

Reverse Negative Changes to the Temporary Foreign Worker Program

Recently announced changes to the Temporary Foreign Worker Program (TFWP) put business in Canada at risk. Announced changes slow down access to temporary foreign workers (TFWs), on which many of the businesses across the country depend heavily. The changes suspend the Accelerated Labour Market Opinion (A-LMO) process and will require each application for a TFW to include a transition plan to replace the temporary workers with Canadian workers. The introduction of new user fees will also disadvantage and discourage applications to the program.

These changes reflect intense regional pressures and put all Canadians into the same situation at a time when the economic climate across provinces varies greatly.

On April 29, 2013, the federal government announced changes to the TFWP which reduces its flexibility, increases the wait times, and adds costs for employers. These changes to the program appear to be in response to concerns about abuse of the program and the need to ensure Canadian workers were able to access available jobs. The TFWP is designed to ensure that any positions for which TFWs are requested are offered to Canadian workers first. Given the design of the program, changes made by the government are unnecessary to ensure that Canadians are given priority to fill these positions. However, the program does not appear to have been managed in such a way as to deliver the intended objective.

The following table illustrates the distribution of TFWs across the country in December 2008 and December 2012 and highlights the unemployment rate in April 2013.

Western Canadian provinces have been experiencing tremendous growth. Alberta's economy grew by 3.9 per cent in 2012 while Manitoba and Saskatchewan showed strong numbers at 2.7 per cent and 2.2 per cent, respectively.¹ The announced changes to the TFWP will have a strong negative impact on these economies, as they are increasingly reliant on this source of labour in the midst of a growing labour shortage.

The information contained in the table below indicates that the greatest growth in the use of TFWs has been in some of the provinces with significant unemployment. While BC, Ontario, and Quebec have seen their use of TFWs grow by 28 per cent, 30 per cent, and 70 per cent, respectively, these provinces also now suffer from high unemployment. At the same time, other provinces, such as Manitoba, with lower unemployment have seen only modest growth in the use of the program. Other provinces such as Saskatchewan, are drastically increasing their use of the TFWP due to increasing key worker shortages. Recent studies indicate that in Saskatchewan, employers, particularly in small business and construction, identify shortages of skilled labour as the biggest challenge for doing business in Saskatchewan.²

Provinces across Canada currently face identical policies regarding temporary foreign workers while facing significantly different labour situations. Current labour policies in Canada do not reflect the varied economic climate across the provinces. Restrictions on TFWs may be more merited in provinces where plenty of labour is available, for example, Ontario and Quebec have an unemployment rate of 7.7 and 7.8 per cent, respectively, with a combined total of over 910,000 unemployed workers³.

¹ RBC Economics. (2013) *Provincial Outlook Update*, Retrieved from <http://www.rbc.com/economics/market/pdf/provupd2013.pdf> on May 23, 2013

² Canadian Federation of Independent Businesses. (2013). "Sask small business optimism #1 in Canada: Hiring plans at 4 year high." Saskatchewan News Release. Retrieved from <http://www.cfib-fcei.ca/english/article/5030-sask-small-business-optimism-1-in-canada-hiring-plans-at-4-year-high.html> on June 4, 2013

³ Government of Alberta. (2011). *Alberta's Occupational Demand and Supply Outlook (2011 – 2021)*. Alberta Enterprise and Advanced Education. Retrieved from <http://eae.alberta.ca/documents/occupational-demand-and-supply-outlook.pdf> on May 21, 2013

TFWs and Unemployment, by province or territory

Province	TFWs 2008 ⁴	TFWs 2013 ²	Percentage increase	Unemployment rate April 2013 ⁵
NL	1,060	2,550	140	12.1
PEI	467	1,119	139	11.6
NS	2,511	4,364	73	9.0
NB	2,017	2,880	17	10.9
Quebec	25,857	44,115	70	7.8
Ontario	90,802	119,899	32	7.7
Manitoba	5,294	5,572	5	5.8
Saskatchewan	4,306	9,349	117	4.0
Alberta	57,545	68,319	18	4.4
BC	58,151	74,216	28	7.0
Yukon	245	415	69	6.5
NWT	301	302	=	8.4
Nunavut	32	53	65	11.7
Not stated	938	5,036	436	
Total	249,526	338,189	35.53	7.2

Of the changes announced on April 29, three major changes to the TFWP are of particular concern.

Suspending Accelerated Labour Market Opinions (A-LMO)

When introduced in September 2012, the A-LMO option significantly shortened the process and waiting period to apply and be approved for TFWs, allowing trusted and proven employers to bring in much-needed workers quickly and efficiently.

The sudden suspension of the A-LMO has created instability for many Canadian businesses which have learned to rely on this effective program. Businesses in Canada must, now, potentially wait months for approval to even begin the long process of seeking, securing and retaining the workforce they need just to keep their doors open.

Although the A-LMO suspension is "temporary," the federal government has not provided any indication of how long the suspension will be in effect.

⁴ Government of Canada. (2013). *Canada – Temporary foreign workers present on December 1st by province or territory and urban area, 2008 – 2012*. Citizenship and Immigration Canada. Retrieved from <http://www.cic.gc.ca/english/resources/statistics/facts2012-preliminary/04.asp> on May 27, 2013

⁵ Government of Canada. (2013). *Labour force characteristics, seasonally adjusted, by province (monthly)*. Statistics Canada. Retrieved from <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/lfs01b-eng.htm> on May 21, 2013

The suspension and consultation period will undoubtedly slow down the regular Labour Market Opinion (LMO) process even more.

Transition plan requirement for LMOs

A new stipulation of the LMO process will require businesses to submit a plan to transition to a domestic workforce "over time."

The transition plan requirement does not recognize the fact that businesses that hire TFWs do not prefer TFWs to domestic workers. Employers face lower costs when hiring domestic workers as there are fewer potential costs associated with housing, travel and cultural assimilation.

Requiring a transition plan creates unnecessary and additional burden for business. It will particularly affect small business owners who do not have human resources personnel to assist with the additional workload.

User fees for LMOs and increased cost of work permits

The Government of Canada will introduce an LMO user fee to ensure taxpayers are not subsidizing the cost of administering the TFW process. It will also increase the cost of work permits for the same reason.

Business understands the philosophy behind user fees but these should truly reflect administrative cost; they should not be set to a level that purposefully discourages businesses from applying for TFWs.

New fees and increases to existing costs have the greatest impact on small business.

There are already many costs and additional requirements associated with hiring TFWs; only businesses that truly need to recruit internationally decide to choose this option. Special measures to dissuade business from using the program are unnecessary, and show a lack of federal understanding for regional labour shortages.

Recommendations

That the federal government:

1. Immediately restart the Accelerated Labour Market Opinion process to prevent a needless and costly slowdown of Canada's economy.
2. Eliminate the proposal to make the transition plan a part of the LMO process.
3. Ensure that the new user fees and work permit fee increases accurately reflect the cost of administering the TFWP.
4. Eliminate fees as a means of discouraging business from accessing the program.
5. Increase communications and awareness about the TFWP to help Canadians realize its importance to Canadian economic growth.
6. Develop a program of regional flexibilities in the federal immigration policy that would allow the Government to respond to the realities of the availability of labour and the performance of the economy in provincial and territorial jurisdictions.
7. Work with provincial governments on changes to the TFWP that would take into account the specific needs of the individual provinces.