

# MANITOBA ANALYTICS

## Impact of COVID-19 on agri-food sector employment



### Summary

The agri-food sector accounted for 5.6 per cent of the Manitoba's labour force in 2020. Although the COVID-19 pandemic significantly disrupted many supply chains and forced some industries to partially lay off their labour force, employment in the agri-food sector slightly increased in 2020 compared to 2019. Job vacancy rate is at an all-time high in most industries in Manitoba including the agri-food sector, which implies that businesses might be struggling to fill positions in a reasonable amount of time.

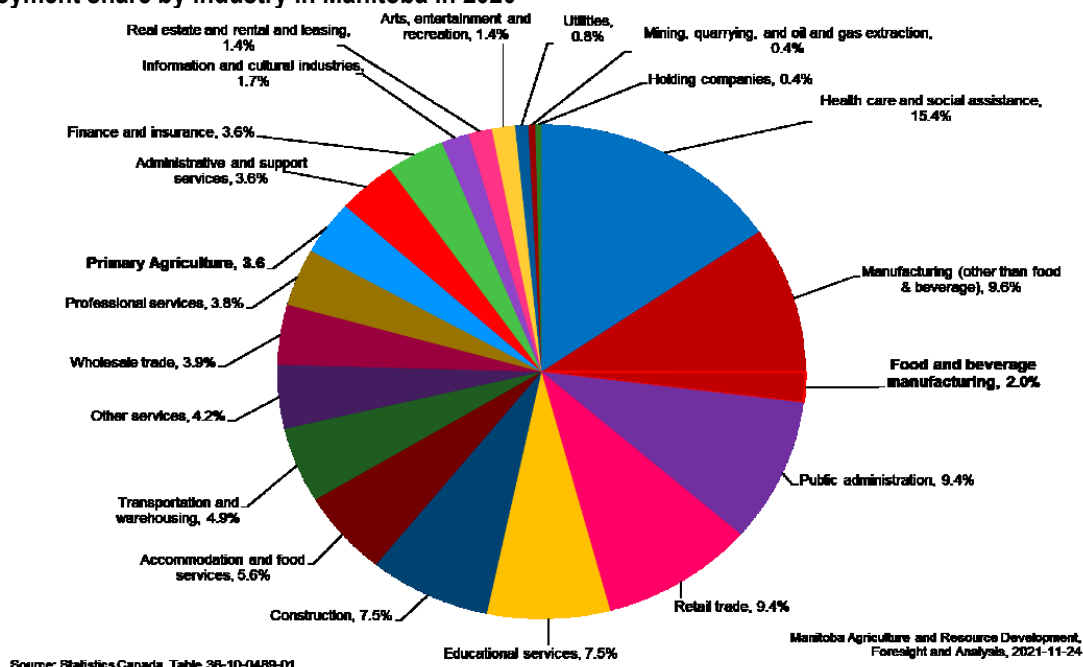
Despite travel restrictions and border closures aimed at containing the COVID-19 pandemic, Temporary Foreign Workers were able to arrive in Manitoba and fill some of the labour gaps in the agri-food sector. Government continues to collaborate with industries and other stakeholders to develop programs that address the labour gap in the agri-food sector through capacity-building of the existing labour force and attracting new people to the industry.

Agri-food labour data is mostly available at the provincial level. Access to granular agriculture-population linkage data would allow for further assessment of labour issues at the municipality and city level.

### Employment in the Agri-food Sector

The agri-food sector plays a very important role in Manitoba's economy. The sector employed 35,840 Manitobans, which accounted for 5.6 per cent of the total employment or one in 18 jobs in Manitoba in 2020. Primary agriculture, i.e. crop and livestock production including supporting services, employed 23,180 while food and beverage processing employed 12,660 Manitobans. The agri-food sector also contributed \$4.7 billion, or 7.8 per cent, to the provincial GDP and generated \$6.7 billion or 43.5 per cent of Manitoba's international export. Figure 1 shows employment share by industry in Manitoba.

Figure 1. Employment share by industry in Manitoba in 2020

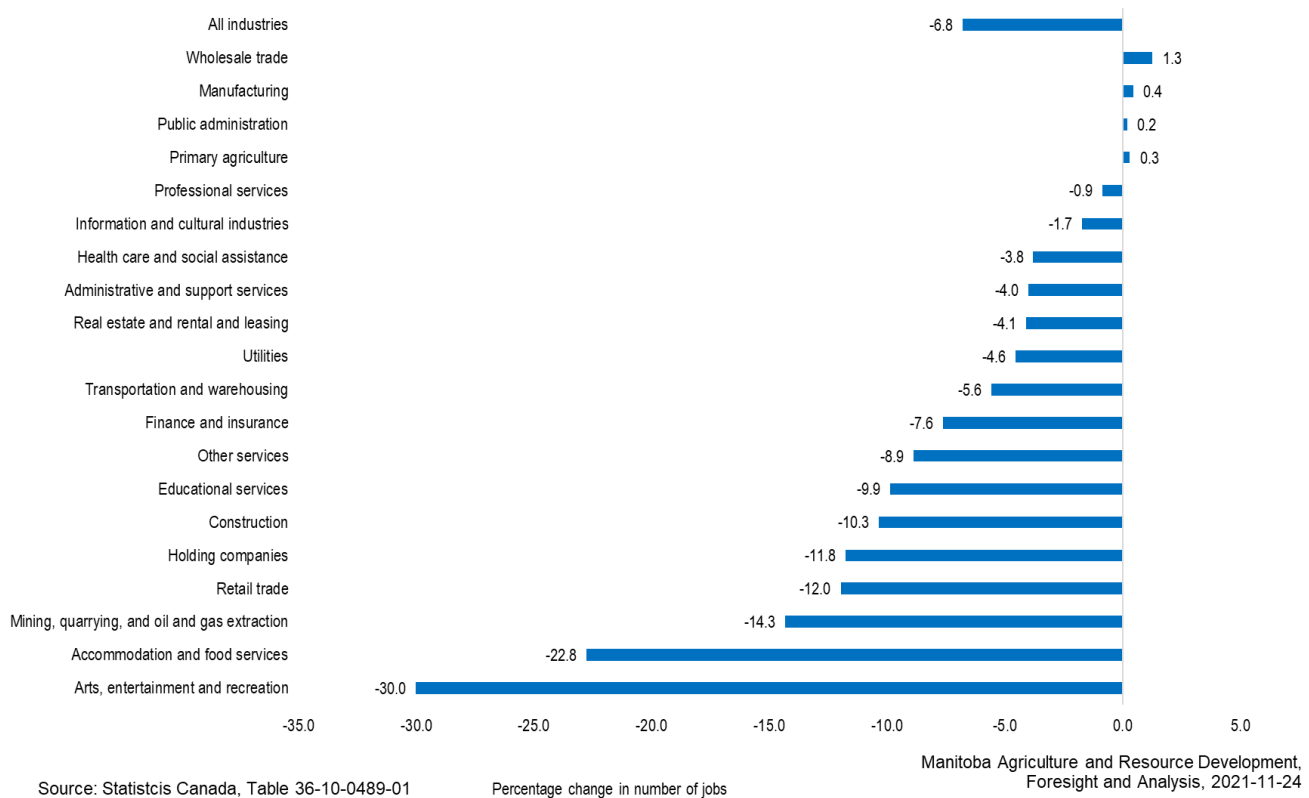


## Impact of COVID-19 on Agri-food Sector Employment

The COVID-19 pandemic significantly disrupted many supply chains and negatively affected the global economy. Some industries in Manitoba were forced to partially lay off their labour force. However, employment in the agri-food sector slightly increased in 2020, compared to 2019. The agri-food sector is an essential service, so it was able to continue to operate while following the COVID-19 health guidelines.

The agri-food sector was one of only four industries in Manitoba that registered higher number of jobs in 2020, compared to the previous year. The number of jobs in the agri-food sector increased by 2.7 per cent in 2020, compared to 2019, 0.3 per cent in primary agriculture and 7.5 per cent in the food and beverage processing industry<sup>1</sup>. Compared to 2019, the total number of jobs in Manitoba decreased by 6.8 per cent in 2020. Arts, entertainment and recreation, accommodation and food services, and mining, quarrying, and oil and gas extraction were the three industries that have seen the largest proportion of job losses due to the severe impacts of COVID-19. At the national level, the number of total jobs decreased by 9.4 per cent in 2020, compared to 2019. Figure 2 shows percentage changes in the employment numbers by industry.

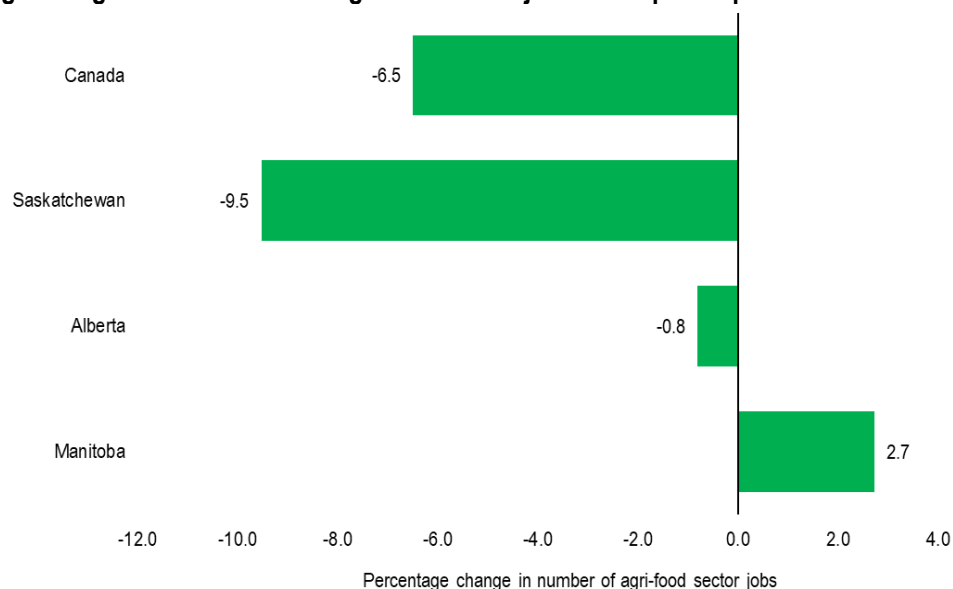
**Figure 2. Percentage changes in the number of jobs by industry in Manitoba between 2019 and 2020**



Most provinces have seen a drop in the number of agri-food sector jobs in 2020. Manitoba was the only province among the three prairie provinces that registered an increase in the number of agri-food sector jobs in 2020. Saskatchewan has seen the largest drop in its agri-food sector jobs among the three prairie provinces where the number of jobs decreased by 9.5 per cent in 2020. At the national level, the number of agri-food sector jobs decreased by 6.5 per cent. Figure 3 shows the percentage changes in the number of agri-food sector jobs for the prairie provinces.

<sup>1</sup> Food and beverage industry is grouped under Manufacturing. The number of jobs in the food and beverage processing industry increased from 11,780 in 2019 to 12,660 in 2020.

**Figure 3. Percentage changes in the number of agri-food sector jobs in the prairie provinces between 2019 and 2020**



Source: Statistics Canada, Table 36-10-0489-01

Manitoba Agriculture and Resource Development, Foresight and Analysis, 2021-11-24

## Layoffs since the start of COVID-19

Layoffs were prominent in sectors hit hardest by COVID-19 pandemic. Since the start of COVID-19, only four per cent of the agriculture, forestry, fishing and hunting businesses have reported laying off at least one employee. On the other hand, accommodation and food services, arts, entertainment and recreation, and health care and social assistance reported the highest layoffs since the start of COVID-19 pandemic. Table 1 below shows the percentage of layoffs by industry and business characteristics.

**Table 1. Percentage of layoffs since the start of COVID-19 by business characteristics in Manitoba**

Business characteristics	Business or organization laid off at least one staff	Business or organization did not lay off any of its workforce
Agriculture, forestry, fishing and hunting	4	80.9
Mining, quarrying, and oil and gas extraction	31	48.8
Construction	43.1	49.6
Manufacturing	34.2	60.3
Wholesale trade	33.6	58.9
Retail trade	45	44.4
Transportation and warehousing	19.2	60.8
Information and cultural industries	42.5	46
Finance and insurance	18.3	68.2
Real estate and rental and leasing	13.4	73.5
Professional, scientific and technical services	22.2	66.4
Administrative and support, waste management and remediation services	32.6	61.6
Health care and social assistance	44.8	48.8
Arts, entertainment and recreation	51.3	46.3
Accommodation and food services	55.6	36.4
Other services (except public administration)	33.8	66.2

Source: Statistics Canada, Table 33-10-0279-01

Manitoba Agriculture and Resource Development, Foresight and Analysis, 2021-11-29

## Job vacancy rate and unfilled positions

Job vacancy rate<sup>2</sup> is at an all-time high for most industries since Statistics Canada started tracking this data on a quarterly basis in 2015 and the agri-food sector is no exception. In the second quarter of 2021, the job vacancy rate in the agriculture, forestry, fishing and hunting industry reached 3.8 per cent, which is the second highest on record after the 3.9 per cent reported in the second quarter of 2017. Similarly, in the second quarter of 2021, Manitoba's food manufacturing industry had a vacancy rate of 2.7 per cent, the highest on record.

The number of vacancies in Manitoba has also increased this year. This is a sign that businesses are struggling to fill positions in a reasonable amount of time, which forces them to operate at a reduced capacity. Both the agriculture, forestry, fishing and hunting, as well as the food manufacturing industries, experienced an increase of 120 and 40 per cent in job vacancies in 2021 Q2, respectively compared to 2021 Q1.

Industries that reported the highest job vacancy rate in the second quarter of 2021 include transportation and warehousing (6.4 per cent), health care and social assistance (5.5 per cent), and other services except public administration (5.2 per cent). The number of job vacancies in Manitoba also increased by 28 per cent from 16,995 vacant jobs in the first quarter of 2020 to 21,830 vacant jobs in the second quarter of 2021 (2020 Q2 data not available). Labour shortages are expected to increase while COVID-19 related restrictions are being lifted. A growing number of businesses are turning to automation to deal with persistent labour shortages.

**Table 2. Job vacancy rate and unfilled positions by industry in Manitoba**

North American Industry Classification System (NAICS)	Vacancy rate in second quarter 2021 (%)	Change in vacancy rate between 2021 Q2 and 2020 Q1 (%)	Unfilled positions (second quarter 2021)
All industries	3.7	0.9	21,830
Agriculture, forestry, fishing and hunting	3.8	2.0	505
Mining, quarrying, and oil and gas extraction	x	x	285
Utilities	x	x	F
Construction	4.8	2.6	1,680
Manufacturing	2.7	1.3	1,505
Food manufacturing	2.7	0.8	F
Wholesale trade	2.7	0.3	650
Retail trade	2.6	0.4	1,815
Transportation and warehousing	6.4	2.5	2,395
Information and cultural industries	F	x	F
Finance and insurance	3.2	1.1	1,045
Real estate and rental and leasing	1.3	-0.4	105
Professional, scientific and technical services	3.3	-0.2	660
Management of companies and enterprises	1.8	x	90
Administrative and support, waste management and remediation services	4.8	0.6	1,120
Educational services	0.9	0.4	505
Health care and social assistance	5.5	0.2	5,645
Arts, entertainment and recreation	3.7	1.5	310
Accommodation and food services	4.8	1.6	1,705
Other services (except public administration)	5.2	-0.1	975
Public administration	2.6	0.1	490

Source: Statistics Canada, Table 14-10-0326-01

Manitoba Agriculture and Resource Development, Foresight and Analysis Section, 2021-11-30

Note: "x" represents suppressed data and "F" indicates data quality is unreliable to be published. Job vacancy rate data was not available for the second and third quarters of 2020.

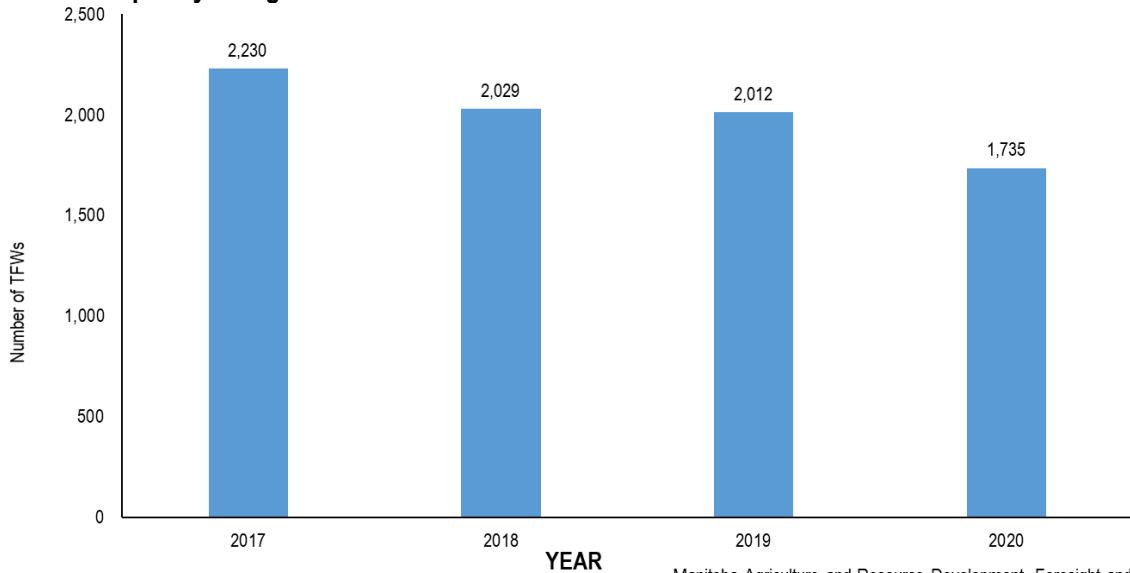
<sup>2</sup> The job vacancy rate represents vacant positions as a proportion of all positions (i.e., vacant and occupied positions).

Based on the survey conducted by Manitoba Agriculture and Resource Development in 2018, top challenges for food processors are labour cost and availability. Nearly one-third of the surveyed companies indicated facing challenges in finding sufficient labour for their operations. The COVID-19 pandemic appears to worsen this problem. Positions that were most difficult to fill included production workers, sales and customer services, meat cutters, and managers. According to survey respondents, job seasonality, work environment, skill gaps and lack of experience made it difficult to find qualified labour.

## Temporary foreign workers in Manitoba

Temporary foreign workers (TFW) play an important role in Manitoba’s agri-food sector, accounting for five per cent of the total jobs in the sector in 2020. The same year, 1,735 TFWs were employed by Manitoba’s agri-food sector (43.7 per cent in primary agriculture and 56.3 per cent in food and beverage manufacturing). The total number of TFWs arriving in Manitoba slightly decreased since 2017. While the international travel restrictions, due to COVID-19, created challenges for businesses to bring in TFWs, the collaboration between the industries and the government enabled the large majority of the TFWs to arrive in Canada/Manitoba.

**Figure 4. Number of temporary foreign workers in Manitoba**

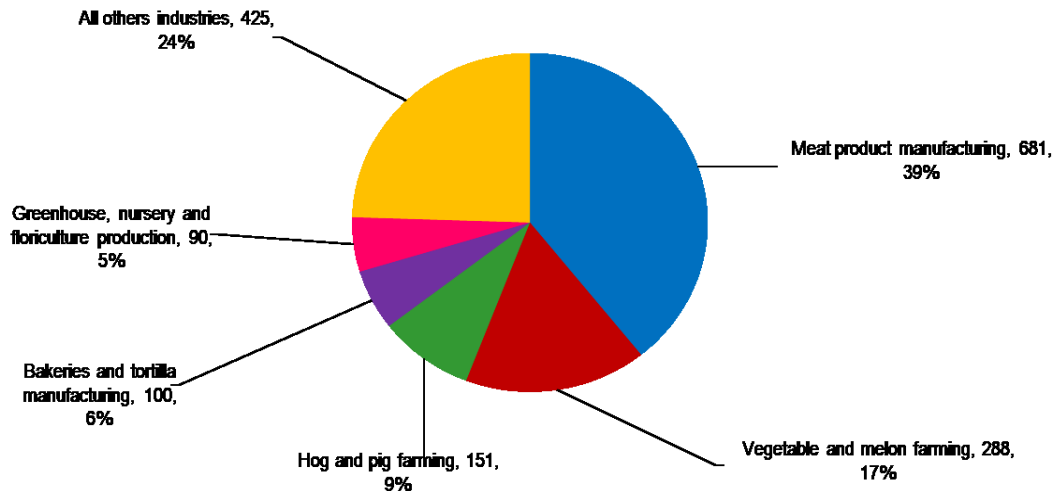


Source: Statistics Canada, Table 32-10-0056-01

Manitoba Agriculture and Resource Development, Foresight and Analysis, 2021-12-10

Meat product manufacturing (39 per cent), vegetable and melon farming (17 per cent), and hog and pig farming (9 per cent) industries employed the large majority of TFWs in Manitoba. Figure 5 shows the top-five agri-food industries employing TFWs in Manitoba.

**Figure 5. The top five agri-food industries employing TFWs in Manitoba in 2020**

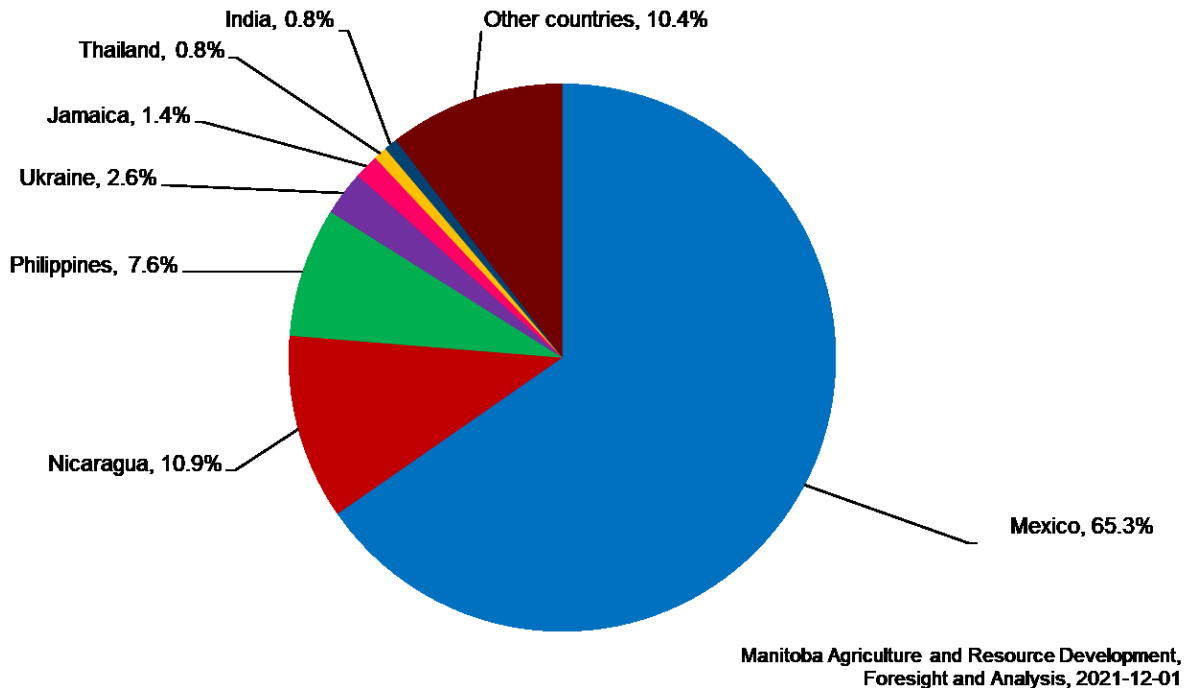


Source: Statistics Canada Table 14-10-0326-01

Manitoba Agriculture and Resource Development, Foresight and Analysis, 2021-12-15

The large majority of TFWs in the agricultural sector in 2020 came from Mexico, followed by Nicaragua, and the Philippines. In 2020, Mexico accounted for 65.3 per cent of the total TFW in Manitoba. Figure 4 shows the percentage of TFW in the Manitoba agricultural sector by country of citizenship.

**Figure 6. Percentage of temporary foreign workers in the agricultural sector in Manitoba by their country of citizenship –2020**



Source: Statistics Canada, Table 32-10-0221-01

## Impact of COVID-19 on unit labour cost and labour productivity

The impact of the COVID-19 pandemic on unit labour cost<sup>3</sup> and labour productivity<sup>4</sup> was quite different across industries. Some industries have seen a significant increase in their unit labour cost, while others have seen very small change or a drop in unit labour cost. In general, industries that are most vulnerable to lockdowns (e.g., mostly industries that are considered non-essential) have experienced an increase in their unit labour cost. Both primary agriculture and food manufacturing (except beverage processing) have seen a drop in unit labour cost, which suggests that GDP grew at a higher rate than wages and benefits. Unit labour costs in the primary agriculture and food manufacturing sector dropped by 0.5 per cent and 6.5 per cent in 2020 compared to 2019, respectively. For beverage processing, unit labour cost increased by 25.4 per cent in 2020, compared with 2019. Other industries that have seen a large increase in unit labour cost include arts, entertainment, and recreation (32.8 per cent), transportation and warehousing (17.8 per cent), and accommodation and food services (16.9 per cent).

Despite the large and dramatic drop in economic activity, the average labour productivity for all Manitoba industries increased by 3.8 per cent in 2020, compared to the previous year. However, there is a considerable variation in annual labour productivity changes across the industries. Labour productivity in the primary agriculture, forestry, fishing and hunting sector increased by 2.4 per cent in 2020, compared with 2019, while it dropped by 3.7 per cent in the food manufacturing industry. Overall, industries that were able to deploy technology during the pandemic experienced increased labour productivity. Table 3 shows unit labour cost and labour productivity by industry:

<sup>3</sup> Unit labour cost is defined as the cost of workers' wages and benefits per unit of real GDP.

<sup>4</sup> Productivity captures how efficiently the production system transforms inputs into outputs. Labour productivity, the most popular measure of partial productivity, is a measure of real GDP per hour worked.

**Table 3. Unit labour cost and labour productivity for Manitoba industries**

Industry	Unit labour cost			Labour productivity		
	2019	2020	Change (%)	2019	2020	Change (%)
All industries	0.61	0.62	1.5	54.7	56.8	3.8
Agriculture, forestry, fishing and hunting	0.24	0.23	-0.4	71.9	73.6	2.4
Crop and animal production	0.21	0.21	-0.5	75.7	76.9	1.6
Mining and oil and gas extraction	0.18	0.20	12.6	277.4	280.4	1.1
Utilities	0.34	0.31	-8.2	207.5	220	6.0
Construction	0.85	0.87	2.7	43.5	45.2	3.9
Manufacturing	0.70	0.72	1.7	51.6	48.9	-5.2
Food manufacturing	0.59	0.55	-6.5	54	52	-3.7
Beverage and tobacco product manufacturing	1.10	1.38	25.4	24.5	21.4	-12.7
Wholesale trade	0.56	0.57	1.6	64.4	67.2	4.3
Retail trade	0.70	0.68	-2.4	32.5	37.6	15.7
Transportation and warehousing	0.54	0.64	17.8	60.1	55.1	-8.3
Information and cultural industries	0.45	0.47	4.2	94.5	101.9	7.8
Finance and insurance, and holding companies	0.64	0.59	-8.2	77.7	86.2	10.9
Finance and insurance	0.64	0.59	-7.8	81.5	90.5	11.0
Real estate, rental and leasing	0.17	0.16	-8.0	169.7	176.1	3.8
Professional, scientific and technical services	0.81	0.88	8.3	48.9	47.7	-2.5
Holding companies	0.82	0.76	-7.6	42.5	41.5	-2.4
Administrative and support, waste management and remediation services	0.84	0.90	6.8	28.8	27.4	-4.9
Educational services	0.98	1.00	2.6	24.6	25.8	4.9
Health care and social assistance	0.75	0.82	9.7	45.9	41.7	-9.2
Arts, entertainment and recreation	1.01	1.34	32.8	27.1	25.7	-5.2
Accommodation and food services	0.91	1.06	16.9	20	19.6	-2.0
Other private services	0.91	1.01	11.3	24.4	24.5	0.4

Source: Statistics Canada, Table 36-10-0480-01

Manitoba Agriculture and Resource Development, Foresight and Analysis Section, 2021-12-03

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