

Canada's Temporary Foreign Worker Program

The federal government has been criticized because of issues surrounding the Temporary Foreign Worker Program – a set of programs outlining the rules that allow non-Canadians to come into the country for work on a temporary basis. There are growing allegations over misuse of the program by employers, and questions have been raised about the program's justification.

The overarching criticism that has been directed at the program is that it displaces Canadian workers. Numerous stories about unintended consequences and employer abuse have been highlighted in the media over the past couple of years. For example, in Saskatchewan, an electrical contractor laid off Canadians while keeping its temporary foreign workers, and a pizza place in Weyburn was also subject to a federal investigation over allegations of misuse. One of the first stories on this issue was about RBC bringing in outsourced foreign IT workers to Toronto, and laying off its Canadian employees.

Many academics and economists have suggested that the quality of Canada's labour market data is exceptionally poor, so it is very difficult to determine whether there is indeed a serious labour shortage. There is often controversy over the quality of Canada's unemployment statistics, and how the number of temporary foreign workers in the country is measured.

Some critics have been advocating for cancelling the program altogether.

Many employers, particularly in Saskatchewan and Alberta, argue that cancelling the program or changing it in ways that make the process more onerous would cripple businesses in certain industries and provinces, and stall economic growth. Some employers have also claimed that temporary foreign workers are more reliable than Canadian workers. There are major disparities not only across provinces, but also within provinces with regard to demand for the program.

Facing substantial controversy, the government made certain changes to the program in 2013 that attempted to address many of these issues. The changes ultimately made it more onerous and expensive for employers to use, and employer applications have dropped by 74%.¹ Many employers are unhappy with the changes, and on top of that, the government is still being criticized for not doing enough to address the core issues.

The program has potentially far-reaching implications for employment, immigration, and economic growth. In addition to assisting with short-term labour shortages, it also regulates international companies in bringing in workers from offices in other countries, oversees international exchange programs for young people, and may provide a quicker way to immigrate to Canada through the complementary provincial nominee program, though the processing wait times often make this avenue impossible to use.²

¹ Mas, S. (September 16, 2014) Temporary foreign worker applications drop 74% since new reforms. Accessed from CBC News online on October 22, 2014 at <http://www.cbc.ca/news/politics/temporary-foreign-worker-applications-drop-74-since-new-reforms-1.2768151>.

² Pratt, S. (October 22, 2014) Thousands of temporary foreign workers lose chance to stay in Alberta. Accessed online from the Edmonton Journal on October 22, 2014 at <http://www.edmontonjournal.com/Thousands+temporary+foreign+workers+lose+chance+stay+Alberta/10310578/story.html>

Most recently, there have been reports that temporary foreign workers are being used extensively in areas with high Aboriginal unemployment, sometimes even directly on First Nations reserves. The following is an excerpt from a *Globe and Mail* article published on October 20, 2014:³

In June, Mr. Kenney, the Employment Minister, announced the government would refuse applications for TFWs in low-skill jobs if the regional unemployment rate exceeded 6 per cent. But in some areas, particularly in Western Canada where demand for TFWs is highest, that threshold can be skewed by the fact the unemployment rate ignores aboriginals living on reserve.

In the Prince Albert and northern Saskatchewan economic region, for example, the unemployment rate for 2013 was 5.7 per cent. That's just low enough to meet the government's cutoff. As a result, employers in Prince Albert are still able to hire TFWs for low-skill jobs. A government list obtained by The Globe under access to information laws shows several businesses in Prince Albert, which has a large aboriginal population, employ a high proportion of TFWs. Two restaurant owners in the area who spoke to The Globe recently said they prefer to hire TFWs because they consider them more reliable than Canadian workers.

But if reserves were included in the calculations, it's clear the unemployment rate for the region would be much higher than 6 per cent. The 2006 long-form census data, which offers some of the only reliable data on joblessness on reserves, shows nearly 2,600 people living on 35 area First Nations declared themselves unemployed. The average unemployment rate on those reserves was nearly 30 per cent. In a region where roughly 100,000 people are employed, adding on-reserve First Nations to the equation would increase the jobless rate by at least two percentage points, well into high unemployment territory.

"The temporary foreign worker program, because it uses the EI regional unemployment rate, completely ignores aboriginals living on reserves. It's as if they don't exist," said Arthur Sweetman, an economist and policy expert at McMaster University. "There's been a large discussion about bringing certain groups who are less represented into the labour force, aboriginals being high on that list ... So this not only goes against [the Employment Department's] policies, it goes against the broader government policies."

The Globe revealed last week that a non-aboriginal cafeteria owner on the Ermineskin Cree Nation and Samson Cree Nation in central Alberta employs TFWs even though local unemployment is very high. The reserve is considered part of the Edmonton economic region for the TFW program. The region's 4.8-per-cent unemployment rate in 2013 is below the 6-per-cent threshold.

The federal Employment Department said it does not prohibit requests for foreign workers from employers on reserves.

³ Friesen, J., & D'Aliesio, R. (October 20, 2014) Statistical black hole opens door to foreign workers. Accessed online from the *Globe and Mail* on October 22, 2014 at <http://www.theglobeandmail.com/news/national/canadas-skewed-labour-data-tips-balance-in-favour-of-foreign-workers/article21158372/>

Employment spokesman Pierre Nolet said recent reforms to the TFW program will mean employers “will need to meet significantly more rigorous criteria should they want to access” the program again.

The government’s reforms also step up pressure on employers to reach out to organizations serving groups traditionally underrepresented in the work force. Business owners must now show that their recruitment efforts targeted these groups, including First Nations reserves, when applying for foreign workers.

Some aboriginal leaders have expressed frustration with the way employers have turned to the TFW program rather than investing in the local work force. Despite the economic boom in Canada’s western provinces, many aboriginal communities continue to suffer unemployment rates much higher than the general population.

A little less than half of Canada’s First Nations population live on reserves. Labour force survey statistics have never been collected there due to difficulties gathering data, according to StatsCan.

In addition to these issues surrounding the effect of the program on Canada’s Aboriginal population, there are also serious concerns about a lack of support being provided for temporary foreign workers both upon arrival in Canada, as well as for the duration of their stay. Most are visible minorities and face serious language and cultural barriers. This leaves them open to potential exploitation by opportunistic employers for fear that they will be fired if they speak out about issues in the workplace. However, most employers are provincially regulated, which makes it difficult for the federal government to intervene in these kinds of issues.

Given that the program has been an ongoing source of controversy, Hon. Jason Kenney, the Minister of Employment and Social Development and the Minister for Multiculturalism; Hon. James Moore, the Minister of Industry; and Hon. Bernard Valcourt, Minister of Aboriginal Affairs and Northern Development, have asked your policy team to: 1) perform an analysis of the key issues surrounding this program; 2) provide a background on the changes that have been made thus far and the challenges associated with implementation; and 3) develop options and recommendations surrounding the future of the program.

Resources:

Government of Canada: http://www.esdc.gc.ca/eng/jobs/foreign_workers//index.shtml

The Globe and Mail: <http://www.theglobeandmail.com/news/politics/temporary-foreign-workers-everything-you-need-to-know/article18363279/>

Petition from various Chambers of Commerce in Alberta and British Columbia:
http://www.chamber.ca/advocacy/policy-resolutions/2013-proposed-resolutions/Reverse_Negative_Changes_to_the_Temporary_Foreign_Worker_Program.pdf