



## Temporary Foreign Workers in Canada: Separating Fact from Fiction

### Highlights

- There were 300,000 Temporary Foreign Workers (TFWs) in Canada at the end of 2011, up from approximately 150,000 in 2006. The overall figure for TFWs captures people who entered Canada under several different program categories.
- As of 2011, more than half of all TFWs were classified as workers with “Canadian interests.” This broad category includes more than 65,000 TFWs here under reciprocal employment arrangements that have no net impact on the domestic labour market.
- Just over 100,000, or one in three of all TFWs, entered as a result of positive Labour Market Opinions issued by the federal government in response to applications made by Canadian employers. Of these, roughly half were live-in caregivers and seasonal agricultural workers.
- International agreements such as NAFTA account for nearly 12% of all of the TFWs in the country.
- There were 70,000 TFWs in British Columbia at the end of 2011. Relative to the size of the labour market, BC has proportionally more TFWs than other provinces. But this is mainly due to a large number of reciprocal foreign workers (people on youth exchanges, visiting professors and lecturers, trainers, and so on) present in BC.

The increase in the number of temporary foreign workers (TFWs) in Canada has sparked controversy and prompted a fair amount of unfavourable commentary over the past year or so. Some union leaders have suggested that foreign workers here on a temporary basis are displacing Canadians from jobs and distorting local labour markets. A few academic commentators have probed and raises questions about the legal rights and status of TFWs.<sup>1</sup> In contrast, many business leaders point to the

challenges companies face in finding people to fill jobs, notably in some regions, and argue that TFWs are often essential to their operations. Temporary foreign workers are also frequently sought for specific skills which may not be sufficiently available in the Canadian market.

The debate that has unfolded in the media has not provided a full description of the temporary foreign worker program; nor has much attention been given to the characteristics of the 300,000 or so TFWs in Canada as of 2011. This short paper is aimed at addressing this gap. We examine

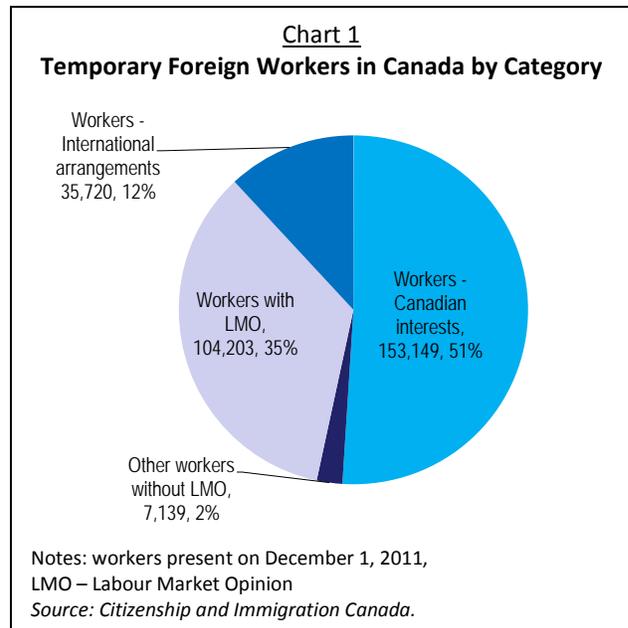
<sup>1</sup> See Delphine Nakache and Paula Kinoshita, “The Canadian Temporary Foreign Worker Program,” IRPP Study, No. 5, May 2010.

the stock of TFWs in Canada as well as in BC as of 2011, and emphasize that the TFW program actually has many dimensions. Some TFWs help to meet labour demand in lower-skill occupations, and/or in regions facing shortages of workers. Others are here under reciprocal arrangements that Canada has with other countries, are highly educated, are recent graduates from the Canadian university system, or are in Canada based on the provisions of international trade agreements. The often-cited figure of 300,000 temporary foreign workers, while technically accurate, does not capture the diversity of TFWs. While the number of TFWs in Canada has tripled over the past decade, as discussed below a majority of the increase has come in segments that the government deems to be of “interest to Canada,” rather than in lower-skilled categories or in occupations where TFWs might be viewed as directly competing with Canadians for jobs.

### **Different Types of TFWs**

According to Citizenship and Immigration Canada, 300,211 TFWs were present in Canada in December 2011.<sup>2</sup> This aggregate number is made up of several categories and, by itself, doesn’t tell us much about the TFW program. In looking at the data on the stock of TFWs, one segment that stands out is those who are here under the terms of **Reciprocal Employment** arrangements. By definition, workers coming to Canada within this classification “result in a neutral

<sup>2</sup> Citizenship and Immigration Canada, “Facts and Figures 2011: Immigration Overview” available at <http://www.cic.gc.ca/english/resources/statistics/menu-fact.asp>.



labour market impact,”<sup>3</sup> because their presence is matched by an equal number of Canadians who are temporarily working abroad. In 2011 there were 64,879 of these temporary foreign workers in Canada, or more than one fifth (21.6%) of all TFWs in the country. The majority of workers in this category are young adults involved in reciprocal exchange programs, but some are here through academic exchanges (visiting professors and lecturers), as coaches and trainers, or through other reciprocal arrangements.

Another category to note is **Researchers and Related Studies**, which had more than 36,000 temporary workers in 2011 (12% of all TFWs). The biggest component of this group consists of individuals engaged in post-graduate employment. Encouraging foreign students to stay and work here after they graduate from Canadian post-secondary institutions is an effective way to

<sup>3</sup> Citizenship and Immigration Canada, “FW1 Foreign Worker Manual,” p.72.

increase the knowledge, research capacity and long-term productivity of the country. There are also temporary work permits granted to researchers and people working in the fields of education and training, whose presence augments the specialized expertise and skills of the Canadian workforce.

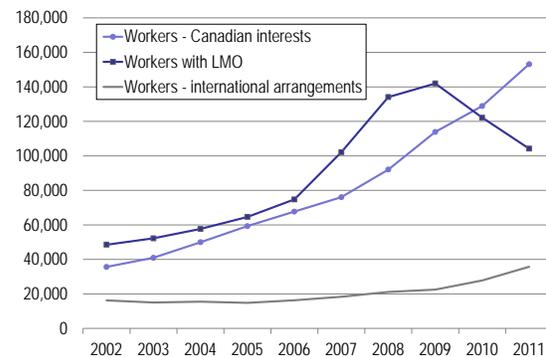
**Employment Benefit** is another category of temporary foreign workers who, for the most part, should not be seen as taking jobs that Canadian residents would otherwise occupy. The majority of workers in this group are intra-company transfers (transfers that do not fall under NAFTA). Presumably, in most of these cases the companies involved are incurring the expense of transferring people because they bring knowledge and skills that aren't readily available in the domestic labour market.

Finally there are 26,000 people with temporary work permits who are **spouses or common law partners** of foreign workers or students allowed to be in Canada. The federal government grants these spouses temporary work permits when they accompany their partners to Canada.

Altogether, the different categories referenced above added up to a total of 153,149 TFWs in 2011 who were classified as being in "Canada's interest." This means that more than half of all TFWs in the country were not displacing Canadians from jobs or driving down wages – the most common criticisms of the TFW program.

Another category that warrants mention is the 35,720 TFWs in Canada under the terms of **international trade/work arrangements**.

**Chart 2**  
**Temporary Foreign Workers in Canada by Category**



Note: workers present on December 1, 2011.  
Source: Citizenship and Immigration Canada.

These individuals are permitted to work in Canada based on the provisions of NAFTA and certain other international agreements to which Canada is a party. About one-third of these individuals are members of the professional occupations listed in NAFTA, while one-quarter are intra-company transfers from other NAFTA member states. These individuals would typically be coming to Canada with specialized skills to fill a specific job. Immigration policy has little or no influence over the numbers of workers in Canada under the rules set by NAFTA and other trade agreements. These foreign workers are usually included in the TFW counts, but the truth is that they are entitled to be in the country irrespective of the rules governing the TFW program.

In 2011, there were also just over 7,000 foreign **applicants for permanent resident status** who had been granted temporary work permits. Again, these people are included in the TFW counts but really should be distinguished from workers who clearly are in Canada temporarily. Most of these applicants eventually obtain permanent residency status, and it would

Temporary Foreign Worker Categories	Canada		British Columbia	
	persons	share (%)	persons	share (%)
<b>International arrangements</b>	<b>35,720</b>	<b>11.9</b>	<b>6,640</b>	<b>9.5</b>
NAFTA	21,707	7.2	3,111	4.5
Other agreements	14,013	4.7	3,529	5.0
<b>Workers – “Canadian interests”</b>	<b>153,149</b>	<b>51.0</b>	<b>46,833</b>	<b>70.0</b>
Reciprocal employment	64,879	21.6	30,173	43.2
Employment benefit	24,519	8.2	3,509	5.0
Spouse/common law partner	26,003	8.6	5,068	7.2
Research and studies related	36,255	12.1	7,788	11.1
Other Canadian interests	1,493	0.5	295	0.4
<b>Other workers without LMOs</b>	<b>7,139</b>	<b>2.4</b>	<b>1,277</b>	<b>1.8</b>
<b>Workers with LMOs</b>	<b>104,203</b>	<b>34.7</b>	<b>15,205</b>	<b>21.7</b>
Information technology workers	1,776	0.6	374	0.5
Live-in caregiver program	24,604	8.2	5,382	7.7
Seasonal agricultural workers	24,122	8.0	3,112	4.4
Low skill pilot program	26,235	8.8	1,794	2.6
Other workers with LMOs	27,466	9.1	4,543	6.5
<b>Total</b>	<b>300,211</b>	<b>100.0</b>	<b>69,955</b>	<b>100.0</b>

Source: Citizenship and Immigration Canada, Facts and Figures: Permanent and Temporary Residents 2011 (Digital Library)

not be a sensible policy to inhibit their transition to the Canadian job market.

Adding the TFWs in Canada via international trade agreements and those waiting for permanent residency status to the other categories discussed above, brings the number of TFWs who can be distinguished from those who are here through other elements of the TFW program to 196,000.

### **Labour Market Opinions**

Foreign workers who come to Canada under a Labour Market Opinion (LMO) appear to be the principal focus of critics of the TFW program. There were 104,000 of these individuals in Canada at the end of 2011 (compared to more than 300,000 total TFWs).

An LMO is an opinion provided by the federal government that enables an immigration officer to issue a work permit. Government officials weigh several factors in assessing the impact that a prospective TFW may have on the Canadian labour market. This includes the effect on wages and working conditions, and the availability of Canadians or permanent residents to do the work in question. Consideration is also given to whether a skills and knowledge transfer would result from confirming the foreign worker and whether the work is likely to create other jobs to the benefit of Canadians.<sup>4</sup>

<sup>4</sup> Citizenship and Immigration Canada, “FW1 Foreign Worker Manual,” p.46.

The TFWs in Canada as a result of an LMO fall roughly into four equal groups. Approximately 24-25,000 were here under each of the live-in caregiver program and the seasonal agricultural worker program as of 2011. Another 26,000 were part of the low-skill pilot program. And 27,000 were in Canada on the basis of their employers having been granted a general LMO.

We would make a distinction between the first two groups and the other TFWs who come to Canada for broader labour market purposes based on positive LMOs. This is because live-in caregivers and agricultural workers are filling jobs that Canadians typically don't want to do. In the case of agricultural workers, TFWs also supply labour for a highly seasonal industry.

### **The Picture in BC**

At the end of 2011, there were 70,000 TFWs in British Columbia, meaning that the province accounted for close to one quarter (23.3%) of all temporary foreign workers in the country. Considering that BC has just 13% of the Canadian workforce, the province's share of TFWs seems high. However, it's important to look at the composition of the stock of TFWs in the province to understand better why they are here.

In the case of BC, Reciprocal Employment arrangements (Canada Youth Exchange, Professors, etc.) represent a larger component of the TFW program than is the case for Canada as a whole. In 2011, foreign workers in BC under various types of Reciprocal Employment arrangements made up 43% of all TFWs (for Canada, the proportion was 21.6%).

For the other categories that fit the general heading of workers meeting "Canadian Interests" criteria, the proportions of TFWs in British Columbia are similar to those nationally. But because of the large number of TFWs in BC under Reciprocal Employment arrangements, two-thirds of all TFWs in the province fit the general category of workers with Canadian Interests.

As of 2011, BC was home to 14% of all temporary foreign workers in Canada based on their employers having obtained positive Labour Market Opinions from the government; this is close to BC's share of employment in the federation.

### **Summary**

The presence of TFWs in Canada has given rise to some unfavourable public commentary. Having relaxed the rules to ease the entry of foreign workers only a few years ago, by the spring of this year the federal government had reversed course in the wake of a few well-publicized cases where it seemed that TFWs were gaining employment at the expense of Canadians.

So in April, the federal government toughened the rules for employers wanting to bring in non-permanent foreign personnel. Henceforth, TFWs will have to be paid the "prevailing wage rate" (previously there was scope to pay some of them a bit less). Employers won't be permitted to make use of TFWs as part of an effort to "outsource" Canadian jobs. Most importantly, the government is re-assessing the process by which it issues a LMO enabling a Canadian employer to use TFWs to fill vacant positions. In theory, the

government will only issue a positive LMO only when the employer applicant has demonstrated that it has made a reasonable effort to find a suitably qualified Canadian for the job. In future, employers wishing to use TFWs likely will be required to provide more detailed information to satisfy this test.

It is legitimate to ask to what extent public policy should enable Canadian industries to become critically dependent on pools of TFWs to run their operations. There are understandable concerns that large inflows of TFWs may exert downward pressure on wages and deprive Canadians of job opportunities. The steep rise in the number of TFWs since the mid-2000s is certainly a notable development. Against this backdrop, the federal government's decision to overhaul aspects of the program makes sense.

But the data and other information we have examined indicates that temporary foreign workers are helping Canadian employers to address real labour shortfalls and that, on the whole, the presence of TFWs is making a positive contribution to the overall economy. TFWs constitute only a very small portion of the Canadian labour market, which consists of 17.7 million employed individuals. It's also worth keeping in mind that temporary foreign workers here under LMOs account for well under half (actually, closer to one-third) of all of the TFWs in Canada. Moreover, a large number of these are live-in caregivers and agricultural workers. Although it's true that some low- to middle-skilled TFWs are gaining entry to Canada to work in sectors like food-services, tourism, and basic construction, the Business Council of BC sees the temporary foreign worker program as an important channel by which skilled workers, intra-company transfers, people involved in reciprocal employment arrangements, and foreign researchers are benefitting Canada's economy.<sup>5</sup>

\*\*\*\*

Jock Finlayson  
Executive Vice President  
([jock.finlayson@bccbc.com](mailto:jock.finlayson@bccbc.com))

Ken Peacock  
Chief Economist  
([ken.peacock@bccbc.com](mailto:ken.peacock@bccbc.com))

---

<sup>5</sup> For a balanced, albeit now slightly dated and less positive, assessment of the TFW program, see the summary report of a roundtable discussion held in Ottawa in April 2012, and organized by the Institute for Research on Public Policy. It is available on the IRPP's web site ([www.irpp.org](http://www.irpp.org)).