



# Help Wanted:

## Labour Shortages Threaten the Future of Canadian Agriculture

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**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

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# Help Wanted: Labour Shortages Threaten the Future of Canadian Agriculture

*Addressing Labour Shortages Is Critical to the Industry's Future and Global Food Security*

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**CANADIAN FEDERATION  
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## Executive summary

CFIB's new report, *Help Wanted: Labour Shortages Threaten the Future of Canadian Agriculture*, looks at how prevailing labour shortages have negatively affected agri-businesses across Canada. Labour shortages in agriculture must be addressed to ensure the future of the sector remains bright with opportunities for growth and to ensure global food security at a time of political unrest and uncertainty. This report looks at addressing the current state of overall labour shortages in agriculture, optimism levels in agri-businesses, the challenges exacerbating labour shortages (including the tax burden, an aging population, and issues specific to rural living in Canada), and potential solutions to labour shortages in agriculture (such as increasing wages, Temporary Foreign Worker [TFW] programs, hiring retired workers, and increasing automation). Our solutions focus on reducing the tax burden for agri-businesses to make it easier to hire and retain workers, improving educational and social opportunities for workers and employers, and streamlining immigration processes to get seasonal and permanent workers to agri-businesses.

## Introduction

Labour shortages in agriculture have the potential to limit current food productivity, threaten global food security, and will severely impact the future of Canadian agriculture if not addressed quickly. As Agriculture and Agri-Food Canada (AAFC) works to develop a sector-specific strategy to address chronic labour shortages in farming and food processing, the Canadian Federation of Independent Business (CFIB) urges policymakers to address the labour challenges affecting our agriculture sector by focusing on the underlying issues exacerbating the problem.

According to Statistics Canada (StatCan), there were 189,874 farms, 262,455 farm operators, and 242,052 paid employees in Canada as of 2021, adding substantial value to the Canadian economy.<sup>1</sup> However, a report by the Royal Bank of Canada estimates that there could be 123,000 unfilled jobs in agriculture by 2030, capping industry growth.<sup>2</sup> With the shortages affecting many agri-businesses, this means trouble for the future of the Canadian food supply, the economy, and raises concerns in efforts to feed the world.

This report analyzes the challenges associated with labour shortages in agriculture, the solutions currently being used to address the problem, and finally, some recommendations to improve the situation while also fostering productivity and competitiveness in the sector.

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<sup>1</sup> Statistics Canada (StatCan). Canada's 2021 Census of Agriculture: A closer look at farming across the regions, 2022.

<sup>2</sup> Royal Bank of Canada (RBC). Farmer 4.0: How the Coming Skills Revolution Can Transform Agriculture, 2019.

Through data and insights coming directly from members of CFIB, we highlight the experiences of small- and medium-sized agri-businesses that have been affected by chronic labour shortages which are exacerbated by other major issues such as the tax burden and Canada's aging population.

## Addressing labour shortages in agriculture

It is important to note that agri-businesses are facing many challenges in 2022. Ninety-four per cent of agri-businesses agree that the rising prices of inputs are having a significant to moderate impact on their business, while almost three-quarters (70%) do not believe that rising prices will be a temporary issue.<sup>3</sup> Eighty-three per cent of agri-businesses also say supply chain challenges are having a direct impact on their farm business.<sup>4</sup> These CFIB survey results are not surprising given skyrocketing costs of farm inputs. Coupled with rising carbon taxes and the growing burden of environmental regulations, farmers are facing significant costs and risks in 2022 as they cope with fewer workers and resources to grow food for Canadians and the export market.

CFIB also surveyed its members regarding labour shortages in SMEs across Canada. The surveys found that:

- Nearly two-thirds (63%) of agri-businesses could not get all the staffing they needed.<sup>5</sup>
- Coupled with other factors such as high input costs and fewer sales, about one-quarter (26%) of agri-businesses believed that they would not survive for more than a year.<sup>6</sup>
- Four in five (80%) agri-businesses reported that they would not advise someone to start a business because of labour shortages.<sup>7</sup>
- Almost two in three (62%) agri-business owners found it difficult to recruit staff.<sup>8</sup>
- Nearly all (95%) agri-business owners have resorted to working more hours, with almost half (43%) not finding it to be a useful solution to their labour problems.<sup>9</sup>

Similarly, CFIB's most recent September 2022 survey data shows that 74 per cent of agri-business owners were still working more hours, and 61 per cent turned to their existing

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<sup>3</sup> CFIB. February Your Voice Survey, 2022.

<sup>4</sup> CFIB. February Your Voice Survey, 2022.

<sup>5</sup> CFIB. November Your Voice Survey, 2021.

<sup>6</sup> CFIB. November Your Voice Survey, 2021.

<sup>7</sup> CFIB. September Your Voice Survey, 2021.

<sup>8</sup> CFIB. September Your Voice Survey, 2021.

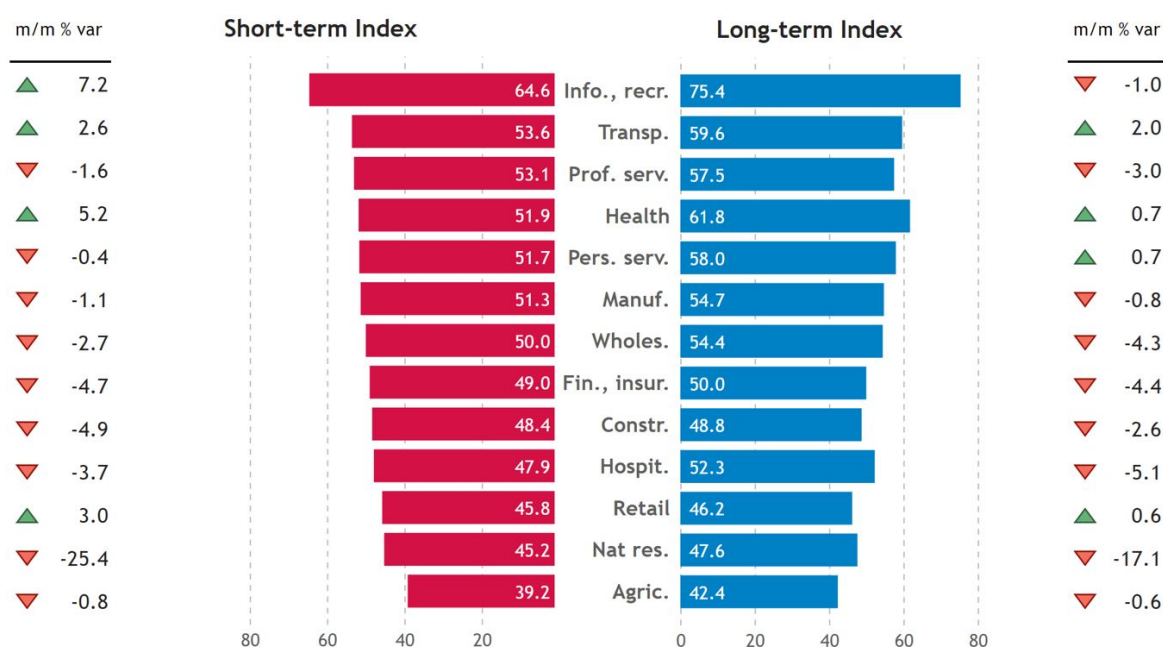
<sup>9</sup> CFIB. September Your Voice Survey, 2021.

employees to work more hours because of labour shortages. Almost half (48%) of agri-businesses have also had to turn down sales or contracts and 41 per cent have had to decrease service offerings as well.<sup>10</sup>

CFIB's monthly Business Barometer© is an important tool that tracks optimism levels across several industries over long-term (12-month) and short-term (3-month) periods. Optimism levels in agriculture have been the lowest of any sector for six consecutive months, meaning that those in the sector are the least optimistic about the future of their business. In September, less than half of agri-business owners were optimistic about the long-term and short-term success of their business, sitting at 42 on the long-term index and 39 on the short-term index, on a scale of 0 to 100 (see Figure 1).<sup>11</sup> This data, coupled with CFIB's monthly survey data, displays how labour shortages not only affect overall productivity, but also lead to pessimism about the future of the industry and exacerbate stress and burnout in agri-business owners.

Figure 1

*Monthly Business Barometer, September 2022*



Source: CFIB. Monthly Business Barometer, September 2022.

<sup>10</sup> CFIB. September Your Voice Survey, 2022.

<sup>11</sup> CFIB. Monthly Business Barometer, September 2022.



*“...We are making good profits now, but we’re still very uncertain about the future. Even our market analysts are struggling to stay on top of the situation.”*

- Farm Owner, Ontario

While agriculture weathered the pandemic better than other sectors in some respects, labour challenges have not abated. For example, Canada’s agriculture sector lost \$2.9 billion in sales due to labour shortages during the COVID-19 pandemic.<sup>12</sup> Even prior to the pandemic, chronic labour shortages were costing the agriculture industry billions. For a complete breakdown of losses across agriculture sectors, the Canadian Agricultural Human Resource Council (CAHRC) found that labour shortages have cost the apiculture industry \$12 million; aquaculture \$34 million; beef industry \$334 million in 2017; dairy industry \$148 million; field fruit and vegetables \$403 million; grain and oilseed \$594 million (the greatest loss of any agriculture industry); greenhouse, nursery, and floriculture \$103 million; poultry and egg \$29 million; sheep and goat \$4 million; and swine \$189 million.<sup>13</sup>

Solutions such as increasing wages, hiring TFWs, hiring retired workers, and increasing the use of automation have all been tried and tested by agri-business owners with varying results. Policymakers must proceed with a holistic approach to the problem by considering the shortcomings of these solutions, as well as the underlying factors contributing to the labour shortages in agriculture.

## Challenges exacerbating labour shortages in agriculture

### The tax burden

The ever-increasing tax burden on agri-businesses is exacerbating labour shortages. Having to pay excessive taxes on almost every aspect of their business takes away the capital needed to increase efficiency and hire more workers. Most agri-businesses (70%) have indicated that with a reduced tax burden, their business would invest in more efficient equipment and increase employee compensation with the savings they would generate.<sup>14</sup> Current trends show that there is more emphasis on addressing Canada’s post-pandemic, inflationary issues:

- 70 per cent of agri-businesses want to see the government focus on balancing the budget and paying down debt.

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<sup>12</sup> Canadian Federation of Agriculture (CFA). Getting into the Field: Labour Issues in Agriculture, 2022.

<sup>13</sup> Canadian Agriculture Human Resource Council (CAHRC). AGRI LMI, 2019.

<sup>14</sup> CFIB. November Your Voice Survey, 2021.

- 68 per cent would like the government to focus on addressing supply chain disruptions (such as improving border and port services).
- 67 per cent would like to see red tape reduction.
- However, the number of business owners wanting a reduced tax burden still stands at a high 59 per cent.<sup>15</sup>

### The carbon tax

In particular, the carbon tax is severely impacting the ability of agri-businesses across Canada to hire more workers or grow their production. An agriculture survey conducted by CFIB between the months of October and November 2021 in provinces where the federal carbon backstop applies (Alberta, Saskatchewan, Manitoba, and Ontario) found that agri-businesses paid over \$51,000 in federal carbon taxes from 2020 to 2021.<sup>16</sup> This is an excessive fee for small independent businesses to cover, especially on top of extremely high costs of inputs. Recently, private member's Bill C-234: *An Act to amend the Greenhouse Gas Pollution Pricing Act* was introduced to Parliament after a similar bill (Bill C-206) was introduced in 2020 but died on the floor once the federal election was called. Bill C-234 attempts to address the tax burden Canadian farmers face by exempting grain drying, barn heating, and other on-farm activities that require the use of propane and natural gas from the federal carbon tax. **CFIB is urging all Members of Parliament to support Bill C-234 to help our Canadian agri-businesses. We also encourage policymakers to further reduce the carbon tax burden on both on-farm and off-farm agricultural activities.**

*"The carbon tax is charged on everything I buy that is transported by wheels, rail, plane or ship, but does not appear as a line item on my invoice."*

- Farm Member, Manitoba

*"As farmers, our costs have gone up and we have no recourse to pass the costs on to our customers. We do not have options that are more 'carbon friendly' so we are stuck with paying."*

- Farm Member, Ontario

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<sup>15</sup> CFIB. September Your Voice Survey, 2022.

<sup>16</sup> CFIB. Agriculture Survey - October-November 2021, October 25-December 22, 2021.



## EI and CPP/QPP

Rising Employment Insurance (EI) and Canada/Québec Pension Plan (CPP/QPP) premiums are also taking a toll on agri-businesses and creating headaches for business owners. CFIB research shows the majority (84%) of agri-business owners expressed their frustrations with the abuse and misuse of the EI program, and 83 per cent agreed that it was harder for employers to find employees because EI benefits are too easily accessible.<sup>17</sup> As for CPP, 71 per cent of agri-business owners support a CPP freeze, and 64 per cent support government-introduced rebates to mitigate costs for business owners in case of contribution increases in the CPP/QPP.<sup>18</sup>

As a result of current price increases, small business support for government measures regarding EI and CPP/QPP saw an upward spike in June 2022. Eighty-nine per cent of agri-business owners would like the federal government to provide CPP relief and split the payment of EI premiums 50/50 between employers and employees.<sup>19</sup>

It is important to recognize that to mitigate the impact of rising EI and CPP/QPP premiums, agri-businesses will have no choice but to cut back on other aspects of their payroll budget. More than half (57%) of agri-businesses have agreed that reducing wages, benefits, hours, etc. will be inevitable with the increased rates.<sup>20</sup> **CFIB recommends that policymakers ensure EI benefits do not constitute a barrier to work. Policymakers can improve the program's fairness by instituting a 50/50 split in EI premiums paid between employers and employees, allow for the refund of EI overcontributions from employers, and introduce an EI premium holiday for hiring youth aged 15 to 24. CFIB also recommends a freeze in future CPP/QPP increases, or that the government help offset the cost of increases by introducing a CPP/QPP rebate.**

### Section recommendations

- Reduce the total tax burden on agri-businesses, with particular emphasis on the federal carbon tax.
- Improve fairness by instituting a 50/50 split in EI premiums paid between employers and employees.

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<sup>17</sup> CFIB. September Your Voice Survey, 2021.

<sup>18</sup> CFIB. November Your Voice Survey, 2021.

<sup>19</sup> CFIB. June Your Voice Survey, 2022.

<sup>20</sup> CFIB. November Your Voice Survey, 2021.

- Introduce an EI holiday for hiring youth aged 15 to 24.
- Ensure any future reforms to the EI program do not create additional barriers to work.
- Freeze the scheduled and future CPP/QPP increases. If this is not possible, create a CPP/QPP tax credit for small businesses that offsets the increase.

### Attracting individuals to work in agriculture

Youth currently account for less than 30 per cent of the total number of Canadian farm operators.<sup>21</sup> In order to attract more young people to careers in agriculture, **CFIB urges policymakers to support Work-Integrated Learning (WIL) programs in post-secondary institutions.** These programs could take the form of co-ops and/or internships that could be developed with agri-businesses so students can get experience in the field while also doing meaningful work.

Not only are there not enough youth turning to agriculture for a career, but there are also not enough qualified individuals in the sector right now. Over half (59%) of agri-business owners have found it difficult to find staff due to the lack of candidates with the necessary skills and experience in agriculture.<sup>22</sup> Jobs in agriculture can be both labour-intensive and incredibly technical, requiring specialized skills in computer technology, mechanics, and crop and livestock science. **Policymakers should add tax credits for workers' training, particularly for informal on-the-job training, and tax credits for hiring students and recent graduates.** This would help ease the financial burden on individuals wanting to work in agriculture, as well as on employers who seek to train workers on the job.

Attracting diverse individuals belonging to a wide variety of groups will also be an important solution in relieving labour shortages in agriculture. According to a 2016 StatCan report on young farm operators in Canada, only 27 per cent were female operators and 5 per cent were immigrants.<sup>23</sup> Not only must policies focus on attracting young labour, but they must also focus on attracting more diverse labour. Policymakers must ensure that additional policies are put in place to provide support for these workers to live and thrive in rural Canadian communities. This is important considering diverse individuals comprise so much of Canada's population. As of 2016, over one-fifth (22%) of Canada's population were foreign-born

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<sup>21</sup> Statistics Canada. Female and young farm operators represent a new era of Canadian farmers, 2018.

<sup>22</sup> CFIB. September Your Voice Survey, 2021.

<sup>23</sup> Statistics Canada, 2016 Census of Agriculture and 2016 Census of Population, 2018.

individuals.<sup>24</sup> Creating a diverse community for minorities in agriculture will help attract a bigger group of workers as well as retain them.

In short, **policymakers must do more to address the barriers preventing and dissuading individuals in underrepresented groups from getting into agriculture by creating specific grant programs.** The government has already introduced some programs: for example, the employer-focused AgriDiversity program, that provides a toolkit for employers to hire more diverse labour; the National Housing Strategy (NHS), that aims to address housing security for rural Canadians;<sup>25</sup> and the Connect to Innovate program expanding high-speed Internet access for rural Canadians.<sup>26</sup> However, additional financial support and rural infrastructure is needed to expand, promote, and further assist underrepresented groups in pursuing careers in agriculture and living in rural Canada.

To ensure the success of these programs, **policymakers must also ensure that any programs developed to attract individuals to work in agriculture are communicated to agri-business owners in a timely and easy-to-understand manner.**

### Section recommendations

- Encourage Work-Integrated Learning (WIL) programs in universities and colleges (such as co-op programs and internships) by including agri-business needs.
- Add tax credits for workers' training, particularly for informal, on-the-job training and tax credits for hiring graduates and students.
- Address barriers preventing and dissuading individuals in underrepresented groups from getting into agriculture by providing additional financial support and rural infrastructure.
- Provide clear and timely information about hiring and employment programs to agri-business owners.

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<sup>24</sup> Statistics Canada. Immigration and ethnocultural diversity: Key results from the 2016 Census, 2017.

<sup>25</sup> Government of Canada. Rural Economic Development: Housing, 2022.

<sup>26</sup> Chartered Professional Accountants of Canada. Rural internet could hold the key to Canada's economic future, 2022.

## Current solutions to labour shortages in agriculture

### Increasing wages

As of September 2021, the vast majority (90%) of agri-businesses that were experiencing labour shortages raised wages in an effort to attract and retain employees. However, of that 90 per cent, only 14 per cent of agri-business owners found the wage increase to be useful in resolving their labour needs.<sup>27</sup> Wage increases are not the silver bullet in solving labour issues.

*“Wage increases are out of control. However, the cost of living and shortage of labour are our greatest concerns. It seems like we’re fighting against the current government just to stay in business and be profitable...”*

- Ag Services, Ontario

In fact, over a quarter (28%) of Canadians did not choose salary as one of the most desirable aspects of a job. Non-salary benefits such as insurance, days off and flexible hours, workplace culture, and working close to home were selected as the most desirable aspects of a job.<sup>28</sup> Given that wage increases alone cannot solve the labour shortage, **policymakers should focus on solutions to the labour shortage that do not involve further wage increases.**

*“Labour shortages all around. We have not been able to find Canadian workers anymore and we are having to bring in foreign workers to fill the shortages... The government must provide some benefits to encourage people to work. For example, create write-offs for possible work-related expenses like travel, clothing, etc., anything to help.”*

- Poultry and egg farmer, Ontario

### Temporary Foreign Worker (TFW) programs

When asked approximately what percentage of their business’s workforce was made up of new immigrants (people who have lived in Canada for five years or less), nearly a quarter

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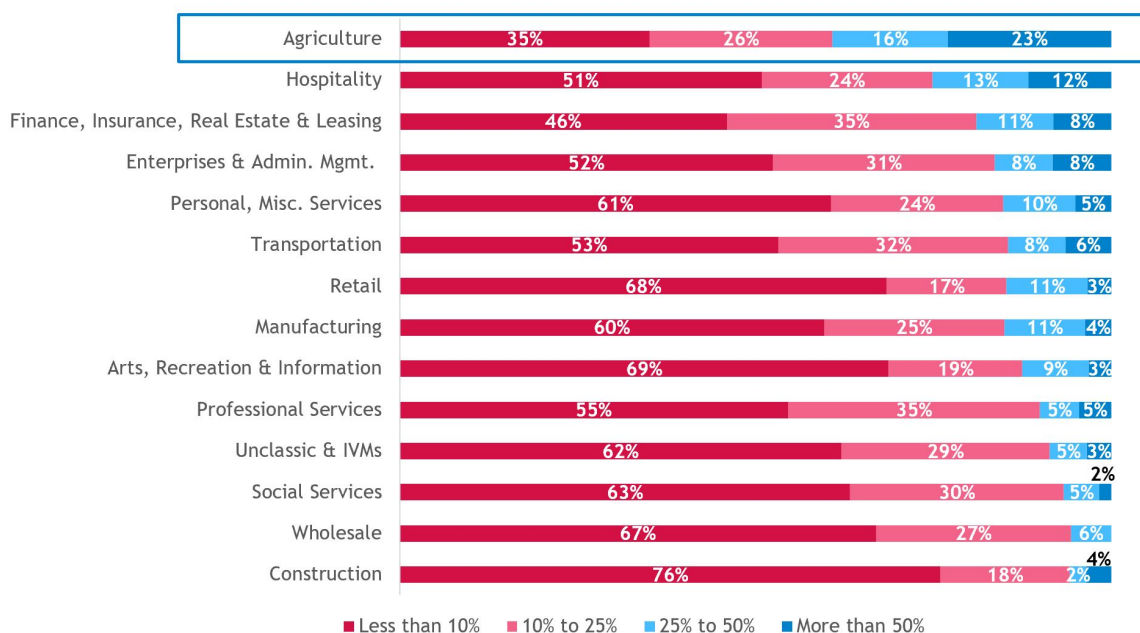
<sup>27</sup> CFIB. September Your Voice Survey, 2021.

<sup>28</sup> CFIB. Labour Shortages Are Back With a Vengeance, 2021.

(23%) of agri-businesses reported that more than half of their workforce comprised new immigrant workers - more than any other sector (Figure 2).<sup>29</sup>

Figure 2

*Percentage of the current workforce comprising new immigrants, by sector*



Source: CFIB. Workers Without Borders, 2020.

The Canadian government has attempted to increase the rate of permanent workers by introducing or expanding programs such as the Agri-Food Pilot program and the Rural and Northern Immigration Pilot program. These programs are crucial in attracting TFWs as they open a pathway to permanent residency. **Policymakers must expand and improve these types of immigration initiatives to bring in more agricultural workers and relieve labour shortages in the sector.**

Although it does have some significant shortcomings that must be addressed, the TFW program has been extremely beneficial for more than 1 in 4 farmers and agri-business owners who utilized TFWs (Table 1). Most of these businesses reported a near 100 per cent success rate with the hiring of TFWs to fulfill their labour needs. The low utilization rate to high

<sup>29</sup> CFIB. Workers Without Borders, 2020.

success rate ratio suggests that TFWs could be a large part of the solution to the job vacancy challenges (highlighted in pink).<sup>30</sup>

Table 1

*Top 3 solutions used by small businesses, by sector, ranked by success rate*

	1			2			3		
	Action used	Utilization rate	Success rate	Action used	Utilization rate	Success rate	Action used	Utilization rate	Success rate
Total, all industries	Automation	33	81	Temporary Foreign Workers	16	52	Flexibility with work hours	70	38
Agriculture & Nat. res.	Temporary Foreign Workers	27	100	Automation	43	91	Recruiting retired workers	55	60
Construction	Automation	29	63	Recruiting retired workers	26	35	Flexibility with work hours	52	30
Manufacturing	Automation	49	83	Temporary Foreign Workers	13	67	Flexibility with work hours	45	64
Wholesale & Transportation	Automation	24	100	Recruiting retired workers	46	39	Flexibility with work hours	64	29
Retail	Automation	27	69	Temporary Foreign Workers	12	47	Hiring bonuses	15	43
Arts, rec., & info.	Automation	24	75	Recruiting retired workers	42	75	Flexibility with work hours	79	44
Fin., ins. & admin.	Automation	46	83	Temporary Foreign Workers	22	67	Flexibility with work hours	81	50
Professional services	Temporary Foreign Workers	9	100	Automation	52	78	Increasing wages	73	69
Hospitality	Automation	26	78	Temporary Foreign Workers	29	48	Flexibility with work hours	84	34
Personal, misc. services	Automation	18	60	Flexibility with work hours	70	46	Increasing wages	75	37
Social services	Automation	43	100	Recruiting retired workers	12	50	Flexibility with work hours	71	47

Source: CFIB. Labour Shortages Are Back With a Vengeance Report, 2021.

It should not be surprising that 78 per cent of agri-business owners stated that their business would not be able to operate without foreign workers.<sup>31</sup> Despite this, many agri-businesses find the program inaccessible. The time it takes to process TFW applications is a significant source of exasperation for agri-business owners. Over half (54%) of employers reported that it took more than six months to process their application, and 15 per cent reported their TFW application took longer than 12 months.<sup>32</sup> **Policymakers must streamline and simplify TFW**

<sup>30</sup> CFIB. Labour Shortages Are Back With a Vengeance, 2021.

<sup>31</sup> CFIB. Workers Without Borders, 2020.

<sup>32</sup> CFIB. Workers Without Borders, 2020.

**applications and immigration processes to get more workers into Canada faster, ensuring seasonally dependent agri-businesses have access to labour in a timely manner.**

*“I have used the Seasonal Workers Agricultural Program (SWAP) for six years now. The paperwork is too complicated and hiring temporary foreign workers costs more money than hiring locals. However, without the program, my farm would be out of business. I can’t find anyone to do physical work.”*

- Farmer, Ontario

Wait times for application approvals are not the only barrier for employers hiring TFWs. Challenges also come in the form of language barriers and foreign employees’ unfamiliarity with Canadian workplace culture, with agri-business owners identifying these as the biggest challenges when employing new immigrants (48% and 37% respectively).<sup>33</sup> To overcome these issues, employers have provided additional support and assistance to their new immigrant employees. Over half (52%) of agri-business owners have provided settlement assistance, while 38 per cent have offered additional training to help meet the job requirements.<sup>34</sup> Another 33 per cent of agri-business owners have offered mentorship or social activities to better integrate the new employees into their new community and workplace.<sup>35</sup>

*“Temporary foreign workers are a welcome addition to our farm with their strong work ethic. It takes extra effort to ensure their comfort with the rest of the team and the community, but it’s worth it when we see their strong desire to make the most of their opportunities”*

- Farmer, Alberta

As commendable as this is, farmers are having to put in more time and resources outside of the workplace to support TFWs while there is not enough government support for them. **CFIB recommends that policymakers create support programs for TFWs in rural communities.** These programs could include language and culture training to ease them into rural Canadian life.

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<sup>33</sup> CFIB. Labour Shortages and Immigration Survey, 2019.

<sup>34</sup> CFIB. Labour Shortages and Immigration Survey, 2019.

<sup>35</sup> CFIB. Labour Shortages and Immigration Survey, 2019.



## Section recommendations

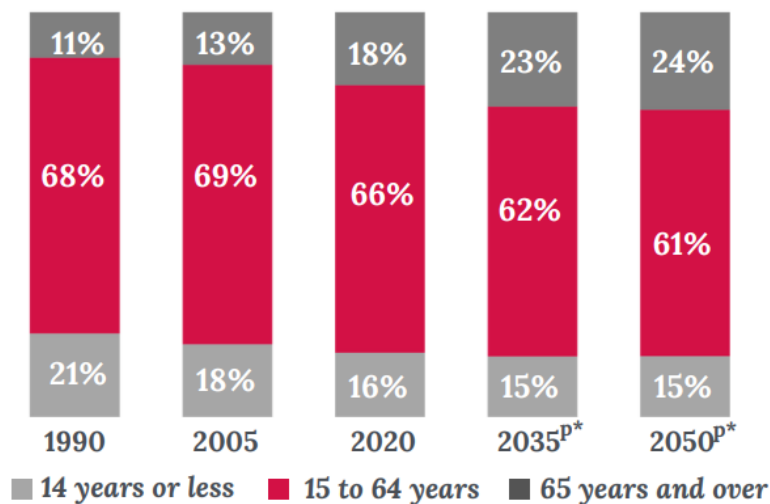
- Streamline and simplify TFW and immigration processes and programs to get more workers into Canada faster.
- Create support programs for TFWs in rural communities such as language and culture training opportunities.

## Retired workers

By the year 2050, the share of the population aged 65 or over is set to increase by one-third, while the population aged 15-64, representing the working-age labour force, is estimated to contract by one-thirteenth (Figure 3).<sup>36</sup>

Figure 3

*Canadians by age group (1990-2050)*



Source: CFIB. Labour Shortages Are Back With a Vengeance, 2021.

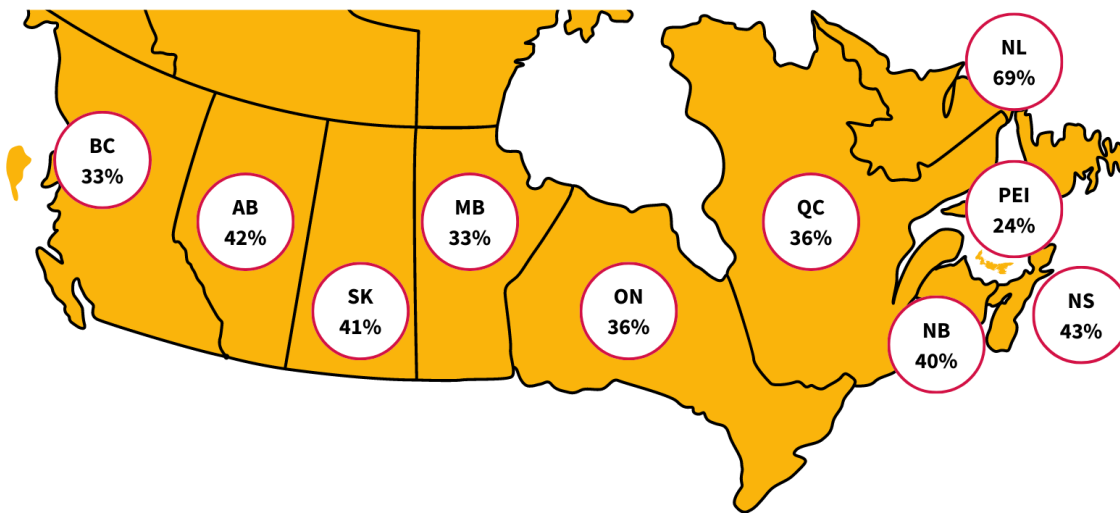
\*Note: P indicates a projection.

<sup>36</sup> CFIB. Labour Shortages Are Back With a Vengeance, December 2021.

The Canadian Agricultural Human Resource Council (CAHRC) estimates that by 2029 the share of the workforce expected to retire will range from 24 to 69 per cent (broken down in detail in Figure 4).<sup>37</sup> For some provinces, this is nearly (or more than) half of the workforce that is planning on retiring.

Figure 4

*Percentages of agriculture workforce that will be lost to retirement across Canadian provinces (by 2029)*



Source: The Canadian Agricultural Human Resource Council (CAHRC). Numbers from provincialized reports: How Labour Challenges Will Shape the Future of Agriculture in (PROVINCE), 2019.

However, hiring retired workers has been a relatively successful initiative done by farmers to fill their labour shortages. Nearly three-quarters (70%) of agri-businesses found recruiting retired workers to be helpful. Retired workers have the skills and the expertise that agri-businesses desperately need.<sup>38</sup> In order to further promote and actively recruit potential retired workers, **policymakers must look toward options such as introducing tax relief for older or retired workers.** For example, the province of Quebec reduces Health Services Fund (HSF) premiums on workers aged 65 and over.

<sup>37</sup> The Canadian Agricultural Human Resource Council (CAHRC). Numbers from provincialized reports: How Labour Challenges Will Shape the Future of Agriculture, 2019.

<sup>38</sup> CFIB. Labour Shortages Are Back With a Vengeance, 2021.

It should be noted that recruiting retired workers is not a sustainable solution in a shrinking sector. In fact, the CAHRC estimates that 1 in 4 workers will be retiring by 2025.<sup>39</sup>

Policymakers must focus on attracting workers from other groups to lessen the burden on retired farmers and other agricultural workers.

#### Section recommendations

- Provide tax relief for the hiring of older workers. One solution would be to follow Quebec's lead in decreasing taxable contributions for workers 65 and older.
- Add/enhance earnings exemptions from income taxes and income-tested benefits (such as the Guaranteed Income Supplement) for older workers who work in the agriculture sector.

## Automation

The use of automation in agriculture has been steadily on the rise. Nearly half (43%) of agri-businesses utilize automation, with a success rate of 91 per cent.<sup>40</sup> Although automation will relieve the need for some human labour, it comes at a high cost. For instance, John Deere is set to release its first fully automated tractor, which will cost over half a million (500,000) U.S. dollars.<sup>41</sup> On top of the increase in the price of the technology itself, inflation, supply chain delays, and shortages are making automation more expensive than ever. To offset some of the transition to automation costs for suitable sub-sectors in agriculture, **CFIB is recommending that policymakers stimulate automation through programs and tax credits.**

It should also be noted that since machinery is not suitable for all types of agriculture, it cannot serve as an end-all solution to labour shortages in the sector. For instance, in greenhouses and wineries, automation is not an option as manual labour is still required for harvesting delicate produce. In these instances, policymakers must look to other solutions highlighted in this report.

#### Section recommendation

- Stimulate automation in agri-businesses through programs or tax credits.

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<sup>39</sup> Canadian Agriculture Human Resource Council (CAHRC). AGRI LMI, 2019.

<sup>40</sup> CFIB. Labour Shortages Are Back With a Vengeance, 2021.

<sup>41</sup> John Deere. John Deere Reveals Fully Autonomous Tractor at CES 2022, 2022.

## Recommendations

CFIB offers the following recommendations for policymakers and the development of the National Agricultural Labour Strategy to improve chronic labour shortages in agriculture:

### **Tax burden:**

- Reduce the total tax burden on agri-businesses with particular emphasis on the federal carbon tax.
- Improve payroll costs for farms and agri-businesses with employees by:
  - Freezing future CPP/QPP increases or helping to offset the cost of the recent increases by introducing a CPP/QPP rebate.
  - Improving fairness by instituting a 50/50 split in EI premiums paid between employers and employees.
  - Introducing an EI holiday for hiring youth aged 15 to 24.
  - Ensuring any future reforms to the EI program do not create additional barriers to work.

### **Attracting individuals to work in agriculture:**

- Provide better support for agricultural education to Canadian students. This could be achieved by:
  - Encouraging Work-Integrated Learning (WIL) programs in universities and colleges (such as co-op programs and internships) by including specific agri-business needs.
  - Adding tax credits for workers' training, particularly for informal, on-the-job training and tax credits for hiring graduates and students.
- Address barriers preventing and dissuading individuals in underrepresented groups from getting into agriculture by providing additional financial support and rural infrastructure.
- Provide clear and timely information about hiring and employment programs to agri-business owners.

### **Immigration:**

- Streamline and simplify TFW and immigration processes and programs to get more workers into Canada faster.
- Create support programs for TFWs in rural communities such as language and culture training opportunities.

### **Hiring retired workers:**

- Provide tax relief for the hiring of older workers. One solution would be to follow Quebec's lead in decreasing taxable contributions for workers 65 and older.
- Add/enhance earnings exemptions from income taxes and income-tested benefits (such as the Guaranteed Income Supplement) for older workers who work in the agriculture sector.

### **Automation:**

- Stimulate automation in agri-businesses through programs or tax credits.

## **Conclusion**

As Agriculture and Agri-Food Canada (AAFC) works to develop a sector-specific strategy to address chronic labour shortages in farming and food processing, CFIB urges policymakers to focus on the underlying issues contributing to chronic labour shortages in agriculture. Policymakers must develop a solid National Agriculture Labour Strategy to support the future of agriculture, while also ensuring food security for Canadians and the rest of the world.

## Methodology

CFIB is a nonpartisan organization exclusively representing the interests of 95,000 small- and medium-sized businesses in Canada, of which over 6,000 are agri-businesses. Most of our agri-business members are primary producers. CFIB is entirely funded by our members and takes direction from them through regular surveys on a variety of issues. The Federation believes farmers, in their capacity as entrepreneurs, require strong advocacy concerning the business-related issues of farming.

CFIB's research capacity is second-to-none because the Federation can gather timely and concrete information from agri-business members about business issues that affect their day-to-day operation and bottom line. In this capacity, CFIB is an excellent source of up-to-date information for governments to consider when developing policies for Canada's agricultural community.

The majority of the data in this report comes from CFIB's *Labour Shortages Are Back With a Vengeance* report:

- The September survey period was from September 9 to September 27, 2021. The number of respondents was 3,697. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.6 percentage points, 19 times out of 20.
- The November survey period was from November 4 to November 23, 2021. The number of respondents was 4,514. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.5 percentage points, 19 times out of 20.

Other CFIB surveys used in this report include the following:

- The *Labour Shortage and Immigration Survey* period was from June 13 to June 27, 2019. The number of respondents was 5,525. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.3 percentage points, 19 times out of 20.
- The *February Covid Recovery Survey* period was from February 4 to February 28, 2021. The number of respondents was 5,818. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.3 percentage points, 19 times out of 20.
- The *Agriculture Survey* period was from October 25 to December 22, 2021. The number of respondents was 5,478. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.3 percentage points, 19 times out of 20.
- The *June Your Voice Survey* period was from June 3 to June 30, 2021. The number of respondents was 4,950. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.4 percentage points, 19 times out of 20.
- The *February Your Voice Survey* period was from February 9 to February 25, 2022. The number of respondents was 4,001. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.5 percentage points, 19 times out of 20.

- The *June Your Voice Survey* period was from June 9 to June 30, 2022. The number of respondents was 2,533. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.9 percentage points, 19 times out of 20.
- The *September Your Voice Survey* period was from September 8 to September 13, 2022. The number of respondents was 1,947. The margin of error for a probability sample of the same size (for comparison purposes only) is +/- 2.2 percentage points, 19 times out of 20.

Business Barometer:

- CFIB's *Business Barometer* is a monthly survey available in English and French. The results are collected from a stratified random sample of its active members (1/6 per month). Only those invited to respond can do so, so one vote represents an independent Canadian company. The number of monthly respondents ranges from 800 to 1,000. Data is unadjusted for seasonality. For more information, visit [CFIB.ca/barometer](https://cfib.ca/barometer).

Outside data was also used in certain areas to create a more rounded view of the issue. The sources for this data can be found in the designated footnotes.





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