 2016 and 2% in 2017.¹⁸ While the U.S. remains Canada’s largest agricultural trading partner, exports to emerging markets are increasing at a faster rate, and trade agreements could enhance market access for Canadian producers. Canada and the European Union signed a Comprehensive Economic and

Trade Agreement in November 2013, and the agreement is in its final stages of ratification and could be implemented by early 2017. Meanwhile, the Trans-Pacific Partnership (TPP) agreement was reached among 12 countries after seven years of negotiation, which will likely open Canada's door to Asian-Pacific markets and reinforce ties with Latin American markets.¹⁹ Additionally, Mexico recently agreed to open its borders to the full range of Canadian beef products, effective October 1, 2016, removing one of the last restrictions imposed after bovine spongiform encephalopathy was found in Canada in 2003.²⁰

Grain transportation could potentially become an issue for W-T crop producers. Bumper crops in 2013 caused grain transportation bottlenecks that hampered access to world markets. Similar to 2013, the 2016 crops are off to an ideal start and are likely to result in higher than average yields. Industry associations such as the Agricultural Producers Association of Saskatchewan are alerting rail companies and grain handlers to be prepared for a larger harvest.²¹ However, Canadian Pacific Railway's recent layoffs could negatively impact the effectiveness of crop transportation to port.

Of concern for W-T livestock producers is the serious viral epidemic – Porcine Epidemic Diarrhea (PED) – that is impacting hog operations in the U.S. Within W-T region, only a few limited cases of the virus have been detected in Manitoba to date; however, there is concern that the problem could become more widespread in Canada.²²

Overall, the agriculture industry is expected to benefit from lowered tariffs in key markets and some niche agricultural sectors may also stand to benefit. However, some non-exporting producers, such as dairy farmers, have concerns about the potential impact of increased international competition due to agreements such as the TPP.

EMPLOYMENT OUTLOOK

Projected employment change for the agriculture sector during the 2015-2017 forecast period

Economic Region	Projected Change in Employment	Projected Annual Growth
Manitoba	-400	-0.6%
Southern Manitoba		-0.6%
Winnipeg		1.5%
Northern Manitoba		-0.8%
Saskatchewan	-3,600	-2.8%
Regina & Southern Saskatchewan		-2.9%
Saskatoon & Northern Saskatchewan		-2.6%
Alberta	800	0.5%
Calgary & Southern Alberta		0.6%
Edmonton, Red Deer, Camrose, & Drumheller		0.2%
Northern Alberta and Banff		0.5%
British Columbia	-700	-1.0%
Vancouver Island & Coast		-0.3%
Lower Mainland - Southwest		-1.0%
Okanagan - Kootenay		-0.9%
Northern BC		-2.9%
Yukon	-	-
Northwest Territories	-	-
Nunavut	-	-

Source: Service Canada Regional Occupational Outlooks in Canada, 2015-2017

Agricultural employment fell in three of the four Western Provinces in 2015, and this trend is expected to continue over the short-term. In fact, average annual employment growth is expected to be negative in more than half of all economic regions in Western Canada.²³ We expect employment in the agriculture industry to fall by more than 3,500 in Saskatchewan between 2015 and 2017, and negative growth is also forecast for Manitoba and British Columbia. Alberta (+800) is the only western province with an expected employment increase over the forecast period.

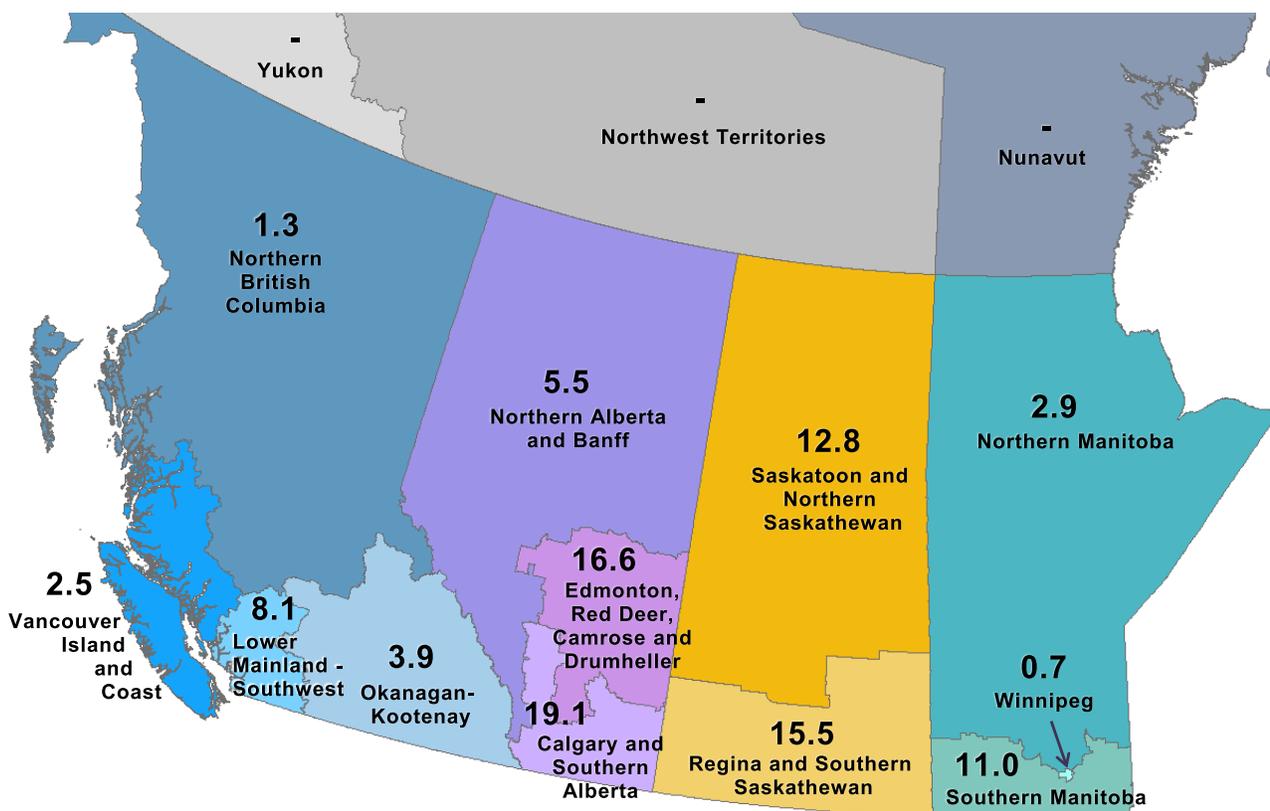
REGIONAL OVERVIEW

Regional Employment Trends

- In 2015, the Economic Regions (ERs) in Western Canada with the highest agriculture industry employment were Lethbridge-Medicine Hat (17,100) and Camrose-Drumheller (16,500) in Alberta, followed by Lower Mainland-Southwest (11,400) in B.C., and Swift Current-Moose Jaw (10,700) in Saskatchewan.²⁴

- Agricultural employment results were mixed among Western Canada’s regions between 2014 and 2015. Employment declined significantly in Alberta’s Lethbridge-Medicine Hat region (-25.7%) and Prince Albert and Northern, Saskatchewan (-18.9%).²⁵
- Alberta’s Edmonton region saw the largest increase in employment in 2015, with an average of 2,900 (+58%) more agricultural workers employed in 2015 compared to 2014.²⁶ The ER’s agricultural employment has fluctuated significantly over the past decade, but average employment in 2015 is essentially double what it was in 2005.²⁷
- Over the past decade, agricultural employment has tended to decrease at a more significant rate in northern regions, although employment in these ERs was lower to begin with. For example, Parklands and North in Manitoba had 4,300 agricultural workers in 2005, compared to 2,600 in 2015 – a decrease of nearly 40%.²⁸

Distribution of employment in the agriculture sector across Western Canada (%)



Source: Service Canada Regional Occupational Outlooks in Canada, 2015-2017

Note: Territorial employment in this sector represents less than 0.1% across Western Canada

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

Prepared by: Labour Market Information (LMI) Directorate, Service Canada, Region of Western Canada and the Territories

For further information, please contact the LMI team at: NC-LMI-IMT-GD@hrsdcc.gc.ca

© Her Majesty the Queen in Right of Canada as represented by Employment and Social Development Canada, 2016, all rights reserved

¹ Statistics Canada. 2016. Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories. CANSIM Table 379-0030. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=3790030> (accessed July 18, 2016).

² Statistics Canada. 2012. Census of Agriculture, number and area of farms and farmland area by tenure, Canada and provinces. CANSIM Table 004-0001. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0040001> (accessed August 21, 2014).

³ <http://www.gov.nt.ca/newsroom/news/growing-forward-2-agricultural-program-launched-northwest-territories> (accessed July 19, 2016).

⁴ Statistics Canada. 2016. Labour force survey estimates (LFS), by North American Industry Classification System (NAICS). CANSIM Table 282-0008. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820008> (accessed July 19, 2016).

⁵ Statistics Canada. 2012. Census of Agriculture, number and area of farms and farmland area by tenure, Canada and provinces. CANSIM Table 004-0001. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0040001> (accessed August 21, 2014).

⁶ Statistics Canada. 2012. Census of Agriculture, number of farm operators by sex, age and paid non-farm work, Canada and provinces, every 5 years. CANSIM Table 004-0017. Ottawa

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0040017> (accessed August 21, 2014).

⁷ Ibid.

⁸ Government of Manitoba. 2015. Crop Report: Issue 24, October 13, 2015.

<http://www.gov.mb.ca/agriculture/crops/seasonal-reports/crop-report-archive/2015-10-13-crop-report.html> (accessed June 22, 2016).

⁹ Statistics Canada. 2015. Estimated areas, yield, production and average farm price of principal field crops, in metric units, annual. CANSIM Table 001-0010. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0010010> (accessed June 20, 2016).

¹⁰ Statistics Canada. 2015. Number of cattle, by class and farm type, annual. CANSIM Table 003-0032. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0030032> (accessed June 20, 2016).

¹¹ Statistics Canada. 2015. Farm cash receipts. CANSIM Table 002-0001. Ottawa

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0020001> (accessed June 20, 2016).

¹² Industry Canada. 2015. Trade Data Online (Crop and Animal Production Exports). Ottawa.

<http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home> (accessed June 20, 2016).

¹³ Statistics Canada. 2014. Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual. CANSIM Table 282-0008. Ottawa

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820008> (accessed June 20, 2016).

¹⁴ Farm Credit Canada. 2016. 2016 outlook for agriculture and agri-food markets.

<https://www.fac-fcc.ca/en/ag-knowledge/money-and-finance/fcc-economic-update-2016-outlook-for-agriculture-and-agri-food-markets.html> (accessed July 7, 2016).

¹⁵ Leader Post. 2016. FCC economist issues fearless forecast for farmers in 2016.

<http://leaderpost.com/business/agriculture/fcc-economist-issues-fearless-forecast-for-farmers-in-2016> (accessed July 7, 2016)

Agriculture Canada. 2016. 2016 Canadian Agriculture Outlook.

<http://www.agr.gc.ca/eng/about-us/publications/economic-publications/alphabetical-listing/2016-canadian-agricultural-outlook/?id=1455901351212> (accessed July 7, 2016).

¹⁶ Ibid.

¹⁷ Canadian Cattlemen’s Association. “Market Access”. Canadian Cattlemen’s Association website.

<http://www.cattle.ca/advocacy/lobbying-issues/market-access/> (accessed July 6, 2016).

¹⁸ Export Development Canada (EDC).2016. Global Export Forecast: Spring 2016

<https://www.edc.ca/EN/Knowledge-Centre/Economic-Analysis-and-Research/Documents/gef-spring-2016.pdf> (accessed July 7, 2016).

¹⁹ Countries that are a part of the Trans-Pacific Partnership agreement include: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

Conference Board of Canada. 2016. Provincial Outlook Long-Term Economic Forecast: 2016.

<http://www.conferenceboard.ca/e-library/abstract.aspx?did=7865> (accessed July 6, 2016).

²⁰ The Western Producer. 2016. Mexico will fully open to Canadian beef in October.

<http://www.producer.com/2016/06/mexico-will-fully-open-to-canadian-beef-in-october/> (accessed July 5, 2016).

²¹ The Western Producer. 2016. Railways, grain handlers warned to prepare for bountiful harvest.

<http://www.producer.com/2016/06/railways-grain-handlers-warned-to-prepare-for-bountiful-harvest/> (accessed July 5, 2016).

²² The Globe and Mail. 2016. Manitoba pork industry faced with new outbreak of pig virus.

<http://www.theglobeandmail.com/report-on-business/manitoba-pork-industry-faced-with-new-outbreak-of-pig-virus/article30246357/> (accessed July 18, 2016).

²³ Service Canada 3-year Occupational Outlooks 2015-2017.

²⁴ Statistics Canada. 2016. Labour force survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS). CANSIM Table 282-0125. Ottawa.

<http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820125> (accessed July 19, 2016).

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.